Australian Government
Defence

DEFENCE ANNUAL REPORT 2025–26

To defend Australia and its national interests in order to advance Australia's security and prosperity

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Acknowledgement of Country

Defence acknowledges the Traditional Custodians of Country throughout Australia. We recognise their continuing connection to traditional lands and waters, and would like to pay respect to their Elders both past and present. We would also like to pay respect to the Aboriginal and Torres Strait Islander peoples who have contributed to the defence of Australia in times of peace and war.

About this report

This report has been prepared in accordance with parliamentary reporting and legislative requirements. It is the Secretary of the Department of Defence's, as the accountable authority, and the Chief of the Defence Force's performance report to the Deputy Prime Minister, as the Minister for Defence, the Parliament of Australia and the Australian public for 2025–26. The report addresses the purpose and outcomes of the Department of Defence and the Australian Defence Force (ADF) – collectively known as Defence.

The requirements table at Appendix G shows where to find required information in this report.

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Online content

Defence.gov.au is a comprehensive resource of military, security, capability and people matters.

Defence annual reports, including an electronic version of this report and supplementary performance information can be accessed at defence.gov.au/annualreports. Appendix F of this report lists the supplementary online material available. This report is also published on the Australian Government's Transparency Portal.

Aids to access

Feedback about this report is welcome and should be directed to the Enterprise Performance Branch:
Assistant Secretary Enterprise Performance
Contact email: annual.report@defence.gov.au
Entity website: defence.gov.au

CG: JUL014-26

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Letter of transmittal

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

Dear Deputy Prime Minister

We are pleased to present the Defence Annual Report for the 2025–26 financial year.

This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which requires that an annual report be given to the entity's responsible Minister for presentation to the Parliament.

This report also includes additional requirements that are specified in the enabling legislation, the *Defence Act 1903*. This report includes the department's audited annual financial statements as required under subsection 43(4) of the PGPA Act. It also includes the department's annual performance statements as required under section 39 of the PGPA Act.

In accordance with the requirements set out in section 10, and as required under subsection 17AG(2), of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), we certify that:

- The department prepared fraud and corruption risk assessments, and fraud and corruption control plans.
- The department had appropriate mechanisms to prevent, detect, investigate, record and confidentially report suspected fraud and corruption.
- We took all reasonable measures to appropriately deal with fraud relating to the department.

Yours sincerely



Meghan Quinn PSM
Secretary
Department of Defence
14 October 2026



Mark D Hammond AO RAN
Admiral
Chief of the Defence Force
14 October 2026

cc: the Hon Pat Conroy MP, the Hon Matt Keogh MP, the Hon Peter Khalil MP, and the Hon Tony Burke MP.

1

Review by the Secretary of the Department of Defence and the Chief of the Defence Force

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

In response to Australia's more challenging strategic environment, on 16 April 2026 the Government released the 2026 National Defence Strategy and the 2026 Integrated Investment Program. Together, these documents set out the Government's direction to Defence to transform the Australian Defence Force (ADF) so that it develops greater self-reliance, is better able to deter force projection against Australia, and, with our partners, contributes to collective deterrence. To achieve this, Defence must strengthen preparedness, accelerate capability delivery, deepen international partnerships and deliver the required workforce, infrastructure and industrial capabilities.

The 2026 Integrated Investment Program reflects the Government's more than $425 billion commitment to deliver the capabilities required for the integrated, focused force, ensuring Defence remains positioned to meet current and future security challenges. The Government's continued investment in Defence is reflected in several significant capability and industrial milestones achieved during 2025–26.

The infrastructure development of the Henderson Defence Precinct in Western Australia continues to progress towards its establishment as a nationally significant shipbuilding and sustainment precinct. This will support the construction and sustainment of future naval and amphibious capabilities, including general purpose frigates, Army's landing craft medium and heavy, Collins Class submarines and Australia's future conventionally-armed, nuclear-powered submarines. These investments strengthen sovereign industry, enhance Defence capability and support Australia's AUKUS commitments.

In November 2025, Australia's first AH-64E Apache attack helicopters commenced flying operations in Townsville, Queensland, bringing significant capability improvements to Army that enhances the lethality and tempo of land and amphibious force maneuvers.

The Australian-designed and manufactured MQ-28A Ghost Bat uncrewed aircraft achieved a major milestone in December 2025, by becoming one of the first collaborative combat aircraft to successfully engage an aerial target with a live weapon. This landmark test involved an MQ-28A Ghost Bat launching an AIM 120 Advanced Medium Range Air-to-Air Missile against an Australian-designed and manufactured Phoenix Jet uncrewed aerial target.

In April 2026, we successfully conducted the first test firing of Australian-made Guided Multiple Launch Rocket System missiles at the Woomera Test Range in South Australia, marking a significant milestone in the establishment of Defence's sovereign guided weapons capability.

Partnerships have remained a critical element of Australia's approach to security. During 2025–26, we strengthened our relationships with our allies and partners through bilateral, regional and multilateral engagements. Exercise KAKADU held in March 2026, brought together personnel and ships from 18 partner nations, including the first ship visits to Sydney, New South Wales by the Vietnam People's Navy and the Philippine Navy. Exercise TALISMAN SABRE 2025 conducted during July and August, brought together 43,000 personnel from 19 nations, making it one of the largest military exercises ever held in Australia.

Our defence and security partnerships were further strengthened across the Indo-Pacific during 2025–26 through the conclusion of major bilateral agreements with Papua New Guinea, Indonesia, Japan and Singapore.

Further strengthening our areas of interoperability with partners, we signed a landmark agreement to deliver Australia's largest ever defence export through a $2.5 billion agreement with Canada to export Defence's Over the Horizon Radar system. This system will support the delivery of early warning and surveillance capabilities in the Indo-Pacific and North Atlantic regions, contributing to our collective security.

Defence's ability to deliver operational effects and advance Australia's security and prosperity depends on the integration of capability, people, partnerships and stewardship. Throughout 2025–26, the ADF applied these strengths across a range of operational activities that protected Australia's interests and contributed to global and regional security. This included:

- continued support to Ukraine through the provision of materiel and financial support, including through participation in Operation KUDU - the ADF's commitment to the training of Armed Forces of Ukraine personnel in Poland
- ongoing Regional Presence Deployments, demonstrating Australia's commitment and ability to maintain a near-continuous presence in the region to support regional security and stability
- other domestic and international operations that actively protect Australia's borders, offshore maritime interests, strengthen partnerships across our region through joint training and people-to-people engagement.

Building on the Government's direction set out in the 2024 National Defence Strategy, Defence commenced a number of enterprise reform and redesign activities in 2025–26 to support our strategic goals and enhance capability development.

In November 2025, the Australian Naval Nuclear Power Safety Regulator was established as part of the Defence portfolio. Another milestone for our conventionally-armed, nuclear-powered submarine program, the Regulator provides independent assurance of the highest standards of nuclear safety and radiological protection.

Announced by the Government on 1 December 2025, the establishment of a new Defence Delivery Agency draws together Defence's three capability delivery groups into a dedicated agency under a National Armaments Director. Phase 1 of the implementation plan, set out in the 2026 National Defence Strategy, consolidated the Capability Acquisition and Sustainment Group, Guided Weapons and Explosive Ordnance Group, and Naval Shipbuilding and Sustainment Group to form the Defence Delivery Group from 1 July 2026. This will ensure Defence maintains continuity of project delivery while planning and preparations to become the Defence Delivery Agency are continued for commencement on 1 July 2027. In parallel to this consolidation, Defence's contestability and capability development functions were also centralised to become part of the Vice Chief of Defence Force Group. Together, these reforms are ensuring coordinated and holistic delivery of Defence capability to ensure we have the capability we need when we need it.

We have continued reforms to strengthen governance, accountability, and stewardship; focusing on improving investment decision-making, strengthening assurance arrangements, and ensuring Defence resources are directed towards Government priorities and operational outcomes. We maintained a strong focus on risk management, integrity, fraud control and financial stewardship.

In February 2026, the Government released its response to the independent enterprise-wide Defence Estate Audit and we commenced the implementation of the agreed recommendations from the Delivering the Future Estate: Defence Estate Audit Report. This work transforms planning, management and investment across the Defence estate, ensuring that it meets the required contemporary operational and capability requirement and is capable of supporting an integrated and focused force.

Our success in delivering these priorities also depends on our success in delivering a highly skilled and capable workforce. Investing in our people has therefore also remained a focus throughout 2025–26. Defence recorded the highest intake of permanent ADF personnel in 16 years, and the lowest separation rates in 15 years. We have also continued investing in recruitment, workforce flexibility, professional development and initiatives designed to improve the experience of ADF personnel, Australian Public Service (APS) members and Defence families.

Alongside workforce growth, Defence has maintained a strong focus on wellbeing, safety, inclusion and culture. The Defence Culture Blueprint set the foundation to build on existing culture reform, and now reflects the Royal Commission into Defence and Veterans' Suicide recommendations. We have made further progress on implementing reforms focused on strengthening welfare, complaints management, suicide prevention, family support and organisational culture.

We have advanced diversity and inclusion initiatives, including the implementation of the Defence First Nations Commitment and First Nations Plan of Action which support the Government's National Agreement on Closing the Gap through increased participation, employment opportunities and leadership representation for First Nations peoples within Defence.

During 2025–26, both the Navy and Army have commemorated 125 years of continuous service since their formation on 1 March 1901.

The Navy's 125th anniversary commemorations leveraged existing events across Australia in 2026 to honour veterans, maximise public engagement and strategic impact while minimising additional expenditure, celebrating the Royal Australian Navy's proud heritage and continuing service to the nation. The Fleet Entry and Review in Sydney Harbour, as part of Exercise KAKADU, served as the principal commemorative activity, providing a high-visibility opportunity to demonstrate Navy's capability, operational readiness, interoperability, and commitment to collective security alongside regional and international partners.

The Army's 125th anniversary was marked through a series of commemorative, community engagement and professional activities conducted across Australia. In keeping with the intent to commemorate the milestone in a modest and meaningful way, activities focused on honouring the service and sacrifice of the more than two million Australians who have served in the Australian Army since Federation. This included community events such as Army Open Days and Run Army, commemorative gatherings and historical exhibitions. These activities brought together serving members, veterans, families and the Australian public to reflect on Army's contribution to the nation while strengthening community understanding of the Army's role.

The progress achieved during 2025–26 demonstrates the strength of our people, the importance of sustained investment in Defence capability and reform, and the value of our partnerships. While the strategic environment remains uncertain and increasingly contested, Defence is better positioned to respond to emerging challenges, contribute to regional stability and protect Australia's interests.

2 Overview of the Department of Defence

Our roles and functions

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

In fulfilling our mission, we serve the Government of the day and are accountable to the Commonwealth Parliament, which represents the Australian people, to efficiently and effectively carry out the Government's defence policy. We achieve this through preparing for, and conducting military operations, and other tasks in accordance with Government direction.

Table 2.1 Outcomes and programs

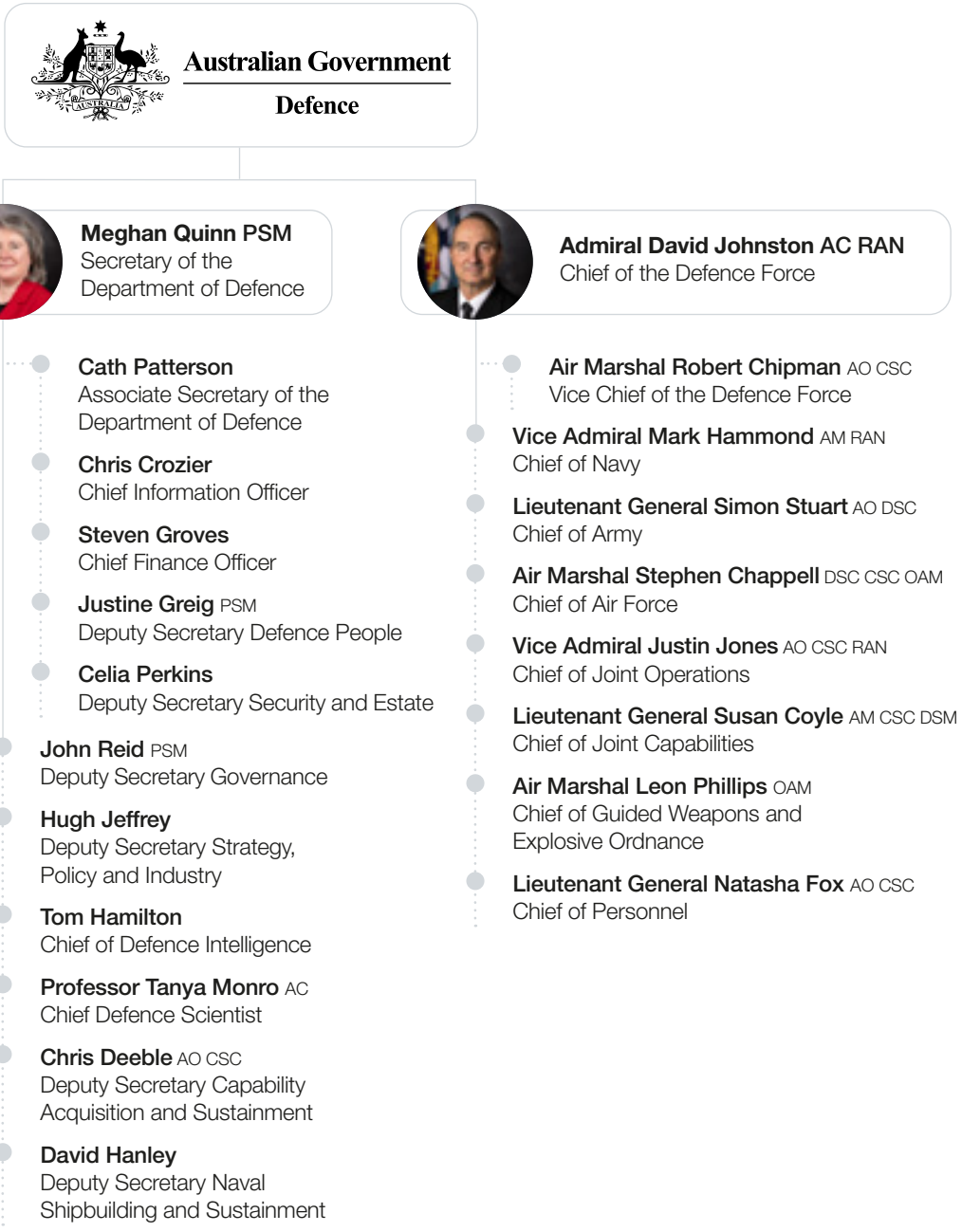
Outcomes	Programs
Outcome 1	
Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.	1.1 Operations contributing to the safety of the immediate neighbourhood
	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.	2.1 Strategy, Policy and Industry
	2.2 Defence Executive Support *(including Governance Group)*
	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 *(including Guided Weapons and Explosive Ordnance Group)*
	2.10 Security and Estate
	2.11 Defence Digital
	2.12 Defence People *(including Chief of Personnel)*
	2.13 Defence Science and Technology
	2.14 Defence Intelligence
	2.15 Naval Shipbuilding and Sustainment
	2.16 Nuclear–Powered Submarines
	2.19 Defence Trusts and Joint Accounts
	2.20 Defence Force Superannuation Benefits
	2.21 Defence Force Superannuation Nominal Interests
	2.22 Housing Assistance
	2.23 Other Administered

Organisational structure

The Secretary of the Department of Defence (the Secretary) and the Chief of the Defence Force (CDF) jointly manage Defence under a diarchy arrangement, supported by section 10 of the *Defence Act 1903*.

The term 'diarchy' reflects the joint as well as the respective individual responsibilities and accountabilities of the Secretary and the CDF to ensure that Defence meets the Government's requirements, as set out in the *Defence Act 1903* and the *Public Governance, Performance and Accountability Act 2013*, and other legislative requirements.

Figure 2.1 Defence organisational structure as at 30 June 2026



Accountable authority

The accountable authority of the Department of Defence for 2025–26 is outlined in Table 2.2.

Table 2.2 Department of Defence accountable authority, 2025–26

Name	Position title/Position held	Period as the accountable authority or member within the reporting period	
		Start date	End date
Greg Moriarty AO	Secretary of the Department of Defence	1 July 2025	19 April 2026
Cath Patterson	Acting Secretary of the Department of Defence	3 April 2026	17 May 2026
Meghan Quinn PSM	Secretary of the Department of Defence	18 May 2026	30 June 2026

Portfolio overview

As at 30 June 2026, 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 Pacific Island Affairs
- the Hon Matt Keogh MP, Minister for Defence Personnel and Minister for Veterans' Affairs
- the Hon Peter Khalil MP, Assistant Minister for Defence.

In addition, the following minister has been sworn to administer the Department of Defence:

- the Hon Tony Burke MP, Minister for Home Affairs, Minister for Immigration and Citizenship, Minister for Cyber Security and Minister for the Arts.

In addition to those above, the Prime Minister, the Hon Anthony Albanese MP, made the following non-ministerial appointment:

- Mr Luke Gosling OAM MP, Special Envoy for Defence, Veterans' Affairs and Northern Australia.

Defence is established as a Department of State under the Administrative Arrangements Order. The Department of 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 ADF is constituted through the *Defence Act 1903*. The APS also manages responsibilities from this Act, through the Secretary.

The Defence portfolio includes the Australian Signals Directorate, designated under the *Intelligence Services Act 2001;* the Australian Submarine Agency, an executive agency established under the *Public Service Act 1999;* the Australian Naval Nuclear Power Safety Regulator, designated under the *Australian Naval Nuclear Power Safety Act 2024*; the Defence and Veterans' Service Commission, designated under the *Defence and Veterans' Service Commissioner Act 2026*; and the Department of Veterans' Affairs and associated bodies as designated in the Administrative Arrangements Order.

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

3

2025–26 Annual performance statements

Statement of preparation

As the accountable authority of the Department of Defence, I present the annual performance statements for 2025–26, prepared for subsection 39(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, the performance statements accurately present Defence's performance for the 2025–26 reporting period and comply with subsection 39(2) of the PGPA Act. Due to the limitations outlined in the performance analysis for Performance measure 2.1 and Target 4.4d, these have been assessed as 'not reported' in these 2025–26 annual performance statements.

The department remains committed to continuously improving its performance reporting processes.



Meghan Quinn PSM
Secretary
Department of Defence

14 October 2026

Defence's purpose and outcomes

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

Defence has two outcome statements which describe what the Australian Government requires Defence to achieve using the resources allocated through the Commonwealth budget process:

- **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.
- **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.

As set out in the 2025–29 Defence Corporate Plan, we achieve our mission through eight key activities:

- **Key Activity 1:** Conduct domestic and international operations and exercises to defend Australia and its national interests.
- **Key Activity 2:** As a strategy-led organisation, Defence operationalises and implements the Government-directed biennial National Defence Strategy.
- **Key Activity 3:** Enable intelligence-informed decision-making.
- **Key Activity 4:** Defence invests in its people through recruitment and retention, growth in skills and capabilities, improved culture, mental health and wellbeing support, and support to ADF families.
- **Key Activity 5:** Defence's international engagement – operational presence; support to regional security capability; people-to-people engagement; and bilateral and multilateral diplomatic engagement – support a strategy of denial in our primary area of military interest.
- **Key Activity 6:** Deliver future capability.
- **Key Activity 7:** Defence advances Australia's interests through a strengthened sovereign defence industrial base.
- **Key Activity 8:** Defence supports improved regulatory performance, capability and culture through regulatory stewardship in line with the Government's commitment to Australian Public Service (APS) reform.

2025–26 performance overview

In 2025–26, Defence achieved six performance measures, substantially achieved two performance measures, partially achieved three performance measures and did not achieve two performance measures.

Defence did not report against one performance measure (2.1) and one target (4.4d) due to limitations relating to the evidentiary basis used to assess performance. Further detail is provided in the analysis.

Due to changes to Defence's performance measures and targets in 2025–26, in some instances performance results are not directly comparable with those reported in previous periods.

Performance measure	Intended performance	2025–26 Performance result
1.1: Defence conducts operations as directed by Government to achieve Defence's mission.	100%	Achieved
1.2: Defence maintains ready forces through the conduct of exercises.	100%	Achieved
1.3: Defence assists with domestic crisis and emergency response as directed by Government.	100%	Achieved
2.1: The National Defence Strategy is operationalised and monitored through alignment with enterprise planning.	≥90%	Not reported
3.1: Defence key stakeholder satisfaction of the alignment and impact of Defence Intelligence Enterprise intelligence assessments and products.	Maintain baseline	Achieved
4.1: Defence recruits and retains an ADF and APS workforce to support the Defence mission.	Both targets achieved	Partially achieved
4.2: Defence grows the necessary skills and capabilities to enable the Defence mission.	All three targets are achieved	Not achieved
4.3: The Defence values and behaviours enable our people to deliver against the Defence mission.	All three targets are achieved	Not achieved
4.4: Defence supports ADF members and their families by providing access to support services and programs having regard to lifetime wellbeing.	All four targets are achieved	Substantially achieved[1]
5.1: The ADF has a near persistent presence in Australia's immediate region.	Maintain benchmark	Achieved
5.2: Defence enhances Australia's relationships with the Government's priority Indo-Pacific and global partners.	≥80	Achieved
6.1: Defence is delivering the right future capability at the right time within the Integrated Investment Program to ensure it is equipped to respond to future security challenges as described by the National Defence Strategy.	All three targets are achieved	Partially achieved
7.1: Defence strengthens the sovereign defence industrial base through investment and domestic manufacture.	All six targets are achieved	Partially achieved
8.1: Defence improves regulatory performance and capability through the finalisation of export permit applications within benchmark timeframes and reduction of export permits to the United States and United Kingdom facilitated via the AUKUS licence-free environment.	Both targets are achieved	Substantially achieved

1 Target 4.4d under this performance measure 4.4 is not reported due to limitations relating to the evidentiary basis for assessing performance. As the pre-determined assessment criteria did not account for any of the targets being assessed as 'not reported', performance for the target not reported is equivalent to an assessment of not achieved for the purpose of calculating an overall performance result for this performance measure.

Reading the annual performance statements

In 2025–26, Defence assessed our performance using four ratings: achieved, substantially achieved, partially achieved and not achieved. For measures with multiple targets, results against each target are presented in the table for the relevant measure.

Due to the varied nature of our measures, the assessment criteria are tailored to each performance measure and target. The criteria for the overall performance measure have been included in the annual performance statements.

Unless otherwise specified, measures with more than one target applied equal weighting to calculate the performance result.

The figures presented in these statements have been rounded to one decimal point unless the approved methodology states otherwise. Percentage changes are calculated using unrounded data and rounded only for presentation. Where results for the reporting period are comparable with results from 2024–25, some 2024–25 results have been rounded to one decimal point for consistency within these annual performance statements.

Changes since the Portfolio Budget Statements 2025–26

Following the Portfolio Budget Statements 2025–26 published in May 2025, Defence made a number of amendments to its key activities, performance measures and targets. These amendments were reflected in the 2025–29 Defence Corporate Plan published in August 2025.

Key activity 1

Conduct domestic and international operations and exercises to defend Australia and its national interests.

Performance measure 1.1

Defence conducts operations as directed by Government to achieve Defence's mission.

Target 1.1a

100 per cent of operations conducted or being conducted as directed by Government.

Achieved

> Source

Portfolio Budget Statements 2025–26, Programs 1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12

2025–29 Defence Corporate Plan – pages 38-39

> Performance result

Achieved

> Analysis

Defence assessed our performance against this measure as achieved. This result was assessed on the basis that 100 per cent of operations were conducted or being conducted[2] in accordance with Government direction at the end of the reporting period.

Target 1.1a – 100 per cent of operations conducted or being conducted as directed by Government

During the reporting period, Defence effected Government direction through the Theatre Campaign Plan[3] and Theatre Campaign Order[4]. The Commander of Joint Operations directed the conduct of all operations, activities and investments through the Theatre Campaign Order.

During 2025–26, Defence conducted 22 operations in scope for this measure. Two were successfully completed in line with their objectives and Government direction, and 20 remained ongoing at the end of the reporting period[5].

2 Operations may span multiple years. They are conducted through assessment of military operational orders including execute orders, fragmentary orders and cease orders. An operation is considered ongoing when an execute order has been issued by the Chief of the Defence Force, but no corresponding cease order has been issued. The operation is considered conducted when a cease order has been issued by the Chief of the Defence Force. Fragmentary orders are used to amend previously issued execute orders and indicate that Government direction has changed, or has not been met.

3 The Theatre Campaign Plan sets out the operational approach to compete in the Indo-Pacific theatre to deter conflict, defeat threats to Australia and Australia's national interests, contribute to collective security, respond to crises, and support maintenance of the rules-based international system.

4 The Theatre Campaign Order tasks the ADF to undertake operations, activities and investments to achieve Defence's strategic objectives.

5 Three operations have been excluded from the analysis due to the security classification of the operations, but were included in the calculation of the performance result.

Operation (Status)	Description
Operation ACCORDION (Ongoing)	The ADF support mission for all activities in the Middle East region, enabling contingency planning and enhancement of regional relationships.
Operation ARGOS (Ongoing)	The ADF's commitment to the international effort to enforce United Nations Security Council sanctions on North Korea.
Operation ASLAN (Ongoing)	The ADF contribution of personnel to the United Nations Mission in South Sudan.
Operation AUGURY (Ongoing)	The ADF framework in support of efforts to counter terrorism and violent extremist organisations around the world.
Operation BEECH (Ongoing)	ADF support to the whole-of-government response to the evolving crisis between Israel and Hamas.
Operation DYURRA (Ongoing)	The dedicated ADF space operation which integrates space capabilities, services and effects into wider operations.
Operation FORTITUDE (Ongoing)	The ADF contribution to the United Nations Disengagement Observer Force in Syria.
Operation GATEWAY (Ongoing)	The ADF contribution to the preservation of regional security and stability in South-East Asia.
Operation HYDRANTH (Ongoing)	The ADF contribution to support United States and United Kingdom defensive actions targeting the capabilities used in Houthi rebel attacks in the Red Sea.
Operation KUDU (Ongoing)	The ADF's operational commitment to supporting Ukraine.
Operation LINESMAN (Ongoing)	The ADF contribution to the Inter-Korean peace process, at the request of the United Nations Command.
Operation MANITOU (Ongoing)	The ADF contribution to support international efforts promoting maritime security, stability and prosperity in the Middle East region.
Operation MAZURKA (Ongoing)	The ADF contribution to the Multinational Force and Observers in Sinai.
Operation PALADIN (Ongoing)	The ADF support to the United Nations Truce Supervision Organisation, whose activities are spread across Egypt, Israel, Jordan, Lebanon and the Syrian Arab Republic.
Operation RENDER SAFE (Ongoing)	The ADF-led enduring commitment to removing the danger posed by World War II-era explosive remnants of war in Pacific Island countries.
Operation RESOLUTE (Ongoing)	The ADF contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests.
Operation SOLANIA (Ongoing)	The ADF contribution to maritime surveillance within the Pacific region.
Operation SOUTHERN DISCOVERY (Ongoing)	The ADF contribution to the Australian Antarctic Program.
Operation WANTAIM (Completed)	ADF support to the Papua New Guinea Defence Force in support of Papua New Guinea's 50th Anniversary of Independence celebrations.

Some operations reported under this performance measure are also reported under Target 5.1a (Defence maintains its forward regional presence through ADF operations, activities and investments). The overlap of reporting is due to the different intent of the key activity and related performance measure and target.

Examples of activities Defence undertook in the reporting period contributing to the achievement of the Defence mission included:

- delivery of 49 M1A1 Abrams tanks to Ukraine under Operation KUDU
- deployment of a Royal Australian Air Force C-17 Globemaster aircraft and ADF personnel to the United Kingdom under Operation BEECH to assist Australian Government efforts to support Australians seeking to leave the Middle East region
- seven missions to Antarctica under Operation SOUTHERN DISCOVERY completed in support of the Australian Antarctic Program.

> Rationale

Defence deploys ADF personnel overseas and within Australia to defend Australia and its national interests to advance Australia's security and prosperity through the conduct of operations. This measure demonstrates how Defence contributes to the Government's strategic priorities through the provision of support to our allies and the Australian community.

> Methodology and data sources

Defence assessed military operational orders, status updates to operational orders and post-operational activity reporting to determine whether each operation was conducted (completed) or is being conducted (is ongoing) in accordance with Government direction.

Defence calculated the percentage of operations assessed as conducted or being conducted in accordance with Government direction at the end of the reporting period.

To assess performance against this measure, Defence used military operational orders, status updates to operational orders and post-activity reports.

> Overall assessment criteria

The following assessment criteria were used to determine the level of achievement. 'Between' is inclusive of the upper and lower values for the relevant criterion.

Achieved: 100 per cent of operations were assessed as conducted or being conducted in accordance with Government direction.
Substantially achieved: Between 80 and 99 per cent of operations were assessed as conducted or being conducted in accordance with Government direction.
Partially achieved: Between 60 and 79 per cent of operations were assessed as conducted or being conducted in accordance with Government direction.
Not achieved: Less than 60 per cent of operations were assessed as conducted or being conducted in accordance with Government direction.

Performance measure 1.2
Defence maintains ready forces through the conduct of exercises.

Target 1.2a
100 per cent of exercises conducted achieve planned objectives.

Achieved

> Source
Portfolio Budget Statements 2025–26, Programs 1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12

2025–29 Defence Corporate Plan – pages 39-40

> Performance result
Achieved

> Analysis
Defence assessed our performance against this measure as achieved. This result was assessed on the basis that 100 per cent of exercises conducted during the reporting period achieved planned exercise objectives.

Target 1.2a – 100 per cent of exercises conducted achieve planned objectives

Defence maintains the ADF's readiness by conducting joint collective training exercises that replicate real operational conditions. These exercises allow the force to rehearse, test and enhance current and emerging capabilities.

In 2025–26, exercises strengthened readiness across the maritime, land, air, space and cyber domains. They also deepened Australia's strategic relationships, improved interoperability with allies and partners, and supported experimentation and learning to refine how the ADF operates in line with Government direction.

Defence conducted two exercises in scope for this measure - Exercise TALISMAN SABRE 2025 and VITAL PROSPECT 2026 - during the 2025–26 reporting period. All exercise objectives for the two exercises were achieved, resulting in a performance result of 100 per cent.

Exercise TALISMAN SABRE 2025 involved approximately 40,000 personnel from 19 participating nations. For the first time, elements of the exercise were also conducted in Papua New Guinea.

The Exercise TALISMAN SABRE 2025 after-action review assessed that all exercise objectives[6] were achieved. This achievement demonstrates that the exercise delivered its intended outcomes despite limitations associated with platform availability and exercise execution constraints. Further details about these limitations are not reported due to their sensitive nature.

Exercise VITAL PROSPECT 2026 is an Australia and New Zealand Command Post Exercise conducted under replicated real-world conditions against Australia's most significant military threat. The exercise is an operational rehearsal of Headquarters Joint Operations Command as a theatre warfighting headquarters.

The VITAL PROSPECT 2026 after-action review assessed that the exercise objective was achieved. The achievement demonstrates that the exercise delivered its intended outcomes and supported the maintenance of ADF readiness.

> Rationale
The 2024 National Defence Strategy identified that the ADF must evolve to an integrated, focused force designed to address the nation's most significant strategic risks. To ensure the operational readiness of an integrated ADF, Defence undertakes joint collective training exercises, which create,

6 It is noted that one planned training component that relates to the exercise objectives did not occur during Exercise TALISMAN SABRE 2025.

replicate or simulate operational conditions to rehearse, test and practice current and emerging capabilities. Through the conduct of these joint collective training exercises, the ADF can identify gaps and areas for improvement. This measure demonstrates how Defence maintains ready forces above the agreed point[7] through the conduct of exercises.

For the purposes of reporting against this measure, 'exercises' refers to joint collective training exercises, which are training activities that are based on realistic circumstances and provide assurance that the joint force can achieve specific effects.

> Methodology and data sources

Defence determined the percentage of exercise objectives met. Objectives for exercises are set through planning concepts, exercise concept documents and exercise instructions. For joint collective training exercises completed during the reporting period, Defence assessed whether exercise objectives to rehearse, test and practice current and emerging capabilities, and identify gaps and areas for improvement, were achieved.

To assess performance against this measure, Defence used military exercise concept documents and instructions, and post-exercise evaluations.

> Overall assessment criteria

The following assessment criteria were used to determine the level of achievement. 'Between' is inclusive of the upper and lower values for the relevant criterion.

Achieved: 100 per cent of planned exercise objectives were achieved.
Substantially achieved: Between 80 and 99 per cent of planned exercise objectives were achieved.
Partially achieved: Between 60 and 79 per cent of planned exercise objectives were achieved.
Not achieved: Less than 60 per cent of planned exercise objectives were achieved.

Performance measure 1.3

Defence assists with domestic crisis and emergency response as directed by Government.

Target 1.3a

Defence responds to 100 per cent of requests for assistance as directed by Government.

Achieved

> Source

Portfolio Budget Statements 2025–26, Programs 1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12[8]

2025–29 Defence Corporate Plan – pages 40-41

> Performance result

Achieved

> Analysis

Defence assessed our performance against this measure as achieved. This result was assessed on the basis that Defence responded to 100 per cent of requests for assistance directed by the Government during the reporting period.

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7 Agreed point definition: The Joint Collective Training Authority (Chief of Joint Operations) directs force providers (including the Services) to train and certify unit ready forces individually and collectively to an agreed point. Beyond the agreed point, training and evaluation responsibility transfers from the respective force providers to the Chief of Joint Operations. The agreed point is the point (or points) where specific force provider-led competencies transition to being tested effectively within joint collective training activities against strategic effects and strategic tasks to realise joint force generation and preparation.

8 This performance measure was performance measure 1.2 in the Portfolio Budget Statements 2025-26.

Defence deployed liaison officers, planners and specialist personnel to support disaster response and recovery operations. Defence's assistance was coordinated through the National Emergency Management Agency (NEMA) in response to requests from state and territory governments.

No APS surge assistance was requested during the reporting period. Defence remained prepared to activate APS surge arrangements if required.

Target 1.3a – Defence responds to 100 per cent of requests for assistance as directed by Government

Defence achieved this target by responding to all 12 task requests for assistance directed by the Australian Government for emergency or disaster assistance during the reporting period.

ADF assistance to domestic crisis and emergency response

These requests related to eight initial emergency response operations and four extensions as requested by Government to existing assistance arrangements. Defence issued 16 Chief of the Defence Force Orders to support delivery of assistance to civil authorities. All requests were actioned in accordance with Government direction.

The 12 Defence emergency response operations took place across Victoria, South Australia, Northern Territory and Western Australia, as detailed below.

Victoria Bushfires – January 2026

Support was provided at the Albury/Wodonga and Puckapunyal Military Training areas, enabling more than 300 emergency services personnel to be accommodated and sustained during prolonged firefighting operations. Areas were also provided to stage and park emergency response vehicles. Defence provided 1,500 24-hour ration packs to support personnel operating in remote locations and away from established bases.

This assistance supported the continued delivery of emergency response activities during a period of significant bushfire activity, including the safe rotation, rest, and sustainment of emergency services personnel.

South Australia Deep Creek Fire – February 2026

Defence supported the South Australian Government by providing accommodation and access to catering and base support facilities at Keswick Barracks for 38 interstate emergency services personnel deployed from Western Australia, New South Wales and Victoria. Defence assistance enabled the sustainment and safe rotation of personnel engaged in bushfire response operations.

Northern Territory Severe Weather – March 2026

Defence supported the Northern Territory Government through planning, evacuation and recovery activities. A Defence planning and logistics officer was embedded within the NEMA planning team to support crisis planning and logistics coordination.

Defence deployed 50 ADF personnel and high-clearance vehicles to assist flood recovery operations in Katherine, supporting debris clearance and clean-up activities across approximately 400 residential, commercial and government properties.

In addition, Defence evacuated approximately 500 people from the remote community of Numbulwar ahead of Tropical Cyclone Narelle. This assistance contributed to community recovery efforts and the protection of vulnerable communities affected by severe weather.

Western Australia Nationally Significant Natural Hazards – March 2026

Defence assisted the Western Australian Government by enabling emergency aviation operations from RAAF Base Learmonth following Ex-Tropical Cyclone Narelle. Defence provided airfield access, aircraft ground handling, aviation fuel, aircraft parking and accommodation support for emergency management of aviation personnel. This assistance enabled the continued operation of emergency management aircraft conducting reconnaissance, resupply, personnel movements and recovery support activities across affected areas.

APS surge assistance

There was no requirement for APS surge activation during the reporting period. Defence remained prepared to provide surge assistance if required, with 449 employees registered on the Defence APS Surge Reserve Register at 30 June 2026.

This represents an increase of 79 employees (21.4 per cent) compared with the previous reporting period. Registered employees comprised 2.3 per cent of Defence's average staffing level, exceeding the Australian Public Service Commission's notional target of 1.5 per cent.

> Rationale

Defence assists the Australian community when requested by Government through the Australian Government Crisis Management Framework, coordinated through NEMA for ADF assistance, and through the Australian Public Service Commission for APS assistance.

This measure demonstrates how Defence provides ADF and APS surge assistance for emergencies where significant crisis response assistance is required, in accordance with Categories 2 and 3 in the Defence Assistance to the Civil Community Policy and the APS surge arrangements.

Given the exact nature and number of requests for assistance cannot be anticipated in advance, the assessment is based on the completion of activities for both ADF and APS.

> Methodology and data sources

Defence assessed whether requests for assistance under the Australian Government Crisis Management Framework (via NEMA) were met in accordance with Government direction.

For this assessment, only completed task requests were in scope for the reporting period. Task requests that were ongoing at the end of the reporting period will be assessed in the reporting period in which the request is completed.

To assess performance against this measure, Defence used task requests and other correspondence from NEMA, military orders and post-activity reports, and the APS Surge Reserve Portal.

> Overall assessment criteria

The below criteria were used to determine the level of achievement. 'Between' is inclusive of the upper and lower values for the relevant criterion.

Achieved: Defence responded to 100 per cent of Government-directed requests for assistance.
Substantially achieved: Defence responded to between 80 and 99 per cent of Government-directed requests for assistance.
Partially achieved: Defence responded to between 60 and 79 per cent of Government-directed requests for assistance.
Not achieved: Defence responded to less than 60 per cent of Government-directed requests for assistance.

Key activity 2

As a strategy-led organisation, Defence operationalises and implements the Government-directed biennial National Defence Strategy.

Performance measure 2.1

The National Defence Strategy is operationalised and monitored through alignment with enterprise planning.

Target 2.1a

Percentage of National Defence Strategy aligned Group and Service Business Plan activities completed during the reporting period.

Not reported

> Source

Portfolio Budget Statements 2025–26, Program 2.1

2025–29 Defence Corporate Plan – pages 42-43

> Performance result

Not reported

> Analysis

In establishing this measure, Defence sought to leverage existing enterprise business planning processes to provide a meaningful indication of how the 2024 National Defence Strategy was being operationalised and monitored. As alignment of Business Plan activities had been measured in 2024–25, this approach was considered the most suitable mechanism for transparently reporting progress against Key Activity 2 in 2025–26.

For the 2025–26 reporting period, Defence intended to measure the operationalisation of the 2024 National Defence Strategy through the completion of activities identified in Group and Service Business Plans. While 95 per cent of 2025–26 Business Plan activities were aligned to the 2024 National Defence Strategy, variability in the scope and evidentiary basis of Business Plan activities limited Defence's ability to accurately assess and report against Target 2.1a.

While Business Plan monitoring throughout 2025–26 demonstrated both progress towards, and completion of, activities supporting implementation of the 2024 National Defence Strategy, Defence's internal assurance processes identified methodology and evidence errors in the final Business Plan reporting. For this reason, Defence is not reporting against the measure.

In addition to monitoring operationalisation of the 2024 National Defence Strategy via Group and Service business planning processes, 2024 National Defence Strategy implementation was overseen by a three-tier governance model established under the 2023 Defence Strategic Review[9].

For the 2026–27 reporting period, Defence has revised the methodology to assess and report this measure and target. Defence will use Accountable Officers' 2026 National Defence Strategy Implementation Guidance reports, including supporting evidence, to calculate the percentage of 2026 National Defence Strategy Implementation Guidance elements that have been implemented, or Defence expects to be implemented. In adopting this approach, Defence aims to improve the accuracy, reliability and meaningfulness of reporting on Defence's progress in implementing the 2026 National Defence Strategy.

9 2023 Defence Strategic Review, page 100.

Key activity 3
Enable intelligence-informed decision-making.

Performance measure 3.1
Defence key stakeholder satisfaction of the alignment and impact of Defence Intelligence Enterprise intelligence assessments and products.

Target 3.1a
Defence maintains alignment of Defence Intelligence Enterprise intelligence assessments and products against the Defence Intelligence Prioritisation Framework.

Achieved

Target 3.1b
Key stakeholders report a positive impact of Defence Intelligence Enterprise intelligence assessments and products to their decision-making.

Achieved

> Source
Portfolio Budget Statements 2025–26, Program 2.14

2025–29 Defence Corporate Plan – pages 43-44

> Performance result
Achieved

> Analysis
Defence assessed our performance against this measure as achieved.

The reporting period for Targets 3.1a and 3.1b was 1 April 2025 to 31 March 2026.

Defence achieved this measure in 2025–26, maintaining the performance baseline established in 2024–25. Defence Intelligence Enterprise intelligence assessments and products remained aligned with Defence intelligence priorities (Target 3.1a) and continued to positively support stakeholder decision-making (Target 3.1b).

As the underlying baseline values are classified, numeric results are not publicly reported.

	2024–25	2025–26	Movement
Overall result	Baseline established	Achieved	Baseline maintained
Target 3.1a	Baseline established	Achieved	Baseline maintained
Target 3.1b	Baseline established	Achieved	Baseline maintained

Target 3.1a – Defence maintains alignment of Defence Intelligence Enterprise intelligence assessments and products against the Defence Intelligence Prioritisation Framework

Defence achieved this target in 2025–26, maintaining performance against the baseline established in 2024–25. Consistent with the previous reporting period, the majority of Defence Intelligence Enterprise assessments and products aligned to Defence intelligence priorities.

A small number of assessments and products addressed broader Government priorities, supported intelligence partners, or responded to emerging developments in the operating environment.

While not directly aligned to established priority areas, these products contributed to Defence and national intelligence effort.

Target 3.1b – Key stakeholders report a positive impact of Defence Intelligence Enterprise intelligence assessments and products to their decision making
Defence achieved this target in 2025–26, maintaining stakeholder satisfaction at a level consistent with the baseline established in 2024–25. Key stakeholders reported that Defence Intelligence Enterprise assessments and products continued to positively inform decision-making across Defence.

Key stakeholders identified Defence Intelligence Enterprise intelligence as accurate, timely and responsive to changing requirements. Assessments provided insights into the operating environment, informed capability investment decisions, and supported the development of broader Defence strategies.

Key stakeholder feedback also identified opportunities to further tailor intelligence products across the Defence portfolio. The Defence Intelligence Enterprise will continue to use stakeholder feedback to improve products, processes and services, ensuring intelligence outputs remain relevant, timely and fit for purpose.

> Rationale

The Defence Intelligence Enterprise delivers intelligence assessments and products to inform Defence's decision-making and operational activities in accordance with Australia's national security priorities.

This measure demonstrates the effectiveness of the Defence Intelligence Enterprise in developing intelligence assessments and products that support Defence to achieve its mission, assessing both effectiveness of prioritisation and stakeholder satisfaction.

> Methodology and data sources

This performance measure has two targets, comprising quantitative and qualitative assessments.

Target 3.1a
Defence reviewed a random sample of intelligence assessments and products to determine whether the assessments or products addressed an intelligence priority.

Target 3.1b
Defence conducted a customer satisfaction survey of Defence key intelligence stakeholders for intelligence assessments and products provided in the previous 12 months. Stakeholders provided feedback focused on their level of satisfaction with the impact of Defence Intelligence Enterprise intelligence assessments and products on their decision-making.

The targets were weighted at 40 per cent and 60 per cent for 3.1a and 3.1b respectively. This weighting reflects the importance of customer satisfaction to understand the impact Defence Intelligence Enterprise intelligence assessments and products have on decision-making.

To assess performance for this measure, Defence used the Principal Defence Intelligence Enterprise intelligence repository, Defence intelligence priorities, and a stakeholder survey.

> Overall assessment criteria

Defence added the weighted percentage for both targets and assessed the level of achievement using the below criteria.

Achieved: The percentage did not decrease by more than 5 per cent from the baseline reporting year.
Substantially achieved: The percentage did not decrease by more than 15 per cent from the baseline reporting year.
Partially achieved: The percentage did not decrease by more than 30 per cent from the baseline reporting year.
Not achieved: The percentage decreased by more than 30 per cent from the baseline reporting year.

Note the criteria wording has been amended in the 2026–30 Defence Corporate Plan to specify percentage points to provide clarity and improve understanding.

Key activity 4

Defence invests in its people through recruitment and retention, growth in skills and capabilities, improved culture, mental health and wellbeing support, and support to ADF families.

Performance measure 4.1

Defence recruits and retains an ADF and APS workforce to support the Defence mission.

Target 4.1a

Defence achieves the ADF and APS Budgeted Workforce Requirement as set out in the 2025–26 Portfolio Budget Statements.

Substantially achieved

Target 4.1b

The net flow[10] of the ADF and APS workforce over a 12 month period is trending positive and is positioning Defence to achieve the Budgeted Workforce Requirement over the forward estimates.

Partially achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.2, 2.12, 2.20, 2.21, 2.22 and 2.23

2025–29 Defence Corporate Plan – pages 45-47

> Performance result

Partially achieved

> Analysis

Defence assessed our performance against this measure as partially achieved, with the performance result for Target 4.1a being substantially achieved and the performance result for Target 4.1b being partially achieved.

Target 4.1a – Defence achieves the ADF and APS Budgeted Workforce Requirement as set out in the 2025–26 Portfolio Budget Statements[11]

Defence substantially achieved this target in 2025–26 as the permanent ADF Budgeted Workforce Requirement (BWR) was met, and the APS BWR was 99 per cent or greater. A performance result of substantially achieved is assessed when either the ADF or APS BWR is met, but the other is between 99 and 99.9 per cent.

Defence reports on both the workforce position and workforce growth of ADF and APS workforce against the BWR. Workforce position is measured through average funded strength (for ADF) and average staffing level (for APS) against the BWR for the reporting period. Results are derived by calculating the mean achievement over the 26 pays of 2025–26 and then expressing that achievement as a proportion of the BWR.

The permanent ADF achieved 61,771 against the BWR of 59,373, representing 104.0 per cent of the requirement. The APS achieved 19,717 against a BWR of 19,863, representing a result of 99.3 per cent of the requirement. Exceeding the BWR for the permanent ADF workforce represents

10 Net flow percentages are rounded to the nearest one decimal place to maintain average funded strength (and average staffing level) accuracy. Net flow is calculated based on the workforce achievement. Accordingly, net flow over the forward years will be adjusted each year, based on end of financial year achievements and future updates to the Budgeted Workforce Requirement.

11 The ADF Budgeted Workforce Requirement was revised in the Portfolio Additional Estimates Statements 2025–26 to reflect higher-than-anticipated workforce growth. To ensure reporting consistency for the performance measure and target, performance was assessed against the original published Portfolio Budget Statements 2025–26 rather than the revised Portfolio Additional Estimates Statements 2025–26 estimate.

improved recruiting and retention outcomes in 2025–26. The APS achievement of 99.3 per cent of the requirement reflects controlled growth targeted in areas of highest priority to achieve the National Defence Strategy.

Workforce	2025–26 Achievement	2025–26 BWR	Result
Permanent ADF	61,771	59,373	104.0%
APS	19,717	19,863	99.3%

Target 4.1b – The net flow of the ADF and APS workforce over a 12 month period is trending positive and is positioning Defence to achieve the Budgeted Workforce Requirement over the forward estimates

Defence partially achieved this target in 2025–26. An assessment of partially achieved reflects that either the ADF or APS workforce has met the required net flow target, but the other workforce component was below 75 per cent of the required net flow target.

Defence reports on meeting workforce requirements through the net flow of the ADF and APS workforce. Net flow is measured as the change between end-of-financial-year workforce strength in 2024–25 and 2025–26 and is expressed as a proportion of the 2025–26 BWR.

During 2025–26, the permanent ADF achieved net growth of 4.4 per cent against a target of 0.4 per cent. The APS achieved positive workforce growth of 2.1 per cent; however, the target of 2.8 per cent against the BWR was not met.

Both workforce cohorts recorded positive growth during the reporting period. The permanent ADF substantially exceeded its net flow target and the 1.4 per cent net flow achievement in 2024–25. These results reflect continued workforce growth above planned levels associated with impactful recruitment and retention measures.

The APS growth reflected the planned rebalancing of the workforce in line with strategic priorities, with their net flow moderated to 2.1 per cent in 2025–26. The reduction from the 2024–25 achieved net flow of 6.7 per cent supports the stabilisation of APS staffing levels within approved workforce requirements over the forward estimates, while enabling continued investment in critical capability and priority functions. This approach ensures APS workforce growth remains sustainable and targeted to areas of greatest strategic need.

Workforce	Net flow achieved	Net flow target
Permanent ADF	4.4%	0.4%
APS	2.1%	2.8%

For performance measure 4.1 in 2025–26, the permanent ADF remained on track to achieve the National Defence Strategy workforce target of 69,000 personnel by the early 2030s. Defence continued to implement recruitment reforms to broaden the pool of eligible applicants, including enabling Papua New Guinea citizens who hold Australian permanent residency to apply for ADF service from 1 January 2026.

Retention outcomes improved during the reporting period, with ADF separation rates below the 10-year average. This contributed to growth in middle-rank cohorts and strengthened workforce capability. Some hollowness remains in junior and middle ranks, and remediation action to address this are ongoing.

> Rationale

The 2026 National Defence Strategy and the 2024 Defence Workforce Plan outlined the criticality of workforce growth in meeting the demands of Australia's strategic circumstances.

This measure demonstrates how Defence is progressing towards workforce targets to achieve an overall full-time ADF and APS workforce of around 100,000 by 2040. Target 4.1a represents the position of the workforce relative to the BWR at the end of the reporting period, whereas Target 4.1b

represents the direction and magnitude of workforce growth. The combination of these factors provides the most accurate measurement of the impact of Defence's recruitment and retention efforts in order to inform the future growth path.

> Methodology and data sources

Target 4.1a
Defence determined the average funded strength (AFS) (for ADF) and average staffing level (ASL) (for APS) against the BWR for the reporting period. The average funded strength and average staffing level represent the average number of paid military personnel and average full-time equivalent APS employees over each pay period respectively, from the commencement of the financial year.

Target 4.1b
Defence compared the average funded strength and average staffing level at the beginning and end of the reporting period to calculate the rate of change in each workforce. The net flow was calculated as a percentage difference between the two time periods. A positive net flow percentage indicates workforce growth, whereas a negative net flow percentage indicates a reduction in workforce.

To assess performance for this measure, Defence used the Management and Analysis Reporting Solution, Personnel Management Key Solution and the HR Data Warehouse.

> Overall assessment criteria

The target level assessments were combined to determine the overall performance against the measure using the below criteria, noting the targets are equally weighted.

Achieved: Both targets were achieved.
Substantially achieved: Both targets were rated as substantially achieved or one target was substantially achieved, while the other was achieved.
Partially achieved: Both targets were rated as partially achieved or one target was partially achieved, and the other was substantially achieved or achieved.
Not achieved: At least one or both targets was rated as not achieved.

Performance measure 4.2

Defence grows the necessary skills and capabilities to enable the Defence mission.

Target 4.2a

The Defence workforce has the technical skills required to deliver the National Defence Strategy, as measured through achieving a full workforce against each of the ADF and APS Strategic Workforce Segments.

Partially achieved

Target 4.2b

The net flow of the ADF and APS Strategic Workforce Segments over the financial year, measured against the Budgeted Workforce Requirement, will enable Defence to achieve its future technical skill requirements.

Partially achieved

Target 4.2c

The Australian Submarine Agency is staffed with the required ADF personnel to deliver the Nuclear-Powered Submarine Program.

Not achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.2, 2.12, 2.20, 2.21, 2.22 and 2.23

2025–29 Defence Corporate Plan – pages 47-50

> Performance result

Not achieved

> Analysis

Defence assessed our performance against this measure as not achieved. This assessment is due to the results for Targets 4.2a, 4.2b and 4.2c being assessed as partially achieved, partially achieved and not achieved respectively.

Target 4.2a – The Defence workforce has the technical skills required to deliver the National Defence Strategy, as measured through achieving a full workforce against each of the ADF and APS Strategic Workforce Segments

Defence partially achieved this target in 2025–26, as 11 of 14 Strategic Workforce Segments met or exceeded their BWR, representing 78.6 per cent achievement (and falling between the 70 to 84 per cent of the partially achieved criteria).

To meet the workforce requirements of the National Defence Strategy, Defence is developing the 2026 Defence Workforce Plan to strengthen ADF and APS recruitment and retention through enhanced attraction of skilled personnel, improved workforce development and training, stronger partnerships with industry and government, and more effective workforce and Reserve management. It will also focus on health, wellbeing, culture and family support initiatives to build a resilient, capable and sustainable Defence workforce.

Defence Force Recruiting has implemented targeted reforms to improve recruitment outcomes, including streamlining medical clearance processes, reviewing entry standards, introducing data-driven candidate assessment tools, increasing medical workforce capacity, and collaborating internationally to identify further efficiencies.

ADF retention initiatives combine targeted financial incentives with enhanced workforce benefits to encourage longer service and retain critical skills. Key measures include the expanded ADF Continuation Bonus program, targeted salary increases for priority workforce segments, increased leave and family health benefits, greater workplace flexibility, and expanded professional development opportunities. Together, these initiatives are designed to strengthen retention, improve wellbeing and support a sustainable and capable workforce.

Defence reports on the ‘position’ of the workforce average funded strength and average staffing level results and presents it as a portion of the BWR by Strategic Workforce Segment for the reporting period.

The result is derived by finding the mean achievement of the 26 pays during 2025–26 and then presenting the difference as a proportion of the BWR. This is performed at the Strategic Workforce Segment level.

Target 4.2b – The net flow of the ADF and APS Strategic Workforce Segments over the financial year, measured against the Budgeted Workforce Requirement, will enable Defence to achieve its future technical skill requirements

Defence partially achieved this target in 2025–26 as the net flow for 11 of the 14 Strategic Workforce Segments met the target percentage required to reach the BWR at the end of 2025–26, representing 78.6 per cent (and meeting the partially achieved criteria of between 70 and 84.9 per cent).

Target 4.2b assesses the extent to which APS workforce growth occurred in the workforce segments required to meet future capability needs. Achievement of net flow targets across most Strategic Workforce Segments demonstrates progress in aligning workforce growth with strategic priorities and future technical skill requirements. Although some specialised workforce segments did not achieve the

growth required to meet planned workforce demand, the overall result indicates Defence's recruitment and retention initiatives are supporting the development of the future workforce required to deliver the National Defence Strategy.

Defence reports on the 'direction' of the workforce growth through the net flow of the ADF and APS workforce. Net flow is the rate of change in the AFS and ASL result over a 12 month period, measured against the BWR of each Strategic Workforce Segment for the reporting period.

The result is derived by comparing end-of-financial year 2025–26 outcomes with the end-of-financial year 2024–25 outcomes and expressing the difference as a proportion of the BWR for 2025–26. This is performed for each Strategic Workforce Segment.

Defence reports on the 'direction' of the workforce growth through the net flow of the ADF and APS workforce. Net flow is the rate of change in the AFS and ASL result over a 12-month period, measured against the Budgeted Workforce Requirement (BWR) of each Strategic Workforce Segment for the reporting period.

The result is derived by comparing end-of-financial year 2025–26 outcomes with the end-of-financial year 2024–25 outcomes and expressing the difference as a proportion of the BWR for 2025–26. This is performed for each of the Strategic Workforce Segments.

Target 4.2c – The Australian Submarine Agency is staffed with the required ADF personnel to deliver the Nuclear-Powered Submarine Program

Defence did not achieve this target in 2025–26 as the number of occupied ADF positions at the Australian Submarine Agency (ASA) was 66.9 per cent at the end of 2025–26.

Defence reports on the percentage of ADF positions that are filled for the nuclear-powered submarine enterprise against the annual target of 85 per cent. This is sourced from the Chief of the Defence Force's posting priorities for that year. A rating of not achieved is assessed where the percentage of occupied positions is less than 75 per cent.

The current methodology includes positions that are not yet available to be filled, which results in an outcome that understates staffing levels against active and funded positions. Applying the measure to active and funded positions only would have resulted in an occupancy rate of 86.4 per cent. Defence identified the need to refine the methodology in future reporting periods to better align the measure with the intended staffing requirement.

> Rationale

People are central to delivering the Defence mission and implementing the National Defence Strategy. Defence must not only maintain an appropriately sized workforce, but also ensure it has the specialised skills, capabilities and workforce distribution required to conduct operations, deliver strategic effects, support domestic and international commitments, and build future capability.

Performance measures 4.1 and 4.2 together provide a comprehensive view of workforce performance. Performance measure 4.1 assesses Defence's ability to grow and sustain the overall size of the workforce, while performance measure 4.2 assesses whether that workforce possesses the skills and capabilities required to meet Defence's current and future mission requirements. This recognises that workforce growth alone does not guarantee capability outcomes; Defence must also attract, develop and retain personnel in critical skill areas and align workforce composition to strategic priorities.

Defence uses Strategic Workforce Segments to understand whether the workforce has the skills and capabilities needed to achieve its mission. The Strategic Workforce Segments provide a framework for workforce planning across the ADF and APS, enabling Defence to assess both the current position of critical skills and the direction of workforce growth in areas of greatest strategic need.

This measure demonstrates how Defence is progressing towards building a workforce that is both sufficient in size and appropriately skilled to deliver the National Defence Strategy. Target 4.2a assesses the workforce position against required skills and capabilities, while Target 4.2b assesses whether workforce growth is occurring in the areas needed to meet future requirements.

Given the strategic importance of the nuclear-powered submarine program, Target 4.2c separately assesses Defence's ability to provide the required ADF workforce to the ASA.

Collectively, these targets provide an assessment of the effectiveness of Defence's workforce growth, workforce shaping, recruitment and retention efforts in delivering the future workforce required by Government.

> Methodology and data sources

Target 4.2a
Defence calculated the average (mean) funded strength (for ADF) and average staffing level (for APS) against the BWR for the reporting period, grouped by Strategic Workforce Segments. The average funded strength and average staffing level represent the average number of paid military personnel and average full-time equivalent APS employees over each pay period, from the commencement of the financial year.

Target 4.2b
Defence determined the average funded strength and average staffing level at the beginning and end of the reporting period to calculate the rate of change in each workforce, grouped by Strategic Workforce Segments. The net flow was calculated as a percentage difference over a 12 month period. A positive net flow percentage indicates workforce growth against the segment, whereas a negative net flow percentage indicates a reduction in workforce for the segment.

Target 4.2c
The annual target for the nuclear-powered submarine enterprise was set against capability requirements. For this reason, people and positions were used for assessment rather than average funded strength and BWR (as with Targets 4.2a and b). The result was derived by taking the number of occupied ADF ASA positions as a portion of the total number of ADF ASA positions.

Specifically, Defence determined whether the annual workforce target for the nuclear-powered submarine enterprise had been met at the end of the reporting period by calculating the percentage of ADF positions that are filled for the nuclear-powered submarine enterprise against the annual target. Due to the sensitivity of actual and target values, Defence has reported the percentage only.

To assess performance against this measure, Defence used monthly workforce reports, Management and Analysis Reporting Solution, Personnel Management Key Solution and the HR Data Warehouse.

> Overall assessment criteria

The target-level assessments were combined to determine the overall performance against the measure using the below criteria, noting the targets are equally weighted.

Achieved: All three targets were achieved.
Substantially achieved: At least two of the targets were achieved, with the other substantially or partially achieved.
Partially achieved: Only one target was achieved, with the others substantially, partially or not achieved.
Not achieved: No targets were achieved.

Performance measure 4.3

The Defence values and behaviours enable our people to deliver against the Defence mission.

Target 4.3a

All ADF and Defence APS personnel believe appropriate action will be taken if they report an incident of unacceptable behaviour in the preceding 12 months.

Substantially achieved

Target 4.3b

No ADF and Defence APS personnel have experienced unacceptable behaviour in the preceding 12 months.

Not achieved

Target 4.3c

All ADF and Defence APS personnel view that Defence values are being used in their work area in the preceding 12 months.

Substantially achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.2, 2.12, 2.20, 2.21, 2.22 and 2.23

2025–29 Defence Corporate Plan – pages 50-52

> Performance result

Not achieved

> Analysis

Defence assessed our performance against this measure in 2025–26 as not achieved. This is due to the results for Targets 4.3a and 4.3c being assessed as substantially achieved, and Target 4.3b as not achieved.

During 2025–26, Defence continued to implement culture reform initiatives to reduce unacceptable behaviour and strengthen the application of Defence values and behaviours. These initiatives strengthened expectations for respectful and professional conduct, enhanced reporting mechanisms, reinforced leadership accountability and supported implementation of the Government-agreed recommendations from the Royal Commission into Defence and Veteran Suicide (RCDVS).

Defence will continue to focus on improving workforce experience and reducing the prevalence of unacceptable behaviour across the workforce.

Target 4.3a – All ADF and Defence APS personnel believe appropriate action will be taken if they report an incident of unacceptable behaviour in the preceding 12 months

Defence substantially achieved this target in 2025–26. The proportion of Defence personnel who believe appropriate action would be taken if they reported an incident of unacceptable behaviour remained high in 2025–26. The results indicate sustained workforce confidence in Defence's reporting mechanisms.

	2024–25	2025–26	Change
Defence	80.9%	80.8%	-0.1%
ADF	83.8%	84.6%	0.9%
APS	76.2%	75.8%	-0.4%

Expectations established in 2024–25 have continued to 2025–26. These include the introduction of the Chief of the Defence Force's Interim Directive on the suspension and involuntary separation of members alleged to have engaged in serious misconduct, as well as updates to Defence's sexual misconduct policy to strengthen reporting requirements and return-to-work arrangements.

In 2025–26, Defence continued to build on culture reform initiatives implemented through the Defence Culture Blueprint and Government-agreed recommendations arising from the RCDVS. Key reform initiatives undertaken during the year included:

- Establishing the Complaint Resolution and Support Services (CRSS) Unit in January 2026 to provide trauma-informed complaint management, support services and alternative reporting pathways for ADF members and APS personnel. Between January 2026 and 30 June 2026, the CRSS Unit responded to 200 complaints.
- Progressing military justice reforms, including implementation of the Defence Amendment (Royal Commission into Defence and Veteran Suicide Implementation) Regulations 2025 and release of the Charter of Military Justice, to strengthen transparency, procedural fairness and accountability.
- Introducing new Complaint and Alternative Resolution Manual chapters to improve complaint resolution processes and strengthen Defence's response to family and domestic violence.
- Expanding the Workplace Behaviour Adviser network, with 1,285 trained personnel across Defence establishments, ships and deployed personnel across the world[12].

Target 4.3b – No ADF and Defence APS personnel have experienced unacceptable behaviour in the preceding 12 months

Defence did not achieve this target in 2025–26. The proportion of ADF and Defence APS personnel that experienced unacceptable behaviour in the preceding 12 months remained broadly consistent from 2024–25 to 2025–26. The overall prevalence of unacceptable behaviour decreased from 38.8 per cent in 2024–25 to 37.9 per cent in 2025–26 and unacceptable behaviour continued to be experienced across the workforce.

	2024–25	2025–26	Change
Defence	38.8%	37.9%	-1.0%
ADF	36.6%	35.0%	-1.6%
APS	42.4%	41.6%	-0.8%

Defence is committed to strengthening reporting behaviours across the workforce to ensure incidents of unacceptable behaviour are identified, addressed and prevented, with particular focus on further improving confidence among APS personnel.

Building on work undertaken through the Defence Culture Blueprint in 2024–25, Defence continued to strengthen its approach to preventing and responding to unacceptable behaviour, including sexual violence, through enhancements to workplace behaviour training, development of the enterprise Respect@Work Action Plan and Service-specific action plans, and improved guidance for commanders and managers through the Respect@Work Prevention Tool. The Respect@Work Prevention Tool was introduced into the Complaints and Alternative Resolution Manual in December 2025. The Tool is an early warning checklist of emerging behaviours that may develop into sexual violence. In October 2025, the Chief of the Defence Force also reinforced expectations for respectful and safe workplaces through enterprise-wide communications and directed leaders to facilitate workplace discussions on respectful behaviours and the prevention of sexual violence.

Defence also continued to implement Government-agreed recommendations arising from the RCDVS, including actions to prevent sexual violence, strengthen complaint systems and support workforce wellbeing. Defence will continue to prioritise investment in reform activities that support the prevention of unacceptable behaviour, including opportunities to mature its internal data capability to identify and address unacceptable behaviour hot spots.

12 As at 1 September 2026.

Target 4.3c – All ADF and Defence APS personnel view that Defence values are being used in their work area in the preceding 12 months

Defence substantially achieved this target in 2025–26. The proportion of ADF and Defence APS personnel who viewed Defence values as being used in their work area remained high in 2025–26, indicating strong alignment between workplace behaviours and Defence values across the organisation.

	2024–25	2025–26	Change
Defence	80.4%	80.9%	0.4%
ADF	80.0%	81.4%	1.4%
APS	81.0%	80.2%	-0.8%

To strengthen values-based behaviours and leadership culture, Defence continued to deliver established initiatives including enhancements to mandatory workplace behaviour training for all personnel, resources to support leadership facilitated Defence values and behaviours and Defence Culture Blueprint Culture in Action Workshops, and targeted respectful behaviour programs such as the Australian Defence Force Academy Healthy Relationships Program pilot program and Navy's sexual ethics and respectful relationships pilot.

In 2025–26, Defence also introduced the Defence Leadership Framework and refreshed the Capstone program for newly appointed or promoted Senior Leadership Group members, to provide a consistent leadership model and reinforce expected behaviours across all leadership levels.

Defence strengthened accountability through updates to the Senior Executive Service appraisal process in mid-2026, incorporating measures related to culture, health and wellbeing.

> Rationale

People are Defence's most important capability and Defence's culture is fundamental to achieving the Defence mission and implementing the National Defence Strategy. This entails fundamental culture change to ensure that all personnel are respected and safe in the workplace.

The workforce's perception of whether they believe action will be taken in relation to instances of unacceptable behaviour provides an important insight into the overall confidence of Defence's workforce in institutional culture reform. The results inform the design, prioritisation and evaluation of Defence culture reform initiatives, including actions to strengthen reporting mechanisms, leadership accountability and workplace behaviour programs. The data is also used to monitor trends over time, identify areas requiring additional intervention, and assess the effectiveness of culture reform activities in future years.

Similarly, the perception of whether individuals believe others in their work areas are behaving in accordance with Defence values provides insights into the impact of cultural reform activities. This information assists Defence to assess the effectiveness of initiatives implemented during each reporting period, including measures to strengthen leadership accountability, workplace behaviour standards, complaint management processes and the prevention of unacceptable behaviour across the workforce.

> Methodology and data sources

The Defence Workplace Experience Survey and Defence Workplace Behaviour Survey were used to assess performance measure 4.3. The surveys ask the ADF and Defence APS workforce about their experiences of unacceptable behaviour and Defence values.

The surveys were conducted from 16 March to 7 April 2026; 10,441 Defence personnel participated in the Workplace Experience Survey and 6,820 personnel participated in the Workplace Behaviours Survey. Both surveys achieved a participation rate of 16 per cent.

Target 4.3a
Defence determined the percentage of ADF and Defence APS personnel who provided a positive response to "It wouldn't be worth complaining about unacceptable behaviour here because nothing would be done about it". The Defence workforce was asked to rate the statement using a five-point Likert scale, with scores for 'disagree', 'strongly disagree', and 'neither agree nor disagree' responses combined to determine the number of positive responses.

Target 4.3b
Defence determined the percentage of ADF and Defence APS personnel who answered 'Yes' when asked whether they have experienced at least one form of unacceptable behaviour in the past 12 months.

Target 4.3c
Defence determined the percentage of ADF and Defence APS personnel who provided a positive response to "I have seen evidence of Defence values being used in my work area". The Defence workforce was asked to rate the statement using a five-point Likert scale, with scores for 'strongly agree' and 'agree' responses combined to determine the number of positive responses.

> Overall assessment criteria

The assessments of the three targets were combined to determine the overall performance against the measure using the below criteria, noting the targets are equally weighted.

Achieved: All three targets were achieved.
Substantially achieved: At least two of the targets were achieved, with the other substantially or partially achieved.
Partially achieved: Only one target was achieved, with the others substantially, partially or not achieved.
Not achieved: No targets were achieved.

Performance measure 4.4

Defence supports ADF members and their families by providing access to support services and programs having regard to lifetime wellbeing.

Target 4.4a

At least 75 per cent of eligible full-time ADF members and their families are registered with the ADF Family Health Program.

Achieved

Target 4.4b

100 per cent of the support services of the Partner Assistance Employment Program, Education Assistance Scheme, and Special Accommodation for Emergencies Scheme are provided to full-time ADF and their families, in accordance with identified service delivery timeframes.

Substantially achieved

Target 4.4c

An increase in the percentage of Defence suicide prevention training participants who assess that the training is practical, tailored and informed by lived experience.

Achieved

Target 4.4d

100 per cent of Defence-led, Government-agreed recommendations from the Royal Commission into Defence and Veteran Suicide Final Report are complete, or on-track.

Not reported

> Source

Portfolio Budget Statements 2025–26, Program 2.2. 2.12, 2.20, 2.21, 2.22 and 2.23

2025–29 Defence Corporate Plan – pages 53-56

> Performance result

Substantially achieved

> Analysis

Defence assessed our performance against this measure as substantially achieved. Targets 4.4a and 4.4c were achieved, and Target 4.4b was substantially achieved for the 2025–26 reporting period. Target 4.4d is not reported in 2025–26. As the pre-determined assessment criteria did not account for any of the targets being not reported, the overall performance result was assessed on the basis that a target-level result of not reported is equivalent to a target-level result of not achieved.

Target 4.4a – At least 75 per cent of eligible full-time ADF members and their families are registered with the ADF Family Health Program

Defence achieved this target in 2025–26, with 75 per cent of eligible full-time ADF members with eligible dependants registered in the ADF Family Health Program as at 30 June 2026 (rounded to the nearest whole number from 74.9 per cent)[13]. The table below demonstrates continued improvement across reporting periods.

	2022–23	2023–24	2024–25	2025–26
Registered ADF members	23,358 (69%)	24,435 (73%)	25,489 (74%)	26,546 (75%)
Eligible ADF members[1]	33,657	33,581	34,415	35,431
Registered dependants[2]	52,727	53,826	55,391	57,054
Eligible dependants[1]	69,816	68,807	69,721	71,481

Notes:
1. Some eligible dependants may be double-counted due to being listed by two serving members. The current human resource management system does not have the functionality to provide more fidelity on the count of dependants without significant recoding of data fields.
2. Registered dependants showcase size of program membership and do not account towards Target 4.4a.

The target for 2025–26 was achieved due to effective program communication and enhancements implemented between 2022 and 2026, which contributed to sustained growth in membership. These enhancements included expansion of the claimable services related to counselling and lactation consultants, physical activity, pharmaceuticals, nicotine addiction replacement therapy, ambulance cover, and vaccinations. In addition, the benefit for capped services increased from $400 to $800. The expansion of the program to include these services is associated with registration growth.

While the strategies continue to be effective in increasing membership of the program, some ADF members elect not to participate for various reasons. These may include Fringe Benefit Tax implications associated with program benefits, or situations where their eligible dependents are registered under another serving member's entitlement or are dual serving members. The ADF Family Health Program monitored participation through the FHP015 Report provided by the Health Information Office and the Electoral Report from Directorate of Workforce Information. In addition, utilisation trends are monitored through monthly reporting through the Health Information Office to ensure the program policy settings

13 Due to the assessment criteria in the 2025–29 Defence Corporate Plan not accounting for all possible performance results, the detailed methodology specifies that if the percentage result is not a whole number and falls between two criteria, the percentage is rounded to the nearest whole number to determine the level of achievement.

remained appropriate. Policy settings may be reviewed where reporting identifies sustained changes in participation rates, significant increases or decreases in utilisation, emerging patterns that suggest inequitable access, unexpected cost impacts, administrative inefficiencies, or where the program is no longer achieving its intended objectives.

Target 4.4b – 100 per cent of the support services of the Partner Employment Assistance Program, Education Assistance Scheme, and Special Accommodation for Emergencies Scheme are provided to full-time ADF and their families in accordance with identified service delivery timeframes

Defence substantially achieved this target in 2025–26 processing, 1,443 of 1,448 applications and referrals (99.7 per cent) within the required service delivery timeframes of five business days across the Partner Employment Assistance Program (PEAP) and Education Assistance Scheme (EAS), and three hours for the Special Accommodation for Emergencies Scheme (SAFE) applications. Performance was supported by proactive workload management, system improvements and staff training. The target was not fully achieved due to four EAS applications and one PEAP application exceeding the required processing timeframe.

Partner Employment Assistance Program

For the 2025–26 reporting period:

- 1,163 total applications were received
- 1,162 applications (99.9 per cent) were processed within the specified service delivery timeframe.

Almost all applications met the required timeframe due to proactive identification of peak periods and anticipated workloads across the team. The peak period for PEAP is in May and June when applicants seek funding support prior to the end of the financial year. Staff working in other programs are assigned to PEAP during this time to provide surge processing capacity.

Education Assistance Scheme

For the 2025–26 reporting period:

- 252 total applications were received
- 248 applications (98.4 per cent) were processed within the specified service delivery timeframe.

Factors that contributed to this performance result:

- A small number (four) of applications exceeded the five-day target due to a process error with new staff. Continued training support has been provided as a mitigation action. Reporting dashboards were also developed to provide visibility to staff of applications nearing the target timeline.

Special Accommodation for Emergencies Scheme

For the 2025–26 reporting period:

- 33 total referrals were received
- 33 referrals (100 per cent) processed within the specified service delivery timeframe.

The Defence Member and Family Support (DMFS) information management system was enhanced to support the processing of SAFE referrals and to capture timeliness performance within the system. Prior to 2026, SAFE referrals were not all processed within the information management system and timeliness information was not consistently captured.

Standard Operating Procedures and training were provided to Defence Member and Family Support staff to ensure familiarity with and usage of the new process.

Overall total (three programs)

For the 2025–26 reporting period:

- 1,448 total applications/referrals were received
- 1,443 applications (99.7 per cent) were processed within respective service delivery timeframes.

Target 4.4c – An increase in the percentage of Defence suicide prevention training participants who assess that the training is practical, tailored and informed by lived experience

Defence achieved this target in 2025–26, as 81.6 per cent of participants in Defence suicide prevention training assessed the training as practical, tailored and informed by lived experience, exceeding the target of 81.4 per cent.

Metric	Survey question	2024–25 Baseline	2025–26 Achievement
Defence suicide prevention training is practical	The resources need to use what I have learned are available to me	88.9%	89.3%
	I plan to integrate what I learned into my work	85.9%	87.2%
Defence suicide prevention training is tailored	The training used examples that showed me how I could use my learning	88.4%	89.7%
	It is clear that the training developers understand how I will use what I learn	80.7%	81.3%
	I will get opportunities to use this training	58.8%	62.0%
Defence suicide prevention training is informed by lived experience	Hearing first hand from Defence members enhanced my experience of this training	78.6%	80.4%
Average		**80.2%**	**81.6%**

For both 2024–25 and 2025–26, overall more than 80 per cent of participants assessed training as practical, tailored and informed by lived experience.

Defence Suicide Awareness training undergoes minor enhancements annually to ensure its content remains contemporary. Defence has also recently introduced role and rank-based suicide awareness training for commanders and managers, alongside tailored training for support and health staff. This training complements and reinforces the key themes of Defence Suicide Awareness training and may have contributed to the increase in achievement across all the elements of this target.

Target 4.4d – 100 per cent of Defence-led, Government-agreed recommendations from the Royal Commission into Defence and Veteran Suicide Final Report are complete, or on-track

For the 2025–26 reporting period, Defence intended to report the percentage of Defence-led, Government-agreed recommendations from the RCDVS Final Report that were completed or on track at the end of the reporting period. As approval of RCVDS Reform Management Plans via the program governance arrangements was measured for this target in 2024–25, reporting recommendations assessed as completed or on track was intended to provide meaningful reporting on Defence's progress of implementation from 2025–26 onwards.

In assessing the supporting evidence for this target, Defence's internal assurance processes identified discrepancies with the methodology and supporting evidentiary basis to support the status of recommendations considered to be on track at the end of the reporting period.

In addition, in September 2026, Defence received the Notice of Preliminary Findings and Opportunity to Respond (Tranche 1) from the Defence and Veterans' Services Commission relating to the Inquiry into Implementation of Defence and Veteran Suicide Royal Commission Recommendations (1st Progress Report). While Defence is preparing a response, the preliminary findings indicate that there is a risk of inconsistencies between Defence's methodology and assessment for this target and the Commissioner's Inquiry Report.

For 2026–27, Defence has amended this target and methodology to reflect the enhanced program governance arrangements that have been implemented to support the RCDVS Defence

Implementation Program Board in providing governance and oversight for RCDVS implementation. Defence is working to clarify and standardise reporting metrics relating to RCDVS implementation to enable consistent reporting against this target for the 2026–27 reporting period.

> Rationale

Supporting ADF members and their families is fundamental to preventing suicide and improving mental health and wellbeing of ADF members as they work to keep Australians safe, achieving Defence's mission and implementing the National Defence Strategy.

This measure demonstrates Defence's commitment to improving health, wellbeing and safety outcomes for ADF members and their families by providing supports. The programs that have been included directly address the priority support needs identified by members, families and the RCDVS.

Ongoing monitoring and evaluation of support services and programs for ADF members and families, and implementation of the Government-agreed recommendations from the RCDVS, assists Defence to better understand the effectiveness of support and services provided.

This performance measure is a combined output and effectiveness measure.

> Methodology and data sources

Target 4.4a
Defence determined the percentage of full-time ADF members and their families eligible for the ADF Family Health Program, and the number of registered full-time ADF members and their families.

Target 4.4b
Defence assessed performance against service delivery timeframes of the PEAP, EAS and SAFE programs and determined whether full-time ADF members and their families had timely access through the processing/approval of applications/referrals. The service delivery timeframes differ for each of these programs.

Target 4.4c
Defence conducted a post-course survey for participants who completed Defence's suicide prevention training during the reporting period. A subset of survey questions from the post-course surveys was used to determine the percentage of training participants who assessed the training as practical, tailored and informed by lived experience (assessed using a two-point Likert scale).

Target 4.4d
Defence intended to calculate the percentage of Defence-led, Government-agreed recommendations from the RCDVS Final Report that were either completed or on track at 30 June 2026, using the program governance arrangements of the RCDVS Defence Implementation Program Board. As noted in the analysis for this target, Defence identified discrepancies with the methodology and supporting evidentiary basis which were to be used to assess the status of recommendations to determine the performance result, and a result is not reported for 2025–26.

To assess performance against this measure, Defence used the Active Dependants Report, Defence Member and Family Support Information Management System reporting, post-training surveys and the Management and Analysis Reporting Solution reporting.

> Overall assessment criteria

The assessments of the four targets were combined to determine the overall performance against the measure using the below criteria, noting targets are equally weighted.

Achieved: All four targets were achieved.
Substantially achieved: At least three targets were substantially achieved or higher.
Partially achieved: At least three targets were partially achieved or higher.
Not achieved: None of the above criteria were satisfied.

Key activity 5

Defence's international engagement – operational presence; support to regional security capability; people-to-people engagement; and bilateral and multilateral diplomatic engagement – support a strategy of denial in our primary area of military interest.

Performance measure 5.1

The ADF has a near persistent presence in Australia's immediate region.

Target 5.1a

Defence maintains its regional forward force presence through ADF operations, activities and investments.

Achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.1

2025–29 Defence Corporate Plan – pages 56-57

> Performance result

Achieved

> Analysis

During the 2025–26 reporting period, Defence achieved its intended performance against this performance measure as the ADF had a near persistent presence in Australia's immediate region.

For security reasons, Defence is unable to publicly report the actual number of operations, activities and investments undertaken.

Target 5.1a – Defence maintains its regional forward force presence through ADF operations, activities and investments

During 2025–26, Defence's response to an increasingly complex strategic environment required a significant increase in operations[14], activities and investments. There was a 56.3 per cent increase executed in 2025–26, compared to the benchmark that was established in 2024–25.

	2024–25	2025–26
Variance from 2024–25	Benchmark established	56.3%
Threshold (from benchmark)	-10%	-10%

Throughout 2025–26, Defence adjusted its regional engagement and operational activities to meet evolving geopolitical circumstances, support requirements for allies and partners, natural disaster response commitments, and other emerging operational priorities.

This was further influenced by major exercises, regional activities and engagement events undertaken to meet changing operational, strategic and partner nation requirements. As these activities do not occur uniformly each year, and some significant activities follow a two-to-three-year cycle, fluctuations between reporting periods are expected.

14 A number of planned operations in-scope for performance measure 5.1 are also reported against performance measure 1.1. These operations are identified in the analysis for performance measure 1.1.

Examples of operations, activities and investments that supported Defence's regional presence during the reporting period included:

- Operation GATEWAY involving ADF personnel conducting maritime surveillance patrols in the North Indian Ocean and South China Sea from Royal Malaysian Air Force Base Butterworth under the Malaysia-Australia Joint Defence Program.
- The Joint Australian Training Team – Philippines program involving ADF mobile training teams delivering training, education and professional development opportunities for personnel from the Armed Forces of the Philippines and the Department of National Defense in support of the Enhanced Defence Cooperation Program.
- Operation LINESMAN involving ADF personnel supporting the United Nations Command Military Armistice Commission in monitoring activities within the Korean Demilitarised Zone, contributing to reduced tensions and reinforcing security and stability on the Korean Peninsula.
- Regional Presence Deployments involving Royal Australian Navy vessels such as HMAS *Warramunga* and *Toowoomba* and ADF aircraft conducting activities across the Indo-Pacific to support regional security and stability, strengthen interoperability with regional partners and allies, and uphold international law and freedom of navigation.
- Operation RENDER SAFE involved deployment of HMAS *Yarra* and *Diamantina* to support ADF personnel partnering with Pacific nations to locate and safely dispose of explosive remnants of war, while delivering education and training activities to enhance the security capabilities of Pacific partners.

This demonstrated Defence's ongoing commitment to maintaining a regional forward presence through operations, activities and investments aligned with the strategic objectives and priorities set out in the National Defence Strategy.

> Rationale

Defence undertakes operations, activities and investments in the region to contribute to regional security and a strategy of denial. Operations, activities and investments in our region helps Australia build interoperability and strengthen relationships with partner nations, supporting Defence's preparedness outcomes.

This measure demonstrates Defence's continuous presence in Australia's immediate region.

> Methodology and data sources

To determine whether regional forward presence was maintained, Defence calculated the percentage increase of planned operations, activities and investments executed at the end of the reporting period compared to the benchmark.

The 2024–25 period was selected as the benchmark year as that was the first year Defence undertook this measurement (under the 2024 National Defence Strategy). Defence's regional forward presence is maintained when the number of planned operations, activities and investments executed in the reporting period decreases by no more than 10 per cent, or increases compared to the 2024–25 benchmark number.

To assess performance for this measure, Defence used military plans and orders, operational reports, post-operational reports and planned/executed operation, activity and investment reports.

> Overall assessment criteria

The below criteria were used to determine the level of achievement, noting that the actual values for the benchmark number and 2025–26 operations, activities and investments are not publicly reported.

Achieved: Where the number of planned operations, activities and investments executed in the reporting period decreased by no more than 10 per cent, or increased compared to the 2024–25 benchmark number.
Not achieved: Where the number of planned operations, activities and investments executed in the reporting period decreased by more than 10 per cent compared to the 2024–25 benchmark number.

Performance measure 5.2

Defence enhances Australia's relationships with the Government's priority Indo-Pacific and global partners.

Target 5.2a

Defence implements action items from annual 2+2 (Foreign Affairs and Defence) ministerial meetings.

Achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.1

2025–29 Defence Corporate Plan – pages 57-58

> Performance result

Achieved

> Analysis

During the 2025–26 reporting period, Defence achieved its intended performance against this performance measure. Defence contributed to enhanced relationships through implementation of Defence-led action items from 2+2 dialogues with United States of America (AUSMIN), United Kingdom (AUKMIN), New Zealand (ANZMIN), Japan, India, Indonesia and the Republic of Korea.

Target 5.2a – Defence implements action items from annual 2+2 (Foreign Affairs and Defence) ministerial meetings

Defence achieved this target with 92.8 per cent of action items (129 of 139 items) either completed or on track for delivery. This result exceeded the target of 80 per cent or more action items either completed or on track at the end of the period, and increased from 83.5 per cent in 2024–25.

Successful implementation of these commitments demonstrated Defence's ability to translate ministerial and National Defence Strategy direction into practical cooperation, strengthening relationships and advancing shared strategic objectives with partner nations.

A total of 139 Defence-led outcomes and corresponding action items[15] were recorded across seven 2+2 ministerial dialogues. As at 30 June 2026:

- 52 action items were completed and considered closed
- 77 action items were on-track in line with expected delivery milestones.

The 80 per cent target was established from historical delivery rates across ministerial dialogue outcomes and reflects Defence's assessment of achievable performance within a dynamic strategic environment.

> Rationale

Defence's international engagement is critical to protecting and advancing Australia's strategic interests and maintaining regional security and stability. Ministerial meetings conducted with Foreign Affairs

15 Six action items were categorised as having a watching brief due to implementation having at least one of the following minor delivery issues:
- the expected delivery date was one and four months after the planned completion date
- the budget had increased by between 5 and 25 per cent compared to the original plan, or
- there were minor challenge/s with establishing adequate resourcing to deliver the action item on time and on budget.

One action item was considered at risk with implementation having the following delivery issues:
- the expected delivery was more than four months after planned completion date
- the expected delivery budget had increased by more than 25 per cent compared to original plan, or
- there were minor challenges with establishing adequate resourcing to deliver the action item on time and on budget.

Three action items were discontinued following agreement by relevant stakeholders that the item was no longer required due to changed circumstances, priorities or strategic considerations.

and Defence counterparts are an integral form of engagement, with outcomes from these meetings indicating trust, cooperation and alignment with partner nations.

As a form of diplomacy, 2+2 ministerial meetings with key regional partners engage in dialogue to protect shared interests and maintain a rules-based order in the Indo-Pacific region and globally.

This measure demonstrates how Defence contributes to enhanced relationships through effective implementation of action items from 2+2 ministerial meeting outcomes, against the agreed schedule, budget and/or resources. Defence considers the 80 per cent target appropriate, given that changes to the strategic environment can impact implementation of action items.

Successful implementation of agreed action items demonstrates Defence's ability to translate ministerial commitments into practical cooperation. Consistent delivery of these commitments is an indicator of trust, engagement and strategic alignment between Australia and partner nations.

While relationship strength is inherently qualitative, implementation of agreed ministerial commitments provided a practical proxy for assessing progress in bilateral cooperation.

> Methodology and data sources

Defence analysed the status of Defence-led action items from 2+2 ministerial meetings at the end of the reporting period to determine whether the action items were completed or are on track for completion. Action items were determined to be on track when there were no delivery issues relating to schedule, budget or resourcing, which impacted implementation of the action item.

Acknowledging that different relationships are enhanced in different ways, including increased complexity of activities, enhanced transparency, and new or improved legislative frameworks guiding cooperation, Defence measured the implementation of agreed, Defence-led outcomes from 2+2 ministerial meetings as a primary indicator of progression in our bilateral relationships.

To assess performance for this measure, Defence used the ministerial meeting dialogue outcome tracker, records of conversations, cables, meeting minutes, briefs and other internal documents.

> Overall assessment criteria

The percentage of Defence-led action items for 2+2 ministerial meetings completed or on track was calculated, and a level of achievement determined using the below criteria.

Achieved: At least 80 per cent or more action items were completed or on track at the end of the reporting period.
Substantially achieved: Between 65 and 79 per cent of action items were completed or on track at the end of the reporting period.
Partially achieved: Between 50 and 64 per cent of action items were completed or on track at the end of the reporting period.
Not achieved: Less than 50 per cent of action items were completed or on track at the end of the reporting period.

> Changes within the 2025–26 reporting year

In this context, 'discontinued' means an action item was formally removed from further implementation activities, following agreement by relevant stakeholders that the item is no longer required due to changed circumstances, priorities or strategic considerations. Discontinued items remained within the assessment population because they were active during the reporting period prior to a decision being made to cease further activity.

Key activity 6
Deliver future capability

Performance measure 6.1
Defence is delivering the right future capability at the right time within the Integrated Investment Program to ensure it is equipped to respond to future security challenges as described by the National Defence Strategy.

Target 6.1a
80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver the scope approved by Government.

Achieved

Target 6.1b
80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver within the schedule approved by Government.

Not achieved

Target 6.1c
80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver within the cost (including contingency) approved by Government.

Achieved

> Source
Portfolio Budget Statements 2025–26, Program 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.13, 2.14, 2.15, 2.16

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> Performance result
Partially achieved

> Analysis
Defence assessed our performance against this measure as partially achieved.

Defence achieved the targets relating to scope (6.1a) and cost (6.1c), however did not achieve the target relating to schedule (6.1b). The performance result reflects ongoing schedule pressures across the capability portfolio, as well as impacts from the revised methodology for assessing performance against the measure.

At the start of the reporting period (1 April 2025), the Integrated Investment Program (IIP) comprised 272 projects, reducing to 260 by the end of the period (31 March 2026[16]). These projects span both the requirements and risk mitigation and acquisition phases of the capability lifecycle. The number of IIP projects changes during the reporting period as new projects are established, projects complete delivery and are closed, or projects are merged or cancelled through the Force Design process. Defence routinely updates Government on the performance of the IIP through bi-annual updates advising of capability-specific progress, as well as seeking decisions to vary a project's parameters of scope, schedule or cost.

16 As 31 March 2026 was the end of the reporting period, Government-agreed outcomes from the consideration of the 2026 National Defence Strategy and 2026 Integrated Investment Program (published April 2026) will be reflected in the Defence Annual Report 2026–27. Changes proposed through the Portfolio Budget Statements 2026–27 were not in scope for this performance cycle.

The 2025–26 assessment evaluated the performance of 139 approved (Second Pass) IIP projects, including eight recently approved projects reported in the Quarterly Performance Report (QPR) for the first time. The total number of projects included in the assessment in 2024–25 was 129. The net increase of 10 projects accounts for newly established projects, projects from areas that have begun reporting in the QPR, and project closures.

This assessment used the most recent QPR project assessments and reconciled performance against Government-approved scope, schedule and cost parameters. Projects were considered on track where available evidence indicated they were performing in accordance with approved parameters at the end of the reporting period for this measure (31 March 2026). Overall project assessments were subject to quality assurance and review processes.

Target 6.1a – 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver the scope approved by Government

Defence achieved this target during 2025–26, with 86 per cent of projects assessed as on track to deliver their Government approved scope, against a target of 80 per cent.

Domain	Total number of projects	Projects on track to deliver scope	
		Number	%
Maritime	23	21	91
Land	30	26	87
Air	23	19	83
Space	5	5	100
Cyber	11	10	91
Enterprise and Enablers	47	38	81
Total	**139**	**119**	**86**

One project was subject to a Government-approved scope variation that did not affect approved schedule or budget parameters. As a scope review was ongoing at the end of the reporting period, the project was excluded from the assessment of projects on track to deliver scope.

Projects where scope was assessed as being at risk were not considered on track. Scope assessments were informed by quarterly project reporting and supplemented through review during the assessment process.

Projects experiencing scope risk most commonly reported challenges relating to contract management, planning and approval processes, and financial management.

Target 6.1b – 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver within the schedule approved by Government

Defence did not achieve this target during 2025–26, with 50 per cent of IIP projects assessed as on track to deliver within the Government-approved schedule, against a target of 80 per cent.

Domain	Total number of projects	Projects on track for schedule	
		Number	%
Maritime	23	7	30
Land	30	23	77
Air	23	12	52
Space	5	0	0
Cyber	11	3	27
Enterprise and Enablers	47	24	51
Total	**139**	**69**	**50**

This result represents a decline from the 2024–25 result and indicates that schedule performance remained Defence's principal challenge in capability delivery. The result reflects both a revised assessment methodology and continuing schedule pressures across the portfolio. Further information on the revised methodology is detailed in the Methodology and data sources section.

Key drivers of schedule risk included industry capacity constraints, project planning and approval processes, design maturity, contract management, governance requirements, budget constraints and capability integration. These factors affected projects across multiple domains and contributed to delays in achieving approved delivery milestones.

The assessment considered performance against both Initial Operating Capability (IOC) and Final Operating Capability (FOC) milestones, including milestones scheduled beyond the reporting period. This provided greater visibility of emerging schedule risk and a more complete assessment of whether projects remained on track to meet approved delivery timelines. In previous years, only milestones due within the reporting period were assessed[17].

During the reporting period, Defence sought Government approval to delay IOC for 21 projects, with an average delay of 14.4 months. Nineteen projects sought Government approval for a delay to FOC, averaging 12.5 months. Where Government approved a revised delivery milestone prior to the original milestone due date, performance was assessed against the revised milestone. Projects seeking approval after a milestone due date had passed were assessed as off track against that milestone. Of the total number of projects seeking a change to schedule, 16 projects sought to delay milestones that were already overdue, an overall average delay of 14.1 months.

Of the projects working towards IOC, the top reported themes for schedule risk related to industry capability and capacity, planning and approval, design maturity, governance and contract management. Of the projects working towards FOC, the top reported themes for schedule risk related to planning and approval, financial management, strategic assurance requirements, contract management and capability integration.

Defence continues to strengthen project delivery governance through enhanced schedule assurance activities, increased scrutiny of schedule change proposals, and routine senior level review of projects exhibiting persistent schedule risk through the Projects of Interest and Projects of Concern regime. These initiatives are intended to improve schedule realism, support earlier identification of emerging issues and improve delivery performance over time.

Defence monitored 45 projects with IOC milestones due at the end of the reporting period, and an additional 10 carried forward as overdue. Of these, 12 projects achieved IOC, with six projects achieving the milestone after the due date, an average delay of 4.8 months. The outstanding IOC milestones averaged a nine-month delay. For FOC, Defence was monitoring 19 projects with milestones due, including one carried forward as overdue. Four projects achieved FOC with one achieved after the due date, an average delay of 3.3 months. The outstanding FOC milestones average a 5.5 month delay.

Target 6.1c – 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver within the cost (including contingency) approved by Government

Defence achieved this target during 2025–26, with 99 per cent of IIP projects on track to deliver within the cost (including contingency) approved by Government, against a target of 80 per cent.

17 Minimum viable capability (MVC) milestones were not included in the assessment, as they are not reported in the QPR. The MVC milestones were introduced in 2024, as a Force Design milestone determining the capability effect. Unlike IOC and FOC milestones, which are delivery milestones, the MVC is assessed against the strategic environment and may adapt where there is a requirement for capability to meet a different or enhanced effect.

Domain	Total number of projects	Projects on track for cost Number	%
Maritime	23	23	100
Land	30	30	100
Air	23	22	96
Space	5	5	100
Cyber	11	11	100
Enterprise and Enablers	47	46	98
Total	**139**	**137**	**99**

During the reporting period, Government approved two real cost increases, resulting in two projects no longer being assessed as on track for cost performance. These related to:

- an increase for RAAF Base Amberley, Queensland to fund construction of a facility comprising sewage and water treatment plants to ensure effluent is treated in accordance with environmental standards
- an increase to support completion of the OneSKY-Civil Military Air Traffic Management System project.

A real cost increase occurs where additional Government funding is required to deliver the scope previously approved by Government. Budget adjustments associated with approved schedule or scope changes do not constitute a real cost increase where the approved project cost remains unchanged. Defence continues to monitor the financial impacts associated with schedule delays and project reprioritisation across the IIP.

> Rationale

The 2024 IIP sets out the specific capabilities for Government investment to deliver an integrated, focused force, and achieve the six key capability effects described in the 2024 National Defence Strategy. This measure demonstrates Defence's overall performance in delivering capability acquisition projects in accordance with the Government-agreed scope, schedule and cost, by assessing variation in these factors between the start and end of the reporting period. The Government-agreed scope reflects the right future capability and the Government-agreed schedule reflects the capability at the right time.

As the five capability domains (maritime, land, air, space and cyber) are central to Defence's transition to an integrated, focused force, Defence includes the breakdown of performance by domain to report against this measure. An additional domain to report on enabling projects is included for the purpose of reporting against this measure.

Due to the release of the 2024 National Defence Strategy and IIP in April 2024, Defence has amended the reporting period for this measure to 1 April to 31 March. This enables Defence to report on performance over a rolling 12-month period from the release of the National Defence Strategy onwards.

> Methodology and data sources

To report against this measure, Defence assessed project scope, schedule and cost at the end of the reporting period to determine whether each project was on track and delivered the scope, schedule and cost approved by Government at the start of the reporting period. Given the delivery phase of Defence's capability projects can vary significantly depending on the capability being acquired, this method provides the most accurate measure of year-on-year performance.

For the relevant target, Defence identified variances in scope, schedule and cost and assessed whether the variance was on track (e.g. capability delivered in accordance with schedule), or negative (e.g. decrease to the capability scope). Percentages were rounded to whole percentages for the purpose of assessing the level of achievement for this measure.

Defence revised the methodology during the 2025–26 reporting period to improve alignment between portfolio management processes and performance reporting. From 2025–26, the assessment includes all schedule milestones for approved (Second Pass) IIP projects, including milestones due outside the reporting period. This differs from the 2024–25 reporting period, where only those projects with Government-approved milestones within the reporting period were assessed.

While the revised methodology contributed to the lower schedule result (72.9 per cent in 2024–25 compared with 50 per cent in 2025–26), schedule pressures remained evident across a number of domains. Results are not directly comparable to previous years as Defence has not separately quantified the relative impact of methodology changes and underlying project delivery performance.

Defence also strengthened governance arrangements for amendments to approved project milestones, resulting in fewer changes being made to Government-approved delivery milestones. Consequently, projects experiencing delays against their original approved schedule are more likely to be reflected as not performing for schedule, rather than having milestone changes approved and incorporated into the baseline.

The underlying data supporting the assessment was also updated to draw on delivery reporting detailed in the QPR. This provided a more robust and consistent evidence base for assessing performance. The QPR reports on approved (Second Pass) IIP projects with an executed Materiel Acquisition Agreement, advising where there are actual or forecast variations to scope, schedule and cost. The QPR is provided to the Minister for Defence Industry each quarter and includes projects being delivered by the Capability Acquisition and Sustainment Group, Naval Shipbuilding and Sustainment Group, Guided Weapons and Explosive Ordnance Group, Defence Digital Group, Security and Estate Group, Defence Intelligence Group and the Australian Signals Directorate.

The methodology for the 2025–26 reporting period incorporated an additional verification step relating to milestone achievement for Target 6.1b. The QPR reports ‘achieved’ when IOC and/or FOC is declared. The additional check verified achievement by reviewing information system CapabilityOne (C1) for a milestone achievement date. Where C1 recorded a date for IOC and/or FOC achievement, the milestone was marked as achieved and an assessment made as to whether the milestone was achieved by the due date, or was late (negative variance). Negative variance was also recorded when the milestone was assessed as not achieved, or if the milestone was overdue.

The IIP bi-annual updates to Government were also used to report against this performance measure.

> Overall assessment criteria

The assessments of the three targets were combined to provide the overall performance against the measure using the below criteria, noting the targets are equally weighted.

Achieved: All three targets were achieved.
Substantially achieved: At least one of the targets was achieved and no targets were not achieved.
Partially achieved: At least one target was not achieved.
Not achieved: All three targets were not achieved.

> Changes within the 2025–26 reporting year

Since the 2025–29 Defence Corporate Plan was published in August 2025, Defence undertook improvements to the methodology for assessing performance against this measure, as detailed in the Methodology and data sources section. As a result of these changes, performance against the measure for 2025–26 is not directly comparable with prior year performance results.

Key activity 7

Defence advances Australia's interests through a strengthened sovereign defence industrial base.

Performance measure 7.1

Defence strengthens the sovereign defence industrial base through investment and domestic manufacture.

Target 7.1a

95 per cent or more of the Defence Industry Development Grants Program budgeted allocation is awarded.

Achieved

Target 7.1b

An increase in the number of companies exporting and value of exports by Australian suppliers supported by the Global Supply Chain and Team Defence Australia programs.

Achieved

Target 7.1c

An annual increase in the percentage of defence industry's contribution to the Australian economy.

Partially achieved

Target 7.1d

Defence maintains a three per cent investment in innovation, science and technology to deliver against defence priorities set by Government[18].

Partially achieved

Target 7.1e

The manufacture of Guided Multiple Launch Rocket System has commenced in Australia by the end of 2025.

Achieved

Target 7.1f

Percentage of industrial uplift milestones for the Continuous Naval Shipbuilding and Sustainment Program met during the reporting period.

Baseline established

> **Source**
>
> Portfolio Budget Statements 2025–26, Program 2.3, 2.9, 2.13, 2.15, 2.16
>
> 2025–29 Defence Corporate Plan – pages 61-65

> **Performance result**
>
> Partially achieved

18 Three per cent of total Defence budget.

> Analysis

Defence assessed our performance against this measure as partially achieved.

Defence achieved three targets (7.1a, 7.1b and 7.1e) and partially achieved two targets (7.1c and 7.1d). The remaining target (7.1f) was introduced for the 2025–26 reporting period and established a baseline for measuring performance in future years. As the pre-determined assessment criteria did not account for any of the targets establishing a baseline during the reporting period, the overall performance result was assessed on the basis that a target-level result of establishing a baseline is equivalent to a target-level result of not achieved.

Target 7.1a – 95 per cent or more of the Defence Industry Development Grants Program budgeted allocation is awarded

Defence achieved this target during 2025–26, as 96.4 per cent of the Defence Industry Development Grants (DIDG) Program budgeted allocation was awarded, against a target of 95 per cent or more. The target increased from 80 per cent in 2024–25 to reflect the elevation of the program to deliver its full schedule of 20 grant batches per year.

The DIDG Program provides grants of between $5,000 and $1 million for small and medium enterprises operating in the defence sector (as well as Defence Industry Associations for the Skilling stream). It seeks to grow defence industry capabilities, capacity and security posture over time and directly contributes to strengthening the sovereign defence industrial base. Grants are awarded across four streams: Sovereign Industrial Priorities, Exports, Skilling, and Security.

In 2025–26, the program awarded 116 grants to Australian defence businesses, at a combined value of $39.8 million from an approved award budget of $41.3 million (96.4 per cent). All awarded grants are published on GrantConnect[19].

Stream	Grant Opportunity	Number	Value
Sovereign Industrial Priorities	GO6891	58	$34,408,429
Exports	GO6896	17	$2,916,032
Security	GO6892	22	$1,477,054
Skilling	GO6902	19	$993,861
Total		**116**	**$39,795,376**

Target 7.1b – An increase in the number of companies exporting and value of exports by Australian suppliers supported by the Global Supply Chain and Team Defence Australia programs

Defence achieved this target during 2025–26 as there was an increase in both export value and the number of exporting companies in Australia supported by the Global Supply Chain (GSC)[20] and Team Defence Australia (TDA)[21] programs.

Defence supports Australian defence industry companies in international markets through the GSC and TDA programs. Based on the latest available data from Austrade, Australian companies supported through the GSC and TDA programs recorded $4.4 billion in exports and 463 exporting companies in 2025–26. This compares with the reported 2024–25 result of $3.4 billion in exports and 339 exporting companies[22], indicating growth in both export value and the number of supported exporters. These results demonstrate the increasing international competitiveness of Australian defence industry and greater participation in global defence supply chains, supporting the development of a more resilient sovereign defence industrial base. This increase illustrates Defence's intent stated in the Defence

19 https://www.grants.gov.au (Grant opportunities GO6891, GO6892, GO6896 and GO6902).
20 2025–26 GSC reporting data is currently available only to 30 April 2026, with data for the period 1 May to 30 June 2026 to be available following completion of Reporting Period 4 (28 September 2026).
21 2025-26 TDA reporting data is available from 1 July 2025 to 30 June 2026.
22 Australian Border Force export data is sourced from a live dataset that is continually updated. The result for 2024–25 figures published in the Defence Annual Report 2024–25 represented data from 1 July 2024 to 30 April 2025.

Industry Development Strategy, of supporting the development of a more resilient sovereign defence industrial base through access to export market and supply chain integration opportunities and diversity in revenue sources.

	2024–25	2025–26
GSC and TDA export value	$3.4 billion	$4.4 billion
Number GSC and TDA exporting companies	339	463

The TDA Program is the national platform for export-capable Australian defence and dualuse companies (companies with both civilian and military applications) to showcase their goods, services, technologies and solutions at international trade events. In 2025–26, 10 international trade shows for the TDA Program were held across Poland, the UK, the US, the United Arab Emirates, Singapore, Malaysia and France, with over 250 unique Australian defence and dual-use companies participating.

The GSC Program provides a pathway for Australian businesses to access export opportunities within the global supply chains of major defence companies, called primes. Through this partnership approach, the GSC Program supports Australian suppliers by identifying global supply chain opportunities, facilitating supplier engagement with prime contractors, developing supplier capability and export readiness, encouraging innovation, and generating export contracts. The prime contractors currently participating under the GSC Program are: Babcock, BAE Systems, Boeing, HII Australia, Kongsberg, L3Harris, Lockheed Martin, Moog, Northrop Grumman, Raytheon Australia, Saab, Rheinmetall and Thales.

Target 7.1c – An annual increase in the percentage of defence industry's contribution to the Australian economy

Defence partially achieved this target during 2024–25[23] as defence industry Gross Value Added partly reached the growth target for the reporting year.

Defence industry Gross Value Added is the standard measure used by the Australian Bureau of Statistics to assess the economic contribution of defence industry to the Australian economy. It measures the additional value generated through the production of goods and services after accounting for the cost of inputs used in production.

The Australian Bureau of Statistics Defence Industry Account 2024–25 report highlighted continued growth in defence economic contribution. During 2024–25, the Australian defence industry contributed $12.0 billion in Gross Value Added to the Australian economy, an increase of $142 million (1.2 per cent) compared with 2023–24.

While this demonstrates continued growth in the economic contribution of Australia's defence industry, it was below the annual growth target of 4 per cent. Accordingly, the target is assessed as partially achieved (defined by an increase of between 0.1 per cent and 2.4 per cent).

2023–24 GVA	2024–25 GVA	Change
$11.9 billion	$12.0 billion	1.2%

Target 7.1d – Defence maintains a three per cent investment in innovation, science and technology to deliver against defence priorities set by Government

Defence partially achieved this target during 2025–26 as Defence partly reached the investment target for the reporting year.

Defence invests in innovation, science and technology to deliver Government priorities, and ensure the ADF remains equipped and prepared to respond to emerging strategic and technological challenges. These investments are made in line with the policy direction and demand signals provided by the

23 The 2025-26 reporting of Defence's contribution to the Australian economy is based on prior year data i.e. 2024-25 GVA. The reports for 2025-26 are expected to be released on 16 April 2027.

National Defence Strategy, IIP and policy documents such as the Defence Innovation, Science and Technology Strategy and the Defence Industry Development Strategy.

During 2025–26, Defence invested 2 per cent of total expenditure in innovation, science and technology, against a target of 3 per cent or more. This result reflects investments in and by the Defence Science and Technology Group and the Advanced Strategic Capabilities Accelerator, and Defence research and development activities identified within expenditure data. While this demonstrates continued investment in capability development, research and innovation activities, it was below the level required to achieve the target. Accordingly, the target is assessed as partially achieved.

As investments were also made in technology development projects and innovation pathways defined through reforms to Defence capability development and delivery, Defence identified that the methodology required updating for 2026–27 reporting to align with these changes and better reflect the breadth of investment in innovation, science and technology across the organisation.

Target 7.1e – The manufacture of Guided Multiple Launch Rocket System has commenced in Australia by end 2025

Defence achieved this target during 2025–26 through the commencement of domestic Guided Multiple Launch Rocket System (GMLRS) manufacturing in Australia during 2025.

Construction, commissioning and production readiness activities enabled completion of the first inert GMLRS article in December 2025, demonstrating commencement of domestic manufacturing activities. The first successful test firing of an Australian-made GMLRS occurred in April 2026. This demonstrated significant progress towards establishing a sovereign guided weapons manufacturing capability, strengthening Australia's defence industrial base, and positioning Australia as a contributor to allied guided weapons supply chains.

Construction of the GMLRS production facility at Port Wakefield, South Australia, was completed in October 2025 and formally handed to Lockheed Martin Australia on 4 November 2025. Manufacturing equipment was installed, commissioned and validated during November and early December 2025. These activities occurred alongside production activities including component manufacture, spinning tail assembly production, and assembly of inert GMLRS articles representative of the operational system, marking delivery of a key milestone toward the Australian Guided Weapons and Explosive Ordnance Plan commitment to commence domestic manufacture of GMLRS in 2025.

Consistent with the Australian and New Zealand Standard Industrial Classification definition of manufacturing, which includes the assembly of component parts into a new product, these activities marked the commencement of domestic GMLRS manufacturing in Australia during 2025.

Target 7.1f – Percentage of industrial uplift milestones for the Continuous Naval Shipbuilding and Sustainment Program met during the reporting period

For the 2025–26 reporting period, Defence established the Continuous Naval Shipbuilding and Sustainment Program (CNSS) Program milestone requirements.

The CNSS Program supports implementation of industrial uplift initiatives required to build, operate and sustain Australia's future naval shipbuilding enterprise. During 2025–26, Defence reviewed the CNSS Program to align its activities with emerging strategic priorities and the evolving requirements of the Australian nuclear-powered submarine enterprise. This realignment shifted emphasis of the CNSS Program supporting industrial uplift through strategic industry partnerships, informed by business intelligence and baseline analysis. As a consequence of this strategic realignment, the original program milestones no longer accurately reflected the revised objectives, deliverables and intended outcomes of the program.

To support delivery of the realigned CNSS Program, Defence re-baselined the associated CNSS Program schedule and associated milestones for Phase 1 of the industrial uplift projects identified in the 2024 Naval Shipbuilding and Sustainment Plan, as well as the master schedule for the program. The revised set of milestones and master schedule was approved by the CNSS Program Board on 28 May 2026.

During the reporting period, Defence also established the program governance framework, data sources and evidence base required to measure future industrial uplift outcomes. Activities undertaken during the reporting period included:

- development of workforce planning
- industry engagement and development of maritime infrastructure products that support delivery of the industrial uplift initiatives outlines in the 2024 Naval Shipbuilding and Sustainment Plan
- Maritime Workforce and Skills Council
- Workforce Planning and Intelligence Service
- National Maritime Infrastructure Master Plan
- Sea Systems Implementation Program
- Maritime Security Assurance Program.

Defence assessed progress against 2025–26 milestones within the revised program schedule. These milestones generated the data and evidence required to establish a baseline for future performance measurement. While some milestones were completed later than planned due to consultation, governance and stakeholder engagement requirements, all milestones were completed during 2025–26 and contributed to the establishment of the program's baseline evidence base.

The re-baselined master schedule best positions Defence to support the ongoing assessment of industrial uplift activities and outcomes associated with continuous naval shipbuilding and sustainment in Australia.

> Rationale

The 2024 National Defence Strategy highlighted that a sovereign defence industrial base is vital for developing higher levels of military preparedness and self-reliance, as well as accelerating innovation and capability delivery.

The combination of targets in this measure demonstrates Defence's effectiveness in strengthening the sovereign defence industrial base through investment in small and medium enterprises, supply chains and technology, as well as the domestic manufacture of guided weapons and explosive ordnance and maritime capability. These elements are critical enablers for a more sustainable and resilient industrial base into the future, advancing Australia's national security and economic interests.

> Methodology and data sources

Target 7.1a

Defence determined the percentage of the Defence Industry Development Grants Program that is awarded to small and medium enterprises for the 2025–26 reporting period.

Target 7.1b

Defence determined the number of companies exporting and the value of exports by Australian companies supported by the Global Supply Chain and Team Defence Australia programs using totals calculated by Austrade using Australian Border Force (ABF) data.

As export data is sourced from ABF customs records and is limited to goods exported from Australia. The data may not capture all relevant company activities, including service exports, exports via third countries, or all associated Australian Business Numbers (ABN). Defence relies on data provided through Austrade and ABF processes and has no further practical means to independently validate the completeness of the dataset.

Target 7.1c

Defence determined the contribution of defence industry to the Australian economy from Australian Bureau of Statistics for the Australian Defence Industry Account experimental estimates. As the data for the relevant reporting period is not available until the following April, Defence reported against the 2024–25 data for the 2025–26 reporting period.

Target 7.1d
Defence determined the financial investment in innovation, science and technology as a proportion of the total Defence budget for the reporting period.

Target 7.1e
Target 7.1e for 2025–26 was 7.1f in 2024–25. Defence determined and reported on whether the manufacture of GMLRS commenced in Australia by the end of 2025 in accordance with the objective set out in the Australian Guided Weapons and Explosive Ordnance Plan.

Target 7.1f
Target 7.1f was introduced for 2025–26. Defence established the baseline milestones required for the CNSS Program during the reporting period.

To assess performance against this measure, Defence used the TM1 Financial Management System, AusTender, Global Supply Chain Program reporting, Austrade reporting on exports (from ABF data), Industrial Intelligence Capability data, Australian Bureau of Statistics Australian Defence Industry Account, Business Grants Hub (Department of Industry, Science and Resources), Defence Industry Development Grants Program reporting, Guided Weapons Explosive Ordnance Project Monthly Reporting, Continuous Naval Shipbuilding and Sustainment Key Enabler Program Schedule and Continuous Naval Shipbuilding and Sustainment Key Enabler Project Management Plans.

> Overall assessment criteria

To make the overall assessment, the six target-level results were combined to provide the overall performance against the measure using the below criteria, noting that targets are weighted equally for this measure.

Achieved: All six targets were achieved.
Substantially achieved: At least five targets were substantially achieved or higher.
Partially achieved: At least four targets were partially achieved or higher.
Not achieved: None of the above criteria were met.

> Changes within the 2025–26 reporting year

Target 7.1e
This target used a supplemental data source from a third party as evidence the milestone, completion of the first inert GMLRS, was achieved.

Target 7.1f
During 2025–26, the CNSS Program was refocused to align with emerging strategic priorities. As a result, program milestones and deliverables were revised through established governance processes to establish a baseline from which performance will be assessed in future years.

Key activity 8

Defence supports improved regulatory performance, capability and culture through regulatory stewardship in line with the Government's commitment to APS reform.

Performance measure 8.1

Defence improves regulatory performance and capability through the finalisation of export permit applications within benchmark timeframes and reduction of export permits to the United States and United Kingdom facilitated via the AUKUS licence-free environment.

Target 8.1a

Defence will finalise the approved export permit applications within benchmark timeframes (15 days for non-complex applications and 35 days for complex applications).

Substantially achieved

Target 8.1b

A reduction in the number of export permits to the United States, United Kingdom and Australia, facilitated via the AUKUS licence-free environment.

Substantially achieved

> Source

Portfolio Budget Statements 2025–26, Program 2.1

2025–29 Defence Corporate Plan – pages 66-67

> Performance result

Substantially achieved

> Analysis

Defence assessed our performance against this measure as substantially achieved.

During the 2025–26 reporting period, Defence Export Controls continued to deliver on its mandate as the Commonwealth regulator facilitating the responsible movement of Defence-related goods, technology and services both within and outside Australia. Defence substantially achieved its intended performance against this measure. The overarching assessment of this performance measure is derived by combining the results from the two targets.

Performance was demonstrated through the processing of export permit applications within benchmark timeframes and the reduction in the number of permits issued for exports involving Australia, the US and the UK following the introduction of the AUKUS licence-free environment. Combined, these targets represent how Defence has improved its regulatory performance and capability.

Target 8.1a – Defence will finalise the approved export permit applications within benchmark timeframes (15 days for non-complex applications and 35 days for complex applications)

The finalisation of export permit applications is a core regulatory function of Defence Export Controls. Defence substantially achieved this target in 2025–26, with a performance result of 85.9 per cent. A result of substantially achieved is assessed when the percentage of approved export permit applications finalised within benchmark timeframes is between 75 and 89 per cent. Over this period, out of the 682 complex applications, 611 were processed within a 35-day timeframe. During the same period, out of the 3,189 non-complex applications, 2,622 were processed within a 15-day timeframe.

Complexity	Applications processed within corresponding benchmark timeframe 2024–25	2025–26
Complex (35 business days)	69.5%	89.6%
Non-complex (15 business days)	77.4%	82.2%
Average	73.5%	85.9%

Performance improved significantly from 2024–25, when 73.5 per cent of export permit applications were processed within benchmark timeframes, to 85.9 per cent in 2025–26. This result reflects continued improvements in the administration of export permit applications, ongoing engagement with applicants, and a more efficient allocation of resources across Defence Export Controls' regulatory functions.

Results are comparable with 2024–25 as the measure, assessment framework and benchmark timeframes remained unchanged. While application volumes and the proportion of complex and non-complex applications can vary between reporting periods due to external factors such as changes in the strategic environment, market demand and industry priorities, these factors do not affect the consistency of the assessment framework applied to each application. No material changes to the measure, assessment methodology, or reporting arrangements occurred in 2025–26 that would affect year-on-year comparability.

During 2025–26, an Information and Communications Technology system change affected the calculation of processing times for approximately 1,100 export permit applications. The error impacted the collection of processing time data and remained in effect for 20 business days. Affected applications were identified and remediated, however, if during these 20 business days analysts had sought additional information from applicants, or the application was lapsed or withdrawn, the data remediation may not have correctly updated the processing times. Defence acknowledges that this data limitation may affect the accuracy of the reported result for Target 8.1a. Notwithstanding these limitations, Defence has taken reasonable steps to identify and remediate affected records.

In addition, Defence identified a separate data quality issue affecting the categorisation of applications. This issue resulted in some applications being incorrectly assessed as non-complex (which are measured against a 15 business day benchmark) rather than complex (which should have been measured against a 35 business day benchmark). Defence has identified the cause of the error, and will implement an improved solution for recording application complexity before the end of 2026, to strengthen the accuracy and reliability of its data.

Target 8.1b – A reduction in the number of export permits to the United States, United Kingdom and Australia, facilitated via the AUKUS licence-free environment

Defence substantially achieved this target in 2025–26, as 68.3 per cent fewer permits were processed to AUKUS countries following the introduction of the AUKUS licence-free environment. A result of substantially achieved is assessed when the percentage reduction in permits is between 50 and 69 per cent. The target compares the volume of permits issued to AUKUS partners before and after the licence-free environment's introduction on 1 September 2024.

	Number of permits processed between Australia, the US and UK	Reduction in permits processed compared with 2023–24
2023–24	994	-
2024–25	264	73.4%
2025–26	315	68.3%

For comparison, Defence achieved a reduction of 73.4 per cent in the 2024–25 reporting period, providing a year-on-year measure of the uptake and impact of the AUKUS licence-free environment. A range of operational and regulatory factors may have influenced the slight decrease in performance against Target 8.1b in 2025–26.

Since its introduction, participation in the AUKUS licence-free environment has continued to grow, with:

- more than 1,200 users enrolled in the AUKUS authorised user community (to access Australian AUKUS exemptions only)
- more than 625 Australian businesses receiving export licencing exemptions with the US and the UK
- nearly 2,700 notifications of intent to export lodged
- over $510 million in licence-free exports between Australia and the US and UK.

The AUKUS licence-free environment does not eliminate all permit requirements. Permits between AUKUS partners are still required for items on the Excluded Technologies List[24] and the Australian Military Sales Program[25]. The AUKUS licence-free environment also does not apply where applications involve third-party countries that are ineligible under AUKUS arrangements. In these circumstances, permit requirements continue to apply.

Participation in the AUKUS licence-free environment is voluntary and some eligible applicants continue to use the permit system due to challenges involved in changing existing internal business processes and internal compliance arrangements. Defence Export Controls continues to engage with eligible users of the AUKUS licence-free environment and encourage them to adopt its use.

Finally, under a new process introduced in 2025–26, applicants with an eligible permit application have a seven-day window from submission to withdraw their application. In 2024-25, permit application requests would remain open while awaiting a decision from the applicant to withdraw. Applications that are not withdrawn are subsequently progressed to a final decision by Defence Export Controls. While this process has improved case finalisation and prevented applications from remaining in the workflow indefinitely, it has also affected the total proportion of AUKUS-related permits measured through Target 8.1b. This is because permits may continue to be issued for applications that would otherwise have been eligible for the AUKUS licence-free environment.

The change may impact comparability for 2025–26, as the introduction of the seven-day withdrawal period changed how applications that may be eligible for the AUKUS licence-free environment are finalised.

The impact cannot be reliably quantified because Defence Export Controls cannot determine which applications, under the previous process, would ultimately have been withdrawn by applicants rather than progressed to a permit decision. While the seven-day withdrawal period is likely to have increased the number of applications proceeding to a final decision, the extent of the effect cannot be measured retrospectively. However, the broader increase in number of permits (51) processed between Australia, the US, and the UK from 2024–25 (264) to 2025–26 (315) reflects this change in business process.

> Rationale

Defence Export Controls is a Commonwealth regulator responsible for regulating the movement of Defence-related goods, technology and services both within and outside Australia. Defence Export Controls supports stakeholders from government, industry, higher education and research sectors, and private individuals, to meet their obligations under Australia's export control laws.

It ensures Australia upholds its international obligations as prescribed by participation in a series of multilateral non-proliferation and export control regimes.

On 1 September 2024, the *Defence Trade Controls Amendment Act 2024* commenced, reshaping Australia's export control regime in two major ways:

- a licence-free environment was established for most military and dual-use goods and technology transferred between Australia, the US and UK
- three new offences relating to the supply of Defence and Strategic Goods List technology, with criminal penalties coming into effect after a six-month grace period (on 1 March 2025).

24 Defence Trade Controls (Excluded DSGL goods and DSGL technology) Determination 2024 - https://www.legislation.gov.au/F2024L01100/latest/text
25 Defence Trade Controls (Australian Military Sales Program item) Determination 2024 - https://www.legislation.gov.au/F2026L00997/asmade/text

This reform of Australia's export control regime contributed to the operating environment and performance results for the 2025–26 reporting period.

The AUKUS licence-free environment aims to accelerate technological and industrial cooperation amongst Australia, the US and the UK for our collective strategic benefit, including by removing certain permit requirements.

The targets under this measure demonstrate Defence's commitment to continuous improvement and building trust by meeting public benchmark timeframes, and undertaking its function using a risk-based and data-driven approach through a reduction in regulatory burden through the AUKUS licence-free environment.

> Methodology and data sources

The assessment of the targets was undertaken using data sourced from the My Australian Defence Exports system, which is used by Defence to process and assess permit applications. The reporting range of the data is the 2025–26 financial year.

Defence categorised export permit applications into 'complex' and 'non-complex' categories. This proportionate, risk-based categorisation informed the subsequent assessment process for an application. Broadly, applications categorised as non-complex are routine in nature and pose relatively lower risk than those categorised as complex. Complex applications were subjected to a more thorough risk assessment process either because they relate to sensitive items, higher-risk destinations, or both. The categorisation also indicated the public benchmark time to finalise an application (15 working days for noncomplex applications, 35 working days for complex applications).

> Overall assessment criteria

The assessments of the two targets were combined to determine the overall performance result against the measure using the below criteria, noting that targets are weighted equally for this measure.

Achieved: Both targets were achieved.
Substantially achieved: One or both targets were substantially achieved.
Partially achieved: One or both targets were partially achieved, or one of the targets was not achieved.
Not achieved: Both targets were not achieved.

> Changes within the 2025–26 reporting year

For the 2025–26 reporting period, Defence Export Controls implemented a seven-day window for applications eligible for the AUKUS licence-free environment to withdraw their application. Applications that were not withdrawn within this timeframe progressed to a decision. Previously, applications would remain open indefinitely while awaiting a decision from the applicant.

4

Report on financial performance

Financial Summary

Since 1 July 2020, Defence has 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.

This means that Defence, just like all other Australian Government agencies, budgets, within its financial statements, 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 write-down of non-financial 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 'net cash funding' presentation provides a clear 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.

The 'financial result' further considers the impacts of additional funds received associated with the net proceeds retained from the sale of assets. The additional net proceeds from sale of assets are not recorded as revenue in the Defence net cash results, however, are able to be utilised to support Defence expenditure.

Other indicators of financial performance include the net cost of services, and the operating result which represent the full accrual accounting result reported in the Financial Statements at Appendix A.

Net cash result

Defence recorded a net cash deficit of $156.9 million in 2025–26, equivalent to 0.3 per cent of total funding. This outcome comprised a net operating deficit of $231.3 million, partially offset by a net capital surplus of $74.4 million.

Comparisons to budget are based on the 2025–26 Estimated Actuals published in the Portfolio Budget Statements 2026–27 (PBS 2026–27), which reflect the latest published estimates of funding, operating expenses and capital expenditure for 2025–26.

Defence's net cash result improved significantly from the $466.0 million deficit recorded in 2024–25, representing a year-on-year improvement of $309.1 million.

Net operating result

Defence recorded an operating deficit of $231.3 million in 2025–26, compared with a budgeted operating deficit of $5.9 million. The result represents 0.5 per cent of total operating funding and was primarily driven by higher than budgeted supplier expenses associated with increased sustainment-related expenditure.

Net capital result

Defence recorded a capital surplus of $74.4 million in 2025–26, compared with a budgeted capital deficit of $38.7 million. This modest capital surplus of 0.4 per cent is due to minor variations across a range of capital categories.

Financial result

After taking into account $38.9 million in additional funding associated with net proceeds retained from the sale of assets, Defence recorded a financial deficit of $118.0 million in 2025–26. While these retained proceeds are not recognised as revenue for the purposes of Defence's net cash result, they are available to support Defence expenditure.

Table 4.1 Defence net cash and financial result[1], 2025–26

	2025–26 revised budget estimate[2] ($'000)	2025–26 actual result[3] ($'000)
Operating		
Operating funding		
Departmental appropriations	42,774,967	42,842,065
Net accrual adjustments including no-win, no-loss (handback)/ supplementation[4]	-	(298,516)
Goods and services	1,211,967	1,408,625
Other revenue	116,608	580,566
Total operating funding (A)	**44,103,542**	**44,532,740**

Table 4.1 Continued

	2025–26 revised budget estimate[2] ($'000)	2025–26 actual result[3] ($'000)
Operating expenses		
Employees	16,298,547	16,094,585
Suppliers	27,237,099	27,570,975
Grants	43,528	121,248
Principal payments of lease liabilities	425,043	574,676
Net foreign exchange losses	-	22,018
Net loss from sale of assets	-	26,347
Other expenses	141,483	364,883
Total operating expenses (B)	**44,145,700**	**44,774,732**
Net operating Surplus / (Deficit) for special accounts (C)	**36,292**	**10,721**
Net operating (Deficit) / Surplus (D) = (A)-(B)+(C)	**(5,866)**	**(231,271)**
Capital		
Capital funding		
Contributed Equity (Bill 2)[5]	14,036,118	14,036,118
Departmental Capital Budget (DCB) (Bill 1)	2,787,334	2,787,334
Total capital funding (E)	**16,823,452**	**16,823,452**
Capital expenditure		
Additions relating to non-financial assets	15,083,053	15,076,636
Additions relating to inventory	1,740,399	1,661,321
Total capital expenditure (F)	**16,823,452**	**16,737,957**
Net capital (Deficit) / Surplus for special accounts (G)	**(38,745)**	**(11,117)**
Net capital (Deficit) / Surplus (H) = (E)-(F)+(G)	**(38,745)**	**74,378**
Defence net cash result (Deficit) / Surplus (I) = (D)+(H)	**(44,611)**	**(156,893)**
Additional net proceeds from sale of assets[6] **(J)**	42,159	38,872
Financial result (Deficit) / Surplus (K) = (I)+(J)	**(2,452)**	**(118,021)**

Notes:

1. The net cash 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 clear 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 (DCB) for the purchase of minor assets and Defence inventory, and a capital appropriation equity injection for the purchase of major assets under the Integrated Investment Program. On account of inclusion of asset and inventory additions as the outlay against capital funding, the net cash result excludes depreciation, inventory consumption and impairment expenses. Further, the net cash result includes payments in relation to Right of Use (ROU) liabilities as the whole-of-government funding mechanism adopted for such ROU leases is aligned to the repayment of the lease liabilities, instead of the income statement impact of such leases.
2. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
3. Actual results are drawn from the 2025–26 Defence financial statements.
4. This amount is predominately in relation to the true-up of the no-win, no-loss supplementation / (handback) for 2024–25 and no-win, no-loss for 2025–26, impacting the net cash outcome for Defence.
5. In PBS 2026–27, Defence received $900 million of funding to address Defence's ongoing working capital requirements. The increase in working capital provides an increase in cash reserves to meet Defence industry commitments as and when they fall due for payment. This is a working capital injection and not an increase in Defence funding and does not impact Defence's net cash position in the current year. This is because the injection will be used to address existing expenditure commitments already incurred/recognised.
6. The financial result incorporates additional cash received associated with the net proceeds retained from sale of assets. This cash is not recorded as revenue in the Defence net cash results, however is able to be utilised to support Defence expenditure. This is calculated as the net of $12.5 million of Proceeds from the sale of Non-financial assets per the Cash flow statement and the $26.3 million net loss from sale of assets, already included in Operating expenses in the 2025–26 net cash results.

Table 4.2 Defence resource statement, 2025–26

	2025–26 current available appropriation ($'000)	2025–26 payments made ($'000)	2025–26 balance remaining ($'000)
Departmental annual appropriations			
Prior year departmental appropriation available[1]	528,879	528,879	-
Annual appropriation – ordinary annual services[2]	42,842,065	42,532,373	309,692
Receipts retained under PGPA Act - section 74[3]	5,135,690	5,135,690	-
Total departmental outputs	**48,506,634**	**48,196,942**	**309,692**
Total departmental annual appropriations	**48,506,634**	**48,196,942**	**309,692**
Departmental other services – non-operating appropriations			
Prior year - other services – non-operating available[1]	420,250	420,250	-
Annual appropriations – other services - non-operating[2]	16,823,452	16,626,158	197,294
Total departmental non-operating appropriations	**17,243,702**	**17,046,408**	**197,294**
Other non-operating funding			
2025–26 working capital injection[4]	900,000	-	900,000
Total departmental other services – non-operating	**18,143,702**	**17,046,408**	**1,097,294**
Total departmental resourcing	**66,650,336**	**65,243,350**	**1,406,986**
Special appropriations[5]			
Defence Force Retirement Benefits Act 1948 Part 1 s. 15D and VIC, s. 82ZJ		31,067	
Defence Force Retirement and Death Benefits Act 1973 Part XII, s. 125 (3)		1,904,328	
Military Superannuation and Benefits Act 1991 Part V, s. 17		2,770,703	
Australian Defence Force Cover Act 2015		209,580	
Defence Home Ownership Assistance Scheme Act 2008 Part VI, s. 84		293,865	
Total special appropriations		**5,209,543**	
Special accounts			
Opening balance	522,916	-	-
Non-appropriation receipts to special accounts	1,117,054	-	-
Payments made	-	550,952	-
Total special accounts	**1,639,970**	**550,952**	**1,089,018**
Total resourcing and payments	**68,290,306**	**71,003,845**	**2,496,004**

Notes:
1. The balance has been reduced by $39.6 million relating to 2024–25 Appropriation Acts that were withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) during 2024–25.
2. Appropriation amounts disclosed exclude amounts withheld under section 51 of the PGPA Act, amounts transferred to Defence Special Accounts and appropriation acts which have been repealed.
3. Receipts retained under section 74 of the PGPA Act. This amount is inclusive of GST in 2025–26.
4. The working capital injection in 2025–26 of $900 million supported Defence's ongoing working capital requirements. The adjustment provided funding to meet Defence industry commitments as and when they are due for payment.
5. Special appropriations are classified as 'Unlimited' in nature according to the Chart of Special Appropriations 30 June 2026 published by the Department of Finance. No available appropriation is reported as it is limited only by eligibility criteria.

Net cost of service 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 $52.8 billion. This result is higher than budget (per the Portfolio Budget Statements 2025–26 or Original Budget) by $2,370.2 million (4.7 per cent). This is primarily driven by the following factors:

- Higher than budgeted supplier expenses of $1,744.7 million (6.5 per cent), primarily due to AUKUS-related payments exceeding the Original Budget estimate
- Higher than budgeted depreciation and amortisation expenses of $898.4 million (11.4 per cent) driven by a higher than budgeted asset base, reflecting the full year impact of 2024–25 fair value adjustments of $4.2 billion, and capital additions that exceeded the budget by $1.9 billion during 2025–26.

The operating deficit attributable to the Australian Government was $10.2 billion.

Asset management and net assets

Defence manages $165.4 billion of total assets. This includes:

- $97.8 billion of specialist military equipment
- $46.5 billion of land, buildings, infrastructure, plant and equipment, and intangibles
- $12.5 billion of inventory
- $0.4 billion of heritage and cultural assets
- $8.2 billion of other items, including cash, receivables, prepayments and assets held for sale.

Consistent with previous years, Defence has 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. This included, 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 increased by $7.8 billion to $150.4 billion at 30 June 2026, compared with $142.6 billion at 30 June 2025. The increase was primarily driven by asset additions, including $11.5 billion in Specialist Military Equipment, $2.3 billion in buildings and $1.4 billion in infrastructure. Inventories also increased by $1.2 billion. These increases were partially offset by depreciation expense of $8.8 billion.

Administered result

In 2025–26, Defence's administered result reported a net cost of services of $9.8 billion, which is an increase of $0.3 billion from 2024–25. Defence recognised an increase to employee benefits ($294.3 million) due to rising ADF superannuation expenses from revised discount rates applied year-on-year and overall increases to the underlying ADF Cover employee provision liability.

Table 4.3 Net additional cost of current operations from 1999–2000 to 2026–27

	1999–2000 to 2024–25 actual result ($m)	2025–26 actual result ($m)	2026–27 budget estimate[1] ($m)	Total ($m)
Operation ACCORDION	1,649.9	96.6	83.2	1,829.8
Operation RESOLUTE	932.8	102.3	165.6	1,200.7
Operation BEECH[2]	43.3	8.2	–	51.5
Operation KUDU	37.2	26.0	22.9	86.1
Total net additional costs	**2,663.2**[3]	**233.2**	**271.7**	**3,168.1**
Sources of funding for operations				
Government supplementation	2,660.5	225.0	271.7	3,157.2
Department of Defence (absorbed)	2.7[4]	8.2	–	10.9
Total cost	**2,663.2**[3]	**233.2**	**271.7**	**3,168.1**

Notes:
1. As published in the PBS 2026-27, Table 3.
2. Operation BEECH has been reclassified as a minor operation with costs being absorbed, due to its net additional cost being below the $10 million threshold for No-Win/No-Loss funding.
3. Results not comparable to previous Annual reports due to the removal of operations that ceased prior to PBS 2025–26.
4. Expenditure relates to Operation KUDU in 2022–23.

Table 4.4 Net additional cost of current major operations, 2025–26

	2025–26 estimated actual[1] ($m)	2025–26 actual result ($m)	Variation[2] ($m)
Operation ACCORDION	91.8	96.6	4.8
Operation RESOLUTE	130.1	102.3	(27.8)
Operation KUDU	50.9	26.0	(24.9)
Total net additional costs	**272.9**	**225.0**	**(47.9)**

Notes:
This table reflects major operations funded under No-Win/No-Loss arrangements.
1. As published in the PBS 2026–27, Table 3.
2. Numbers may not add due to rounding.
3. Operation BEECH has been reclassified as a minor operation due to its net additional cost being below the $10 million threshold for No-Win/No-Loss funding.

5 Management and accountability

Changes in senior leadership

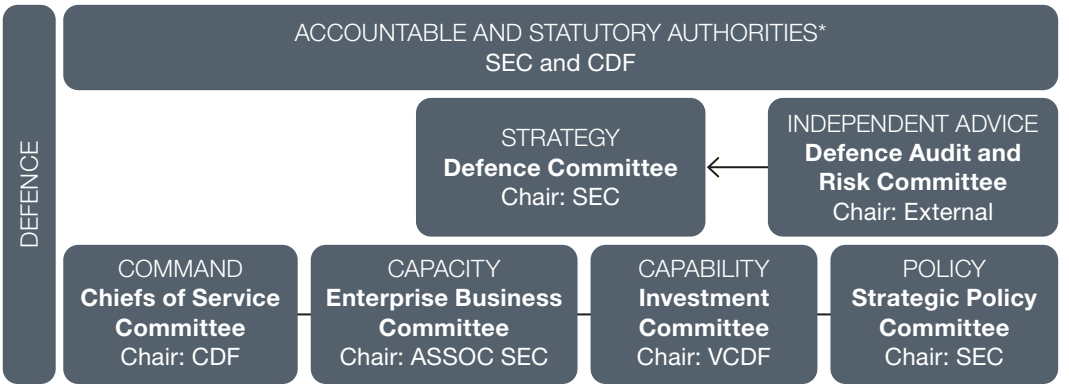
- On 21 July 2025, David Hanley was appointed Deputy Secretary Naval Shipbuilding and Sustainment.
- On 29 September 2025, Matt Yannopoulos PSM, former Associate Secretary, moved to the Department of Finance.
- On 8 December 2025, Cath Patterson was appointed Associate Secretary.
- On 20 April 2026, Greg Moriarty AO, former Secretary of the Department of Defence, moved to the Department of Foreign Affairs and Trade.
- On 18 May 2026, Meghan Quinn PSM was appointed Secretary of the Department of Defence.
- On 30 June 2026, Chris Deeble, former Deputy Secretary Capability Acquisition and Sustainment, retired from the APS.

Enterprise governance

The Department of Defence maintains governance arrangements that support our mission through effective oversight, informed decision-making, and stewardship of public resources. Clear accountability is established across senior leadership, governance forums, and management structures to support the delivery of strategic objectives, management of risk, monitoring of performance, and provision of assurance. Defence's decision-aiding forums support the Secretary, the CDF, and other senior leaders, to fulfil their accountabilities, and ensure that strategy, capability and resources are aligned across the portfolio and enterprise.

Decision-aiding forums

Figure 5.1 Enterprise committee structure



* The Secretary is the Accountable Authority of the Department of Defence under the *Public Governance, Performance and Accountability Act 2013*. The Chief of the Defence Force has Command of the Defence Force under the *Defence Act 1903*.

Defence Committee

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 Defence's commitments to the Government and to the community. The Defence Committee provides strategic direction and oversight of the implementation of the National Defence Strategy, ensuring Defence's activities and reforms align with the Government's strategic objectives.

Defence Audit and Risk Committee

The Defence Audit and Risk Committee (DARC) provides independent advice and assurance to the Secretary and the CDF on the appropriateness of Defence's accountability and control framework.

Strategic Policy Committee

The Strategic Policy Committee informs and guides Defence decision-making on key strategic policy issues and trends, as well as facilitating consideration, on an early warning basis, of emerging issues with strategic implications.

Enterprise Business Committee

The Enterprise Business Committee exercises strategic control and assurance over the corporate and military enabling functions of the single Defence organisation, ensuring the effective operation of Defence business.

Chiefs of Service Committee

The Chiefs of Service Committee, now the ADF Command Board, advises the CDF in support of their accountabilities in full command of the ADF. In addition, the committee supports the CDF, as principal military adviser to Government, to provide advice on the capability of the ADF to achieve Government objectives.

Investment Committee

The Investment Committee, now the Capability Investment Board, advises the Vice Chief of the Defence Force in his capacity as the Joint Force Authority. From July 2026, the new Capability Investment Board will provide oversight and assurance that capability proposals are fit for purpose and affordable, provide value for money, are deliverable and costed accurately, and are aligned with strategic priorities.

Fraud and corruption control and prevention

Defence continues to prevent, detect and respond to fraud and corruption in line with its mandatory obligations in accordance with the Commonwealth Fraud and Corruption Control Framework.

In 2025–26, there were 462 incidents of alleged fraud or corruption registered within Defence. We completed 71 fraud or corruption investigations during the 2025–26 financial year, noting some of those completed were in response to allegations registered in previous years. Of the completed investigations, 34 matters were substantiated.

Significant non-compliance with finance law

There were 13 significant issues reported to the Minister for Finance under section 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which includes compliance with finance law.

Internal audit

Our internal audit program provides independent assurance to senior internal stakeholders on enterprise controls and the effectiveness of those controls in mitigating strategic enterprise risks. During 2025–26, 21 internal audit tasks were completed.

Audit committee

The DARC provides independent advice to the Secretary and the CDF. Consistent with section 17(2) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), the functions of the DARC include reviewing the appropriateness of Defence's financial reporting; performance reporting; system of risk oversight and management; and system of internal control. The DARC Charter is available at defence.gov.au/about/governance/defence-audit-risk-committee.

In 2025–26, the DARC met eight times with a committee that comprised of three external members engaged under contract including the Chair and Deputy Chair. The Associate Secretary and the Vice Chief of the Defence Force are senior advisers to the DARC.

The Financial Reporting Subcommittee (FRSC) assist the DARC in their review of the appropriateness of Defence's financial reporting and met seven times during 2025–26.

Table 5.1 Defence Audit and Risk Committee membership

Member name, qualifications, knowledge, skills or experience	Number of meetings attended	Total number of meetings held	Total annual remuneration (GST inc.)	Additional info
Jennifer Clark Ms Clark has an extensive background in business, finance and governance through a career as an investment banker, where Ms Clark's role included providing advice to the Government on major Defence projects. She has been a non-executive director on public and private sector boards for the past 30 years and the chair or a member of more than 20 audit and risk committees for Australian Government entities. Ms Clark 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.	8 (DARC) 7 (FRSC)	8 (DARC) 7 (FRSC)	$124,719	Chair
Elizabeth Montano AM Ms Montano has over 25 years' experience as chair, as deputy chair, or as a member of boards and audit and risk committees across Government and not-for-profit entities. Ms Montano has experience in governance, including in financial and performance reporting; risk; assurance; and program and project management and oversight. Ms Montano is a former Chief Executive Officer of AUSTRAC and former financial services consultant and senior lawyer with Mallesons. Ms Montano became a Member of the Order of Australia in 2026 for significant services to public administration. Ms Montano holds the degrees of Bachelor of Arts and Bachelor of Laws and is a Fellow of the Australian Institute of Company Directors.	8 (DARC) 7 (FRSC)	8 (DARC) 7 (FRSC)	$73,704	Deputy Chair
Donald Cross Mr Cross has a background in financial statement audit; internal audit; management assurance; and performance, program and risk management. Mr Cross is the chair or member of audit and risk committees for Australian Government departments and corporate Commonwealth entities. Mr Cross is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Certified Practising Accountant.	8 (DARC) 7 (FRSC)	8 (DARC) 7 (FRSC)	$73,558	Member

External scrutiny

Capability reporting assurance

The Independent Projects and Portfolio Management Office was established to strengthen and revitalise Defence's Projects and Products of Concern and Interest process, coordinate Defence-wide project performance reporting through the Quarterly Performance Report, and provide independent decision support and assurance for acquisition and sustainment activities.

Projects and Products of Concern and Interest

The Projects and Products of Concern and Interest regime is a process for managing the remediation of underperforming projects and products. This is achieved through close collaboration and engagement with senior Defence personnel and industry partners, led by the Minister for Defence Industry, to implement a plan to resolve significant commercial, technical, cost and schedule difficulties.

To increase the visibility of our acquisition and sustainment performance, monthly performance reporting is delivered to the Minister for Defence Industry.

This later evolved into the monthly reporting of Projects and Products of Concern and Interest, and the Quarterly Performance Report, which provides performance insights on post-second pass acquisition projects and sustainment products across Defence delivery groups.

We will continue to actively manage the Projects and Products of Concern and Interest in 2026–27.

Table 5.2 Projects of Concern as at 30 June 2026

Project	Project number and phase	Date added
Civil Military Air Traffic System	AIR 5431 Phase 3	October 2022
Offshore Patrol Vessel	SEA 1180 Phase 1	October 2023

Table 5.3 Products of Concern as at 30 June 2026

Product	Product number	Date added
Collins Class Submarine Capability	CN10	December 2024

Judicial decisions

The Trust Company Limited v Commonwealth of Australia (appeal)

Defence formerly occupied a section of land in south-west Sydney, New South Wales, which it used as a supply and distribution centre from the early 1900s through to the mid-2010s. The land was sold in 2003, however Defence continued to occupy and use it under a lease until 2015. The Trust Company Limited, as agent for Qube RE Services Pty Ltd (the developers), owners of a property formerly owned and leased by Defence, brought proceedings against Defence in the Supreme Court of New South Wales alleged that Defence, by not removing asbestos-containing material, had failed to meet its obligations under the lease to remediate the site to a standard suitable for ongoing commercial/ industrial use and seeking approximately $20 million in contractual damages. Defence contended that it had met its obligations under the lease and that the developers were not entitled to the damages they sought.

The matter was heard before the Honourable Justice Kelly Rees in February 2025. A decision was handed in May 2025, which dismissed the claim in its entirety, finding that Defence had met its remediation obligations. The developers appealed the decision to the New South Wales Court of Appeal. The appeal was heard before three judges of appeal in March 2026. The Court handed down a decision in May 2026, dismissing the appeal.

Reports by the Auditor-General

In 2025–26, the Auditor-General of Australia, Dr Caralee McLiesh, PSM, completed five performance audits on Defence for the period ending 30 June 2026. The Auditor-General of Australia is supported by the Australian National Audit Office (ANAO). Defence monitors the progress of the implementation of recommendations from internal audits, ANAO audits and parliamentary committees, and reports on these to the DARC.

Table 5.4 Auditor-General Performance Audit Reports, 2025–26

Report	Date presented to Parliament	Audit/review objective
Auditor-General Report No. 16 of 2025–26: 2024–25 Major Projects Report	17 December 2025	To provide information and assurance to the Australian Parliament on the performance of selected acquisitions as at 30 June 2025.
Auditor-General Report No. 26 of 2025–26: Defence's Procurement of Infantry Fighting Vehicles (Land 400 Phase 3)	30 March 2026	To assess the effectiveness to date of Defence's procurement of infantry fighting vehicles under Land 400 Phase 3.
Auditor-General Report No. 33 of 2025–26: Defence's Collins Class submarines Life of Type Extension – planning and implementation	22 May 2026	To examine the effectiveness of Defence's planning and implementation of the Life of Type Extension for the Collins Class submarine fleet.
Auditor-General Report No. 35 of 2025–26: Administration of Investigations in Defence	29 May 2026	To assess the effectiveness of Defence's administration of investigations and inquiries.
Auditor-General Report No. 40 of 2025–26: Compliance with gifts, benefits and hospitality requirements in Defence	22 June 2026	To assess whether Defence has complied with gifts, benefits and hospitality requirements.

Engagement with parliamentary committees

The Parliament of Australia may refer bills, policies and matters of public interest to parliamentary committees for inquiry. Table 5.5 outlines our contribution to parliamentary committee inquiries during 2025–26, including the provision of information and participation in committee hearings. In 2025–26, we finalised parliamentary committee recommendations, as outlined in Table 5.7. In addition, we continued to make progress towards implementing the Government-agreed recommendations outlined in Government reports, such as the Royal Commission into Defence and Veteran Suicide Final Report and the Delivering the Future Estate: Defence Estate Audit Report.

The Parliamentary Joint Committee on Defence was established in March 2026. The Committee delivers on recommendations that were made by the Joint Standing Committee on Foreign Affairs, Defence and Trade to establish a committee focused on Defence to enhance parliamentary oversight and accountability of the Defence portfolio. The committee is established within the *Defence Act 1903* (Part VIII AB) and has powers in providing oversight of Australian Defence agencies, excluding the Australian Geospatial-Intelligence Organisation, Australian Signals Directorate and Defence Intelligence Organisation.

Table 5.5 Defence's involvement with parliamentary committees, 2025–26

Committee	Inquiry Name	Involvement
Joint Committee on Public Accounts and Audit	Inquiry into Commonwealth financial statements 2023–24 and 2024–25	Attended 1 hearing and provided 1 submission
	Inquiry into Defence's procurement of Infantry Fighting Vehicles (Land 400 Phase 3)	Provided 1 submission
	Inquiry into the Defence Major Projects Report 2023–24 and 2024–25	Attended 2 hearings and provided 1 submission
Joint Standing Committee on Foreign Affairs, Defence and Trade – Defence Subcommittee	Inquiry into the Department of Defence Annual Report 2023–24	Attended 3 hearings and provided 1 submission
Joint Standing Committee on Foreign Affairs, Defence and Trade – Foreign Affairs and Aid Subcommittee	Inquiry into the role of Australia's international development program in preventing conflict	Attended 1 hearing and provided 1 submission
Joint Standing Committee on Foreign Affairs, Defence and Trade – Human Rights Subcommittee	Inquiry into gender equality as a national security and economic security imperative	Attended 1 hearing and provided 1 submission
Joint Standing Committee on Northern Australia	Preparing for emerging industries across Northern Australia	Attended 1 hearing and provided 1 submission
Joint Standing Committee on Treaties	Agreement between Australia and the Kingdom of Spain for the Mutual Protection of Classified Information of Defence Interest	Attended 1 hearing
	Agreement between the Government of Australia and the Government of the Republic of Indonesia on Cooperation in the Field of Defence	Attended 1 hearing
	Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for Defence and Security Cooperation	Attended 1 hearing
	Nuclear-Powered Submarine Partnership and Collaboration Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland	Attended 1 hearing
	Papua New Guinea – Australia Mutual Defence Treaty (the Pukpuk Treaty)	Attended 1 hearing
Parliamentary Joint Committee on Intelligence and Security	Review of administration and Expenditure No. 24 (2024–25) – Australian intelligence agencies	Attended 1 hearing and provided 1 submission
Select Committee on PFAS (per and polyfluoroalkyl substances)	Inquiry into the extent, regulation and management of PFAS	Attended 1 hearing
Senate Standing Committee on Finance and Public Administration – Legislation Committee	Parliamentary Joint Committee on Public Consultancy and Services Contracts Bill 2025	Provided 1 submission
Senate Standing Committee on Finance and Public Administration – References Committee	Operation and appropriateness of the superannuation and pension schemes for current and former members of the Australian Defence Force	Attended 1 hearing

Table 5.5 Continued

Committee	Inquiry Name	Involvement
Senate Standing Committee on Foreign Affairs, Defence and Trade – Legislation Committee	Defence Amendment (Defence Honours and Awards Appeals Tribunal) Bill 2025	Attended 1 hearing and provided 1 submission
	Defence Amendment (Sexual Assault Prevention, Intervention and Response Commission) Bill 2025	Provided 1 submission
	Defence Force Discipline Amendment (RCDVS Implementation and Related Measures No. 1) Bill 2026	Provided 1 submission
	Supplementary and additional estimates	Attended 2 hearings
Senate Standing Committee on Foreign Affairs, Defence and Trade – References Committee	Effectiveness of sanctions against the Russian Federation	Attended 1 hearing
	Management of Defence estate assets	Attended 1 hearing and provided 1 submission
	National Volunteer Incentive Scheme (Climate Army)	Attended 1 hearing
Senate Standing Committee on Legal and Constitutional Affairs – References Committee	MRH90 Taipan helicopter incident	Attended 1 hearing and provided 1 submission
Standing Committee on Education	Inquiry into building Asia capability in Australia through the education system and beyond	Attended 1 hearing and provided 1 submission

Table 5.6 Government responses to parliamentary inquiry reports led and tabled by Defence, 2025–26

Committee	Inquiry	Tabled in Senate	Tabled in House of Representatives
Parliamentary Standing Committee on Public Works	Department of Defence – Explosive Ordnance Facilities Northern NSW Redevelopment project	30 April 2026	12 May 2026
Parliamentary Joint Committee on Intelligence and Security	Inquiry into the Defence Amendment (Safeguarding Australia's Military Secrets) Bill 2023	30 April 2026	12 May 2026
Parliamentary Standing Committee on Public Works	Department of Defence – Facilities to support Advanced Growler Phase 6	30 April 2026	12 May 2026
Senate Standing Committee on Foreign Affairs, Defence and Trade – Legislation Committee	Defence Trade Controls Amendment Bill 2023 [Provisions]	30 April 2026	-
Senate Standing Committee on Foreign Affairs, Defence and Trade – Legislation Committee	Defence Amendment (Defence Honours and Awards Appeals Tribunal) Bill 2025	24 March 2026	-
Joint Committee of Public Accounts and Audit	Inquiry into the 2022–23 Major Projects Report	28 October 2025	28 October 2025
Senate Standing Committee on Foreign Affairs, Defence and Trade – References Committee	Defence honours and awards system	25 September 2025	-
Joint Standing Committee on Foreign Affairs, Defence and Trade	Inquiry into the Department of Defence Annual Report 2022–23	24 July 2025	24 July 2025
Joint Standing Committee on Foreign Affairs, Defence and Trade	Inquiry into the Department of Defence Annual Report 2021–22	24 July 2025	24 July 2025

Table 5.7 Implementation of Government-agreed parliamentary committee recommendations finalised, 2025–26

Committee and Inquiry	Recommendations finalised	Recommendations outstanding
Joint Standing Committee on Foreign Affairs, Defence and Trade		
Inquiry into the Department of Defence Annual Report 2022–23	1 (recommendation 1)	2 (recommendations 6 and 7)
The Defence Industry Security Program Review of Auditor-General Report 4 of 2021–22	1 (recommendation 3)	0
Joint Committee of Public Accounts and Audit		
Inquiry into the 2022–23 Major Projects Report – Report 507	3 (recommendations 1, 3 and 4)	1 (recommendation 2)

Commonwealth Ombudsman and Defence Force Ombudsman report

The Commonwealth Ombudsman published the *Defending fairness: does Defence handle unacceptable behaviour complaints effectively?* report in December 2023. Defence accepted all nine recommendations outlined in the report and has undertaken a range of initiatives to support their implementation since the report was released.

A key recommendation was the establishment of a centralised and specialised function to provide consistent oversight of unacceptable behaviour complaints and ensure matters are managed in a timely, fair and trauma-informed manner. In January 2026, Defence commenced operations for the Complaint Resolution Support Services function. The function provides centralised oversight; accepts anonymous complaints from outside, or independent of, the chain of command; promotes the consistent application of Defence policies and procedures; and supports continuous improvement in the management of unacceptable behaviour complaints.

International engagement

In 2025–26, we supported whole-of-government effort to negotiate, sign and advance landmark agreements to strengthen Australia's regional security architecture and strategic partnerships. These included the Papua New Guinea-Australia Mutual Defence Treaty (the Pukpuk Treaty), the Ocean of Peace Alliance with Fiji, and the Australia-United Kingdom Nuclear-Powered Submarine Partnership and Collaboration Treaty (the Geelong Treaty).

Together, these treaties established new frameworks for collective security, defence cooperation, strategic partnership and capability collaboration, and represent some of Australia's most significant diplomatic achievements in recent decades.

Across the Indo-Pacific, and with key international partners, Defence led or contributed to a broad suite of agreements, arrangements and implementing mechanisms including:

- the Vuvale Union treaty with Fiji, signed alongside the Ocean of Peace Alliance
- the work towards entry into force of the Australia-Indonesia Defence Cooperation Agreement and contributions to the Australia-Indonesia Treaty on Common Security
- the signing of the Nakamal Agreement with Vanuatu
- the signing of the Australia-India Joint Declaration on Defence and Security Cooperation and implementation of the Mutual Logistics Support Arrangement
- the progression of treaty negotiations with Solomon Islands and the Kaume'a Ofi agreement with Tonga
- the elevation of our Comprehensive Strategic Partnership with Singapore through a new Memorandum of Understanding concerning Enhanced Defence
- the signing of the Statement of Intent on Enhanced Defence Cooperation with the Philippines, as well as progression of work under the Status of Visiting Forces Agreement, Mutual Logistics Support Arrangement, Defence Industry Cooperation and Logistics Memorandum of Understanding
- the negotiations on a Status of Forces Agreement with Germany
- the contemporising the Australia-New Zealand Joint Statement on Closer Defence Relations
- the progress on the Japan-Australia Information Security Agreement, and signing of the Mogami Memorandum
- a government-to-government arrangement with Canada to support the export of an Australian Over-the-Horizon Radar system.

Defence intelligence

In the context of an increasingly contested and uncertain strategic environment, Defence has responded in an agile manner and maintained its high performance to deliver against the Government's priorities as outlined in the 2026 National Defence Strategy. Through the Defence Intelligence Enterprise, we delivered timely, relevant and high-quality intelligence in support of operational and strategic outcomes. Assessments and products continued to positively support decision-making, providing insights into the operating environment, informing capability investments decisions, and supporting the development of broader Defence strategies. In addition, we continued to deliver on the Defence intelligence capability program, strengthening our ability to collect, analyse and disseminate intelligence including through new systems, enhanced training and new facilities and adoption of cutting-edge technology.

6 Workforce, personnel and families

Overview

Through 2025–26, our workforce continued to deliver the National Defence Strategy, the Integrated Investment Program, and the Government-agreed recommendations from the Royal Commission into Defence and Veteran Suicide (RCDVS) and other Government reports.

Growth of the permanent ADF to 69,000 personnel by the early 2030s and implementation of the Strategic Review of the ADF Reserves remained a focus. The professionalisation of the APS workforce continued with emphasis on critical skills including project and program management, procurement, engineering, and emerging technologies. We also strengthened change management, including direct support to those leading capability development and capability delivery organisational reforms.

Cultural reform and implementation of the Government-agreed recommendations from the RCDVS have been ongoing, with a particular focus on preventing and addressing sexual violence, strengthening suicide prevention, and improving the complaints systems.

Workforce plan implementation

In 2025–26, the permanent ADF workforce remained on track to achieve the National Defence Strategy workforce target of 69,000 personnel by the early 2030s. Defence continued to implement recruitment reforms to broaden the pool of eligible applicants for enlistment into the ADF, including enabling citizens from Papua New Guinea who hold Australian permanent residency to apply for ADF service from 1 January 2026.

Our retention outcomes improved during the reporting period, with ADF separation rates below the 10-year average. This contributed to growth in the ADF middle-rank cohorts and strengthened our workforce capability. Some gaps still remain in the ADF junior and middle ranks, and remediation action to address this is ongoing.

We have continued to rebalance our APS workforce in line with strategic priorities, focusing on targeted recruitment, workforce capability development and reducing the reliance on contractors. Retention of our APS workforce has improved, with separation rates remaining below the five-year average.

The Total Workforce System continues to provide flexible options for ADF personnel to remain in service. An explanation of the Total Workforce System and service categories is provided in Table 6.1.

Table 6.1 Total workforce system - service spectrum continuum

Description	Service Spectrum Continuum	Additional information
Permanent	Service Category 7 (full-time service)	Reservists on continuous full-time service (Service Option C) are included in permanent force-funded strength numbers but not in headcount figures.
	Service Category 6 (other than full-time service)	Members of the permanent force rendering a pattern of service, other than full-time, who are subject to the same obligations as Service Category 7.
Reserves	Service Category 5 (specific pattern of service and number of days served)	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).
	Service Category 4 (providing service, which includes an availability)	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).
	Service Category 3 (available for service or providing service)	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).
	Service Category 2 (not providing service but can be called out in specific circumstances if required)	Members of the Reserves who do not render service and have no service obligation. They are liable for call-out.
Defence Australian Public Service (APS) employees on deployment	Service Category 1 (employees of the Defence APS who are force-assigned)	APS employees of Defence who have been seconded or attached to the ADF and are force-assigned on operations.
ADF Gap Year	Service Category 7, Service Option G (full-time service)	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.

Departmental staffing

Table 6.2 Defence permanent workforce headcount as at 30 June 2025 and 30 June 2026

	Navy	Army	Air Force	ADF[2]	APS[3]
Headcount 30 June 2025[1]	15,125	27,728	16,095	58,948	20,542
Additions	1,871	3,492	1,938	7,301	2,237
Separations	1,043	2,582	855	4,480	1,890
Machinery of Government changes[4]	–	–	–	–	51
Headcount 30 June 2026	15,953	28,638	17,178	61,768	20,830
Change	**828**	**910**	**1,082**	**2,820**	**288**

Notes:
Figures in this table show substantive headcount numbers.
1. Some 2024–25 figures may have been adjusted from those reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
2. ADF figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
3. APS figures include paid and unpaid employees, which covers full-time, part-time, suspended, ongoing and non-ongoing employees.
4. Movement of employees due to the Australian Naval Nuclear Power Safety Regulator becoming a separate statutory authority within the Defence portfolio on 1 November 2025.

Table 6.3 Defence workforce by employment location as at 30 June 2026

	NSW	Vic[1]	Qld	SA	WA	Tas	NT	ACT[2]	Overseas[3]	Total
Permanent force[4]										
Navy	6,680	1,933	822	164	3,149	29	599	2,089	488	15,953
Army	5,377	3,168	11,987	1,112	944	56	2,408	3,264	322	28,638
Air Force	5,101	1,328	4,078	2,276	403	20	1,072	2,567	332	17,177
Subtotal	**17,158**	**6,429**	**16,887**	**3,552**	**4,496**	**105**	**4,079**	**7,920**	**1,142**	**61,768**
Reserves[5]										
Navy	1,256	368	611	189	692	70	110	1,290	2	4,588
Army	6,151	3,646	6,027	1,569	2,313	515	719	1,409	7	22,356
Air Force	1,563	434	1,581	749	270	40	118	1,463	2	6,220
Subtotal	**8,970**	**4,448**	**8,219**	**2,507**	**3,275**	**625**	**947**	**4,162**	**11**	**33,164**
Total ADF	**26,128**	**10,877**	**25,106**	**6,059**	**7,771**	**730**	**5,026**	**12,082**	**1,153**	**94,932**
APS[6]										
Total APS	**2,598**	**3,788**	**1,479**	**2,146**	**630**	**117**	**208**	**9,723**	**141**	**20,830**

Notes:
Figures in this table are based on substantive location for the ADF and actual location for the APS. Actual location provides a more reliable indication of the staffed position'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 6 and 7) does not include ADF Gap Year participants (Service Option G), which had 931 participants on 30 June 2026. ADF Gap Year participants may be employed in multiple locations during their period of service.
5. Reserves include all members in Service Categories 3, 4 and 5, 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, suspended, ongoing and non-ongoing employees. The 30 June 2026 figures for the APS include 822 APS employees who are also counted as Reserve members.

Table 6.4 Star-ranked officers as at 30 June 2026

	Star-ranked officers			2025–26 engagements[1]			2025–26 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Four-star									
Navy	1	–	1	–	–	–	–	–	–
Army	–	–	–	–	–	–	–	–	–
Air Force	–	–	–	–	–	–	–	–	–
Three-star									
Navy	3	–	3	–	–	–	–	–	–
Army	2	3	5	1	–	1	–	–	–
Air Force	3	–	3	–	–	–	–	–	–
Two-star									
Navy	14	4	18	3	–	3	3	–	3
Army	19	4	23	2	–	2	2	–	2
Air Force	14	3	17	3	–	3	1	1	2
One-star									
Navy	45	9	54	8	2	10	6	3	9
Army	51	12	63	5	2	7	5	4	9
Air Force	35	13	48	9	3	12	8	4	12
Total	**187**	**48**	**235**	**31**	**7**	**38**	**25**	**12**	**37**

Notes:
Figures in this table show members in Service Categories 6 and 7, 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.
1. Figures in this table show substantive promotions only.

Table 6.5 SES employees, engagements and separations as at 30 June 2026

	Total SES[1]			2025–26 engagements[2,3]			2025–26 separations[2,4]		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior Executive									
Secretary	–	1	1	–	1	1	1	–	1
SES 3	7	4	11	1	1	2	1	–	1
SES 2[5]	19	18	37	3	1	4	5	1	6
SES 1[6]	51	69	120	2	3	5	5	11	16
Chief of Division									
Grade 2	6	2	8	–	–	–	–	–	–
Grade 1	9	2	11	2	–	2	–	–	–
Total	**92**	**96**	**188**	**8**	**6**	**14**	**12**	**12**	**24**

Notes:
1. Figures in this table show employee numbers at their substantive level, but not employees on long-term leave (4), temporary classification downgrade (4), or secondment or temporary transfer to other departments (9). Figures exclude employees who do not exclusively identify as either male or female.
2. Gains and losses do not reflect movement of officers between levels in each of the Senior Executive Service and Chief of Division streams.
3. Engagement figures include new engagements and transfers from other agencies only.
4. Separation figures include resignations, retirements, redundancies, and promotions and transfers to other departments.
5. Senior Executive Service Band 2 includes Medical Officer Grade 6.
6. Senior Executive Service Band 1 includes Medical Officer Grade 5.

Table 6.6 APS Executive Level employees and below, by gender and staffing classification as at 30 June 2026

	30 June 2026 headcount			2025–26 engagements			2025–26 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executive Level									
EL2	1,404	912	2,316	66	43	109	110	69	179
EL1	2,942	2,475	5,417	213	160	373	237	171	408
Subtotal	**4,346**	**3,387**	**7,733**	**279**	**203**	**482**	**347**	**240**	**587**
Other staff									
APS6	3,458	3,321	6,779	341	328	669	357	259	616
APS5	1,524	1,724	3,248	222	223	445	170	149	319
APS4	588	1,078	1,666	69	191	260	55	85	140
APS3	224	437	661	22	79	101	32	58	90
APS2	184	126	310	107	73	180	49	22	71
APS1	82	47	129	32	27	59	18	10	28
Subtotal	**6,060**	**6,733**	**12,793**	**793**	**921**	**1,714**	**681**	**583**	**1,264**
Total APS	**10,406**	**10,120**	**20,526**	**1,072**	**1,124**	**2,196**	**1,028**	**823**	**1,851**

Note:
Figures in this table include paid and unpaid employees, which covers full-time, part-time, suspended, ongoing and non-ongoing employees. Figures exclude Senior Executive Service employees. Figures exclude employees who do not exclusively identify as either male or female.

Table 6.7 APS employees by gender as at 30 June 2025 and 30 June 2026

	30 June 2025[1]			30 June 2026		
	Full-time	Part-time[2]	Total	Full-time	Part-time[2]	Total
Ongoing employees						
Male	10,132	242	10,374	10,164	252	10,416
Female	8,960	891	9,851	9,151	966	10,117
Unspecified[3]	80	4	84	92	2	94
Total Ongoing	**19,172**	**1,137**	**20,309**	**19,407**	**1,220**	**20,627**
Non-ongoing employees						
Male	96	17	113	86	7	93
Female	109	10	119	101	6	107
Unspecified[3]	1	–	1	2	1	3
Total non-ongoing	**206**	**27**	**233**	**189**	**14**	**203**
Total APS employees						
Male	10,228	259	10,487	10,250	259	10,509
Female	9,069	901	9,970	9,252	972	10,224
Unspecified[3]	81	4	85	94	3	97
Total	**19,378**	**1,164**	**20,542**	**19,596**	**1,234**	**20,830**

Notes:
Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees.
1. Some 30 June 2025 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 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. Figures include employees who have identified as indeterminate, intersex or unspecified.

ADF staffing

To deliver the National Defence Strategy, Defence generates workforce via both recruitment of people with no formal military experience and re-enlistment of personnel. In 2025–26, 7,301 personnel entered the permanent workforce. Of those, 1,465 personnel had prior military service in the ADF Reserves (Service Categories 3, 4 and 5) through the ADF Gap Year program (Service Option G), in another country or through previous permanent force service. There were 5,836 personnel who had no former military service. Of those entering the permanent workforce, 5,781 identified as male members, 1,519 identified as female members, and one member identified as non-binary.

This inflow was over 1,000 people more than in 2024–25. Women represented 26.3 per cent of enlistments, and First Nations people represented 5 per cent of enlistments. Retention in the ADF permanent force has improved, with a decrease in separations from 7.9 per cent to 7.4 per cent. Defence achieved 83 per cent of its 2025–26 inflow target.

Defence increased the permanent ADF headcount (Service categories 6 and 7) by 2,820 people in 2025–26, while the Reserve (Service Categories 3, 4 and 5) headcount was increased by 268. These changes reflect both enlistments and separations but also transitions between Service Categories in the Total Workforce System.

Table 6.8 ADF permanent (Service Categories 6 and 7), ADF Gap Year (Service Option G) and reserve forces (Service Categories 3, 4 and 5) and APS by gender as at 30 June 2025 and 30 June 2026

	30 June 2025[1]				30 June 2026			
	Male	(%)	Female	(%)	Male	(%)	Female	(%)
Navy permanent[2]								
Trained force								
Officers	2,556	16.9	867	5.7	2,590	16.2	916	5.7
Other ranks	7,155	47.3	2,273	15.0	7,316	45.9	2,344	14.7
Training force								
Officers	802	5.3	269	1.8	886	5.6	301	1.9
Other ranks	933	6.2	263	1.7	1,216	7.6	377	2.4
Total Navy	**11,446**	**75.7**	**3,672**	**24.3**	**12,008**	**75.3**	**3,938**	**24.7**
Army permanent[2]								
Trained force								
Officers	4,639	16.7	1,046	3.8	4,725	16.5	1,079	3.8
Other ranks	16,106	58.1	2,728	9.8	16,421	57.4	2,747	9.6
Training force								
Officers	799	2.9	207	0.7	795	2.8	225	0.8
Other ranks	1,932	7.0	262	0.9	2,342	8.2	295	1.0
Total Army	**23,476**	**84.7**	**4,243**	**15.3**	**24,283**	**84.8**	**4,346**	**15.2**
Air Force permanent[2]								
Trained force								
Officers	3,662	22.8	1,306	8.1	3,729	21.7	1,356	7.9
Other ranks	6,390	39.7	2,512	15.6	6,770	39.4	2,706	15.8
Training force								
Officers	895	5.6	332	2.1	1,037	6.0	381	2.2
Other ranks	749	4.7	240	1.5	920	5.4	268	1.6
Total Air Force	**11,696**	**72.7**	**4,390**	**27.3**	**12,456**	**72.6**	**4,711**	**27.4**
ADF permanent[2]								
Trained force								
Officers	10,857	18.4	3,219	5.5	11,044	17.9	3,351	5.4
Other ranks	29,651	50.3	7,513	12.8	30,507	49.4	7,797	12.6
Training force								
Officers	2,496	4.2	808	1.4	2,718	4.4	907	1.5
Other ranks	3,614	6.1	765	1.3	4,478	7.3	940	1.5
Total ADF permanent	**46,618**	**79.1**	**12,305**	**20.9**	**48,747**	**79.0**	**12,995**	**21.0**

Table 6.8 Continued

	30 June 2025[1]				30 June 2026			
	Male	(%)	Female	(%)	Male	(%)	Female	(%)
ADF Gap Year[2]								
Navy	79	9.3	69	8.1	78	8.5	59	6.3
Army	333	39.2	59	6.9	372	39.9	98	10.5
Air Force	183	21.5	127	14.9	184	19.7	140	15.0
Total ADF Gap Year	**595**	**70.0**	**255**	**30.0**	**634**	**68.1**	**297**	**31.9**
Reserves[2,3]								
Navy	3,527	10.7	1,165	3.5	3,435	10.4	1,151	3.5
Army	18,370	55.8	3,519	10.7	18,772	56.6	3,582	10.8
Air Force	4,831	14.7	1,480	4.5	4,717	14.2	1,502	4.5
Total Reserves	**26,728**	**81.3**	**6,164**	**18.7**	**26,924**	**81.2**	**6,235**	**18.8**
APS[2,4]								
Total APS	**10,487**	**51.3**	**9,970**	**48.7**	**10,509**	**50.7**	**10,224**	**49.3**

Notes:
Figures in this table show substantive headcount numbers. Percentage figures are calculated within each section, so that the sub-total for each section adds to 100 per cent. Percentages may not sum due to rounding.
1. Some 30 June 2025 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
2. Figures exclude employees who do not exclusively identify as either male or female.
3. Reserves include all members in Service Categories 3, 4 and 5, 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 2026 figures for the APS include 822 APS employees who are also counted as Reserve members.

Table 6.9 ADF staffing figures, 2024–25 and 2025–26

ADF staffing measure[1,2]	2024–25[3]	2025–26	Variation
For workforce planning purposes			
Actual funded strength (paid strength as at 30 June)	60,406	63,406	3,000
Average funded strength (over the financial year)	59,147	61,771	2,624
For other statistical data			
Permanent headcount (on duty/leave and paid/unpaid)	58,948	61,768	2,820

Notes:
1. Funded strength figures include Service Categories 6 and 7, Reserve workforce members rendering continuous full-time service (Service Option C) and ADF Gap Year (Service Option G).
2. For consistency with other tables in this chapter, the headcount figures do not include Reserves (Service Categories 2, 3, 4, and 5), or ADF Gap Year (Service Option G) which had 850 participants on 30 June 2025, and 931 participants on 30 June 2026.
3. 2024–25 headcount figures may have been adjusted from those reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table 6.10 ADF permanent force (Service Categories 6 and 7), ADF Gap Year program (Service Option G) and reserves undertaking continuous full-time service (Service Option C), average funded strength

	2024–25 actual	2025–26 budget estimate[1]	2025–26 revised estimate[2]	2025–26 actual	Variation[3]	Percentage (%)[4]
Navy	15,239	15,392	15,805	15,899	94	0.6
Army	28,050	27,773	29,056	28,938	–118	–0.4
Air Force	15,858	16,208	16,850	16,934	84	0.5
Total average funded strength	**59,147**	**59,373**	**61,711**	**61,771**	**60**	**0.1**

Notes:
Figures in this table are average strengths; they are not a headcount. Reserves undertaking full-time service (Service Option C) and members of the permanent and Reserve forces undertaking full-time service in the ADF Gap Year program (Service Option G) are included in the figures. Employees on forms of leave without pay are not included. Figures may not sum due to rounding.
1. As published in the Portfolio Budget Statements 2025–26.
2. As published in the Portfolio Additional Estimate Statements 2025–26.
3. Variation refers to the difference between the 2025–26 revised estimate and 2025–26 achieved average funded strength figures.
4. Percentage variation refers to the percentage difference between the 2025–26 revised estimate and 2025–26 achieved average funded strength figures.

Table 6.11 ADF permanent force, 12-month rolling separation rates as at 30 June 2025 and 30 June 2026

	12-month rolling separation rate (%)	
	30 June 2025	30 June 2026
Navy	6.9	6.7
Army	9.4	9.2
Air Force	6.2	5.1
Total ADF permanent force[1]	**7.9**	**7.4**

Notes:
For improved accuracy, separation rates are calculated using monthly average headcounts, not end of financial year headcount figures.
1. ADF figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).

Table 6.12 ADF permanent force (Service Categories 6 and 7) separations, 2024–25 and 2025–26

		Voluntary separations[1]	Involuntary separations[2]	Age retirement	Trainee separations[3]	Total
2024–25[4]						
Navy	Officers	110	66	8	26	210
	Other ranks	422	284	6	100	812
Army	Officers	161	97	27	34	319
	Other ranks	1,029	702	36	483	2,250
Air Force	Officers	155	84	26	21	286
	Other ranks	303	289	19	73	684
Total ADF permanent force	**Officers**	**426**	**247**	**61**	**81**	**815**
	Other ranks	**1,754**	**1,275**	**61**	**656**	**3,746**
	Total	**2,180**	**1,522**	**122**	**737**	**4,561**
2025–26						
Navy	Officers	88	50	24	54	216
	Other ranks	364	259	11	193	827
Army	Officers	169	111	20	92	392
	Other ranks	946	642	33	569	2,190
Air Force	Officers	151	61	28	43	283
	Other ranks	295	179	26	72	572
Total ADF permanent force	**Officers**	**408**	**222**	**72**	**189**	**891**
	Other ranks	**1,605**	**1,080**	**70**	**834**	**3,589**
	Total	**2,013**	**1,302**	**142**	**1,023**	**4,480**

Notes:
Figures in this table show permanent force (Service Categories 6 and 7) 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. ADF 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, who died while serving or who were part of 'Command Initiated Transfer to the Reserve'.
3. 'Trainee separations' includes all separation types occurring in the training force.
4. Data for 2024–25 may not match the data provided in the Defence Annual Report 2024–25 due to retrospective transactions.

ADF Reserves

The number of days each ADF reserve member (Service Categories 3, 4 and 5) works in a year can vary substantially depending on personal circumstances and organisational need. To reflect this, Table 6.13 shows both the total number of days served by Reserve members in 2025–26 and the number of Reservists who rendered paid service.

In 2025–26, there was a decrease of 47,349 days of service compared with 2024–25, bringing the total to 1,261,557 (132,810 Navy, 870,521 Army and 258,226 Air Force), while the number of Reservists undertaking service days increased slightly to 23,756 (2,083 Navy, 17,442 Army and 4,231 Air Force). Table 6.13 shows that the number of days served by Navy, Army and Air Force Reserve members varied from the revised budget estimate by 10.2 per cent, 17.6 per cent and –6.1 per cent respectively.

Table 6.13 ADF reserve paid strength (Service Categories 3, 4 and 5), 2024–25 and 2025–26[1,2]

	2024–25 actual: days served (members paid)	2025–26 budget estimate[3]: days served (members paid)	2025–26 revised estimate[4]: days served (members paid)	2025–26 actual[5]: days served (members paid)	Variation[6]: days served (members paid)	Percentage variation[7]: days served (members paid)
Navy	142,254	120,500	120,500	132,810	12,310	10.2
	(2,129)	(2,050)	(1,759)	(2,083)	(324)	(18.4)
Army	873,146	740,000	740,000	870,521	130,521	17.6
	(16,828)	(15,500)	(16,501)	(17,442)	(941)	(5.7)
Air Force	293,506	274,950	274,950	258,226	-16,724	-6.1
	(4,323)	(4,140)	(4,215)	(4,231)	(16)	(0.4)
Total paid Reserves	**1,308,906**	**1,135,450**	**1,135,450**	**1,261,557**	**126,107**	**11.1**
	(23,280)	**(21,690)**	**(22,475)**	**(23,756)**	**(1,281)**	**(5.7)**

Notes:
Figures may not sum due to rounding.
1. 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 3, 4 and 5. Reserves undertaking continuous full-time service (Service Option C) are not included in this table; they are included in Table 6.10.
3. As published in the Portfolio Budget Statements 2025–26.
4. As published in the Portfolio Additional Estimate Statements 2025–26.
5. This represents the Reserve personnel that rendered service from approximately 33,000 personnel across Service Categories 3, 4 and 5 that have indicated availability to render service. It does not include around 9,000 personnel in Service Category 2 that are not rendering service and may be called on as required.
6. Variation refers to the difference between the 2025–26 revised estimate and actual figures.
7. Percentage variation refers to the percentage difference between the 2025–26 revised estimate and actual figures.

The *Defence Reserve Service (Protection) Act 2001* outlines protections for ADF reserve members in their civilian employment and education. In 2025–26, 264 enquiries were successfully resolved. Of these, 184 were received by 1800 DEFENCE regarding the *Defence Reserve Service (Protection) Act 2001*. Fifty-five were immediately resolved and 129 complex enquiries were referred to Reserve and Cadet Support Division for specific advice, with an average resolution time of three days. A further 80 enquiries were received directly and resolved by Reserve and Cadet Support Division. No complaints relating to the resolution of enquiries were received in 2025–26. More information is available at reserveemployersupport.gov.au.

APS workforce

In 2025-26, the ongoing APS workforce increased from 20,309 to 20,627, separations declined from 9.8 per cent to 8.6 per cent, and Defence recruited 2,237 APS employees. The APS headcount (ongoing and non-ongoing) increased by 288, which reflects the net difference between recruitment and separations. The majority of separations were due to resignation or retirement from Defence (Table 6.18).

Table 6.14 APS staffing figures, 2024–25 and 2025–26

APS staffing measure	2024–25[1]	2025–26	Variation
For workforce planning purposes			
Actual full-time equivalent (paid strength as at 30 June)[2]	19,474	19,771	297
Average full-time equivalent (over the financial year)	19,302	19,717	415
For other statistical data			
Headcount (on duty/leave, full-time or part-time, paid/unpaid)	20,542	20,830	288

Notes:
Figures include both ongoing and non-ongoing APS employees.
1. 2024–25 headcount figures may have been adjusted from those reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
2. Pay 25 is used for the 2024–25 actual full-time equivalent number rather than Pay 26 due to significant back payment in Pay 26 that would otherwise distort full-time equivalent reporting. If Pay 26 data was reported the figure would be 25,170, making the variation -5,399.

Table 6.15 APS workforce average staffing levels, 2024–25 and 2025–26

	2024–25 actual	2025–26 budget estimate[1]	2025–26 revised estimate[2]	2025–26 actual	Variation[3]	Percentage (%)[4]
APS	19,302	19,863	19,863	19,717	–146	–0.7

Notes:
These figures are average full-time equivalent they are not a headcount.
1. As published in the Portfolio Budget Statements 2025–26.
2. As published in the Portfolio Additional Estimate Statements 2025–26.
3. Variation refers to the difference between the 2025–26 revised estimate and 2025–26 achieved average staffing level figures.
4. Percentage variation refers to the percentage difference between the 2025–26 revised estimate and 2025–26 achieved average staffing level figures.

Table 6.16 APS workforce end-of-year actual full-time equivalent, 2024–25 and 2025–26

	2024–25 actual[1]	2025–26 actual	Variation	Percentage (%)
Total APS	19,474	19,771	297	1.5

Notes:
Figures in this table are end of financial year actual full-time equivalent and differ from Table 6.15, which shows the average full-time equivalent across the full year. Employees on forms of leave without pay are not included.
1. Pay 25 is used for the 2024–25 actual full-time equivalent figure rather than Pay 26 due to significant back payment in Pay 26 that would otherwise distort full-time equivalent reporting. If Pay 26 data was reported the figure would be 25,170, making the variation – 5,399.

Table 6.17 Ongoing APS, 12-month rolling separation rates as at 30 June 2025 and 30 June 2026

	12-month rolling separation rate (%)	
	30 June 2025	30 June 2026
Ongoing APS	9.8%	8.6%

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

Table 6.18 APS separations, 2024–25 and 2025–26

	Voluntary redundancy[1]	Involuntary separations[2]	Resignation/ retirement[3]	Transfers[4]	Total
2024–25[5]					
SES	–	–	14	14	28
EL1 and EL2	10	14	357	242	623
Other levels	17	51	1028	427	1,523
Total APS	**27**	**65**	**1,399**	**683**	**2,174**
2025–26					
SES	–	–	18	6	24
EL1 and EL2	11	24	381	174	590
Other levels	2	49	964	261	1,276
Total APS	**13**	**73**	**1,363**	**441**	**1,890**

Notes:
Figures in this table show ongoing and non-ongoing headcount numbers (substantive headcount).
1. Voluntary redundancies are those that are program initiated.
2. Involuntary figures include breach of conduct, invalidity retirement, involuntary redundancies, lack of qualifications, non-performance, term probation and death.
3. Resignation/retirement figures include resignation, retirement (minimum age and Senior Executive Service), completion of non-ongoing term.
4. Transfers are those who have transferred to other government departments.
5. Some 2024–25 figures may have been adjusted from those reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Defence career pathways

Defence's youth engagement and career pathway programs continued to strengthen the future workforce pipeline identified in the National Defence Strategy by increasing awareness of Defence careers, developing workforce-ready skills and creating pathways into ADF and APS employment.

Youth and Defence work experience

During 2025–26, through the Defence Work Experience Program Defence delivered 186 programs and eight group events, providing opportunities for 3,820 students to engage directly with Defence. More information is available at defenceyouth.gov.au.

ADF cadet programs

As at 30 June 2026, there were 33,829 cadets and 590 units across the nation, supported by 5,025 adult volunteer staff. More information is available at defence.gov.au/jobs-careers/student-pathways/adf-cadet-programs.

ADF Gap Year

As at 30 June 2026, there were 931 participants in the ADF Gap Year program, with some participants recruited in different financial years. A total of 906 participants enlisted in the 2026 program (150 Navy, 458 Army and 298 Air Force). This represents 94 per cent of the target, which is an increase from 86 per cent in 2024–25. A total of 830 participants enlisted in the 2025 program (124 Navy, 408 Army and 298 Air Force). As at 30 June 2026, 83 members from the 2025 program and 842 members from the 2026 program were still participating, with the remaining six participants continuing to serve from prior programs.

APS graduate and entry level programs

In 2025–26, 197 participants commenced through graduate and entry level programs from a range of academic disciplines to build the APS skills needed to deliver the National Defence Strategy and further reduce our reliance on contractors.

Indigenous Career Pathways

Defence recruited 10 participants through the Indigenous Apprenticeship Program in 2025–26, undertaking Certificate IV or Diploma qualifications in Government and progressing from APS 2–3 to APS 3–4 on completion. The program delivers an entry-level employment and development pathway for First Nations peoples, aligned with Action 16 of the Defence First Nations Commitment.

Defence continued as lead agency for the Indigenous Graduate Pathway, with 19 First Nations graduates assessed as suitable and placed across Government agencies in 2025–26, including three graduates who commenced with Defence. Defence partnered with the Australian Public Service Commission and the National Indigenous Australians Agency to progress the Indigenous Graduate Pathway Action Plan, including initiatives to strengthen First Nations recruitment, outreach and candidate experience and increase participation in APS careers. The Indigenous Graduate Pathway supports First Nations tertiary graduates to apply for the Australian Government Graduate Program, aligned with Action 15 of the Defence First Nations Commitment.

Learning and development

In 2025–26, we continued to invest in the professionalisation of our workforce, strengthening the critical capabilities needed to deliver the National Defence Strategy. Through targeted initiatives under the 2024 Defence Workforce Plan, we enhanced the skills, expertise and leadership of our people to ensure we remain a capable, adaptable and future-ready organisation. For example, we:

- established the Defence Learning Academy, supporting greater professionalisation of staff in capability development and delivery areas
- improved access to tertiary education and professional qualifications through the Studybank and Defence Assisted Study Scheme programs across priority fields (3,107 ADF and 819 APS)
- continued to support attendance at enterprise-wide learning in Leadership, APS Craft and Career Capability opportunities (514 ADF and 4,582 APS)
- issued civilian accreditation for ADF and APS personnel through the Defence Registered Training Organisation (2,310 qualifications, 2,405 statements of attainment and 1,611 Skills Sets).

Culture, leadership and supporting our people

Defence Values and Behaviours remain fundamental to our effectiveness and capability. Behaviours that align with our values of service, courage, respect, integrity and excellence enable us to integrate across domains, innovate rapidly and maintain decision advantage. Implementation of culture reform has centred on embedding these values and behaviours into day-to-day activities and targeted action to prevent behaviours and experiences that do not align with our desired culture.

The Defence Culture Blueprint was released in November 2023, with 2025–26 the second full year of implementation. Through 2025–26, we prioritised implementation of Government-agreed recommendations from the RCDVS, including those addressing sexual violence, suicide prevention and improvement of the complaints systems.

Royal Commission into Defence and Veteran Suicide

In 2025–26, we progressed implementation of Government-agreed RCDVS recommendations, with a focus on improving the safety, wellbeing and support of ADF members and their families across all stages of service, including transition.

To create a safer and more accountable workplace, we strengthened our approach to preventing sexual violence and improving military justice processes. Key reforms include reporting service convictions for sexual and related offences to the National Police Reference System, developing the Sexual Violence Prevention Strategy in partnership with the Australian Human Rights Commission and Our Watch, amending the Defence Regulation 2016, and introducing legislative reforms through the Defence Force Discipline Act Amendment (RCDVS Implementation and Related Measures No. 1) Bill.

We also implemented Respect@Work Action Plans to strengthen prevention efforts, enhance leadership accountability and improve responses to unacceptable behaviour. The commencement of the Complaint Resolution Support Services unit on 19 January 2026 provides members with additional avenues to seek support, raise concerns and report issues anonymously outside traditional reporting lines.

To better support service life and reduce the impacts of mobility on families, we expanded family support initiatives through a pilot program delivering information and relocation assistance across multiple locations. Initiatives including the Flexible Housing Trial, five-year posting cycle outlooks and access to alternative work locations are providing members and families with greater flexibility, certainty and planning support.

We continued to work closely with the Department of Veterans' Affairs (DVA) and other agencies to improve support for serving and ex-serving members and their families. Joint initiatives progressed include improvements to postvention services following suicide; research into member and veteran health and wellbeing, and policy reforms to strengthen the identification, treatment and monitoring of service-related brain injury. To better support transition from military to civilian life, we collaborated with DVA on the establishment of the Veteran and Family Wellbeing Agency, which commenced on 1 July 2026 to provide more coordinated wellbeing support for veterans and their families.

We recognise that delivering meaningful and enduring improvements in the experience of service requires sustained cultural, policy and system reform. In 2026–27, we will work with the Defence and Veterans' Service Commission to support their role to provide independent oversight and evidence-based advice to ensure reforms translate into better experiences and support for ADF members and their families.

Prevention of suicide and suicidality

In 2025–26, we strengthened our approach to suicide and suicidality by updating the Work Health and Safety Enterprise Risk Category Statement to include addressing risks that contribute to suicide and suicidality.

The Defence Suicide Prevention Program workforce education suite has been expanded to include training that is practical, tailored for rank and role, informed by lived experience and delivered in–person where practicable, through the Defence SafeSide Project. Defence continues to embed the SafeSide Framework and Connect, Access, Respond and Extend (CARE) Model across the enterprise to provide a common language and understanding of suicide prevention within Defence. In 2026, Defence commenced

implementation planning for two new courses tailored for command and managers based on rank (early career and experienced). These courses are being included as part of ab-initio and promotions training continuums.

Table 6.19 Defence SafeSide course completion statistics, 2025–26

Defence SafeSide course completion data: name, delivery method and data date range	Completions[1]
DSA: Defence Suicide Annual Awareness (in-person and e-learning) – universal training 1 January 2025 to 31 December 2025 1 January 2026 to 31 May 2026	 91,970 66,683
CARE–RF: Risk formulation for suicide, self-harm and harm to others (In-person) for medical officers and mental health professionals 26 August 2024 to 31 May 2026	 1,196
CARE–S: Supporting members at risk of suicide, self-harm and harm to others (in-person) for chaplaincy, health practitioners and wellbeing support personnel 2 October 2024 to 31 May 2026	 3,656
CARE–C: Skills for command and managers supporting members at risk of suicide, self-harm and harm to others (in-person and e-learning) – early career leaders 1 February 2026 to 31 May 2026	 1,468
CARE–C(A): Advanced skills for command and managers supporting members at risk of suicide, self-harm and harm to others (in-person and e-learning) – experienced commanders and leaders 1 February 2026 to 31 May 2026	 304
CARE–LM: Leaders and managers supporting members at risk of suicide, self-harm and harm to others (e-learning) 13 September 2024 to 28 February 2026.	 26,350
This course was discontinued in February 2026 with the release of CARE–C and CARE–C(A). Additional (non-CARE) suicide prevention training courses • KYMS Suicide Prevention: 1 January 2026 to 31 May 2026 – 660 completions • Applied Suicide Intervention Skills Training: 1 January 2026 to 31 May 2026 – 110 completions	

Note:
1. Completion data is approximate and does not reflect individual attendance. A small number of personnel have multiple completions due to dual PMKeyS/LXP profiles (e.g. ADF member and APS/Contractor).

Prioritising mental health and wellbeing

On 4 September 2025, the Minister for Defence Personnel and Veterans' Affairs, the Hon Matt Keogh MP, launched the Defence and Veteran Mental Health and Wellbeing Strategy 2025–2030. This strategy and associated action plans (Mental Health and Wellbeing; and Suicide Prevention) are the outcome of our extensive consultation during 2024 and early 2025 with the Defence and veteran community and the broader public.

We provided training and promoted events that highlight the importance of mental health, to improve awareness and mental health literacy throughout our workforce, promote help-seeker behaviours and equip leaders and peers to support each other. The training included, but was not limited to, Keep Your Mates Safe, psychosocial risk management training, and Alcohol Tobacco and Other Drugs Annual Awareness Training.

During 2025–26, we participated in World Suicide Prevention Day, R U OK? Day, World Mental Health Day and Post Traumatic Stress Disorder Awareness Day.

We developed practical psychosocial risk guidance materials to build workforce capability and support leaders in applying psychosocial risk management processes. Our Defence Psychosocial Risk Management Portal provides personnel with access to resources, tools, information and training to support the proactive management of psychosocial risks, complemented by psychosocial risk content within mandatory work health and safety training.

In conjunction with wider reforms recommended by the RCDVS, Defence has taken steps to improve our ability to identify and address psychosocial risks, and we continue to do at pace. Defence is dedicated to ensuring all Defence personnel have access to the right support, at the right time, especially for those who are vulnerable or at risk of suicide or suicidal behaviour. We continue to learn from our Lived Experience Advisory Forum members, whose personal experiences with mental health, suicide, and suicidality are helping to inform and enhance Defence policies, programs and initiatives.

Preventing sexual violence and supporting those who experience it

Defence has adopted the term 'sexual violence' to align with Government-endorsed language used in the National Plan to End Violence against Women and Children 2022–2032. Defence uses the term 'sexual violence' for prevention, response and support activities. Reporting and policing statistics are presented using legal offence categories and therefore refer to sexual and related offences.

In 2025–26, we achieved the following milestones:

- From October to November 2025, the CDF directed a Defence-wide sexual violence command engagement activity. All available ADF personnel participated in command-led discussions on respect, consent, workplace risk identification and management, reporting barriers and support to impacted persons.
- 'Tech with Respect', the final module of the Sexual Violence Education Continuum, was released in December 2025. The course addresses technology-facilitated sexual violence and promotes safe, respectful and consent-based use of technology.
- In December 2025, our central sexual violence policy was updated following Defence-wide engagement. The updates include changes in terminology, clear definitions of sexual offences reflective of the *Crimes Act 1900* (ACT), guidance on Respect@Work positive duty obligations under the *Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022*, and the addition of tools for commanders and managers to assist in identifying and managing risks of sexual violence.
- The Defence Regulation 2016 and associated policy was amended in December 2025, mandating the initiation of a Notice of Proposed Separation – Involuntary for any ADF member who is found to have engaged in sexual violence.
- In December 2025, we commenced disclosing service conviction data for sexual and related offences to the Australian Criminal Intelligence Commission.
- Career management process and policies were updated to strengthen protections of victim–survivors through use of postings where other options are not viable, to require trauma-informed career management consideration throughout career progression, and to provide guidance for commands on suspension options when investigations are underway.
- We released a Respect@Work commander and manager checklist to help leaders take proactive steps to eliminate sexual violence in line with the Respect@Work Positive Duty.

Support is available at any time

The Sexual Misconduct Prevention and Response Office (1800 SeMPRO) provides a 24/7 confidential support service to Defence personnel directly affected by sexual violence, delivers education on responding to disclosures or reports, and strengthens the capability of commanders and managers to prevent and respond to sexual violence in a trauma-informed manner. This service has been provided to the Defence community since 2013.

Demand for SeMPRO support services continued to increase with 629 new clients accessing services in 2025–26, representing a 34 per cent increase from 2024–25 and the highest annual demand observed in the past five years. This may reflect increased awareness of available support services.

Table 6.20 Sexual misconduct prevention and response office new clients, 2021–22 to 2025–26

Financial year	Number of SeMPRO clients[1]
2021–22	440
2022–23	346
2023–24	347
2024–25	468
2025–26	629
Total	**2,230**

Note:
1. The data in this table 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.

Reported sexual and related offences in the ADF

Sexual and related offences reported to the Joint Military Police Unit (JMPU) can include current and ex–serving ADF members, ADF cadets, other Defence employees (APS and contractors), non-Defence civilians, foreign military members and foreign nationals as victim–survivors and/or alleged perpetrators. The following tables and information reflect this, unless otherwise indicated.

For 2025–26, 281 sexual and related offences were reported to JMPU comprising:

- 98 aggravated sexual assaults (for example, penetrative acts committed without consent, threats of penetrative acts without consent with aggravating circumstances, or incidents where consent is proscribed).
- 106 non-aggravated sexual assaults (touching of a sexual nature without consent where penetration does not occur).
- 77 non-assaultive sexual and related offences (incidents of a sexual nature that do not involve physical contact committed without consent, including stalking, indecent acts and intimate image abuse).

To support transparency and accountability, data relating to reported sexual and related offences, together with information on investigative, disciplinary and administrative outcomes, is provided at Appendix E.

Preventing unacceptable behaviour and supporting those who experience it

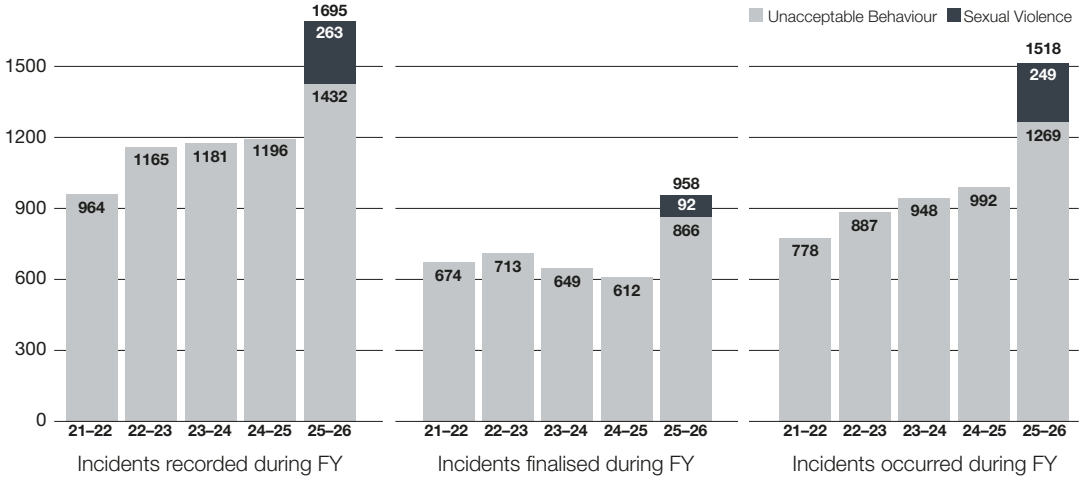
Defence has continued to take action to prevent unacceptable behaviour and foster a safe, respectful and inclusive workplace where all members are treated with dignity and fairness.

In 2025–26, Defence established the Complaint Resolution Support Services (CRSS) unit - a centralised function designed to strengthen oversight, consistency and accessibility of complaint management. Through CRSS, Defence supports a more coordinated and trauma-informed approach to reporting, triage and resolution; and provides APS and ADF personnel with an alternative avenue to raise concerns and seek support in relation to unacceptable behaviour. By offering an additional reporting pathway, CRSS aims to improve access to complaint resolution services and ensure concerns are managed in a timely, consistent and person-centred manner.

During 2025–26, a total of 1,695 complaints were reported (1,432 unacceptable behaviour and 263 of sexual violence) – an increase of 41.7 per cent compared with 2024–25. The increase in complaints between 2024–25 and 2025–26 may be attributable to several factors, including the implementation of a single incident reporting system, the introduction of CRSS as an alternative mechanism for reporting

unacceptable behaviour, individuals feeling safer to report and increased communication and awareness regarding unacceptable behaviour reporting. Of these, 1,518 complaints related to incidents that occurred during the financial year, with the remaining 177 relating to incidents occurring in previous financial years.

Figure 6.1 Unacceptable behaviour and sexual violence complaints reported as recorded, finalised and having occurred, 2021–22 to 2025–26



Notes:
On 8 December 2025, 'Sexual violence' was established as a standalone reporting category separate from 'Unacceptable behaviour'. Prior to this change, incidents of sexual violence were recorded under the 'Unacceptable behaviour' category as 'Any form of sexual misconduct'. As a result, data reported for previous years remains classified within 'Unacceptable behaviour' and is not directly comparable with 'Sexual violence' data reported from 8 December 2025 onwards.

Gender equality reporting

Achieving gender equality in Defence is fundamental to national security and economic resilience and aligns with the Government's Working for Women: A Strategy for Gender Equality. In 2025–26, we progressed our work for gender equality in the following six action areas:

- Respect@Work and Positive Duty: In 2025–26, we developed the Respect@Work Action Plans and commander and managers tools to proactively eliminate sexual violence in Defence workplaces.
- Women's health: Defence and the Australian Human Rights Commission progressed research to better understand how health support provided to women in the ADF can be improved.
- Women, Peace and Security: As an implementing partner for the Australian National Action Plan on Women, Peace and Security (2021–2031), we continued to integrate gender perspectives across policy, training, cultural reform, mission readiness, planning and conduct of operations, and international engagement activities.
- Governance and reporting: We strengthened transparency through Workplace Gender Equality Agency reporting (since 2023), Australian Government board gender balance reporting, the Defence Annual Report, and the Women in the ADF Report.
- Workforce participation: We continued to enable women's participation by promoting access to all career pathways in the ADF and APS, embedding flexible service models, investing in mentoring and leadership development and targeting 50 per cent women in all science, technology, engineering and mathematics (STEM) entry-level programs.
- Gender equality in decision-making: We supported whole-of-government efforts to embed consideration of gender impacts in decision-making and strengthen diversity and inclusion across the public sector.

First Nations participation and engagement

To build a more diverse, representative and culturally informed workforce, in 2025–26, a First Nations Affirmative Measures recruitment initiative was implemented. With the aim of increasing First Nations representation in project and program management and procurement and contract management APS 4–6 roles, the campaign attracted strong interest, receiving 108 applications across six advertised positions.

The permanent ADF First Nations workforce has decreased slightly from 3.9 per cent as at 30 June 2025 to 3.8 per cent as at 30 June 2026. First Nations representation among Defence APS employees has also decreased slightly from 1.8 per cent on 30 June 2025 to 1.7 per cent on 30 June 2026.

Table 6.21 First Nations participation, 2025–26

	30 June 2025[1]		30 June 2026	
	Number	Percentage of total (%)	Number	Percentage of total (%)
Navy				
Permanent	590	3.9%	603	3.8%
Reserves[2]	117	2.5%	121	2.6%
Army				
Permanent	1,148	4.1%	1,192	4.2%
Reserves[2]	757	3.5%	731	3.3%
Air Force				
Permanent	562	3.5%	579	3.4%
Reserves[2]	119	1.9%	122	2.0%
Total ADF				
Permanent	2,300	3.9%	2,374	3.8%
Reserves[2]	993	3.0%	974	2.9%
Total APS[3]	**375**	**1.8%**	**356**	**1.7%**

Notes:
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.
1. Data for 2024–25 does not match the data provided in the Defence Annual Report 2024–25 due to retrospective transactions.
2. Reserves include all members (Service Categories 3, 4 and 5) 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.

In April 2026, the Defence First Nations Commitment was released establishing long-term targets to increase First Nations representation in Defence and demonstrating Defence's ongoing commitment to Closing the Gap. Actions implemented in 2025–26 include:

- Continuation of the Army Indigenous Development Program: a culturally informed pre-enlistment and workforce readiness pathway for Aboriginal and Torres Strait Islander participants. The 17-week program combines education, mentoring, cultural connection, leadership development, resilience training and military familiarisation to improve participants' readiness for employment and further training. Participants either progressed into Army recruit training or separated with improved educational attainment, workplace skills and employment prospects.
- Continuation of the Navy Indigenous Development Program: which aims to support First Nations youth through a six-month development program focused on supporting them prepare to join the Navy. During 2025–26, 21 participants completed the program.

- Ongoing Regional Forces Surveillance Group (RFSG) Direct Recruitment: the Army's RFSG directly recruits part-time soldiers into the Army from remote communities in Northern Australia. This alternative entry pathway enables Aboriginal and Torres Strait Islanders in some of Australia's most remote communities to serve in the Army, enhancing access and connection.
- Continuation of the Indigenous ADF Pre-Recruit Program: aimed at First Nations 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. During 2025–26, there were four Navy participants, 19 Army participants and two Air Force participants in the ADF Pre-Recruit Program.

People from culturally and linguistically diverse backgrounds

As at 30 June 2026, Defence had 37.5 per cent ongoing APS and 29.5 per cent permanent ADF personnel identify as culturally and linguistically diverse (CALD).

In 2025–26, Defence introduced its first CALD Action Plan, aligned with the Australian Public Service CALD Employment Strategy. Two senior leaders nominated to be Defence's inaugural CALD champions to steward the implementation of the Action Plan and support greater connection amongst Defence CALD staff.

Removing barriers for people with disability

Australia's Disability Strategy 2021–2031 provides the overarching framework for inclusive policies, programs and infrastructure to support people with disability to participate fully in all areas of Australian life. A range of reports on progress against the strategy's actions and outcome areas are published and available at disabilitygateway.gov.au/ads. Disability reporting is also included in the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin, available at apsc.gov.au.

Defence reports on disability through self-identified human resource data and anonymous surveys. As at 30 June 2026, 627 ongoing and three non-ongoing APS employees self-identified in human resource systems as having a disability. The 2023 ADF Census reported that 16 per cent of ADF personnel indicated they have a disability.

In 2025–26, Defence continued the following disability employment programs:

- Defence Assistance Program: a partnership with local Australian Disability Enterprises, which aims to provide people with intellectual disability an opportunity to engage in meaningful work. The program employs team coordinators and disability support workers who provide support to approximately 90 people with intellectual disabilities across 10 ADF bases.
- Defence Inclusive Employment Program: a program that employs 10 people at the APS 1 level across several Defence locations.

Work health and safety

Keeping our people safe

To deliver our mission, we must keep our people safe at work. Defence continues to prioritise implementation of RCDVS recommendations to improve Defence's work health and safety management systems, with a focus on psychosocial risk. Complementing these efforts is the implementation of initiatives under the Defence Work Health and Safety Strategy 2023–28 focusing on the four pillars of leadership and culture, people, structures and systems.

In 2025–26, work health and safety mandatory training compliance across Defence was 85 per cent – an increase from the 2024–25 rate of 82 per cent. Permanent ADF members (Service Categories 6 and 7) achieved 94 per cent compliance, Reserve members achieved 63 per cent compliance and APS achieved 92 per cent compliance.

The Defence Work Health and Safety Manual continues to be reviewed and updated to ensure our enterprise policy framework remains compliant, contemporary and effective. The Defence Work Health and Safety Board, with representation from all Groups and Services, has focussed on continuous improvement and ensuring our policies align with Defence's strategic goals and objectives, while reinforcing our commitment to keeping our people safe.

The Work Health and Safety for Defence Supervisors course was published and builds on the foundational knowledge provided through mandatory training, with a focus on the additional responsibilities of supervisors. In addition, the Defence Occupational Noise Officer Training Course was released to strengthen our people's understanding of noise hazards, risks and controls, supporting a safer workplace.

In 2025–26, there were 11,093 work health and safety incidents reported internally in Defence, involving 16,574 individuals. Of the incidents reported internally, 514 incidents involving 914 people were notifiable to the Commonwealth work health and safety regulator Comcare. These included 15 fatalities, 364 serious injury or illness, and 535 people involved in a dangerous incident. Defence is required to notify Comcare should a death of a person (including ADF personnel), arise out of a Defence business or undertaking. Further data on these incidents is provided at Appendix C.

Defence continues to engage with Comcare to strengthen its approach to work health and safety and remains committed to learning from incidents, investigations and reviews. This collaboration supports continuous work health and safety improvement across Defence, helping to identify emerging risks, enhance safety performance and drive safer outcomes for our people.

Returning APS employees to work

Safely returning our people to work is important for the health and wellbeing of staff and enables Defence to focus on its mission. Defence works closely with APS employees, their supervisors and other key stakeholders to deliver person-centred support for those who are experiencing health conditions to enable their safe maintenance at or return to work.

Of the 165 Defence APS employee claims accepted by Comcare, the most common mechanisms of injury were mental stress (73) falls, trips and slips (67) and body stressing (20). Psychological claims contributed to 57 per cent of Defence costs for 2025–26, followed by disease (25 per cent) and injury (18 per cent). Defence's average cost across all claims in 2025–26 was $29,380 compared with the Commonwealth average of $33,559. Defence's average term of incapacity across all injury types was 21.7 weeks, compared with the Commonwealth average of 23.4 weeks.

In 2025–26, Defence's average return to work rate was 73 per cent, compared with the Commonwealth rate of 72 per cent, which is driven by early support mechanisms and care for injured and ill Defence employees and their supervisors.

Deaths of ADF personnel

The following statistics are based on reports of ADF personnel deaths to the Inspector-General of the Australian Defence Force. In 2025–26, 36 ADF personnel died as a result of a health-related issue, accident, training incident, suicide and possible suicide. Not all these deaths had a Service nexus. At the time of their death, 19 members were rendering full-time service, 14 were rendering part-time service and three were former serving ADF members who had died within two years of their separation from Defence where suicide could not be excluded as the cause of death. Of the deceased members, 31 were male and five were female.

Defence is required to notify Comcare, should a death of a person (including ADF personnel), arise out of the conduct of Defence business or undertaking. The Services are required to notify the Inspector-General of the ADF of all ADF members' deaths, but not all of these require notification to Comcare under the WHS Act. Defence has robust frameworks in place to ensure legislative compliance with the WHS Act to notify Comcare of any death, serious injury or illness or dangerous incident.

Supporting Defence families, ADF members and veterans

ADF transition support

We provide transition support to all members who have served a minimum of one day of full-time service in the ADF. We deliver a comprehensive program to support ADF members and their families during, and for up to two years after, their separation from full-time service, or transfer to Reserve service.

Support to members is delivered through the Defence Force Transition Program – an extensive suite of job-readiness, meaningful engagement and social connectivity supports from which an individualised program is designed to match each member's circumstances and goals. We continue to evolve support for the non-career elements of transition, including the impacts of transition on families.

Detailed information regarding the Defence Force Transition Program is available on the ADF Transition Guide App (available on Apple and Google Play stores) and Defence's Transition website, which includes the Joint Transition Authority's Annual Progress Reports: defence.gov.au/adf-members-families/military-life-cycle/transition.

Supporting ADF families

We provide a broad range of programs and support services to approximately 135,600 ADF members and their families throughout their military journey.

In 2025-26 we achieved:

- The Partner Employment Assistance Program became a recognised benefit for partners of ADF personnel. The program was amended to provide flexibility to enable the benefit to be provided to ADF personnel or directly to the partner.
- The Education Assistance Scheme was reviewed, with enhancements to expand eligibility and improve access scheduled to be implemented in late 2026.
- We worked with state and territory government education representatives to enable families undergoing posting to enrol in schools in the Northern Territory, New South Wales and the Australian Capital Territory prior to having secured a fixed address.
- The new Defence Childcare Contract commenced in January 2026 and was enhanced to include expanded Childcare Connect Services assisting families to access unregistered informal care arrangements through a user pays system.
- In November 2025, three virtual relocation webinars were delivered for members and families posting to Townsville in Queensland, and Tindal and Darwin in the Northern Territory. The sessions provided location specific guidance on housing, schooling, health, community integration and partner employment. The program will expand in 2026–27.

We recognised and celebrated the resilience and spirit of children in ADF families by awarding 2,456 Child of the ADF medallions over 47 events across the country.

The ADF Family Health Program supports ADF families' access to medical, specialist, diagnostic and preventive health services, during postings Australia-wide: adffamilyhealth.com.

Defence's commitment to preventing family and domestic violence

We have continued to progress our commitment to preventing and responding to family and domestic violence by advancing implementation of the Defence Strategy for Preventing and Responding to Family and Domestic Violence 2023–2028. The corresponding Action Plan, released in December 2024, outlined key priorities and initiatives to improve safety, support and system-wide responses. The strategy is identified as a contributing activity under Action 1 of the National Plan to End Violence against Women and Children 2022–2032.

In 2025–26, we achieved the following key milestones:

- In August 2025, we released updated family and domestic violence policy and guidance materials, including a new Complaints and Alternative Resolutions Manual chapter, a revised Commander and Manager's Toolkit and an APS People Policy, strengthening enterprise-level direction, practical guidance and workforce support arrangements.

- Family and domestic violence awareness training was enhanced to incorporate content on healthy relationships, improved guidance for responding to disclosures, and stronger recognition of the links between family and domestic violence and wellbeing outcomes.
- Standardised terminology was introduced into data collection systems to improve the consistency of data collection and reporting.

Remuneration and benefits

Table 6.22 Employment arrangements for Defence's workforce, 2025–26

Employment arrangements	Service type	30 June 2026 headcount			
		Non-Star rank ADF	Star rank	Non-SES APS	SES
ADF Workplace Remuneration Arrangement	ADF permanent[1]	61,533	229	-	-
	ADF Gap Year[2]	931	-	-	-
	Reserves[3]	32,808	356	-	-
	Total	**95,272**	**585**	**-**	**-**
Remuneration Tribunal	ADF permanent[4]	-	6	-	-
Enterprise Agreement	APS[5]	-	-	20,642	
Determinations under section 24(1) of the *Public Service Act 1999*	APS[5]	-	-		187

Notes:
Figures in this table show substantive headcount numbers.
1. Permanent ADF figures are for permanent members (Service Categories 6 and 7), excluding statutory office holders
2. Includes 30 Army Gap Year participants in Service Category 5, Service Option G.
3. Reserves include all members (Service Categories 3, 4 and 5) and Reserves undertaking continuous full-time service (Service Option C), except for 30 Army Gap Year members in Service Category 5, Service Option C. Does not include Reserve Service Category 2.
4. Includes statutory office holders – the Chief of the Defence Force, the Vice Chief of the Defence Force, the three Service Chiefs, and the ADF member performing the duties of Director-General, Australian Submarine Agency.
5. Figures include paid, unpaid, full-time, part-time, ongoing and non-ongoing employees. The 30 June 2026 figures for the APS include 822 APS employees who are also counted as Reserve members.

Public office holders

Public office holders, which includes the Secretary and the CDF, the Vice Chief of the Defence Force and Service Chiefs, are remunerated under determinations decided by the independent Remuneration Tribunal under the *Remuneration Tribunal Act 1973*.

ADF personnel salary and salary-related allowances

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 ADF members.

The Workplace Remuneration Arrangement 2023–26 is the framework that allows for annual wage adjustments for ADF members. Maintaining competitive remuneration helps to attract and retain military people to ensure delivery of the 2026 National Defence Strategy.

Table 6.23 Permanent ADF salary ranges as at 30 June 2026

Rank	Minimum ($)	Maximum ($)
Officer (equivalent)		
Lieutenant General (equivalent)	478,781	567,525
Major General (equivalent)	316,619	423,232
Brigadier (equivalent)	280,000	407,430
Colonel (equivalent)	186,934	370,587
Lieutenant Colonel (equivalent)	159,440	461,381
Major (equivalent)	130,007	431,383
Captain (equivalent)	106,257	330,821
Lieutenant (equivalent)	91,778	169,973[1]
2nd Lieutenant (equivalent)	87,091	160,034[2]
Other ranks		
Warrant Officer Class 1 (equivalent)	117,408	169,795
Warrant Officer Class 2 (equivalent)	109,733	162,874[3]
Staff Sergeant (equivalent)	106,734	153,925
Sergeant (equivalent)	97,575	162,874[4]
Corporal (equivalent)	86,966	153,483[5]
Lance Corporal (equivalent)	81,612	128,802
Private Proficient (equivalent)	80,341	127,530
Private (equivalent)	79,096	126,292

Notes:
1. OA5 for FLGOFF only in Cyber Workforce Pay Structure - Command and Specialist Pathway.
2. OA4 for PLTOFF only in Cyber Workforce Pay Structure - Command Pathway.
3. OA15 in Cyber Workforce Pay Structure - Enlisted Pathway.
4. OA15 in Cyber Workforce Pay Structure - Enlisted Pathway.
5. OA13 in Cyber Workforce Pay Structure - Enlisted Pathway.

ADF senior officers

All ADF senior officers (excluding statutory/public office holders under the Remuneration Tribunal jurisdiction) are remunerated under the Workplace Remuneration Arrangement 2023–26. The Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP determines other non-pay-related conditions of service under section 58B of the *Defence Act 1903*.

APS benefits

All Defence APS employees receive a range of non-salary-related benefits. These include competitive leave entitlements and access to flexible working arrangements. Defence invests heavily in training and the development of staff and has a number of formal and informal schemes to recognise exemplary performance and achievements.

APS (non-Senior Executive Service (SES)) employees have their terms and conditions of employment set out in an Enterprise Agreement made under the *Fair Work Act 2009*. Defence has 784 non-SES employees with Individual Flexibility Arrangements in place, which vary one or more specific aspects of the Enterprise Agreement.

Table 6.24 APS salary ranges as at 30 June 2026 (under the Defence Enterprise Collective Agreement 2024)

Classification	Minimum salary ($)	Maximum salary ($)	Individual [1] ($)
SES3	320,119	375,565	675,654
SES2[2]	261,584	309,845	409,623
SES1[3]	218,785	252,065	387,750
EL2	144,430	173,359	232,096[4]
EL1	124,393	140,315	173,359[5]
APS6	99,733	112,431	
APS5	89,841	96,829	
APS4	81,868	89,377	
APS3	72,275	79,635	
APS2	63,449	71,329	
APS1	57,497	62,934	

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. Maximum rate for Executive Level 1, Executive Level 2, Legal and Science specialist structures and Medical Officer Class 3 and 4.
5. Maximum rate for Public Affairs and legal specialist structures and Medical Officer Class 1 and 2.

Senior Executive Service

SES 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 by a supporting remuneration determination and individual arrangements by a common law agreement or letter of offer.

Senior leadership group

During the reporting period to 30 June 2026, Defence had 45 executives who met the definition of key management personnel. Their names and lengths of term as key management personnel are shown in Table 6.25.

Table 6.25 Key management personnel, 2025–26

Name	Position	Term as key management personnel
Meghan Quinn PSM	Secretary of Defence	Part year, appointed as Secretary of Defence 18 May 2026
Greg Moriarty AO	Secretary of Defence	Last day of appointment as Secretary of Defence 19 April 2026
Admiral David Johnston AC Royal Australian Navy	Chief of the Defence Force	Full year
Cath Patterson	Associate Secretary	Part year, appointed as Associate Secretary 8 December 2025
Nadine Williams	Head of the Defence Reform Taskforce	Part year, seconded from the Department of the Prime Minister and Cabinet 8 December 2025 to 30 June 2026
Matt Yannopoulos PSM	Associate Secretary	Last day of appointment as Associate Secretary 28 September 2025
Air Marshal Robert Chipman AO CSC Royal Australian Air Force	Vice Chief of the Defence Force	Full year
Air Marshal Stephen Chappell DSC CSC OAM Royal Australian Air Force	Chief of Air Force	Full year
Lieutenant General Simon Stuart AO DSC Australian Army	Chief of Army	Full year
Vice Admiral Mark Hammond AO Royal Australian Navy	Chief of Navy	Full year
Vice Admiral Justin Jones AO CSC Royal Australian Navy	Chief of Joint Operations	Full year
David Hanley	Deputy Secretary Naval Shipbuilding and Sustainment	Part year, appointed as Deputy Secretary Naval Shipbuilding and Sustainment 21 July 2025
Chris Deeble AO CSC	Deputy Secretary Capability Acquisition and Sustainment	Full year
Lieutenant General Natasha Fox AO CSC Australian Army	Chief of Personnel	Full year
Chris Crozier	Chief Information Officer	Full year
Air Marshal Leon Phillips OAM Royal Australian Air Force	Chief of Guided Weapons and Explosive Ordnance	Full year
Lieutenant General Susan Coyle AM CSC DSM Australian Army	Chief of Joint Capabilities	Full year
Steven Groves	Chief Finance Officer	Full year

Table 6.25 Continued

Name	Position	Term as key management personnel
Justine Greig PSM	Deputy Secretary Defence People	Full year
Celia Perkins	Deputy Secretary Security and Estate	Full year
Professor Tanya Monro AC	Chief Defence Scientist	Full year
Tom Hamilton	Chief of Defence Intelligence	Full year
Hugh Jeffrey	Deputy Secretary Strategy, Policy and Industry	Full year
John Reid PSM	Deputy Secretary Governance	Full year
David Hallinan	Deputy Secretary Defence	Part year, completed secondment from Australian Submarine Agency 1 July 2025
Air Vice-Marshal Benjamin Sleeman CSC DSM Royal Australian Air Force	Acting Chief of Joint Capabilities	Part year, acted from 12–23 July 2025, 1–17 August 2025, 2–9 November 2025, 13 December to 28 January 2026, 14-28 April 2026, 5-19 June 2026
Rear Admiral Steven Tiffen AM CSM Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	Part year, acted to 12 September 2025
Major General Christopher Smith DSC AM CSC Australian Army	Acting Chief of Army	Part year, acted from 8–17 August 2025, 6–13 September 2025, 21–28 September 2025, 15–28 December 2025, 2–8 March 2026, 11–17 May 2026
Racheal Kuczma	Acting Deputy Secretary Capability Acquisition and Sustainment	Part year, acted from 17 May to 30 June 2026
Patrick Sowry	Acting Deputy Secretary Security and Estate	Part year, acted from 21–25 July 2025, 3 April to 17 May 2026
Dr Mark Bazzacco	Acting Deputy Secretary Governance	Part year, acted from 19–23 November 2025, 12 January to 8 February 2026
Samuel Volker	Acting Chief Finance Officer	Part year, acted from 10 November to 7 December 2025, 20-22 April 2026
Rear Admiral Letitia van Stralen AM CSC Royal Australian Navy	Acting Chief of Personnel	Part year, acted from 13–21 September 2025, 1–18 January 2026
Rear Admiral Richard Boulton AM Royal Australian Navy	Acting Chief of Personnel	Part year, acted from 3 October 2025, 16–17 October 2025, 13–31 December 2025, 23–26 January 2026, 22 May 2026, 25 May 2026

Table 6.25 Continued

Name	Position	Term as key management personnel
Daniel Fankhauser	Acting Chief of Guided Weapons and Explosive Ordnance	Part year, acted from 24–27 July 2025, 8–11 August 2025, 25 September to 6 October 2025, 9–15 March 2026
Air Vice-Marshal Gerry van Leeuwen AM CSM Royal Australian Air Force	Acting Chief of Guided Weapons and Explosive Ordnance	Part year, acted from 1–12 September 2025, 21–29 October 2025
Major General Jason Blain DSC AM CSC Australian Army	Acting Deputy Secretary Capability Acquisition and Sustainment	Part year, acted from 13–19 December 2025, 1–6 February 2026
Steve Moore	Acting Deputy Secretary Strategy, Policy and Industry	Part year, acted from 4–20 July 2025, 25–27 August 2025
Ben Wright	Acting Deputy Secretary Governance	Part year, acted from 16–30 April 2026
Bernard Philip	Acting Deputy Secretary Strategy, Policy and Industry	Part year, acted from 8–10 September 2025, 6–12 December 2025, 24 February to 1 March 2026
Major General Mark Ascough AM CSC DSM Australian Army	Acting Chief of Defence Intelligence	Part year, acted from 18–27 November 2025
Cassie Haynes	Acting Deputy Secretary Defence People	Part year, acted from 10–24 December 2025
Kathryn McMullan	Acting Chief of Defence Intelligence	Part year, acted from 20–27 September 2025, 2–7 October 2025
Amy Hawkins	Acting Deputy Secretary Strategy, Policy and Industry	Part year, acted from 31 October to 3 November 2025, 17–20 January 2026
Monique Hamilton	Acting Chief Information Officer	Part year, acted from 19–24 December 2025

Salary progression

Eligible non-SES APS employees move through their salary range subject to being assessed as fully effective or higher in accordance with the Defence Enterprise Collective Agreement 2024. Eligible employees generally receive an increase of 3.8 per cent to their substantive salary as they move through the salary range for their APS classification. Where an employee is within 1 per cent of the top of their salary range, their substantive salary is increased to the top of the range in addition to a partial lump sum to bring the total overall payment to 1 per cent of their base salary or 1 per cent of the maximum salary of the APS 4 classification, whichever is the greater. Where an eligible employee is at the top of the salary range for their classification or above they receive a lump sum payment of 1 per cent of their substantive salary. This bonus is considered a form of performance-based payment.

SES employees may have their salary increased based on the outcome of their annual performance appraisal, which is also considered a form of performance-based payment.

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

Table 6.26 APS performance payments, 2025–26

Classification	Number of employees receiving performance pay	Aggregated (sum total) of all payments made ($)	Average of all payments made ($)	Minimum payment made to employees ($)	Maximum payment made to employees ($)
SES3	–	–	–	–	–
SES2	–	–	–	–	–
SES1	–	–	–	–	–
EL2	1,397	2,618,313	1,874	98	21,796
EL1	3,438	4,275,229	1,244	20	17,641
APS6	3,394	3,603,963	1,062	8	14,135
APS5	1,663	1,633,856	982	85	5,434
APS4	764	622,386	815	35	931
APS3	402	338,543	842	58	5,351
APS2	97	79,408	819	432	864
APS1	28	21,027	751	300	864
Other	–	–	–	–	–
Total	**11,183**	**13,192,726**	**N/A**	**N/A**	**N/A**

Table 6.27 Key management personnel remuneration, 2025–26

	$
Short-term benefits:	
Base salary[1]	12,913,228
Bonus	-
Other benefits and allowances	144,987
Total short-term benefits	**13,058,215**
Superannuation	2,423,966
Total post-employment benefits	**2,423,966**
Other long-term benefits:	
Long service leave	279,374
Total other long-term benefits	**279,374**
Termination benefits	-
Total key management personnel remuneration[2]	**15,761,555**

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 45 (2024–25: 41). There are 20 acting key management personnel included in this figure (2024–25: 15).

Honouring our people

We maintain a strong tradition of recognising the outstanding service and contribution of our people. Service from the First World War to the present day is recognised through the Imperial honours and awards system; the Australian honours and awards system; Australia Day Achievement Awards; the Public Service Medal; the Defence Commendation Scheme; and the Secretary's Long Service Recognition Scheme.

During 2025–26, the Government accepted an offer from the President of the Democratic Republic of Timor-Leste, His Excellency José Ramos-Horta, to expand eligibility for the Timor-Leste Solidarity Medal. The Timor-Leste Solidarity Medal is a foreign award and recognises the contribution of the men and women who supported stability and peace operations in Timor-Leste. Eligibility now includes ADF personnel and veterans, as well as Australian Federal Police officers who served at least 30 days on mandated missions in Timor-Leste since 1999. It also includes those withdrawn due to injury or medical necessity; and uniformed members of the Defence Cooperation Program and Timor-Leste Police Development Program.

Honours and recognition

Defence Honours are announced on Australia Day and the King's Birthday every year. These awards are regulated by the Order of Australia Constitution, Medal Regulations and Defence self-imposed quotas to ensure the integrity of the system. Additionally, the Defence Honours and Awards Appeals Tribunal, an independent statutory body, makes recommendations following reviews of Defence decisions.

During 2025–26, Defence had 55 Order of Australia medals, 121 Conspicuous Service Decorations, two Distinguished Service Decorations, and two Public Service Medals awarded.

The Defence Commendation Scheme consists of four levels (Gold, Silver, Bronze and Command) and a separate Group category. In 2025–26, Defence saw an increase in uptake of the scheme, with over 2,973 people recognised with the award. This included 217 Gold Commendations, 362 Silver Commendations, 649 Bronze Commendations, 727 members of Group Commendations and 1,018 Command Commendations.

In 2025–26, 180 ADF and APS personnel were recognised with the Australia Day Achievement Award.

The Secretary's Long Service Recognition Scheme recognises the commitment of APS employees. During 2025–26, Defence recognised over 820 employees with their long service award with three for 50 years' service, 54 for 40 years' service, 165 for 30 years' service and 604 for 20 years' service.

Service awards

Defence Honours and Awards issues awards to current and former ADF members, eligible civilians and veterans' families. The issue of awards is the result of an application submitted to the Directorate of Honours and Awards via its website, Defence nominal rolls and automatic lists.

On average (from 2021–26) we have received 17,320 online applications each financial year. In 2025–26, we received 16,747 online applications, a 3 per cent decrease to the average.

On average (from 2021–26) we have dispatched 32,540 awards each financial year. In 2025–26, we dispatched 38,044 awards, a 17 per cent increase in the average. This year, the Australian Operational Service Medal (Indo-Pacific) and Operational Service Badge, as well as the Australian Defence Medal, made up 48 per cent of the dispatched awards.

In addition, during 2025–26 we recognised one ADF member's 55 years of ADF service with the eighth clasp to their long service award. We also recognised one ADF member's 60 years of service as an ADF Cadet Officer or Cadet Instructor with the ninth clasp to their Australian Cadet Force Service Medal.

The President of the Republic of Timor-Leste's generous offer to expand the criteria for the Timor-Leste Solidarity Medal serves as a reminder of the deep friendship between our two nations. To date, 21,948 current and former ADF personnel have officially been approved to wear the award.

7

Acquisition, procurement and industry engagement

Asset management

Delivering future capability

Over 2025–26, we continued to manage our assets across their lifecycle to support capability readiness, while continuing to transition towards a more integrated and focused force. We have concentrated our efforts on strengthening the alignment between strategy, investment and sustainment, ensuring contributions to operational readiness.

We have prioritised the capability assets that enhance deterrence, resilience and the ability to operate effectively in our contested region. This has positioned us to deliver more responsive, integrated and focused capability outcomes.

Integrated investment priorities

The Government's asset management decisions are informed by investment priorities which emphasise integration, readiness, resilience, survivability and sustainability. This investment has continued to focus on capabilities that enable force projection, protect deployed forces and sustain operations over extended periods.

As set out in the National Defence Strategy, priority areas have included maritime and undersea capability, long-range strike; integrated air and missile defence space and cyber capabilities; and enabling essential capabilities such as logistics, command and control systems, and infrastructure. These priorities ensure our assets are interoperable across domains and contribute to a coherent, integrated and focused force.

Defence reform and innovation

We have progressed reforms to improve capability development, delivery and sustainment, strengthening enterprise accountabilities and decision-making processes. These reforms improve asset stewardship, strengthen governance and enhance transparency of cost, schedule and capability performance.

Our investment in innovation, science and technology has led to the transition of advanced capabilities into service, including autonomous systems and artificial intelligence-enabled technologies, enhancing decision advantage and contributing to Defence's asymmetric advantage in support of the integrated, focused force.

Maritime domain

The Government has invested $12 billion into the Henderson Defence Precinct in Western Australia to deliver a substantial uplift in our maritime capability to support continuous naval shipbuilding and the AUKUS submarine enterprise over the next two decades. In April 2026, we selected the Mogami Class frigate as the Navy's future platform and contracted Australia's first three general purpose frigates, laying the foundation for a more capable and sustainable surface fleet.

We have strengthened future maritime capability through our contract with Anduril Australia for Ghost Shark and a $176 million investment over the next five years for 40 Australian-designed and built Bluebottle uncrewed surface vessels.

We have further enhanced the Navy's operational readiness, persistence and increased our sovereign industrial resilience through our continued delivery of Arafura Class offshore patrol vessels, Evolved Cape Class patrol boats, upgrades to HMAS *Cairns*, and more than $270 million over the next four years in Collins Class combat system sustainment.

These achievements were reinforced by the Government's $850 million investment with Kongsberg Defence Australia for domestic production of Naval Strike Missiles and Joint Strike Missiles from 2027, establishing the foundation for enduring missile production in Australia.

Land domain

We have continued Army's transformation to deliver an amphibious-capable, combined-arms land system optimised for littoral manoeuvre and long-range strike in support of our Strategy of Denial. This included a significant uplift in land domain capability by advancing precision long-range strike, integrated combat systems, and emerging counter-drone technologies. Our successful test firing of the first Australian-made Guided Multiple Launch Rocket System and the first Australian Precision Strike Missile marked major milestones in developing sovereign strike capabilities.

We also strengthened Army's combat power through the delivery of the first Australian-built Boxer combat reconnaissance vehicles, with 211 vehicles planned for the ADF, and the introduction of the first AH-64E Apache attack helicopters into service. As part of the $7 billion allocated in the 2026 Integrated Investment Program over the next decade in counter drones, we have entered into contracts for Project LAND 156 worth $16.9 million to acquire counter-uncrewed air system technologies.

Together, through these initiatives we have enhanced the lethality, protection, and resilience of the future land force while strengthening Australia's sovereign defence industrial base.

Air domain

We have sustained a highly skilled aviator workforce capable of operating a leading-edge fleet of combat, surveillance and mobility platforms. Operational capability enhancements have improved long-range strike, connectivity and situational awareness as part of the integrated and focused force. We have delivered a significant uplift in air domain capability by investing $1.4 billion over the next decade to transition the MQ-28A Ghost Bat into an operational warfighting capability. This included the successful demonstration of its combat potential through a live-fire missile test. We also declared Final Operational Capability for the upgraded C-130J Hercules fleet, enhancing mission readiness, capability, and reliability across 12 aircraft.

We have further invested in the Future Air Mission Training System, increasing our aircrew training capacity by up to 70 per cent and preparing personnel for advanced platforms such as the MC-55A Peregrine and MQ-4C Triton. We have continued to advance our mission training system, whilst also collaborating with partners to advance key technologies including through the Australia-Canada partnership for Over the Horizon Radar system research and development.

Space domain

We have focused on improving access to satellite communications, space domain awareness and warfighting resilience for the integrated force. Defence strengthened future space capability through an agreement with Optus to develop and launch a sovereign Low Earth Orbit satellite, with launch anticipated in 2028. This initiative will enhance Defence's access to resilient communications, improve information sharing across the integrated force and strengthen space-enabled support to joint operations.

Science and technology activities including the design and development of Space domain awareness prototype tools and applications, modelling and simulation based analyses of space systems and concepts have supported Defence's space capability advances and uplift. Space command and control prototype systems, and the successful design, production, launch and operation of a cubesat for ionospheric data collection, advanced Intelligence, Surveillance, and Reconnaissance imagery and communications have significantly reduced the technical risk of future Space Domain capabilities for Defence.

Cyber domain

We have continued to strengthen the resilience and security of our digital assets, networks, and electromagnetic spectrum capabilities. Defence has strengthened our cyber and information domain capability through a multi-year agreement with Google Australia. This agreement will deliver a secure and air-gapped hyperscale cloud environment, supporting the modernisation of Defence's digital infrastructure under DEF2222 and JP9111. Future investment is directed towards improving cyber defence capabilities, protecting critical systems, enhancing threat detection and response, and strengthening Defence's ability to sense, shape, and operate within the electromagnetic spectrum. The Jacaranda capability demonstrator stack has informed design patterns for JC2Net, supporting interoperability with coalition networks and creating options to secure and sustain current systems. Together, these initiatives ensure Defence's enterprise and warfighting information systems remain secure, resilient, and fit for purpose, underpinning all-domain operations and supporting decision advantage, force protection, and force projection.

Alternative finance arrangements

We have continued to oversee key long-term public-private partnerships that support operational capability and workforce wellbeing. The Headquarters Joint Operations Command General John Baker Complex located in New South Wales, managed under a partnership with Praeco, continued to provide critical facilities to support Defence operations, with facilities management services delivered by Downer. Defence also continued to manage the Single Living Environment Accommodation Precinct program, which provides and maintains accommodation for ADF personnel across multiple Defence locations through long-term partnership arrangements with the private sector. These partnerships supported the delivery of reliable infrastructure, effective asset management and ongoing capability outcomes during the reporting period.

Delivering the Future Estate

The Government released its response to the Defence Estate Audit: An Independent Assessment of the Defence Estate on 4 February 2026. Defence has commenced implementing the recommendations in order to deliver a fit-for-purpose future estate that provides Defence with facilities and infrastructure that support current and future capabilities, and delivers better value from estate investments. A key recommendation is the planned divestment of 67 Defence sites. Defence will complete divestment of nine sites and end 12 leases, and the Department of Finance will lead the divestment of 46 sites.

Defence has sold four sites, with a further six sites currently vacant and undergoing divestment activities. Defence has vacated another six sites which are currently undergoing decommissioning activities to support their transfer to the Department of Finance. Detailed planning is underway to relocate the workforce and operational capability from the remaining sites and prepare them for transition to the Department of Finance.

Defence has made progress to accelerate the delivery of facilities and infrastructure to support the initiatives set out in the 2026 National Defence Strategy. In 2025–26, we completed a $1.6 billion program of works at the Royal Australian Air Force (RAAF) Base Tindal in the Northern Territory, delivered a $25 million facility at Port Wakefield in South Australia to assemble Guided Multiple Launch Rocket System missiles, commenced a $662 million upgrade at RAAF Base Learmonth in Western Australia for completion in mid-2028, and commenced the Riverina Redevelopment Program delivering major upgrades across Defence's key training establishments, including $395 million at the Albury-Wodonga Military Area, $590 million at RAAF Base Wagga in New South Wales, and $889 million at Blamey Barracks, Kapooka in New South Wales.

Digital capability

During 2025–26, we continued to strengthen our technology, digital services and enterprise capabilities that are required to operate, integrate and succeed in the digital age. Through the implementation of best-in-class global platforms and sovereign capabilities, we have advanced the ADF's transition to an integrated and focused force while progressing the objectives of the Defence Digital Strategy and Roadmap. A key focus during 2025–26 was the retirement and modernisation of legacy information and communication technology (ICT) and network capabilities that posed increasing cybersecurity, sustainment and operational risks. Working closely with stakeholders across Government, we delivered a coordinated program of uplift activities that reduced critical cyber risks, improved resilience, and redirected investment from legacy sustainment activities towards modern, enduring digital capabilities that better support the Government's strategic objectives.

Also during 2025–26, we accelerated our digital transformation through continued modernisation of the Defence ICT environment. Key achievements included the ongoing rollout of modern cloud-based collaboration services, the uplift of operating environments, the modernisation of Defence email, enterprise software services and information technology (IT) service management, and the delivery of significant network improvements foundational to driving decision advantage.

Additional initiatives included the deployment of Model-Based Systems Engineering (MBSE) approach which provides a digital, model-centric approach to designing, analysing, integrating, verifying and managing complex Defence capabilities throughout their lifecycle. Rather than relying primarily on documents, MBSE uses interconnected system models as the authoritative source of truth to improve collaboration across the enterprise and support interoperability objectives under AUKUS.

We expanded the use of artificial intelligence and data-driven systems to improve situational awareness and accelerate decision-making.

Innovation science and technology capability

During 2025–26, we progressed initiatives under the Defence Innovation, Science and Technology Strategy. This strategy provides a blueprint for harnessing the innovation, science and technology ecosystem to accelerate the delivery of innovative solutions and novel technologies into the hands of the warfighter, while strengthening Australia's sovereign industrial base and national resilience.

We supported the uplift of Australian sovereign industrial capability through the Guided Weapons and Explosive Ordnance enterprise. In February 2026, the Advanced Rocket Motor Technology Demonstrator (ARMTD) program reached a major milestone with the successful firing of the DRACO tactical missile-class solid-fuel rocket motor at the Woomera Test Range in South Australia. As the largest and most advanced rocket motor designed and built in Australia, DRACO demonstrates the value of collaboration between Defence, industry and university researchers in advancing sovereign missile technology, strengthening the national industrial base and addressing critical supply chain challenges. These partnerships also accelerate workforce development and expand the scale and impact of long-range fires research.

We further enhanced Australia's sovereign industrial capability and international partnerships through a government-to-government agreement with Canada signed in June 2026, marking the first international sale of Australia's world-leading Over the Horizon Radar technology. Building on more than 50 years of development and enhancement of the Jindalee Operational Radar Network through close collaboration between Defence, industry and researchers, this achievement demonstrates the global competitiveness of Australian innovation. These partnerships support hundreds of Australian industry jobs and strengthen sovereign industrial capability.

We continued to strengthen our partnerships with industry, universities, research organisations and international partners to provide the research that is essential to deliver advanced capabilities to the ADF. This included expanding secure access to research facilities and networks, and improved partner security arrangements. For example, the University of Tasmania's Australian Maritime College formally opened a secure Common User Facility within the Defence Maritime Innovation and Design Precinct. Developed in

partnership with us, it provides a dedicated environment for Defence, industry, and university partners to collaborate on sensitive maritime projects.

In a rapidly changing strategic environment, we advanced the design of future secure, adaptable laboratories, research centres, digital systems and facilities for technology testing and trials. We also contributed to whole-of-government planning on national research infrastructure, critical technologies, research and development, and protection against foreign interference in support of National Defence.

Purchasing by the rules

We procure goods and services in accordance with the Commonwealth Procurement Framework, which includes the Commonwealth Procurement Rules, issued under the PGPA Act. The Commonwealth Procurement Rules are supported through Defence-specific procurement policies, including the Accountable Authority Instructions and Defence Commercial Framework, as well as through guidance and fact sheets. We use the Annual Procurement Plan to notify industry of significant procurements. The plan is published on the AusTender website at tenders.gov.au, in accordance with the Commonwealth Procurement Rules.

Consultancy contracts

Defence engages consultants where it lacks specialist expertise or when independent research and assessment is required. Decisions to engage consultants during 2025-26 were made in accordance with the PGPA Act 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.

Defence selects consultants through the use of panel arrangements or by making an open approach to market.

During 2025–26, 71 new reportable consultancy contracts were entered into valued at $85.7 million (see tenders.gov.au) with actual expenditure of $36 million (GST inclusive). In addition, 158 reportable consultancy contracts were ongoing from a previous period with actual expenditure of $61.6 million (GST inclusive).

Table 7.1 Reportable consultancy contract expenditure 2025–26

	Number of new contracts	Expenditure ($)
New contracts entered into during 2025–26	71	36,026,614
Ongoing contracts entered into during a previous period	158	61,572,248
Total	**229**	**97,598,862**

Table 7.2 Top five organisations receiving a share of reportable consultancy contract expenditure, 2025–26

Organisations receiving a share of reportable consultancy contract expenditure 2025–26	Organisation ABN	Number of consultancy contracts	Expenditure ($)	Proportion of 2025–26 total spend (%)
Deloitte Touche Tohmatsu	74 490 121 060	8	14,550,233	14.9
Bechtel Infrastructure (Australia) Pty Ltd	78 602 405 194	1	11,972,014	12.3
Boston Consulting Group	70 007 347 131	5	11,081,682	11.4
KPMG	51 194 660 183	9	8,687,610	8.9
Aecom Australia Pty Ltd	20 093 846 925	4	6,207,413	6.4
Total of top five consultancy contracts		**27**	**52,498,951**	**53.8**

Note:
Figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified ABN.

Non-consultancy contracts

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.

During 2025–26, 24,692 new reportable non-consultancy contracts were entered into valued at $47.3 billion (see tenders.gov.au) with actual expenditure of $6.9 billion (GST inclusive). In addition, 9,292 reportable non-consultancy contracts were ongoing from a previous period with actual expenditure of $28.2 billion (GST inclusive).

Table 7.3 Reportable non-consultancy contract expenditure, 2025–26

	Number of new contracts	Expenditure ($)
New contracts entered into during 2025-26	24,692	6,933,265,908
Ongoing contracts entered into during a previous period	9,292	28,221,267,951
Total	**33,984**	**35,154,533,859**

Table 7.4 Top five organisations receiving a share of reportable non-consultancy contract expenditure, 2025–26

Organisations receiving a share of reportable non-consultancy contract expenditure 2025–26	Organisation ABN	Number of non-consultancy contracts	Expenditure ($)	Proportion of 2025–26 total spend (%)
ASC Shipbuilding Pty Limited	15 051 899 864	1	1,542,065,918	4.4
Thales Australia	66 008 642 751	598	1,318,798,451	3.8
BAE Systems Australia Pty Ltd	29 008 423 005	106	1,210,152,359	3.4
ASC Pty Ltd	64 008 605 034	10	1,092,269,569	3.1
Boeing Defence Australia Ltd	64 006 678 119	138	1,086,973,257	3.1
Total of top five non-consultancy contracts		**853**	**6,250,259,554**	**17.8**

Note:
Figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified ABN.

Strategic commissioning framework

In 2025–26, we implemented our definition of core APS work and commenced actions to further transition identified core functions in-house, consistent with the APS Strategic Commissioning Framework. Initial efforts focused on five job families: Accounting and Finance, Administration and Customer Service, ICT, Procurement and Contracting, and Project Management.

This work has been integrated into our broader efforts to reduce external workforce expenditure over the forward estimates. As part of this approach, we strengthened the role of the External Workforce Authority as the central authority responsible for policy, guidance and assurance relating to external workforce use.

We also established an External Workforce Value for Money Program to support Groups and Services in optimising external workforce arrangements. This includes working directly with business areas to analyse workforce, expenditure, contracts and supplier patterns; identify opportunities to improve commercial outcomes; and implement initiatives that reduce reliance on external labour or achieve better value for money from external workforce investments. This work will assist us in meeting the External Workforce savings target applied over recent Commonwealth Budget processes.

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 2025–26, Defence had 34 contracts with values greater than $100,000 that did not include the clause providing access to the Auditor-General (Table 7.5).

Table 7.5 Contracts that do not include the Australian National Audit Office (ANAO) access clause 2025–26

Program and company	($)	Purpose	Reason for non-inclusion of ANAO access clause
Air Force			
United States Government	2,494,522,474	Special Military Equipment	Foreign Military Sale
United States Government	572,093,158	Explosive Ordnance	Foreign Military Sale
United States Government	176,283,280	Special Military Equipment	Foreign Military Sale
United States Government	155,155,560	Special Military Equipment	Foreign Military Sale
United States Government	45,865,822	Light Weapons and Ammunition	Foreign Military Sale
United States Government	8,673,247	Injury Assessment Equipment	Foreign Military Sale
United States Government	4,407,660	Communication Equipment	Foreign Military Sale
United States Government	2,037,649	Special Military Equipment	Foreign Military Sale
United States Government	1,864,444	Special Military Equipment	Foreign Military Sale
United States Government	1,534,553	Software Support	Foreign Military Sale
United States Government	1,273,594	Special Military Equipment	Foreign Military Sale
United States Government	1,159,331	Electronic hardware and component parts	Foreign Military Sale
United States Government	294,060	Special Military Equipment	Foreign Military Sale
Total for Air Force	**3,465,164,832**		
Army			
United States Government	411,032,800	Special Military Equipment	Foreign Military Sale
United States Government	49,677,260	Light Weapons and Ammunition	Foreign Military Sale
United States Government	7,330,609	Explosive Ordnance	Foreign Military Sale
United States Government	4,446,516	Explosive Ordnance	Foreign Military Sale
United States Government	3,302,445	Special Military Equipment	Foreign Military Sale
United States Government	2,661,345	Light Weapons and Ammunition	Foreign Military Sale
United States Government	1,993,447	Light Weapons and Ammunition	Foreign Military Sale
Total for Army	**480,444,422**		

Table 7.5 Continued

Program and company	($)	Purpose	Reason for non-inclusion of ANAO access clause
Guided Weapons & Explosive Ordnance			
United States Government	130,051,377	Explosive Ordnance	Foreign Military Sale
United States Government	5,556,690	Explosive Ordnance	Foreign Military Sale
Total for Guided Weapons & Explosive Ordnance	**135,608,067**		
Joint Capabilities Group			
United States Government	53,563,203	Training	Foreign Military Sale
United States Government	11,739,016	Communication Equipment	Foreign Military Sale
United States Government	7,795,640	Communication Equipment	Foreign Military Sale
United States Government	5,729,061	Software Support	Foreign Military Sale
United States Government	3,958,047	Communication Equipment	Foreign Military Sale
United States Government	1,521,840	Training	Foreign Military Sale
Total for Joint Capabilities Group	**84,306,807**		
Navy			
United States Government	7,684,923	Special Military Equipment	Foreign Military Sale
United States Government	2,304,187	Communication Equipment	Foreign Military Sale
Total for Navy	**9,989,110**		
Others[1]			
United States Government	2,937,980	Technical and Engineering Services	Foreign Military Sale
United States Government	22,943,483	Software Support	Foreign Military Sale
United States Government	3,262,224	Software Support	Foreign Military Sale
United States Government	474,966	Technical and Engineering Services	Foreign Military Sale
Total for Others	**29,618,653**		
Total Programs	**4,205,131,891**		

Note:
1. Australian Defence Force Headquarters, Defence Digital Group, Defence Intelligence Group, Defence Science & Technology Group

Contracts exempt from publication on AusTender

In 2025–26, we exempted 447 contracts with a total value of $4.61 billion (GST inclusive) from publication on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act). The majority of these contracts were exempted under the national security provisions of the FOI Act.

Supporting small and medium-sized enterprises

We continued to support small business participation in Government procurement. Information on small and medium-sized enterprise (SME) participation in Commonwealth procurement is published on the Department of Finance website.

We supported the participation and growth of SMEs through a range of procurement, industry participation and payment initiatives designed to improve access to Defence opportunities, strengthen Australian industry capability, and promote fair and timely business practices. This included:

- applying Appendix A Exemption 17 of the Commonwealth Procurement Rules to directly engage SMEs for procurements valued at up to $500,000, provided value for money can be demonstrated and the requirements of the Indigenous Procurement Policy have been satisfied
- applying Commonwealth Procurement Rules 5.4 and 5.5 to prioritise Australian businesses in procurements below the relevant procurement thresholds and likewise prioritise procurements from Australian SMEs where applicable
- applying the Defence Policy for Industry Participation to encourage small and medium enterprise participation
- providing targeted support to Australian SMEs and enhancing their opportunities to operate and grow in the defence industry sector
- complying with the Indigenous Procurement Policy, noting that many Indigenous businesses are SMEs, and the application of exemption 16 of the Commonwealth Procurement Rules to directly engage SMEs meeting the definition of an 'Indigenous Enterprise' in the Indigenous Procurement Policy
- complying with the Payment Times Procurement Connected Policy, which aims to ensure suppliers operating in the supply chains of Australian Government contracts are not left waiting for payments from large businesses
- complying with the Australian Government's Supplier Pay On Time or Pay Interest Policy, which requires Defence to pay suppliers within five calendar days for electronic invoices submitted through the Pan-European Public Procurement Online (PEPPOL) framework, or within 20 calendar days for all other invoices (unless shorter payment terms have been agreed between Defence and the supplier), following Defence's acknowledgement of the satisfactory delivery of the goods or services and receipt of a correctly rendered invoice.

Enhancing Indigenous entrepreneurship business

Through the implementation of the Defence First Nations Commitment 2025–30, and in line with Closing the Gap Priority Reform 3, we continued to support Indigenous economic participation through procurement activities that created opportunities for Indigenous businesses across Australia, including in regional and rural communities. Under the Indigenous Procurement Policy, the Defence portfolio was required to meet annual targets for both the number and value of contracts awarded to Indigenous businesses.

In 2025–26, the Defence portfolio target remained at 3 per cent of eligible domestic contracts, equivalent to 754 contracts, with a value target of $424 million (GST incl.). These activities contributed to the growth and sustainability of the Indigenous business sector and supported broader Government objectives for Indigenous economic empowerment.

The number and value targets, currently 3 per cent of eligible contracts, will increase annually until they reach 4 per cent by 2030:

- at the portfolio level, we met both targets in 2025–26, awarding 4,585 Indigenous contracts valued at $780.2 million (GST incl.)
- at the departmental level, we met both targets in 2025–26, awarding 2,136 Indigenous contracts valued at $755.4 million (GST incl.).

Since the introduction of the Indigenous Procurement Policy in 2015, more than $15 billion (GST incl.) of Australian Government contracts have been awarded to Indigenous businesses. Of this, the Defence portfolio awarded over $7.6 billion (GST incl.) (50 per cent) in contract value to Indigenous businesses.

8 Other mandatory information

Advertising and market research

Defence advertising campaigns

For advertising campaigns of $250,000 or more (GST excl), Chief Executives are required to certify that the campaign complies with relevant Government guidelines and policies, administered by the Department of Finance.

2025–26 campaign statements

In 2025–26, Defence Force Recruiting's Campaign Media investment was through a single campaign known as 'ADF Careers', which is executed through a variety of creative materials relating to Masterbrand, Navy Brand, Army Brand, Air Force Brand, Army Reserve Brand, Submariner, and Australian Defence Force Academy. Further information on our advertising campaigns is available at defence.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at finance.gov.au.

Advertising and market research

During 2025–26, we conducted advertising and market research for recruitment and other campaigns. In accordance with the *Commonwealth Electoral Act 1918*, Table 8.1 provides a breakdown of payments over the $17,300 (GST incl) threshold by vendor and purpose.

Table 8.1 Advertising, market research, direct mail and media advertising payments over $17,300 (GST incl), 2025–26

Organisation	Service provided	Payments ($)
Advertising		
TBWA Melbourne	Defence Force Recruiting – ADF Careers Army Creative	1,406,532
TBWA Melbourne	Defence Force Recruiting – ADF Careers Creative Advertising	9,962,802
VML Australia Pty Limited	Defence Force Recruiting – ADF Careers Creative Advertising	41,510
Market research		
Hall & Partners	Defence Force Recruiting – ADF Careers Continuous Brand Tracking	310,705
Hall & Partners	Defence Force Recruiting – 2025–26 ADF Careers Continuous Brand Tracking	859,215
Hall & Partners	Defence Force Recruiting – Market research for understanding the end-to-end life cycle of an ADF Recruitment candidate	195,030
Synergy Group Australia Pty Ltd	Graduate marketing campaign 2025–26	83,336
Universal McCann	Intelligence Pathway mid-year campaign	29,558
Whereto Research Based Consulting Pty Ltd	Defence Force Recruiting – market research for ADF Careers Campaign Army Creative	89,162
Whereto Research Based Consulting Pty Ltd	Defence Force Recruiting – market research testing for Career Discovery Hub	24,970
Media advertising		
Australian Public Service Commission	APS Jobs Fee 2025–26 for notices published in 2024–25	419,165
Pico Australia Pty Ltd	This transaction was required for the build, display and storage of the ASCA stand for the tradeshows (ADSTAR)	52,510
Pico Australia Pty Ltd	This transaction was required for the build, display and storage of the ASCA stand for the tradeshows (Land forces)	22,504
Universal McCann	Defence Force Recruiting – Below the Line Activation – Ultimate Classroom Season 2	811,971
Universal McCann	Defence Force Recruiting – ADF Careers Campaign Media, including dissemination fees	6,529,287
Universal McCann	Defence Force Recruiting – Below the Line Associated Services	122,969
Universal McCann	Defence Force Recruiting – 2025–26 ADF Careers Campaign Media including dissemination fees	47,084,774
Universal McCann	Defence Force Recruiting – 2025–26 Below the Line Activation – LadBible	63,899
Universal McCann	Defence Force Recruiting – 2025–26 Below the Line Associated Services	231,361
Universal McCann	Graduate advertisements	113,272
Universal McCann	SES recruitment media advertising	32,970

Table 8.1 Continued

Organisation	Service provided	Payments ($)
Universal McCann	Young Endeavour Youth Scheme (YEYS) – Advertisement servicing and measurements of digital social media on Facebook, Instagram and Snapchat for the purpose of the YEYS marketing 2025 ballot campaign.	21,804
Universal McCann	Defence Force Recruiting – complex non-campaign media	756,315
Universal McCann	Defence Force Recruiting – 2025–26 complex non-campaign media	7,715,686

Grants

Information on grants awarded by Defence during 2025–26 is available on the Australian Government's grant information system, GrantConnect at grants.gov.au.

Freedom of information

We provide members of the public access to government held information through the FOI Act and other arrangements, such as administrative release.

In 2025–26, we received 1,127 freedom of information requests and finalised 1,276. This reflects a consistent flow in the number of freedom of information requests received in the previous year. We have increased our timeframe compliance, with 93 per cent of matters finalised within the statutory timeframe.

We finalised 194 internal and external reviews, and managed three matters before the Administrative Review Tribunal. Of these, two were completed, including matters carried over from previous financial years.

Consistent with our obligations under the FOI Act, we provided quarterly and annual statistical reporting to the Office of the Australian Information Commissioner, which publishes the statistics at data.gov.au.

Our Information Publication Scheme statement, pursuant to Part II of the FOI Act, is available at defence.gov.au/about/governance/information-publication-scheme.

Defence public interest disclosure scheme

The Defence Public Interest Disclosure Scheme facilitates 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* (PID Act).

During 2025–26, Defence Authorised Officers assessed 132 matters and allocated 14 disclosures to the Defence Principal Officer and one to another agency for investigation under the PID Act. 64 disclosures were referred to other areas within Defence for investigation under another law or power. Of the 14 disclosures allocated to the Defence Principal Officer, one allegation was substantiated following investigation. 13 investigations either did not substantiate the allegations, were discontinued, or were referred to another area in accordance with section 48 of the PID Act.

Major works projects

In 2025–26, two major works projects, with a total value of $993.1 million were approved by the Parliamentary Standing Committee on Public Works. A further eight medium works projects, with a total value of $222.1 million, were notified to, and approved by, the committee.

Table 8.2 Major works projects that achieved parliamentary approval through the parliamentary standing committee on public works, 2025–26

Project	Location	Value ($m)
Blamey Barracks, Kapooka Redevelopment Project	Riverina (NSW)	889.2
9 Molonglo Drive Project	Canberra (ACT)	103.9
Total		**993.1**

Table 8.3 Notifications for medium works projects to the parliamentary standing committee on public works, 2025–26

Project	Location	Value ($m)
Facilities to Support SEA2000 ADF Maritime Mining Capability	HMAS *Stirling* (WA)	58.3
Facilities to Support Project SPA9358 Space Control Measures	Borneo Barracks (Qld)	56.7
Borneo Barracks Redevelopment Project Borneo Barracks (Qld)		26.4
Advanced Composite Development Centre	Williamstown (Vic)	25.6
Tranche 2 Joint Counter Improvised Explosive Device	Robertson Barracks (NT) Lavarack Barracks (Qld) Gallipoli Barracks (Qld)	25.0
Maritime Underwater Tracking Range Control Building and Supporting Facilities	HMAS *Stirling* (WA)	15.1
Australian Defence Satellite Communications Station Electrical Systems Replacement and Upgrade	Kojarena (WA)	6.5
Australian Defence Satellite Communications Station Critical Utilities Upgrade	Kojarena (WA)	8.5
Total		**222.1**

Remediation of information published in previous annual reports

Freedom of information

The Defence Annual Report 2024–25 (page 100) reported 1,148 freedom of information requests received in 2024–25. The correct number is 1,160. It also reported 994 freedom of information requests finalised in 2024–25 (page 100). The correct number is 1,006.

Appendix A:
Financial statements

for the year ended 30 June 2026

Auditor-General for Australia

Australian National Audit Office

Independent auditor's report

To the Minister for Defence

Opinion

In my opinion, the financial statements of the Department of Defence (the Entity) for the year ended 30 June 2026:

(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 the Entity as at 30 June 2026 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2026 and for the year then ended:

- Statement by the Secretary 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 material accounting policy information 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 the Entity 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, totalling $97.8 billion at 30 June 2026.

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 complexity and high degree of judgement in the cost attribution model that allocates accumulated capitalized costs on large scale acquisition projects between individual platform assets, associated spares and inventory; and
- the balance being significant relative to the Entity's Statement of Financial Position.

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 included 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;
- evaluated the sufficiency and appropriateness of the disclosure of the valuation process and balances reported in the financial statements;
- assessed whether the assumptions and judgements used by the Entity to determine the impairment of specialist military equipment are consistent with other available information including changes to planned capability and unscheduled repairs and maintenance;
- assessed management's assurance process for 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; and
- for significant projects, reviewed the quality assurance processes performed by management on the cost attribution model and the approval of cost allocations related to specialist military equipment under construction.

Valuation of administered employee provisions *Refer to Note 4.4A 'Employee provisions'* The Entity 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 the Entity's Administered Schedule of Assets and Liabilities ($139.8 billion as at 30 June 2026). In addition, the Australian Accounting Standards include detailed requirements for the presentation and disclosure 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 the Entity 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 the Entity'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 increase; • 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 the Entity, 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 the Entity to continue as a going concern, taking into account whether the Entity'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 skepticism 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 the Entity'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 the Entity'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 the Entity 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



Dr Caralee McLiesh PSM

Auditor-General for Australia

Canberra

30 September 2026

Statement by the Secretary and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2026 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.



Meghan Quinn PSM
Secretary – Department of Defence
30 September 2026



Samuel Volker
Acting Chief Finance Officer – Department of Defence
30 September 2026

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Department of Defence
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	**16,094,585**	15,051,909	15,820,396
Supplier expenses[2]	1.1B	**28,755,411**	24,973,130	27,010,722
Grants	1.1C	**121,248**	79,342	44,907
Finance costs	1.1D	**201,526**	161,427	124,156
Impairment loss allowance on financial instruments		**1,612**	12,482	-
Write-down of non-financial assets	1.1E	**2,071,763**	2,278,279	1,852,543
Expenses in relation to special accounts	1.1F	**26,186**	18,524	54,061
Other expenses	1.1G	**163,357**	98,383	538
Net foreign exchange losses	1.2F	**22,018**	69,026	-
Net loss from sale of assets		**26,347**	-	-
Depreciation and amortisation	3.2A	**8,762,242**	7,334,993	7,863,825
Total expenses		**56,246,295**	50,077,495	52,771,148
LESS:				
INCOME				
Own-source revenue				
Revenue from contracts with customers[2]	1.2A	**1,077,267**	777,526	731,912
Revenue in relation to special accounts	1.2B	**36,907**	32,329	114,222
Rental income	1.2C	**331,358**	290,238	326,067
Other revenue	1.2D	**318,038**	368,244	212,969
Total own-source revenue		**1,763,570**	1,468,337	1,385,170
Gains				
Net gains from sale of assets		**-**	85,348	-
Reversals of previous asset write-downs	1.2E	**1,451,191**	693,012	987,130
Other gains	1.2G	**262,528**	122,194	-
Total gains		**1,713,719**	900,554	987,130
Total income		**3,477,289**	2,368,891	2,372,300
Net cost of services		**52,769,006**	47,708,604	50,398,847
Revenue from Government				
Revenue from Government	1.2H	**42,543,549**	38,977,679	40,709,350
(Deficit)		**(10,225,457)**	(8,730,925)	(9,689,497)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	3.2A	**290,632**	4,208,127	-
Total other comprehensive income / (loss)		**290,632**	4,208,127	-
Total comprehensive (loss)		**(9,934,825)**	(4,522,798)	(9,689,497)

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

[2] Comparative information for 2024-25 has been reclassified to reflect pass-through cost recoveries. The amounts are now presented net within suppliers expense.

Department of Defence
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	**746,363**	707,361	321,680
Trade and other receivables	3.1B	**3,270,513**	3,182,278	2,975,681
Total financial assets		**4,016,876**	3,889,639	3,297,361
Non-financial assets				
Land	3.2A	**7,363,809**	7,551,266	7,131,773
Buildings	3.2A	**22,966,476**	21,320,643	20,017,119
Specialist military equipment	3.2A	**97,772,619**	93,662,080	95,184,253
Infrastructure	3.2A	**10,600,688**	10,591,880	9,761,466
Plant and equipment	3.2A	**1,856,362**	1,801,482	2,364,355
Heritage and cultural assets	3.2A	**404,709**	403,210	369,519
Intangibles	3.2A	**3,716,136**	3,710,086	4,149,610
Inventories	3.2B	**12,531,360**	11,356,198	11,225,024
Prepayments	3.2C	**3,857,912**	4,070,900	4,112,381
Total non-financial assets		**161,070,071**	154,467,745	154,315,500
Asset held for sale or distribution to owners	3.2D	**285,040**	33,614	68,417
Total assets	8.2	**165,371,987**	158,390,998	157,681,278
LIABILITIES				
Payables				
Suppliers payables	3.3A	**5,017,982**	5,588,903	5,184,755
Employee payables	3.3B	**467,892**	421,141	426,685
Other payables	3.3C	**1,018,744**	1,494,110	955,050
Total payables		**6,504,618**	7,504,154	6,566,490
Interest bearing liabilities				
Leases	3.4A	**3,544,869**	3,364,542	3,376,832
Total interest bearing liabilities		**3,544,869**	3,364,542	3,376,832
Provisions				
Employee provisions	3.5A	**3,738,694**	3,565,757	3,743,051
Asset restoration provisions	3.5B	**1,049,636**	1,082,647	1,056,201
Other provisions	3.5C	**110,925**	238,391	266,892
Total provisions		**4,899,255**	4,886,795	5,066,143
Total liabilities	8.2	**14,948,742**	15,755,491	15,009,465
Net assets		**150,423,245**	142,635,507	142,671,813
EQUITY				
Contributed equity		**125,721,619**	107,999,056	123,391,191
(Accumulated Deficit) / Retained surpluses		**(17,202,710)**	(6,977,253)	(18,124,955)
Reserves		**41,904,336**	41,613,704	37,405,577
Total equity		**150,423,245**	142,635,507	142,671,813

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

Department of Defence
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		**107,999,056**	93,451,248	107,987,851
Transactions with owners				
Distributions to owners				
Returns of capital - other				
Return of appropriations[2]		**(3,442)**	-	-
Restructuring	8.3	**2,553**	-	-
Contribution by owners				
Equity injection - appropriations		**14,036,118**	11,112,977	12,274,359
Working capital injection[3,4]		**900,000**	700,000	-
Departmental capital budget		**2,787,334**	2,734,831	3,128,980
Total transactions with owners		**17,722,563**	14,547,808	15,403,339
Closing balance as at 30 June		**125,721,619**	107,999,056	123,391,191
(ACCUMULATED DEFICIT) / RETAINED SURPLUSES				
Opening balance				
Balance carried forward from previous period		**(6,977,253)**	1,753,672	(8,435,459)
Comprehensive income				
(Deficit) for the period as reported		**(10,225,457)**	(8,730,925)	(9,689,497)
Total comprehensive (loss)		**(10,225,457)**	(8,730,925)	(9,689,497)
Closing balance as at 30 June		**(17,202,710)**	(6,977,253)	(18,124,955)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		**41,613,704**	37,405,577	37,405,577
Other Comprehensive income				
Other comprehensive income / (loss)	3.2A	**290,632**	4,208,127	-
Total comprehensive income / (loss)		**290,632**	4,208,127	-
Closing balance as at 30 June		**41,904,336**	41,613,704	37,405,577

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

[2] Return of appropriations relate to Appropriation Act (No.1) - Departmental Capital Budget withheld under section 51 of the PGPA Act.

[3] The working capital increase in 2025-26 of $900m supported Defence's ongoing working capital requirements. The adjustment provided funding to meet Defence industry commitments as and when they are due for payment. The increase is shown as a working capital injection.

[4] The working capital in 2024-25 of $700m partly addressed shortfalls in Defence's working capital requirements. While the increase in working capital in 2024-25 was by way of the movement of appropriation from 2027-28, the movement was represented as a working capital injection.

Department of Defence
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		**142,635,507**	132,610,497	136,957,970
Comprehensive (loss) / income				
(Deficit) for the period as reported		**(10,225,457)**	(8,730,925)	(9,689,497)
Other comprehensive income		**290,632**	4,208,127	-
Total comprehensive (loss)		**(9,934,825)**	(4,522,798)	(9,689,497)
Transactions with owners				
Distributions to owners				
Returns of capital - other				
Return of appropriations[2]		**(3,442)**	-	-
Restructuring	8.3	**2,553**	-	-
Contribution by owners				
Equity injection - appropriations		**14,036,118**	11,112,977	12,274,359
Working capital injection[3,4]		**900,000**	700,000	-
Departmental capital budget		**2,787,334**	2,734,831	3,128,980
Total transactions with owners		**17,722,563**	14,547,808	15,403,339
Closing balance as at 30 June		**150,423,245**	142,635,507	142,671,812

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

[2] Return of appropriations relate to Appropriation Act (No.1) - Departmental Capital Budget withheld under section 51 of the PGPA Act.

[3] The working capital increase in 2025-26 of $900m supported Defence's ongoing working capital requirements. The adjustment provided funding to meet Defence industry commitments as and when they are due for payment. The increase is shown as a working capital injection.

[4] The working capital in 2024-25 of $700m partly addressed shortfalls in Defence's working capital requirements. While the increase in working capital in 2024-25 was by way of the movement of appropriation from 2027-28, the movement is represented as a working capital injection.

Accounting Policy

Contributions by owners are amounts appropriated through Appropriation Acts. These are designated as ‘equity injections’ for a financial year (less any formal reductions) and Departmental Capital Budgets (DCBs). These are therefore recognised directly in contributed equity in that respective year.

Department of Defence
CASHFLOW STATEMENT
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		**43,064,908**	38,550,237	40,457,316
Section 74 receipts from OPA[2]		**1,943,014**	2,607,298	-
Good and services (including cost recovery)		**1,738,058**	2,208,084	737,733
Interest received		**63,548**	50,316	-
Receipts in relation to special accounts		**125,073**	23,781	123,192
GST received		**3,295,574**	3,630,922	3,125,378
Other		**192,430**	286,101	533,213
Total cash received		**50,422,605**	47,356,739	44,976,832
Cash used				
Employees		**(16,343,839)**	(14,901,506)	(15,555,862)
Suppliers		**(25,912,802)**	(24,001,772)	(25,620,991)
GST paid		**(3,332,312)**	(3,616,488)	(3,125,378)
Grants		**(71,248)**	(79,342)	(44,907)
Payments in relation to special accounts		**(38,588)**	(33,911)	(114,171)
Interest payments on lease liabilities		**(159,514)**	(117,871)	-
Section 74 receipts transferred to OPA[2]		**(1,943,014)**	(2,607,298)	-
Cash returned to OPA		**(70,720)**	(50,293)	-
Other		**(24,466)**	(102,407)	(124,691)
Total cash used		**(47,896,503)**	(45,510,888)	(44,585,999)
Net cash from operating activities		**2,526,102**	1,845,851	390,833
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of non-financial assets		**12,526**	113,112	37,608
Total cash received		**12,526**	113,112	37,608
Cash used				
Purchase of non-financial assets		**(17,107,741)**	(13,494,216)	(13,244,477)
Purchase of inventory		**(1,852,703)**	(1,976,976)	(2,158,862)
Selling costs on sale of assets		**(8,345)**	(17,792)	-
Total cash used		**(18,968,789)**	(15,488,984)	(15,403,339)
Net cash (used by) investing activities		**(18,956,263)**	(15,375,872)	(15,365,731)

[1] Portfolio Budget Statements 2025-26.

[2] Section 74 receipts transferred to and drawn down from the Official Public Account (OPA) reflect receipts retained by Defence under section 74 of the PGPA Act. These receipts predominately relate to goods and services activities (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
CASHFLOW STATEMENT (continued)
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
FINANCING ACTIVITIES				
Cash received				
Contributed equity		**17,046,408**	14,321,479	15,403,339
Total cash received		**17,046,408**	14,321,479	15,403,339
Cash used				
Principal payments of lease liabilities		**(574,676)**	(419,299)	(406,918)
Total cash used		**(574,676)**	(419,299)	(406,918)
Net cash from financing activities		**16,471,732**	13,902,180	14,996,421
Net increase / (decrease) in cash held		**41,571**	372,159	21,523
Cash and cash equivalents at the beginning of the reporting period		**707,361**	332,349	300,157
Effect of exchange rate movement on cash and cash equivalent at the beginning of the reporting period		**(2,569)**	2,853	-
Cash and cash equivalents at the end of the reporting period excluding assets held trust account	3.1A	**746,363**	707,361	321,680
Assets held in trust	8.1	**878,617**	398,963	-
Cash and cash equivalents at the end of the reporting period including assets held trust account		**1,624,980**	1,106,324	321,680

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

Department of Defence
BUDGET VARIANCE COMMENTARY
For the year ended 30 June 2026

An explanation of significant variances between the 2025-26 actual results and the Budget as presented in the 2025-26 *Portfolio Budget Statements* (PBS or Original Budget) that were published in March 2025 is detailed below. The budget is not audited. The budget figures as published in the PBS have been adjusted to align with the presentation and classification adopted in the financial statements.

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 Defence's performance.

A number of variances are impacted by the timing of the Commonwealth's budget process including amendments by the Government throughout the year, to the Original Budget as presented in the 2025-26 PBS. Defence's budget for 2025-26 was updated as part of the 2025-26 *Portfolio Additional Estimates Statements* (PAES), the 2025-26 *Portfolio Supplementary Additional Estimates Statement* (PSAES) and 2026-27 *Portfolio Budget Statements*.

A number of significant items within Defence's Statement of Comprehensive Income are subject to factors partly outside Defence's control and do not necessarily follow historical trends. These items include write-down of non-financial assets, other expenses, reversals of previous asset write-downs, other revenue and other gains. The budget was prepared using assumptions and estimates available at the time of preparation. Actual outcomes for 2025-26 were affected by changes in external factors and conditions, resulting in variances from budget estimates.

Departmental Statement of Comprehensive Income

Departmental expenses

Departmental expenses were $3,475.1m (6.6%) higher than the Original Budget. The major items contributing to this variance are outlined below:

- Supplier expenses were $1,744.7m (6.5%) higher than the Original Budget. During 2025-26, Defence made AUKUS-related payments that were greater than the Original Budget. Consistent with the higher than budgeted Revenue from Government, additional funding was provided by the Government in 2025-26 to support these payments.
- Depreciation and amortisation expenses were $898.4m (11.4%) higher than the Original Budget. This increase was primarily driven by a higher than budgeted asset base, reflecting the full-year impact of 2024-25 fair value adjustments of $4,208.1m and capital additions that exceeded budget by $1,943.4m (14.1%) during 2025-26. The higher asset base resulted in corresponding increases in depreciation and amortisation expenses.
- Employee benefits were $274.2m (1.7%) higher than the Original Budget. This was primarily driven by a higher than budgeted Australian Defence Force workforce of 2,398 (4.0%) (actual Average Funded Strength (AFS) of 61,771 compared to Original Budget AFS of 59,373) during 2025-26, reflecting improved recruitment and retention. The increase was partially offset by changes to actuarial assumptions, including higher government bond rates as at 30 June 2026 compared with 30 June 2025, which reduced the employee benefits expense.
- Write-downs of non-financial assets were $219.2m (11.8%) higher than the Original Budget. The non-linear nature of asset write-downs can result in fluctuations between actual outcomes and budget estimates. The variance in 2025-26 was primarily attributable to higher than anticipated asset and inventory disposals and pricing adjustments.
- Other expenses were $162.8m higher than the Original Budget. This was primarily driven by increased asset restoration provision requirements across the Defence estate and higher than budgeted returns to the Official Public Account for interest earned on funds held in the United States.
- Grants were $76.3m (170.0%) higher than the Original Budget. This was primarily driven by the Australian Government's decision to contribute $50.0m to NATO's Prioritised Ukraine Requirements List, which was made after the Original Budget was prepared.

Departmental income

Departmental income, including Revenue from Government, was $2,939.2m (6.8%) higher than the Original Budget. The major items contributing to this variance are outlined below:

- Revenue from Government was $1,834.2m (4.5%) higher than the Original Budget. Defence received additional government funding during 2025-26 to support AUKUS-related payments and increased preparedness and capability acquisition within the Integrated Investment Program.
- Reversals of previous asset write-downs were $464.2m (47.0%) higher than the Original Budget. The non-linear nature of reversals of previous asset write-downs can result in fluctuations between actual outcomes and budget estimates.

Department of Defence
BUDGET VARIANCE COMMENTARY
For the year ended 30 June 2026

Departmental income (continued)

- Revenue from contracts with customers was $345.4m (47.2%) higher than the Original Budget. This was primarily driven by higher than budgeted foreign government activities and recoveries from related entities. The timing and volume of these activities can vary significantly from year-to-year, resulting in variances from budget estimates.
- Other gains were $262.5m higher than the Original Budget. This was primarily driven by gains arising from the re-measurement and revision of provision balances including make-good provisions. The timing and magnitude of these movements are difficult to predict when the Original Budget is prepared, therefore Defence does not budget for other gains.
- Other revenue was $105.1m (49.3%) higher than the Original Budget. This was primarily driven by revenue earned from services provided to foreign governments and refunds received by Defence. The timing and value of these transactions can vary from year-to-year and were higher than anticipated when the Original Budget was prepared.
- Revenue in relation to special accounts was $77.3m (67.7%) lower than the Original Budget. The timing of the underlying activities, and associated revenue and expenditure, was uncertain at the time the Original Budget was prepared. Subsequent reassessment of activity timing resulted in revenue being recognised later than originally anticipated and reflected in revised budget estimates.

Other Comprehensive Income

Other comprehensive income was $290.6m higher than the Original Budget. This was driven by asset revaluation movements, including upward revaluations of Buildings ($519.8m) and Specialist Military Equipment ($213.7m) asset classes, partly offset by a downward revaluation of Infrastructure ($440.6m) asset class. Asset revaluation movements are not budgeted due to the uncertainty associated with future market conditions and valuation inputs.

Departmental Statement of Financial Position

Departmental assets

Departmental assets were $7,690.7m (4.9%) higher than the Original Budget. This was primarily driven by:

- Non-financial assets were $6,754.6m (4.4%) higher than the Original Budget. This comprises predominantly:
    - Non-financial assets (excluding inventories and prepayments) were $5,702.7m (4.1%) higher than the Original Budget, reflecting:
        - The Original Budget opening balance for non-financial assets was $4,951.2m (3.7%) lower than the finalised 2024-25 closing balances, primarily reflecting 2024-25 asset revaluations of $4,208.1m. This is due to the timing of the Original Budget;
        - Capital additions exceeding the Original Budget by $1,943.4m (14.1%), due to increased preparedness and capability acquisition within the Integrated Investment Program;
        - Asset revaluation increments of $290.6m that are not budgeted due to uncertainty in future market conditions and valuation inputs;
        - Lower than budgeted net write-down of non-financial assets of $244.8m (28.3%); *offset by*
        - Higher than budgeted depreciation and amortisation expenses of $898.4m (11.4%).
    - Inventories were $1,306.3m (11.6%) higher than the Original Budget. This was partly driven by a difference between the Original Budget opening inventory balance and the finalised 2024-25 closing balance. The variance was further impacted by the transfer of $790.8m of general stores inventory assets from Specialist Military Equipment (SME) to inventories, which were purchased as part of Defence's capital projects.
    - Prepayments were $254.5m (6.2%) lower than the Original Budget. This was primarily due to the timing of prepayments relating to Foreign Military Sales (FMS) and cooperative programs. The timing and value of these transactions can vary from budget estimates, resulting in fluctuations in prepayment balances.
- Financial assets were $719.5m (21.8%) higher than the Original Budget. This primarily reflects:
    - Cash and cash equivalents balance was $424.7m (132.0%) higher than the Original Budget of $321.6m, primarily due to the timing of payments made under Foreign Military Sales (FMS) arrangements and payments made on behalf of other foreign governments. As a result, cash balances held in special accounts and demand deposits were higher than what was initially estimated in the Original Budget.

Departmental assets (continued)

- Trade and other receivables being $294.8m (9.9%) higher than the Original Budget. This was primarily due to higher than budgeted sub-lease receivables relating to properties leased on behalf of related entities and cost recoveries from government entities that were not anticipated in the Original Budget.
- Assets held for sale and distribution to owners being $216.6m higher than the Original Budget. At 30 June 2026, Defence held 13 properties classified as held for distribution to owners as part of its divestment program for surplus, underutilised and non-essential Defence sites across Australia.

Departmental liabilities

Departmental liabilities were $60.7m (0.4%) lower than the Original Budget. Major items contributing to this variance are outlined below:

- Supplier payables were $166.8m (3.2%) lower than the Original Budget, primarily due to the timing of payments made by Defence, consistent with the timing impacts discussed under Cash and Cash Equivalents above. Further, the working capital increase in 2025-26 of $900m supported Defence's ongoing working capital management to meet Defence industry commitments as and when they are due for payment.
- Other provisions were $156.0m (58.4%) lower than the Original Budget, primarily due to the re-measurement and revision of provision balances, that were not anticipated when the Original Budget was prepared.
- Lease liabilities were $168.0m (5.0%) higher than the Original Budget, primarily due to new lease arrangements entered into during late 2025-26 that were not factored into the Original Budget.
- Other payables were $63.7m (6.7%) higher than the Original Budget. This was primarily driven by cash received in advance (unearned revenue) for foreign government activities and the timing of statutory payments.
- Employee payables were $41.2m (9.7%) higher than the Original Budget due to a higher than budgeted Australian Defence Force workforce for 2025-26.

Departmental equity

Departmental equity was $7,751.4m (5.4%) higher than the Original Budget. This was primarily attributable to a higher 2025-26 opening balance of $5,677.5m (4.1%) on account of the finalised 2024-25 closing balances being higher than the budgeted 2024-25 closing balance. This difference was driven largely by 2024-25 asset revaluations of $4,208.1m, asset revaluation increments of $290.6m recognised during 2025-26, and higher than the originally budgeted equity injections to support increased preparedness and capability acquisition within the Integrated Investment Program and included funding provided to address Defence's working capital requirements.

Departmental Cash Flow Statement

Departmental net cash from operating activities

Departmental net cash from operating activities was $2,135.3m (546.3%) higher than the Original Budget. This was primarily driven by higher than budgeted appropriations receipts of $2,607.6m (6.4%) to support AUKUS-related payments and receipts from the sale of goods and rendering of services (including cost recoveries) of $1,000.3m (135.6%) associated with higher than budgeted foreign government activities during 2025-26. These increases were partially offset by higher employee payments of $788.0m (5.1%) primarly driven by a higher than budgeted Australian Defence Force workforce.

Departmental net cash used by investing activities

Departmental net cash used by investing activities was $3,590.5m (23.4%) higher than the Original Budget. This was primarily driven by purchases of non-financial assets being $3,863.3m (29.2%) higher than the Original Budget, partially offset by lower-than-budgeted inventory purchases being $306.2m (14.2%). Higher capital expenditure reflects a number of projects progressing to more mature stages of the delivery cycle, with reduced project slippage compared with prior years and continued improvements in industry delivery performance. Further, capital expenditure was bolstered by equity injections received from Government to support increased preparedness and capability acquisition within the Integrated Investment Program.

Departmental net cash from financing activities

Departmental net cash from financing activities was $1,475.3m (9.8%) higher than the Original Budget. This was primarily driven by higher than the originally budgeted equity injections received from Government to support increased preparedness and capability acquisition within the Integrated Investment Program and included funding provided to address Defence’s working capital requirements.

Department of Defence
BUDGET VARIANCE COMMENTARY
For the year ended 30 June 2026

Departmental net cash result[1]

Defence recorded a net cash deficit of $156.9m in 2025-26, equivalent to 0.3% cent of total funding. This outcome comprised a net operating deficit of $231.3m, partially offset by a net capital surplus of $74.4m.

Comparisons to budget are based on the 2025-26 Estimated Actuals published in the 2026-27 Portfolio Budget Statements, which reflect the latest published estimates of funding, operating expenses and capital expenditure for 2025-26.

Defence's net cash result improved significantly from the $466.0m deficit recorded in 2024-25, representing a year-on-year improvement of $309.1m.

Net operating result

Defence recorded an operating deficit of $231.3m in 2025-26, compared with a budgeted operating deficit of $5.9m. The result represents 0.5% of total operating funding and was primarily driven by higher than budgeted supplier expenses associated with increased sustainment-related expenditure.

Net capital result

Defence recorded a capital surplus of $74.4m in 2025-26, compared with a budgeted capital deficit of $38.7m. This modest capital surplus of 0.4% is due to minor timing variations across a range of capital categories.

[1] Budget in the “Department net cash result” section refers to the 2025-26 estimated actuals as published in the Portfolio Budget Statements 2026-27.

Department of Defence
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	2.1A	**10,642,462**	10,348,132	10,066,446
Subsidies	2.1B	**298,600**	289,412	255,100
Impairment loss allowance on financial instruments	2.1C	**5**	39	-
Total expenses		**10,941,067**	10,637,583	10,321,546
INCOME				
Revenue				
Non taxation revenue				
Licence fees	2.2A	**30,605**	25,274	26,573
Military superannuation contributions	2.2B	**1,105,161**	1,102,317	1,043,042
Other revenue	2.2C	**54,551**	48,893	43,047
Total non-taxation revenue		**1,190,317**	1,176,484	1,112,662
Total Income		**1,190,317**	1,176,484	1,112,662
Net (cost of) / contribution by services		**(9,750,750)**	(9,461,099)	(9,208,884)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		**252,032**	362,955	-
Actuarial gains / (losses) on defined benefits plans	4.5	**7,248,600**	3,090,000	-
Total other comprehensive income / (loss)		**7,500,632**	3,452,955	-
Total comprehensive (loss) / income		**(2,250,118)**	(6,008,144)	(9,208,884)

The above statement should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

Department of Defence
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
As at 30 June 2026

	Notes	2026 $'000	2025 $'000	Original Budget[1] $'000
ASSETS				
Financial assets				
Trade and other receivables	4.1A	**48,880**	50,103	48,645
Equity accounted investments	4.1B	**4,413,027**	4,160,995	4,152,780
Total financial assets		**4,461,907**	4,211,098	4,201,425
Non-financial assets				
Other non-financial assets	4.2A	**2,831**	4,972	3,359
Total non-financial assets		**2,831**	4,972	3,359
Total assets administered on behalf of Government		**4,464,738**	4,216,070	4,204,784
LIABILITIES				
Payables				
Other payables	4.3A	**99,371**	94,631	106,541
Total payables		**99,371**	94,631	106,541
Provisions				
Employee provisions	4.4A	**139,761,600**	141,071,500	142,508,650
Total provisions		**139,761,600**	141,071,500	142,508,650
Total liabilities administered on behalf of Government		**139,860,971**	141,166,131	142,615,191
Net liabilities		**(135,396,233)**	(136,950,061)	(138,410,407)

The above schedule should be read in conjunction with the accompanying notes.

[1] Portfolio Budget Statements 2025-26.

Department of Defence
ADMINISTERED RECONCILIATION SCHEDULE
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Opening assets less liabilities as at 1 July		**(136,950,061)**	(134,440,088)
Net (cost of) / contribution by services			
Income	2.2A to C	**1,190,317**	1,176,484
Expenses			
Payments to entities other than corporate Commonwealth entities	2.1A to C	**(10,941,067)**	(10,637,583)
Other comprehensive income			
Revaluations taken to / (from) reserves:			
- Defence Housing Australia (DHA)	4.1B	**247,686**	361,037
- Small portfolio entities	4.1B	**4,346**	1,919
Actuarial gains / (losses)	4.5	**7,248,600**	3,090,000
Transfers (to) / from the Australian Government			
Appropriation transfers from OPA:			
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	5.1C	**5,209,543**	4,774,564
Transfers to OPA		**(1,548,146)**	(1,508,432)
Write off of liabilities		**-**	84,799
Funded benefit payments to the members, not drawn down from special appropriations		**142,549**	147,239
Closing assets less liabilities as at 30 June		**(135,396,233)**	(136,950,061)

The above schedule should be read in conjunction with the accompanying notes.

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 CASHFLOW STATEMENT
For the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
OPERATING ACTIVITIES			
Cash received			
Fees		**34,381**	21,408
Superannuation contributions		**1,459,214**	1,437,668
Other		**54,551**	49,356
Total cash received		**1,548,146**	1,508,432
Cash used			
Subsidies		**(293,865)**	(215,338)
Employees		**(4,915,678)**	(4,559,226)
Total cash used		**(5,209,543)**	(4,774,564)
Net cash (used by) operating activities		**(3,661,397)**	(3,266,132)
Net (decrease) in cash held		**(3,661,397)**	(3,266,132)
Cash from the Official Public Account for:			
Appropriations		**5,209,543**	4,774,564
Total cash from Official Public Account		**5,209,543**	4,774,564
Cash to Official Public Account			
Appropriations		**(1,548,146)**	(1,508,432)
Total cash to Official Public Account		**(1,548,146)**	(1,508,432)
Cash and cash equivalents at the beginning of the reporting period		**-**	-
Transfer to Departmental		-	-
Cash and cash equivalents at the end of the reporting period		**-**	-

Department of Defence
ADMINISTERED BUDGET VARIANCE COMMENTARY
For the year ended 30 June 2026

Administered Schedule of Comprehensive Income

Administered expenses

Administered expenses were $619.5m (6.0%) higher compared to the Original Budget. This is largely attributed to higher than budgeted employee benefits of $576.0m (5.7%) driven by superannuation expenses. The variance to budget is due to the results of the 2025-26 actuarial valuations of the employee provisions, and differences in applied bond rates between actuals and the Original Budget.

Administered income

Administered income was $77.7m (7.0%) higher than the Original Budget, due to higher than budgeted Military superannuation contributions of $62.1m (6.0%) driven by changes in the membership profile of the superannuation schemes over the course of the financial period that were not anticipated when the Original Budget was prepared.

Administered other comprehensive income

The total administered other comprehensive income is higher than the Original Budget by $7,500.6m primarily due to actuarial gains on defined benefit plans of $7,248.6m. This primarily relates to actuarial gains driven by an increase in discount rate in MSBS ($4,656m) from 5.0% to 5.4% and DFRDB ($1,453m) from 4.4% to 4.9%. Additionally, there was an actuarial gain on MSBS plan assets ($770.0m). Due to the uncertainty in the movement of this balance, these amounts are not budgeted. This was partially offset by fluctuations in actual experience reflecting changes in the membership profile and differences between assumptions on wage growth and CPI inflation outcomes.

Administered Schedule of Assets and Liabilities

Administered assets

Administered assets were $260.0m (6.2%) higher than the Original Budget. This is largely attributed to the value of equity accounted investments which were $260.2m (6.3%) higher than the Original Budget. This is due to the higher than budgeted increase in investment valuation, primarily in DHA.

Administered liabilities

Administered liabilities were $2,754.2m (1.9%) lower than the Original Budget. This is largely attributed to employee provisions which were $2,747.1m (1.9%) lower than the Original Budget. The Original Budget was developed using a long term discount rate based on the Long Term Cost Report, being CPI plus 2.5%. The 2025-26 actuals are based on the spot rate of the government bond matched to the average liability duration for each scheme. Fluctuations in actual experience reflecting changes to membership profile and differences between assumptions on wage growth and CPI inflation outcomes also contributed to the variance to the Original Budget.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

Overview

The Department of Defence (Defence) is a federal government entity domiciled in Australia. 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:

- Administering and reporting member and employer superannuation contributions paid during the year to the Defence Force Retirement and Death Benefits (DFRDB) scheme, the Military Superannuation and Benefits Scheme (MSBS) and Australian Defence Force Cover (ADF Cover). Defence accounts for the liability for these schemes plus the Defence Forces Retirement Benefits (DFRB) scheme and the statutory death and invalidity scheme, Australian Defence Force Cover (ADF Cover); and
- Administering the Defence Home Ownership Assistance Scheme (DHOAS), which supports the Government's retention and recruitment initiatives and influences 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 (except for Note 4.4 - Administered Provisions and Note 4.5 - Administered - Defined Benefit Plans which are Tier 1 disclosures) under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 which are recorded 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.

Comparative reclassification

Other

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 were no changes to the comparative operating deficit or net assets reported.

Taxation

Defence is exempt from all forms of taxation except Fringe Benefits Tax (FBT), 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.

Estimation Uncertainty

In preparing the 2025–26 financial statements, Defence made judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimate is revised and in any future periods affected.

Impact of the Conflict in the Middle East

Defence has considered the impact of the ongoing conflict in the Middle East on estimation uncertainty across the financial statements. The key assumptions impacted were inflation and interest rates used in the measurement of asset restoration provisions, employee provisions and other provisions. Higher inflation and interest rates directly impact the determination of the discount rates used in measurement of financial statement balances.

The assumptions applied reflect the economic conditions existing at 30 June 2026. Based on the information available at that date, changes in these assumptions did not result in a material impact on provision balances. Defence has monitored relevant economic indicators up to the date of authorisation of the financial statements and has not identified conditions that give rise to material uncertainty in the carrying amounts of provisions.

Fair Value Measurement of Non-Financial Assets

Defence has also assessed the impact of the conflict in the Middle East on the fair value measurement of non-financial assets. Valuations have been prepared on the basis that fair values are current only at the valuation date.

While market conditions may result in asset values changing over a relatively short period of time, the valuers have confirmed that the valuation methodologies and inputs applied remain appropriate. Under current extraordinary market conditions, a higher degree of estimation uncertainty exists than would normally be the case.

National Defence Strategy, Integrated Investment Program and Defence Estate Audit

In December 2025, the Minister for Defence and Minister for Defence Industry announced the establishment of the Defence Delivery Agency (DDA) from 1 July 2027. This announcement did not give rise to adjustments to the 2025–26 financial statements.

In April 2026, the Government announced the 2026 National Defence Strategy (NDS) and the 2026 Integrated Investment Program (IIP). Defence has assessed the impact of these announcements on the 2025–26 financial statements and determined that they did not have a material impact on reported balances or disclosures for the reporting period.

During 2025–26, the Government agreed to the Defence Estate Audit recommendations, and Defence commenced the implementation, including the planned divestment of certain properties. Any assets classified for divestment and associated transactions have been recognised in the financial statements in accordance with applicable accounting standards when the relevant recognition criteria are met. These activities have not impacted the 2025–26 financial statements materially.

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 Statement of Financial Position date (reporting 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 2026, 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 2026, 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 year ended 30 June 2026

1. Financial Performance

This section analyses the financial performance of Defence for the year ended 30 June 2026

1.1: Expenses

	2026 $'000	2025 $'000
Note 1.1A: Employee benefits		
Australian Public Service (APS) employee benefits		
Wages and salaries	**2,150,746**	2,000,848
Superannuation		
Defined contribution plans	**293,036**	282,678
Defined benefit plans	**106,793**	89,480
Leave and other entitlements	**286,616**	279,312
Fringe benefits tax	**24,863**	24,777
Separation and redundancies	**2,733**	2,910
Other allowances	**129,355**	114,806
Health expenses	**5,186**	3,684
Other employee expenses	**1,143**	1,916
Total APS employee benefits	**3,000,471**	2,800,411
Australian Defence Force (ADF) employee benefits		
Wages and salaries	**6,956,462**	6,413,542
Superannuation		
Defined contribution plans	**642,990**	543,669
Defined benefit plans	**1,225,057**	1,228,691
Housing[1]	**1,118,851**	1,023,949
Leave and other entitlements	**819,779**	880,179
Fringe benefits tax	**738,613**	659,228
Overseas allowances	**123,545**	131,496
Separation and redundancies	**10,679**	11,119
Other allowances	**447,783**	422,463
Health expenses[2]	**729,738**	681,093
Other employee expenses	**280,617**	256,069
Total ADF employee benefits	**13,094,114**	12,251,498
Total employee benefits	**16,094,585**	15,051,909

[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 expenses as the benefits are directly connected with employment and Defence is responsible for setting the standards of housing for ADF members. 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.

For the current financial period, sublease expenses were $786.4m (2024-25: $707.3m).

[2] Defence is required under its legislative and regulatory framework to provide comprehensive health care to members of the Australian Defence Force (ADF) under *Defence Regulation 2016*, section 49.

1.1A: Employee benefits (continued)

Accounting Policy

Defence's workforce comprises of the Australian Public Service (APS) (i.e. civilians) and Australian Defence Force (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 benefits 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.

(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. When Defence 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

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 *Employee Benefits*.

The liability for superannuation recognised in the Departmental statements as at 30 June 2026 represents outstanding contributions yet to be paid.

(d) Superannuation – ADF members

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 *Employee Benefits*.

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 2026 represents outstanding contributions yet to be paid. The liabilities for DFRDB, MSBS, and 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 Leave 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 *Leases* 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
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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, salary on-costs and discount rates.

Note 1.1B: Supplier expenses

	2026	2025
	$'000	$'000
Goods and services supplied or rendered[1]		
Sustainment (including repair and overhaul)	**13,948,642**	11,294,356
Communications and information technology[2]	**3,092,795**	2,503,388
Estate upkeep	**2,213,959**	2,378,097
Professional services / technical advice	**2,193,310**	1,156,027
Administration	**1,259,544**	1,155,416
Inventory consumption	**1,184,436**	1,008,711
Purchase of minor assets	**711,790**	720,608
Freight, storage and removal	**682,739**	659,111
Training	**678,878**	681,972
Utilities	**524,343**	523,625
Project management costs	**520,502**	696,247
Garrison support and mess operations	**475,580**	444,640
Research and development	**393,528**	633,563
Travel	**384,284**	448,494
Foreign Government activities	**16,078**	96,231
Other	**392,974**	399,609
Total goods and services supplied or rendered	**28,673,382**	24,800,095
Goods and services supplied or rendered are made up of:		
Goods supplied	**3,781,246**	2,907,864
Services rendered[2]	**24,892,136**	21,892,231
Total goods and services supplied or rendered	**28,673,382**	24,800,095
Other supplier expenses		
Short-term leases[3]	**24,019**	109,830
Low value leases	**23,648**	26,444
Variable lease payments	**1,484**	2,111
Workers' compensation expenses	**32,878**	34,650
Total other supplier expenses	**82,029**	173,035
Total suppliers expenses	**28,755,411**	24,973,130

[1] During 2025-26, Defence reviewed the classification of supplier expenses within the Supplier Expenses note. This review resulted in the reclassification of certain expense categories. Comparative figures for 2024-25 have been aligned with this classification to provide accurate comparatives. This reclassification did not impact the total supplier expenses balance.

[2] Comparative information for 2024-25 has been updated to reclassify pass-through costs recovered that were previously recorded as revenue. The comparative balance has been reclassified and is now presented within services rendered.

[3] The above lease disclosures should be read in conjunction with the accompanying notes 1.1D, 1.2C, 3.2A and 3.4A.

Defence has short-term lease commitments of $3.2m as at 30 June 2026 (2024-25: $4.3m).

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. The low-value asset threshold applied has been updated in 2025-26, with the Plant and Equipment assets threshold increased to $20,000. The threshold for all other non-financial asset classes remains $10,000.

Defence recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2026 $'000	2025 $'000
Note 1.1C: Grants		
State and Territory governments	**7,651**	12,235
Non-profit organisations	**58,258**	59,886
Overseas	**55,339**	7,221
Total grants	**121,248**	79,342
Note 1.1D: Finance costs		
Interest on lease liabilities	**159,514**	117,871
Unwinding of discount - asset restoration provisions	**42,012**	43,556
Total finance costs	**201,526**	161,427

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2C, 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

Note 1.1E: Write-down of non-financial assets		
Land and buildings	**137,190**	111,695
Specialist military equipment	**1,161,491**	1,226,221
Infrastructure	**39,251**	15,324
Plant and equipment	**57,070**	62,079
Heritage and cultural assets	**1**	-
Intangibles	**6,613**	245,485
Inventories	**670,147**	617,475
Total write-down of non-financial assets	**2,071,763**	2,278,279

Accounting Policy

The relevant accounting policy for write-down of non-financial assets is detailed in Note 3.2A. The relevant accounting policy for inventory is detailed in Note 3.2B.

Note 1.1F: Expenses in relation to special accounts		
Expenses in relation to special accounts	**26,186**	18,524
Total expenses in relation to special accounts	**26,186**	18,524

Accounting Policy

Expenses are recorded as incurred under the conditions of the contractual arrangement with the vendor. Where expenditure is in relation to an asset, it is capitalised in accordance with the accounting policy for non-financial assets in Note 3.2A. Expenses are not able to exceed funds received.

Note 1.1G: Other expenses		
Returns to the official public account	**70,720**	50,293
Defective administration scheme payments	**8,792**	2,934
Asset restoration provisions	**82,175**	44,868
Other	**1,670**	288
Total other expenses	**163,357**	98,383

Department of Defence
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1.2: Own-Source Revenue and Gains

	2026 $'000	2025 $'000
Note 1.2A: Revenue from contracts with customers		
Provision of goods - Major product line		
Rations and quarters	**79,759**	71,824
Provision of fuel	**37,529**	51,516
Foreign Government activities	**331,832**	278,420
Other (including sale of obsolete and surplus inventory)	**45,856**	33,344
Total provision of goods	**494,976**	435,104
Rendering of services - Major service line		
Logistics support recovery	**92,640**	56,788
Other recoveries	**91,054**	100,022
Other Governments / agencies[1]	**289,617**	128,709
Other	**108,980**	56,903
Total rendering of services	**582,291**	342,422
Total revenue from contracts with customers	**1,077,267**	777,526
Timing of transfer of goods and services:		
Over time[1]	**712,029**	455,721
Point in time	**365,238**	321,805
Total revenue from contracts with customers	**1,077,267**	777,526

[1] Comparative information for 2024-25 has been reclassified to reflect pass-through cost recoveries previously reported within Other Governments / agencies. The amounts are now presented net against Communications and information technology expenses, with the related revenue disclosed within Goods and services provided over time.

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 the sale of obsolete and surplus inventory and assets. Revenue recognised over time primarily relates to revenue relating to cost recovery of foreign government activities, services provided such as licences, rent and water services, project contributions, and rendering of other services.

Revenue from foreign government activities within the scope of AASB 15 *Revenue from Contracts with Customers* is recognised over time based on meeting milestones set within the individual contractual arrangements Defence has with foreign governments. Revenue from foreign government activities not within scope of AASB 15 is reported in note 1.2D.

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.

Note 1.2B: Revenue in relation to special accounts		
Revenue in relation to special accounts	**36,907**	32,329
Total revenue in relation to special accounts	**36,907**	32,329

Accounting Policy

Revenue is recognised based on the performance obligations within the contract and is recorded over time.

Note 1.2C: Rental income		
Operating leases		
Group rental scheme[1]	**260,187**	236,055
Other[2]	**40,924**	34,217
Total operating leases	**301,111**	270,272
Finance leases		
Finance income	**30,247**	19,966
Total finance leases	**30,247**	19,966
Total rental income	**331,358**	290,238

[1] Group rental scheme relates to funds withheld from ADF service personnel pay in return for housing.
[2] Defence 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.

	2026 $'000	2025 $'000
Note 1.2C: Rental income (continued)		
Maturity analysis of operating lease income:		
Within one year	**29,114**	28,403
One to two years	**29,841**	29,114
Two to three years	**-**	29,841
Total undiscounted lease payments receivable	**58,955**	87,358
Maturity analysis of finance lease income receivables:		
Within one year	**68,090**	64,582
One to two years	**69,341**	62,824
Two to three years	**68,861**	60,090
Three to four years	**70,371**	56,511
Four to five years	**71,346**	56,157
More than five years	**762,789**	706,456
Total undiscounted lease payments receivable	**1,110,798**	1,006,620
Unearned finance income	**(253,952)**	(244,876)
Net investment in leases	**856,846**	761,744

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 3.2A and 3.4A.

Note 1.2D: Other revenue		
Foreign government activities	**99,745**	121,943
Interest revenue	**63,582**	50,316
Other refunds	**56,356**	189,340
Excise refunds	**60,890**	463
Other minor revenues	**1,042**	2,512
Settlement of damages	**18,417**	-
Resources received free of charge:		
Remuneration of auditors	**3,600**	3,670
Other resources received free of charge	**14,406**	-
Total other revenue	**318,038**	368,244

Accounting Policy

Goods and services received free of charge 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 Note 3.2A(g).

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	2026	2025
	$'000	$'000
Note 1.2E: Reversals of previous asset write-downs		
Land	**1,164**	-
Buildings	**109,542**	58,531
Specialist military equipment	**643,210**	280,063
Infrastructure	**32,575**	26,137
Plant and equipment	**25,581**	65,781
Heritage and cultural assets	**179**	442
Software and intangibles	**34,249**	8,555
Total property, plant and equipment and intangibles	**846,500**	439,509
Receivables	**4,721**	-
Inventory	**599,970**	253,503
Total reversal of previous asset write-downs	**1,451,191**	693,012

Accounting Policy

The relevant accounting policy for Reversals of previous asset write-downs is detailed in Note 3.2A. The relevant accounting policy for inventory is detailed in Note 3.2B.

Note 1.2F: Foreign exchange		
Foreign exchange (gains)		
Non-speculative	**(134,879)**	(90,156)
Foreign exchange losses		
Non-speculative	**156,897**	159,182
Total net foreign exchange losses / (gains)	**22,018**	69,026

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 reporting 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.

Note 1.2G: Other gains		
Reversal / write back of provisions	**262,528**	122,194
Total other gains	**262,528**	122,194

Accounting Policy

Reversal / write back of provisions relate to the movements in provisions based on changes in estimates impacting the Asset restoration provisions in Note 3.5B and Other provisions in Note 3.5C.

Note 1.2H: Revenue from Government		
Appropriations:		
Departmental appropriations	**42,842,065**	38,824,925
Net accrual adjustments including NWNL supplementation / (handback)	**(298,516)**	152,754
Total revenue from Government	**42,543,549**	38,977,679

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 2026 are reflected as a receivable and are available to be drawn down to meet future obligations. Appropriations receivable are recognised at their nominal amounts.

2. 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

	2026 $'000	2025 $'000
2.1A: Employee benefits		
Superannuation:		
Defined benefit plans		
Net service cost	**3,803,000**	3,804,000
Net interest cost	**6,836,700**	6,527,971
Retention benefits	**2,762**	16,161
Total employee benefits	**10,642,462**	10,348,132

Employee benefits expense primarily comprises:

a) Net service cost, which represents the present value of the increase in members' superannuation entitlements arising from employee service rendered during the reporting period; and

b) Net interest cost, which represents the unwinding of the discount applied to the defined benefit obligation as the liability approaches maturity, offset by the expected return on plan assets where applicable.

2.1B: Subsidies		
Subsidies in connection with:		
Related parties:		
Defence Home Ownership Assistance Scheme	**298,600**	289,412
Total subsidies	**298,600**	289,412
2.1C: Impairment loss allowance on financial instruments		
Impairment on trade and other receivables	**5**	39
Total impairment loss allowance on financial instruments	**5**	39

2.2: Administered – Income

Non-Taxation Revenue		
2.2A: Licence fees		
Licence fees	**30,605**	25,274
Total licence fees	**30,605**	25,274

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: Military superannuation contributions		
Military superannuation contributions	**1,105,161**	1,102,317
Total military superannuation contributions	**1,105,161**	1,102,317
2.2C: Other revenue		
Competitive neutrality revenue - Defence Housing Australia	**54,551**	48,893
Total other revenue	**54,551**	48,893

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 applied.

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, 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.

Department of Defence
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3. Financial Position

This section analyses the departments assets used to conduct its operations and the operating liabilities incurred as a result.

3.1: Financial Assets

	2026 $'000	2025 $'000
Note 3.1A: Cash and cash equivalents		
Cash on hand	**3,418**	2,969
Cash at bank - at call	**71,124**	324,362
Cash on deposit[1]	**461,420**	256,077
Cash held in OPA - special accounts	**210,401**	123,953
Total cash and cash equivalents	**746,363**	707,361

[1] Cash on deposit primarily comprises Defence bank accounts held overseas. The balances are available on demand and classified as cash and cash equivalents; however, they are restricted to approved activities.

The closing balance of cash held in OPA – special accounts exclude amounts held in trust on behalf of other entities of $1.8m in 2025-26 (2024-25: $1.7m) per footnote 3 in Note 5.2 Special Accounts. In addition, there are amounts held in trust within entity specific bank accounts of $876.8m in 2025-26 (2024-25: $397.3m). Refer to Note 8.1: Assets Held in Trust.

Accounting Policy

Cash and cash equivalents includes:

a) cash on hand;

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; and

c) cash in special accounts.

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.

Note 3.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	**169,775**	359,426
Total goods and services receivables	**169,775**	359,426
Appropriations receivable		
Appropriations receivable[1]	**1,406,986**	992,123
Total appropriations receivables	**1,406,986**	992,123
Other receivables		
GST receivable from the Australian Taxation Office	**419,124**	382,386
Accrued revenue	**83,412**	365,694
Sub-lease receivables	**856,846**	761,744
Other[2]	**350,714**	341,970
Total other receivables	**1,710,096**	1,851,794
Total trade and other receivables (gross)	**3,286,857**	3,203,343
Less expected credit loss allowance		
Goods and services	**(16,344)**	(21,065)
Total expected credit loss allowance	**(16,344)**	(21,065)
Total trade and other receivables (net)	**3,270,513**	3,182,278

Credit terms for goods and services were within 30 days (2024-25: 30 days).

[1] The appropriation receivable balance as at 30 June 2026 largely reflects the undrawn component of cash received in advance by Defence for goods or services to be provided to foreign governments. These cash receipts were transferred to the OPA via the s.74 mechanism, which increased Defence's appropriation receivable balance.

[2] The balance contains No Win / No Loss (NWNL) receivables totalling $23.8m (2024-25: $67.2m).

Accounting Policy

The collectability of goods and services receivables 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
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3.2: Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Land[1,4] $'000	Buildings[1,4] $'000	Specialist Military Equipment[1] $'000	Infrastructure[1] $'000	Plant and equipment[1] $'000	Heritage and cultural[3] $'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 2025											
Gross book value	7,551,266	23,181,610	94,008,081	11,085,188	2,544,563	414,837	1,861,256	1,412,599	2,407,544	200,508	144,667,452
Accumulated depreciation, amortisation and impairment	-	(1,860,967)	(346,001)	(493,306)	(743,081)	(11,627)	(877,949)	(909,508)	(193,370)	(190,994)	(5,626,803)
Total as at 1 July 2025	**7,551,266**	**21,320,643**	**93,662,080**	**10,591,882**	**1,801,482**	**403,210**	**983,307**	**503,091**	**2,214,174**	**9,514**	**139,040,649**
Additions											
By purchase or internally developed	2,562	1,739,194	11,536,229	1,442,595	162,671	-	194,885	-	9,617	-	15,087,753
Right-of-use assets	-	568,583	-	-	106,962	-	-	-	-	-	675,545
Revaluations and impairments recognised in other comprehensive income[2,5]	(54,404)	519,791	213,658	(440,598)	39,278	12,907	-	-	-	-	290,632
Reclassification	386	129,037	(195,003)	(145,271)	127,253	6,674	(395,220)	451,664	20,480	-	-
Depreciation and amortisation	-	(841,677)	(6,074,201)	(824,973)	(255,021)	(16,748)	(17,606)	(128,158)	(171,111)	(2,032)	(8,331,527)
Depreciation of right-of-use assets	-	(315,639)	(39,418)	(3,422)	(72,236)	-	-	-	-	-	(430,715)
Revaluations/write-downs recognised in net cost of services	(22,502)	(114,688)	(1,161,491)	(39,251)	(57,070)	(1)	(6,167)	(186)	(260)	-	(1,401,616)
Other movements											
Reversal of previous asset write-downs and impairment	1,164	109,542	643,210	32,575	25,581	179	34,249	-	-	-	846,500
Transfers in/(out)	-	6,969	(790,840)	702	(15,893)	-	15,895	-	-	-	(783,167)
Transfers (to)/from Assets Held for Sale and Distribution[6]	(113,284)	(123,077)	-	(13,551)	-	(1,512)	-	-	-	-	(251,424)
Remeasurement of right-of-use assets	-	(30,314)	-	-	(288)	-	-	-	-	-	(30,602)
Disposals											
Other disposals	(1,379)	(1,888)	(21,605)	-	(6,357)	-	-	-	-	-	(31,229)
Total as at 30 June 2026	**7,363,809**	**22,966,476**	**97,772,619**	**10,600,688**	**1,856,362**	**404,709**	**809,343**	**826,411**	**2,072,900**	**7,482**	**144,680,799**
Total as at 30 June 2026 represented by											
Gross book value	7,363,809	24,929,660	98,275,361	10,858,148	2,248,731	409,511	1,623,439	1,856,727	2,437,381	200,508	150,203,275
Accumulated depreciation, amortisation and impairment	-	(1,963,184)	(502,742)	(257,460)	(392,369)	(4,802)	(814,096)	(1,030,316)	(364,481)	(193,026)	(5,522,476)
Total as at 30 June 2026	**7,363,809**	**22,966,476**	**97,772,619**	**10,600,688**	**1,856,362**	**404,709**	**809,343**	**826,411**	**2,072,900**	**7,482**	**144,680,799**
Carrying amount of right-of-use assets	**51,043**	**2,184,953**	**128,108**	**72,615**	**187,271**	**-**	**-**	**-**	**-**	**-**	**2,623,990**

[1] Reported balances of land and buildings, specialist military equipment, infrastructure, plant and equipment include right-of-use assets associated with Defence leases.

[2] All revaluations were conducted in accordance with the revaluation policy stated at Note 3.2A(g).

[3] Where 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.

[4] From 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.

[5] During 2025-26, revaluation of Land, Buildings and Infrastructure, Defence refined its application of AASB 2022-10 *Amendments to Australian Accounting Standards – Fair value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*. Site preparation costs previously valued as part of Land in 2024-25, have been allocated across Land, Buildings and Infrastructure based on the nature of the associated fair value increment.

[6] During 2025–26, Defence announced its intention to divest 58 properties in coming years. During 2025-26, 13 properties valued at $268.3m are expected to be transferred to Department of Finance during 2026-27. The value of these properties have been reflected in Assets Held for Sale or Distribution to Owners (Note 3.2D). The value of these properties form part of Transfers (to)/from Assets Held for Sale and Distribution movement line above, which presents the net value of all transfers to, and back from Assets Held for Sale or Distribution to Owners occurred during 2025-26.

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3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

	2026 $'000	2025 $'000
Commitments payable relating to property, plant and equipment and intangibles[1]		
Buildings	**3,036,428**	2,984,208
Specialist military equipment	**41,350,446**	43,798,855
Infrastructure	**1,876,230**	2,039,607
Plant and equipment	**35,259**	105,371
Intangibles	**34,617**	93,384
Total capital commitments	**46,332,980**	49,021,425

[1] Commitments payable relate to the outstanding contractual payments for each category of property, plant and equipment and intangibles, including for assets under construction.

Accounting Policy

(a) Individual asset recognition threshold

Purchases of specialist military equipment, land, buildings, plant and equipment and infrastructure are recognised initially at cost where they meet the individual asset recognition threshold.

The capitalisation thresholds are equal to or exceeds thresholds as summarised in the table below. These thresholds remain unchanged since 2024-25, except plant and equipment which has increased to $20,000 (2024-25: $10,000).

Non-financial assets	**$**
Specialist military equipment	-
Land	-
Plant and equipment	20,000
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.

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) Asset restoration costs

Where a legal or constructive obligation arises on acquisition to restore a Defence asset to its original condition, or dismantle an asset at the end of its useful life. Recognition and subsequent remeasurement occurs where Defence has an expectation and/or policies to ensure the removal or disposal of restricted technology prior to decommissioning assets.

The net present value of estimated make-good and/or decommissioning costs are capitalised and added to the cost of the underlying asset (except for land) and depreciated over the asset's useful life. The land decontamination provision is recorded directly in the Statement of Comprehensive Income in the period in which the provision is created and adjusted year on year.

(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 assets exceeding the capitalisation threshold.

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

(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 *Property, Plant and Equipment*. AUC projects are valued at current replacement cost and are reviewed annually for indicators of 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.

(g) Subsequent valuations

All property, plant and equipment, excluding intangibles and Right of Use (ROU) assets, are measured and disclosed at fair value less subsequent accumulated depreciation and accumulated impairment losses.

To comply with AASB 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 an asset 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 Specialist Military Equipment (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. Refer to Note 3.2A(f) for the accounting policy for AUC.

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 significant professional judgement when estimating fair value.

Defence has engaged an external valuer to undertake valuation assessments on a rolling valuation basis. The external valuer exercises 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 AASB 13 *Fair Value Measurements*, SME assets are assessed for fair value using the Current Replacement Cost (CRC) approach or market approach.

In very limited instances, the market approach has been utilised to determine fair value measurement of SME assets. The market approach considers directly observable market transactions, with adjustments made for differences in characteristics between the transactions and the asset under consideration.

SME assets have largely been assessed for fair value using the cost approach, where an estimate is determined by establishing a replacement cost of a new asset and allowing for deductions for physical deterioration and obsolescence.

In determining the current replacement cost for SME assets, the external valuer considers multiple methods in order to determine an appropriate replacement cost for each platform asset or military support item. This includes, but is 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.

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3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

- *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 estimates current cost.

In addition to the above listed methods, the external valuer has 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 cost 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.
- *Cost Build Up* – The cost build up method estimates a replacement cost by taking into consideration current prices of raw materials, labour costs and other specialised costs to form an estimated replacement cost.

The primary inputs used in determining the replacement cost across for platforms and military support items include, but are not limited to:

- Adjusted market transactions based on unique characteristics of SME assets and/or comparable assets. Fair value measurement has been determined using 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 of physical deterioration and consumption of future economic benefits. Significant judgement and estimates used in calculating depreciation are derived from Defence's and the external valuers' 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. Professional judgements and estimates are used in the application of appropriate indices against the assets under assessment.

The external valuer also considers impairment indicators to estimate the fair values of platform assets. This includes a broad range of considerations outside of Defence's control that impact on the service potential of the assets, including supply chain networks, workforce constraints, and national or worldwide events.

The external valuer applies all valuation methods consistently across all Service Groups, namely, the Australian Army, the Royal Australian Air Force and the Royal Australian Navy. Physical inspections are undertaken for one service group per year. For the 2025-26 valuation cycle, Navy Platform assets underwent a physical inspection process.

While Defence assessed 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.

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Valuation Method	Movement for platform assets ($'m)	Movement for military support items ($'m)	Total fair value movement ($'m)
Market Approach	105.0	-	**105.0**
Cost Approach			
Current Year Acquisition	(711.2)	90.8	**(620.4)**
Off the Shelf	(84.2)	(113.2)	**(197.4)**
Indexation of Original Cost	432.6	-	**432.6**
Indexation of Last Available Cost	336.3	1,562.9	**1,899.2**
Parametric	(72.0)	-	**(72.0)**
Cost Build Up	(125.5)	-	**(125.5)**
Sub-total of Valuation Methods	(119.0)	1,540.5	**1,421.5**
Impairment and other adjustments	(5.9)	(1,201.9)	**(1,207.8)**
Total	(124.9)	338.6	**213.7**

The external valuers' assessment of SME fair value resulted in a $1,421.5m increase to the asset revaluation reserve. Defence also recognised reductions of $1,207.8m to account for Defence's internal assessment of impairment indicators for military support items and other adjustments that impact the reserve. Although these adjustments are recognised independently to the above fair value assessment activities, they contribute to the net increment in the asset revaluation reserve of $213.7m.

Defence utilised a total of 179 indices in 2025-26 and 25 foreign currencies in fair value assessments for SME. National indices from Australia and the USA are the significant contributors for fair value movement in 2025-26. The stronger Australian Dollar is the primary currency impacting prices applied during indexation.

The table below demonstrates the sensitivity of hypothetical movements in these valuation inputs and the magnitude of impact these have to the adopted fair value measurement of SME.

Description	Key Input	Range	Sensitivity
Specialist Military Equipment	(i) Hypothetical change in price indices	+/- 1.00%	+/- 1.00% change would increase/(decrease) the total fair value by 0.7%/(0.7%) or $476.3m /($475.3m).
	(i) Hypothetical change in foreign currencies	+/- 1.80%	+/- 1.80% change would increase/(decrease) the total fair value by 1.3%/(1.3%) or $848.2m/($837.8m).

The adopted range to the above inputs has been determined based on an analysis of the aggregated range of historical movements between forecasts and observed outcomes for both key inputs.

Valuation drivers for 2025-26

The 2025-26 asset revaluation increment of $290.6m, as per the Statement of Comprehensive Income, during 2025-26 is lower when compared to $4.2bn increment during 2024-25. This is due to the non-recurrence of significant valuation increases recognised in 2024-25. In 2024-25, revaluation outcomes across land, buildings, specialist military equipment and plant and equipment were positively influenced by changes in accounting requirements, refurbishment and enhancement activities, revisions to useful life assumptions, and increases in replacement costs. Revaluation outcomes for specialist military equipment and other asset classes were lower in 2025-26 due to changes in planned platform withdrawal dates, the impact of a stronger Australian dollar on replacement costs for overseas-manufactured assets, and higher impairment impacts, resulting in a substantially lower net revaluation increment.

(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.

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3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

	2026	2025
Buildings	1 to 100 years	1 to 100 years
Infrastructure	3 to 99 years	3 to 99 years
Specialist military equipment	1 to 52 years	1 to 52 years
Software	2 to 24 years	2 to 24 years
Other intangibles	4 to 35 years	4 to 35 years
Other plant and equipment	2 to 76 years	2 to 76 years
Heritage and cultural	10 to indefinite	10 to indefinite

The depreciation rates for Right of Use (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.

(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/about/strategic-planning/defence-estate-heritage-strategy.

(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 lives 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.

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

(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.

(l) Derecognition of assets

Assets are derecognised upon disposal or when no future economic benefit 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 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 ROU 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.

Managing uncertainties

Defence manages uncertainty through robust and documented estimation processes. A thorough review of the key inputs and drivers of valuation outcomes as provided by the external valuers is undertaken prior to adjusting the asset balance. 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 assessments. The valuer assesses a range of key assumptions and judgements, as well as different valuation methodologies to determine the materiality of different inputs and then considers this when determining an asset's fair value.

Impact of other external factors

Defence has considered the impact of external factors, including the ongoing crises in the Middle East, on valuation activities. These factors include disruption to global supply chains and increased volatility in global markets, particularly in relation to the cost and availability of energy and natural resources.

Given the current economic environment, Defence acknowledges that price indices in countries of manufacture may experience increased volatility. Notwithstanding this volatility, Defence considers that the indices applied materially reflect economic conditions existing at 30 June 2026, and that their use in valuation methodologies remains appropriate and consistent with the requirements of AASB 13 *Fair Value Measurement*.

Defence has also considered the impact of current United States trade practices on the fair value of Defence assets and has determined that there is no material impact on asset valuations as at 30 June 2026.

Fair value measurement

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.

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	2026	2025
	$'000	$'000
Note 3.2B: Inventories		
Inventories - General	**4,849,476**	4,438,394
Inventories - Explosive ordnance[1]	**7,462,705**	6,777,182
Inventories - Fuel	**219,179**	140,622
Total inventories	**12,531,360**	11,356,198

[1] Explosive Ordnance (EO) includes work in progress balances for EO inventory that is currently under construction. This balance has not been separately disclosed due to the sensitive nature of EO. The balance is not quantitatively material to the financial statements.

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 the weighted average 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 consideration 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.

Refer to Note 1.1B for inventory expenses recognised, Note 1.1E for write-down of non-financial assets expense and 1.2E for the gain on the reversals of previous asset write-downs.

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 identified obsolete inventories are valued using the weighted average price rather than the actual cost of the holding.

Note 3.2C: Prepayments		
Total prepayments	**3,857,912**	4,070,900

Accounting Policy

Prepayments, excluding EO and those paid to employees as retention benefit payments, are recognised if the value of the payment is $100,000 or greater.

Note 3.2D: Assets held for sale or distribution to owners[1]		
Land	**146,895**	33,612
Buildings	**123,077**	-
Infrastructure	**13,554**	2
Heritage and cultural	**1,514**	-
Total assets held for sale or distribution to owners	**285,040**	33,614

[1] During 2025-26, Defence announced the divestment of 58 properties. Of these, 13 properties with a carrying value of $268.3m have been classified as held for distribution to owners, representing the first tranche approved for transfer to the Department of Finance. All assets held for distribution to owners are expected to be transferred in 2026-27.

Accounting Policy

Non-current assets are classified as held for sale or distribution if the carrying amount is to be recovered principally through a sale or distribution transaction rather than through continuing use. Classification as held for sale or distribution occurs when the asset is available for immediate sale or distribtuion in its present condition, and the sale or distribution is highly probable. On classification as held for sale or distribution, the asset is measured at the lower of its carrying amount and fair value less costs to sell or distribute. 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 or distribution are no longer subject to depreciation or amortisation.

3.3: Payables

	2026 $'000	2025 $'000
Note 3.3A: Suppliers payables		
Trade creditors and accruals[1]	**5,017,982**	5,588,903
Total suppliers payables	**5,017,982**	5,588,903

[1] The balance contains NWNL handback accruals of $276.7m (2024-25: $44.0m).

Accounting Policy

Settlement is usually made within 20 days (2024-25: 20 days).

Note 3.3B: Employee payables		
Australian Public Service (APS) employee payables		
Salaries and wages	**82,780**	90,171
Superannuation	**14,135**	12,354
Australian Defence Force (ADF) employee payables		
Salaries and wages	**299,550**	255,748
Superannuation	**71,427**	62,868
Total employee payables	**467,892**	421,141

Note 3.3C: Other payables		
Statutory payable	**120,528**	340,637
Unearned revenue	**873,599**	1,124,981
Other	**24,617**	28,492
Total other payables	**1,018,744**	1,494,110

Accounting Policy

Unearned revenue are amounts received in advance from customers. These amounts represent Foreign Government Activities for Defence and relate to contracts with third party customers or governments, represented in Note 1.2A.

3.4: Interest Bearing Liabilities

Note 3.4A: Leases		
Lease liabilities	**3,544,869**	3,364,542
Total leases	**3,544,869**	3,364,542
Maturity analysis - contractual undiscounted cash flows		
Within one year	**524,614**	570,176
Between one to five years	**1,834,700**	1,880,802
More than five years	**4,125,541**	2,955,638
Total leases	**6,484,855**	5,406,616

Total cash outflow for leases for year ended 30 June 2026 was $574.7m (2024-25: $537.2m).

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 Defence'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 ROU asset or profit and loss depending on the nature of the reassessment or modification.

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3.4A: Leases (continued)

Accounting Policy (continued)

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 2024-25 or 2025-26 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, 1.2C and 3.2A.

3.5: Provisions

	2026	2025
	$'000	$'000
Note 3.5A: Employee provisions		
Australian Public Service (APS) employee provisions		
Leave	**881,938**	828,118
Total APS employee provisions	**881,938**	828,118
Australian Defence Force (ADF) employee provisions		
Leave	**2,830,941**	2,713,604
Other provisions	**25,815**	24,035
Total ADF employee provisions	**2,856,756**	2,737,639
Total employee provisions	**3,738,694**	3,565,757

The relevant accounting policy for employee provisions is detailed in Note 1.1A Employee benefits.

Note 3.5B: Asset restoration provisions		
Make-good	**119,714**	221,262
Decommissioning	**393,368**	354,701
Decontamination	**536,554**	506,684
Total asset restoration provisions	**1,049,636**	1,082,647

Accounting Policy

Where a legal or constructive obligation arises to restore or dismantle an asset back to its original condition, the estimated cost is determined through a net present value calculation. This results in a provision and associated asset, which is capitalised against the underlying asset and the depreciated over its useful life. 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. The only exception is the land decontamination which does not get capitalised, but instead is recorded in the Statement of Comprehensive Income in the period in which the provision is created or changed.

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 Statement of Comprehensive Income 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.

Note 3.5B: Asset restoration provisions (continued)

Accounting Policy (continued)

Defence currently has 279 (2024-25: 296) 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 forecast consumer price index and discounting back to present value using the long term applicable government bond rate.

Refer to Note 3.5D for a reconciliation of this balance.

	2026	2025
	$'000	$'000
Note 3.5C: Other provisions		
Other provisions	**110,925**	238,391
Total other provisions	**110,925**	238,391

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.

Refer to Note 3.5D for a reconciliation of this balance.

3.5D: Reconciliation of provision balances

	Make-good provisions	**Decommissioning provisions**	**Decontamination provisions**	**Other provisions**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
As at 1 July 2025	221,262	354,701	506,684	238,391	**1,321,038**
Additional provisions made	4,022	-	73,533	608	**78,163**
Amounts used	-	-	(24,688)	(30,603)	**(55,291)**
Amounts reversed	(113,375)	(8,481)	(23,690)	(98,009)	**(243,555)**
Unwinding of discount rate	7,805	13,532	20,675	538	**42,550**
Parameter changes	-	33,616	(15,960)	-	**17,656**
Total as at 30 June 2026	**119,714**	**393,368**	**536,554**	**110,925**	**1,160,561**

The above reconciliation should be read in conjunction with the accompanying Notes 3.5B and 3.5C.

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4. 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

	2026 $'000	2025 $'000
4.1A: Trade and other receivables		
Goods and services:		
In connection with - external parties	**48,957**	50,180
Total goods and services receivable	**48,957**	50,180
Less impairment allowance:		
Goods and services	**(77)**	(77)
Total impairment allowance	**(77)**	(77)
Total trade and other receivables (net)	**48,880**	50,103

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 (2024-25: 30 days).

4.1B: Equity accounted investments		
Investments in Defence Housing Australia	**4,278,061**	4,030,375
Investments in other small portfolio entities	**134,966**	130,620
Total equity accounted investments	**4,413,027**	4,160,995

4.1B: Equity accounted investments (continued)

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.

- **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 not-for-profit organisation that supports local base community.
- **Army Amenities Fund Company**
  The Army Amenities Fund (AAF) Company was established to provide various amenities to Army members and their families. The AAF Company is a corporate trustee that administers the Army Amenities Fund and Messes Trust Fund.
- **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 Recreational Company**
  The RAAF Welfare Recreational Company (RWRC) provides recreational facilities and services for serving members, their families and other eligible persons. RWRC is a corporate trustee that administers the RAAF Central Welfare Trust Fund.
- **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 Royal Australian Navy (RAN) and their families.

4.2: Administered – Non-Financial Assets

	2026	2025
	$'000	$'000
4.2A: Other non-financial assets		
Prepayments - retention benefits	**2,831**	4,972
Total other non-financial assets	**2,831**	4,972

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	**99,371**	94,631
Total other payables	**99,371**	94,631

Department of Defence
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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 eligible to enter ADF Super which is a defined contribution (accumulation) plan managed by the Commonwealth Superannuation Corporation (CSC) and fully funded by employer contributions of 16.4% of member's ordinary time earnings. As an addition to the ADF Super arrangements, all new ADF members are entitled to insurance cover for death and invalidity benefits under the provisions of an unfunded superannuation arrangement, ADF Cover, administered by Defence. 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 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 *Employee Benefits* 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.

[1] Individuals eligible for ADF Super can also choose to join an industry superannuation scheme of their choice to receive employer contributions.

Accounting Policy and Measurement

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 generally updated every three years as part of the LTCR, although annual updates may apply in some circumstances. The economic assumptions underlying the actuarial assessment are updated annually. The most recent LTCR was issued for the 30 June 2023 financial year and forms the basis for the demographic assumptions applied in the calculation of the net defined benefit liability (unfunded) for DFRB, DFRDB, MSBS and ADF Cover as at 30 June 2026.

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.

	2026	2025
	$'000	$'000
4.4A: Employee provisions		
Superannuation - DFRB	**268,533**	296,500
Superannuation - DFRDB	**29,583,647**	31,583,000
Superannuation - MSBS	**101,123,000**	102,166,000
Superannuation - ADF Cover	**8,786,420**	7,026,000
Total employee provisions	**139,761,600**	141,071,500
Employee provisions are expected to be settled in:		
No more than 12 months	**5,131,000**	4,403,000
More than 12 months	**134,630,600**	136,668,500
Total employee provisions	**139,761,600**	141,071,500

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 in the workforce and therefore no employer contributions are made into the scheme. Lifetime pensions 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% 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 a 3% productivity contribution. 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% of superannuation salary, member contributions (usually 5% 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 *Military Superannuation and Benefits Act 1991*, 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.

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Administered – Defined Benefit Plans (continued)

Benefits Paid

The nature of the benefits provided under the schemes and the ADF Cover arrangement are as follows:

Scheme	Benefits Paid
DFRB	All remaining DFRB members are retired from the workforce and in receipt of indexed lifetime pensions[1].
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% 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. An invalidity benefit may also be payable, which depends on the level of invalidity suffered. Invalidity benefit type A pensions (60% to 100% incapacity) are larger and have a higher cost compared to the invalidity benefit types B (30% to 59% incapacity) and C (less than 30% incapacity).
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 a 3% 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% to 100% incapacity) are larger and have a higher cost compared to the invalidity benefit types B (30% to 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 type 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.

[1] These pensions have an attached lifetime reversionary pension payable to a surviving spouse following the death of a member.

Administered – Defined Benefit Plans (continued)

Regulatory Framework
The applicable regulatory framework for each scheme and the ADF Cover arrangement is as follows:

Scheme	Enabling Act	Period open for new members	Requirement
DFRB	*Defence Forces Retirement Benefits Act 1948*	From July 1948 to 30 September 1972	Exempt from *Superannuation Industry (Supervision) Act 1993*
DFRDB	*Defence Force Retirement and Death Benefits Act 1973* and the *Defence Force Act 1903*	From 1 October 1972 to 30 September 1991	Exempt from *Superannuation Industry (Supervision) Act 1993*
MSBS	*Military Superannuation and Benefits Act 1991*	From 1 October 1991 to 30 June 2016	Compliance with *Superannuation Industry (Supervision) Act 1993*
ADF Cover	*Australian Defence Force Cover Act 2015*	From 1 July 2016	Exempt from *Superannuation Industry (Supervision) Act 1993*

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 a separate entity from Defence.

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Administered – Defined Benefit Plans (continued)

Risks

The scheme specific risks, as detailed below, apply to all schemes and the ADF Cover 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 DFRDB pensioners under age 55, the pensions are linked to increases in the Consumer Price Index (CPI). For DFRB and DFRDB pensioners aged 55 or more, pension increases use the Age Pension Methodology and 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. This risk is not relevant for the DFRB and has minimal application to the DFRDB due to the absence of active members in the workforce in these schemes.
Retrospective Invalidity Exit Risk	Retrospective invalidity exits occur when an individual exits the ADF and commences a pension but later has a claim granted to retrospectively reclassify their mode of exit from the ADF as being due to invalidity. Where a retrospective invalidity occurs, a new pension commences in that year but with the effective date of commencement of the pension being the date the individual exited the ADF. Back payments of pensions are also made in respect of the period from the date of exit from the ADF to the time the retrospective pension commences. An increase in retrospective invalidity exits will increase the defined benefit obligation for DFRB, DFRDB, MSBS and ADF Cover schemes.
Pension Take-up Risk	This risk is most relevant for the MSBS scheme. 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. For ADF Cover, the lump sum option on death in service is generally of lower value than the pension option and so higher pension take up rates will also increase the defined benefit obligation.

Administered – Defined Benefit Plans (continued)

Assumptions

The economic assumptions outlined below are significant factors affecting the estimate of the scheme liability. 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 2025 was used to calculate liabilities in the AASB 119 *Employee Benefits* update. These liabilities were then projected forward to 30 June 2026, allowing for assumptions in accordance with the 2023 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 key demographic assumptions utilised for the 30 June 2026 actuarial estimate of DFRB, DFRDB, MSBS and ADF Cover are based on the assumptions used in the 30 June 2023 LTCR. The individual discount rates adopted for each scheme reflects the probability weighted mean term of the liabilities of that scheme relative to the zero coupon yield curve of Commonwealth bonds as at 30 June 2026. Other economic assumptions are agreed in consultation with the Department of Finance having regard to short term forecasts of CPI and wage growth adopted by Treasury and the RBA, before reverting to the longer term assumptions used in the 30 June 2023 LTCR.

	2026	2025
DFRB		
Discount rate at 30 June	**4.6%**	3.8%
Expected salary growth rate[1]	**-**	-
Expected pension increase rate (aged 55 or more)[2]	**3.7%**	3.7%
Expected number of invalidity exits - retrospective[3]	**68**	70

[1] Salary growth rate is nil as members are all pensioners.

[2] Age Pension methodology increases for those age 55 or more are assumed to be 5.06% for 2025-26, 3.95% for 2026-27, 2.7% for 2027-28 to 2036-37 and 3.2% for 2037-38, before reverting to the long term assumed rate of 3.7% per annum from 2038-39.

[3] During 2024-25, an assumption around retrospective invalidity exits was introduced reflecting recent trends. For 2025-26, the value has reduced following current year experience. No changes to the overall asumptions.

DFRDB		
Discount rate at 30 June	**4.9%**	4.4%
Expected salary increase rate[4]	**3.7%**	3.7%
Expected pension increase rate (aged 55 or more)[5]	**3.7%**	3.7%
Expected pension increase rate (aged less than 55)[6]	**2.5%**	2.5%
Expected number of invalidity exits - retrospective[7]	**486**	550

[4] Assumed salary growth is 3.4% for 2025-26, 3.5% for 2026-27 and 2027-28, before reverting to the long term assumed rate of 3.7% per annum from 2028-29.

[5] Age Pension methodology increases for those age 55 or more are assumed to be 5.06% for 2025-26, 3.95% for 2026-27, 2.7% for 2027-28 to 2036-37 and 3.2% for 2037-38 before reverting to the long term assumed rate of 3.7% per annum from 2038-39.

[6] Pension increase rates (linked to CPI) for those under age 55 are assumed to be 4.1% for 2025-26 and 3.75% for 2026-27 before reverting to the long term assumed pension rate of 2.5% per annum from 2027-28.

[7] In the 2023 Long Term Cost Report approximately 600 retrospective invalidity pension commencements are assumed for DFRDB, with approximately 100 per year assumed between 2023-24 and 2027-28 and continuing to trend down over time as the commencement of new retrospective invalidity pensions decrease. The retrospective invalidity assumptions reflect recent invalidity experience and trends including an increase in acceptance of mental health related claims. Current backlog in processing of invalidity claims may delay timing across financial years and back payment of pensions, resulting in experience gains in the short term that catch-up in the long term. The liability has been adjusted by an Invalidity Reserve to offset the effect of timing delays.

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Administered – Defined Benefit Plans (continued)

	2026	2025
MSBS		
Discount rate at 30 June (active members and pensioners)	**5.4%**	5.0%
Expected rate of return on plan assets	**5.4%**	5.0%
Expected salary increase rate[1]	**3.7%**	3.7%
Expected pension increase rate[2]	**2.5%**	2.5%
Expected number of invalidity exits in next five years – active service[3]	**4,600**	5,500
Expected number of invalidity exits – retrospective[3]	**4,536**	5,000
Proportion of invalidity exits classified as Invalidity A (disability of 60% or more)[3]	**99%**	99%
Pension take-up rate for direct retirements (officers/other ranks)[4]	**95%/95%**	95%/95%
Pension take-up rate for current preserved members (officers/other ranks)[4]	**85%/85%**	85%/85%
Pension take-up rate for current serving members projected to exit with a preserved benefit and retire some time later (officers/other ranks)[4]	**85%/85%**	85%/85%

[1] Assumed salary growth is 3.4% for 2025-26, 3.5% for 2026-27 and 2027-28, before reverting to the long term assumed rate of 3.7% per annum from 2028-29.

[2] Pension increase rates (linked to CPI) are assumed to be 4.1% for 2025-26 and 3.75% for 2026-27 before reverting to the long term assumed pension rate of 2.5% per annum from 2027-28.

[3] In the 2023 Long Term Cost Report approximately 10,500 invalidity pension commencements are assumed for MSBS reflecting the combined total of new invalidity exits and retrospective invalidity exits. New invalidity exits from the ADF are assumed to be approximately 1,100 per year from 2023-24 to 2027-28 and continuing to trend down over time as the number of serving members decreases. Retrospective invalidity exits are assumed to be approximately 900 per year from 2025-26 to 2028-29 taking into account current backlog in processing of invalidity claims and an increase in claims assessment capacity recently. Invalidity assumptions reflect recent invalidity experience and trends including an increase in acceptance of mental health related claims, higher numbers of Invalidity A claims being granted and the correlation between length of service and invalidity.

[4] The pension take-up rates for members that exit directly from service are higher compared to those who exited service, became preserved members and then retired some time later.

ADF Cover		
Discount rate at 30 June	**5.3%**	4.9%
Expected pension increase rate[5]	**2.5%**	2.5%
Expected number of invalidity exits in next five years – active service[6]	**4,800**	3,700
Expected number of invalidity exits – retrospective[6]	**594**	600
Pension commencement (incident year / one year delay / two year delay)[7]	**50% / 30% /20%**	50%/30%/20%

[5] Pension increase rates (linked to CPI) are assumed to be 4.1% for 2025-26 and 3.75% for 2026-27 before reverting to the long term assumed pension rate of 2.5% per annum from 2027-28.

[6] In the 2023 Long Term Cost Report new invalidity exits from the ADF were assumed to be approximately 300 for 2023-24, 600 for 2024-25, 800 for 2025-26 and continuing to trend up over time as the number of serving members increases, taking into account the correlation between length of service and invalidity. Approximately 900 new invalidity exits from active service are assumed for 2026-27 and 100 retrospective invalidity pensioners are assumed from other exits during 2026-27.

[7] Pension commencement in ADF Cover is impacted by a time lag between the date of an invalidity incident and ADF discharge, as such an Incurred But Not Reported (IBNR) reserve has been factored into assumptions. The IBNR has been set at 50%, 30% and 20% assuming that 50% of incidents result in pension commencement in the same year, 30% commencing in the next year and 20% in the year after.

Administered – Defined Benefit Plans (continued)

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 6.5 years (2024-25: 6.8 years).
DFRDB	The interest rate and probability weighted mean term of the liabilities is 11.2 years (2024-25: 11.8 years).
MSBS	The interest rate and probability weighted mean term of the liabilities is 19.2 years (2024-25: 20.1 years).
ADF Cover	The interest rate and mean term of the liabilities is 19.4 years (2024-25: 19.2 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 2026-27 is $31.0m (2025-26 actual: $31.1m).
DFRDB	The expected contribution (including 3% productivity contributions) for 2026-27 is $1,979.0m (2025-26 actual: $1,912.4m). Note that member contributions paid to consolidated revenue would be an offset to this.
MSBS	The expected contribution for 2026-27 is $2,963.0m (2025-26 actual: $2,548.0m). This includes expected employer contributions to meet unfunded benefit payments and funding via the MSBS Fund.
ADF Cover	The expected contribution for 2026-27 is $270.0m (2025-26 actual: $209.6m).

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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 2026 under several scenarios is presented below.

		Impact on defined benefit obligation	
	Change in assumption[1]	Increase in assumption $m	Decrease in assumption $m
DFRB			
Reported	**$269m**		
Discount rate	+/- 0.5%	(8)	9
Age Pension methodology increase rate	+/- 0.5%	8	(8)
DFRDB			
Reported	**$29,584m**		
Discount rate	+/- 0.5%	(1,490)	1,657
Salary and Age Pension methodology increase rate	+/- 0.5%	1,302	(797)
CPI pension increase rate (aged under 55)	+/- 0.5%	875	(390)
MSBS			
Reported	**$117,585m**		
Discount rate	+/- 0.5%	(8,658)	9,860
Salary increase rate	+/- 0.5%	953	(901)
Pension increase rate (CPI)	+/- 0.5%	9,194	(8,167)
Invalidity exits	+/- 40%	5,596	(6,040)
Pension take-up rate	+/- 10%	1,344	(1,609)
ADF Cover			
Reported	**$8,786m**		
Discount rate	+/- 0.5%	(772)	895
Pension increase rate (CPI)	+/- 0.5%	895	(772)
Invalidity exits	+/- 40%	979	(970)

[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 2023 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 Age Pension methodology), and salary increase rate.

Sensitivity analysis of the invalidity assumptions for MSBS and ADF Cover 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% higher/lower 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 2023 LTCR which shows the impact of a 100% pension take-up rate. The factor of 100% 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.

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 2026.

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 *Employee Benefits*.

	2026 $'000 DFRB	2026 $'000 DFRDB	2026 $'000 MSBS	2026 $'000 ADF Cover	2026 $'000 Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	-	-	16,462,000	-	16,462,000
Fair value of plan assets	-	-	(16,462,000)	-	(16,462,000)
Present value of unfunded obligations	268,533	29,583,647	101,123,000	8,786,420	139,761,600
Net liability recorded:	268,533	29,583,647	101,123,000	8,786,420	139,761,600
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	18,000	1,840,000	1,945,000	3,803,000
Interest on obligation	10,700	1,348,000	5,844,000	387,000	7,589,700
Expected return on plan assets	-	-	(753,000)	-	(753,000)
Total expense recognised:	10,700	1,366,000	6,931,000	2,332,000	10,639,700
Actuarial losses/(gains) on liabilities recognised	(7,600)	(1,453,000)	(4,656,000)	(362,000)	(6,478,600)
Expected return on plan assets	-	-	753,000	-	753,000
Actual return on plan assets (interest income)	-	-	(1,523,000)	-	(1,523,000)
Actuarial (gains)/losses on plan assets recognised	-	-	(770,000)	-	(770,000)
Other Comprehensive Income recorded:	(7,600)	(1,453,000)	(5,426,000)	(362,000)	(7,248,600)

	2025 $'000 DFRB	2025 $'000 DFRDB	2025 $'000 MSBS	2025 $'000 ADF Cover	2025 $'000 Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	-	-	15,177,000	-	15,177,000
Fair value of plan assets	-	-	(15,177,000)	-	(15,177,000)
Present value of unfunded obligations	296,500	31,583,000	102,166,000	7,026,000	141,071,500
Net liability recorded:	296,500	31,583,000	102,166,000	7,026,000	141,071,500
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	23,000	1,951,000	1,830,000	3,804,000
Interest on obligation	9,012	1,374,644	5,513,000	294,315	7,190,971
Expected return on plan assets	-	-	(663,000)	-	(663,000)
Total expense recognised:	9,012	1,397,644	6,801,000	2,124,315	10,331,971
Actuarial losses/(gains) on liabilities recognised	90,000	597,000	(2,736,000)	(230,000)	(2,279,000)
Expected return on plan assets	-	-	663,000	-	663,000
Actual return on plan assets (interest income)	-	-	(1,474,000)	-	(1,474,000)
Actuarial (gains)/losses on plan assets recognised	-	-	(811,000)	-	(811,000)
Other Comprehensive Income recorded:	90,000	597,000	(3,547,000)	(230,000)	(3,090,000)

Department of Defence
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Administered – Defined Benefit Plans (continued)	2026 $'000 DFRB	2026 $'000 DFRDB	2026 $'000 MSBS	2026 $'000 ADF Cover	2026 $'000 Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	296,500	31,583,000	102,166,000	7,026,000	141,071,500
Current Service cost	-	18,000	1,840,000	1,945,000	3,803,000
Interest cost	10,700	1,348,000	5,844,000	387,000	7,589,700
Expected return on plan assets (interest income)	-	-	(753,000)	-	(753,000)
Total expense	10,700	1,366,000	6,931,000	2,332,000	10,639,700
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	(770,000)	-	(770,000)
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	5,400	548,000	2,393,000	266,000	3,212,400
Changes in financial assumptions	(13,000)	(2,001,000)	(7,049,000)	(541,000)	(9,604,000)
Changes in demographic assumptions	-	-	-	(87,000)	(87,000)
Contributions	(31,067)	(1,912,353)	(2,548,000)	(209,580)	(4,701,000)
Net defined benefit liability as at 30 June	268,533	29,583,647	101,123,000	8,786,420	139,761,600
Reconciliation of the present value of the defined benefit obligation					
Opening value at 1 July	296,500	31,583,000	117,343,000	7,026,000	156,248,500
Current Service cost	-	18,000	1,840,000	1,945,000	3,803,000
Interest cost	10,700	1,348,000	5,844,000	387,000	7,589,700
Funded contributions by plan participants	-	-	195,000	-	195,000
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	5,400	548,000	2,393,000	266,000	3,212,400
Changes in financial assumptions	(13,000)	(2,001,000)	(7,049,000)	(541,000)	(9,604,000)
Changes in demographic assumptions	-	-	-	(87,000)	(87,000)
Benefits paid	(31,067)	(1,912,353)	(2,981,000)	(209,580)	(5,134,000)
Defined benefit obligation as at 30 June	268,533	29,583,647	117,585,000	8,786,420	156,223,600
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	-	-	15,177,000	-	15,177,000
Expected return on plan assets (interest income)	-	-	753,000	-	753,000
Experience actuarial gains/(losses)	-	-	770,000	-	770,000
Contributions	31,067	1,912,353	2,548,000	209,580	4,701,000
Funded contributions by plan participants	-	-	195,000	-	195,000
Benefits paid	(31,067)	(1,912,353)	(2,981,000)	(209,580)	(5,134,000)
Fair value of plan assets at 30 June	-	-	16,462,000	-	16,462,000
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	3,786,260	-	3,786,260
Overseas equities	-	-	4,609,360	-	4,609,360
Property and infrastructure	-	-	1,975,440	-	1,975,440
Private equity	-	-	1,975,440	-	1,975,440
Cash, debt instruments	-	-	1,975,440	-	1,975,440
Other	-	-	2,140,060	-	2,140,060
Subtotal	-	-	16,462,000	-	16,462,000

The actual return on plan assets was a gain of $1,523.0m (2024-25: gain of $1,474.0m). The fair value of scheme assets relates to the value of investments in the CSC Pooled Superannuation Trust. These are disclosed as level two 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.

Reconciliation of the present value of the defined benefit obligation					
Closing value of the defined benefit obligation	268,533	29,583,647	117,585,000	8,786,420	156,223,600
Closing fair value of plan assets	-	-	(16,462,000)	-	(16,462,000)
Closing value of the net defined benefit liability	**268,533**	**29,583,647**	**101,123,000**	**8,786,420**	**139,761,600**

Administered – Defined Benefit Plans (continued)	2025 $'000 DFRB	2025 $'000 DFRDB	2025 $'000 MSBS	2025 $'000 ADF Cover	2025 $'000 Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	231,100	31,463,000	101,205,000	5,297,000	138,196,100
Current Service cost	-	23,000	1,951,000	1,830,000	3,804,000
Interest cost	9,012	1,374,644	5,513,000	294,315	7,190,971
Expected return on plan assets (interest income)	-	-	(663,000)	-	(663,000)
Total expense	9,012	1,397,644	6,801,000	2,124,315	10,331,971
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	(811,000)	-	(811,000)
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	10,500	(138,000)	1,230,000	(272,000)	830,500
Changes in financial assumptions	10,300	735,000	(3,966,000)	(133,000)	(3,353,700)
Changes in demographic assumptions*	69,200	-	-	175,000	244,200
Contributions	(33,612)	(1,874,644)	(2,293,000)	(165,315)	(4,366,571)
Net defined benefit liability as at 30 June	296,500	31,583,000	102,166,000	7,026,000	141,071,500
Reconciliation of the present value of the defined benefit obligation					
Opening value at 1 July	231,100	31,463,000	115,122,000	5,297,000	152,113,100
Current Service cost	-	23,000	1,951,000	1,830,000	3,804,000
Interest cost	9,012	1,374,644	5,513,000	294,315	7,190,971
Funded contributions by plan participants	-	-	200,000	-	200,000
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	10,500	(138,000)	1,230,000	(272,000)	830,500
Changes in financial assumptions	10,300	735,000	(3,966,000)	(133,000)	(3,353,700)
Changes in demographic assumptions*	69,200	-	-	175,000	244,200
Benefits paid	(33,612)	(1,874,644)	(2,707,000)	(165,315)	(4,780,571)
Defined benefit obligation as at 30 June	296,500	31,583,000	117,343,000	7,026,000	156,248,500
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	-	-	13,917,000	-	13,917,000
Expected return on plan assets (interest income)	-	-	663,000	-	663,000
Experience actuarial gains/(losses)	-	-	811,000	-	811,000
Contributions	33,612	1,874,644	2,293,000	165,315	4,366,571
Funded contributions by plan participants	-	-	200,000	-	200,000
Benefits paid	(33,612)	(1,874,644)	(2,707,000)	(165,315)	(4,780,571)
Fair value of plan assets at 30 June	-	-	15,177,000	-	15,177,000
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	3,794,250	-	3,794,250
Overseas equities	-	-	3,794,250	-	3,794,250
Property and infrastructure	-	-	1,821,240	-	1,821,240
Private equity	-	-	1,821,240	-	1,821,240
Cash, debt instruments	-	-	2,428,320	-	2,428,320
Other	-	-	1,517,700	-	1,517,700
Subtotal	-	-	15,177,000	-	15,177,000

The 2024-25 actual return on plan assets was a gain of $1,474.0m. The fair value of scheme assets relates to the value of investments in the CSC Pooled Superannuation Trust. These are disclosed as level two 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.

Reconciliation of the present value of the defined benefit obligation					
Closing value of the defined benefit obligation	296,500	31,583,000	117,343,000	7,026,000	156,248,500
Closing fair value of plan assets	-	-	(15,177,000)	-	(15,177,000)
Closing value of the net defined benefit liability	**296,500**	**31,583,000**	**102,166,000**	**7,026,000**	**141,071,500**

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5. Funding

5.1: Appropriations

5.1A: Annual appropriations

Annual Appropriations for 2025-26

	Annual Appropriation[1]	Adjustments to appropriations[2]	Total Appropriation	Appropriation applied in 2025-26 (Current and prior years)	Variance[3]
	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL[4]					
Ordinary annual services	43,357,985	5,132,034	48,490,019	48,244,388	245,631
Capital budget[5]	3,128,980	-	3,128,980	2,727,979	401,001
Other services					
Equity injection	14,325,884	-	14,325,884	14,318,429	7,455
Working capital injection[6]	900,000	-	900,000	-	900,000
Total Departmental	**61,712,849**	**5,132,034**	**66,844,883**	**65,290,796**	**1,554,087**

Details of quarantined appropriations are as follows:	**$'000**
Amounts withheld under section 51 determinations	
Appropriation Act (No. 1) 2025-26 - Operating	**345,701**
Appropriation Act (No. 3) 2025-26 - Operating	**166,563**
Appropriation Act (No. 1) 2025-26 - Departmental Capital Budget (DCB)	**27,399**
Supply Act (No. 1) 2025-26 - Departmental Capital Budget (DCB)	**314,247**
Appropriation Act (No. 2) 2025-26 - Equity Injections	**95,923**
Appropriation Act (No. 4) 2025-26 - Equity Injections	**193,843**
Total quarantined	**1,143,676**

[1] The annual appropriations includes an amount of $1.1bn withheld under section 51 of the PGPA Act.

[2] Adjustments to appropriations include adjustments to current year annual appropriations including PGPA section 74 receipts of $5.1bn and section 75 transfers totalling $3.7m. Section 75 transfers relate to the establishment of Australian Naval Nuclear Power Safety Regulator. Defence updated the presentation of appropriations disclosed in the appropriation note to include GST amounts retained under section 74 of the PGPA Act in accordance with guidance from the Department of Finance. In prior years, retainable GST under section 74 of the PGPA Act was excluded from the appropriation note.

[3] 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 Departmental appropriations withheld under section 51.

[4] The Department of Industry Science and Resources and the Attorney-General's Department can draw funds from the Consolidated Revenue Fund (CRF) on behalf of Defence. The Australian Submarine Agency (ASA) can authorise spending on behalf of Defence for Program 2.16 Nuclear-Powered Submarines. It is not acting as a spending agent for the purposes of section 47 of the FRR and responsibility for drawing funds from the CRF remains with Defence.

[5] Departmental Capital Budgets are appropriated through Appropriation Acts (No.1 / 3 / 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

[6] The funding increase in 2025-26 of $900.0m was to address Defence's working capital requirements and was received through Appropriation Act (No. 6) 2025-26. The funding was provided as a working capital injection to support the timely settlement of industry commitments as they fall due. Consistent the *Portfolio Budget Statements* 2026-27, the funding is classified as an annual appropriation (working capital) rather than an equity injection.

5.1: Appropriations (continued)

5.1A: Annual appropriations ('recoverable GST exclusive') (continued)

Annual Appropriations for 2024-25

	Annual Appropriation[1] $'000	Adjustments to appropriations[2] $'000	Total Appropriation $'000	Appropriation applied in 2024-25 (Current and prior years) $'000	Variance[3] $'000
DEPARTMENTAL[4]					
Ordinary annual services[5]	38,934,279	2,607,298	41,541,577	40,772,370	769,207
Capital budget[6]	3,206,208	-	3,206,208	2,755,828	450,380
Other services					
Equity injection[7]	11,074,268	-	11,074,268	11,565,651	(491,383)
Total Departmental	**53,214,755**	**2,607,298**	**55,822,053**	**55,093,849**	**728,204**

Details of quarantined appropriations are as follows:	**$'000**
Amounts withheld under section 51 determinations	
Appropriation Act (No. 1) 2024-25 - Operating	109,354
Appropriation Act (No. 1) 2024-25 - Departmental Capital Budget (DCB)	499,097
Appropriation Act (No. 2) 2024-25 - Equity Injections	121,498
Total quarantined	**729,949**

[1] The annual appropriations includes an amount of $729.9m withheld under section 51 of the PGPA Act.

[2] Adjustments to appropriations including PGPA Act section 74 receipts of $2.6bn. This excludes GST refunds retained and disclosure is consistent with prior years.

[3] 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 Departmental appropriations withheld under section 51.

[4] The Commonwealth Superannuation Corporation, Department of Industry Science and Resources and the Attorney-General's Department can draw funds from the Consolidated Revenue Fund (CRF) on behalf of Defence. The Australian Submarine Agency (ASA) can authorise spending on behalf of Defence for Program 2.16 Nuclear-Powered Submarines. It is not acting as a spending agent for the purposes of section 47 of the FRR and responsibility for drawing funds from the CRF remains with Defence.

[5] The Appropriation applied in 2024-25 (Current and prior years) has been updated to reflect cash held in outposted bank accounts as unspent annual appropriations per Note 5.1B: Unspent annual appropriations.

[6] Departmental 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.

[7] Annual appropriation within the Equity injection of $11.1bn excludes the $700m working capital brought forward from the 2027-28 budget. This was spent during the year and is reflected in Appropriation applied in 2024-25.

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5.1: Appropriations (continued)

	2026 $'000	2025 $'000
Note 5.1B: Unspent annual appropriations		
Operating		
Appropriation Act (No.5) 2025-26	**309,692**	-
Appropriation Act (No.3) 2025-26[1]	**166,563**	-
Appropriation Act (No.1) 2025-26[1]	**345,701**	-
Appropriation Act (No.3) 2024-25[1]	**39,552**	143,842
Appropriation Act (No.1) 2024-25	**109,354**	533,942
Appropriation Act (No.3) 2023-24[2]	**387,515**	387,515
Appropriation Act (No.1) 2023-24[2]	**288,937**	288,937
Total operating	**1,647,314**	1,354,236
Equity		
Appropriation Act (No.6) 2025-26	**900,000**	-
Appropriation Act (No.4) 2025-26[1]	**219,311**	-
Appropriation Act (No.2) 2025-26[1]	**95,923**	-
Appropriation Act (No.1) 2025-26 - Departmental Capital Budget[1]	**199,225**	-
Supply Act (No.1) 2025-26 - Departmental Capital Budget[1]	**314,247**	-
Appropriation Act (No.1) 2024-25 - Departmental Capital Budget[1]	**502,539**	615,010
Appropriation Act (No.4) 2024-25	**-**	230,721
Appropriation Act (No.2) 2024-25	**121,498**	198,556
Appropriation Act (No.4) 2023-24[2]	**18,648**	18,648
Appropriation Act (No.3) 2023-24 - Departmental Capital Budget[2]	**13,952**	13,952
Appropriation Act (No.2) 2023-24[2]	**1,225,231**	1,225,231
Appropriation Act (No.1) 2023-24 - Departmental Capital Budget[2]	**783,382**	783,382
Total equity	**4,393,956**	3,085,500
Total	**6,041,270**	4,439,736
Cash and cash equivalents[3]	535,962	583,408
Total unspent annual appropriations[4]	**6,577,232**	5,023,144

Notes

[1] Unspent annual appropriations have been formally reduced by the Department of Finance under Section 51 of the PGPA Act-Appropriation Act (No.3) 2025-26 - $166.6m, Appropriation Act No.1) 2025-26 - $345.7m, Appropriation Act (No.4) 2025-26 - $193.8m, Appropriation Act (No.2) 2025-26 - $95.9m, Appropriation Act (No.1) 2025-26 - Departmental Capital Budget - $27.4m, Supply Act (No.1) 2025-26 - Departmental Capital Budget - $314.2m, Appropriation Act (No.3) 2024-25 - $39.6m and Appropriation Act (No.1) 2024-25 - Departmental Capital Budget- $3.4m in 2025-26.

[2] 2023-24 Appropriations will lapse on 1 July 2026 under section 39 of the FRR.

[3] Cash and cash equivalents exclude cash balances relating to special accounts that are disclosed separately in Note 5.2 – Special accounts. Cash and cash equivalents includes amounts held in outposted bank accounts with cash on demand in Note 3.1A Cash and cash equivalents. The 2024-25 comparative have been restated to include cash on demand.

[4] The unspent annual appropriations are $6.6bn, allocated as follows:

(a) $4.6bn has been formally reduced by Department of Finance under section 51 of the PGPA act; and

(b) $2.0bn of unspent annual appropriations (including cash and cash equivalents of $536.0m) available to the Department.

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5.1C: Special appropriations ('recoverable GST exclusive')

Authority	Nature	Type	Purpose	Appropriation Applied 2026 $'000	2025 $'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.	**31,067**	33,612
***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.	**1,904,328**	1,863,062
***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.	**2,770,703**	2,497,237
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.	**293,865**	215,338
***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.	**209,580**	165,315
Total				**5,209,543**	4,774,564

[1] Commonwealth Superannuation Corporation draw funds from the CRF on behalf of Defence.

[2] While section 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 2026 published by the Department of Finance.

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*

The following Special Appropriations are administered and 'unlimited' in nature. No payment has been made from the following special appropriations in the past three years or longer.

- *Defence Force (Home Loans Assistance Act 1990)*
- *War Gratuity Act 1945*
- *Public Governance, Performance and Accountability Act 2013, s.77*

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5.2: Special Accounts

Defence Endowments, Bequests and Other Trust Money Special Account[1]

	2026 $'000	2025 $'000
DEPARTMENTAL		
Balance brought forward from previous period	522,916	742,178
Opening balance adjustment	-	-
Reclassification		
Departmental	-	-
Administered	-	-
Total	**522,916**	742,178
Increases:		
Departmental	1,117,054	72,984
Administered	-	-
Total increases	**1,117,054**	72,984
Available for payments	**1,639,970**	815,162
Decreases:		
Departmental	(550,952)	(292,246)
Administered	-	-
Total decreases	**(550,952)**	(292,246)
Total balance to be carried forward to next period		
Departmental	1,089,018	522,916
Administered	-	-
Balance represented by:		
Cash held in entity bank accounts[2]	876,834	397,217
Cash held in the Official Public Account[3]	212,184	125,699
Total balance carried to the next period	**1,089,018**	522,916

[1] Relevant authority is granted under *Public Governance, Performance and Accountability Act 2013* section 78, with the establishing instrument being the *Defence Endowments, Bequests and Other Trust Money Special Account 2019*.

The purpose is to carry out activities in line with the purpose of trust accounts, disclosed in Note 8.1: Asset Held in Trust, and to disburse amounts in connection with services performed for or on behalf of a third party, including another government.

[2] Cash held in entity bank accounts is cash held in relation to the Heavy Weapons Carrier Production Trust. This cash is not held within the Official Public Account in accordance with the trust arrangements. Refer to Note 8.1: Assets Held in Trust.

[3] The balance includes asset held in trust funds held within the Official Public Account amounting to $1.8m (2024-25: $1.7m). Refer to Note 8.1: Assets Held in Trust.

5.3: Net Cash Appropriations Arrangements

	Notes	2026 $'000	2025 $'000
Defence Net Cash Result - surplus / (deficit)[1]		**(156,893)**	(466,017)
Less: Items included in Total comprehensive (loss) / income			
Not included in Net Cash:			
Depreciation and amortisation[2]	3.2A	**(8,762,242)**	(7,334,993)
Inventory consumption[2]	1.1B	**(1,184,436)**	(1,008,711)
Net write-down and net impairment of assets[2,3]		**(622,184)**	(1,597,749)
Plus: Items included in Net Cash but not included in total comprehensive (loss) / income			
Not included in Net Cash:			
Repayment of lease liabilities funded through revenue appropriations		**574,676**	419,299
Net capital deficit / (surplus)[4]		**(74,378)**	1,257,246
(Deficit) / Surplus attributable to the Australian Government		**(10,225,457)**	(8,730,925)
Plus: Other comprehensive income / (loss)			
Items not subject to subsequent reclassification to net cost of services:			
Changes in asset revaluation reserves	3.2A	**290,632**	4,208,127
Total comprehensive (loss) / income attributable to the Australian Government		**(9,934,825)**	(4,522,798)

[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.

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 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 2025-26.

[3] Net write-down and net impairment of assets comprises of impairment loss allowance on financial instruments, write-down of non-financial assets and reversals of previous asset write-downs.

[4] Net capital deficit / (surplus) 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.

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6. People and Relationships

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. The key management personnel of Defence are considered to be the:

i. Minister for Defence;
ii. Minister for Defence Industry;
iii. Minister for Veterans' Affairs and Defence Personnel;
iv. Assistant Defence Minister;
v. Secretary;
vi. Chief of the Defence Force;
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;
xv. Deputy Secretary Strategy, Policy and Industry;
xvi. Deputy Secretary Capability Acquisition and Sustainment;
xvii. Chief Information Officer;
xviii. Chief Defence Scientist;
xix. Deputy Secretary Security and Estate;
xx. Deputy Secretary Defence People;
xxi. Deputy Secretary Naval Shipbuilding and Sustainment;
xxii. Chief of Defence Intelligence;
xxiii Chief of Guided Weapons and Explosive Ordnance;
xxiv Chief of Personnel;
xxv Deputy Secretary Governance; and
xxvi. Head of the Defence Reform Taskforce[1].

Key management personnel remuneration is reported in the table below.

	2026	2025
	$	$
Short-term employee benefits[2]	**13,058,215**	12,723,897
Post-employment benefits	**2,423,966**	2,375,240
Long-term benefits	**279,374**	275,246
Total key management personnel remuneration expenses[3]	**15,761,555**	15,374,383

Notes

[1] The Head of the Defence Reform Taskforce position was established 8 December 2025.

[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' Affairs 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 45 (2024-25: 41). Acting key management personnel included in the above figure are 20 (2024-25: 15).

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 (KMP) (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 a related party enlisting in the Defence reserves and the gifting of assets to the Australian War Memorial. These transactions occurred at arm's length during the course of Defence delivering on its objectives and have not been separately disclosed in this note.

Additionally, Defence has transacted with the following Commonwealth Companies to build sovereign defence capability through the defence acquisition program. These entities are owned or majority owned by the Australian Government and administered by the Department of Finance:

- ASC Pty Ltd (wholly owned) – engaged to deliver Australia's nuclear-powered submarines.
- Australian Naval Infrastructure Pty Ltd (wholly owned) – engaged to support the Government's continuous naval shipbuilding program through acquiring, holding, managing and developing critical infrastructure and facilities.
- CEA Technologies Pty (majority owned) – engaged to manufacture Defence radar systems.

These transactions occurred at arm's length during the course of Defence delivering on its objectives and have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Defence, it has been determined that there are no related party transactions to be separately disclosed (2024-25: 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.

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7. Managing Uncertainties

7.1: Contingent Assets and Liabilities

Note 7.1A: Contingent assets and liabilities	2026 $'000	2025 $'000
Contingent assets		
Balance from previous period	**31**	220
New	**-**	-
Re-measurement	**3,003**	(89)
Assets realised	**-**	-
Rights expired	**-**	(100)
Total contingent assets	**3,034**	31
Contingent liabilities		
Balance from previous period	**6,245**	17,913
New	**193**	-
Re-measurement	**16,026**	6,273
Liabilities realised	**(16,023)**	(13,685)
Obligations expired	**(175)**	(4,256)
Total contingent liabilities	**6,266**	6,245
Net contingent liabilities	**3,232**	6,214

Quantifiable contingencies

Contingent assets

At 30 June 2026, Defence had two (2024-25: one) instances of non-remote, quantifiable contingent assets in respect of claims by Defence valued at $3.0m (2024-25: $0.03m).

Contingent liabilities

At 30 June 2026, there are 15 (2024-25: 14) instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at $6.3m (2024-25: $6.2m). 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 2026 Defence had no (2024-25: nil) instances of unquantifiable non-remote contingent assets.

Contingent liabilities

At 30 June 2026 Defence had 21 (2024-25: 25) instances of unquantifiable non-remote contingent liabilities.

Land decontamination, make-good 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 is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable. Where there is a possible legal or constructive obligation, but the potential cost could not be quantified, the obligations have been assessed as unquantifiable contingencies. It was not possible to estimate the amounts of any eventual payments or receipts that may have eventuated in relation to these claims.

Quantifiable Remote Contingencies

Remote contingent assets

At 30 June 2026, Defence had one (2024-25: one) instance of quantifiable remote contingent assets valued at $2,000.0m (2024-25: $0.6m).

Remote contingent liabilities

At 30 June 2026, Defence had 128 (2024-25: 194) instances of quantifiable remote contingent liabilities valued at $4,827.8m (2024-25: $4,272.6m). 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.

7.1: Contingent Liabilities and Assets (continued)

Quantifiable Remote Contingencies (continued)

During 2025-26, Defence entered into a standby letter of credit with Citibank Australia providing a guarantee to the United States Defense Security Cooperation Agency of up to USD $800m (AUD $1,164.7m at 30 June 2026). The guarantee supports Defence's commitments under the Foreign Military Sales (FMS) program. Defence has assessed the arrangement as a quantifiable remote contingent liability. The arrangement is disclosed to provide transparency regarding Defence's potential exposure under the guarantee.

Unquantifiable Remote Contingencies

Remote Contingent Assets

At 30 June 2026, Defence had no instance of an unquantifiable remote contingent asset (2024-25: one).

Remote Contingent Liabilities

At 30 June 2026, Defence had 468 instances of unquantifiable remote contingent liabilities (2024-25: 484).

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.

Note 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.

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7.2: Financial Instruments

	Notes	2026 $'000	2025 $'000
Note 7.2A: Categories of financial instruments			
Financial assets at amortised cost:			
Cash and cash equivalents	3.1A	**746,363**	707,361
Loans and other receivables:			
Trade and other receivables		**1,399,152**	1,740,578
Total financial assets at amortised cost		**2,145,515**	2,447,939
Carrying amount of financial assets		**2,145,515**	2,447,939
Financial liabilities			
Financial liabilities measured at amortised cost:			
Suppliers		**4,741,313**	5,544,884
Employee payables	3.3B	**467,892**	421,141
Other payables[1]		**24,617**	28,492
Total financial liabilities at amortised cost		**5,233,822**	5,994,517
Carrying amount of financial liabilities		**5,233,822**	5,994,517

[1] Comparative information for 2024-25 has been restated to remove unearned revenue disclosed in Note 3.3C, as this balance does not meet the definition of a financial liability.

Accounting Policy

Financial Assets

Defence classifies its financial assets in the following categories:

a) financial assets at fair value through profit or loss;

b) financial assets at fair value through other comprehensive income; and

c) 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:

1. the financial asset is held in order to collect the contractual cash flows; and
2. 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 Solely Payment of Principal and Interest (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.

Note 7.2A: Categories of financial instruments (continued)

Accounting Policy (continued)

(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.

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.

	2026	2025
	$'000	$'000
Note 7.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange (loss) / gain	**(24,742)**	(69,024)
Impairment (loss) / reversal	**3,109**	(12,482)
Net (loss) / gain on financial assets at amortised cost	**(21,633)**	(81,506)
Net (loss) / gain on financial assets	**(21,633)**	(81,506)

There is no interest income from financial assets not at fair value through the net cost of services.

Note 7.2C: Net gains or losses on financial liabilities		
Financial liabilities at amortised cost		
Exchange gain / (loss)	**2,724**	(2)
Interest expense	**(159,514)**	(117,871)
Net (loss) / gain on financial liabilities at amortised cost	**(156,790)**	(117,873)
Net (loss) / gain on financial liabilities	**(156,790)**	(117,873)

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7.3: Administered – Financial Instruments

	Notes	2026 $'000	2025 $'000
7.3A: Categories of financial instruments			
Financial assets at amortised cost			
Loans and receivables			
Trade and other receivables	4.1A	**48,880**	50,103
Total financial assets at amortised cost		**48,880**	50,103
Financial assets at fair value through other comprehensive income (investments in equity instruments)			
Investment in Defence Housing Australia	4.1B	**4,278,061**	4,030,375
Investment in other small portfolio bodies	4.1B	**134,966**	130,620
Total financial assets at fair value through other comprehensive income (investments in equity instruments)		**4,413,027**	4,160,995
Carrying amount of financial assets		**4,461,907**	4,211,098
Financial liabilities			
Financial liabilities measured at amortised cost			
Other payables	4.3A	**99,371**	94,631
Total financial liabilities measured at amortised cost		**99,371**	94,631
Carrying amount of financial liabilities		**99,371**	94,631

The net interest income from financial assets not at fair value through net cost of service is nil (2024-25: nil).

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 are not subject to valuation under AASB 13 *Fair Value Measurement.*

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 *Fair Value Measurement*.

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	
		2026	2025
	Notes	**$'000**	$'000
Note 7.4A: Fair value measurement			
Non-financial assets			
Land[1]	3.2A	**7,312,766**	7,498,918
Buildings[1]	3.2A	**20,781,523**	19,356,431
Specialist military equipment[1]	3.2A	**97,644,511**	93,494,554
Infrastructure[1]	3.2A	**10,528,073**	10,515,845
Plant and equipment[1]	3.2A	**1,669,091**	1,568,574
Heritage and cultural[1]	3.2A	**404,709**	403,210
Assets held for sale and distribution[2]	3.2D	**285,040**	33,612
Total non-financial assets		**138,625,713**	132,871,144

[1] Excludes the Right of Use assets which are measured at amortised cost.

[2] Assets held for sale and distribution are measured at fair value in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.*

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7.5: Administered – Fair Value Measurements

		Fair value measurements at the end of the reporting period	
		2026	2025
		$'000	$'000
7.5A Administered Fair value measurements			
Financial assets			
Administered Investment	4.1B	**4,413,027**	4,160,995
Total financial assets		**4,413,027**	4,160,995

Accounting Policy
Administered investments are valued using the net assets valuation approach.

8. Other Information

8.1: Assets Held in Trust

	2026 $'000	2025 $'000
Young Endeavour Youth Program Public Fund (Trust)		
As at 30 June 2026, 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* ".		
Purpose of trust arrangement:		
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.		
Total amount held at the beginning of the reporting period	**1,589**	1,565
Receipts	**41**	24
Payments	**(4)**	-
Total amount held at the end of the reporting period	**1,626**	1,589
Peter Mitchell Trust Fund (Trust)		
As at 30 June 2026, 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*".		
Purpose of trust arrangement:		
To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth.		
Total amount held at the beginning of the reporting period	**3**	3
Receipts	**-**	-
Payments	**-**	-
Total amount held at the end of the reporting period	**3**	3
Fedorczenko Legacy Fund Special Account (Trust)		
As at 30 June 2026, 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*".		
Purpose of trust arrangement:		
For expenditure in relation to the defence of Australia of the residual of the estate of the late Petro Fedorczenko.		
Total amount held at the beginning of the reporting period	**154**	154
Receipts	**-**	-
Payments	**-**	-
Total amount held at the end of the reporting period	**154**	154
Heavy Weapons Carrier - Production Cost (Trust)		
As at 30 June 2026, 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*".		
Purpose of trust arrangement:		
For expenditure in relation the purchase of Heavy Weapon Carrier vehicles for a foreign government.		
Total amount held at the beginning of the reporting period	**397,217**	606,350
Receipts	**991,886**	40,401
Payments	**(512,269)**	(249,534)
Total amount held at the end of the reporting period	**876,834**	397,217
Total asset held in Trust	**878,617**	398,963

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8.2: Current / Non-current Distinction for Assets and Liabilities

	2026	2025
	$'000	$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**746,363**	707,361
Trade and other receivables	**2,465,141**	2,468,569
Assets held for sale	**285,040**	33,612
Inventories	**940,349**	1,071,880
Prepayments	**1,878,079**	2,231,170
Total no more than 12 months	**6,314,972**	6,512,592
More than 12 months		
Trade and other receivables	**805,372**	713,709
Land	**7,363,809**	7,551,266
Buildings	**22,966,476**	21,320,643
Specialist military equipment	**97,772,619**	93,662,080
Infrastructure	**10,600,688**	10,591,882
Plant and equipment	**1,856,362**	1,801,482
Heritage and cultural assets	**404,709**	403,210
Intangibles	**3,716,136**	3,710,086
Inventories	**11,591,011**	10,284,318
Prepayments	**1,979,833**	1,839,730
Total more than 12 months	**159,057,015**	151,878,406
Total assets	**165,371,987**	158,390,998
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers payables	**5,017,976**	5,588,892
Employee payables	**467,892**	421,141
Other payables	**1,018,744**	1,494,110
Leases	**524,614**	467,877
Employee provisions	**1,425,822**	1,303,109
Asset restoration provisions	**48,021**	41,536
Other provisions	**96,767**	125,701
Total no more than 12 months	**8,599,836**	9,442,366
More than 12 months		
Suppliers payables	**6**	11
Leases	**3,020,255**	2,896,665
Employee provisions	**2,312,872**	2,262,648
Asset restoration provisions	**1,001,615**	1,041,111
Other provisions	**14,158**	112,690
Total more than 12 months	**6,348,906**	6,313,125
Total liabilities	**14,948,742**	15,755,491

8.2B: Administered - current/non-current distinction for assets and liabilities

	2026 $'000	2025 $'000
Assets expected to be recovered in:		
No more than 12 months		
Trade and other receivables	**48,880**	50,103
Prepayments	**301**	1,117
Total no more than 12 months	**49,181**	51,220
More than 12 months		
Equity accounted investments	**4,413,027**	4,160,995
Prepayments	**2,530**	3,855
Total more than 12 months	**4,415,557**	4,164,850
Total assets	**4,464,738**	4,216,070
Liabilities expected to be settled in:		
No more than 12 months		
Other payables	**99,371**	94,631
Employee provisions	**5,131,000**	4,403,000
Total no more than 12 months	**5,230,371**	4,497,631
More than 12 months		
Employee provisions	**134,630,600**	136,668,500
Total more than 12 months	**134,630,600**	136,668,500
Total liabilities	**139,860,971**	141,166,131

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8.3: Restructuring

The Australian Government established the Australian Naval Nuclear Power Safety Regulator (ANNPSR) in November 2025. This is an independent statutory agency to oversee nuclear safety and radiological protection for Australia's nuclear-powered submarines, to be acquired under the AUKUS arrangement.

Functions Relinquished	Gaining entity
Regulation associated with nuclear safety and radiological protection for Australia's nuclear-powered submarines.	ANNPSR

	2026 $'000
Note 8.3: Restructuring	
Liabilities relinquished	
Employee Provisions	**2,553**
Total liabilities relinquished	**2,553**
Net liabilities relinquished	**(2,553)**

Appendix B: Expenses by outcome

Table B.1 Total funded expenditure of Defence outcomes and programs, 2025–26

	2025–26 budget[1] ($'000)	2025–26 actual result ($'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 safety of the immediate neighbourhood				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	-	1,713	1,713	100
Suppliers	69,861	45,038	(24,823)	(36)
Net foreign exchange losses	-	-	-	-
Other expenses	-	-	-	-
Total expenses funded by appropriation and own source revenue (A)	**69,861**	**46,751**	**(23,110)**	**(33)**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	**-**	**-**	**-**
Total operating expenses (A) + (B) = (C)	**69,861**	**46,751**	**(23,110)**	**(33)**
Purchases of non-financial assets	-	24,409	24,409	100
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**24,409**	**24,409**	**100**
Total funded expenditure for Program 1.1 (A+D)	**69,861**	**71,160**	**1,299**	**2**

Note:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 1.2 Operations supporting wider interests				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	797	10,196	9,399	>500
Suppliers	147,980	157,760	9,780	7
Net foreign exchange losses	-	3	3	100
Other expenses	-	-	-	-
Total expenses funded by appropriation and own source revenue (A)	**148,777**	**167,959**	**19,182**	**13**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption[2]	-	5	5	100
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	**5**	**5**	**100**
Total operating expenses (A) + (B) = (C)	**148,777**	**167,964**	**19,187**	**13**
Purchases of non-financial assets	-	164	164	100
Purchases of inventory[2]	-	2,731	2,731	100
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**2,895**	**2,895**	**100**
Total funded expenditure for Program 1.2 (A+D)	**148,777**	**170,854**	**22,077**	**15**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'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	11,261	8,833	(2,428)	(22)
Suppliers	119,050	92,437	(26,613)	(22)
Net foreign exchange losses	-	-	-	-
Other expenses	-	25	25	100
Total expenses funded by appropriation and own source revenue (A)	**130,311**	**101,295**	**(29,016)**	**(22)**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption[2]	-	3	3	100
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	**3**	**3**	**100**
Total operating expenses (A) + (B) = (C)	**130,311**	**101,298**	**(29,013)**	**(22)**
Purchases of non-financial assets	-	-	-	-
Purchases of inventory[2]	-	117	117	100
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**117**	**117**	**100**
Total funded expenditure for Program 1.3 (A+D)	**130,311**	**101,412**	**(28,899)**	**(22)**
Total funded expenditure for Outcome 1	**348,949**	**343,426**	**(5,523)**	**(2)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
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	130,489	133,059	2,570	2
Suppliers	671,346	539,320	(132,026)	(20)
Net losses from sale of assets[2]	-	(95)	(95)	100
Net foreign exchange losses	-	-	-	-
Other expenses	7,009	67,721	60,712	>500
Total expenses funded by appropriation and own source revenue (A)	**808,845**	**740,005**	**(68,839)**	**(9)**
Expenses not requiring appropriation				
Depreciation and amortisation	13,121	4,297	(8,824)	(67)
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets[3]	4,203	(157)	(4,360)	(104)
Total expenses not requiring appropriation (B)	**17,324**	**4,140**	**(13,184)**	**(76)**
Total operating expenses (A) + (B) = (C)	**826,169**	**744,145**	**(82,024)**	**(10)**
Purchases of non-financial assets	150	-	(150)	(100)
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**150**	**-**	**(150)**	**(100)**
Total funded expenditure for Program 2.1 (A+D)	**808,995**	**740,005**	**(68,990)**	**(9)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence budget and actual result is in a net losses from sale of assets position. This program has a budget or actual result in a net gain position, represented by a negative value.
3. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.2 Defence Executive Support (including Governance Group)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	153,631	143,307	(10,324)	(7)
Suppliers	308,617	355,512	46,895	15
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	4,645	5,149	504	11
Total expenses funded by appropriation and own source revenue (A)	**466,893**	**503,968**	**37,075**	**8**
Expenses not requiring appropriation				
Depreciation and amortisation	20,059	31,953	11,894	59
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets[2]	44	(34,245)	(34,289)	<(500)
Total expenses not requiring appropriation (B)	**20,103**	**(2,292)**	**(22,395)**	**(111)**
Total operating expenses (A) + (B) = (C)	**486,996**	**501,676**	**14,680**	**3**
Purchases of non-financial assets	117,820	133,906	16,086	14
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**117,820**	**133,906**	**16,086**	**14**
Total funded expenditure for Program 2.2 (A+D)	**584,713**	**637,874**	**53,161**	**9**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.3 Defence Finance				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees[2,3]	114,486	94,336	(20,150)	(18)
Suppliers	94,885	111,682	16,797	18
Net losses from sale of assets[4]	-	(308)	(308)	100
Net foreign exchange losses[5]	-	22,018	22,018	100
Other expenses[6]	3,878	71,495	67,617	>500
Total expenses funded by appropriation and own source revenue (A)	**213,250**	**299,223**	**85,973**	**40**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	**-**	**-**	**-**
Total operating expenses (A) + (B) = (C)	**213,250**	**299,223**	**85,973**	**40**
Purchases of non-financial assets	-	-	-	-
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**-**	**-**	**-**
Total funded expenditure for Program 2.3 (A+D)	**213,250**	**299,223**	**85,973**	**40**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Employees for Program 2.3 Defence Finance includes adjustments made for the whole-of-Defence.
3. Employee expenses for Program 2.3 Defence Finance are lower than budget predominantly due to the gains associated with the actuarial assumptions, including from the increase in government bond rates as at 30 June 2026 compared to 30 June 2025.
4. Total Defence budget and actual result is in a net losses from sale of assets position. This program has a budget or actual result in a net gain position, represented by a negative value.
5. Net foreign exchange losses are driven by fluctuations in the value of the Australian Dollar (AUD). The AUD was weaker in 2025–26, with Program 2.3 Defence Finance including all impacts for the whole-of-Defence for programs within Outcome 2.
6. Other expenses for Program 2.3 Defence Finance represents cash transferred to Official Public Account in relation to non-retainable income under section 74 of the *Public Governance, Performance and Accountability Act 2013*

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.4 Joint Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	203,451	204,129	678	<1
Suppliers	1,501,116	1,628,893	127,777	9
Net losses from sale of assets	-	40	40	100
Net foreign exchange losses	-	-	-	-
Other expenses	17	-	(17)	(100)
Total expenses funded by appropriation and own source revenue (A)	**1,704,584**	**1,833,062**	**128,478**	**8**
Expenses not requiring appropriation				
Depreciation and amortisation	123,837	332,379	208,542	168
Inventory consumption[2]	-	36,355	36,355	100
Net write-down and net impairment of assets	322,558	325,872	3,314	1
Total expenses not requiring appropriation (B)	**446,395**	**694,606**	**248,211**	**56**
Total operating expenses (A) + (B) = (C)	**2,150,979**	**2,527,668**	**376,689**	**18**
Purchases of non-financial assets	757,429	450,663	(306,766)	(41)
Purchases of inventory[2]	-	90,906	90,906	100
Principal payments of lease liabilities	-	-	-	0
Total capital expenditure (D)	**757,429**	**541,569**	**(215,860)**	**(28)**
Total funded expenditure for Program 2.4 (A+D)	**2,462,013**	**2,374,631**	**(87,382)**	**(4)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.5 Navy Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	3,132,178	3,081,086	(51,092)	(2)
Suppliers	4,378,341	4,279,939	(98,402)	(2)
Net losses from sale of assets[2]	-	(9)	(9)	100
Net foreign exchange losses	-	-	-	-
Other expenses	6,266	13,556	7,290	116
Total expenses funded by appropriation and own source revenue (A)	**7,516,785**	**7,374,572**	**(142,213)**	**(2)**
Expenses not requiring appropriation				
Depreciation and amortisation[3]	1,420,953	1,735,310	314,357	22
Inventory consumption[4]	293,489	246,341	(47,148)	(16)
Net write-down and net impairment of assets[5]	154,258	716,577	562,319	365
Total expenses not requiring appropriation (B)	**1,868,700**	**2,698,228**	**826,528**	**44**
Total operating expenses (A) + (B) = (C)	**9,385,485**	**10,072,800**	**687,315**	**7**
Purchases of non-financial assets	4,299,426	4,634,524	335,098	8
Purchases of inventory[4]	346,322	312,286	(34,036)	(10)
Principal payments of lease liabilities[6]	21,281	115,502	94,221	443
Total capital expenditure (D)	**4,667,029**	**5,062,312**	**395,283**	**8**
Total funded expenditure for Program 2.5 (A+D)	**12,183,814**	**12,436,884**	**253,070**	**2**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence budget and actual result is in a net losses from sale of assets position. This program has a budget or actual result in a net gain position, represented by a negative value.
3. The Depreciation and amortisation for Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities and Program 2.7 Air Force Capabilities is higher than budget due to timing of capitalisation of non-financial assets in 2025–26, and changes to the useful life of assets.
4. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
5. Net write-down and net impairment of assets are non-linear in nature and fluctuate to budget based on strategic decisions relating to capability and the acquisition of capability.
6. Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2025–26.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.6 Army Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	5,211,298	5,285,309	74,011	1
Suppliers	2,808,316	2,763,908	(44,408)	(2)
Net losses from sale of assets	-	23,888	23,888	100
Net foreign exchange losses[2]	-	(3)	(3)	100
Other expenses	4,479	7,351	2,872	64
Total expenses funded by appropriation and own source revenue (A)	**8,024,093**	**8,080,453**	**56,360**	**1**
Expenses not requiring appropriation				
Depreciation and amortisation[3]	1,741,718	1,861,225	119,507	7
Inventory consumption[4]	517,224	341,492	(175,732)	(34)
Net write-down and net impairment of assets[5]	96,960	(372,004)	(468,964)	(484)
Total expenses not requiring appropriation (B)	**2,355,902**	**1,830,713**	**(525,189)**	**(22)**
Total operating expenses (A) + (B) = (C)	**10,379,995**	**9,911,166**	**(468,829)**	**(5)**
Purchases of non-financial assets	4,601,609	4,531,530	(70,079)	(2)
Purchases of inventory[4]	883,931	738,562	(145,369)	(16)
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**5,485,540**	**5,270,092**	**(215,448)**	**(4)**
Total funded expenditure for Program 2.6 (A+D)	**13,509,633**	**13,350,545**	**(159,088)**	**(1)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence actual result is a net foreign exchange loss. This program has an actual result in a net gain position, represented by a negative value.
3. The Depreciation and amortisation for Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities and Program 2.7 Air Force Capabilities is higher than budget due to timing of capitalisation of non-financial assets in 2025–26, and changes to the useful life of assets.
4. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
5. Net write-down and net impairment of assets are non-linear in nature and fluctuate to budget based on strategic decisions relating to capability and the acquisition of capability. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.7 Air Force Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	3,187,467	3,188,769	1,302	<1
Suppliers	4,461,271	4,390,377	(70,894)	(2)
Net losses from sale of assets	-	8	8	100
Net foreign exchange losses	-	-	-	-
Other expenses	1,766	13,978	12,212	>500
Total expenses funded by appropriation and own source revenue (A)	**7,650,504**	**7,593,132**	**(57,372)**	**(1)**
Expenses not requiring appropriation				
Depreciation and amortisation[2]	2,032,762	2,476,898	444,136	22
Inventory consumption[3]	326,482	554,724	228,242	70
Net write-down and net impairment of assets[4]	52,294	(42,405)	(94,699)	(181)
Total expenses not requiring appropriation (B)	**2,411,537**	**2,989,217**	**577,680**	**24**
Total operating expenses (A) + (B) = (C)	**10,062,041**	**10,582,349**	**520,308**	**5**
Purchases of non-financial assets	2,339,705	2,651,310	311,605	13
Purchases of inventory[3]	491,436	510,170	18,734	4
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**2,831,142**	**3,161,480**	**330,338**	**12**
Total funded expenditure for Program 2.7 (A+D)	**10,481,646**	**10,754,612**	**272,966**	**3**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. The Depreciation and amortisation for Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities and Program 2.7 Air Force Capabilities is higher than budget due to timing of capitalisation of non-financial assets in 2025–26, and changes to the useful life of assets.
3. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
4. Net write-down and net impairment of assets are non-linear in nature and fluctuate to budget based on strategic decisions relating to capability and the acquisition of capability. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.8 Australian Defence Force Headquarters				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	64,926	60,414	(4,512)	(7)
Suppliers	671,845	648,973	(22,872)	(3)
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	16	2,206	2,190	>500
Total expenses funded by appropriation and own source revenue (A)	**736,787**	**711,593**	**(25,194)**	**(3)**
Expenses not requiring appropriation				
Depreciation and amortisation	23,939	4,762	(19,177)	(80)
Inventory consumption[2]	-	371	371	100
Net write-down and net impairment of assets	7	260	253	>500
Total expenses not requiring appropriation (B)	**23,946**	**5,393**	**(18,553)**	**(77)**
Total operating expenses (A) + (B) = (C)	**760,733**	**716,986**	**(43,747)**	**(6)**
Purchases of non-financial assets	-	1,043	1,043	100
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**1,043**	**1,043**	**100**
Total funded expenditure for Program 2.8 (A+D)	**736,787**	**712,636**	**(24,151)**	**(3)**

Note:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.9 Capability Acquisition and Sustainment (including Guided Weapons and Explosive Ordnance Group)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	508,163	542,603	34,440	7
Suppliers	645,718	640,669	(5,049)	(1)
Net losses from sale of assets	-	568	568	100
Net foreign exchange losses	-	-	-	-
Other expenses	24,470	33,448	8,978	37
Total expenses funded by appropriation and own source revenue (A)	**1,178,350**	**1,217,288**	**38,938**	**3**
Expenses not requiring appropriation				
Depreciation and amortisation	790	-	-	-
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets[2]	126	-	-	-
Total expenses not requiring appropriation (B)	**916**	**-**	**-**	**-**
Total operating expenses (A) + (B) = (C)	**1,179,266**	**1,217,288**	**38,938**	**3**
Purchases of non-financial assets	396,650	341,657	(54,993)	(14)
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**396,650**	**341,657**	**(54,993)**	**(14)**
Total funded expenditure for Program 2.9 (A+D)	**1,575,000**	**1,558,945**	**(16,055)**	**(1)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.10 Security and Estate				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	1,568,568	1,384,553	(184,015)	(12)
Suppliers	3,661,968	3,638,105	(23,863)	(1)
Net losses from sale of assets	-	584	584	100
Net foreign exchange losses	-	-	-	-
Other expenses	111,546	255,966	144,420	129
Total expenses funded by appropriation and own source revenue (A)	**5,342,082**	**5,279,208**	**(62,874)**	**(1)**
Expenses not requiring appropriation				
Depreciation and amortisation	1,799,297	2,003,416	204,119	11
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets	59,347	43,176	(16,171)	(27)
Total expenses not requiring appropriation (B)	**1,858,644**	**2,046,592**	**187,948**	**10**
Total operating expenses (A) + (B) = (C)	**7,200,726**	**7,325,800**	**125,074**	**2**
Purchases of non-financial assets	1,527,275	1,458,168	(69,107)	(5)
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities[2]	403,762	459,174	55,412	14
Total capital expenditure (D)	**1,931,037**	**1,917,342**	**(13,695)**	**(1)**
Total funded expenditure for Program 2.10 (A+D)	**7,273,120**	**7,196,550**	**(76,570)**	**(1)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2025–26.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.11 Defence Digital				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	101,378	154,606	53,228	53
Suppliers	1,539,459	1,712,733	173,274	11
Net losses from sale of assets	-	1,674	1,674	100
Net foreign exchange losses	-	-	-	-
Other expenses	27	1,730	1,703	>500
Total expenses funded by appropriation and own source revenue (A)	**1,640,863**	**1,870,743**	**229,880**	**14**
Expenses not requiring appropriation				
Depreciation and amortisation	134,784	79,348	(55,436)	(41)
Inventory consumption[2]	-	116	116	100
Net write-down and net impairment of assets[3]	92,207	(273)	(92,480)	(100)
Total expenses not requiring appropriation (B)	**226,991**	**79,191**	**(147,800)**	**(65)**
Total operating expenses (A) + (B) = (C)	**1,867,855**	**1,949,934**	**82,079**	**4**
Purchases of non-financial assets	71,156	20,649	(50,507)	(71)
Purchases of inventory[2]	-	326	326	100
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**71,156**	**20,975**	**(50,181)**	**(71)**
Total funded expenditure for Program 2.11 (A+D)	**1,712,019**	**1,891,718**	**179,699**	**10**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
3. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.12 Defence People (including Chief of Personnel)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	1,174,793	1,047,646	(127,147)	(11)
Suppliers	784,033	980,083	196,050	25
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	5,118	5,306	188	4
Total expenses funded by appropriation and own source revenue (A)	**1,963,944**	**2,033,035**	**69,091**	**4**
Expenses not requiring appropriation				
Depreciation and amortisation	26,414	42,721	16,307	62
Inventory consumption[2]	10,179	692	(9,487)	(93)
Net write-down and net impairment of assets	5	277	272	>500
Total expenses not requiring appropriation (B)	**36,598**	**43,690**	**7,092**	**19**
Total operating expenses (A) + (B) = (C)	**2,000,542**	**2,076,725**	**76,183**	**4**
Purchases of non-financial assets	6,857	914	(5,943)	(87)
Purchases of inventory[2]	18,711	5,816	(12,895)	(69)
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**25,568**	**6,730**	**(18,838)**	**(74)**
Total funded expenditure for Program 2.12 (A+D)	**1,989,512**	**2,039,765**	**50,253**	**3**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.13 Defence Science and Technology				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	380,764	387,211	6,447	2
Suppliers	171,684	212,280	40,596	24
Net losses from sale of assets[2]	-	(3)	(3)	100
Net foreign exchange losses	-	-	-	-
Other expenses	1,132	228	(904)	(80)
Total expenses funded by appropriation and own source revenue (A)	**553,580**	**599,716**	**46,136**	**8**
Expenses not requiring appropriation				
Depreciation and amortisation	36,922	28,849	(8,073)	(22)
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets[3]	1,078	(8,958)	(10,036)	<(500)
Total expenses not requiring appropriation (B)	**38,000**	**19,891**	**(18,109)**	**(48)**
Total operating expenses (A) + (B) = (C)	**591,580**	**619,607**	**28,027**	**5**
Purchases of non-financial assets	-	7,161	7,161	100
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**-**	**7,161**	**7,161**	**100**
Total funded expenditure for Program 2.13 (A+D)	**553,580**	**606,877**	**53,297**	**10**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Total Defence budget and actual result is in a net losses from sale of assets position. This program has a budget or actual result in a net gain position, represented by a negative value.
3. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.14 Defence Intelligence				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	167,058	183,048	15,990	10
Suppliers	581,120	563,117	(18,003)	(3)
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	14,639	135	(14,504)	(99)
Total expenses funded by appropriation and own source revenue (A)	**762,816**	**746,300**	**(16,516)**	**(2)**
Expenses not requiring appropriation				
Depreciation and amortisation	37,642	153,971	116,329	309
Inventory consumption[2]	-	1,949	1,949	100
Net write-down and net impairment of assets	15,247	3,878	(11,369)	(75)
Total expenses not requiring appropriation (B)	**52,889**	**159,798**	**106,909**	**202**
Total operating expenses (A) + (B) = (C)	**815,705**	**906,098**	**90,393**	**11**
Purchases of non-financial assets	349,038	401,094	52,056	15
Purchases of inventory[2]	-	407	407	100
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**349,038**	**401,501**	**52,463**	**15**
Total funded expenditure for Program 2.14 (A+D)	**1,111,854**	**1,147,801**	**35,947**	**3**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.15 Naval Shipbuilding and Sustainment				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	187,839	182,432	(5,407)	(3)
Suppliers	113,718	61,442	(52,276)	(46)
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	3	1,587	1,584	>500
Total expenses funded by appropriation and own source revenue (A)	**301,559**	**245,461**	**(56,098)**	**(19)**
Expenses not requiring appropriation				
Depreciation and amortisation	28	7,114	7,086	>500
Inventory consumption[2]	-	2,387	2,387	100
Net write-down and net impairment of assets[3]	-	(9,813)	(9,813)	100
Total expenses not requiring appropriation (B)	**28**	**(312)**	**(340)**	**<(500)**
Total operating expenses (A) + (B) = (C)	**301,587**	**245,149**	**(56,438)**	**(19)**
Purchases of non-financial assets	92,210	-	(92,210)	(100)
Purchases of inventory[2]	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**92,210**	**-**	**(92,210)**	**(100)**
Total funded expenditure for Program 2.15 (A+D)	**393,769**	**245,461**	**(148,308)**	**(38)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. Purchase of inventory and Inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
3. Total Defence budget and actual result is in a net write-down and impairment of assets position. This program has a budget or actual result in a net write-on position, represented by a negative value.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.16 Nuclear-Powered Submarines				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	-	1,335	1,335	100
Suppliers	4,506,772	4,748,707	241,935	5
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses	-	6,250	6,250	100
Total expenses funded by appropriation and own source revenue (A)	**4,506,772**	**4,756,292**	**249,520**	**6**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	-	**-**	**-**
Total operating expenses (A) + (B) = (C)	**4,506,772**	**4,756,292**	**249,520**	**6**
Purchases of non-financial assets	523,726	419,444	(104,282)	(20)
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**523,726**	**419,444**	**(104,282)**	**(20)**
Total funded expenditure for Program 2.16 (A+D)	**5,030,497**	**5,175,736**	**145,239**	**3**

Note:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.19 Defence Trusts and Joint Accounts[2]				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	-	-	-	-
Suppliers	-	-	-	-
Net losses from sale of assets	-	-	-	-
Net foreign exchange losses	-	-	-	-
Other expenses[2]	20,583	26,186	5,603	27
Total expenses funded by appropriation and own source revenue (A)	**20,583**	**26,186**	**5,603**	**27**
Expenses not requiring appropriation				
Depreciation and amortisation	-	-	-	-
Inventory consumption	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-
Total expenses not requiring appropriation (B)	**-**	**-**	**-**	**-**
Total operating expenses (A) + (B) = (C)	**20,583**	**26,186**	**5,603**	**27**
Purchases of non-financial assets[3]	38,745	11,117	(27,628)	(71)
Purchases of inventory	-	-	-	-
Principal payments of lease liabilities	-	-	-	-
Total capital expenditure (D)	**38,745**	**11,117**	**(27,628)**	**(71)**
Total funded expenditure for Program 2.19 (A+D)	**59,327**	**37,303**	**(22,025)**	**(37)**

Notes:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.
2. The budget for Program 2.19 Defence Trust and Joint Accounts assumed total operating revenue of $56.9 million offset by operating expenses of $20.6 million in 2025–26.
3. Purchases of non-financial assets in Program 2.19 Defence Trust and Joint Accounts relate to non-financial assets for Australian Singapore Military Training Initiative agreement.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.20 Defence Force Superannuation Benefits and Program 2.21 Defence Force Superannuation Nominal Interest				
Expenses				
Net foreign exchange losses	-	-	-	-
Military retention benefits	1,117	2,762	1,645	147
Military superannuation	-	-	-	-
- Benefits	3,665,207	3,803,000	137,793	4
- Interest	6,832,666	6,836,700	4,034	<1
Total expenses	**10,498,990**	**10,642,462**	**143,472**	**1**
Income				
Revenues				
- Interest	-	-	-	-
- Net foreign exchange gains	-	-	-	-
- Military superannuation contribution	1,090,361	1,105,161	14,800	1
Total income	**1,090,361**	**1,105,161**	**14,800**	**1**
Total Program 2.20 and 2.21	**9,408,629**	**9,537,301**	**128,672**	**1**
Program 2.22 Housing Assistance				
Expenses				
Net foreign exchange losses	-	-	-	-
Housing subsidies	301,886	298,600	(3,286)	(1)
Total expenses	**301,886**	**298,600**	**(3,286)**	**(1)**
Income				
Revenues				
- Interest	**-**	-	**-**	**-**
- Net foreign exchange gains	**-**	-	**-**	**-**
- Dividends	-	-	**-**	**-**
- Licence fees	28,000	30,605	2,605	9
Total income	**28,000**	**30,605**	**2,605**	**9**
Total Program 2.22	**273,886**	**267,995**	**(5,891)**	**(2)**

Note:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.

Table B.1 Continued

	2025–26 budget[1] ($'000)	2025–26 actual result ($'000)	Variation ($'000)	Variation (%)
Program 2.23 Other Administered				
Expenses				
Impairment on trade and other receivables	-	5	5	**100**
Suppliers	-	-	-	**-**
Total expenses	**-**	**5**	**5**	**100**
Income				
Revenues				
- Interest	-	-	-	-
- Dividends	-	-	-	-
- Other	47,570	54,551	6,981	15
Total income	**47,570**	**54,551**	**6,981**	**15**
Total Program 2.23	**(47,570)**	**(54,546)**	**(6,976)**	**15**
Departmental total for Outcome 2	**60,679,529**	**61,206,566**	**527,037**	**1**
Administered total for Outcome 2	**9,634,945**	**9,750,750**	**115,805**	**1**
Total funded expenditure/resources for Outcome 2 (Departmental and Administered)	**70,314,474**	**70,957,316**	**642,842**	**1**

Note:
1. 2025–26 Estimated Actuals as per the Defence PBS 2026–27.

Appendix C: Other legislative requirements

Environment Protection and Biodiversity Conservation Act 1999

The Defence estate includes over 100 places that have heritage values listed on the Commonwealth Heritage List. In 2025–26, we updated our estate heritage management guidance to clarify and communicate Defence heritage management requirements. This delivers on the Government-agreed recommendations from the Delivering the Future Estate: Defence Estate Audit Report.

To appropriately reduce and manage environmental impacts, we conduct self-assessments under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) on redevelopment and infrastructure projects, new capability and major exercises. In 2025–26, no projects were referred to the Minister for the Environment and Water under the EPBC Act. We continue to meet reporting and compliance obligations of existing EPBC Act approvals.

Climate-driven risks and opportunities

The 2026 National Defence Strategy recognises climate change as a compounding security challenge. It identifies natural disasters, exacerbated by climate change, will continue to impact the Indo-Pacific region's security, and strain emergency response systems. Over the coming decades, climate change could contribute to regional crises and instability. Demand for humanitarian assistance and disaster relief operations in our region will increase as climate hazards grow in severity.

Our material climate risk is the ability to support humanitarian and disaster response activities while maintaining readiness to respond to geostrategic risks. This risk is expected to increase as climate hazards intensify over time.

Material climate risks arise when climate-related risk drivers combine with other risks (for example, cost pressures, workforce constraints and delivery timeframes). When developing the 2026 National Defence Strategy, we considered expected climate impacts together with other strategic environment factors. This included policy guidance on regional climate hazards expected to occur over the next decade, analysis of the National Climate Risk Assessment and consultation across government.

Our climate opportunities are associated with decarbonisation and energy transition to improve energy security, enhance fuel resilience, and reduce emissions. We are pursuing these opportunities through onsite clean energy, diversifying fuel supply, and accelerating adoption of low-carbon liquid fuels that can be produced domestically.

Climate actions in Government operations

The Defence Net Zero Strategy is our emissions reductions plan. In line with the *Climate Change Act 2022*, Defence aims to reduce greenhouse gas emissions by 43 per cent from 2005 levels by 2030 and achieve net zero by 2050. The strategy focuses on four priorities:

- increasing renewable electricity use
- transitioning to low-emissions fuels
- improving energy efficiency and exploring carbon sequestration opportunities
- embedding a coordinated, organisation-wide approach to net zero.

Initial efforts focus on estate energy efficiency, renewable energy uptake, and participation in whole-of-government electricity purchasing.

Portfolio agencies, including the Australian Submarine Agency, Australian Signals Directorate, and Australian Naval Nuclear Power Safety Regulator, are included in the Defence Net Zero Strategy and emissions are reported at an aggregated portfolio level.

Progress toward net zero

Defence undertook the following in our progress towards net zero:

- updated sustainability policies to support lower-emissions infrastructure and building projects
- completed a 4.3 MW solar farm at Mulwala Munitions Factory (New South Wales), expected to save approximately $1 million annually and reduce emissions by around 5,300 t CO_2-e per year from 2027
- 78 per cent of passenger vehicles procured were low-emission vehicles, exceeding the Government target of 75 per cent.

2025–26 emissions

Defence reduced its overall emissions by 4.3 per cent from 2024–25 levels and achieved a 6.3 per cent reduction against the 2005 baseline. Emissions reductions have been achieved through renewable energy, energy efficiency, and the use of low carbon liquid fuels in capability platforms.

Table C.1 Greenhouse gas emissions inventory – location based method, 2025–26

Emission source	Scope 1 (t CO_2-e)	Scope 2 (t CO_2-e)	Scope 3 (t CO_2-e)	Total (t CO_2-e)
Electricity (location-based approach)	N/A	593,802	57,469	**651,271**
Natural gas	30,696	N/A	5,195	**35,891**
Solid waste	N/A	N/A	57,016	**57,016**
Fleet and other vehicles	3,235	N/A	810	**4,045**
Domestic commercial flights	N/A	N/A	51,189	**51,189**
Domestic hire car	N/A	N/A	2,688	**2,688**
Domestic travel accommodation	N/A	N/A	8,895	**8,895**
Other energy	979,754	N/A	248,066	**1,227,820**
Total tonnes CO_2-e	**1,013,685**	**593,802**	**431,328**	**2,038,815**

Note:
(N/A = not applicable. N/E = not estimated).

Table C.2 Electricity greenhouse gas emissions, 2025–26

Emission source	Scope 2 (t CO_2-e)	Scope 3 (t CO_2-e)	Total (t CO_2-e)
Electricity (location-based approach)	593,802	57,469	**651,271**
Market-based electricity emissions	546,950	74,277	**621,227**

Defence (Inquiry) Regulations 2018

Regulation 73 of the Defence (Inquiry) Regulation 2018 requires the Chief of the Defence Force to report on the operations of administrative inquiries conducted in Defence during each statutory reporting period. ADF appointing officers initiated 18 administrative inquiries (one Navy, 11 Army, four Air Force and two Joint) during the 2025–26 reporting period.

The Inspector-General of the Australian Defence Force

Pursuant to Section 110R of the *Defence Act 1903*, the Inspector-General of the Australian Defence Force (IGADF) prepares an Annual Report on the operations of the Office of the IGADF which is presented to Parliament by the Minister. Once tabled, the IGADF Annual Report is published on the IGADF website igadf.gov.au/publications.

Minister for Defence'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 section 112BC in Part VI, Division 1AA of the Customs Act for each preceding year. In 2025–26, the Deputy Prime Minister, as the Minister for Defence, exercised the powers pursuant to section 112BA in Part VI, Division 1AA of the Customs Act on five occasions.

Work Health and Safety Act 2011

Notifiable work health and safety incidents

Table C.3 Number of notifiable work health and safety incidents and number of people involved, 2025–26

	2025–26	
	Number of incidents[2]	Number of people involved in an incident[3]
Fatality[1]	10	15
Serious injury or illness[1]	269	364
Dangerous incident[1]	235	535
Total	**514**	**914**

Notes:
The figures in the 2025–26 columns reflect the financial year up to 30 June 2026. Data for the Australian Signals Directorate, the Australian Submarine Agency, and the Australian Naval Nuclear Power Safety Regulator are not included in 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' column shows the number of incidents occurring in the financial year. A single incident can include multiple individuals.
3. The 'Number of people involved in an incident' column shows the number of people involved in the incident. One incident may result in multiple injuries or none.

Table C.4 Work health and safety regulatory activity in Defence, 2025–26

	Number of incidents
S155 Notices[1]	165
Improvement Notices[2]	1
Prohibition Notices[2]	8
Non-Disturbance Notices	15
Serious Investigations[3]	2

Notes:
The figures in the 2025–26 columns reflect the financial year up to 30 June 2026. Data for the Australian Signals Directorate, the Australian Submarine Agency, and the Australian Naval Nuclear Power Safety Regulator are not included in this table.
1. Section 155 Notices relate to the number of compelled information requirements during an inspection/investigation following a notifiable Work Health and Safety incident. There may be multiple S155s issued for one incident.
2. Improvement/Prohibition Notices do not have specified closure data. Once the regulator is satisfied the entity has implemented effective controls, the Notice may be closed, however the inspection/investigation may remain open for further review.
3. The number of active serious investigations is 6, with two being opened during 2025–26 and one closing during the period, leaving the open total as five.

Future Made in Australia Act 2024

The *Future Made in Australia Act 2024* establishes the National Interest Framework to support Government decision-making on public investment in areas of strategic importance to Australia's national interest.

Defence is supporting growth of the sovereign defence industrial base in partnership with defence industry. This is reflected in the Defence Industry Development Strategy, which identifies seven Sovereign Defence Industrial Priorities:

- maintenance, repair, overhaul and upgrade of ADF aircraft
- continuous naval shipbuilding and sustainment
- sustainment and enhancement of the combined-arms land system
- domestic manufacture of guided weapons, explosive ordnance and munitions
- development and integration of autonomous systems
- integration and enhancement of battlespace awareness and management systems
- test and evaluation, certification and systems assurance.

For example, Defence is implementing the Defence Industry Development Grants Program to enhance the capability of small to medium-sized Australian businesses to meet current or future needs in areas identified by the Sovereign Defence Industrial Priorities.

The objectives of the Economic Resilience and Security Stream of the National Interest Framework under the *Future Made in Australia Act 2024* reinforce the importance of Defence's role to strengthen Australia's self-reliance and industrial capability.

Defence fuel supply chain reform and initiatives

Fuel security is a critical component of the whole-of-government and whole-of-nation approach to *National Defence*. We established the Defence Fuel Resilience Program to deliver improvements to develop and enhance fuel holdings, storage and distribution capabilities all over Australia. With a strong demand signal and advocacy for sovereign capability, we have engaged Australian industry providers to enhance fuel management and security. The program has delivered works to retire risk in fuel installations all over Australia. It has commenced new fuel infrastructure builds on northern bases. It has delivered new road distribution capabilities and begun to establish a Defence-owned, industry-held strategic fuel reserve. The program has also transitioned our fuel supply into a single contract with Viva Energy Australia, and the operation and maintenance of Defence Fuel Installations into a single contract with UGL Limited. Moving forward, the Government intends to expand the strategic fuel reserve and deliver larger scale fuel distribution capabilities, such as pipelines, shipping and rail capabilities across Australia. The Government is investing $2.7–3.8 billion over the decade to 2035–36 to support these fuel resilience enhancements.

The Government has advanced the low-carbon liquid fuel program through a series of operational demonstrations, strategic partnerships, and international engagements that collectively strengthened capability and industry alignment. Key milestones included the successful use of sustainable aviation fuel by Defence air platforms at the Avalon Airshow and during Exercise TALISMAN SABRE 2025, alongside continued routine sustainable aviation fuel blend operations at RAAF Base East Sale for the past 18-months.

Renewable diesel was used in a range of platforms, including power generators at a remote Defence site, armoured fighting vehicles, HMAS *Canberra*, and Australian Defence Vessel *Reliant*, as well as in Antarctic demonstrations in collaboration with the Australian Antarctic Division. The Government secured a 12-month renewable diesel supply to support regional rollout in Victoria and maintained an 18-month strategic partnership with Viva Energy Australia and UGL Limited to enable importation, handling and distribution of low-carbon fuels. Engagement with international partners, including presentations at the United States Indo-Pacific Command Environment Security Forum and collaboration with Pacific nations, has reinforced our leadership in this domain. Supporting these efforts, we have delivered low-carbon liquid fuel literacy products, initiated industry engagement through an AusTender request for information, and established the Defence Fuels Qualification Centre, while continuing to monitor emerging Australian production capabilities and support industry alignment with military fuel standards.

Safeguarding Australia's Military Secrets update

Part IXAA of the *Defence Act 1903* requires former Defence and Australian Submarine Agency personnel, both ADF and APS, to obtain a Foreign Work Authorisation before performing work for, or on behalf of, certain foreign governments, foreign military organisations or foreign government-controlled entities. The legislation also requires all Australian citizens and permanent residents to obtain a Foreign Work Authorisation prior to providing training to certain foreign military or government bodies, where that training relates to Part 1 of the Defence and Strategic Goods List or to military tactics, techniques, or procedures. The Safeguarding Australia's Military Secrets function moved to Defence Export Controls in November 2025. During 2025–26, Defence finalised approximately 584 Foreign Work Authorisation related requests.

Unit availability days, flying hours and HydroScheme products

Table C.5 Navy deliverables (unit availability days[1] and flying hours), 2025–26

Source	Deliverables	2025–26	2025–26 estimated actual
Navy Portfolio Budget Statements 2025–26	16 Major combatants[2]	3,126	2,626
	15 Minor combatants[3]	3,892	3,536
	5 Amphibious and afloat support[4]	1,113	1,009
	10 Maritime teams[5]	3,267	3,285
	2 Hydrographic Force[6]	664	670
	23 MH-60R Seahawk[7]	6,250	6,450

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 seven Anzac Class frigates, three Hobart Class destroyers and six Collins Class submarines. Reduction in UADs is due to variation of maintenance activities across Anzac Class frigates and delayed planned maintenance periods across Collins Class submarines.
3. Minor Combatants comprises three Armidale Class patrol boats, 10 Cape Class patrol boats, two Huon Class coastal minehunters and Arafura Offshore Patrol Vessels. Reduction in UADs is due to variation of maintenance periods across all classes. This has had a flow on effect in outer year estimates for the Huon Class coastal minehunters.
4. Amphibious and afloat support comprises two Supply Class replenishment ships, two Canberra Class amphibious ships and HMAS *Choules*. Reduction in UAD's due to defect repairs for both AORs.
5. Maritime teams comprises two Clearance Diving teams, four Deployable Geospatial Support, two Deployable Meteorological and Oceanographic Teams, two Deployable Geospatial Support Teams, one Deployable Shallow Water Survey Team and one Deployable Multibeam Survey Team. Nil significant change.
6. Hydrographic Force comprises one Leeuwin Class hydrographic ship and the Naval Air Station Weather and Oceanographic Centre. Nil significant change.
7. Increase in flying hours is due to the increased availability of workforce.

Table C.6 Army deliverables rate of effort (flying hours), 2024–25 and 2025–26

Source	2024–25	2025–26	Deliverables (Airframes)	2024–25 actual	2025–26 revised estimate	2025–26 actual
Army Portfolio Budget Statements 2025–26	14	14	CH-47F Chinook[1]	2,445.7	3,000	2,257.7
	22–16	16–8	ARH Tiger[2]	2,518.6	1,315	1,221.7
	–	0–4	AH-64E Apache[3]	–	700	495.4
	15	19	UH-60M Black Hawk[4]	1,964.1	3,600	3,615.2
	2	6	Integrator – tactical uncrewed aerial system[5]	275.5	1,250	940.3
	3	0	AW139[6]	1,331	–	–
	5	5	H135 Juno[7]	580.7	1,500	1,914.2

Notes:
1. CH-47F Chinook Rate of Effort reflects a lower than expected aircraft availability during the beginning of 2026.
2. Reducing ARH Tiger aircraft numbers and Rate of Effort reflects transition of the capability to the replacement AH–64E Apache.
3. AH64–E Apache Rate of Effort reflects initial introduction into service activities, with flight operations commencing in late 2025.
4. UH-60M Black Hawk Rate of Effort reflects introduction into service activities in accordance with the capability realisation plan.
5. Integrator Rate of Effort reflects a lower-than-expected system availability, combined with workforce constraints.
6. The AW139 Fleet was withdrawn from service in mid–2025.
7. H135 Juno Rate of Effort reflects increased system utilisation in support of Army Aviation aircrew training.

Table C.7 Air Force deliverables (flying hours), 2024–25 and 2025–26

Source	2024–25	2025–26[1]	Deliverables	2025–26 estimate	2025–26 revised estimate	2025–26 actual
Air Force Portfolio Budget Statements 2025–26	49	49	PC-21	26,820	24,700	22,488
	11	11	KA350 King Air	3,800	3,800	3,858
	12	12	C-130J Hercules	7,350	5,900	6,142
	8	8	C-17A Globemaster III	6,200	5,400	4,272
	10	10	C-27J Spartan	5,500	5,050	5,586
	7	7	KC-30A MRTT	4,700	4,700	4,109
	2	2	737 BBJ	1,600	1,600	1,090
	3	3	Falcon-7X	2,400	1,950	1,254
	12	14	P-8A Poseidon[2]	6,200	6,200	5,770
	6	6	E-7A Wedgetail	3,600	3,350	3,486
	24	24	F/A-18F Super Hornet	4,500	3,960	4,246
	33	33	Hawk 127	6,500	5,550	4,923
	12	12	EA-18G Growler	2,800	2,550	2,541
	72	72	F-35A Lightning II	11,500	10,500	10,219
	-	3	MC-55A Peregrine[3]	400	400	131
	1	3	MQ-4C Triton[4]	1,500	700	385

Notes:
1. Fleet Size represents total as at 30 June 2026.
2. P-8A Poseidon - The 14th and final Aircraft was delivered in June 2026.
3. MC-55A Peregrine - One further aircraft scheduled for delivery during 2026.
4. MQ-4C - The 4th (and final) aircraft is scheduled for delivery during 2028.

Appendix D: Workforce tables

Table D.1 All ongoing APS employees by location, 2025–26

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1,301	28	1,329	1,098	149	1,247	8	-	8	**2,584**
Qld	661	18	679	721	56	777	7	-	7	**1,463**
SA	1,377	29	1,406	637	74	711	8	-	8	**2,125**
Tas	43	2	45	44	28	72	-	-	-	**117**
Vic[1]	2,174	43	2,217	1,372	133	1,505	13	1	14	**3,736**
WA	337	11	348	231	40	271	4	1	5	**624**
ACT[2]	4,122	120	4,242	4,859	479	5,338	51	-	51	**9,631**
NT	81	1	82	117	7	124	1	-	1	**207**
External Territories	-	-	-	-	-	-	-	-	-	**-**
Overseas	68	-	68	72	-	72	-	-	-	**140**
Total	**10,164**	**252**	**10,416**	**9,151**	**966**	**10,117**	**92**	**2**	**94**	**20,627**

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 D.2 All ongoing APS employees by location, 2024–25

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1,331	33	1,364	1,088	133	1,221	7	-	7	**2,592**
Qld	663	10	673	708	58	766	5	1	6	**1,445**
SA	1,419	29	1,448	643	66	709	5	1	6	**2,163**
Tas	36	3	39	47	18	65	-	-	-	**104**
Vic[1]	2,194	47	2,241	1,320	124	1,444	11	1	12	**3,697**
WA	328	8	336	224	37	261	4	1	5	**602**
ACT[2]	3,999	110	4,109	4,742	449	5,191	47	-	47	**9,347**
NT	87	2	89	121	6	127	1	-	1	**217**
External Territories	-	-	-	-	-	-	-	-	-	**-**
Overseas	75	-	75	67	-	67	-	-	-	**142**
Total	**10,132**	**242**	**10,374**	**8,960**	**891**	**9,851**	**80**	**4**	**84**	**20,309**

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 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 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 D.3 All non-ongoing APS employees by location, 2025–26

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	9	-	9	5	-	5	-	-	-	**14**
Qld	4	-	4	12	-	12	-	-	-	**16**
SA	10	1	11	9	-	9	1	-	1	**21**
Tas	-	-	-	-	-	-	-	-	-	**-**
Vic[1]	27	2	29	22	-	22	1	-	1	**52**
WA	3	-	3	2	1	3	-	-	-	**6**
ACT[2]	33	4	37	49	5	54	-	1	1	**92**
NT	-	-	-	1	-	1	-	-	-	**1**
External Territories	-	-	-	-	-	-	-	-	-	**-**
Overseas	-	-	-	1	-	1	-	-	-	**1**
Total	**86**	**7**	**93**	**101**	**6**	**107**	**2**	**1**	**3**	**203**

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 D.4 All non-ongoing APS employees by location, 2024–25

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	2	-	2	8	-	8	-	-	-	**10**
Qld	4	-	4	5	-	5	-	-	-	**9**
SA	3	3	6	4	-	4	-	-	-	**10**
Tas	-	-	-	-	-	-	-	-	-	**-**
Vic[1]	24	5	29	11	-	11	-	-	-	**40**
WA	1	-	1	4	-	4	-	-	-	**5**
ACT[2]	61	9	70	75	10	85	1	-	1	**156**
NT	1	-	1	1	-	1	-	-	-	**2**
External Territories	-	-	-	-	-	-	-	-	-	**-**
Overseas	-	-	-	1	-	1	-	-	-	**1**
Total	**96**	**17**	**113**	**109**	**10**	**119**	**1**	**-**	**1**	**233**

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 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 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 D.5 PS Act ongoing employees, 2025–26

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	-	-	-	1	-	1	-	-	-	**1**
SES3	5	-	5	4	-	4	-	-	-	**9**
SES2	25	-	25	22	-	22	-	-	-	**47**
SES1	67	1	68	76	-	76	-	-	-	**144**
EL2	1,372	24	1,396	859	51	910	5	-	5	**2,311**
EL1	2,863	60	2,923	2,230	224	2,454	14	2	16	**5,393**
APS6	3,360	85	3,445	2,974	326	3,300	26	-	26	**6,771**
APS5	1,469	41	1,510	1,560	149	1,709	22	-	22	**3,241**
APS4	558	21	579	931	124	1,055	12	-	12	**1,646**
APS3	202	14	216	345	75	420	4	-	4	**640**
APS2	168	2	170	109	11	120	6	-	6	**296**
APS1	75	4	79	40	6	46	3	-	3	**128**
Other	-	-	-	-	-	-	-	-	-	**-**
Total	**10,164**	**252**	**10,416**	**9,151**	**966**	**10,117**	**92**	**2**	**94**	**20,627**

Table D.6 PS Act ongoing employees, 2024–25

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	1	-	1	-	-	-	-	-	-	**1**
SES3	6	-	6	3	-	3	-	-	-	**9**
SES2	27	-	27	20	-	20	-	-	-	**47**
SES1	59	1	60	81	1	82	-	-	-	**142**
EL2	1,335	26	1,361	832	41	873	4	-	4	**2,238**
EL1	2,765	49	2,814	2,134	199	2,333	9	3	12	**5,159**
APS6	3,301	78	3,379	2,809	312	3,121	28	-	28	**6,528**
APS5	1,465	36	1,501	1,549	124	1,673	18	-	18	**3,192**
APS4	624	24	648	990	107	1,097	11	1	12	**1,757**
APS3	219	17	236	372	84	456	1	-	1	**693**
APS2	212	6	218	110	17	127	4	-	4	**349**
APS1	118	5	123	60	6	66	5	-	5	**194**
Other	-	-	-	-	-	-	-	-	-	**-**
Total	**10,132**	**242**	**10,374**	**8,960**	**891**	**9,851**	**80**	**4**	**84**	**20,309**

Notes:
Table D.5 and Table D.6 figures 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 2024–25 figures in Table D.6 may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.7 PS Act non-ongoing employees, 2025–26

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	-	-	-	-	-	-	-	-	-	-
SES3	2	-	2	-	-	-	-	-	-	2
SES2	1	-	1	-	-	-	-	-	-	1
SES1	1	-	1	-	-	-	-	-	-	1
EL2	8	-	8	2	-	2	-	-	-	10
EL1	15	4	19	19	2	21	-	-	-	40
APS6	12	1	13	20	1	21	-	-	-	34
APS5	14	-	14	15	-	15	1	1	2	31
APS4	9	-	9	21	2	23	-	-	-	32
APS3	9	-	9	17	1	18	-	-	-	27
APS2	12	2	14	6	-	6	1	-	1	21
APS1	3	-	3	1	-	1	-	-	-	4
Other	-	-	-	-	-	-	-	-	-	-
Total	**86**	**7**	**93**	**101**	**6**	**107**	**2**	**1**	**3**	**203**

Table D.8 PS Act non-ongoing employees, 2024–25

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	-	-	-	-	-	-	-	-	-	-
SES3	1	-	1	-	-	-	-	-	-	1
SES2	1	-	1	-	-	-	-	-	-	1
SES1	2	-	2	-	-	-	-	-	-	2
EL2	6	2	8	6	1	7	-	-	-	15
EL1	20	5	25	24	3	27	-	-	-	52
APS6	26	3	29	27	2	29	-	-	-	58
APS5	9	1	10	16	2	18	1	-	1	29
APS4	11	1	12	19	1	20	-	-	-	32
APS3	11	-	11	14	-	14	-	-	-	25
APS2	7	5	12	2	1	3	-	-	-	15
APS1	2	-	2	1	-	1	-	-	-	3
Other	-	-	-	-	-	-	-	-	-	-
Total	**96**	**17**	**113**	**109**	**10**	**119**	**1**	**-**	**1**	**233**

Notes:
Table D.7 and Table D.8 figures 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 2024–25 figures in Table D.8 may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.9 PS Act employees by full-time and part-time status, 2025–26

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	1	-	1	-	-	-	**1**
SES3	9	-	9	2	-	2	**11**
SES2	47	-	47	1	-	1	**48**
SES1	143	1	144	1	-	1	**145**
EL2	2,236	75	2,311	10	-	10	**2,321**
EL1	5,107	286	5,393	34	6	40	**5,433**
APS6	6,360	411	6,771	32	2	34	**6,805**
APS5	3,051	190	3,241	30	1	31	**3,272**
APS4	1,501	145	1,646	30	2	32	**1,678**
APS3	551	89	640	26	1	27	**667**
APS2	283	13	296	19	2	21	**317**
APS1	118	10	128	4	-	4	**132**
Other	-	-	-	-	-	-	**-**
Total	**19,407**	**1,220**	**20,627**	**189**	**14**	**203**	**20,830**

Table D.10 PS Act employees by full-time and part-time status, 2024–25

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
Secretary	1	-	1	-	-	-	**1**
SES3	9	-	9	1	-	1	**10**
SES2	47	-	47	1	-	1	**48**
SES1	140	2	142	2	-	2	**144**
EL2	2,171	67	2,238	12	3	15	**2,253**
EL1	4,908	251	5,159	44	8	52	**5,211**
APS6	6,138	390	6,528	53	5	58	**6,586**
APS5	3,032	160	3,192	26	3	29	**3,221**
APS4	1,625	132	1,757	30	2	32	**1,789**
APS3	592	101	693	25	-	25	**718**
APS2	326	23	349	9	6	15	**364**
APS1	183	11	194	3	-	3	**197**
Other	-	-	-	-	-	-	**-**
Total	**19,172**	**1,137**	**20,309**	**206**	**27**	**233**	**20,542**

Notes:
Table D.9 and Table D.10 figures 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 2024–25 figures in Table D.10 may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.11 PS Act employment type by location, 2025–26

	Ongoing	Non-ongoing	Total
NSW	2,584	14	**2,598**
Qld	1,463	16	**1,479**
SA	2,125	21	**2,146**
Tas	117	-	**117**
Vic[1]	3,736	52	**3,788**
WA	624	6	**630**
ACT[2]	9,631	92	**9,723**
NT	207	1	**208**
External Territories	-	-	**-**
Overseas	140	1	**141**
Total	**20,627**	**203**	**20,830**

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 D.12 PS Act employment type by location, 2024–25

	Ongoing	Non-ongoing	Total
NSW	2,592	10	2,602
Qld	1,445	9	1,454
SA	2,163	10	2,173
Tas	104	-	104
Vic[1]	3,697	40	3,737
WA	602	5	607
ACT[2]	9,347	156	9,503
NT	217	2	219
External Territories	-	-	-
Overseas	142	1	143
Total	**20,309**	**233**	**20,542**

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 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 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 D.13 PS Act indigenous employment, 2025–26

	Total
Ongoing	354
Non-ongoing	2
Total	**356**

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 D.14 PS Act indigenous employment, 2024–25

	Total
Ongoing	370
Non-ongoing	5
Total	**375**

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 may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.15 ADF permanent members by location, 2025–26

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,167	4,614	3,772	13,553	1,508	760	1,327	3,595	5	3	2	10	6,680	5,377	5,101	**17,158**
Qld	551	10,253	2,888	13,692	271	1,734	1,187	3,192	-	-	3	3	822	11,987	4,078	**16,887**
SA	124	924	1,735	2,783	40	188	540	768	-	-	1	1	164	1,112	2,276	**3,552**
Tas	20	44	10	74	9	12	10	31	-	-	-	-	29	56	20	**105**
Vic[1]	1,438	2,716	1,025	5,179	495	451	302	1,248	-	1	1	2	1,933	3,168	1,328	**6,429**
WA	2,422	807	301	3,530	726	136	102	964	1	1	-	2	3,149	944	403	**4,496**
ACT[2]	1,426	2,593	1,693	5,712	662	669	872	2,203	1	2	2	5	2,089	3,264	2,567	**7,920**
NT	434	2,047	758	3,239	165	359	313	837	-	2	1	3	599	2,408	1,072	**4,079**
Overseas[3]	426	285	274	985	62	37	58	157	-	-	-	-	488	322	332	**1,142**
Total	**12,008**	**24,283**	**12,456**	**48,747**	**3,938**	**4,346**	**4,711**	**12,995**	**7**	**9**	**10**	**26**	**15,953**	**28,638**	**17,177**	**61,768**

Notes:
Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), 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.
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 D.16 ADF permanent members by location, 2024–25

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,057	4,413	3,508	12,978	1,455	739	1,232	3,426	4	2	1	7	6,516	5,154	4,741	**16,411**
Qld	516	9,874	2,666	13,056	243	1,702	1,099	3,044	-	2	3	5	759	11,578	3,768	**16,105**
SA	122	820	1,615	2,557	34	177	490	701	-	-	1	1	156	997	2,106	**3,259**
Tas	16	44	8	68	7	11	9	27	-	-	-	-	23	55	17	**95**
Vic[1]	1,198	2,563	946	4,707	450	425	295	1,170	1	-	1	2	1,649	2,988	1,242	**5,879**
WA	2,300	793	304	3,397	652	135	94	881	1	1	-	2	2,953	929	398	**4,280**
ACT[2]	1,408	2,524	1,663	5,595	631	627	816	2,074	1	1	2	4	2,040	3,152	2,481	**7,673**
NT	454	2,159	724	3,337	147	396	296	839	-	3	1	4	601	2,558	1,021	**4,180**
Overseas[3]	375	286	262	923	53	31	59	143	-	-	-	-	428	317	321	**1,066**
Total	**11,446**	**23,476**	**11,696**	**46,618**	**3,672**	**4,243**	**4,390**	**12,305**	**7**	**9**	**9**	**25**	**15,125**	**27,728**	**16,095**	**58,948**

Notes:
Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G). Some figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions. Figures in this table are based on substantive location for the ADF.
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 D.17 ADF reserve members by location, 2025–26

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	974	5,256	1,234	7,464	282	895	329	1,506	-	-	-	-	1,256	6,151	1,563	**8,970**
Qld	456	4,954	1,210	6,620	155	1,073	370	1,598	-	-	1	1	611	6,027	1,581	**8,219**
SA	139	1,301	595	2,035	49	268	154	471	1	-	-	1	189	1,569	749	**2,507**
Tas	53	423	29	505	17	92	11	120	-	-	-	-	70	515	40	**625**
Vic[1]	280	3,177	339	3,796	88	467	95	650	-	2	-	2	368	3,646	434	**4,448**
WA	539	1,934	205	2,678	153	379	65	597	-	-	-	-	692	2,313	270	**3,275**
ACT[2]	910	1,150	1,022	3,082	379	259	441	1,079	1	-	-	1	1,290	1,409	1,463	**4,162**
NT	82	571	83	736	28	148	35	211	-	-	-	-	110	719	118	**947**
Overseas[3]	2	6	-	8	-	1	2	3	-	-	-	-	2	7	2	**11**
Total	**3,435**	**18,772**	**4,717**	**26,924**	**1,151**	**3,582**	**1,502**	**6,235**	**2**	**2**	**1**	**5**	**4,588**	**22,356**	**6,220**	**33,164**

Notes:
Figures in this table are headcount. Reserves include all members who render Reserve service in Service Categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service Option C). 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 D.18 ADF reserve members by location, 2024–25

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	983	5,164	1,266	7,413	292	887	335	1,514	-	-	-	-	1,275	6,051	1,601	**8,927**
Qld	520	4,882	1,229	6,631	162	1,025	354	1,541	-	-	-	-	682	5,907	1,583	**8,172**
SA	130	1,301	621	2,052	51	273	171	495	1	-	-	1	182	1,574	792	**2,548**
Tas	64	418	31	513	16	85	12	113	-	-	-	-	80	503	43	**626**
Vic[1]	268	3,077	362	3,707	82	482	101	665	-	2	-	2	350	3,561	463	**4,374**
WA	532	1,810	209	2,551	162	363	59	584	-	-	-	-	694	2,173	268	**3,135**
ACT[2]	943	1,116	1,027	3,086	374	262	414	1,050	1	-	-	1	1,318	1,378	1,441	**4,137**
NT	82	595	85	762	25	141	33	199	-	-	-	-	107	736	118	**961**
Overseas[3]	5	7	1	13	1	1	1	3	-	-	-	-	6	8	2	**16**
Total	**3,527**	**18,370**	**4,831**	**26,728**	**1,165**	**3,519**	**1,480**	**6,164**	**2**	**2**	**-**	**4**	**4,694**	**21,891**	**6,311**	**32,896**

Notes:
Figures in this table are headcount. Reserves include all members who render Reserve service in Service Categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service Option C). Figures in this table are based on substantive location for the ADF. Some figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions. 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 D.19 ADF permanent members, 2025–26

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	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	2	3	8	-	3	-	3	-	-	-	-	3	5	3	**11**
Major General (E)	14	19	14	47	4	4	3	11	-	-	-	-	18	23	17	**58**
Brigadier (E)	45	51	35	131	9	12	13	34	-	-	-	-	54	63	48	**165**
Colonel (E)	157	195	174	526	49	36	31	116	-	-	-	-	206	231	205	**642**
Lieutenant Colonel (E)	436	701	433	1,570	117	136	159	412	-	-	-	-	553	837	592	**1,982**
Major (E)	661	1,481	911	3,053	210	281	291	782	1	-	2	3	872	1,762	1,204	**3,838**
Captain (E)	1,250	1,559	1,559	4,368	486	438	550	1,474	2	1	3	6	1,738	1,998	2,112	**5,848**
Lieutenant (E)	435	956	728	2,119	151	268	342	761	1	2	-	3	587	1,226	1,070	**2,883**
2nd Lieutenant (E)	71	-	510	581	15	-	160	175	-	-	1	1	86	-	671	**757**
Officer Cadet (E)	403	556	399	1,358	176	126	188	490	-	-	1	1	579	682	588	**1,849**
Officer total	**3,476**	**5,520**	**4,766**	**13,762**	**1,217**	**1,304**	**1,737**	**4,258**	**4**	**3**	**7**	**14**	**4,697**	**6,827**	**6,510**	**18,034**

Table D.19 Continued

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Other ranks																
Regimental Sergeant Major (E)	1	-	2	3	-	1	-	1	-	-	-	-	1	1	2	4
Warrant Officer Class 1 (E)	275	682	421	1,378	41	82	79	202	-	-	-	-	316	764	500	1,580
Warrant Officer Class 2 (E)	877	1,585	643	3,105	148	205	138	491	-	1	-	1	1,025	1,791	781	3,597
Staff Sergeant (E)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sergeant (E)	1,162	1,864	1,086	4,112	302	377	280	959	-	-	-	-	1,464	2,241	1,366	5,071
Corporal (E)	1,896	3,593	1,568	7,057	745	872	770	2,387	-	2	-	2	2,641	4,467	2,338	9,446
Lance Corporal (E)	-	1,246	-	1,246	-	194	-	194	-	1	-	1	-	1,441	-	1,441
Private Proficient (E)	2,538	5,889	2,388	10,815	896	796	1,129	2,821	2	2	2	6	3,436	6,687	3,519	13,642
Private (E)	676	1,557	662	2,895	226	220	310	756	1	-	1	2	903	1,777	973	3,653
Private Trainee (E)	881	1,648	767	3,296	276	192	200	668	-	-	-	-	1,157	1,840	967	3,964
Recruit (E)	226	699	153	1,078	87	103	68	258	-	-	-	-	313	802	221	1,336
Other ranks total	**8,532**	**18,763**	**7,690**	**34,985**	**2,721**	**3,042**	**2,974**	**8,737**	**3**	**6**	**3**	**12**	**11,256**	**21,811**	**10,667**	**43,734**
Total ADF	**12,008**	**24,283**	**12,456**	**48,747**	**3,938**	**4,346**	**4,711**	**12,995**	**7**	**9**	**10**	**26**	**15,953**	**28,638**	**17,177**	**61,768**

Note:
Figures in this table are headcount for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).

Table D.20 ADF permanent members, 2024–25

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	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	3	7	-	3	-	3	-	-	-	-	3	4	3	10
Major General (E)	14	20	12	46	4	4	4	12	-	-	-	-	18	24	16	58
Brigadier (E)	46	53	37	136	10	14	14	38	-	-	-	-	56	67	51	174
Colonel (E)	166	185	172	523	47	31	33	111	-	-	-	-	213	216	205	634
Lieutenant Colonel (E)	416	669	407	1,492	105	132	143	380	-	-	-	-	521	801	550	1,872
Major (E)	660	1,485	924	3,069	201	266	272	739	1	-	1	2	862	1,751	1,197	3,810
Captain (E)	1,189	1,525	1,488	4,202	445	437	549	1,431	2	1	4	7	1,636	1,963	2,041	5,640
Lieutenant (E)	405	937	659	2,001	149	252	303	704	1	2	-	3	555	1,191	962	2,708
2nd Lieutenant (E)	82	-	477	559	18	-	150	168	-	-	1	1	100	-	628	728
Officer Cadet (E)	376	563	378	1,317	157	114	170	441	-	-	1	1	533	677	549	1,759
Officer total	**3,358**	**5,438**	**4,557**	**13,353**	**1,136**	**1,253**	**1,638**	**4,027**	**4**	**3**	**7**	**14**	**4,498**	**6,694**	**6,202**	**17,394**

Table D.20 Continued

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Other ranks																
Regimental Sergeant Major (E)	1	-	2	3	-	1	-	1	-	-	-	-	1	1	2	4
Warrant Officer Class 1 (E)	260	673	427	1,360	39	76	70	185	-	-	-	-	299	749	497	1,545
Warrant Officer Class 2 (E)	875	1,575	640	3,090	135	199	137	471	-	-	-	-	1,010	1,774	777	3,561
Staff Sergeant (E)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sergeant (E)	1,197	1,875	1,070	4,142	306	347	272	925	-	1	-	1	1,503	2,223	1,342	5,068
Corporal (E)	1,868	3,503	1,478	6,849	702	810	689	2,201	-	2	-	2	2,570	4,315	2,167	9,052
Lance Corporal (E)	-	1,236	-	1,236	-	231	-	231	-	-	-	-	-	1,467	-	1,467
Private Proficient (E)	2,553	5,826	2,166	10,545	909	863	1,060	2,832	2	2	2	6	3,464	6,691	3,228	13,383
Private (E)	487	1,422	607	2,516	190	201	284	675	-	1	-	1	677	1,624	891	3,192
Private Trainee (E)	641	1,326	600	2,567	209	183	181	573	1	-	-	1	851	1,509	781	3,141
Recruit (E)	206	602	149	957	46	79	59	184	-	-	-	-	252	681	208	1,141
Other ranks total	**8,088**	**18,038**	**7,139**	**33,265**	**2,536**	**2,990**	**2,752**	**8,278**	**3**	**6**	**2**	**11**	**10,627**	**21,034**	**9,893**	**41,554**
Total ADF	**11,446**	**23,476**	**11,696**	**46,618**	**3,672**	**4,243**	**4,390**	**12,305**	**7**	**9**	**9**	**25**	**15,125**	**27,728**	**16,095**	**58,948**

Note:
Figures in this table are headcount for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G). Some figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.21 ADF reserve members, 2025–26

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer																
General (E)	-	1	1	2	-	-	-	-	-	-	-	-	-	1	1	2
Lieutenant General (E)	4	5	2	11	-	-	-	-	-	-	-	-	4	5	2	11
Major General (E)	21	34	20	75	2	3	5	10	-	-	-	-	23	37	25	85
Brigadier (E)	64	96	57	217	11	17	13	41	-	-	-	-	75	113	70	258
Colonel (E)	151	281	170	602	30	34	32	96	-	-	-	-	181	315	202	698
Lieutenant Colonel (E)	316	634	403	1,353	58	106	102	266	1	-	-	1	375	740	505	1,620
Major (E)	428	1,412	763	2,603	111	237	214	562	-	-	-	-	539	1,649	977	3,165
Captain (E)	450	1,341	631	2,422	212	348	240	800	-	-	-	-	662	1,689	871	3,222
Lieutenant (E)	12	546	28	586	12	185	31	228	-	-	-	-	24	731	59	814
2nd Lieutenant (E)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Officer Cadet (E)	-	400	-	400	-	66	-	66	-	-	-	-	-	466	-	466
Officer total	**1,446**	**4,750**	**2,075**	**8,271**	**436**	**996**	**637**	**2,069**	**1**	**-**	**-**	**1**	**1,883**	**5,746**	**2,712**	**10,341**

Table D.21 Continued

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Other ranks																
Regimental Sergeant Major (E)	-	2	1	3	-	-	-	-	-	-	-	-	-	2	1	3
Warrant Officer Class 1 (E)	115	477	394	986	11	75	66	152	-	-	-	-	126	552	460	1,138
Warrant Officer Class 2 (E)	323	737	272	1,332	77	106	82	265	-	-	-	-	400	843	354	1,597
Staff Sergeant (E)	-	3	-	3	-	1	-	1	-	-	-	-	-	4	-	4
Sergeant (E)	383	1,093	471	1,947	135	197	155	487	-	-	-	-	518	1,290	626	2,434
Corporal (E)	645	2,481	772	3,898	245	488	232	965	-	-	-	-	890	2,969	1,004	4,863
Lance Corporal (E)	-	1,081	-	1,081	-	140	-	140	-	-	-	-	-	1,221	-	1,221
Private Proficient (E)	492	5,267	667	6,426	215	1,064	283	1,562	1	2	-	3	708	6,333	950	7,991
Private (E)	24	743	53	820	28	134	39	201	-	-	1	1	52	877	93	1,022
Private Trainee (E)	7	1,474	8	1,489	4	241	3	248	-	-	-	-	11	1,715	11	1,737
Recruit (E)	-	664	4	668	-	140	5	145	-	-	-	-	-	804	9	813
Other ranks total	**1,989**	**14,022**	**2,642**	**18,653**	**715**	**2,586**	**865**	**4,166**	**1**	**2**	**1**	**4**	**2,705**	**16,610**	**3,508**	**22,823**
Total ADF	**3,435**	**18,772**	**4,717**	**26,924**	**1,151**	**3,582**	**1,502**	**6,235**	**2**	**2**	**1**	**5**	**4,588**	**22,356**	**6,220**	**33,164**

Note:
Figures in this table are headcount. Reserves include all members who render Reserve service in Service Categories 3, 4 and 5, 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 D.22 ADF reserve members, 2024–25

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer																
General (E)	-	1	1	2	-	-	-	-	-	-	-	-	-	1	1	2
Lieutenant General (E)	4	5	4	13	-	-	-	-	-	-	-	-	4	5	4	13
Major General (E)	20	32	22	74	2	2	3	7	-	-	-	-	22	34	25	81
Brigadier (E)	63	92	54	209	8	16	10	34	-	-	-	-	71	108	64	243
Colonel (E)	149	285	168	602	29	31	29	89	-	-	-	-	178	316	197	691
Lieutenant Colonel (E)	319	626	413	1,358	59	106	100	265	1	-	-	1	379	732	513	1,624
Major (E)	449	1,395	756	2,600	118	232	202	552	-	-	-	-	567	1,627	958	3,152
Captain (E)	457	1,335	653	2,445	194	345	250	789	-	-	-	-	651	1,680	903	3,234
Lieutenant (E)	13	523	26	562	11	197	28	236	-	-	-	-	24	720	54	798
2nd Lieutenant (E)	1	-	-	1	-	-	-	-	-	-	-	-	1	-	-	1
Officer Cadet (E)	-	402	-	402	-	58	-	58	-	-	-	-	-	460	-	460
Officer total	**1,475**	**4,696**	**2,097**	**8,268**	**421**	**987**	**622**	**2,030**	**1**	**-**	**-**	**1**	**1,897**	**5,683**	**2,719**	**10,299**

Table D.22 Continued

	Male				Female				Non-binary				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Other ranks																
Regimental Sergeant Major (E)	-	2	1	3	-	-	-	-	-	-	-	-	-	2	1	3
Warrant Officer Class 1 (E)	117	487	387	991	10	74	71	155	-	-	-	-	127	561	458	1,146
Warrant Officer Class 2 (E)	341	726	283	1,350	77	99	72	248	-	-	-	-	418	825	355	1,598
Staff Sergeant (E)	-	4	-	4	-	1	-	1	-	-	-	-	-	5	-	5
Sergeant (E)	389	1,112	467	1,968	140	217	151	508	-	-	-	-	529	1,329	618	2,476
Corporal (E)	672	2,514	809	3,995	251	474	239	964	-	-	-	-	923	2,988	1,048	4,959
Lance Corporal (E)	-	1,123	-	1,123	-	154	-	154	-	-	-	-	-	1,277	-	1,277
Private Proficient (E)	506	5,347	721	6,574	228	1,076	281	1,585	1	2	-	3	735	6,425	1,002	8,162
Private (E)	26	721	56	803	38	157	37	232	-	-	-	-	64	878	93	1,035
Private Trainee (E)	1	1,081	4	1,086	-	180	1	181	-	-	-	-	1	1,261	5	1,267
Recruit (E)	-	557	6	563	-	100	6	106	-	-	-	-	-	657	12	669
Other ranks total	**2,052**	**13,674**	**2,734**	**18,460**	**744**	**2,532**	**858**	**4,134**	**1**	**2**	**-**	**3**	**2,797**	**16,208**	**3,592**	**22,597**
Total ADF	**3,527**	**18,370**	**4,831**	**26,728**	**1,165**	**3,519**	**1,480**	**6,164**	**2**	**2**	**-**	**4**	**4,694**	**21,891**	**6,311**	**32,896**

Note:
Figures in this table are headcount. Reserves include all members who render Reserve service in Service Categories 3, 4 and 5, 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 figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.

Table D.23 ADF permanent and reserve members, 2025–26

	Permanent[1]				Reserve[2]			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	1	-	-	1	-	1	1	2
Lieutenant General (E)	3	5	3	11	4	5	2	11
Major General (E)	18	23	17	58	23	37	25	85
Brigadier (E)	54	63	48	165	75	113	70	258
Colonel (E)	206	231	205	642	181	315	202	698
Lieutenant Colonel (E)	553	837	592	1,982	375	740	505	1,620
Major (E)	872	1,762	1,204	3,838	539	1,649	977	3,165
Captain (E)	1,738	1,998	2,112	5,848	662	1,689	871	3,222
Lieutenant (E)	587	1,226	1,070	2,883	24	731	59	814
2nd Lieutenant (E)	86	-	671	757	-	-	-	-
Officer Cadet (E)	579	682	588	1,849	-	466	-	466
Officer total	**4,697**	**6,827**	**6,510**	**18,034**	**1,883**	**5,746**	**2,712**	**10,341**
Other ranks								
Regimental Sergeant Major (E)	1	1	2	4	-	2	1	3
Warrant Officer Class 1 (E)	316	764	500	1,580	126	552	460	1,138
Warrant Officer Class 2 (E)	1,025	1,791	781	3,597	400	843	354	1,597
Staff Sergeant (E)	-	-	-	-	-	4	-	4
Sergeant (E)	1,464	2,241	1,366	5,071	518	1,290	626	2,434
Corporal (E)	2,641	4,467	2,338	9,446	890	2,969	1,004	4,863
Lance Corporal (E)	-	1,441	-	1,441	-	1,221	-	1,221
Private Proficient (E)	3,436	6,687	3,519	13,642	708	6,333	950	7,991
Private (E)	903	1,777	973	3,653	52	877	93	1,022
Private Trainee (E)	1,157	1,840	967	3,964	11	1,715	11	1,737
Recruit (E)	313	802	221	1,336	-	804	9	813
Other ranks total	**11,256**	**21,811**	**10,667**	**43,734**	**2,705**	**16,610**	**3,508**	**22,823**
Total ADF	**15,953**	**28,638**	**17,177**	**61,768**	**4,588**	**22,356**	**6,220**	**33,164**

Notes:
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, 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 D.24 ADF permanent and reserve members, 2024–25

	Permanent[1]				Reserve[2]			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	1	-	-	1	-	1	1	2
Lieutenant General (E)	3	4	3	10	4	5	4	13
Major General (E)	18	24	16	58	22	34	25	81
Brigadier (E)	56	67	51	174	71	108	64	243
Colonel (E)	213	216	205	634	178	316	197	691
Lieutenant Colonel (E)	521	801	550	1,872	379	732	513	1,624
Major (E)	862	1,751	1,197	3,810	567	1,627	958	3,152
Captain (E)	1,636	1,963	2,041	5,640	651	1,680	903	3,234
Lieutenant (E)	555	1,191	962	2,708	24	720	54	798
2nd Lieutenant (E)	100	-	628	728	1	-	-	1
Officer Cadet (E)	533	677	549	1,759	-	460	-	460
Officer total	**4,498**	**6,694**	**6,202**	**17,394**	**1,897**	**5,683**	**2,719**	**10,299**
Other ranks								
Regimental Sergeant Major (E)	1	1	2	4	-	2	1	3
Warrant Officer Class 1 (E)	299	749	497	1,545	127	561	458	1,146
Warrant Officer Class 2 (E)	1,010	1,774	777	3,561	418	825	355	1,598
Staff Sergeant (E)	-	-	-	-	-	5	-	5
Sergeant (E)	1,503	2,223	1,342	5,068	529	1,329	618	2,476
Corporal (E)	2,570	4,315	2,167	9,052	923	2,988	1,048	4,959
Lance Corporal (E)	-	1,467	-	1,467	-	1,277	-	1,277
Private Proficient (E)	3,464	6,691	3,228	13,383	735	6,425	1,002	8,162
Private (E)	677	1,624	891	3,192	64	878	93	1,035
Private Trainee (E)	851	1,509	781	3,141	1	1,261	5	1,267
Recruit (E)	252	681	208	1,141	-	657	12	669
Other ranks total	**10,627**	**21,034**	**9,893**	**41,554**	**2,797**	**16,208**	**3,592**	**22,597**
Total ADF	**15,125**	**27,728**	**16,095**	**58,948**	**4,694**	**21,891**	**6,311**	**32,896**

Notes:
Some figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, 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 D.25 ADF permanent and reserve members by location, 2025–26

	Permanent[1]	Reserve[2]	Total
NSW	17,158	8,970	**26,128**
Qld	16,887	8,219	**25,106**
SA	3,552	2,507	**6,059**
Tas	105	625	**730**
Vic[3]	6,429	4,448	**10,877**
WA	4,496	3,275	**7,771**
ACT[4]	7,920	4,162	**12,082**
NT	4,079	947	**5,026**
Overseas[5]	1,142	11	**1,153**
Total	**61,768**	**33,164**	**94,932**

Notes:
Figures in this table show headcount, based on substantive location.
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.
3. Victorian figures include individuals located in Albury (New South Wales).
4. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
5. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table D.26 ADF permanent and reserve members by location, 2024–25

	Permanent[1]	Reserve[2]	Total
NSW	16,411	8,927	**25,338**
Qld	16,105	8,172	**24,277**
SA	3,259	2,548	**5,807**
Tas	95	626	**721**
Vic[3]	5,879	4,374	**10,253**
WA	4,280	3,135	**7,415**
ACT[4]	7,673	4,137	**11,810**
NT	4,180	961	**5,141**
Overseas[5]	1,066	16	**1,082**
Total	**58,948**	**32,896**	**91,844**

Notes:
Figures in this table show headcount, based on substantive location. Some figures may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.
3. Victorian figures include individuals located in Albury (New South Wales).
4. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
5. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table D.27 ADF Indigenous members, 2025–26

	Navy	Army	Air Force	ADF
Permanent[1]	603	1,192	579	2,374
Reserves[2]	121	731	122	974
Total	**724**	**1,923**	**701**	**3,348**

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.
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, 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 D.28 ADF Indigenous members, 2024–25

	Navy	Army	Air Force	ADF
Permanent[1]	590	1,148	562	2,300
Reserves[2]	117	757	119	993
Total	**707**	**1,905**	**681**	**3,293**

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 may have been adjusted from what was reported in the Defence Annual Report 2024–25 to account for retrospective transactions.
1. Figures are for permanent members (Service Categories 6 and 7) and do not include Reserves (Service Categories 2, 3, 4, and 5), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5, 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 D.29 Key management personnel remuneration, 2025–26

Name	Position[1]	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits ($)	Total remuneration[3] ($)
		Base salary[3] ($)	Bonuses ($)	Other benefits and allowances[2] ($)	Superannuation contributions ($)	Long service leave ($)	Other long-term benefits ($)		
Meghan Quinn PSM	Secretary of Defence	117,710	-	-	15,748	3,894	-	-	137,352
Greg Moriarty AO	Secretary of Defence	696,234	-	-	95,217	19,508	-	-	810,959
Admiral David Johnston AC Royal Australian Navy	Chief of the Defence Force	934,924	-	823	247,257	16,518	-	-	1,199,522
Cath Patterson	Associate Secretary	391,768	-	-	46,034	8,404	-	-	446,206
Nadine Williams	Head of the Defence Reform Taskforce	277,998	-	-	39,550	12,389	-	-	329,937
Matt Yannopoulos PSM	Associate Secretary	119,819	-	-	22,178	3,299	-	-	145,296
Air Marshal Robert Chipman AO CSC Royal Australian Air Force	Vice Chief of the Defence Force	625,307	-	6,578	145,966	12,645	-	-	790,496
Air Marshal Stephen Chappell DSC CSC OAM Royal Australian Air Force	Chief of Air Force	625,960	-	49,097	139,334	12,071	-	-	826,462
Lieutenant General Simon Stuart AO DSC, Australian Army	Chief of Army	616,796	-	-	165,631	11,609	-	-	794,036
Vice Admiral Mark Hammond AO Royal Australian Navy	Chief of Navy	579,507	-	-	139,334	11,065	-	-	729,906
Vice Admiral Justin Jones AO CSC Royal Australian Navy	Chief of Joint Operations	593,045	-	-	169,900	11,356	-	-	774,301
Mr David Hanley	Deputy Secretary Naval Shipbuilding and Sustainment	660,916	-	13,714	28,500	6,703	-	-	709,833
Chris Deeble AO CSC	Deputy Secretary Capability Acquisition and Sustainment	666,699	-	-	28,385	10,619	-	-	705,703
Lieutenant General Natasha Fox AO CSC Australian Army	Chief of Personnel	486,980	-	11,064	142,925	11,915	-	-	652,885
Chris Crozier	Chief Information Officer	609,569	-	-	30,115	7,954	-	-	647,638
Air Marshal Leon Phillips OAM Royal Australian Air Force	Chief of Guided Weapons and Explosive Ordnance	477,768	-	903	142,925	12,388	-	-	633,984

Table D.29 Continued

Name	Position[1]	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits ($)	Total remuneration[3] ($)
		Base salary[3] ($)	Bonuses ($)	Other benefits and allowances[2] ($)	Superannuation contributions ($)	Long service leave ($)	Other long-term benefits ($)		
Lieutenant General Susan Coyle AM CSC DSM Australian Army	Chief of Joint Capabilities	455,843	-	5,254	142,925	11,915	-	-	615,937
Steven Groves	Chief Finance Officer	502,243	-	-	89,278	12,663	-	-	604,184
Justine Greig PSM	Deputy Secretary Defence People	469,225	-	-	86,941	12,350	-	-	568,516
Celia Perkins	Deputy Secretary Security and Estate	469,776	-	-	83,333	12,167	-	-	565,276
Professor Tanya Monro AC	Chief Defence Scientist	521,444	-	-	30,115	11,279	-	-	562,838
Tom Hamilton	Chief of Defence Intelligence	452,452	-	-	84,221	11,964	-	-	548,637
Hugh Jeffrey	Deputy Secretary Strategy, Policy and Industry	447,493	-	-	82,276	11,997	-	-	541,766
John Reid PSM	Deputy Secretary Governance	415,419	-	15,832	62,503	11,024	-	-	504,778
David Hallinan	Deputy Secretary Defence	1,877	-	3,785	-	-	-	-	5,662
Air Vice-Marshal Benjamin Sleeman CSC DSM Royal Australian Air Force	Acting Chief of Joint Capabilities	151,632	-	12,771	43,519	5,445	-	-	213,367
Rear Admiral Steven Tiffen AM CSM Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	104,694	-	9,790	32,202	2,368	-	-	149,055
Major General Christopher Smith DSC AM CSC Australian Army	Acting Chief of Army	52,852	-	5,803	14,610	-	-	-	73,265
Ms Racheal Kuczma	Acting Deputy Secretary Capability Acquisition and Sustainment	56,474	-	-	9,166	439	-	-	66,079
Patrick Sowry	Acting Deputy Secretary Security and Estate	48,117	-	-	6,453	1,385	-	-	55,955
Dr Mark Bazzacco	Acting Deputy Secretary Governance	34,853	-	1,172	5,666	-	-	-	41,691
Samuel Volker	Acting Chief Finance Officer	31,867	-	-	5,405	654	-	-	37,926
Rear Admiral Letitia van Stralen AM CSC Royal Australian Navy	Acting Chief of Personnel	26,798	-	1,727	7,282	-	-	-	35,807

Table D.29 Continued

Name	Position[1]	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits ($)	Total remuneration[3] ($)
		Base salary[3] ($)	Bonuses ($)	Other benefits and allowances[2] ($)	Superannuation contributions ($)	Long service leave ($)	Other long-term benefits ($)		
Rear Admiral Richard Boulton AM Royal Australian Navy	Acting Chief of Personnel	25,050	-	945	7,672	-	-	-	33,667
Daniel Fankhauser	Acting Chief of Guided Weapons and Explosive Ordnance	23,683	-	1,111	3,205	-	-	-	27,999
Air Vice-Marshal Gerry van Leeuwen AM CSM Royal Australian Air Force	Acting Chief of Guided Weapons and Explosive Ordnance	21,222	-	758	5,863	-	-	-	27,843
Major General Jason Blain DSC AM CSC Australian Army	Acting Deputy Secretary Capability Acquisition and Sustainment	18,521	-	3,811	4,962	-	-	-	27,294
Steve Moore	Acting Deputy Secretary Strategy, Policy and Industry	18,197	-	-	2,394	-	-	-	20,591
Ben Wright	Acting Deputy Secretary Governance	16,518	-	-	2,822	-	-	-	19,340
Bernard Philip	Acting Deputy Secretary Strategy, Policy and Industry	15,774	-	-	2,462	689	-	-	18,925
Major General Mark Ascough AM CSC DSM Australian Army	Acting Chief of Defence Intelligence	13,809	-	47	3,817	696	-	-	18,369
Cassie Haynes	Acting Deputy Secretary Defence People	13,370	-	-	1,884	-	-	-	15,254
Kathryn McMullan	Acting Chief of Defence Intelligence	13,069	-	-	2,178	-	-	-	15,247
Amy Hawkins	Acting Deputy Secretary Strategy, Policy and Industry	5,288	-	-	836	-	-	-	6,124
Monique Hamilton	Acting Chief Information Officer	4,668	-	-	977	-	-	-	5,645
Total		**12,913,228**	**-**	**144,987**	**2,423,966**	**279,374**	**-**	**-**	**15,761,555**

Notes:
1. Those staff who were permanently appointed to a key management personnel position 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.
2. 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 2026. This column includes non-cash benefits.
3. Total remuneration is calculated on an accrual basis and not a cash basis. Therefore, an individual's base salary will be higher or lower subject to leave taken during the financial year.

Table D.30 Senior executives APS remuneration, 2025–26

		Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
Remuneration band	Number of senior executives[1]	Average base salary ($)	Average bonuses ($)	Overseas housing allowances ($)	Other ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits[3] ($)	Excluding overseas housing allowances ($)	Including overseas housing allowances ($)
		Average other benefits and allowances[2]								Average total remuneration ($)	
$0 - $220,000	36	92,397	-	-	2,159	14,662	2,464	-	8,489	120,172	120,172
$220,001 - $245,000	8	191,205	-	-	-	35,236	5,409	-	-	231,850	231,850
$245,001 - $270,000	16	194,002	-	-	1,685	32,453	5,102	-	26,919	260,162	260,162
$270,001 - $295,000	38	238,904	-	1,017	1,797	37,730	6,055	-	-	284,486	285,503
$295,001 - $320,000	57	246,870	-	751	2,921	42,525	6,157	-	7,027	305,499	306,250
$320,001 - $345,000	21	262,004	-	2,769	6,194	43,387	6,132	-	8,676	326,392	329,161
$345,001 - $370,000	12	279,281	-	-	2,209	47,003	6,606	-	21,554	356,653	356,653
$370,001 - $395,000	21	319,534	-	-	2,949	52,940	8,184	-	-	383,607	383,607
$395,001 - $420,000	6	344,626	-	-	-	59,332	7,077	-	-	411,035	411,035
$420,001 - $445,000	5	371,395	-	-	3,264	53,631	7,974	-	-	436,265	436,265
$445,001 - $470,000	2	381,434	-	-	7,946	65,797	6,639	-	-	461,816	461,816
$470,001 - $495,000	2	340,788	-	85,114	13,000	33,970	6,362	-	-	394,119	479,234
$495,001 - $520,000	2	419,841	-	-	22,404	55,577	9,924	-	-	507,746	507,746
$520,001 - $545,000	1	189,504	-	-	11,013	29,424	4,602	-	285,770	520,314	520,314
$545,001 - $570,000	2	245,512	-	132,347	18,960	45,452	6,839	-	104,781	421,543	553,890
$570,001 - $595,000	1	261,893	-	284,509	328	36,956	6,568	-	-	305,746	590,255

Notes:

1. The number of senior executives listed above is the number of individual SES and not the number of SES positions. Staff who were permanently appointed to an SES level position are included in this table as well as staff who acted in an SES level position for a period longer than six months.
2. Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2026. 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.
3. In accordance with APSC Guidelines, SES 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 D.31 Star rank ADF personnel remuneration, 2025–26

Remuneration band	Number of Star ranks[1]	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary ($)	Average bonuses ($)	Overseas housing allowances ($)	Other ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits[3] ($)	Excluding overseas housing allowances ($)	Including overseas housing allowances ($)
		Average other benefits and allowances[2]								Average total remuneration ($)	
$0 - $220,000	20	106,597	-	-	11,315	33,289	2,835	-	-	154,035	154,035
$220,001 - $245,000	12	162,271	-	5,401	11,700	47,946	4,270	-	-	226,187	231,588
$245,001 - $270,000	7	169,635	-	-	29,154	52,209	4,592	-	-	255,590	255,590
$270,001 - $295,000	2	151,847	-	31,450	42,357	50,057	3,754	-	-	248,015	279,465
$295,001 - $320,000	2	223,722	-	-	6,120	70,901	5,652	-	-	306,394	306,394
$320,001 - $345,000	2	233,230	-	-	28,434	71,190	5,174	-	-	338,027	338,027
$345,001 - $370,000	4	209,979	-	11,139	3,552	69,030	5,465	-	64,594	352,620	363,759
$370,001 - $395,000	20	284,943	-	-	5,319	89,912	7,267	-	-	387,441	387,441
$395,001 - $420,000	55	294,616	-	-	16,106	90,857	7,386	-	-	408,965	408,965
$420,001 - $445,000	48	306,370	1,096	10	25,536	90,778	7,777	-	-	431,557	431,566
$445,001 - $470,000	24	325,667	-	4,258	23,852	98,073	8,207	-	-	455,798	460,056
$470,001 - $495,000	10	304,820	-	38,226	39,570	90,946	7,469	-	-	442,804	481,030
$495,001 - $520,000	3	265,044	-	36,340	35,438	81,293	7,079	-	89,053	477,907	514,247
$520,001 - $545,000	11	295,556	-	21,964	29,878	80,116	7,057	-	97,149	509,756	531,720
$545,001 - $570,000	10	272,742	-	22,536	14,630	82,930	6,699	-	159,278	536,279	558,815
$570,001 - $595,000	6	254,931	-	27,638	34,245	73,194	6,902	-	184,559	553,831	581,470
$595,001 - $620,000	3	252,599	-	30,055	61,821	74,492	7,093	-	178,106	574,111	604,166
$620,001 - $645,000	7	291,328	-	50,151	37,776	85,792	7,346	-	163,725	585,967	636,118
$645,001 - $670,000	2	303,800	-	246,094	8,162	85,510	7,099	-	-	404,571	650,665
$670,001 - $695,000	4	306,441	-	217,626	112	85,872	7,148	-	66,790	466,362	683,989

Table D.31 Continued

Remuneration band	Number of Star ranks[1]	Short-term benefits: Average base salary ($)	Short-term benefits: Average bonuses ($)	Short-term benefits: Overseas housing allowances ($)	Short-term benefits: Other ($)	Post-employment benefits: Average superannuation contributions ($)	Other long-term benefits: Average long service leave ($)	Other long-term benefits: Average other long-term benefits ($)	Termination benefits: Average termination benefits[3] ($)	Total remuneration: Excluding overseas housing allowances ($)	Total remuneration: Including overseas housing allowances ($)
		Average other benefits and allowances[2]								Average total remuneration ($)	
$695,001 - $720,000	1	308,871	-	296,394	-	87,956	7,130	-	-	403,957	700,350
$745,001 - $770,000	2	287,997	-	219,540	9,149	84,550	6,650	-	152,939	541,284	760,824
$770,001 - $795,000	2	344,486	-	198,668	12,468	95,235	8,059	-	133,580	593,828	792,496
$1,070,001 - $1,095,000	1	505,131	-	511,665	-	75,476	7,459	-	-	588,066	1,099,731

Notes:

1. The number of ADF Star Ranks listed above is the number of individuals not the number of positions. Staff who were permanently appointed to a Star Rank ADF position are included in this table as well as staff who acted in a Star Rank ADF position for a period longer than six months.
2. Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2026. 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.
3. 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 D.32 Other highly paid staff - ADF remuneration, 2025–26

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 ($)	Average bonuses ($)	Overseas housing allowances ($)	Other ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits[2] ($)	Excluding overseas housing allowances ($)	Including overseas housing allowances ($)
		Average other benefits and allowances[1]								Average total remuneration ($)	
$265,001 - $270,000	415	168,428	1,491	4,042	35,671	53,229	4,587	-	-	263,405	267,448
$270,001 - $295,000	1848	178,299	1,415	4,038	35,631	57,731	4,893	-	114	278,084	282,121
$295,001 - $320,000	1236	196,232	1,553	6,080	34,370	63,062	5,267	-	-	300,484	306,565
$320,001 - $345,000	817	207,943	1,599	14,170	35,847	66,438	5,540	-	-	317,367	331,536
$345,001 - $370,000	350	211,558	1,562	26,427	43,506	66,581	5,705	-	-	328,912	355,339
$370,001 - $395,000	180	217,189	993	52,565	37,720	66,297	5,825	-	1,208	329,231	381,796
$395,001 - $420,000	125	220,486	1,175	73,220	38,505	68,130	5,834	-	-	334,130	407,350
$420,001 - $445,000	113	233,009	1,043	91,664	25,927	73,199	5,947	-	1,416	340,539	432,203
$445,001 - $470,000	90	251,306	1,620	92,121	25,494	78,536	6,340	-	2,416	365,712	457,833
$470,001 - $495,000	73	261,498	2,898	85,432	24,164	81,129	6,503	-	20,906	397,098	482,529
$495,001 - $520,000	47	274,748	2,334	99,324	27,496	86,959	7,046	-	9,251	407,834	507,158
$520,001 - $545,000	20	292,702	3,375	101,889	27,493	86,483	6,876	-	10,870	427,800	529,689
$545,001 - $570,000	17	283,247	-	152,198	14,117	88,090	6,838	-	12,788	405,080	557,278
$570,001 - $595,000	10	337,787	-	112,792	18,098	102,480	8,366	-	-	466,730	579,522
$595,001 - $620,000	12	317,686	-	150,996	17,151	93,383	7,818	-	19,053	455,090	606,087
$620,001 - $645,000	6	331,872	5,556	168,374	17,995	104,653	7,353	-	-	467,429	635,803
$645,001 - $670,000	6	341,571	11,111	106,901	44,560	107,855	7,778	-	37,471	550,347	657,248

Notes:

1. Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2026. 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.
2. 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 D.33 Other highly paid staff - APS remuneration, 2025–26

		Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
Remuneration band	Number of highly paid APS staff	Average base salary ($)	Average bonuses ($)	Overseas housing allowances ($)	Other ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits[2] ($)	Excluding overseas housing allowances ($)	Including overseas housing allowances ($)
		Average other benefits and allowances[1]								Average total remuneration ($)	
$265,001 - $270,000	18	215,797	3,520	2,720	3,994	36,453	5,103	-	-	264,867	267,587
$270,001 - $295,000	58	198,943	2,710	34,738	2,481	33,267	4,775	-	3,494	245,670	280,409
$295,001 - $320,000	37	180,493	1,254	84,426	4,216	29,544	4,452	-	3,745	223,704	308,130
$320,001 - $345,000	13	170,524	1,354	94,203	18,557	29,931	4,517	-	11,229	236,112	330,315
$345,001 - $370,000	14	200,955	1,997	103,093	1,732	31,810	5,034	-	11,599	253,128	356,221
$370,001 - $395,000	8	234,586	1,452	99,461	73	38,472	5,686	-	-	280,269	379,730
$395,001 - $420,000	12	294,189	1,938	60,743	1,198	44,773	6,188	-	-	348,287	409,030
$420,001 - $445,000	7	233,766	1,087	154,394	2,106	35,112	4,757	-	-	276,828	431,222
$445,001 - $470,000	3	324,372	2,005	70,686	-	49,333	6,387	-	-	382,096	452,783
$470,001 - $495,000	2	187,570	1,677	260,810	2,092	31,328	4,905	-	-	227,572	488,382
$495,001 - $520,000	1	429,435	9,909	-	-	62,928	10,667	-	-	512,939	512,939

Notes:

1. Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2026. 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.
2. In accordance with APSC Guidelines, APS 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 E: Additional tables

Sexual and related offences

The number and type of sexual and related offences reported to the Joint Military Police Unit (JMPU) over the past five financial years are displayed in Table E.1. This table reflects the financial year that the offences were reported to JMPU, and not necessarily the financial year in which the alleged offences occurred.

Table E.1 Types of sexual and related offence allegations reported to JMPU, 2021–22 to 2025–26

Financial year	Aggravated sexual assaults	Non-aggravated sexual assaults	Non-assaultive sexual and related offences	Total
2021–22	86	60	30	**176**
2022–23	65	73	43	**181**
2023–24	68	72	27	**167**
2024–25	89	75	53	**217**
2025–26	98	106	77	**281**
Total	**406**	**386**	**230**	**1,022**

Note:
Maintaining a capability that reports on all Defence responses to sexual and related offence allegations requires re-examination of matters previously reported, in the event that circumstances surrounding the allegations or the alleged perpetrator change.

In 2025–26, the number of sexual and related offences reported to JMPU increased by approximately 30 per cent compared to the previous financial year. Reporting peaked in Quarter 4 of 2025 during a period of heightened public and media attention on sexual violence in Defence. This period also coincided with the Chief of the Defence Force's Order of the Day on Sexual Violence. An increase in the number of clients supported by the SeMPRO Client Response Team was similarly observed during this period. While no causal relationship can be established from reporting data alone, the timing of these trends may reflect increased awareness of reporting pathways and support services, and greater confidence in reporting incidents.

Table E.2 shows that, in 2025–26, there was an increase in sexual and related offences reported to JMPU that were alleged to have occurred in previous financial years. Approximately one-third of sexual and related offence matters reported in 2025–26 related to incidents alleged to have occurred in previous financial years, demonstrating the ongoing reporting of historical incidents.

While reporting data alone cannot establish the reasons for changes in reporting behaviour, increased reporting of contemporary and historical incidents may reflect heightened awareness of reporting pathways and support services, improved understanding of sexual violence, greater confidence in reporting, and the effect of Defence-related events and associated public and media attention during the reporting period.

Table E.2 Sexual and related offence allegations reported to JMPU, 2021–22 to 2025–26 and financial year of occurrence

Financial year	Incidents reported	Incidents occurred[1]
2021–22	176	163
2022–23	181	173
2023–24	167	151
2024–25	217	206
2025–26	281	188

Note:
1. The financial year that an alleged incident occurred is not always available, as victim-survivors may not remember the date that the incident occurred, especially for incidents that may be reported to JMPU years later.

Victim-survivors of sexual and related offences reported to JMPU in 2025–26 included current and ex-serving ADF members, ADF cadets, Defence APS employees, non-Defence civilians and foreign military members. Of the victim-survivors associated with the 281 sexual and related offence allegations reported to JMPU in 2025–26, 249 were identified as ADF members at the time of the alleged offence.

As shown in Table E.3, E.4 and E.5 among identified ADF member victim-survivors, women represented 77 per cent of cases, while 66 per cent involved members aged 18–25 years and 68 per cent involved non-commissioned officers at the time of the alleged incident. These demographic characteristics are reported separately and are not intended to describe a single cohort of victim-survivors.

Table E.3 Age of ADF member victim-survivors of sexual and related offences reported to JMPU, 2025–26

Financial year	<18	18–25	26–39	≥40	Unknown	Total
2025–26	7	164	62	11	5	**249**
Total	**7**	**164**	**62**	**11**	**5**	**249**

Table E.4 Rank and group of ADF member victim-survivors of sexual and related offences reported to JMPU, 2025–26

Financial year	Recruit	Non-commissioned officer	Trainee officer	Officers and star ranks	Unknown	Total
2025–26	20	169	17	37	6	**249**
Total	**20**	**169**	**17**	**37**	**6**	**249**

Table E.5 Gender of ADF member victim-survivors of sexual and related offences reported to JMPU, 2025–26

Financial year	Man	Woman	Non-binary	Not specified	Total
2025–26	52	192	-	5	**249**
Total	**52**	**192**	**-**	**5**	**249**

For the 281 sexual and related offences reported to JMPU in 2025–26, there were 291 alleged perpetrators, as per Table E.6. ‘Alleged perpetrators’ are all respondents or potential respondents in a sexual or related offence allegation. They span individuals named in a report to JMPU, individuals deemed perpetrators or suspects by JMPU, and individuals described to JMPU who are not under active investigation.

Table E.6 Number of alleged perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26

Financial year	Number of incidents	Number of alleged perpetrators
2021–22	176	195
2022–23	181	202
2023–24	167	169
2024–25	217	218
2025–26	281	291
Total	**1,022**	**1,075**

Note:
Maintaining a capability that reports on all Defence responses to sexual and related offence allegations requires re-examination of matters previously reported in the event that circumstances surrounding the allegations or the alleged perpetrator change.

Of the 291 alleged perpetrators for the sexual and related offences reported to JMPU in 2025–26, 234 were identified as ADF members and their Service disclosed (E.7). Ex-serving ADF members, ADF cadets, APS personnel, foreign military, foreign nationals, and non-Defence civilians are designated 'Non-serving'. Individuals whose identities were not disclosed to SeMPRO to protect the integrity of an active investigation and those whose identities were not disclosed to JMPU by the complainant were designated 'Unknown'.

Table E.7 Alleged perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26

Financial year	Navy	Army	Air Force	Non-serving	Unknown	Total
2021–22	35	72	26	11	51	**195**
2022–23	43	71	31	20	37	**202**
2023–24	38	36	20	20	55	**169**
2024–25	42	52	33	18	73	**218**
2025–26	77	96	61	31	26	**291**
Total	**235**	**327**	**171**	**100**	**242**	**1,075**

Note:
Maintaining a capability that reports on all Defence responses to sexual offence allegations requires re-examination of matters previously reported in the event that circumstances surrounding the allegations or the alleged perpetrator change.

As shown in Table E.8, E.9, and E.10 among identified ADF members alleged to have perpetrated sexual and related offences, 93 per cent were men, 48 per cent were aged 18–25 years and 70 per cent were non-commissioned officers. These demographic characteristics are reported separately and are not intended to describe a single cohort of alleged perpetrators.

Table E.8 Age of ADF members alleged to have perpetrated sexual and related offences reported to JMPU, 2025–26

Financial year	<18	18–25	26–39	≥40	Unknown	Total
2025–26	1	113	76	39	5	**234**
Total	**1**	**113**	**76**	**39**	**5**	**234**

Table E.9 Rank group of ADF members alleged to have perpetrated sexual and related offences to JMPU, 2025–26

Financial year	Recruit	Non-commissioned officer	Trainee officer	Officers and star ranks	Unknown	Total
2025–26	20	163	12	37	2	**234**
Total	**20**	**163**	**12**	**37**	**2**	**234**

Table E.10 Gender of ADF members alleged to have perpetrated sexual and related offences reported to JMPU, 2025–26

Financial year	Man	Woman	Non-binary	Not specified	Total
2025–26	218	14	-	2	**234**
Total	**218**	**14**	**-**	**2**	**234**

Of the 1,022 sexual and related offences reported to JMPU between 2021–22 and 2025–26 (inclusive), 432 incidents involved at least one ADF member identified as a victim-survivor and at least one ADF member identified as an alleged perpetrator (hereby referred to as military-on-military sexual and related offence allegations.

As shown in Table E.12, military-on-military sexual and related offence allegations constituted an increasing proportion of all sexual and related offence allegations reported to JMPU, rising from 29 per cent (64 of 217 allegations) in 2024–25 to 56 per cent (156 of 281 allegations) in 2025–26. Increases in reporting were observed across all offence categories. Consistent with the broader increase in reporting of sexual and related offence allegations to JMPU, heightened awareness of sexual violence within Defence and increased confidence in reporting pathways are likely contributors to this trend.

Table E.11 Types of sexual and related offence allegations reported to JMPU, 2021–22 to 2025–26

Financial year	Aggravated sexual assaults	Non-aggravated sexual assaults	Non-assaultive sexual offences	Total
2021–22	32	40	13	**85**
2022–23	25	44	16	**85**
2023–24	6	32	4	**42**
2024–25	21	27	16	**64**
2025–26	51	74	31	**156**
Total	**135**	**217**	**80**	**432**

Table E.12 shows the Service distribution of the 531 ADF members identified as victim-survivors and the 456 ADF members identified as alleged perpetrators in the 432 military-on-military sexual and related offence allegations reported to JMPU between 2021–22 and 2025–26. Totals exceed the number of allegations because some incidents involved multiple individuals.

Table E.12 Service of ADF members involved in sexual and related offence allegations reported to JMPU, 2021–22 to 2025–26 – military on military

Role type	Navy	Army	Air Force	Total
Victim-survivors	**210**	**178**	**143**	**531**
Alleged perpetrators	**166**	**177**	**113**	**456**
Total	**376**	**355**	**256**	**987**

Table E.13 provides details on the policing outcomes for the 733 identified ADF members alleged to have perpetrated sexual and related offences over the period 2021–22 to 2025–26.

Table E.13 Policing outcomes for ADF perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26

Policing outcome	2021–22	2022–23	2023–24	2024–25	2025–26	Total
No complaint forthcoming[1]	33	32	24	21	74	**184**
No ADF jurisdiction[2]	8	8	2	0	15	**33**
Victim remains undecided	0	0	0	0	14	**14**
Member deceased	2	0	0	0	0	**2**
Civilian police outcomes						
Civilian police investigation ongoing	1	11	8	14	24	**58**
Complaint withdrawn	14	6	3	2	1	**26**
Insufficient evidence	13	13	10	8	7	**51**
Civilian trial – ongoing	1	5	8	19	28	**61**
Civil trial – charges dismissed	2	5	2	6	0	**15**
Civil trial – not guilty	5	0	1	2	1	**9**
Civil trial – guilty	7	14	7	4	1	**33**
Civil trial – no conviction recorded[3]	0	0	0	0	0	**0**
Civil trial – non publication order[4]	0	0	1	0	0	**1**
Military police outcomes						
Military police investigation ongoing	0	0	2	7	50	**59**
Military police investigation complete - insufficient evidence	1	0	1	5	0	**7**
Military police referred to unit	0	0	0	1	7	**8**
Complaint withdrawn	3	0	3	1	0	**7**
Military Prosecutions unit referral – administrative action[5]	0	2	0	3	0	**5**
Military Prosecutions unit referral – minor disciplinary action[6]	1	2	0	0	0	**3**
Military Prosecutions review ongoing	0	1	3	21	8	**33**

Table E.13 Continued

Policing outcome	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Military Prosecutions – insufficient evidence	24	30	4	4	0	**62**
No Commonwealth Director of Public Prosecutions consent to prosecute[7]	0	0	0	1	0	**1**
Military Prosecutions decision not to exercise Service jurisdiction	3	2	5	3	4	**17**
Military trial – guilty	14	14	8	5	0	**41**
Military trial – not guilty	1	0	2	0	0	**3**
Permanently held in abeyance[8]	0	0	0	0	0	**0**
Total	**133**	**145**	**94**	**127**	**234**	**733**

Notes:
Maintaining a capability that reports on all Defence responses to sexual offence allegations requires re-examination of matters previously reported in the event that circumstances surrounding the allegations or the alleged perpetrator change.

1. 'No complaint forthcoming' indicates that the victim-survivor does not wish to make a statement of complaint or wish for an investigation to take place.
2. 'No ADF jurisdiction' indicates when JMPU does not have the ability to monitor an incident due to a variety of factors, including but not limited to the geographical location of the incident, the employment status of the individual(s) involved, and whether or not the incident occurred while the Defence employee was undertaking official Defence business.
3. 'Civil trial – no conviction recorded' indicates that an individual has been found guilty of an offence but will not gain a criminal record.
4. 'Civil trial – non publication order' indicates when there is a prohibition on disseminating information that is shared in open court.
5. Office of the Director of Military Prosecutions determination that the matter may be referred back to the originating unit for consideration of administrative action.
6. Office of the Director of Military Prosecutions determination that the matter may be referred back to the originating unit for consideration of disciplinary action.
7. Defence is not permitted to exercise jurisdiction over all sexual offences and must obtain consent from the Commonwealth Director of Public Prosecutions. Commonwealth Director of Public Prosecutions may not grant the Office of the Director of Military Prosecutions authority to prosecute the most serious offending – prompting a referral to State or Territory law enforcement agency for review and prosecution through their Director of Public Prosecutions.
8. 'Permanently held in abeyance' indicates that there is a problem in the trial requiring the proceeding to be paused with no set date of resumption, but the person has not been acquitted and can be charged at a later date if the problem is resolved.

Table E.14 provides the administrative and discipline outcomes for the 733 identified ADF members alleged to have perpetrated sexual and related offences between 1 July 2021 and 30 June 2026.

Of the 733 ADF members alleged to have perpetrated a sexual or related offence in that period, 163 are no longer serving at the time of reporting. The table shows over the reporting period 74 members had their service terminated for sexual misconduct, 38 received lesser administrative sanctions, 28 received disciplinary outcomes less than dismissal and five received both. Defence continued to take administrative and disciplinary action where allegations were substantiated.

Table E.14 Administrative and disciplinary outcomes for ADF perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26

Administrative and disciplinary outcome	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Closed out – no further response						
No action – not identified or no jurisdiction[1]	2	0	0	1	2	5
No further action – not substantiated or not proceeded with	61	60	43	53	46	263
Open – final response being considered						
Administrative or discipline action under consideration	0	1	5	30	102	138
Administrative or discipline action underway	0	2	3	13	4	22
Administrative and discipline action finalised – member retained						
Administrative sanction – less than termination	14	17	4	2	1	38
Discipline action – less than dismissal	4	12	6	4	2	28
Both administrative and discipline actions	3	1	0	0	1	5
Administrative and discipline action finalised – service ceased						
Service terminated for sexual violence	18	20	22	10	4	74
Service ceased[2] for another reason	31	30	11	11	6	89
Outcome not yet confirmed[3]						
Outcome not yet confirmed	0	2	0	3	66	71
Total	**133**	**145**	**94**	**127**	**234**	**733**

Notes:
1. The person of interest/alleged perpetrator was found to either not be an ADF member or was not identifiable, so there was no action that Defence could take against them.
2. Service ceased for another reason can include medical separation, voluntary separation or involuntary separation for another reason not related to sexual violence.
3. Maintaining a capability that reports on all Defence responses to sexual offence allegations requires re-examination of matters previously reported in the event that circumstances surrounding the allegations or the alleged perpetrator change. At the time of reporting, data was undergoing verification.

Tables E.15, E.16 and E.17 show the number of perpetrators whose service ceased in each Service, grouped by the financial year in which the incident was reported to the JMPU.

Table E.15 Navy perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26 – member service ceased – by financial year of incident report

Administrative and discipline action finalised – service ceased	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Service terminated for sexual violence	8	7	6	2	2	25
Service ceased for another reason	4	6	4	6	3	23
Total	**12**	**13**	**10**	**8**	**5**	**48**

Table E.16 Army perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26 – member service ceased – by financial year of incident report

Administrative and discipline action finalised – service ceased	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Service terminated for sexual violence	8	7	8	6	2	31
Service ceased for another reason	20	17	6	3	3	49
Total	**28**	**24**	**14**	**9**	**5**	**80**

Table E.17 Air Force perpetrators in sexual and related offences reported to JMPU, 2021–22 to 2025–26 – member service ceased – by financial year of incident report

Administrative and discipline action finalised – service ceased	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Service terminated for sexual violence	2	6	8	2	0	18
Service ceased for another reason	7	7	1	2	0	17
Total	**9**	**13**	**9**	**4**	**0**	**35**

Appendix F: Supplementary online material

Table F.1 Supplementary online material

Report	Website
Report on the Inspector-General ADF	igadf.gov.au/publications
Women in the ADF Report	defence.gov.au/annualreports
Acquisition, sustainment, facilities and infrastructure information	
Top 30 capability sustainment products by end of financial year outcome 2025–26	Web table F.1
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Appendix G:
List of requirements

PGPA Rule reference	Part of report	Description	Requirement
17AD(g)	**Letter of transmittal**		
17AI	Page 4	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 3	Table of contents (print only).	Mandatory
17AJ(b)	Page 277–281	Alphabetical index (print only).	Mandatory
17AJ(c)	Page 273	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Page 268–272	List of requirements.	Mandatory
17AJ(e)	Page 2	Details of contact officer.	Mandatory
17AJ(f)	Page 2	Entity's website address.	Mandatory
17AJ(g)	Page 2	Electronic address of report.	Mandatory
17AD(a)	**Review by accountable authority**		
17AD(a)	Page 5–7	A review by the accountable authority of the entity.	Mandatory
17AD(b)	**Overview of the entity**		
17AE(1)(a)(i)	Page 8	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Page 10	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Page 9	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Page 13	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Page 11	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Page 11	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Page 11	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	Page 11	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

PGPA Rule reference	Part of report	Description	Requirement
17AD(c)	**Report on the Performance of the entity**		
	Annual Performance Statements		
17AD(c)(i); 16F	Page 12–58	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)	Page 59–64	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Page 60–61	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Page 60	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
17AD(d)	**Management and accountability**		
	Corporate Governance		
17AG(2)(a)	Page 4	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Page 4	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Page 4	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 4	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 65–68	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 67	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 67	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Page 68	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Page 68	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Page 68	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Page 68	The remuneration of each member of the entity's audit committee.	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
	External Scrutiny		
17AG(3)	Page 69–75	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Page 69	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)	Page 70	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 69	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
	Management of Human Resources		
17AG(4)(a)	Page 76–106	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Page 77–88; 227–258	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: • statistics on full-time employees • statistics on part-time employees • statistics on gender • statistics on staff location.	Mandatory
17AG(4)(b)	Page 77–88; 227–258	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • statistics on staffing classification level • statistics on full-time employees • statistics on part-time employees • statistics on gender • statistics on staff location • statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Page 99–105	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999.*	Mandatory
17AG(4)(c)(i)	Page 100–105	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 101	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Page 101	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Page 104–105	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Page 105	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Page 105	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 105	Information on aggregate amount of performance payments.	If applicable, Mandatory
	Assets Management		
17AG(5)	107–110	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 111	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
	Reportable consultancy contracts		
17AG(7)(a)	Page 111–112	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 (GST inc.); 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 (GST inc.).	Mandatory
17AG(7)(b)	Page 111	A statement that: *"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]".*	Mandatory
17AG(7)(c)	Page 111	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 111	A statement that: *"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."*	Mandatory
	Reportable non–consultancy contracts		
17AG(7A)(a)	Page 112	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 112	A statement that: *"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."*	Mandatory
17AD(daa)	**Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non–consultancy contracts**		
17AGA	Page 112	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)	Page 114–115	If an entity entered into a contract with a value of more than $100,000 (GST inc.) 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 115	If an entity entered into a contract or there is a standing offer with value greater than $10,000 (GST inc.)which has been exempted from being published in AusTender because it would disclose exempt matters under the *FOI Ac*t, 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

PGPA Rule reference	Part of report	Description	Requirement
	Small business		
17AG(10)(a)	Page 116	A statement that: *"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises and Small Enterprise participation statistics are available on the Department of Finance's website."*	Mandatory
17AG(10)(b)	Page 116	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Page 116	If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that: *"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."*	If applicable, Mandatory
	Financial Statements		
17AD(e)	Page 121–197	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	Executive remuneration		
17AD(da)	Page 99–105; 251–258	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory
17AD(f)	**Other mandatory information**		
17AH(1)(a)(i)	Page 117	If the entity conducted advertising campaigns, a statement that: *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken].* *Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."*	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 119	A statement that: *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, Mandatory
17AH(1)(c)	Page 96	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Page 119	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)	Page 120	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Page 67; 74; 86; 220–226	Information required by other legislation.	Mandatory

Appendix H: Aids to access

Glossary of abbreviations and acronyms

ABF	Australian Border Force
ABN	Australian Business Number
ACT	Australian Capital Territory
ADF	Australian Defence Force
ANAO	Australian National Audit Office
ANZMIN	Australia–New Zealand Ministerial Consultations
APS	Australian Public Service
ARMTD	Advanced Rocket Motor Technology Demonstrator
ASA	Australian Submarine Agency
ASCA	Advanced Strategic Capabilities Accelerator
ASSOC SEC	Associate Secretary
AUD	Australian Dollars
AUKMIN	Australia–United Kingdom Ministerial Consultations
AUKUS	Australia, United Kingdom, United States security partnership
AUSMIN	Australia–United States Ministerial Consultations
AUSTRAC	Australian Transaction Reports and Analysis Centre
BWR	Budgeted Workforce Requirement
C1	CapabilityOne
CALD	culturally and linguistically diverse
CARE	Connect, Access, Respond and Extend
CDF	Chief of the Defence Force
CO_2E	Carbon Dioxide Equivalent
CRSS	Complaint Resolution and Support Services
Cth	Commonwealth
DARC	Defence Audit and Risk Committee
DCB	Departmental Capital Budget
DFG	Defence Finance Group
DIDG	Defence Industry Development Grants
DMFS	Defence Member and Family Support
DRACO	Defence Rocket Motor Technology Demonstrator Project
DSGL	Defence and Strategic Goods List
DVA	Department of Veterans' Affairs
EAS	Education Assistance Scheme
EL	Executive Level
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*
FBT	fringe benefits tax
FOC	Final Operating Capability
FOI Act	*Freedom of Information Act 1982*
FRSC	Financial Reporting Subcommittee
Geelong Treaty	Australia-United Kingdom Nuclear-Powered Submarine Partnership Collaboration Treaty
GMLRS	Guided Multiple Launch Rocket System
GSC	Global Supply Chain
GST	goods and services tax
HMAS	His Majesty's Australian Ship
ICT	information and communications technology
IGADF	Inspector-General of the Australian Defence Force
IIP	Integrated Investment Program
IOC	Initial Operating Capability
IT	information technology
JC2Net	Joint Command and Control Network
JMPU	Joint Military Police Unit
LXP	Learning Experience Platform
MBSE	Model-Based Systems Engineering
MVC	minimum viable capability
NEMA	National Emergency Management Agency
NSW	New South Wales
NT	Northern Territory

ODMP	Office of the Director of Military Prosecution
PBS	Portfolio Budget Statements
PEAP	Partner Employment Assistance Program
PEPPOL	Pan-European Public Procurement Online
PFAS	per and polyfluoroalkyl substances
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PID Act	*Public Interest Disclosure Act 2013*
PS Act	*Public Service Act 1999*
Pukpuk Treaty	Papua New Guinea-Australia Mutual Defence Treaty
Qld	Queensland
QPR	Quarterly Performance Report
RAAF	Royal Australian Air Force
RCDVS	Royal Commission into Defence and Veteran Suicide
RFSG	Regional Forces Surveillance Group
ROU	Right of Use
SA	South Australia
SAFE	Special Accommodation for Emergencies Scheme
SEC	Secretary of the Department of Defence
SeMPRO	Sexual Misconduct Prevention and Response Office
SES	Senior Executive Service
SME	small and medium-sized enterprise
STEM	science, technology, engineering and mathematics
Tas	Tasmania
TDA	Team Defence Australia
UAD	Unit Availability Day
UK	United Kingdom
US	United States
VCDF	Vice Chief of the Defence Force
Vic	Victoria
WA	Western Australia
WHS	work health and safety
YEYS	Young Endeavour Youth Scheme

Postnominals

AC	Companion of the Order of Australia
AO	Officer of the Order of Australia
CSC	Conspicuous Service Cross
DSC	Distinguished Service Cross
DSM	Distinguished Service Medal
OAM	Order of Australia Medal
PSM	Public Service Medal

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