

SECTION 3
MANAGEMENT &
ACCOUNTABILITY

The background of the page features a blurred image of financial spreadsheets and documents. The text is out of focus, but some elements are legible. In the lower-left corner, a table header reads "Output 5.01". Below it, the years "2006" and "2007" are visible. To the right of these years, the unit "\$'000" is present. Further right, there are several columns with headers that appear to be "Revenue", "Expenses", and "Net Income". In the upper-left area of the blurred image, there are large numerical values: "0,185", "26,617", and "1,790,711".

CHAPTER 4

People

This was a year of consolidation within Defence's people domain, with a continued focus on implementing the range of ADF retention and recruitment initiatives introduced in 2006-07 and skilling Defence's APS workforce.

There was strong competition in a tight workforce market to recruit people with professional, technical and trade skills. Defence was also challenged to retain its current personnel whose critical skills and experience are sought in the wider Australian workforce.

Defence's people priorities remain to recruit about 6,500 new full-time ADF entrants each year and reduce the ADF separation rate to below 10 per cent. Defence performed well over the 2007-08 financial year, with 7,074 permanent enlistments, 702 Gap Year entrants, and a separation rate of 9.8 per cent. Consistently meeting and exceeding targets will be important if Defence is to meet ADF workforce capability requirements over the next 10 years and beyond.

The overall ADF recruitment achievement for 2007-08 represents a further improvement on previous years, with a notable number of people with previous military service re-enlisting and an increased number of Reservists electing full-time service.

The ADF separation rate was lower than the overall target and represents a marked improvement on recent years. Recovery is still required in some employment categories that are experiencing high separation rates.

Policies and programs that contributed to the improvements in recruitment and retention included:

- ongoing reforms to reduce enlistment lead times

- strategies and programs to increase the recruitment and retention of women, Indigenous Australians and people from diverse ethnic backgrounds
- new opportunities for young people through the ADF Gap Year program
- introduction of a flexible, graded pay scale for officers and warrant officers that better recognises skills and experience
- development and planning for the introduction of the new Defence Home Ownership Assistance Scheme in 2008-09 as a targeted retention measure.

For Defence APS employees, priority was given to attracting and retaining a first-class workforce, with an emphasis on reviewing training and development and improving career management. Strengthened workplace performance management arrangements also came into full effect during the year. This resulted in an improved understanding of mutual responsibilities, the need to better balance work and personal commitments, including leave management, and better defined training and development needs.

The year saw the formation of the People Strategies and Policy Group, headed by a Deputy Secretary. The Group's charter is to develop contemporary and compelling employee conditions and policies that foster a climate in which people want to join the Defence organisation, work at their best, and want to stay. This was in response to a recommendation from the Defence Management Review.

PERFORMANCE AGAINST PEOPLE PRIORITIES FOR 2007-08

Reports on performance against the priorities included in People sections of the *Portfolio Budget Statements 2007-08* and the *Portfolio Additional Estimates Statements 2007-08* are contained in the online version of this report.

WORKFORCE OVERVIEW

The workforce overview is in two parts. The first section contains information on average funded strength during 2007-08, which is used by Defence for budget and management purposes. It provides a measure of Defence's performance against its budget and personnel estimates for the financial year. The second section contains information on the ADF workforce, enlistments and separations. Information on the actual number of people employed by Defence as at 30 June 2008 appears in Appendix 1 - Staffing and Remuneration.

Defence Workforce: Budget Aspect

This section provides information on actual and budgeted average staffing levels for the year.

The increase in average funded strength for ADF permanent members comprised improved recruitment and retention outcomes, as shown in Table 4.1, especially for the Navy and the Air Force, and increases in the number of Reservists undertaking full-time service. The average funded strength for ADF Reservists on continuous full-time service in 2007-08 was 1,704, comprising Navy 408, Army 1,067 and Air Force 229, compared to 1,364 in 2006-07.

The increased staffing level moves the ADF towards meeting the planned growth over the next 10 years. This growth is needed to achieve the Hardened Networked Army and Enhanced Land Force initiatives, including an additional two infantry battalions.

Table 4.1 ADF Permanent Force Average Funded Strength^{[1][2]}

	2006-07 Actual	2007-08 Budget Estimate	2007-08 Revised Estimate ^[3]	2007-08 Actual	Variation ^[4]	(%)
Navy	12,690	12,899	12,899	12,935	36	0.3
Army	25,525	26,126	26,693	26,611	-82	-0.3
Air Force	13,289	13,480	13,517	13,621	104	0.8
Total Average Funded Strength	51,504	52,505	53,109	53,167	58	0.8

NOTES

1. Figures in this table are average funded strengths: they are not a 'headcount'. Reservists undertaking full-time service are included in the figures. Personnel on forms of Leave Without Pay are not included.
2. Includes ADF members in the DMO.
3. As published in the *Portfolio Additional Estimates Statements 2007-08*.
4. 2007-08 achievement compared to the Revised Estimate; as a difference and a percentage.

Table 4.2 shows the number of Reservists who rendered paid service during 2007-08. In 2007-08, 20,340 Reservists undertook paid service, 778 more than in 2006-07.

In 2007-08, 1,795 Navy Reservists undertook paid service, with the decrease due primarily to lower than anticipated retention and recruitment achievement. For the Army the increase against the revised estimate is due to improved retention initiatives.

The 153 overachievement in paid Air Force Reserve workforce was a consequence of higher than anticipated retention of serving members and greater interest in former Permanent Air Force (PAF) members seeking transfer to the paid elements of the Reserve. The Air Force Reserve restructure, which now embeds Reservists into regular PAF units, has proven to be highly popular with Air Force personnel.

Table 4.2 ADF Reserve Paid Strength^{[1][2][3]}

	2006-07 Actual	2007-08 Budget Estimate	2007-08 Revised Estimate ^[4]	2007-08 Actual	Variation ^[5]	%
Navy	1,730	1,900	1,900	1,795	-105	-5.5
Army	15,413	15,130	15,130	15,892	762	5.0
Air Force	2,419	2,500	2,500	2,653	153	6.1
Total Paid Reserves	19,562	19,530	19,530	20,340	810	4.1

NOTES

1. Excludes the 1,704 Reservists in 2007-08 who undertook full-time service in the Permanent Force. These are included in Table 4.1.
2. Includes Reservists in the DMO.
3. Includes the High Readiness Reserve Force, Active Reserve Force and Specialist Reserve Force.
4. As published in the *Portfolio Additional Estimates Statements 2007-08*.
5. 2007-08 Actual compared with the Revised Estimate.

Table 4.3 shows details of the APS average strength, expressed as full-time equivalents, for 2007-08. This excludes the DMO's APS workforce, which is shown in the *Defence Annual Report 2007-08 Volume 2*. The average strength achievement was 15,087, an increase of

263 compared with the revised estimate of 14,824. Additional civilian staffing has been necessary to support capability growth, sustaining support to operations and growing the ADF. Action is in train to reduce APS staffing numbers to agreed guidance.

Table 4.3 APS Full-Time Equivalent Average^{[1][2]}

	2006-07 Actual	2007-08 Budget Estimate	2007-08 Revised Estimate ^[3]	2007-08 Actual	Variation ^[4]	%
Total APS (Full-Time Equivalent -Average)	14,516	14,658	14,824	15,087	263	1.8

NOTES

1. Figures in the table are average full-time equivalent (FTE); they are not a headcount.
2. This table excludes workforce data from the DMO.
3. As published in the *Portfolio Additional Estimates Statements 2007-08*.
4. 2007-08 actual compared with the revised estimate, as a difference and a percentage.

Professional Service Providers

In addition to military and APS employees, Defence engages contractors with specialist skills to fill certain vacancies requiring particular expertise. Table 4.4 details the number of contractors engaged by Defence to fill positions in 2007-08, expressed as an average strength

and shows a decrease of 545 against the revised estimate. This decrease is due to a reduction in the number of contractors required to provide health services to the ADF. There was an overall decrease of 190 PSPs from the previous financial year.

Table 4.4 PSP Average Funded Strength^[1]

	2006-07 Actual	2007-08 Budget Estimate	2007-08 Revised Estimate ^[2]	2007-08 Actual	Variation ^[3]
Total PSP Average Funded Strength	810	1,171	1,165	620	-545

NOTES

1. This table excludes the PSP workforce data for the DMO.
2. As published in the *Portfolio Additional Estimates Statements 2007-08*.
3. 2007-08 actual compared to the revised estimate.

Average Staffing Summary

Table 4.5 shows the average funded strength summary by Service, rank and

level groupings, including the full-time equivalent average for APS and PSPs.

Table 4.5 Average Funded Strength by Service and Rank and Level^{[1][2]}

		2006-07	2007-08	2007-08	2007-08
		Actual	Budget Estimate	Revised Estimate ^[3]	Actual
Navy	Star-ranked officers	44	46	46	50
	Senior officers	453	470	470	474
	Junior officers	2,502	2,668	2,732	2,583
	Other Ranks	9,691	9,715	9,651	9,828
	Sub-total Permanent Navy	12,690	12,899	12,899	12,935
	Reserves	1,730	1,900	1,900	1,795
	Sub-total Navy	14,420	14,799	14,799	14,730
Army	Star-ranked officers	65	66	73	75
	Senior officers	691	699	734	720
	Junior officers	4,902	4,992	4,991	5,044
	Other ranks	19,867	20,369	20,895	20,772
	Sub-total Permanent Army	25,525	26,126	26,693	26,611
	Reserves	15,413	15,130	15,130	15,892
	Sub-total Army	40,938	41,256	41,823	42,503
Air Force	Star-ranked officers	40	39	45	51
	Senior officers	540	538	560	574
	Junior officers	3,552	3,619	3,676	3,712
	Other ranks	9,157	9,284	9,236	9,284
	Sub-total Permanent Air Force	13,289	13,480	13,517	13,621
	Reserves	2,419	2,500	2,500	2,653
	Sub-total Air Force	15,708	15,980	16,017	16,274
APS	Senior executives	97	108	115	103
	Senior executive relief staff ^[4]	11	-	-	18
	Senior officers ^[5]	3,377	3,710	3,826	3,485
	Senior officer relief staff ^[4]	279	-	-	426
	Others	10,752	10,840	10,883	11,055
Sub-total APS^{[6][7]}	14,516	14,658	14,824	15,087	
PSPs ^[6]	810	1,171	1,165	620	
Total Average Funded Strength		86,392	87,864	88,628	89,214

NOTES

1. The figures in this table are average funded strength for ADF members and full-time equivalent average for APS members; they are not a headcount.
2. Reserve AFS is not calculated; refer to Table 4.2 for Reserve paid strength details.
3. As published in the *Portfolio Additional Estimates Statements 2007-08*.
4. Relief staff represents the full-time average of personnel acting within a higher classification for short duration pending permanent filling action or while the incumbents are taking leave, acting in higher positions or are on secondment to other agencies.
5. Senior officers comprise substantive Executive Levels 1 and 2.
6. The figures for APS personnel and professional service providers do not include APS data from the DMO.
7. PSPs are contractors filling line positions.

Employee Expenses

Employee expenses totaled \$7,510.3m, or \$18.5m more than the revised estimate of \$7,491.8m.

Table 4.6 Variations in employee expenses

	2007-08 Budget Estimate (\$m)	2007-08 Revised Estimate ^[1] (\$m)	2007-08 Actual result (\$m)	Variation ^[2] (\$m)	Variation ^[2] (%)
Permanent ADF					
Salaries, allowances, superannuation & leave liability ^[3]	4,897.0	5,098.8	5,027.0	-71.8	-1.4
Housing	453.3	466.8	504.3	37.5	8.0
Health Services	199.3	203.4	222.0	18.6	9.1
Fringe Benefits tax	285.3	286.8	295.6	8.8	3.1
Sub-total ADF	5,834.9	6,055.8	6,049.0	-6.9	-0.1
Reserves					
Navy Reserves	24.5	25.2	25.8	0.6	2.3
Army Reserves	126.0	126.3	129.8	3.5	2.8
Air Force Reserves	35.9	35.9	34.5	-1.4	-4.0
Sub-total Reserves	186.4	187.5	190.1	2.7	1.4
Total ADF employee expenses	6,021.3	6,243.3	6,239.1	-4.2	-0.1
APS					
Salaries, allowances, superannuation & leave liability	1,277.1	1,242.3	1,266.0	23.7	1.9
Other expenses, including fringe benefits tax	6.2	6.2	5.3	-1.0	-15.7
Total APS employees expense	1,283.3	1,248.5	1,271.2	22.7	1.8
Total employee expenses	7,304.6	7,491.8	7,510.3	18.5	0.2

NOTES

1. As published in the *Portfolio Additional Estimates Statements 2007-08*.
2. 2007-08 actual compared with the revised estimate as a difference (in \$m) and as a percentage.
3. Includes the Superannuation Guarantee Charge.

ADF enlistments & recruiting

ADF enlistments include all entrants (ab initio recruits and prior service entrants) who joined the ADF in the financial year. The ADF enlisted 7,074 permanent members, 6,013 men and 1,061 women, for the 12 months up to 30 June 2008, as shown in Table 4.7. This was 1,046 more than in 2006-07. In addition, 702 personnel were enlisted in the new recruiting initiative Gap Year, 505 men and 197 women.

Of the total number enlisted, 1,401 personnel had prior military service in either the Reserves, another Service, another nation, previous permanent force or transferred from the Gap Year Initiative. There were 5,673 ab initio entrants. The following tables detail recruitment activity for each Service.

Table 4.7 Permanent Force enlistments, 2006-07 and 2007-08^{[1][2][3]}

	Navy		Army		Air Force		ADF		Total
	Men	Women	Men	Women	Men	Women	Men	Women	
2006-07									
Trained Force									
Officers ^[4]	33	9	113	26	85	31	231	66	297
Other Ranks	63	9	282	23	102	22	447	54	501
Training Force									
Officers ^{[4][5]}	146	40	296	65	184	63	626	168	794
Other Ranks ^{[4][5][6]}	1,000	265	2,240	138	649	144	3,889	547	4,436
Total	1,242	323	2,931	252	1,020	260	5,193	835	6,028
2007-08									
Trained Force									
Officers	36	8	159	29	106	35	301	72	373
Other Ranks	65	5	375	50	130	25	570	80	650
Training Force									
Officers	119	57	349	56	162	64	630	177	807
Other Ranks	1,018	326	2,778	226	716	180	4,512	732	5,244
Total	1,238	396	3,661	361	1,114	304	6,013	1,061	7,074
Gap Year ^[7]	45	55	400	102	60	40	505	197	702

NOTES

- Figures in this table show actual employees enlisted from all sources (headcount).
- Enlistments exclude Reserves commencing periods of continuous full-time service.
- Figures include ab initio enlistees and inter- and intra-service transfers processed by the Services. Table 4.8 and Table 4.9 provide the split between prior service enlistments and ab initio recruiting respectively.
- Army enlistments shown in the *Defence Annual Report 2006-07* have been adjusted due to backdated transactions.
- Navy enlistments in the *Defence Annual Report 2006-07* have been adjusted due to backdated transactions.
- Air Force enlistments in the *Defence Annual Report 2006-07* have been adjusted due to the failure of one female Other Ranks member to enlist in the Training Force.
- Gap Year participants are not included in Permanent Force figures.

Table 4.8 Permanent Force prior service enlistments, 2006-07 and 2007-08^{[1][2]}

	Navy		Army		Air Force		ADF		Total
	Men	Women	Men	Women	Men	Women	Men	Women	
2006-07									
Overseas entrants	21	1	108	1	24	1	153	3	156
Reserve transfers ^[3]	45	9	350	51	64	13	459	73	532
Service transfers ^[3]	27	2	38	1	75	16	140	19	159
Re-enlistments	42	7	105	7	55	16	202	30	232
Total	135	19	601	60	218	46	954	125	1,079
2007-08									
Overseas entrants	42	4	131	4	49	6	222	14	236
Reserve transfers	35	4	489	83	100	19	624	106	730
Service transfers	25	3	23	6	64	16	112	25	137
Re-enlistments	30	7	121	7	58	9	209	23	232
Gap Year transfers ^[4]	1	-	52	13	-	-	53	13	66
Total	133	18	816	113	271	50	1,220	181	1,401

NOTES

1. Figures in this table show actual employees (headcount).
2. Defence Force Recruiting processed 272 people with prior military service.
3. Army enlistments in the *Defence Annual Report 2006-07* have been adjusted due to backdated transactions.
4. The Gap Year Initiative commenced in 2007-08, therefore no transfers were recorded in previous years.

ADF recruiting includes all new (ab initio) entrants to the Permanent, Gap Year and Reserve Forces.

Table 4.9 ADF Permanent Force recruiting activity, 2006-07 and 2007-08

	Navy	Army	Air Force	ADF
2006-07				
Total inquiries ^[1]	7,360	26,544	13,005	46,909
Formal applications	3,601	7,195	3,350	14,146
Ab initio enlisted ^{[2][3]}	1,411	2,524	1,016	4,951
Target enlistments	1,801	2,939	1,180	5,920
Enlistments achieved (%)	78	86	86	84
2007-08				
Total inquiries ^[4]	9,358	32,395	13,657	55,410
Formal applications	3,213	7,427	3,167	13,807
Ab initio enlisted	1,483	3,093	1,097	5,673
Target enlistments	2,045	4,081	1,286	7,412
Enlistments achieved (%)	73	76	85	77

NOTES

1. 12,601 inquiries were received from people undecided on Service or commitment.
2. The number of Navy applicants enlisted as shown in the *Defence Annual Report 2006-07* has been adjusted due to three failures to enlist.
3. The number of Air Force applicants enlisted as shown in the *Defence Annual Report 2006-07* has been adjusted due to one failure to enlist.
4. 8,433 inquiries were received from people undecided on Service or commitment.

Table 4.10 ADF Gap Year recruiting activity 2007-08^{[1][2]}

	Navy	Army	Air Force	ADF
Total inquiries ^[1]	983	5,534	806	7,323
Formal applications	255	1,010	243	1,508
Ab initio enlisted	100	500	100	700
Transfers from Reserve ^[2]	-	2	-	2
Target	100	500	100	700
Percentage achieved (%)	100	100	100	100

NOTES

1. 8,433 inquiries were received from people undecided on Service or commitment.
2. The Army also had two transfers from Reserve to Gap Year.

Table 4.11 Reserve Force recruiting activity, 2006-07 and 2007-08^{[1][2]}

	Navy	Army	Air Force	ADF
2006-07				
Total inquiries ^[1]	903	13,678	1,858	16,439
Formal applications	220	5,341	625	6,186
Applicants enlisted	79	2,509	305	2,893
Target	147	2,675	424	3,246
Enlistments achieved (%)	54	94	72	89
2007-08				
Total inquiries ^[2]	967	10,742	1,689	13,398
Formal applications	188	3,962	543	4,693
Applicants enlisted	71	2,207	262	2,540
Target	144	2,150	439	2,733
Enlistments achieved (%)	49	103	60	93

NOTES

1. In addition, there were 12,601 inquiries about tri-Service, Permanent and Reserve Force who were undecided on which Service they wished to join and whether they were interested in Permanent or Reserve commitment.
2. In addition, there were 8,433 inquiries about tri-Service, Permanent, Gap Year and Reserve Force who were undecided on which Service they wished to join and whether they were interested in Permanent, Gap Year or Reserve commitment.

Figures 4.1 to 4.4 shows the number of full-time personnel recruited (shaded bars) and the percentage achieved (line) of the annual target by each Service and the ADF over the last 10 financial years. The number of ab initio entrants into each Service and the ADF increased in 2007-08.

Figure 4.1 Navy Full Time Recruiting Performance 1997-2007

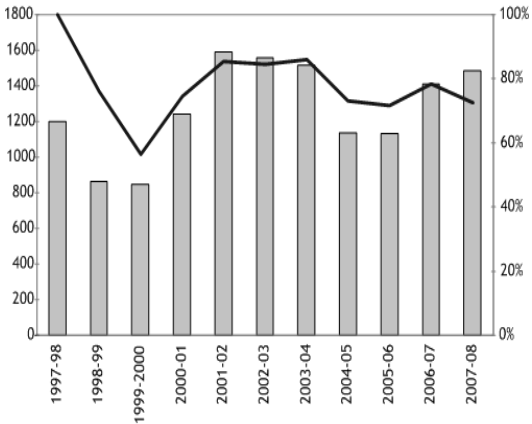


Figure 4.3 Army Full Time Recruiting Performance 1997-2007

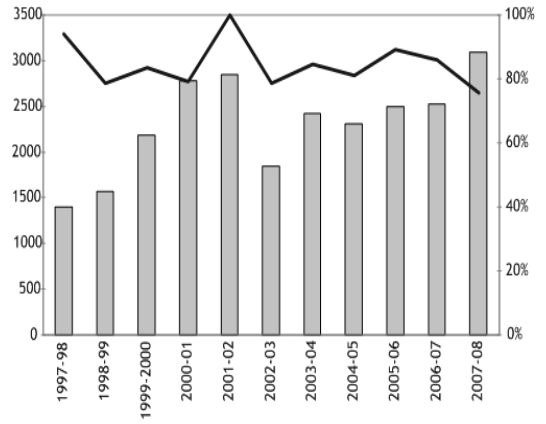


Figure 4.2 Air Force Full Time Recruiting Performance 1997-2007

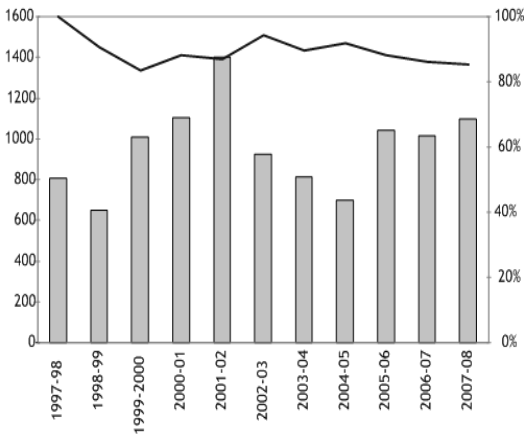
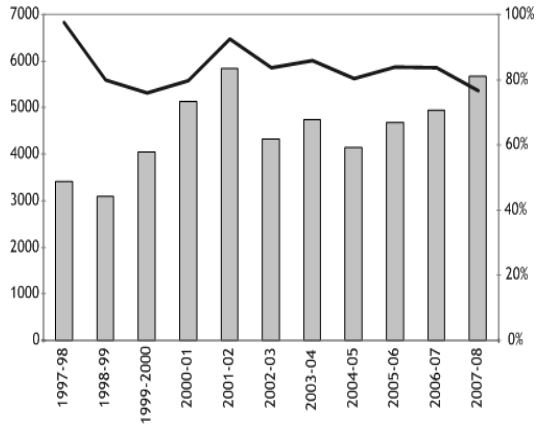


Figure 4.4 ADF Full Time Recruiting Performance 1997-2007



Figures 4.5 to 4.8 show the number of part-time personnel recruited (shaded bars) and the percentage achieved (line) of the annual target by each Service and the ADF over the last ten financial years.

Figure 4.5 Navy Part Time Recruiting Performance 1997-2007

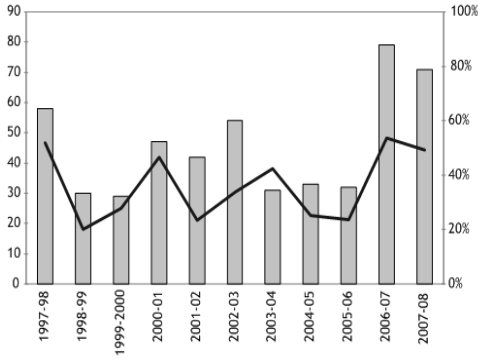


Figure 4.7 Army Part Time Recruiting Performance 1997-2007

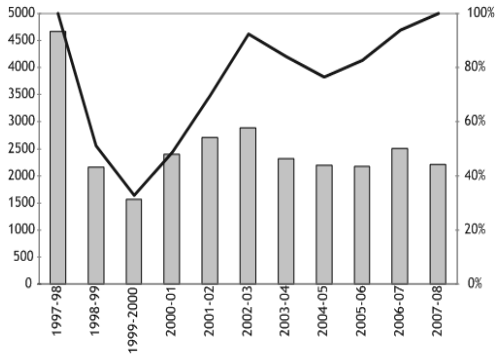


Figure 4.6 Air Force Part Time Recruiting Performance 1997-2007

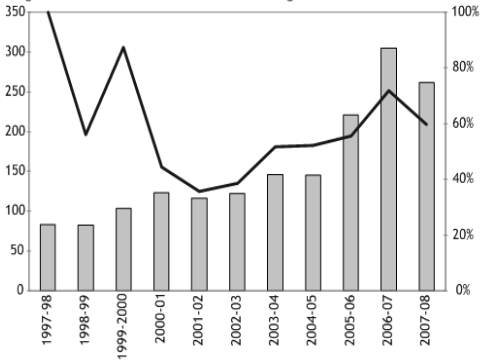
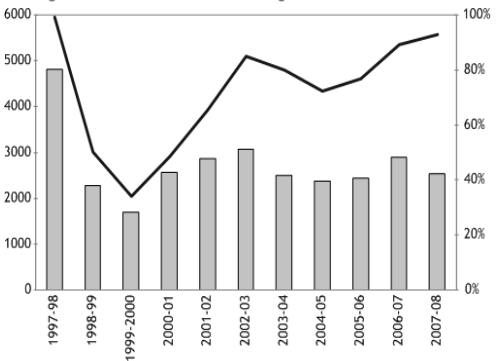


Figure 4.8 ADF Part Time Recruiting Performance 1997-2007



ADF Separations

As at 30 June 2008, the 12-month rolling separation rates for the Permanent Force were:

- Navy - 11.0 per cent

- Air Force - 7.2 per cent

- Army - 10.6 per cent

- ADF - 9.8 per cent.

Table 4.12 ADF Permanent Forces separations, 2006-07 and 2007-08^{[1][2][3]}

		Voluntary ^[4]	Involuntary ^[5]	Age		Total
				retirement	Trainees	
2006-07						
Navy	Officers	152	26	1	91	270
	Other Ranks ^[6]	865	197	-	224	1,286
Army	Officers ^[6]	370	31	1	80	482
	Other Ranks ^[6]	1,582	482	2	422	2,488
Air Force	Officers	228	23	7	48	306
	Other Ranks ^[7]	661	95	8	129	893
Total Permanent Forces	Officers	750	80	9	219	1,058
	Other Ranks	3,108	774	10	775	4,667
	Total	3,858	854	19	994	5,725
2007-08						
Navy	Officers	116	10	1	47	174
	Other Ranks	751	176	3	291	1,221
Army	Officers ^[8]	279	29	-	129	437
	Other Ranks ^[8]	1,373	446	-	479	2,298
Air Force	Officers	193	16	3	52	264
	Other Ranks	519	66	6	127	718
Total Permanent Forces	Officers	588	55	4	228	875
	Other Ranks	2,643	688	9	897	4,237
	Total	3,231	743	13	1,125	5,112

NOTES

1. Figures in this table show actual employees (headcount).
2. Classifications are not mutually exclusive, and an individual is placed in only one group. The order of classifications is as follows: age retirement; cadets and trainees; and the remainder are classified as voluntary or involuntary.
3. Personnel on maternity leave or on leave without pay, Reservists rendering continuous full-time service and Gap Year are not included.
4. 'Voluntary' includes voluntary redundancies and resignations.
5. 'Involuntary' primarily comprises members who are medically unfit, unsuitable for further duty or who fell into the 'Management Initiated Early Retirement' category.
6. Amendments to Navy and Army 2006-07 figures are due to retrospective separations.
7. Amendments to Air Force 2006-07 figures are due to change of separation type.
8. There were 36 personnel aged 55 or above who separated in 2007-08, but none had 'age retirement' as the separation reason.

Figures 4.9 to 4.12 show the variation in the 12-month rolling separation rate for the ADF and each Service over the last 10 years. The higher separation rate for the Air Force is due to the impact of the 2000-01 redundancy program. The lower separation rates between June 2002 and June 2005 are due to two reasons: an increase in Army recruiting in the previous two to four years as a result of members being obliged to serve out their initial period of service and therefore unable to leave; and fewer Air Force members were able to separate following the Air Force redundancy program. Long-term separation rates typically vary between 11 and 13 per cent. Rates outside these percentages are caused by other influences such as redundancy programs and changes in previous years' recruiting targets.

Figure 4.9 Navy Separation Dates 1988-2008

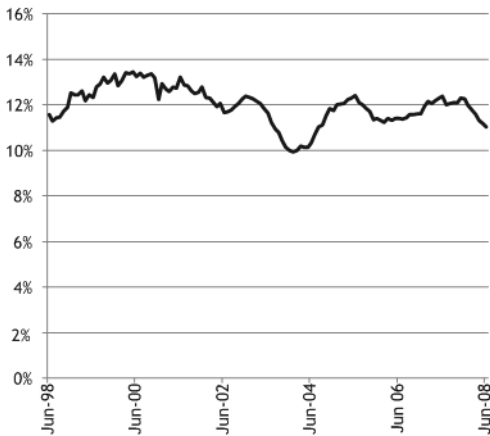


Figure 4.11 Army Separation Dates 1988-2008

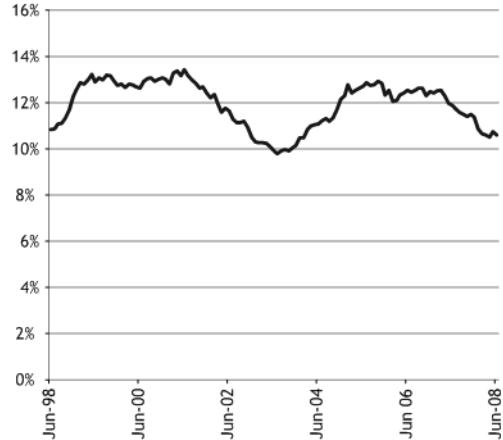


Figure 4.10 Air Force Separation Dates 1988-2008

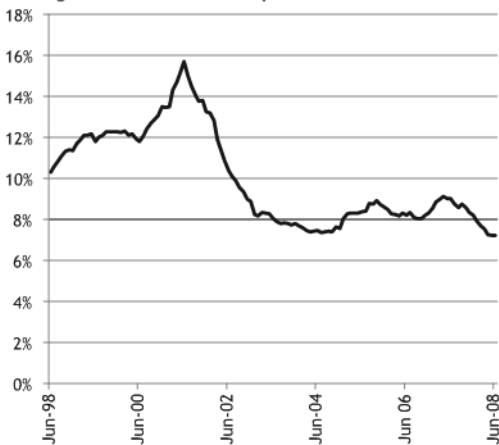
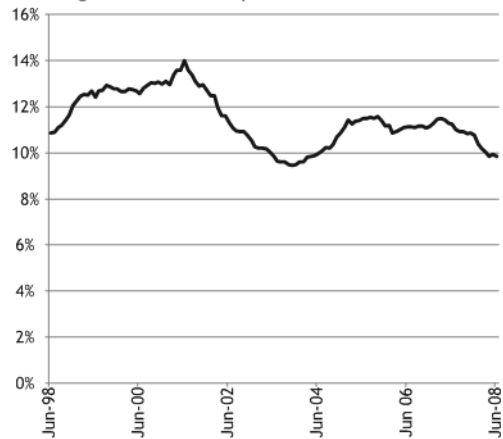


Figure 4.12 ADF Separation Dates 1988-2008



NON-OPERATIONAL TRAINING

Details of non-operational training are contained in the online version of this report.

WORKPLACE EQUITY & DIVERSITY

In order to maintain competitiveness in the employment marketplace, and to support the expansion of the ADF, Defence is striving to create an organisation that is more broadly attractive to, and representative of, the Australian community than is presently the case. This will ensure greater diversity within the Defence workforce.¹

Gender

Increasingly, the ADF needs to be able to provide more family-friendly work arrangements. Although these policies apply equally to both men and women, they have a disproportionate impact on decisions by ADF women to remain in the ADF.

The Chief of the Defence Force established an external Reference Group on Women to present alternative and innovative strategies and options to break down current barriers to women joining and continuing to serve in the ADF. Members of the reference group are senior women with a track record of success in male-dominated industries or professions, or who have been responsible for innovative strategies to increase the participation of women in their workplaces. The reference group will make recommendations based on their own experiences in non-traditional workplaces to overcome systemic, cultural, attitudinal and behavioural aspects of the ADF environment that directly or indirectly discriminate against the recruitment, retention, development and management of women. In addition,

in May 2008, the Minister for Defence Science and Personnel convened the first of a series of meetings nationally with a representative cross-section of Defence women.

Defence began a comprehensive Recruitment of Women Strategy, with a number of initiatives including:

- a dedicated public affairs program to develop profiles, frequently asked questions and good news stories about women in the ADF for websites, newspapers, local and regional media
- the Services' formal encouragement and support of selected female members to visit schools to market the ADF as a career. The Air Force's 'Making Women Feel Welcome' strategy is part of this initiative, which helps dispel many of the popular stereotypes and myths about military life
- a comprehensive mentoring program for women conducted by Defence Force Recruiting, from the initial inquiry through to enlistment/appointment, to ensure their success through the process
- a specific marketing campaign for the recruitment of women.

Initiatives such as the Navy's Sea Change address gender issues by improving locational stability to positively impact on family life and individual lifestyles, and enhance work-life balance for the Navy's people. The Navy has also implemented

1. Defence's performance against its *Workplace Equity and Diversity Plan 2007-09* is discussed in depth in the Workplace Equity and Diversity Annual Report at www.defence.gov.au/fr.

other initiatives including improved career management to better meet individual aspirations and circumstances, mentoring and coaching for officers, programs to reduce individual and collective workloads by eliminating unnecessary tasks, improving opportunities for respite, and access to training. Examples include contracting in-port services, such as harbour security watch-keeping, engineering watch-keeping, safety rounds, and storing and maintaining ships. This reduces demands on a ship's company when in port, with the aim of reducing family separation and allowing personnel more control over their lifestyle.

The Army's initiatives to support the increased retention and recruitment of women include a trial of reduced Initial Minimum Periods of Service for selected trades and development of a mentoring program for female officers and warrant officers.

The Air Force has recently made changes to the Physical Fitness Test criteria to better meet the needs of women, including pre- and post-maternity leave. In addition, the Air Force is actively supporting initiatives to deliver increased opportunities for tailored physical fitness and reconditioning programs for women. The Air Force has also removed seniority restrictions for promotion eligibility, enabling greater opportunities for promotion of women following periods of non-effective service.

Statistical information on ADF and APS gender and employment categories is provided in Appendix 1 - Staffing and Remuneration.

Indigenous participation

Defence developed a plan to establish a new Directorate of Indigenous Affairs early in 2008-09 to provide a single point of contact for Defence Indigenous matters. It will have responsibility for the provision of advice and oversight of the implementation of the *Defence Reconciliation Action Plan*, which can be found on the Defence Fairness and Resolution website¹. It will engage with Indigenous communities to establish Defence as a trusted employer. Internal responsibilities will include advice to the Defence Senior Leadership on Indigenous matters, development and management of Indigenous policy, and reporting on the plan's implementation, as well as facilitating collaboration between those responsible for components of the Indigenous Recruitment and Retention Strategy.

The ADF *Indigenous Recruitment Strategy 2007-2017* was formally launched by the Minister for Defence Science and Personnel in early July 2008. The strategy is a national, tri-Service strategy that seeks to attract, prepare, recruit and retain more Indigenous Australians for all avenues of entry to the ADF. Its three main themes are: changing internal and external perceptions; specialised training and employment pathways; and ongoing support to Indigenous ADF members and their families.

The Army released a Regional Force Communications Skills project, which has initiated a language, literacy and numeracy course at Nhulunbuy, Northern Territory, for local NORFORCE members and local Indigenous communities. The Army is also the lead service for the Defence Indigenous Development Program, which is currently being scoped. The aim of the program is to deliver a pilot course in 2009 in the Katherine area, which will provide instruction in military skills, personal development, language literacy and numeracy, and technical skills extension.

1. www.defence.gov.au/fr.

People with a disability

Defence's reporting requirements in its employer role under the *Commonwealth Disability Strategy* framework are met by its input into the annual Australian Public Service Commission's *State of the Service Report*.

The *Disability Management Strategy*, published by Defence, is structured around the recommendations of the Management Advisory Committee's 2006 report *Employment of people with disability in the APS*. Deputy Secretary, People Strategies and Policy was appointed the Defence Diversity Champion and, as part of Defence's ongoing commitment to whole-of-government initiatives, is participating in an APS-wide committee that will drive the employment of people with disability more broadly across the APS.

As part of its membership of the Australian Employers Network on Disability, Defence is participating in a work experience program for tertiary students with disabilities. As part of the Stepping Into program, Defence is providing opportunities for seven students to undertake 4 to 12-week work placements in information technology, human resources, law and finance.

A major focus of the centrally-funded Defence Assistive Technology Program has been engaging with the Chief Information Officer Group to streamline the provision of assistive software such as Dragon Naturally Speaking, Zoom Text and Jaws to employees who require these applications to perform their daily work.

An initiative under development is the Step Up and Start program, which is a partnership between Defence, the Defence Special Needs Support Group and Woolworths. The program aims to provide continuity of employment to youth with special needs when a family is transferred or posted. A pilot program is scheduled to commence in late 2008.

Defence used the *Australian Public Service Commissioner's Directions* to put in place special employment measures for people with an intellectual disability. Under clauses 4.2(6)(b)(ii) and 4.3(3)(b)(ii) of the *Public Service Commissioner's Directions 1999*, Defence Support Group advertised a number of entry-level positions that were restricted to people with an intellectual disability. A merit list has been established from which suitable individuals will be appointed over the next 12 months.

OCCUPATIONAL HEALTH & SAFETY

Considerable progress was made across Defence on Occupational Health and Safety (OHS) issues during 2007-08. These improvements are guided by the *Defence Occupational Health and Safety Strategy 2007-2012*¹, which was released in the second half of 2007. The strategy provides a prioritised, longer-term perspective of strategies to improve OHS throughout Defence.

Occupational Health & Safety Management System development

An OHS implementation plan has been developed to realise the objectives and priorities detailed in the *Defence Occupational Health and Safety Strategy 2007-2012*. This plan articulates the comprehensive program of work that will be progressed to achieve the strategy with progress reported to the Defence OHS Committee.

1. www.defence.gov.au/dpe/ohsc.

Assessment of current Service and Group level systems against the requirements of the Defence OHS Management System has informed development of the forward work program. Alignment between the supporting systems and the whole-of-Defence system will be achieved through implementing recommendations flowing from these assessments.

Education & awareness, recognition and reward

Experts in OHS have long recognised that strong leadership and an active learning culture will improve occupational accident, injury and illness performance within an organisation. Defence is committed to improving these aspects of its OHS performance under the stewardship of the Defence OHS Committee.

Defence has in place a range of education and awareness programs aimed at achieving a greater level of awareness and commitment.

This year marked the fifth year of the Defence OHS Awards. The awards are targeted at recognising and rewarding innovative practices and solutions. The number and quality of entrants to these awards continues to improve, indicating that Defence people are more conscious of how they can, both individually and as part of a team, improve OHS in their workplaces. Previous winners have gone on to achieve national recognition and success at the Safety, Rehabilitation and Compensation Commission Safety Awards and in the Australian Safety and Compensation Council – Safe Work Australia Awards.¹

Management information

Defence recognises the importance of information to understand and effectively manage its OHS performance. A project is underway to acquire a commercial,

off-the-shelf management information system. The system will be an enterprise-wide solution for use by personnel throughout the Services and Groups. Its use will enable identifying areas to improve OHS outcomes, potentially reducing the high capability and financial costs of work-related injuries and illnesses.

Defence Civilian Injury/ Illness Prevention & Management System

Defence is reducing the incidence and severity of unscheduled absences in its civilian workforce through the Defence Civilian Injury/Illness Prevention and Management System. The success of this initiative is evident through a sustained reduction in the Defence civilian workers' compensation premium rate from 1.53 per cent of payroll in 2004-05 to 1.27 per cent in 2007-08, with indications of a further reduction to 1.01 per cent for 2008-09.

ADF Rehabilitation Program

The ADF Rehabilitation Program was developed to ensure that injured or ill ADF members receive early referral for rehabilitation assessment and coordinated management to deal with their injury or illness quickly, thereby supporting their early return to duty.

The ADF Rehabilitation Program commenced in 2006, and has received over 8,000 referrals, which represents an average of 400 per month. The indications are that the ADF Rehabilitation Program is having a positive impact by reducing the medical discharge rate. This positive impact is shown by a successful return-to-duty (members retained in the ADF) rate of 89 per cent. This compares favourably with the performance of other rehabilitation jurisdictions.

1. Further information on the Defence OHS Awards can be found at www.defence.gov.au/dpe/ohsc/programs/DefenceOHS Awards/Default.htm.

Health and Safety Management Arrangements

These arrangements are handled through designated work groups and supported by elected or appointed Health and Safety Representatives in accordance with the *Occupational Health and Safety Act 1991*. Representatives and deputies continue to be selected and trained as new work groups are identified.

Notification and reporting of incidents

The collection of OHS information such as incidents provides an ongoing record for Defence personnel who have suffered an injury or exposure. This information may later be retrieved if a compensation claim is made. Moreover, it enables Defence to identify trends when developing preventative strategies and OHS policy, ensuring a safer working environment. The figures shown in the following three tables may be updated in subsequent years to include incidents that occurred in previous years but which may not have been reported or recorded for that year at the time of preparation of that year's annual report.

Table 4.13 Incident reporting

	2005-06	2006-07	2007-08
Total incident reports ^{[1][2]}	15,381	18,044	12,849
Comcare notifiable			
Deaths ^[3]	2	3	3
Serious personal injury ^[4]	739	880	978
Incapacity ^[5]	219	241	147
Dangerous occurrence ^[6]	5,784	8,429	4,365
Total Comcare notifiable	6,744	9,553	5,493^[7]

NOTES

1. Includes the DMO's incident reports.
2. An incident report records an event that causes, or has potential to cause, injury or illness to Defence employees or other people, as a result of a Defence undertaking.
3. Comcare reportable deaths.
4. Serious personal injury is defined as an injury or disease in a person caused by work-related employment for which the person needs to be given emergency treatment by a registered medical practitioner, treated in a hospital as a casualty without being admitted to hospital, or admitted to hospital.
5. Incapacity is when an employee is unable to perform work for 30 or more consecutive days or shifts.
6. A dangerous occurrence is a near miss event that could have, but did not, result in fatality, serious personal injury or incapacity. This includes exposures.
7. This does not include any of around 2,000 (approximate) incident forms yet to be recorded.

Investigations by Comcare

Details of investigations conducted by Comcare across Defence over the last three years are reported in the following table.

Table 4.14 Investigations by Comcare^[1]

	2005-06	2006-07	2007-08
Reports^[2]			
Review of previous investigations	15	11	17
Targeted investigations	1	2	13
Reactive investigations	18	56	69
Total	34	69	99

NOTES

1. Includes DMO data.
2. Comcare undertakes three categories of OHS investigations: review of previous investigation, targeted (at specific OHS concerns), and reactive (in response to an accident or incident).

Notices issued to Defence by Comcare investigators

The number of notices issued to Defence by Comcare investigators over the last three years is reported in the following table.

Table 4.15 Comcare notices^[1]

Reports	2005-06	2006-07	2007-08
Improvement notices ^[2]	10	19	3
Prohibition notices ^[3]	7	6	7
Do not disturb notices ^[4]	3	3	3
Letters of statutory obligation ^[5]	2	4	-
Removal of plant or substances ^[6]	-	1	1
Total	22	33	14

NOTES

1. Includes DMO data.
2. Based on incidents and occurrences that contravene the OHS Act or Regulations.
3. Issued to remove an immediate threat to the health or safety of personnel.
4. Issued for a specific period of time to remove a threat to the health or safety of personnel.
5. Issued to individuals to inform them of a specific breach of the OHS Act.
6. Issued when Comcare requires plant or substances from an incident as evidence, or to carry out testing.

Comcare enforceable undertaking

In 2005, a soldier sustained a serious injury when conducting roadside repairs on an Army vehicle. In response to this accident Comcare indicated that it would consider an 'Enforceable Undertaking (EU) from Defence. An EU is an alternative to civil proceedings or criminal prosecution and aims to encourage voluntary compliance with the requirements of the OHS Act.

Defence acknowledges that there were systemic OHS failures, consistent with the findings and conclusions set out in the Comcare Investigation Report. In December 2007, in accordance with Comcare's enforcement policy, Defence submitted, and Comcare accepted, an EU which details the remedial actions, monitoring regime and publicity requirements in response to this accident.

The major remedial actions involve:

- reviewing the Army's risk management framework
- conducting a research project on implementing OHS policies and procedures in the workplace
- reviewing Unimog repair procedures relating to the accident and providing training
- developing an accident case study to be used in promotion courses for supervisors.

Australian Defence Force Cadets

In the 2007-08 Budget, the Government committed an additional \$100m across 10 years to enhance and expand Cadets programs. Together with funding from the Services, this has provided for the support and management of the Cadet organisations. Specific initiatives and further details of the Australian Defence Force Cadets are contained in the online version of this report.

CASE STUDY

ADF Gap Year

2007-08 saw the first intakes in each Service of the ADF Gap Year. The Navy and Air Force offered 100 places each, and the Army 500. Women took up 197, or 28 per cent, of these positions.

The aim of the ADF Gap Year is to offer young people a realistic taste of Service life without having to make the long-term commitment that many find daunting. In doing so, Defence hopes to attract a wider range of people to consider a Service career.

Although there is no obligation for participants to stay beyond their initial 12-month period of service, many participants have already decided they like what they see.

One who has made the decision to become a full-time serving member is Private Timothy Pashley who is undertaking training as a Gun Number in the Army. A Gun Number is a member of the Royal Regiment of Australian Artillery who assists in the operation of a gun or communications equipment in a Field or Medium Artillery Unit (Battery or Regiment).

Private Pashley said, 'I have been interested in all things military since I was young. I had seen the TV ads, looked up the internet for a career in the military and it looked like a wise and exciting career choice considering all the benefits that are available.'

'I was halfway through my basic training at Kapooka and I had already made a lot of mates in the first four to five weeks. I was enjoying the training and the whole experience so much that I knew then that Army was going to be a great fulltime career choice for me.'

'I am really looking forward to getting deployed overseas on operations or peace keeping. I want to do something for my country.'

The ADF Gap Year offers young Australians aged 17-24 years of age who have completed Year 12 (or equivalent) in the previous two years an opportunity to experience military training and lifestyle in the Navy, Army or Air Force for up to 12 months.



Gap Year recruits (left to right) Privates Danielle Garner, Rebekah McNelly and Nyssa Whiley enjoy a break in their training at Army Logistics Training Centre

CHAPTER 5

Justice & fairness in Defence

The ADF requires a military justice system that supports commanders in achieving their respective operational objectives in an effective manner while at the same time providing, and being seen to provide, fairness to individual members. Military justice is not a concept that operates intermittently, but every day within every ADF unit. It is an integral component of ADF operational capability and is inseparable from the function of command. Without it the perception, and indeed the reality, of the ADF as a highly capable and reliable volunteer military force would be compromised. Leadership focus to ensure that the ADF is supported by an effective and fair military justice system has therefore remained a high priority throughout the reporting period.

During 2007-08, further substantial progress, including the passage of key legislation, was achieved in the maturation and implementation of military justice reforms arising from the Government's agreement to recommendations from the 2005 Senate Standing Committee on Foreign Affairs, Defence and Trade's *Report into the Effectiveness of Australia's Military Justice System* (the 2005 Senate Committee Report). Close monitoring of the implementation of the military justice reform program continued both internally and externally with comprehensive updates being provided to the Senate Standing Committee in September 2007 and June 2008.

Of particular interest during the reporting period has been the further development and refinement of a range of reporting systems to monitor discipline, inquiry, and complaints management processes. These

reporting systems are intended to enhance transparency and accountability to enable a more effective general oversight of the military justice system. This will assist in the more timely identification of problems and remedy an acknowledged systemic deficiency that has been evident in the past with the ready availability of this type of contemporary military justice data.

The ADF military justice reform program has drawn upon many useful features of the military justice arrangements practised in a number of other allied jurisdictions. When fully implemented, the ADF reform program will offer a unique and capable system that is not only well suited to ADF circumstances, but is likely to represent best practice across a range of indicators in military justice activities, both in regard to the maintenance of discipline and protection of the individual.

MILITARY JUSTICE REFORMS

In October 2007, the two-year period provided for implementation of the agreed recommendations arising from the 2005 Senate Committee Report ended. The dedicated Military Justice Implementation Team established by the CDF to oversee the implementation process was disbanded in December 2007 and responsibility for oversight of the remaining reform initiatives passed to the Inspector General ADF (IGADF). Although impressive progress was made with the implementation of most of the agreed recommendations to December 2007, for various reasons, including the need for legislative changes, a number of the recommendations could not be completed within the two-year implementation period. At 30 June 2008, six of the 32 agreed recommendations from the 2005 Senate Committee Report remained to be fully implemented. It is expected that the majority of these will be completed by the end of 2008. It is also expected that action to recruit up to eight part-time military judges to supplement the existing three permanent judges will commence in early 2009.

The 32 recommendations that were agreed for implementation are not minor. The changes to the military justice system that will result from these initiatives are the most far reaching since the introduction of the Defence Force Discipline Act (DFDA) in 1985. They will, moreover, have been introduced over a considerably shorter time frame than was the case with the DFDA, which took over 20 years to bring to full fruition.

One of the major recommendations to be implemented during the reporting period was the establishment and commencement of the Australian Military Court (AMC) in October 2007. The AMC is a standing court and replaces the previous system of ad hoc trials by courts martial and Defence Force magistrates. The Chief Military Judge's first annual report on the

operation of the AMC covering the period 1 October to 31 December 2007, was tabled in Parliament on 26 May 2008.

Another important milestone achieved during the reporting period was the passage of the *Defence Legislation Amendment Act 2008*, which received Royal Assent on 20 March 2008. Some amendments took effect on commencement and the balance will take effect from 20 September 2008. The Act introduced a wide range of enhancements to the ADF disciplinary system, particularly with regard to the conduct of summary proceedings. The need for an efficient, fair, and speedy method of disposing of less serious disciplinary offences is a basic requirement for the day-to-day maintenance of discipline in the ADF. The changes being made will address a number of longstanding issues that should greatly improve the ability of the summary process to provide relatively simple, quick and fair disciplinary responses for command and ADF individual members alike.

For example, under the new arrangements for summary proceedings, accused persons will be given the right to elect to be tried before the AMC for all but a limited number of less serious commonly occurring service offences, as well as a right to appeal summary convictions and punishments to the AMC. Other key provisions of the Act regarding summary proceedings include:

- a framework directing summary authorities to apply the rules of procedural fairness and the basic principles of the rules of evidence (relevance, reliability, weight and probative value) under a more simplified evidentiary system
- the imposition of summary trial time frames through the introduction of the requirement that members are brought to trial within three months of being charged

- automatic review of summary convictions by a 'Reviewing Authority' in respect to technical errors related to the awarding of punishments and orders, and the approval of certain more severe punishments
- an expanded Discipline Officer Scheme enabling minor disciplinary infractions by ADF members up to and including the rank of Lieutenant/Captain/Flight Lieutenant to be dealt with, if they so choose, in a more efficient manner and without a permanent record.
- standardisation of the powers of punishment of summary authorities regardless of the Service of the convicted person. The current differences in the punishments applicable to members of the Navy, from those applicable to Army and Air Force members, will be removed.

Other significant generic changes to the military justice system introduced by the Act include:

- a provision to ensure that legal officers are able to provide advice independently of potential undue command influence
- increased AMC and summary jurisdiction to try offences involving drugs, including cannabis, narcotic substances (amphetamine, cocaine, heroin, methamphetamine etc) and anabolic steroids
- extension of the summary jurisdiction to try members up to the rank of Rear Admiral/ Major General/ Air Vice-Marshal
- provision to disqualify a summary authority from dealing with a charge where he or she was involved in the investigation of, issuing a warrant in relation to, or charging the accused person with the offence in question
- where an accused intends to plead guilty in a summary authority trial, provision to allow the accused to apply for the trial to be conducted in his or her absence if there are exceptional circumstances
- AMC and summary authorities will be given increased flexibility in sentencing; namely, the ability to suspend part of a punishment or order

CDF Commissions of Inquiry

Amendments to the *Defence (Inquiry) Regulations 1985* to enable the appointment of Commissions of Inquiry¹ (COI) were passed by the Federal Executive Council on 21 June 2007 and commenced on 26 June 2007. With the introduction of these Regulations, COI superseded Boards of Inquiry (BOI) as the primary mechanism for inquiring into the death of ADF members. A civilian with judicial experience now presides over each COI.

COIs have a very specific purpose. They are appointed by the CDF primarily to inform internal Defence decision making by thoroughly and impartially examining deaths and other serious incidents – principally with a view to preventing similar incidents from occurring in the future. The outcome of these inquiries, in turn, assists in obtaining timely information on incidents that affect Defence personnel, training and policy, which is vital for the maintenance of Defence's capability – including operational capability.

The Minister for Defence may dispense with the requirement to appoint a COI where a death occurs in circumstances in which he determines that a COI is not required; a combat fatality for example.

COI reports are submitted to CDF and, after consultation with relevant stakeholders, CDF issues directions concerning the implementation of agreed

1. Prior to the introduction of changes to the *Defence (Inquiry) Regulations 1985* on 22 June 2007, the term Board of Inquiry was used to describe these inquiries. All CDF-appointed inquiries into the death of a member of Defence are presided over by a civilian with judicial experience.

recommendations and makes recommendations to the Minister concerning the report's release.

Six COIs concerning the deaths of ADF members were appointed by CDF during the reporting period. Defence appreciates the importance of conducting such inquiries in a way that promotes public confidence in the integrity of COI processes. In November 2007, CDF decided his general practice will be to direct that COI be held in public, subject to considerations of security and the exercise of legal discretions by COI Presidents. The public COIs/BOIs that were appointed or reported during 2007–08 are summarised below.

Captain Lawton

Captain Paul Lawton died on 31 August 2006 while aboard the MV *Talisman* in the Pacific Ocean. CDF appointed a Board of Inquiry to inquire into his death on 18 September 2006. CDF determined on 13 February 2007 to dissolve the original Board, which had completed its hearings but not reported, in order to avoid lengthy time delays associated with Federal Court proceedings initiated by an inquiry witness. On the same date, CDF appointed a new Board which completed its hearing on 23 October 2007. The Board submitted its report to CDF in December 2007. The report was publicly released on 17 June 2008. It contained 28 findings and 41 recommendations of which 32 were accepted. Nine recommendations were not accepted because Defence is constrained from implementing some of the recommendations due to privacy implications and some of the matters recommended by the Board have already been addressed by Defence separately.

Black Hawk 221

On 7 December 2006, CDF appointed a BOI into the circumstances surrounding the crash of an Army Black Hawk helicopter (Number 221) off Fiji on 29 November 2006. Two members of the Army, Captain Mark Bingley and Trooper Joshua Porter, died in the incident. The Board submitted its report to CDF on 25 January 2008. CDF

initiated consultation with key Defence stakeholders in preparation for implementation of the report's recommendations.

Private Baker

Private Ashley Baker died on 5 November 2007 from non-battle gun shot wounds sustained while he was serving with the East Timor Battle Group. On 9 November 2007, CDF appointed a COI to inquire into the circumstances of Private Baker's death. The COI conducted hearings in March and April 2008 and submitted its report to CDF on 23 April 2008. CDF initiated consultation with key Defence stakeholders in preparation for implementation of the report's recommendations.

Major McKerron

Major Thomas McKerron died at work at Bulimba, Queensland on 11 May 2007. On 4 September 2007 CDF appointed a COI to inquire into the circumstances surrounding Major McKerron's death. The Commission held its hearings in Brisbane during February and April 2008. CDF received the Commission's report on 4 June 2008 and has commenced implementation consultations.

Captain Paljakka

Captain Andrew Paljakka died on 26 February 2007. CDF determined on 19 August 2007 that a COI was to be held to inquire into the circumstances surrounding this death. The Commission commenced its hearings in Sydney on 23 January 2008 and provided its report to CDF on 6 May 2008. CDF has commenced implementation consultations.

HMAS *Sydney II*

On 28 March 2008, CDF appointed a COI to inquire into the circumstances associated with the loss of the HMAS *Sydney II* on 19 November 1941 and consequent loss of life and subsequent related events. The first day of hearings was held in Sydney on 30 May 2008 and a further four days of hearings were conducted in Perth and Melbourne in late June 2008.

Defence investigative capability

Implementation of the 2006 *Audit of the Australian Defence Force Investigative Capability Report* (Whiddett/Adams Report) has continued during the reporting period under the direction of the Provost Marshal ADF. The aim is to establish the ADF Investigative Service (ADFIS) as a highly trained unit capable of investigating Service offences independently, impartially and to a standard that equals best practice in the Australian civilian police and comparable military police investigative services overseas. The five-year implementation plan is guided by an internal action plan,

which includes milestones for achievement, methods to promote change and measures of success.

Of the 99 Whiddett/Adams Report recommendations, 45 were completed during the reporting period. While action is generally on track with respect to the remaining recommendations to meet the five year implementation plan, recruitment and retention issues will require ongoing attention.

On 15 May 2008, the new ADFIS Headquarters was opened by the Hon Dr Mike Kelly AM MP. Located in Canberra, the ADFIS Headquarters facility is the permanent location for the new joint ADFIS investigative organisation.

Table 5.1 Combined ADFIS and Service Police Activity^[1]

	Investigations		Briefs Of Evidence Submitted	
	Completed	Average Duration	To Units	To DMP ^[2]
2006-07	1,677	40	N/A	140
2007-08	1,766	27	96	196

NOTES

- Only the Navy retains a limited investigative capability. As part of ongoing initiatives, all three Services are developing a minor incident investigation capability.
- Director of Military Prosecutions.

Single Service Police initiatives underway include:

- Navy
 - improvements to the transfer of category and recruiting numbers
 - recruitment of State and Federal Police members as Naval Police Coxswains into the Naval Reserve
 - streamlining of the process for recognition of prior learning and recognition of current competencies
 - implementation of direct recruiting of Naval Police Coxswains
 - reduction to workforce demand and review of the category structure
 - reduction of separation rate to 8.5 per cent
- Army
 - improvements to remuneration for qualifications and skills through the Graded Other Ranks Pay Structure Review;
 - transfer of Army Special Investigation Branch members to ADFIS
 - progress on an Army Domestic Policy New Policy Proposal to establish a Garrison Policing and Minor Criminal Investigation capability;
- Air Force
 - development of a career, training and advancement strategy to provide a minor investigative capability from which to support and grow the joint capability
 - transfer of RAAF Security Police members in Service Investigations to ADFIS.

Learning Culture Inquiry

By March 2007, the Chiefs of Service Committee had endorsed a three-phased approach to the implementation of the 46 agreed recommendations of the inquiry into the learning culture in ADF schools and training establishments (Learning Culture Inquiry). The first phase focused on articulating doctrinal, policy and procedural changes along with training courses requiring consequential amendment. The second phase is focused on amending courses and documenting and implementing the amended policy, in particular at the training institution level. The third phase is intended to be focused on confirming Defence's achievements and completing outstanding recommendations.

Defence's implementation of this approach has progressed steadily during 2007-08. Phase 1 is substantially complete, Phase 2 is well underway and Defence commitments against 25 recommendations have been completed. Preliminary work has also commenced on Phase 3. CDF has commissioned a detailed assessment of Defence's progress towards implementing the inquiry report recommendations, the findings of which will contribute to an independent review of progress with implementation of the military justice reform program scheduled for completion in February 2009.

Office of the Inspector General of the ADF

2007-08 was another very active period in military justice terms, with a number of major reform initiatives being implemented, including the commencement of the Australian Military Court, the passing of the *Defence Legislation Amendment Act 2008* and the appointment of a team to independently review progress with the military justice reform program in satisfaction of an agreed response to the 2005 Senate Committee Report.

Key military justice issues to which the IGADF has contributed or taken the lead have included revision or amendment of the following policy documents or legislation:

- *Defence Legislation Amendment Act 2008*
- DI(G) ADMIN 67-2 *Quick Assessment*
- *Defence (Inquiry) Regulations* amendments
- Australian Defence Force Publication 06.1.4 *Administrative Inquiries Manual*
- The *Defence Act 1903* (as amended)
- Service Police Professional Standards
- Protocol for Investigation and prosecution under the DFDA of serious, complex or sensitive fraud and security incidents committed by ADF members.

During this reporting period, considerable emphasis has been placed on the further development of military justice reporting systems to facilitate ongoing IGADF analysis of factors that contribute to the health and effectiveness of the military justice system. Previously, little attempt had been made to support judgements about the effectiveness of the system by the analysis of data because relevant data, other than formal outcomes of DFDA action, was not readily available.

In the past, the military justice system, in both its disciplinary and administrative aspects, was largely decentralised and dispersed. Driven primarily by the separate approaches to discipline taken by each of the Services and the separation of their respective personnel, legal and service police branches, there was little central visibility, oversight or analysis of the system as a whole on any routine basis. Reporting systems and processes to collect relevant data were either rudimentary or simply did not exist. There was no particular agency charged with monitoring the health of the overall

system other than via the annual report of the Judge Advocate General, which was essentially limited to the operation of the DFDA.

That situation has now changed. Central oversight is now provided by the IGADF and there are now in place effective reporting systems for disciplinary and adverse administrative actions, for tracking administrative inquiries and for monitoring the implementation of recommendations arising from them. The case management system for recording police investigations has been upgraded and a new system for maintaining oversight of complaint handling is under development for introduction in late 2008. Most of these systems are, or will be, accessible by command and elements of the ADF.

The information now available, supplemented by data gained as a result of the rolling IGADF-sponsored ADF unit military justice audit program, provides a process that permits the health and effectiveness of the ADF military justice system to be continuously monitored to an extent not previously possible.

From the evidence available to the IGADF, there is a general level of satisfaction with the way the ADF's military justice system has operated in 2007-08. While it must be acknowledged that individual instances of unfair treatment can and do occur from time to time, as they will in any large organisation, they are the exception rather than the rule. Although the incidence of such occurrences is sometimes cited as an indicator of the health of the military justice system, a more useful indicator is likely to be the capacity of the ADF to respond to them with appropriate mechanisms. In this regard, the ADF is well served.

Military discipline

Based upon data gained from the ADF unit military justice audits program and data from the Conduct Reporting and Tracking System, discipline across the ADF has remained generally well maintained and administered equitably and fairly during the reporting period. Time taken to investigate alleged offences disposed of at the summary level has reduced markedly and, overall, offenders are brought to trial within established time frames (21 days). This compares very favourably with the new summary procedures to be introduced by the *Defence Legislation Amendment Act 2008* whereby summary authorities will have up to three months to bring matters to trial once charges have been preferred.

At unit level, discipline training remains an issue. In particular, a significant number of Junior Non-Commissioned Officers lack sufficient DFDA knowledge to recognise that an offence may have been committed and an equally significant number of Junior Officers lack confidence in their ability to discharge their responsibilities as Defending Officers. In the latter case, 'just in time' training is normally provided by the unit discipline staff. The development and delivery of a comprehensive suite of discipline training packages for various categories of ADF personnel in preparation for the introduction of the revised summary justice system in September 2008 can be expected to assist with improving basic knowledge levels.

Overall, the IGADF has assessed that the standard of discipline across the ADF is satisfactory. As was the case in the previous reporting period, absence without leave, failing to comply with a general order and prejudicial conduct present as the more frequently committed lesser offences.

Adverse administrative action

Adverse administrative actions are designed to admonish and correct unsatisfactory or unacceptable performance and are initiated and then managed by more senior officers. It might then be expected that this would lead to greater assurance that matters would be dealt with robustly, appropriately and in a timely fashion. Unfortunately, this is not always the case. Like other elements of the administrative system, good quality administrative sanction processes and outcomes are directly related to knowledge and experience of administrative officers, local area support by legal officers, local area mentoring for junior administrators, good record-keeping practices and, most importantly, stability in appointments for unit administrators.

There are clear indications that considerable improvement has been achieved in the past twelve months, although posting stability in key administrative appointments remains a factor in the quality of administrative outcomes.

Conduct of administrative inquiries

IGADF unit military justice audits indicate that general awareness of, and compliance with, the recently published DI(G) ADMIN 67-2 *Quick Assessment* (QA) is satisfactory. Evidence shows that the process is being used is evidenced by the fact that some 340 QAs were conducted into allegations of unacceptable behaviour alone during the reporting period. Where deficiencies in process were noted in some units, these were mostly related to the inexperience of QA officers tending to exceed the stated aim and allowing the QA to become a quasi-routine inquiry. The main problem with this, apart from the likelihood of procedural fairness obligations being

overlooked, is that the QA often takes much longer than it should to complete, thereby delaying command's ability to shape the most suitable course of action.

The right to complain

At grass roots level, it is readily apparent that there is a more mature approach to the complaint submission and handling process than has previously existed. This can be largely attributed to a changing culture within the ADF, where members are more aware of their rights, and are more willing to place greater trust in the chain of command that they will be treated fairly. Reassuring evidence of this has been noted in the feedback from focus groups conducted as part of IGADF unit military justice audits.

During the reporting period substantial changes, details of which are contained later in this chapter, were made to the Defence Force Regulations and policy dealing with the redress of grievance process. The changes, which provide for a speedier and more transparent complaints handling process, also impose a number of limitations on who may submit a grievance and the subject matter that may be redressed. Overall, the new arrangements effect some overdue improvements to the complaints handling process and have not, to date, resulted in complaint to the IGADF about their operation.

IGADF inquiries

The number of IGADF inquiries undertaken during the reporting period is slightly down on previous years. It is difficult to quantify the overall inquiry effort by statistics alone. The size and duration of an inquiry can be influenced by many factors including complexity, scope, time, number of personnel involved and external influences. IGADF inquiries may run between two months to two years and may be subject to a number of repeat representations by the complainant or affected parties.

Although the raw number of submissions received during 2007-08 is less than in previous years, the complexity of many of them has in no way diminished. No specific causes for this declining trend have been identified, although reduced numbers of matters that come to the attention of the IGADF for inquiry may be indicative of improved standards in the way that military justice grievances are being dealt with through the normal channels.

Table 5.2 Submissions by outcome 2007-08

Outcome	Number	Percentage
No failure of the military justice system	34	65.4
Individual failure of the military justice system	5	9.6
Systemic failure of the military justice system	6	11.5
Unable to make a determination or withdrawn	7	13.5
Total	52	100

During the reporting period, IGADF staff conducted an IGADF 'own motion' inquiry into the Prohibited Substance Testing (PST) testing program. Terms of reference for the inquiry included:

- the efficiency, effectiveness, procedural fairness and equity of current PST program policy, processes and practices
- whether the application and administration of positive test results is consistent across the Services and ranks
- the appropriateness of the current approach to random and targeted testing
- the effectiveness of the policy, processes and practices of contracted laboratories
- whether the PST program is achieving its purpose of deterrence.

As the inquiry was recently completed and the report is yet to be considered, further comment on the outcome would be premature at this stage.

Military justice audits

Military justice audits were conducted in 63 ADF units over the reporting period. This is the maximum number of unit

The Office of the IGADF received 40 new submissions and finalised 52 during 2007-08. Eleven administrative inquiries resulted from new submissions received and a further four administrative inquiries were undertaken at the request of CDF and the Service Chiefs.

audits that can reasonably be conducted given available resources. Audited units represented in excess of 27 per cent of ADF full-time members.

Of the 63 units audited during the reporting period, one was assessed 'unsatisfactory' and six were assessed 'satisfactory with significant shortcomings'. These units will be subjected to a partial re-audit within 12 months to verify that identified shortcomings have been rectified.

The IGADF audit program also aims to assist units in improving their overall stewardship of military justice matters. While no fundamental breaches of disciplinary or administrative procedure were identified, a number of recurring problems were noted and highlighted in the respective audit reports. These included poor record keeping, lack of appropriate disciplinary appointments and inadequate knowledge of procedure.

Since unit audits were first introduced on a trial basis in 2003-04, a total of 167 audits have been conducted, representing 78 per cent of ADF full-time members. 7,738 ADF personnel have participated in the process, representing 19 per cent of unit strength and 15 per cent of ADF full-time members.

Justice & Discipline Health & Effectiveness Data System

As foreshadowed in last year's report, IGADF has introduced a military justice performance measurement system during the reporting period. The ADF military justice system encompasses a wide range of disciplinary and administrative actions that together form a complex matrix with many interactive components. The identification and measurement of those components that are useful in assisting meaningful assessments about the health and effectiveness of the system as a whole is not a simple task. Moreover, it is not a task for which there is much in the way of precedent. Simply measuring what can be measured or what is easily measurable can provide misleading outcomes and/or be misrepresentative in such a complex system.

The performance measurement system that has been developed to pilot stage, known as the Justice and Discipline Health and Effectiveness system, is designed to measure what should be measured in a consistent, auditable and reliable fashion so that the data collected can be used to assess whether the intent of the military justice system is being achieved.

The information-technology-based system has the ability to assess ADF performance across four key reporting areas that correspond to the four elements of military justice; namely discipline, adverse administrative action, the conduct of administrative inquiries and the right to complain. The system will report against key performance indicators patterned after the Commonwealth Ombudsman's *A Good Practice Guide for Effective Complaint Handling*: access, timeliness, fairness, accountability, resources and training, and system improvement. The system was launched on 26 June 2008 and will be trialled and further developed in 2008-09.

Street/Fisher Military Justice System Review

One of the final recommendations to be implemented in response to the 2005 Senate Inquiry Report is the requirement to provide for periodic independent review of the military justice system by a suitably qualified eminent person or persons. The first such independent review, administratively supported by the office of IGADF, commenced in April 2008. Former Chief Justice of NSW, Sir Laurence Street AC KCMG QC, and a former Chief of the Air Force, Air Marshal Les Fisher AO (Retd), were appointed by the CDF to report on the effectiveness of the current reform program. The calibre of the review team reflects the importance placed by CDF on this task. The team will provide its report to CDF by 10 February 2009. Their report will be an important indicator as to whether the many reforms to the military justice system have been, or are likely to be, appropriate and effective and whether further evolutionary change is required.

Liaison visits

A specified function of the IGADF is to 'consult with overseas agencies and authorities having similar or related functions.' During the reporting period, IGADF conducted a benchmarking visit to the United Kingdom, the Netherlands, Canada and the United States. IGADF held liaison discussions with equivalent organisations and personnel in those countries regarding the oversight of military justice in their respective armed forces, and to ascertain what arrangements exist, both internally and externally to those defence forces, to achieve this function.

The defence forces of all countries visited face similar issues to the ADF in military justice terms, although the legal regimes under which they operate, the scale of their forces and resources, and the military justice arrangements they employ may differ markedly between them and in comparison with the ADF. The overall impression gained was that the approach

to military justice issues that is being taken in Australia leaves little to be desired in comparison. Much interest was expressed in what the ADF is doing, the new Justice and Discipline Health and Effectiveness System being but one example.

During the reporting period, IGADF was invited by the Commonwealth Ombudsman to participate in an Ombudsman's Workshop in Papua New Guinea to discuss the ADF's approach to complaint handling both internally and externally, as it interlinks with the Commonwealth Ombudsman's Office, which also has a specific role as the Defence Force Ombudsman. Following the success of the inaugural workshop, a return visit by a PNG delegation from the PNG's Ombudsman's Office was hosted by the Office of IGADF in conjunction with the Commonwealth Ombudsman. Future arrangements are in hand for a member of the PNG Ombudsman's Office to accompany IGADF staff when conducting an IGADF ADF unit military justice audit of some ADF units so that first-hand experience may be gained.

Right to Complain

ADF Redress of Grievance

270 new applications for redress of grievance were received during 2007-08. Of the complaints submitted, 129 (48 per cent) were withdrawn¹, not granted or not reviewable; the remainder being granted, partly granted or still under review. 248 applications were finalised² at unit level. Of these, 195 (79 per cent) were withdrawn, not granted or not reviewable; the remainder being granted or partly granted. There has been an increasing trend during the period for members dissatisfied with the decision by their commanding officer to refer their complaint to their relevant Service Chief and, where an entitlement exists, to the CDF for further review. The primary focus of complaints under the redress of grievance system remains the application of financial entitlements policies (particularly housing entitlements, retention benefits and pay structure reforms), termination of service decisions and career management issues (particularly promotions, postings and performance appraisal reports).

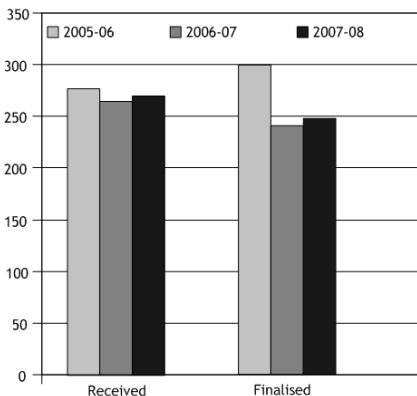
The initial advice process introduced in July 2006 continues to prove its worth to the redress of grievance system, with generally positive feedback from commanding officers about the value of the administrative and legal advice provided by the Directorate of Complaint Resolution. The Directorate of Complaint Resolution has also observed a general improvement in the quality of decisions being provided to members by their commanding officer since the introduction of the process.

1. Withdrawn complaints are those withdrawn by the member prior to the authority making a formal decision on the merits of the complaint. This includes complaints withdrawn due to an acceptable outcome being provided through administrative resolution or alternative dispute resolution, and those withdrawn because the member does not wish to proceed with the complaint.
2. Redresses of grievance recorded as finalised may have been received in the preceding year. Redresses of grievance are finalised when the complainant chooses not to pursue the grievance further or when the process of inquiry and merit decision is complete. A complainant who is not satisfied with the outcome of a redress of grievance submitted at unit level has a right to refer the complaint for inquiry by the Service Chief. Officers, warrant officers, chief petty officers and flight sergeants have a further right to refer the complaint for inquiry by the CDF if not satisfied with the Service Chief-level inquiry.

In May 2008, part 15 of the *Defence Force Regulations 1952* was amended to preclude certain issues from the redress of grievance process and to place time limits on the submission and referral to higher authority of a redress of grievance. The amendment also requires the Service Chiefs to consider any redress of grievance at unit level. Where a decision has not been made by the commanding officer within 90 days of having received the complaint, the Service Chief can make a decision on whether to remove the redress of grievance from the control of the commanding officer and deal with it themselves. This has resulted in a more interventionist approach by the Directorate of Complaint Resolution to ensure commanding officers make a timely decision on a member's redress of grievance, including the ability to ask the Service Chief to prompt action from other individuals and authorities from whom the commanding officer is awaiting information on which to base a decision. Another important element in the amendments was the alignment of the rights of Chief Petty Officers and Flight Sergeants with those of Warrant Officers Class 2 to refer their complaint to the CDF if they are not satisfied with the Service Chief-level decision.

Figure 5.1 shows the total number of redresses of grievance submitted by ADF members from 2005-06 to 2007-08 and the number of grievances that were finalised at unit level in that period.

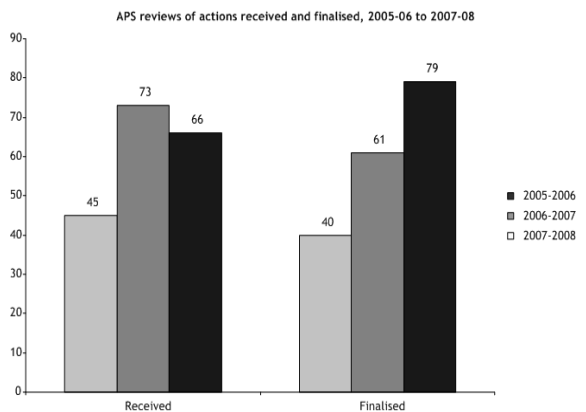
Figure 5.1 Military redresses of grievance received and finalised 2005-06 to 2007-08



APS Review of Actions

The total number of applications for Review of Actions across Defence decreased by 10 per cent in 2007-08, following a sharp increase in the previous year. This decrease coincides with a slight downturn of the number of performance management applications, now that the Performance Feedback and Development Scheme is now well established and better understood. Some of the decrease may also be attributed to an increased awareness of Alternative Dispute Resolution options across Defence, resulting in fewer employees seeking to have their employment disputes resolved through the more formal processes.

Figure 5.2 APS reviews of actions received and finalised, 2005-06 to 2007-08



Unacceptable Behaviour

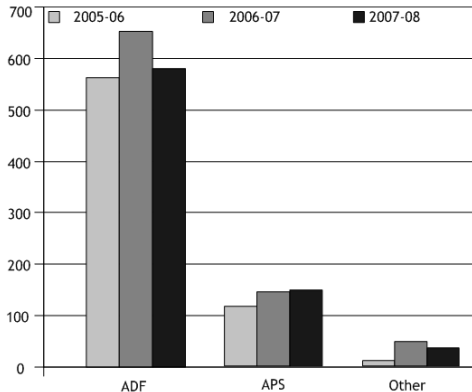
In May 2008, the Secretary and the CDF issued a joint statement on unacceptable behaviour, confirming their commitment to ensuring that everyone in Defence has a fair and equitable workplace in which they can do their job to the best of their ability.

In 2007-08, 765 complaints were received. While continuing to be of concern, this figure represents complaints from less than one per cent of the Defence workforce and a 10 per cent reduction from last year. During the reporting period, 559 complaints were finalised with 425 (76 per cent) being substantiated.

The June 2007 report of the Defence Force Ombudsman's investigation into the management of complaints of unacceptable behaviour¹ found that Defence had a complaint management system that is widely recognised, effective and has the confidence of personnel. Action continued throughout 2007-08 to implement the report recommendations. Significant achievements included the launch of 'ComTrack' the Defence Complaint Management Tracking and Reporting System, and the production of an Equity and Diversity Awareness DVD, with an introduction by Defence Senior Leaders, for distribution to all personnel. Defence continues to offer a range of training which aims to expand management knowledge and capability in dealing with unacceptable behaviour.

Figure 5.3 shows the total number of complaints reported over the past three years. The category of 'other' includes complaints against contractors or where the identity of the respondent is unknown.

Figure 5.3 Reported unacceptable behaviour complaints, 2005-06 to 2007-08



Alternative Dispute Resolution

The interventions offered by Defence for APS employees and ADF members encompass interactive problem solving, conflict coaching, mediation and workplace conferencing. Fairness and Resolution Centres have been established in each mainland capital city to provide a one-stop-shop for assistance and support in relation to dispute resolution and equity issues for the Defence population. From 2006 to 2007, the use of Alternative Dispute Resolution interventions almost doubled, and a similar increase is

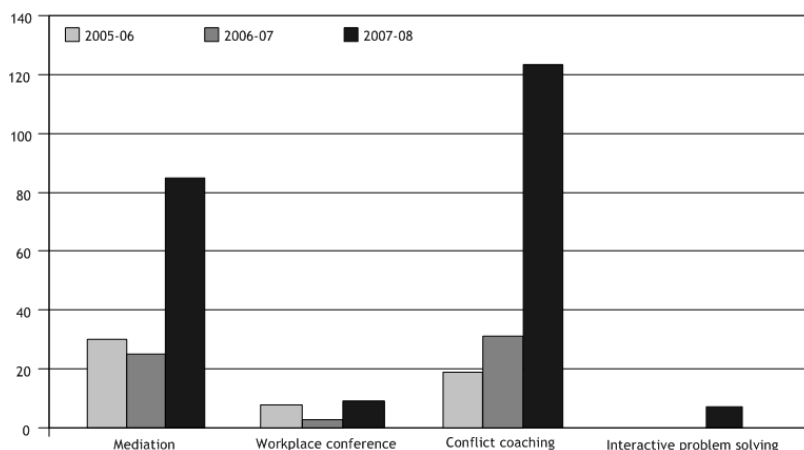
1. Available at http://www.comb.gov.au/commonwealth/publish.nsf/Content/publications_investigationreports_2007.

causes of their conflict and to identify suitable responses and strategies to deal with that conflict.

Since the official launch of the Fairness and Resolution Centres in May 2008, there has been a surge in interest and uptake of services. The most significant increase relates to workplace conferencing, which is an emerging capability of the Fairness and Resolution branch. On a positive note, this demonstrates a growing willingness

by managers to critically assess the nature of their worksite interactions and adopt positive measures to achieve an acceptable outcome for the entire workplace. Historically, workplace conferencing was provided by contractors, costing in the vicinity of tens of thousands of dollars for each intervention. Provision of this service internally is a far more effective use of Defence's finances.

Figure 5.4 Alternative dispute resolution interventions, 2005-06 to 2007-08



Compensation for Detriment caused by Defective Administration

The Defence Legal Division in Defence Support Group manages claims made under the Compensation for Detriment Caused by Defective Administration (CDDA) scheme. The Department of Finance and Deregulation has general oversight of the scheme. An explanation of how the scheme and other discretionary remedies operate can be found on the Department of Finance and Deregulation website at www.finance.gov.au.

In Defence, the majority of claims made under the scheme are from current serving and former members of the ADF. Although the scheme has not been developed specifically to deal with ADF

personnel disputes, it is a means by which ADF members can seek compensation, whether or not their redress of grievance has been upheld. The restrictive criteria that applies under the scheme means that compensation cannot be awarded in many instances, although the member may have grounds for complaint.

A continuing trend of concern is that ADF members dissatisfied with the outcome of an application for redress of grievance seek to reopen the matter through a CDDA claim. As a general rule, where an ADF member is dissatisfied with the outcome of a redress of grievance process, the Defence Force Ombudsman may be the appropriate body to review the member's complaint, noting that the Ombudsman has the discretion not to investigate grievances. Other remedies may include seeking judicial review. While the CDDA

scheme may be available to pay compensation where the redress of grievance has been upheld in full or in part, it is not an appropriate avenue through which to reopen matters where the member remains dissatisfied with the outcome of the grievance process.

Defence is currently reviewing all Chief Executive Instructions. The Chief Executive Instruction on the CDDA Scheme, incorporating Finance Circular 2006/05, is expected to be published in late 2008.

Table 5.3 Compensation for Detriment Cause by Defective Administration claims summary

Year	Claims Received	Payments Made	Amounts Paid
2007-08	34	19	\$451,497
2006-07	40	20	\$652,035
2005-06	50	20	\$321,660
2004-05	47	29	\$332,062
2003-04	54	21	\$359,010
2002-03	37	36	\$287,983

APS Code of Conduct

The Australian Public Service (APS) Code of Conduct and APS values are set out in the *Public Service Act 1999*. The code sets out the conduct expected of APS employees and obliges all employees to uphold the APS values. The values establish the framework in which the APS operates, underpinning relationships and behaviour.

During 2007-08, Defence finalised investigations of 126 employees for breaches of the Code of Conduct. This figure represents less than 0.5 percent of the Defence workforce. The total number of suspected breaches was 76 (note that an employee can be suspected of more than one breach). Of the 126 employees investigated, 79 were found to have breached at least one element of the code and 166 sanctions were imposed. Employment was terminated in 14 cases, and a financial penalty was applied in 34

cases. The remaining sanctions involved formal reprimands and counselling.

By comparison, in 2006-07 Defence finalised investigation of 86 employees for breaches of the Code of Conduct. Of the 86 employees investigated, 67 were found to have breached at least one element of the code and 86 sanctions were issued (in some cases more than one sanction was applied to an individual). Employment was terminated in nine cases, 22 had financial sanctions applied and the rest were counselled or reprimanded.

The increase in cases investigated in 2007-08 could be attributable to greater awareness of the Code of Conduct through the *Defence Collective Agreement (DeCA) 2006-09* and the Performance Feedback Assessment and Development Scheme introduced in 2007. In 2005-06 Defence investigated a total of 102 employees for breaches of the Code of Conduct. Of the 102 employees investigated, 79 were found to have breached at least one element of the Code and 90 sanctions were imposed. Employment was terminated in ten cases and a financial sanction applied in 37 cases. The rest were counselled or reprimanded. These figures include 11 DMO cases. After October 2005 DMO managed their own Code of Conduct investigations.

Table 5.4 shows the comparison figures over the last three years.

Table 5.4 Code of Conduct investigations

	2005-06	2006-07	2007-08
Number of employees investigated	102 (including 11 DMO)	86	126
Number of employees who breached the Code	79	67	79
Number of sanctions issued	90	86	166
Terminations	10	9	14
Financial sanctions	37	22	34

CHAPTER 6

Capital investment program

The Capital Investment Program comprises:

- two components of the Major Capital Equipment program:
 - the Unapproved Major Capital Equipment Program (Defence Capability Plan) - managed by the Chief Capability Development Group
 - the Approved Major Capital Equipment Program - managed by the Chief Executive Officer Defence Materiel Organisation
- the Capital Facilities Program - managed by the Deputy Secretary Defence Support
- Other Capital Purchases - managed by the Service Chiefs and Group Heads

- Capital Receipts - managed by the Service Chiefs and Group Heads.

Defence's capital investment program includes capital and operating expenditure. A large portion of capital project costs are capitalised in the balance sheet; however, indirect project costs that cannot be directly attributed to specific projects are treated as operating expenses. In addition, certain project costs such as initial spares are charged to the project, but brought to account as inventory purchases or suppliers expense in the operating budget. Table 6.1 shows the investment program by both its capital and operating elements.

The actual result in 2007-08 was \$259.8m lower than the revised estimate as detailed in Table 6.1.

Table 6.1 Defence Financial Performance for the Capital Investment Program 2007-08

	Budget Estimate (\$m)	Revised Estimate ^[1] (\$m)	Actual Result (\$m)	Variation (\$m)
Approved Major Capital Equipment Program - Operating	504.5	625.8	361.8	-264.0
Approved Major Capital Equipment Program - Capital ^[2]	3,790.4	3,759.5	3,668.2	-91.3
Total Approved Major Capital Equipment Program^{[3][4]}	4,294.9	4,385.4	4,030.0	-355.4
Major Capital Facilities Program - Operating	103.0	20.0	82.4	62.4
Major Capital Facilities Program - Capital	540.6	579.9	487.3	-92.6
Total Major Capital Facilities Program^[5]	643.6	599.9	569.7	-30.2
Minor Capital	181.6	149.2	112.6	-36.6
Repairable Items	246.6	317.6	472.0	154.4
Other Plant & Equipment	340.7	244.0	244.8	0.8
Sub Total Other Capital Purchases^[6]	768.9	710.8	829.4	118.6
Total Operating Component - Capital Investment Program	607.5	645.8	444.2	-201.6
Total Capital Component - Capital Investment Program	5,099.9	5,050.2	4,984.9	-65.3
(A) Sub Total Gross Capital Investment Program	5,707.4	5,696.0	5,429.1	-266.9
Proceeds from the Sale of Land and Buildings	39.7	90.7	6.0	-84.7
Less: Capital Withdrawal (Net Proceeds Returned to the Government)	-22.3	-73.2	0.0	73.2
Proceeds Retained by Defence From Sale of Land and Buildings	17.4	17.5	6.0	-11.5
Revenue from Sale of Housing	20.3	20.3	18.5	-1.8
Less: Capital Withdrawal (Net Proceeds Returned to the Government)	-20.3	-20.3	-18.5	1.8
Proceeds Retained by Defence from the Sale of Housing	-	-	-	-
Proceeds from the Sale of Specialist Military Equipment	-	-	-	-
Proceeds from the Sale of Other Property, Plant and Other Equipment	39.5	36.5	40.9	4.4
(B) Sub Total Net Capital Receipts^[7]	56.9	54.0	46.9	-7.1
(C) Net Capital Investment Program (A - B=C)	5,650.5	5,642.0	5,382.2	-259.8

NOTES

1. As published in the *Portfolio Additional Estimates Statements 2007-08*.
2. Includes the capitalisation of the DMO Acquisition Service Fee.
3. See further details in the 'Major Capital Equipment Program' section later in this chapter.
4. The Actual Result reflects Defence accrued expenses of \$221.5m and DMO accrued expenses of \$3,459.5m. Defence prepaid DMO \$4,114.7m in cash for Major Capital Equipment projects in 2007-08 including Acquisition Service Fee of \$349.0m. DMO cash expenditure for Major Capital Equipment projects less Service Fee was \$3,515m in 2007-08. Further information is in Chapter 3 of Volume 2 of this report.
5. See further details in the 'Major Capital Facilities Program' section later in this chapter.
6. See further details in the 'Other Capital Purchases' section later in this chapter.
7. See further details in the 'Capital Receipts' section later in this chapter.

MAJOR CAPITAL EQUIPMENT PROGRAM

The Defence Capability Plan

The Defence Capability Plan is a detailed, costed plan for Australia's military and other defence capabilities for the next 10-year period, with broad guidance on major investments over the following 10 years. The plan is updated annually to take account of changing strategic circumstances and new technologies. It sets out the planned investment in new equipment under six capability goals—land, air combat, maritime forces, strike, information and intelligence.

In 2007-08, the Government agreed to three first pass project approvals and six second pass approvals, plus a number of other studies and project development activities, at a cost of around \$4.4b and listed at Table 6.2.

Significant projects progressed for Government approval during 2007-08 included:

- the replacement of the Army's field vehicle and trailer fleet (LAND 121 Phase 3)
- partnership with the US in the Wideband Global Satellite (WGS) communications project, which will allow the ADF access to global satellite communications (JP 2008 Phase 4)
- acquisition of an improved counter-mine capability (LAND 144 Phase 1)
- first pass approval for the new maritime patrol aircraft (AIR 7000 Phase 2)
- first pass approval for the acquisition of additional Chinook helicopters (AIR 9000 Phase 5C).

Table 6.2 List of Major Capital Equipment Projects Approved by the Government in 2007-08^[1]

Project	Phase	Name	Approval Budget (band \$m)	Status as at 30 June 2008
Support to the development of the Major Capital Equipment Program				
CTD 12		Capability Technology Demonstrator	20-30	
PDF 2008		Project Development Funding	Under 20	
First Pass Approval				
AIR 7000	2B	Maritime Patrol Aircraft	150-200	Various ^[3]
AIR 9000	5C	Additional Heavy Lift Helicopters	Under 20	Yet to go out to tender
JP 2089	2	Tactical Information Exchange Domain (TIED)	Under 20	Yet to go out to tender
Second pass approval				
JP 126	2	Joint Theatre Distribution System	150-200	Project underway (contract signed)
LAND 121	3	Field Vehicles and Trailers	2,500-3,500	Tender closed
AIR 5440	1	C-130J Block Upgrade Program 7.0 ^[2]	Under 20	Various ^[3]
JP 2008	4	WGS Satellites	750-1,000	Project underway (contract signed)
LAND 144	1	Counter-Mine Capability	30-50	Tender closed
JP 2044	3A.1	Project Eagle Eye ^[1]	Under 20	Yet to go out to tender

NOTES

1. This list excludes highly classified projects.
2. This project has received a partial second pass approval in 2007-08, with the remainder to be approved later.
3. This project is either contributing to more than one project or consisting of several internal phases of varying status.

The Approved Major Capital Equipment Program

The approved major capital equipment program comprises those projects that generally cost in excess of \$20m and which, following approval, are transferred from the Defence Capability Plan to the DMO to manage the acquisition phase.

Funding for approved major capital equipment projects, including project management and overhead costs, is provided by Defence to the DMO under separate Materiel Acquisition Agreements for each project.

Projects costing between \$8m and \$50m are approved jointly by the Minister for Defence and the Minister for Finance and Deregulation. Projects costing more than \$50m are approved by the National Security Committee of Cabinet.

In total Defence spent \$4,030.0m on the Major Capital Equipment Program, which was \$355.4m less than the revised estimate. Major variations contributing to the lower than planned result in 2007-08 include:

- AIR 5402 Air to Air refueling capability (-176m)
- AIR 5077 Phase 3 Airborne Early Warning and Control System (-\$96m)
- AIR 9000 Phase 2 Multi Role Helicopter (-63m)
- JP 2085 Phase 1B Explosive Ordnance Reserve Stocks (-15m)
- Other project variations (-5.4m).

MAJOR CAPITAL FACILITIES PROGRAM 2007-08

The Major Capital Facilities Program funds the construction of buildings and infrastructure including specialised ranges, training and accommodation facilities, maintenance hangars, messes and warehouse facilities. The program develops facilities and infrastructure to support the introduction of new military equipment into operational service, as well as maintaining facilities to support Defence personnel where they work, live and train. The program comprises approved and unapproved major and medium projects.

Approval processes for capital facilities projects vary according to value. Major capital facilities projects costing over \$15m are subject to the Government's approval and review by the Joint Standing Committee on Public Works. Medium facilities projects have budgets between \$250,000 and \$15m. Medium facilities projects between \$5m and \$15m are subject to the Government's approval, but are generally not subject to inquiry by the committee. Projects under \$5m are approved by departmental delegates.

Total expenditure on Defence's Major Capital Facilities Program in 2007-08 was \$569.7m, this was \$30.2m below the projected result of \$599.9m.

Capital expenditure in 2007-08 was \$487.3m, of which \$399.2m was spent on major capital facilities projects (Table 6.3) and \$85.4m on medium capital facilities projects (Table 6.5). The balance of \$2.7m was expended on

acquisitions and a number of smaller projects in their defects liability periods. The capital expenditure outcome was \$92.6m below the project result of \$579.9m. This result was primarily due to the number of projects reaching completion and also an unprocessed capital to operating category adjustment. Operating expenditure in 2007-08 was \$82.4m, which was \$62.4m above the projected result of \$20.0m. Operating expenses include all costs incurred in developing projects such as preliminary designs, environmental clearances and cost estimates for facilities including whole-of-life operating and maintenance costs. The 2007-08 result has significantly increased the aggregate value of projects approved for construction. The capital and operating expenditure profile results in part from an unprocessed capital to operating category adjustment.

Approved major capital facilities projects

In 2007-08, 13 projects received Parliamentary clearance. A further five projects are scheduled for consideration by the Parliament in 2008-09. During 2007-08, 23 medium projects received either departmental or Governmental approval to proceed.

Table 6.3 and the following descriptions provide details on progress and expenditure during 2007-08 on major capital facilities projects.

Table 6.3 Approved Major Capital Facilities Projects by state and federal electorate

	Total estimated expenditure (\$m)	Cumulative expenditure to 30 June 2008 (\$m)	2007-08 Budget estimate (\$m)	2007-08 Additional estimate ^[1] (\$m)	2007-08 Actual expenditure (\$m)
NEW SOUTH WALES					
Eden-Monaro					
Headquarters Joint Operations Command Command, Control, Communications, Computing and Intelligence Systems ^[2]	93.9	43.1	43.8	46.8	34.2
Hughes					
Holsworthy					
Special Forces Training Facilities	94.0	89.3	9.1	9.1	7.1
Special Operations Working Accommodation and Base Redevelopment Stage 1	207.7	171.1	53.5	53.5	56.9
171 Aviation Squadron Relocation	92.0	70.1	46.0	46.0	42.9
Parramatta					
Ermington					
Pre-Disposal Site Works	33.1	27.3	7.2	6.1	2.0
Paterson					
Williamtown					
RAAF Williamtown Redevelopment Stage 1 and Airborne Early Warning and Control Works and Multi Role Tanker Transport Pavement Works ^{[3][4]}	132.7	117.0	13.7	3.0	1.7
Riverina					
RAAF Wagga					
College Relocation ^[5]	-	65.6	25.0	27.8	27.7
Total New South Wales	653.4	583.5	198.3	192.3	172.5
VICTORIA					
Gippsland					
RAAF East Sale					
College Relocation	133.4	65.6	25.0	27.8	27.7
Jagajaga					
Watsonia					
Defence Force School of Signals	101.3	2.6	-	10.4	2.6
McEwen					
Monegeetta					
Land Engineering Agency - Test Services Relocation ^[6]	35.9	-	-	-	-
Total Victoria	270.6	68.2	25.0	38.2	30.3
QUEENSLAND					
Blair					
Amberley					
RAAF Amberley Redevelopment Stage 2	285.6	244.3	63.0	46.5	46.5
RAAF Amberley Redevelopment Stage 3	331.5	12.5	-	10.0	12.5

Table 6.3 Approved Major Capital Facilities Projects by state and federal electorate

	Total estimated expenditure (\$m)	Cumulative expenditure to 30 June 2008 (\$m)	2007-08 Budget estimate (\$m)	2007-08 Additional estimate ^[1] (\$m)	2007-08 Actual expenditure (\$m)
Heavy Airlift Capability - Permanent Facilities ^[6]	268.2	11.3	--	8.0	11.3
Brisbane					
Enoggera					
Tactical Unmanned Aerial Vehicle Facilities	17.5	16.5	7.5	7.5	7.3
Base Redevelopment Stage 1 ^[6]	80.2	-	-	-	-
Forde					
Canungra					
Kokoda Barracks Redevelopment	86.7	82.1	19.5	12.5	12.8
Leichhardt					
Cairns					
HMAS Cairns Redevelopment	76.3	52.1	45.0	39.0	38.5
Herbert					
Townsville					
RAAF Townsville Troop Lift Helicopter Facilities	20.0	19.5	14.4	14.4	14.2
Lavarack Barracks Redevelopment Stage 4	207.2	42.3	-	41.5	42.3
Total Queensland	1,373.2	480.6	149.4	179.4	185.4
SOUTH AUSTRALIA					
Wakefield					
Edinburgh Defence Precinct					
Hardened and Networked Army Facilities ^{[7][8]}	596.8	-	-	-	-
RAAF Edinburgh					
Heavy Airlift Capability - Permanent Facilities ^[6]	-	1.7	-	1.0	1.7
Total South Australia	596.8	1.7	-	1.0	1.7
WESTERN AUSTRALIA					
Pearce					
RAAF Base Pearce					
Redevelopment Stage 1	142.2	0.7	-	5.0	0.7
Total Western Australia	142.2	0.7	-	5.0	0.7
NORTHERN TERRITORY					
Lingiari					
RAAF Tindal					
Redevelopment Stage 5 ^[6]	58.7	-	-	-	-
Airborne Early Warning and Control Aircraft Facilities ^[6]	64.2	-	-	-	-
Timber Creek					
Bradshaw Field Training Area Infrastructure	72.6	64.8	0.5	2.0	0.3

Table 6.3 Approved Major Capital Facilities Projects by state and federal electorate

	Total estimated expenditure (\$m)	Cumulative expenditure to 30 June 2008 (\$m)	2007-08 Budget estimate (\$m)	2007-08 Additional estimate ^[1] (\$m)	2007-08 Actual expenditure (\$m)
Solomon					
Darwin					
Darwin Naval Base - Patrol Boat Facilities	19.2	13.2	3.5	5.4	3.4
Robertson Barracks Redevelopment ^[6]	72.1	-	-	-	-
RAAF Darwin					
Redevelopment Stage 2 ^[6]	49.8	-	-	-	-
Heavy Airlift Capability - Permanent Facilities ^[7]	-	1.6	-	1.0	1.6
Total Northern Territory	336.6	79.6	4.0	8.4	5.3
AUSTRALIAN CAPITAL TERRITORY					
Jervis Bay					
HMAS Creswell Redevelopment ^[6]	83.6	-	-	-	-
Total Australian Capital Territory	83.6	-	-	-	-
OTHER					
Malaysia					
Royal Malaysian Air Force - Butterworth					
ADF Facilities Rationalisation	23.6	0.5	-	5.6	0.5
Total Other	23.6	0.5	-	5.6	0.5
VARIOUS					
Multi Role Helicopter Facilities ^{[6][9]}	137.2	-	-	-	-
Total Various	137.2	-	-	-	-
Total	3,623.0	1,209.0	376.7	429.9	390.7

NOTES

1. As published in the *Portfolio Additional Estimates Statements 2007-08*.
2. Increase in approved budget cost related to land acquisition, relocation and project management costs.
3. The budget figure is the approved project budgets for the RAAF Williamtown Redevelopment Stage 1 and Airborne Early Warning and Control Works projects and the addition of the Multi Role Tanker Transport Pavement Works project.
4. Budget increased approved after publication of the *Portfolio Additional Estimates Statements 2007-08*.
5. RAAF College Relocation Wagga/East Sale has an approved budget of \$133.4m covering two locations, RAAF East Sale and RAAF Wagga.
6. Project approved after publication of the *Portfolio Additional Estimates Statements 2007-08*.
7. RAAF Amberley Heavy Airlift Capability - Permanent Facilities has an approved budget of \$268.2m covering five locations, RAAF Amberley, RAAF Edinburgh, RAAF Darwin, RAAF Townsville and RAAF Pearce.
8. The \$623.7m budget for Hardened and Networked Army facilities includes the development and delivery phase budgets. The delivery phase budget of \$596.8m may need to be adjusted to reflect the final expenditure from the development phase.
9. Multi Role Helicopter Facilities - Permanent Facilities has an approved budget of \$168.7m covering four locations, RAAF Townsville, the Army Aviation Centre (Oakey), HMAS Albatross (Nowra), and Gallipoli Barracks, Enoggera (Brisbane). Multi Role Helicopter Facilities - Permanent Facilities budget excludes \$31.5m for simulation facilities being delivered by the DMO and is reported by the DMO.

Performance of major capital facilities projects

Location	Performance
New South Wales	
Headquarters Joint Operations Command (HQJOC) – Provision of Command, Control, Communications, Computing and Intelligence (C4I) Systems	Substantially achieved. The new HQJOC facility is located approximately 11 kilometres south-west of Bungendore, NSW. The acquisition of C4I systems commenced in August 2005, and is scheduled for completion in November 2008.
Holsworthy—Special Forces Training Facilities	Substantially achieved. Final fit out of the ranges with specialised target systems is scheduled for completion in late 2008.
Holsworthy – Special Operations Working Accommodation and Base Redevelopment Stage 1	Achieved. Key facilities were completed and occupied as planned in 2007-08. Completion of the project is currently scheduled for 2009.
Holsworthy – 171 Aviation Squadron Relocation	Substantially achieved. Construction of the permanent working accommodation and supporting infrastructure is well advanced and scheduled for completion in 2009.
Ermington – Pre-Disposal Site Works	Substantially achieved. This project involves preparing the former Naval Stores site at Ermington for disposal. Second and final stage of the infrastructure works is scheduled for completion in late 2008.
Williamtown – RAAF Williamtown Redevelopment Stage 1 and Airborne Early Warning	Substantially achieved. This project has provided a major upgrade to the base infrastructure. The remaining project element, construction of an Ordnance Loading Complex, commenced in September 2008, with completion anticipated in 2009.
New South Wales and Victoria	
RAAF College Relocation – RAAF Wagga and RAAF East Sale	Achieved. This project relocated the RAAF College from RAAF Williams (Point Cook) and RAAF Edinburgh to RAAF East Sale and RAAF Wagga. The project provided working accommodation, training facilities, and living-in accommodation for college staff and students. Key facilities were completed and occupied by RAAF College in early 2008. This project is now substantially complete, with only minor elements of the project outstanding.
Victoria	
Watsonia – Defence Force School of Signals	Partially achieved. This project will provide new working accommodation, improved security arrangements and upgraded living-in accommodation for the Defence Force School of Signals at Simpson Barracks. Construction commenced in October 2008 after delays were experienced in tendering the works. The project is scheduled for completion in 2011.
Monegeetta – Land Engineering Agency Test Services Relocation	Achieved. This project will relocate existing land materiel test and evaluation functions currently conducted at Maribyrnong to new facilities at Monegeetta. Parliamentary clearance was obtained in March 2008. Construction is expected to commence in late 2008 and be completed in 2010.
Queensland	
Amberley – RAAF Amberley Redevelopment Stage 2	Achieved. This project provided new facilities to support the relocation of the 9th Force Support Battalion and the Multi-Role Tanker Transport to RAAF Amberley and included upgrading the base's trunk engineering services. All key facilities have been completed and occupied. Minor elements of the project remain to be completed in 2008.
Amberley – RAAF Amberley Redevelopment Stage 3	Achieved. This project will provide new trainee living-in accommodation and messing facilities, physical fitness facilities, office, medical and working accommodation, consolidation of maintenance facilities, construction of a new fuel farm and a base security upgrade. Construction commenced in April 2008, with key facilities expected to be completed progressively from 2010 through to late 2011.

Location	Performance
Heavy Air Lift Capability – Permanent Facilities	Achieved. This project will provide new facilities for the introduction into service of the C-17 Globemaster III heavy lift aircraft. This includes a headquarters, maintenance facilities, air movements and cargo facilities, a simulator, warehousing and support facilities and airfield pavement works at the Amberley home base. The upgrading of airfield pavements, movements and cargo facilities and supporting infrastructure at RAAF Bases Edinburgh, Townsville, Darwin and Pearce will also be included. Construction commenced at Amberley in April 2008, and is expected to be complete by late 2010.
Enoggera – Tactical Unmanned Aerial Vehicle Facilities	Achieved. This project provided facilities to support the introduction of the tactical unmanned aerial vehicle capability and collocation of the Regimental Headquarters at Enoggera. This project is now complete.
Enoggera – Base Redevelopment Stage 1	Achieved. This project will provide refurbished working accommodation for Headquarters 7th Brigade, address shortcomings in base engineering services infrastructure, and rationalise and modernise existing catering and messing facilities. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in late 2008, and be completed in 2010.
Canungra – Kokoda Barracks Redevelopment	Achieved. This project provided upgraded training and mess facilities, working accommodation, and living-in accommodation for the Army training units located at Kokoda Barracks. The project also included the upgrading of infrastructure services. All key facilities have been completed. Minor works remain to be completed by the end of 2008.
Cairns – HMAS Cairns Redevelopment	Achieved. This project provides a combination of new and refurbished facilities to accommodate a full range of operational and support functions at HMAS Cairns including appropriate berthing space and shore services to accommodate all vessels to be home-ported. Key facilities were completed and occupied as planned in 2007-08. The project is expected to be completed in 2009.
Townsville – Lavarack Barracks Stage 4	Achieved. This project will provide upgraded working accommodation for various Army elements located at Lavarack Barracks. The first phase of the project was completed on schedule in 2008. The project is expected to be complete in 2011.
Townsville – RAAF Townsville Troop Lift Helicopter Facilities	Achieved. This project provided a combination of new and refurbished facilities to support the introduction of the new troop lift helicopter at 5th Aviation Regiment. This project is now complete.
South Australia	
Edinburgh Defence Precinct – Hardened and Networked Army Facilities	Achieved. This project will provide facilities and infrastructure to support the establishment of a mechanised battle group in the Edinburgh Defence Precinct with additional infrastructure also at Murray Bridge and in the Cultana training area. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in late 2008. While the project is not planned to be complete until 2012, progressive occupation of facilities is expected to start in late 2010.
Western Australia	
RAAF Pearce – Redevelopment Stage 1	Substantially achieved. This project will provide new and refurbished operational, training, domestic support and aircraft maintenance facilities, improvements and upgrading of engineering services and demolition of redundant facilities. Preparatory works commenced in July 2008, after delays were experienced in procuring the managing contractor. The project is expected to be completed in 2011.

Location	Performance
Northern Territory	
Katherine – RAAF Tindal – Redevelopment Stage 5	Achieved. This project will expand and upgrade existing working accommodation, construct new working accommodation and augment electrical and water supply infrastructure. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in 2009, with completion expected in 2011.
Katherine – RAAF Tindal Airborne Early Warning and Control Facilities	Achieved. This project will provide facilities and infrastructure at RAAF Tindal to support the introduction of the new airborne early warning and control aircraft. The scope of work includes new taxiways, operational facilities and working accommodation. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in 2009, with completion expected in 2010.
Timber Creek – Bradshaw Field Training Area Infrastructure	Partially achieved. This project provides engineering services and infrastructure to allow the use of Bradshaw as a field training area for the 1st Brigade. Works include roads, training force maintenance area, base camp, range control and caretaker facilities. The residual works are scheduled for completion by late 2008.
Darwin – Darwin Naval Base Patrol Boat Facilities	Substantially achieved. This project provides upgraded facilities at the Darwin Naval Base for the new Armidale class patrol boats. Minor elements of the project remain outstanding. Delays have been experienced in obtaining satisfactory tenders for these works. The project is scheduled for completion in early 2009.
Darwin – Robertson Barracks Redevelopment	Achieved. This project comprises three individual project elements: the Robertson Barracks Redevelopment project; facilities for the LAND 907 Main Battle Tank Replacement project; and the Hardened and Networked Army (HNA) facilities project. The Robertson Barracks Redevelopment will provide new and upgraded facilities for training, emergency response, working accommodation and equipment support. The LAND 907 facilities project will provide parking and working accommodation for heavy tank transport vehicles and other tank support services. The HNA project will provide additional working accommodation and other support facilities. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in 2009, with completion expected in 2011.
Darwin – RAAF Darwin Redevelopment Stage 2	Achieved. This project will upgrade existing facilities including fuel farms and workshops and construct a new logistics headquarters. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in 2009, with completion expected in 2011.
Australian Capital Territory	
HMAS Creswell Redevelopment	Partially achieved. This project will provide new and upgraded facilities for the training of Navy officers upon initial entry and senior sailors in the areas of leadership, management and personal development. Parliamentary clearance was obtained in March 2008. Construction is expected to commence in 2009, with completion expected in 2011.
Malaysia	
RMAF Butterworth – Australian Defence Force Facilities Rationalisation	Achieved. The project will provide three new headquarters buildings, a combined armoury, a sewerage treatment plant, and will refurbish some other existing support facilities. Preparatory works commenced in April 2008, and the project is expected to be complete in 2010.
Various	
Multi Role Helicopter Facilities	Achieved. This project will provide a range of helicopter shelters, maintenance and operational facilities, simulator buildings and deeper maintenance facilities to support the introduction of the Multi Role Helicopter aircraft at RAAF Townsville, Army Bases Oakey and Enoggera and HMAS Albatross. Parliamentary clearance was obtained in June 2008. Construction is expected to commence in late 2008 and be complete in 2010.

Status of major projects for Parliamentary consideration in 2007-08

In the *Portfolio Budget Statements 2007-08*, Defence foreshadowed a number of projects for consideration by the Government and the Parliamentary Joint

Standing Committee on Public Works in 2007-08. Table 6.4 provides details on the progress of proposed projects.

Table 6.4 Program of Major Works (by state, federal electorate and locality)

Current Status	
New South Wales	
Gilmore	
Nowra: HMAS Albatross - Phase 2 Single LEAP	Expediency motion 21 June 2007
Kingsford Smith	
Randwick: Randwick Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
Riverina	
Wagga Wagga: RAAF Wagga - Phase 2 Single LEAP	Expediency motion 21 June 2007
Kapooka: Blamey Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
Victoria	
Indi	
Bandiana: Joint Logistics Unit Victoria - Warehousing	Hearing scheduled 7 August 2008
Albury/Wodonga: Bandiana South - Phase 2 Single LEAP	Expediency motion 21 June 2007
Jagajaga	
Watsonia: Defence Force School of Signals	Expediency motion 14 June 2007
Watsonia: Simpson Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
Lalor	
Laverton: RAAF Williams - Phase 2 Single LEAP	Expediency motion 21 June 2007
McEwen	
Monegeetta: Land Engineering Agency Test Services Relocation	Expediency Motion 20 March 2008
Puckapunyal: Redevelopment	In development
Puckapunyal: Phase 2 Single LEAP	Expediency motion 21 June 2007
Queensland	
Blair	
Amberley: RAAF Amberley - Redevelopment Stage 3	Expediency motion 20 September 2007
Amberley: RAAF Amberley - Australian Super Hornet Facilities	Hearing scheduled 20 August 2008
Brisbane	
Enoggera: Base Redevelopment Stage 1	Expediency motion 25 June 2008
Herbert	
Townsville: Lavarack Barracks - Redevelopment Stage 4	Expediency motion 14 June 2007
Townsville: Lavarack Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
South Australia	
Wakefield	
Edinburgh Defence Precinct: Hardened and Networked Army Facilities	Expediency motion 25 June 2008
Edinburgh: RAAF Edinburgh Redevelopment Stage 2	In development
Edinburgh: RAAF Edinburgh - Phase 2 Single LEAP	Expediency motion 21 June 2007

Table 6.4 Program of Major Works (by state, federal electorate and locality)

Current Status	
Western Australia	
Brand	
Garden Island: HMAS Stirling - Phase 2 Single LEAP	Expediency motion 21 June 2007
Curtin	
Swanbourne: Campbell Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
Pearce	
RAAF Pearce Redevelopment Stage 1	Expediency motion 16 August 2007
RAAF Pearce - Phase 2 Single LEAP	Expediency motion 21 June 2007
Northern Territory	
Solomon	
Darwin: RAAF Darwin Redevelopment Stage 2	Expediency motion 25 June 2008
Darwin: Robertson Barracks Redevelopment (includes Land 907 and Hardened and Networked Army projects)	Expediency motion 25 June 2008
Darwin: Robertson Barracks - Phase 2 Single LEAP	Expediency motion 21 June 2007
Darwin: HMAS Coonawarra (Larrakeyah Barracks) - Phase 2 Single LEAP	Expediency motion 21 June 2007
Lingiari	
Katherine: RAAF Tindal Redevelopment Stage 5	Expediency motion 25 June 2008
Katherine: RAAF Tindal Airborne Early Warning and Control Facilities	Expediency motion 25 June 2008
Australian Capital Territory	
Fraser	
HMAS Creswell Redevelopment	Expediency motion 20 March 2008
Duntroon: Royal Military College - Phase 2 Single LEAP	Expediency motion 21 June 2007
Duntroon: Australian Defence Force Academy - Phase 2 Single LEAP	Expediency motion 21 June 2007
Various Locations	
Heavy Airlift Capability - Permanent Facilities	Expediency motion 20 September 2007
Multi Role Helicopter Facilities	Expediency motion 25 June 2008
Enhanced Land Force Facilities - Stage 1	In development

Approved medium capital facilities projects

Table 6.5 shows spending in 2007-08 for medium facilities projects. Medium facilities projects are those expected to cost between \$250,000 and \$15m.

Table 6.5 Approved medium capital facilities by state and federal electorate

	Total estimated expenditure (\$'000)	Cumulative expenditure to 30 June 2008 (\$'000)	2007-08 Budget estimate ^[1] (\$'000)	2007-08 Additional estimate (\$'000)	2007-08 Actual expenditure (\$'000)
NEW SOUTH WALES					
Hughes					
Holsworthy and Moorebank					
Trainee Rehabilitation Wing - Interim Works	1,710	1,242	-	1,555	1,242
Hunter					
Singleton					
School of Infantry - Interim Works	1,940	1,383	-	1,764	1,383
Kingsford Smith					
Randwick					
Disposal and Rationalisation	8,750	5,980	3,700	2,500	1,370
Lindsay					
Orchard Hills					
Follow On Stand Off Weapon Explosive Storehouse ^{[2][3]}	6,125	33	-	-	33
Macquarie					
RAAF Richmond					
Tri Mobile Engine Testing Facility	1,280	732	-	1,000	732
Paterson					
RAAF Williamtown					
Aircraft Clear Water Rinse Facility	5,578	4,073	4,478	5,000	4,005
Riverina					
Kapooka					
Marksmanship Training Range Facility	4,025	4,005	2,100	1,105	1,210
Army Recruit Training Facility - Interim Works ^[4]	4,796	4,236	-	3,953	4,236
Total New South Wales	34,204	21,684	10,278	16,877	14,211
VICTORIA					
Bendigo					
Bendigo					
Defence Imagery and Geospatial Organisation Relocation	15,200	15,017	7,600	12,000	13,124

Table 6.5 Approved medium capital facilities by state and federal electorate

	Total estimated expenditure (\$'000)	Cumulative expenditure to 30 June 2008 (\$'000)	2007-08 Budget estimate ^[1] (\$'000)	2007-08 Additional estimate (\$'000)	2007-08 Actual expenditure (\$'000)
Flinders					
HMAS Cerberus					
Small Arms Training Centre	14,432	13,306	12,000	11,507	12,526
West Head Gunnery Range	13,395	115	-	53	115
Indi					
Graytown					
Proof and Experimental Establishment Upgrade	4,680	4,495	2,000	2,300	2,723
Jagajaga					
Watsonia					
Land Warfare Centre (formerly Regional Training Centre)	5,813	5,500	2,400	2,500	2,712
McEwen					
Puckapunyal					
School of Armour - Interim works	2,500	1,148	-	2,273	1,148
Melbourne Ports					
Defence Science and Technology Organisation					
Environmental Test Chamber	3,500	63	-	1,380	63
Total Victoria	59,520	39,644	24,000	32,013	32,411
QUEENSLAND					
Blair					
RAAF Amberley					
Contaminated Land Remediation ^[3]	3,850	3,780	-	-	3,780
Capricornia					
Rockhampton					
Western Street Depot Redevelopment	11,700	1,596	7,500	5,000	1,550
Groom					
Oakey					
Weapons Training Simulator System ^[4]	2,000	980	-	1,500	980
Herbert					
Lavarack Barracks					
11th Brigade Relocation	7,400	7,351	5,000	5,000	5,396
38 Squadron Relocation	3,600	4,178	-	3,600	4,178
Total Queensland	28,550	17,885	12,500	15,100	15,884

Table 6.5 Approved medium capital facilities by state and federal electorate

	Total estimated expenditure (\$'000)	Cumulative expenditure to 30 June 2008 (\$'000)	2007-08 Budget estimate ^[1] (\$'000)	2007-08 Additional estimate (\$'000)	2007-08 Actual expenditure (\$'000)
SOUTH AUSTRALIA					
Boothby					
Warradale Barracks					
Weapons Training Simulation System ^[3]	2,100	5	-	-	5
Wakefield					
RAAF Edinburgh					
87 Squadron Interim Facility	4,985	4,984	2,000	3,307	4,091
Explosives Warehouse Replacement ^[4]	13,250	18	-	4,400	18
DSTO Edinburgh					
Combat Mission Systems Research Centre Extension ^[3]	1,950	10	-	-	10
Weapons System Division Refurbishment ^[3]	1,350	13	-	-	13
Countermine Facility Refurbishment ^[3]	2,550	24	-	-	24
Over the Horizon Radar - Additional Working Accommodation ^[3]	4,000	66	-	-	66
Total South Australia	30,185	5,120	2,000	7,707	4,227
WESTERN AUSTRALIA					
Brand					
Garden Island					
Submarine Sustainment Software Systems Support Facility	4,200	3,272	3,900	3,685	3,261
Navy Personnel and Training Centre (West) and School of Survivability and Ship Safety (West)	4,470	167	-	600	167
ANZAC System Program Office - Office Refurbishment	3,420	76	-	3,000	76
Kalgoorlie					
Karatha - Infrastructure for North West Shelf Forward Based Armidale Patrol Boats	4,000	2,522	2,000	2,500	1,701
Pearce					
Bindoon Training Range					
Access Control Facility ^[3]	2,730	-	-	-	-
Total Western Australia	18,820	6,037	5,900	9,785	5,205

Table 6.5 Approved medium capital facilities by state and federal electorate

	Total estimated expenditure (\$'000)	Cumulative expenditure to 30 June 2008 (\$'000)	2007-08 Budget estimate ^[1] (\$'000)	2007-08 Additional estimate (\$'000)	2007-08 Actual expenditure (\$'000)
NORTHERN TERRITORY					
Lingiari					
RAAF Tindal					
Airborne Early Warning and Control Operations Facility	5,460	5,271	4,600	5,430	5,261
Follow On Stand Off Weapon Explosive Storehouse ^{[2][3]}	-	-	-	-	-
Solomon					
RAAF Darwin					
Fuel Equipment Maintenance Section	4,528	4,173	3,800	3,810	4,153
Naval Fuel Installation Refurbishment ^[3]	6,360	-	-	-	-
Special Operations Forward Mounting Facility	5,585	408	2,221	710	245
Robertson Barracks					
7th Battalion, Royal Australia Regiment - Interim Works	4,310	3,770	-	1,855	3,770
Total Northern Territory	26,243	13,622	10,621	11,805	13,429
Total	197,522	103,992	65,299	93,287	85,367

NOTES

1. As published in the *Portfolio Additional Estimates Statements 2007-08*.
2. Follow On Stand Off Weapons Explosive Storehouse has an approved budget of \$6.125m covering two locations, Orchard Hills and RAAF Tindal.
3. Project approved after publication of the *Portfolio Budget Statements 2007-08*.
4. Budget increased approved after publication of the *Portfolio Budget Statements 2007-08*.

Medium capital projects proposed for consideration in 2007-08

Table 6.6 provides details on the progress of new medium capital facilities projects foreshadowed for approval in 2007-08.

Table 6.6 Status of Proposed Medium Capital Facilities Projects by state, federal electorate and locality

Program of Medium Works (State, Federal Electorate and Locality)	Status
New South Wales	
Gilmore	
Beecroft Range: Air Defence Targets Capability Facilities	Cancelled ^[1]
Lindsay	
Orchard Hills: Office Accommodation and Entry Redevelopment	In development
Hughes	
Liverpool Military Area: High Voltage Reticulation System Upgrade	In development
Hunter	
Singleton	
School of Infantry: Urban Operations Training Facility	In development
Wentworth	
HMAS Watson: Bridge Simulator	In development
Victoria	
Flinders	
West Head Gunnery Range Redevelopment	Approved
Indi	
Bandiana: Supply Wing Army Logistics Training Centre Upgrade	In development
McEwen	
Puckapunyal: Regional Training Centre	Included in Puckapunyal redevelopment project
Queensland	
Groom	
Oakey: Loadmaster and Heliborne Training Facility	Cancelled ^[1]
South Australia	
Wakefield	
Port Wakefield:	
Replacement Explosive Storehouses	Approved
Battery Firing Facility	In development
Salisbury:	
Edinburgh Defence Precinct:	
Countermine Facility Refurbishment	Approved
Weapons System Division Refurbishment	Approved
Combat Missions Systems Research Centre Extension	Approved
Over The Horizon Radar Systems Program Office Additional Accommodation	Approved
Western Australia	
Brand	
Garden Island: HMAS Stirling	
Naval Personnel and Training Centre West and Royal Australian Navy School of Survivability and Ship Safety (West)	Approved

Table 6.6 Status of Proposed Medium Capital Facilities Projects by state, federal electorate and locality

Pearce	
Bindoon Training Range: Access Control Works	Approved
Northern Territory	
Solomon	
Darwin:	
Naval Fuel Installation Rectification	Approved
Wharf - Upgrade Bulk Fuel Transfer Services	Requirement being reviewed
Shoal Bay Receiving Station	In development
Robertson Barracks:	
1 Aviation Facilities Upgrade	In development
Australian Capital Territory	
Fraser	
1 Joint Public Affairs Unit Facility	In development
Various Locations	
Follow-on Stand-off Weapon Facilities (AIR 5418)	Approved
Countermine Capability Facilities (Land 144)	In development
RAAF 25 Metre Ranges (Richmond, Williamtown and Darwin)	In development
Weapons Training Simulation System Facilities (Adelaide Area - Warradale)	Approved

NOTE

1. Project was withdrawn by sponsor.

Approved projects being developed under private financing arrangements

Single Living Environment and Accommodation Precinct (Single LEAP) Phase 1, Queensland and New South Wales

Under Project Single LEAP Phase 1, Plenary Living (LEAP 1) Pty Ltd (Plenary) has been engaged to deliver a whole-of-life accommodation service including the funding, designing, building, maintaining and operating, of 1395 living-in accommodation units over a 30 year contractual period at three Defence bases: Holsworthy (NSW), RAAF Amberley (QLD) and Gallipoli Barracks in the Brisbane suburb of Enoggera (QLD).

Under the Phase 1 Single LEAP contract Plenary was responsible for funding, designing, building and is now providing accommodation services for the 295 living-in units at RAAF Base Amberley. The 30-year term over which Plenary will provide accommodation services commenced on 16 June 2008.

Blair, Queensland

Construction of 295 living-in units at RAAF Amberley is now complete. The 30-year term over which Plenary will provide accommodation services commenced on 16 June 2008.

Brisbane, Queensland

Construction of 500 living-in units is well advanced at Gallipoli Barracks. Construction of the LEAP Facility commenced at Gallipoli Barracks in May 2007, with the 30-year operational phase expected to commence two months ahead of schedule in late January or early February 2009.

Hughes, New South Wales

Construction of 600 living-in units at Holsworthy Barracks commenced in February 2007, with the operational phase expected to commence on schedule in mid-August 2008.

Single Living Environment and Accommodation Precinct (Single LEAP) Phase 2, National

Project Single LEAP Phase 2 represents an extension to the Phase 1 requirements for permanent living-in-accommodation to meet Defence's previously identified priorities. Project Single LEAP Phase 2 will provide 3,535 contemporary living-in units and associated facilities and services at a further 17 ADF bases in all mainland Australia States and Territories.

After consideration by the Parliamentary Joint Standing Committee on Public Works, the project was approved by Parliament in June 2007. The two-stage tendering process for Phase 2 commenced with an Expression of Interest stage beginning in October 2006 that resulted in the short listing of four consortia. These consisted of Living In Partnerships, Pinnacle Housing (LEAP2), Plenary Living and Ubique Infrastructure Services.

Eden-Monaro - Headquarters Joint Operations Command (HQJOC), New South Wales

The new facility is located approximately 11 kilometres south-west of Bungendore, NSW. Praeco Pty Ltd completed all buildings and other infrastructure on the site in time for the construction completion milestone of 9 July 2008. At this time the finance lease is expected to commence for the remaining 28 years of the 30 year private financing contract.

OTHER CAPITAL PURCHASES

Other capital purchases comprise minor capital equipment projects, purchase of repairable items, other plant and equipment, software and intangibles costing more than \$5,000.

Minor capital projects are generally valued between \$250,000 and \$20m, and cover new equipment, modifications to existing equipment or enhancements to new equipment. Minor projects costing between \$8m and \$20m are approved jointly by the Minister for Defence and the Minister for Finance and Deregulation. The Minister for Defence approves projects costing between \$5m and \$8m. The Service Chiefs and Group Heads, or their nominated delegates, approve projects costing less than \$5m.

In 2007-08, the capitalisation threshold for other plant and equipment was reduced from the 2006-07 threshold of \$5,000 to \$2,000. The actual result for 2007-08 was \$829.4m, which was \$118.6m above the revised estimate of \$710.8m. This was primarily due to a variation of \$154.4m in Repairable Items due to effort applied to increasing Repairable Items holdings to serviceable asset target levels following sustained operational tempo and effects of ageing platforms, offset by a -\$36.6m variation in several minor capital projects.

CAPITAL RECEIPTS

The capital receipts program comprises proceeds from property sales that are returned to the Government in the form of equity, and proceeds from the sale of specialised military equipment and commercial vehicles, and other plant and equipment items that is retained by Defence, under the Section 31 Agreement.

Property sales

In 2007-08, Defence received \$6.0m from the sale of surplus properties, \$84.7m less than the revised estimate of \$90.7m in the *Portfolio Additional Estimates Statements 2007-08*. None of these funds were required to be returned to Government.

Sale of Defence housing and annuity

Defence received \$18.5m from the sale of annuities by Defence Housing Australia in 2007-08. As required under the Section 31 Agreement that came into effect at the start of 2005-06, Defence has returned these proceeds to Government.

Proceeds from Sale of Specialist Military Equipment

Defence received minimal proceeds from the sale of specialist military equipment.

Proceeds from Sale of Other Property, Plant and Equipment

Defence received \$40.9m from the sale of Other Property, Plant and Equipment in 2007-08.

CHAPTER 7

Enabling our business

DEFENCE REFORM

Defence continued to identify and implement further improvements to the way it does business in 2007-08, building on major reforms over the last decade.

Key initiatives are the audit of the Defence Budget and financial management processes, the savings and efficiencies program, and the Defence reform program arising from recent reviews and investigations including the Defence Management Review. These initiatives provide a strategic direction for the organisation, a more sustainable financial base, and enhanced governance and improved business processes leading to greater efficiency and effectiveness.

The new White Paper will be an important vehicle for enabling reform. The White Paper Companion Reviews and the Defence Budget Audit are looking even more deeply into how Defence runs various parts of its business to determine whether these processes represent the best way of delivering capability to the Government.

Key areas of focus of Defence's management reform program in 2007-08 included the launch of a new business model and development of an enhanced governance framework, with clearer authority and accountability, and more rigorous performance management, assurance and audit processes. These reforms are ensuring that the ADF receives the best possible support for its operations and that the Government receives the maximum value for every dollar invested in Defence. These achievements are outlined below.

Defence Business Model

A new version of Defence Business Model was released in June 2008 and forms the basis for internal governance, accountability and assurance in Defence. The model enables clear identification of roles and responsibilities and provides a strategic framework for implementing improvements in business planning, business processes, communication engagement and performance management.

Risk Management

A more strategic and effective approach to risk management is a key element of Defence reform and the enhanced governance framework. Defence has initiated a process to establish an Enterprise Risk Management Plan focusing on critical risks affecting the organisation. The approach to risk management at the enterprise level has involved a number of related initiatives including a risk management business process.

The development of an Enterprise Risk Management Plan will enhance the ability of senior Defence leaders to manage and monitor key Defence risks. Once agreed, the plan will be the basis for risk management across Defence with cascading plans developed by Groups and Services.

Charters and Agreements

The Defence authority and accountability framework is underpinned by directives, charters and agreements consistent with the Defence Business Model and reflecting key deliverables and priorities for the organisation. Revised Charters and Organisational Performance Agreements were developed in 2007-08. The Charters and Organisational Performance Agreements identify key result areas for Groups and Services, and joint responsibilities of each Group Head and Service Chief in delivering core Defence priorities. These documents form a key element of Defence business planning and performance reporting.

Planning

During 2007-08, the rhythm and cycle of higher-level Defence processes were mapped, focusing on strategy development, financial and resource planning, capability planning and preparedness management. This work was undertaken to ensure that these processes are efficient, properly coordinated and integrated. This work will also provide the foundation for the reform of Defence's senior committees and enhanced governance.

Defence Management Review

A key focus in reform over the last year has been continuing to implement the recommendations of the Defence Management Review, released in 2007.

Of the agreed recommendations, significant achievements have been made over 2007-08, including:

- Release of a Defence Business Model to support Defence's enhanced governance framework
- Consolidation and outsourcing of regional information communications technology (ICT) service delivery and consolidation of the ICT function into the Chief Information Officer Group
- Implementation of more cost-effective contracting arrangements for on-base health services and the Defence Library Service which will focus on delivering efficient, cost-effective services in accordance with the Commonwealth Procurement Guidelines, based on value for money and continuous productivity improvement
- Strengthening the role of the Defence Audit Committee in providing independent advice to the Secretary and Chief of the Defence Force on all aspects of government by expanding its responsibilities and membership, and adopting a new charter
- Establishment of the People Strategies and Policy Group and appointment of a new Deputy Secretary People Strategies and Policy in February 2008 to develop a strategic human resources function aligned with Defence's strategic priorities and decision making.

Further work to implement the remainder of the recommendations is being progressed within Defence's major reform program.

DEFENCE SUPPORT GROUP

The Defence Support Group (DSG) is a consolidation of most of Defence's shared service provision responsibilities. Its mission is to be an innovative, agile and cost-effective support service that enables and enhances the delivery of Defence capability. The DSG supports Defence by providing legal services; personnel administration and related functions such as coordinating education, training and development; administration of honours and awards; ADF housing; support to ADF members and their families; financial and travel services; contracts that provide catering, cleaning and grounds maintenance services; strategic health policy and advice to ADF members; and management and sustainment of the Defence estate.

The DSG's workforce consists of around 5,000 APS employees and 1,600 military personnel, along with a large contracted workforce delivering products and support services to Defence people throughout Australia.

During 2007-08, the DSG spent \$3.1b, which included \$0.6b in capital budget and \$2.5b in operating budget.

Service delivery

In 2007-08, the DSG's major achievements include:

- A new housing classification scheme for members with dependants implemented from 1 July 2007. The scheme raises the minimum standard for Service residences to more closely reflect current community standards, particularly for junior ranks. Under the new scheme, Defence Housing Australia can deliver a greater variety of housing types within each rank group. This provides greater flexibility in meeting the needs of ADF families.
- Major planning was undertaken towards developing and articulating base accountability with the implementation of the new Base Accountabilities Model at HMAS Stirling, Lavarack Barracks and RAAF Amberley. These three bases will serve as the trial sites from 1 July 2008. This important initiative aims to clarify responsibility and accountability for activities on a base as they affect capability, operational support, force generation and other Service/Group specific deliverables from whole-of-base coordination to the delivery of support products and services. After the initial trial period of three months a national rollout is planned from February 2009.
- Significant steps were taken to establish the Defence Honours and Awards Tribunal. The Government, in its *Plan for Defence*, highlighted its desire to reward military service while preserving the integrity of the Australian honours and awards system. In order to achieve this balance, the Government has established an independent tribunal to oversee Defence honours and awards. Emeritus Professor Dennis Pearce AO was appointed Chair of the Tribunal on 23 July 2008.
- A review of mental health care in the ADF and the transition to non-military life commenced in May 2008. The review will provide an independent assessment of the existing mental health programs and support across the ADF and Department of Veterans' Affairs (DVA) and advise on their effectiveness, gaps in services, and challenges in delivery. It will also examine and advise on the transition process between the ADF and DVA. The review is expected to take approximately six months to complete with a report due to both Ministers in December 2008.
- Defence successfully completed negotiations with Serco Sodexo Defence Services for the provision of garrison support services, and Spotless

Property and Facilities Pty Ltd for the provision of comprehensive maintenance for the Defence estate in the Northern Territory/Kimberley region in March 2008. These agreements provide substantial business opportunities for local businesses, injecting over \$240m over the first five years of the contracts. Both arrangements will see a reduction in waste, increased recycling, the minimisation of energy use and greenhouse emissions, and will continue to ensure environmental and safety compliance. Many ADF operations are undertaken from the Northern Territory/Kimberley region, and these contracts are essential to sustain the quality of base support services.

- The ADF Integrated People Support Strategy was launched in August 2007. The strategy is aimed at enhancing the support structures for past and present ADF members and their families. It uses a whole-of-government approach to provide support services across the 'continuum of care' spectrum. A key initiative is the ADF Integrated People Support Model which incorporates and strengthens existing support services, internal and external to Defence. The ADF Integrated People Support Model was piloted at Fleet Base West in Western Australia and RAAF Edinburgh in South Australia from October 2007. The initial focus of the pilot was on enhancing the transition process as well as strengthening communication between internal and external service providers, to offer a high-quality through life service.
- Defence is consolidating up to 50 per cent of its military personnel administration (processing of pay and leave) into a new Personnel Administration Centre at Raymond Terrace, NSW. The establishment of

the centre has generated significant community interest via the employment opportunities and ongoing economic benefit to the local community. The construction of the leased facility, by local firm and owner Buildev, was completed on 1 May 2008 and incorporates a number of heritage, sustainable energy, water conservation and environmental initiatives into its design and construction. Defence has taken occupation of the facility and the centre is now fully operational. The Personnel Administration Centre was officially opened by the Parliamentary Secretary for Defence Support on 16 July 2008.

Maintaining the Defence estate

Defence is the largest Commonwealth landowner and one of the largest landowners in Australia, with 3.4 million hectares of land. The Defence estate consists of 64 major bases¹ and some 25,000 facilities valued at around \$62b. Another 350 properties are leased, with an annual lease bill in the order of \$120m.

The DSG continues to work with its customer groups and services in maintaining the vast Defence estate. Major achievements in estate management are detailed below.

- Over \$1b of facilities works (major capital and facilities operations) were delivered in 2007-08 including:
 - Special Operations Working Accommodation and Base Redevelopment Stage 1
 - 171 Aviation Squadron Relocation
 - RAAF Colleges Relocation
 - RAAF Amberley Redevelopment Stage 2, and
 - Lavarack Barracks Redevelopment Stage 4.

1. List of Major Defence Bases and Establishments is contained in the online version of this report.

More information about these works is detailed in 'Major capital facilities program 2007-08' on page 137.

- The new Headquarters Joint Operations Command facility at Bungendore, NSW, was delivered to Defence by Praeco Pty Ltd on time and budget. The facility is environmentally friendly and sustainable. Significant attention has been paid to self sufficiency, especially in terms of water use and power. The facility was delivered under public private

partnership arrangements and Defence will be providing an annual service payment to Praeco for the next 28 years for the design, construction, operation and maintenance of the facility. At the end of this period, the facility will be owned by the Commonwealth. The next phase of the project is the installation of all the information and communication systems by Defence prior to its opening in November 2008.

JOINT LOGISTICS COMMAND

Joint Logistics Command's (JLC) mission is to lead the coordinated delivery of efficient and effective logistics to enable Defence to train, fight and win. Key achievements of JLC in 2007-08 are outlined below.

- Logistic support to operations continued to be the primary focus for JLC, which has drawn on increased utilisation of contractors in all operational theatres and seen further developments in the application of consignment visibility systems.
- The Explosive Ordnance Management and Policy Branch was established to address the recommendations of the Weapons, Munitions and Explosives Security Performance Audit, and the Review of Defence Policy and Procedures for the Management of Explosive Ordnance. Since its formation, the branch has managed the implementation of 10 of the 58 recommendations of the audit's project plan which is scheduled to continue until 2013. A further nine recommendations will be completed in 2008-09.
- JLC and the DSTO have continued the collaborative development of a Joint Logistics Planning Tool, which provides joint logistic planners with the capability to more quickly and effectively support specified operational situations. The prototype was released in June 2008.
- A Strategic Logistics Elective was jointly developed for the Australian Command and Staff Course by JLC and the Australian Defence College. The elective provides future military leaders with an improved awareness of the importance of joint logistics in improving the effectiveness and efficiency of ADF operations.
- An improved management model for radiation sources and facilities was introduced and Commander Joint Logistics was appointed the single point of accountability for this domain within Defence. Consequently, Defence's relations with the radiation regulator, the Australian Radiation Protection and Nuclear Safety Agency, have been considerably enhanced and Defence is now considered an example of best practice amongst Commonwealth licence holders.

CASE STUDY

ICT Reform

'If the system doesn't work properly, it affects not only productivity - a serious issue for any business - but also operational effectiveness.

Our strategy for fixing IT focuses on four key areas - improving service delivery; improving governance of the whole IT enterprise; reducing the time it takes to deliver new IT capabilities; and reviewing our sourcing strategies.'

(Nick Warner, Secretary)

Throughout 2007-08, several initiatives have been implemented to address these issues in the short, medium and long terms.

First Steps Top 10 irritants

For immediate results in the short term, a program was introduced to rectify the 10 biggest irritants as identified by users, on both the Defence restricted and secret networks. By fixing these long-standing irritants the 'user experience' and ability of Defence employees to carry out their jobs was significantly improved. Most of the identified issues have now been resolved, while some will require a longer term resolutions. Projects to implement these long term resolutions have already commenced.

Restructuring the Chief Information Officer Group

In the medium term, the Chief Information Officer Group (CIOG) has undergone a restructure to a more traditional Information and Communication Technology (ICT) environment based around the 'Plan, Build, Run' model. To do this, in late 2007, the Chief Information Officer established a Chief Technology Officer position, and associated Division, to provide an architect to ensure the continued integrity of the Defence Information Environment.

Strategy and Future

In early 2008, work began on a Defence-wide ICT Strategy Paper. The ICT Strategy will ensure alignment of ICT and Defence business needs, as well as improving the governance of ICT. As a complementary activity, an ICT Sourcing Strategy will improve the efficiency ICT procurement and is expected to drive cost reductions.

DEFENCE SCIENCE & TECHNOLOGY ORGANISATION

As the Government's lead agency for providing science and technology support for Australia's defence and domestic security, the Defence Science and Technology Organisation (DSTO) delivers expert, impartial advice and innovative solutions to Defence and other organisations involved in national security.

DSTO outputs are increasingly critical to the development, sustainment, protection and effective application of Defence and national security capabilities. This is especially so with the complex nature of Australia's security environment, the high operational tempo, ongoing advances in technology and the continued need to minimise Defence's costs.

The DSTO continues to provide direct support to ADF operations, principally through technical advice to solve operational problems and through providing analysis and advice to commanders. As well as providing support from within its Australian-based capacity, the DSTO deployed scientists to headquarters in Operations Catalyst, Slipper and Astute. A number of technology insertion teams were also deployed to the Middle East Area of Operations and East Timor, and the DSTO's contributions were highly valued by Australian Commanders.

The DSTO provided science and technology support for the acquisition of new Defence capability, in particular by helping Defence determine the most appropriate capability options and reducing risk in technically complex projects. The DSTO's analysis and advice makes an essential contribution to Defence capability decision making, in many cases saving millions of dollars and increasing the level of capability. In the case of the New Air Combat Capability Project, the DSTO's extensive

participation in the Joint Strike Fighter Technology Advisory Board program substantially assisted with assessing and mitigating the project's risks.

The DSTO's expertise has also supported the optimisation of Defence's existing capability, especially through minimising ownership costs, and by extending performance and operating life. The DSTO's work on structural integrity, for example, provides the means by which Australia, as a sole operator, can retain the F-111 in service until its planned withdrawal date.

The DSTO maintained a long-range research program to assist in the definition and development of new capabilities to enhance Australia's defence. In hypersonics, a technology that could result in revolutionary changes in military capabilities, the DSTO and the University of Queensland have collaborated to successfully launch a number of supersonic-combustion ramjets; in 2007, the HyCAUSE vehicle reached speeds in the order of Mach 10.

In supporting future technology solutions for Defence, the DSTO also managed the Capability and Technology Demonstrator program. Of the 34 projects under management, 14 came to completion during 2007-08. Twelve of these delivered products of a standard suitable for phase two consideration, with two of these suitable for consideration for acquisition.

The organisation continues to broaden its scientific and technological capabilities through collaboration with domestic and international partners, maintaining over 300 agreements with external agencies. Foremost among these is the multilateral alliance between Australia, the United States, the United Kingdom, Canada and New Zealand under The Technical Cooperation Program. In partnership with the DMO, the DSTO successfully implemented the Defence Future

Capability Technology Centre initiative, with the first centre ready to commence operations from its headquarters at Swinburne University on 1 July 2008.

The DSTO actively participated in the Publicly-funded Agencies Collaborative Counter-Terrorism (PACCT) research program, in particular through the PACCT Thematic Working Groups.

DSTO's Training & Development

During 2007-08, the Defence Science and Technology Organisation continued to achieve against its people priorities: developing leadership and management skills, a leading-edge science and technology knowledge base and providing a safe and healthy workplace.

The DSTO maintains three leadership and management programs to develop the skills of staff members throughout their careers, as well as a comprehensive suite of learning and development activities for all new DSTO staff, spanning their first five years with the organisation.

MINISTERIAL SUPPORT & PUBLIC AFFAIRS

Ministerial Support

Responsiveness to Ministers

Defence has continued to improve its mechanisms for reporting on and monitoring the quality of advice provided to our Ministers and Parliamentary Secretaries. Additionally, with the change of Government in November 2007, Defence has reviewed the types, format and processes for providing advice to ensure the needs and expectations of the new Government are met.

Overall, 3,891 submissions or briefs were provided to the Ministers and the Parliamentary Secretaries in 2007-08. A total of 9,845 items of ministerial correspondence were tasked to Defence and 10,264 were completed (the difference relates to correspondence completed from the previous financial year). This represents a total of 14,155 submissions and items of correspondence that were provided to our ministerial team in 2007-08, compared to 15,242 for 2006-07. The slight decrease can be attributed to the Federal Election and the associated Caretaker period. The percentage of

responses finished to deadline increased from 71 to 86 per cent.

During the year, 33 Cabinet submissions or memoranda were provided to Cabinet or the National Security Committee. This shows a decrease from the 2006-07 figure of 68 submissions or memoranda.

To ensure Defence continues to provide high quality advice to Ministers in a timely and accurate manner, Defence continued to place emphasis on the development and delivery of training products to assist all Defence personnel enhance their skills for responding to Ministers. (see case study on page 163).

Parliamentary Committees

Defence appeared before 17 Parliamentary committee hearings and/or private briefings over a total of 19 days. Defence appeared before the Senate Standing Committee on Foreign Affairs, Defence and Trade at two estimates hearings during 2007-08, and appeared before several other committees to give evidence on a variety of issues such as treaties, military justice and the *Defence Legislation Amendment Bill 2007*.

In addition, Defence contributed 11 submissions to various Parliamentary committees throughout the year, provided responses to 101 committee questions on notice and 39 Parliamentary questions on notice. Further information on Defence's participation in Parliamentary committees can be found in Appendix 3 - External Scrutiny.

Public Affairs

The Public Affairs Branch assists Defence stakeholders, including Ministers and the Parliamentary Secretaries, in promoting and protecting the Defence Organisation's reputation by increasing public awareness of Defence activities and managing issues effectively through integrated command, management and public affairs planning.

Achievements

- Deployed Public Affairs teams on 12 short notice operational tasks, including emergency assistance to Papua New Guinea and Burma; provided 17 personnel (public affairs officers and photographers) to standing operational rotations in Iraq, Afghanistan, and East Timor; travelled extensively throughout Australia to cover 38 national tasks and supported six international events including support to overseas ANZAC Day commemorations, the repatriation of Australian soldiers killed in South Vietnam and the re-interment of First World War soldiers in Belgium.
- Facilitated and managed seven Defence-sponsored media tours involving 29 media representatives from 17 agencies to the Middle East area of operations. The branch also deployed seven military public affairs officers to facilitate the visit of 22 media representatives travelling to operational areas with Government Ministers and senior Defence leaders.
- Received 142 proposals requesting Defence's support for film and television productions, books and other projects. Compared to 2006-07, there was a notable increase in both the numbers of proposals received and productions that reached completion, with Defence's audience reach almost doubled in the process.
- Provided media awareness briefings to 121 Pre-deployment Force Preparation Courses involving 9,870 participants in 2007 and 28 courses in 2008 involving 2,473 participants.
- Undertook 3,466 imagery stills and video tasks, with 19,905 still images processed and approved for distribution. The Defence imagery database now contains 120,000 images approved for distribution. In addition, 149 hours of vision of Defence activities were processed, with 284 Defence video news releases, 120 compiles and 534 web videos being issued (including Christmas, Australia Day and Anzac Day).
- Fielded 5,046 media inquiries and issued 965 media releases and alerts in support of Government and departmental announcements, media launches, events and in response to emerging issues. In addition the Public Inquiry officer responded to 2,723 direct inquiries from the public.
- Continued to improve the useability and service delivery of the Defence Internet homepage. There were 322,166,616 hits on the Defence internet web server, representing 7,228,281 visits and 44,388,567 page views.
- Produced 69 issues of the fortnightly Navy, Army and Air Force newspapers, distributing in excess of 1.38 million copies to Defence members at home and on deployment. Online versions of these papers were also produced fortnightly.
- Edited and distributed 715 stories about individual ADF members to their hometown regional or suburban newspapers, an increase of 5 per cent over 2006-07 – which was itself an increase of 15 per cent over 2005-06. Some 80 per cent were published in over 150 newspapers across Australia. Each hometown story appears on the Defence webpage.

CASE STUDY

Supporting our Ministers

The focus on achieving best practice policies and protocols for supporting our Ministers has continued this year. Particular importance was placed on providing quality support in the lead up to and during the pre-election period and subsequently and meeting the requirements of our new Ministers and Parliamentary Secretaries.

During the pre-election period, a broad Caretaker awareness program was conducted. Detailed information was provided via employee information sessions and a Caretaker advice intranet site to ensure Defence members were well aware of the 'Guidelines on Caretaker Conventions' and how this period could affect Defence business. Interest in the new site was substantial and between July and October 2007 leading up to the Federal election, the intranet site received some 28,300 hits. An email advice line was also established to encourage the prompt discussion and resolution of any questions or issues. This awareness program greatly assisted with the smooth progression of Defence business prior to and during the caretaker period.

Immediately following the 2007 election, incoming ministers and their staff received extensive induction briefs (written and oral) on Defence, its roles, activities and business processes. Dedicated support by the Ministerial and Executive Support Branch and other key Defence stakeholders meant the Defence ministerial offices were among the first to be fully functional following the swearing in of the new Government.

Parallel to all of this action, the enhancement of Defence's ministerial awareness and training program continued. Led by the Ministerial Awareness and Training team, in conjunction with Policy Development Division, training and awareness programs were consolidated through regular delivery and evaluation.

The program now comprises formal training (eLearning and face-to-face) in government processes and structures and what these mean for Defence; ministerial writing; the more difficult aspects of developing complex submissions; and how to work effectively with our Ministers and their staff by better understanding their roles and expectations of us. Demand for the training has been extremely high and very positive feedback has been received:

- I understand how my organisation feeds into Defence as a whole and to Government
- I am now more aware of the APS relationship with the Minister and how to behave in the APS value framework
- Better understanding of how the 'little' person affects the Minister/Secretary/CDF's ability to do their job
- The workshop forced me to re-examine how and why I approach ministerial writing
- I am now better informed on strategies/approaches I can use to provide an enhanced service.

During the year, 460 Defence personnel successfully completed the Defence Ministerial Writing course. The Defence Ministerial Writing course is designed to assist personnel in developing quality briefs and correspondence for our Ministers and Parliamentary Secretaries - in particular question time briefs, ministerial submissions and ministerial correspondence.

The newly established Defence Government Awareness course was rolled out to the broader Defence audience in February 2008 following a successful pilot program in the second half of 2007. This course provides an introduction into government and parliamentary processes. Through the use of case studies and examples it shows how these processes relate to an individual's roles and responsibilities as a Defence employee. Since the introduction of the course, 101 Defence participants have successfully completed the course.

Similarly, 236 members of the Defence Senior Leadership Group participated in the half-day 'Working with Ministers' workshops, which aims to improve and shape the organisational culture to engage and support the Ministers through enhancing relationships and advisory skills for Senior Defence managers.

The 'Developing Complex Submissions' workshop, an intensive and interactive one-day training program, was developed in the second half of 2007 for personnel tasked with developing complex advice for our Ministers and Government. The key objective of this workshop is to assist Defence personnel in understanding how to ensure their complex submissions and briefs meet the needs of our Ministers. At the end of June, 339 participants had successfully completed the program.

Defence will continue to deliver the suite of ministerial awareness training during 2008-09 to further skill personnel in support of our Ministers. Table 7.1 shows the breakdown of the courses and number of staff who successfully completed the modules during 2007-08.

Table 7.1 Course Completion

Course	Personnel
Democratic System of Government (e-learning module)	782
Defence Government Awareness	101
Defence Ministerial Writing	460
Developing Complex Submissions	341
Working With Ministers	264
Total	1,948