

DEFENCE

CHAPTER FOUR

PEOPLE

OVERVIEW

WORKFORCE TRENDS

WORKFORCE SUMMARY

OVERVIEW

People are fundamental to Defence capability. The Defence White Paper, the Defence Update of 2003 and 2005, and the Defence Capability Review outlined the Government's expectations of capabilities that Defence should develop and sustain over a ten-year period. They emphasised the requirement for more ready forces (including concurrent deployments in several areas of operations) to respond to more demanding international circumstances and to present the Government with a wider range of options. In particular, the Defence White Paper provided guidance on the need for Defence to take account of the changing demography.

The people goal is to ensure that Defence has the right numbers of ADF and civilian personnel with the right skills and experience to provide the capabilities we need to undertake complex military operations, to support operations adequately across a number of fields, and to administer the Defence organisation.

In 2006, the Government endorsed plans to further increase the size of the ADF. This is a significant challenge facing Defence. Achieving planned growth in the context of sustained contracting domestic labour supply and mounting competition for skilled workers requires coordinated effort within Defence. The 2007-08 People priorities reflect the importance of civilian and military workforce issues across the Defence organisation.

People Priorities for 2007-08

Addressing Future Workforce Challenges

Defence will implement the first phase of a new ADF Recruitment and Retention Strategy to reduce separation rates and increase recruitment intakes in order to increase the ADF to about 57,000 in 10 years time. The Recruitment and Retention Strategy includes the following themes:

- maintaining the ADF as an employer of choice through initiatives to provide contemporary rewards in a competitive market place, and valuing our people through flexibility and choice,
- streamlining the ADF recruitment process through the implementation of the new Defence Force Recruiting capability,
- increasing the number of people who want to join the ADF,
- creating more pathways to ADF careers, and
- providing mechanisms to evaluate and adjust policies and programs.

The four initial recruitment and retention initiatives approved by the Prime Minister in December 2006 are:

- Reform Defence Force Recruiting (\$371m)
 - Streamlining the ADF recruitment process through the implementation of the new Defence Force Recruiting capability.
- Retention bonuses and allowances for personnel in critical positions or employment areas, with key skill sets (\$226m)
 - Targeted retention bonuses and allowances will be used as a short-term measure while other major initiatives are developed and implemented. Bonus and allowance types include:
 - retention bonuses for selected Navy and Army employment and rank groups who hold high-value skills and experience,
 - an initial one-year retention bonus, followed by a completion bonus for three years of additional service for military ranks critical to Army workforce growth,
 - retention bonuses to encourage current serving members to transfer to technical trade employment groups critical to Army workforce expansion, and
 - an allowance to encourage selected personnel to undertake military instructor and recruit training instructor postings and recognise the critical roles they play in delivering world-class military training.
- A military gap year scheme (\$306m)
 - Scheduled to commence in 2008, this scheme aims to offer about 1,000 Australian youths 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.
- A review of seagoing and submarine allowances
 - Over \$100m has been earmarked for Navy Seagoing and Submarine Service Allowances, subject to independent Defence Force Remuneration Tribunal consideration.

The further eight recruitment and retention initiatives agreed as part of this budget are:

- A modern and more flexible pay structure for other ranks (\$585m)
 - Defence will implement essential structural reform to the pay structures for non-officer ranks to introduce a much simpler, balanced and flexible framework.

- Enhanced assistance through a new Defence Home Ownership Assistance Scheme (\$864m)
 - This scheme is aimed at encouraging home ownership and provide for higher benefits as members serve on for longer periods. The new housing assistance scheme will be introduced, pitched at a level that reflects current prices. The scheme will increase entitlements over the years, respond to changes in the housing market, and offer flexible choice of mortgage providers.
- Further reforms to the Defence Force recruiting function (\$125m)
 - Implementation of a transition service to provide professional advice to those considering re-enlistment, lateral recruitment and leaving, and
 - Provision of access to independent advice to enable members to make considered financial decisions.
- Marketing and branding the Navy, Army and Air Force as employers of choice (\$228m)
 - Further Service branding initiatives will also be undertaken to increase community awareness of the ADF and its people, and
 - Additional funding will enable Defence to conduct more aggressive marketing campaigns that will achieve greater reach and penetration into the community and expand the ADF's recruiting base.
- The introduction of a new Defence Apprenticeship scheme (\$71m)
 - Two new initiatives will increase the number of technical training entrants each year and overcome existing technical trades recruiting shortfalls:
 - The introduction of a Candidate Referral Program to identify high school students (17 yrs +) for direct entry into ADF trade training, and
 - A Defence Apprenticeship Sponsorship Program to provide opportunities for more school leavers to undertake sponsored trade training.
- An expansion and enhancement of the Defence Force Cadet scheme (\$100m)
 - Further funding of \$10m per annum will be provided to deliver both an increase in the number of Cadets and an improvement in the overall program.
- Further investment in the Royal Australian Navy's Sea Change program (\$87m)
 - Submariners will now have access to the deployment allowance.
- Investment in the professional development of Defence medical officers (\$12m)

- Additional funding will be provided to assist uniformed medical officers in developing and maintaining their ongoing liability for professional development.

We will be working to mitigate challenges associated with the current and future competitive employment environment and implementing initiatives to further improve recruitment and retention, including:

- enhancing workforce capabilities by attracting, developing and retaining skilled personnel, particularly those within areas identified as having specialist skill shortages, ADF critical trade shortages, Reservists and critical APS workgroups, and
- conducting research to develop tailored recruiting strategies to attract more Indigenous Australians to the Defence organisation.

Conserving the Workforce

Defence will continue remuneration reform in the ADF through:

- implementing the new flexible salary structure for non-officer ranks, and
- further population of the new flexible officer salary structure.

We will develop personnel policies for Defence, including:

- implementing the lead elements of a policy framework to enable the long-term funding and delivery of housing and other accommodation solutions for ADF members, including the new housing classification policy for members with dependants,
- continuing development of family stability initiatives including Members with Dependants Unaccompanied, education assistance and conditions of service for members with shared parental responsibility,
- strengthening the performance management culture through continued implementation of the Performance Feedback Assessment and Development Scheme, introduction of e-performance and improved training for supervisors in areas such as managing underperformance.

We will continue to implement, promote and evaluate policies and embed cultural change and related productivity initiatives arising from the *Defence Collective Agreement 2006-09*.

Supporting ADF Members and Their Families

Defence will continue to implement improvements announced in the Government's response to the Senate Foreign Affairs, Defence and Trade References Committee Report on the Effectiveness of Australia's Military Justice System.

We are streamlining and improving the complaint handling and resolution process.

We will conserve the workforce through enhanced support to the Defence family:

- conducting a DCO Strategic Review to guide the development and provision of enhanced family support programs and services,
- streamlining the delivery of 24/7 crisis response and advice services to commanders, personnel and families, and
- improving service delivery in response to bereavements and serious casualties.

We are undertaking an independent Review of Military Superannuation Arrangements with presentation of a formal report to the Government.

We are supporting the trial of electronic voting for selected personnel deployed overseas.

Targeted Education and Training

We continue to develop targeted education and training through:

- ongoing implementation of the agreed outcomes of the Defence Business Skilling Review,
- an integrated Defence Australian Public Service Learning and Development strategy,
- expanding the suite of training modules available through flexible delivery, including eLearning, and
- promoting the learning and growth of Defence leaders and managers.

Improving ADF Health

Defence will implement measures to further improve ADF health, including:

- the Defence injury prevention program,
- the ADF alcohol, tobacco and other drugs program,
- the ADF suicide prevention program,
- continuing health studies of personnel deployed on Operation Anode (Solomon Islands) and Operation Citadel (Timor-Leste),
- implementing agreed recommendations of the review of Defence health services, and
- the continued enhancement of Defence's health information systems.

Health Services Initiatives

Specific health services initiatives planned for 2007-08 include:

- continuing to focus on psychological issues that underpin organisational effectiveness, performance enhancement and psychological resilience to ensure ADF members are physically and mentally fit with the appropriate aptitude to perform specific roles;
- continuing the ADF Mental Health Strategy with its focus on prevention and evidence-based treatment to maximise retention and enhance the quality of life for ADF personnel; and
- continuing formal health reviews for significant overseas deployments to provide a systematic, prospective and ongoing means of assessing and understanding the health effects (positive and negative) of deployment on ADF personnel. In 2007-08, studies will involve personnel deployed to Timor-Leste, Bougainville, the Solomon Islands and the Middle East Area of Operations.

Occupational Health, Safety and Compensation

We are continuing to develop an integrated occupational health and safety management system guided by the *Defence Occupational Strategy 2007-2012*, including:

- developing an implementation plan and supporting the Services' and Groups' implementation of initiatives,
- reviewing and updating policies and practices,
- promoting strong leadership and an active Occupational Health and Safety culture through education, awareness and recognition programs, and
- improving management information systems and self-assessment tools.

We will continue to implement initiatives from the Defence Civilian Injury Prevention and Absence Management Framework to reduce the incidence and severity of unscheduled absences in the civilian workforce.

We are promoting a strong partnership between the Department of Defence and Department of Veterans' Affairs through:

- continuing to implement the Military Rehabilitation and Compensation Scheme, and
- continuing the LINKS project, with a particular focus on initiatives in the areas of records management and transition management services for ADF personnel leaving the services.

Improvements to Defence's Human Resources and Payroll Management Information Systems

Defence will improve human resources and payroll management information systems by:

- progressing the development of Defence's human resource information management systems,
- continuing expansion of the employee self-service functions available to Defence personnel, including improving work performance management and use of online internet access,
- implementing reporting software that delivers improved human resources data extraction and management reporting, and
- implementing enhanced Australian Public Service employee recruitment services to Defence through the implementation of an e-recruitment software solution.

Personnel Services Initiatives

In 2007-08, Defence will:

- continue to improve Defence Honours and Awards business processes and practices to ensure ongoing timeliness of action and response including:
 - continuing to promote and implement the Australian Defence Medal initiative, and
 - further developments to the Defence medals website <http://www.defence.gov.au/medals/> for easier access and wider usage for the serving and ex-serving communities; and
- implement the new housing classification policy to come into effect from 1 July 2007;
- continue development of the ADF Financial Services Consumer Council services to ensure members and their families are financially aware consumers by offering regular financial education;
- provide support to the Forces Advisory Council on Entertainment to promote the morale and well being of deployed ADF personnel;
- implement the rationalisation and integration of the civilian and military personnel administration functions including the transition to a new single business centre located at Raymond Terrace, NSW;
- continue to enhance and improve the delivery of targeted education and training to Defence people, including expanding the suite of training modules available through flexible learning; and
- continue to attract and retain high quality people through the marketing and management of the Defence Graduate and Executive Development Programs.

Cadets

Defence is delivering an improved youth development outcome for ADF Cadets through a range of programs designed to enhance the cadet experience and facilitate the entry of interested and eligible Cadets into the ADF. These programs include:

- overhauling cadet and cadet staff training programs to ensure an exciting and engaging program with modern delivery methods and the capacity to articulate skills into qualifications which are meaningful to the broader community,
- conducting cadet careers information presentations and provide Cadets with preferred customer' status, including access to tailored career marketing information,
- piloting and evaluation of the CADETLiFe mental health resilience program,
- implementing a revised firearms training policy to improve access by Cadets to firearms training and trialling a portable firearms training simulator in Tasmania,
- implementing the human resource module of the CadetNet Online Administration System commencing with Navy Cadets and progressively roll out broadband access to all Cadet units,
- distributing a Youth Development Guide and supporting training materials to enhance cadet staff skills in understanding and working with youth, particularly in remote Indigenous communities in the north of Australia, and
- continuing to expand access to Indigenous youth to Cadets, continuing the development and promulgation of tri-Service cadet policy to enhance effectiveness of the cadet programs.

WORKFORCE TRENDS

Defence has an integrated workforce comprising a unique mix of full-time and part-time uniformed personnel from the three single Services, civilian APS employees, and contracted Professional Service Providers (PSPs). All of the significant outputs and capabilities generated by Defence arise from the action and interaction of these distinct workforce segments.

Defence's workforce composition is shown in Figure 4.4.

Policy on the broad size of the ADF workforce was set out in the 2000 Defence White Paper which indicated that the ADF would need to increase to around 54,000 by 2010 to meet Defence planning objectives. At the time, the proposed strength targets were considered easily within reach. It was also around this time that separation rates across the three Services were coming down from

their historic 2000-01 peaks, which had seen the overall ADF separation rate reach 14 per cent.

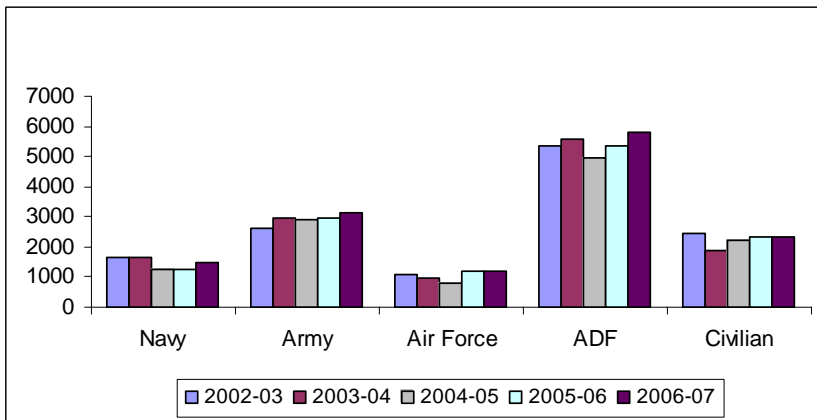
In 2006, the Government announced plans to establish two additional Army battalions over the decade. These growth plans mean personnel targets rise substantially over the decade 2007–2017. Increases of such a nature are a challenge and Defence is working to meet the workforce demand through reallocation of staff and increased effort towards retention, recruitment and development of current personnel.

Considerable resources have been invested in improving ADF recruitment and retention to recover ADF numbers and achieve planned growth. Defence is reporting biannually to the Government on the progress and effectiveness of new recruitment and retention measures being introduced.

Until military numbers recover, Defence is ameliorating the impact of current workforce shortfalls in non-Service Groups through a ‘whole-of-workforce’ approach, by temporarily increasing civilian numbers using non-ongoing staff in order to compensate for military workforce shortfalls, resulting in temporary increases in the civilian workforce. Despite the shortfalls in military numbers, Defence continues to meet its operational requirements and implement the White Paper program of three per cent real growth, the Hardened and Networked Army and Enhanced Land Force initiatives and other workforce requirements.

Figure 4.1 shows the trend for enlistments by Service and APS for the period 2002-03 to 2006-07.

Figure 4.1: Enlistment Numbers by Service and APS 2002-03 to 2006-07⁽¹⁾⁽²⁾⁽³⁾

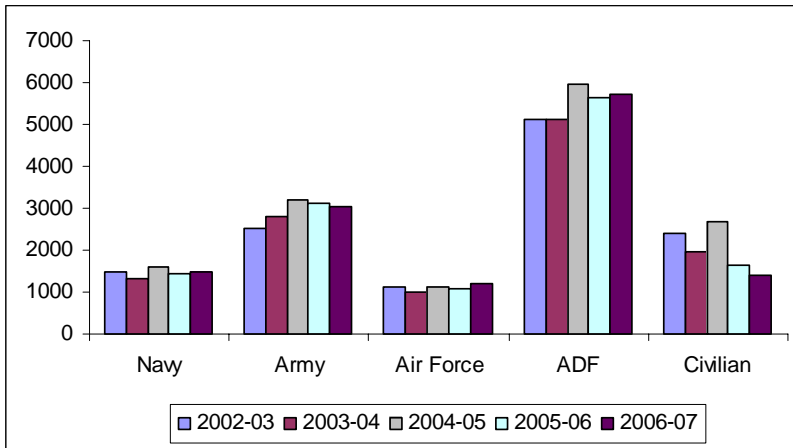


Notes

1. Figures in this figure show actual staff.
2. Enlistment figures for 2006-07 are an estimate only of EOY outcome.
3. APS enlistment figures for 2005-06 and 2006-07 exclude the DMO.

Figure 4.2 shows the trend for separation numbers by Service and APS for the period 2002-03 to 2006-07.

Figure 4.2: Separation Numbers by Service and APS 2002-03 to 2006-07⁽¹⁾⁽²⁾⁽³⁾

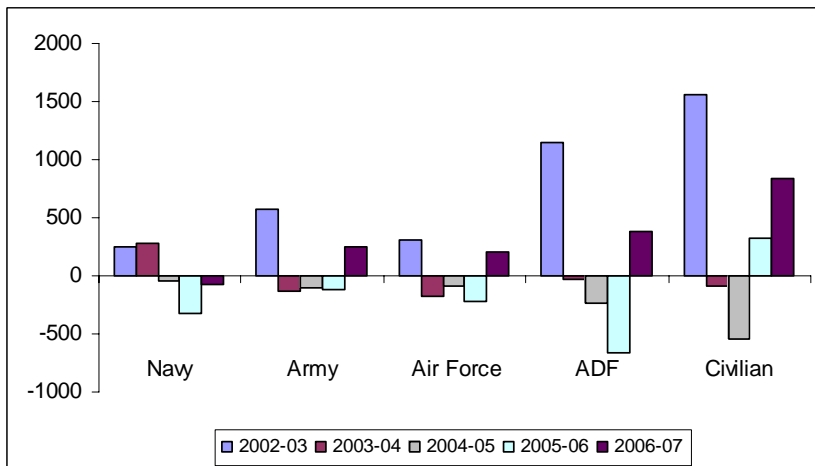


Notes

1. Figures in this figure show actual staff.
2. Separation figures for 2006-07 are an estimate only of EOY outcome.
3. APS separation figures for 2005-06 and 2006-07 exclude the DMO.

Figure 4.3 shows the change in permanent strength by Service and APS over the last five years.

Figure 4.3: Change in Permanent Strength by Service and APS 2002-03 to 2006-07⁽¹⁾⁽²⁾⁽³⁾



Notes

1. Figures in this figure show actual average funded strength.
2. Figures for 2006-07 are an estimate only.
3. Figures for 2005-06 and 2006-07 exclude the DMO.

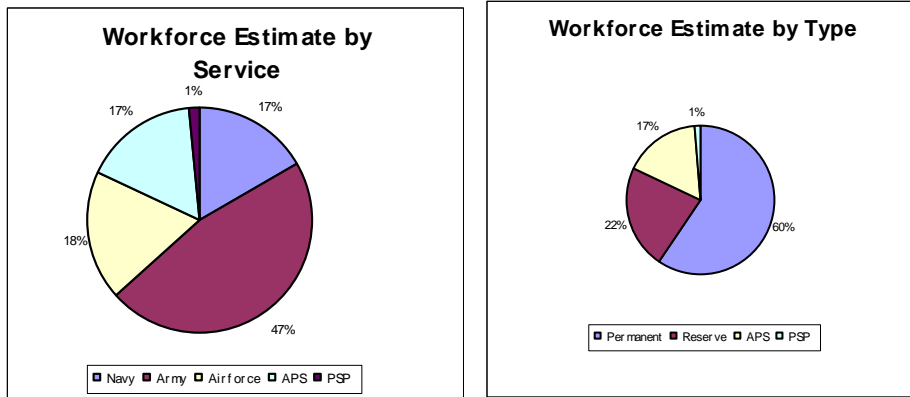
WORKFORCE SUMMARY

The total Defence workforce, excluding the DMO, is forecast to be 87,864 in 2007-08, comprising:

- Permanent Forces of:
 - 12,899 Navy Personnel,
 - 26,126 Army Personnel, and
 - 13,480 Air Force Personnel;
- 19,530 Reserve Forces;
- 14,658 APS staff; and
- 1,171 Professional Service Providers.

Figure 4.4 shows the composition of the workforce by Service and by type.

Figure 4.4: Defence Workforce – Budget Estimates by Service and Type



The total planned strength of the Defence workforce, excluding DMO, which is shown separately in Section Two – Defence Materiel Organisation, is shown in Table 4.1 below. The planned strength of the total workforce in 2007-08 is 87,864 or 1,161 more than the forecast strength for 2006-07 including ADF permanent forces (+1,029) and civilian APS staff (+158). At this stage the figures have yet to include the proposed civilianisation of a further 300 military positions, as the determination of the actual positions by Service has yet to be agreed. The numbers have also yet to be increased for the personnel associated with the 2006-07 Budget measure Enhancing the Reserves, as these have yet to be finalised. This adjustment will be reflected in the 2007-08 Additional Estimates, but will be neutral in terms of total numbers.

Table 4.1: Planned Workforce Allocation for the 2007-08 Budget and Forward Estimates

	2006-07	2007-08	2008-09	2009-10	2010-11
Navy	12,700	12,899	13,219	13,659	13,743
Army	25,486	26,126	26,978	27,458	27,826
Air Force	13,290	13,480	13,976	14,104	14,131
1. Sub-total Permanent Force	51,476	52,505	54,173	55,221	55,700
Navy	1,850	1,900	1,950	1,950	1,950
Army	14,600	14,600	14,600	14,600	14,600
Air Force	2,100	1,700	1,700	1,700	1,700
2. Sub-total Active Reserve Force	18,550	18,200	18,250	18,250	18,250
Navy	-	-	-	-	-
Army	400	530	720	1,080	1,360
Air Force	600	800	900	1,000	1,100
3. Sub-total High Readiness Reserve Force	1,000	1,330	1,620	2,080	2,460
ADHQ	1,475	1,487	1,483	1,441	1,441
Navy	779	858	858	838	838
Army	770	897	916	884	896
Air Force	906	916	915	903	903
DSG	4,760	4,600	4,541	4,557	4,568
DSTO	2,420	2,327	2,367	2,375	2,381
Other Groups	3,390	3,573	3,561	3,632	3,623
4. Sub-total Australian Public Service	14,500	14,658	14,641	14,630	14,650
5. Total Professional Service Providers	1,177	1,171	1,171	1,171	1,169
6. Total Workforce Strength (1+2+3+4+5)	86,703	87,864	89,855	91,352	92,229

Over the next four years the total workforce is funded to grow by 5,526 from the revised forecast of 86,703 for 2006-07 to 92,229 in 2010-11.

ADF PERMANENT FORCE

The revised forecast for the average funded strength of the permanent ADF for 2007-08 is 52,505 or 1,029 more than 2006-07 revised forecast of 51,476. The reasons for this increase are detailed in Table 4.2 below.

Table 4.2: Variation in Average Funded Strength from the 2006-07 (Forecast) and 2007-08 (Planned)

Serial No.		Comprising			
		Total	Navy	Army	Air Force
1	<i>2006-07 Estimated Actual</i>	51,476	12,700	25,486	13,290
	2006-07 Budget Measures				
	Rationalisation of the Command and Control Structure	-49	-11	-28	-10
	Hardened and Networked Army Phase 2	24	-	24	-
	Enhanced Land Force Stage 1	235	-	181	54
	ADF Recruitment and Retention Initiative - GAP Year Participants	350	50	200	100
	ADF Recruitment and Retention Initiative - GAP Year Scheme Support Staff	12	-	-	12
	Other Budget Adjustments				
	Variation to meet authorised White Paper funding strength	476	158	281	37
	Other variations including civilianisation of military positions	-19	2	-18	-3
2	Budget 2007-08 Position	52,505	12,899	26,126	13,480
3	Variation from 2006-07 Estimated Actual Baseline (2)-(3)	1,029	199	640	190

ADF RESERVE FORCE

The estimate for the Reserve Force in 2007-08 is 19,530 comprising Active Reserves of 18,200 and High Readiness Reserves of 1,330. This is 20 less than the revised estimates for 2006-07. Over the next four years, the Reserve numbers are forecast to increase by 1,160 from the revised forecast of 19,550 in 2006-07 to 20,710 by 2010-11 as Defence progressively stands up the High Readiness Reserves as shown in Table 4.3.

Table 4.3: Planned Strength of the Reserve Force

	2006-07 Forecast	2007-08	2008-09	2009-10	2010-11
Active Reserves	18,550	18,200	18,250	18,250	18,250
High Readiness Reserves	1,000	1,330	1,620	2,080	2,460
Total Reserves	19,550	19,530	19,870	20,330	20,710

CIVILIAN WORKFORCE

The Australian Public Service full-time equivalent position 2007-08 has increased by 158 from the 2006-07 estimated actual of 14,500. The variation is detailed in Table 4.4 below.

Table 4.4: Movement in Full Time Equivalent Strength from the 2006-07 Estimated Actual

Serial No.	<i>2006-07 Estimated Actual</i>	14,500
	2006-07 Budget Measures	
1	Hardened and Networked Army Phase 2	20
2	Enhanced Land Force Stage 1	8
3	ADF Recruitment and Retention Initiatives	78
	2007-08 Budget Measures	
4	Strengthening National Security - improved Defence intelligence capability	30
5	Strengthening National Security - reducing national e-security risk	14
	Other Budget Adjustments	
6	Management of Defence Information Environment	35
7	Increase in DSTO's staff for work relating to hypersonics, management of the Defence Capability Plan; Capability Technology Development and Counter Terrorism	40
8	Increase in staff for financial management, financial controls, compliance and logistics assurance	32
9	Enhancing DIO's Intelligence capability	10
10	Increase in intelligence related liaison positions in the US as a result of the Byrne Review	13
11	Substitution of Professional Service Provider positions with more cost effective civilian staff	11
12	Increase in staff for garrison support and other support functions	11
13	Increase in staff for the Counter Improvised Explosive Task Force	10
14	Management of the expanding capital facilities program	10
15	Reduction in the number of military positions to be temporarily backfilled compared with 2006-07	-67
16	Other variations including better recruitment and retention outcomes in 2006-07 than originally anticipated, resulting in a higher budget forecast outcome for 2006-07	-97
	Sub-total Variations (Sum of 1 to 16)	158
	Total 2007-08 Budget	14,658

Table 4.5 shows the breakdown of personnel by service and rank including the APS.

Table 4.5: Breakdown of Personnel Numbers by Service and Rank

	2006-07 Projected Result	2007-08 Budget Estimate
NAVY⁽¹⁾		
Star-ranked officers	46	46
Senior officers ⁽²⁾	467	470
Junior officers	2,205	2,237
Other ranks	9,982	10,146
Sub total: Permanent Forces	12,700	12,899
Reserves ⁽³⁾	1,850	1,900
Total Navy	14,550	14,799
ARMY⁽¹⁾		
Star-ranked officers	65	66
Senior officers ⁽²⁾	693	699
Junior officers	4,901	4,992
Other ranks	19,827	20,369
Sub total: Permanent Forces	25,486	26,126
Reserves ⁽³⁾	15,000	15,130
Total Army	40,486	41,256
AIR FORCE⁽¹⁾		
Star-ranked officers	40	39
Senior officers ⁽²⁾	533	538
Junior officers	3,541	3,619
Other ranks	9,176	9,284
Sub total: Permanent Forces	13,290	13,480
Reserve Forces ⁽³⁾	2,700	2,500
Total Air Force	15,990	15,980
APS staffing⁽¹⁾⁽⁴⁾		
Senior executives	107	108
Senior officers ⁽²⁾	3,612	3,710
Other APS staff	10,781	10,840
Total APS staffing	14,500	14,658
Professional Service Providers ⁽⁵⁾	1,177	1,171
Total Professional Service Providers	1,177	1,171
Total Workforce	86,703	87,864

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2007-08. Numbers for the APS and PSPs excludes the DMO.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and substantive APS Executive Level 1 and 2.
3. Reserve figures represent the actual numbers of General, Active and High Readiness Reservists who render service. Reservists on full-time service are reported in the Permanent Force.
4. The figures for Senior Executive Service include the Secretary of Defence.
5. Professional Service Providers are individuals under contract filling line positions.

EMPLOYEE EXPENSES

The estimates for employee expenses in 2007-08 and the Forward Estimates compared with the revised forecast for 2006-07 are shown in Table 4.6 below.

Table 4.6: Employee Expenses for the 2007-08 Budget and Forward Estimates

	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m
Military Employee					
Permanent Salary, Allowances, Superannuation and Leave	4,483.9	4,897.0	5,155.1	5,443.0	5,816.1
Housing	428.5	453.3	467.7	487.7	500.1
Health Services	192.8	199.3	219.6	241.1	267.4
Fringe Benefits Tax	276.6	285.3	291.0	305.1	340.2
Reserves Salary and Allowances	167.7	186.4	192.1	197.7	197.3
Sub-total Military Employee Expenses	5,549.5	6,021.3	6,325.4	6,674.7	7,121.1
Civilian Employee					
Salary, Allowances, Superannuation and Leave	1,185.0	1,277.1	1,323.5	1,429.4	1,537.6
Other Expenses including Fringe Benefits Tax	5.9	6.2	6.3	6.6	7.3
Sub-total Civilian Employee Expenses	1,190.9	1,283.3	1,329.8	1,436.0	1,544.9
Total Employees	6,740.4	7,304.6	7,655.2	8,110.7	8,666.0

MILITARY EMPLOYMENT EXPENSES

Military employee expenses have increased by \$315.8m in 2007-08 compared with the allocation at the time of the 2006-07 Additional Estimates as detailed in Table 4.7 below.

Table 4.7: Movement in Military Employment Expenses since the 2006-07 Additional Estimates

Serial No		2007-08	2008-09	2009-10	2010-11
		\$m	\$m	\$m	\$m
1	Portfolio Additional Estimates 2006-07 Baseline	5,705.5	6,001.9	6,331.3	6,735.9
	2007-08 Budget Measures				
2	Australian Defence Force Retention and Recruitment – further initiatives:				
	Remuneration Structure Reform	0.0	60.3	61.1	62.3
3	Navy Sea Change Initiatives	1.1	1.1	1.1	1.2
4	Air combat capability - acquisition of Super Hornets	0.0	0.0	8.6	31.4
5	Iraq - continued funding for stabilisation and reconstruction activities	109.7	9.8	0.0	0.0
6	East Timor - continued funding to help restore peace and stability	39.0	0.0	0.0	0.0
7	Afghanistan - Australian Defence Force deployments	64.5	32.9		
8	Defence housing - supplementation for competitive neutrality policy	87.4	88.5	89.7	91.7

Serial No.		2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
9	C-17 heavy airlift - personnel and operating funding	-	6.4	9.5	9.7
	Other Budget Adjustments				
10	Re-categorisation from Suppliers expenses for Defence Injury Prevention Program	-1.2	-1.0	0.0	0.0
11	New Army Military Instructors Allowance re-categorisation from Suppliers expenses	1.8	2.9	1.9	2.9
12	Operation Deluge associated with Asia Pacific Economic Cooperation meeting	3.0	0.0	0.0	0.0
13	Civilianisation of 65 positions in Army	0.0	0.0	-0.3	-4.8
14	Re-categorisation of Employees from Suppliers for the salaries for the Military Gap Year participants	0.0	38.1	38.5	39.3
15	Navy Reserve Capability Enhancement Program	1.3	1.8	1.8	0.0
16	2007-08 price increases and other variations	9.1	82.6	131.4	151.5
17	Total Variations (sum 2 to 16)	315.8	323.4	343.4	385.2
18	Revised 2007-08 and Forward Estimates	6,021.3	6,325.4	6,674.7	7,121.1

CIVILIAN EMPLOYEE EXPENSES

Civilian employee expenses have increased by \$17.4m in 2007-08 compared with the allocation at the time of the 2006-07 Additional Estimates as detailed in Table 4.8 below.

Table 4.8: Movement in Civilian Employee Expenses since the 2006-07 Additional Estimates

Serial No.		2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
	2006-07 Portfolio Additional Estimates Statements Baseline	1,265.9	1,291.9	1,370.8	1,425.4
	2007-08 Budget Measures				
1	Strengthening National Security - improved Defence intelligence capability	3.2	7.8	15.4	20.5
2	Strengthening National Security - reducing national e-security risk	1.2	2.4	3.7	5.1
3	Afghanistan - Australian Defence Force deployments - increase in staff to support financial management and reporting requirements	0.7	0.7	-	-
4	C-17 heavy airlift - personnel and operating funding	-	0.8	0.8	0.8
	Other Budget Adjustments				
5	Civilianisation of military positions	4.3	4.7	4.7	4.7
6	Staff for the Counter Improvised Explosive Devices Task Force	1.1	1.1	1.1	1.1
7	Increase in staff to manage the expanding capital facilities program	0.8	1.6	2.0	2.0

Sect/No.		2007-08	2008-09	2009-10	2010-11
		\$m	\$m	\$m	\$m
8	Increase in staff required to address workforce pressures in the garrison support and other support functions	0.9	1.6	4.0	5.1
9	Increase in Defence Legal staff to manage the legal panel, senate inquiries into military justice, defective administration and freedom of information legislation	0.8	1.2	1.6	1.6
10	Enhancing DIO's capability	0.8	1.6	2.3	2.3
11	Increase in staff for intelligence related liaison positions in the US as a result of the Byrne Review	1.0	1.0	1.0	1.0
12	Increase in funding to manage the Defence Information Environment	5.9	5.9	5.9	5.9
13	Increase in staff for work relating to systems accounting, remediation project office, financial reporting and accounting policy, procurement policy, costing and technical advice, inventory remediation, asset and liability management	1.2	2.0	2.7	3.4
14	Increase in staff to support logistics assurance	1.3	1.3	-	-
15	2007-08 price increases and other variations	-5.8	4.2	20.0	66.0
16	Total Variation (sum of 1 to 15)	17.4	37.9	65.2	119.5
17	Revised Estimate for 2007-08 and Forward Estimates	1,283.3	1,329.8	1,436.0	1,544.9

RECRUITMENT AND RETENTION FUNDING

An additional \$1,016m was allocated over 11 years in the 2006-07 Additional Estimates towards stabilising, growing and maintaining the Defence Force. This was the first phase of a major overhaul of ADF recruitment and retention strategies. In addition, a further \$2,071m has been allocated over 10 years in the 2007-08 Budget for a further eight recruitment and retention measures, and these have been explained earlier in the document. All up, the Government has allocated \$3,087m over 11 years for recruitment and retention measures as detailed in Table 4.9.

Table 4.9: Additional Funding Provided by the Government for Recruitment and Retention

Recruitment and Retention Measures	06-07 (\$m)	07-08 (\$m)	08-09 (\$m)	09-10 (\$m)	10-11 (\$m)	11-12 (\$m)	12-13 (\$m)	13-14 (\$m)	14-15 (\$m)	15-16 (\$m)	16-17 (\$m)	TOTAL (\$m)
Retention Bonuses and Allowances	49.6	38.3	31.6	19.3	65.0	22.5	-	-	-	-	-	226.4
Navy Sea Change	-	17.3	23.3	23.5	24.0	24.5	-	-	-	-	-	112.5
Reform of Defence Force Recruiting	-	26.5	35.6	36.0	36.7	37.5	38.2	39.0	39.7	40.5	41.4	371.1
Military Gap Year Scheme	-	-	8.2	18.2	19.7	40.9	41.8	42.8	43.8	44.9	46.0	306.3
1. Sub-Total Approved by Government in the 2006-07 Additional Estimates	49.6	82.1	98.8	97.1	145.4	125.3	80.0	81.8	83.5	85.5	87.3	1,016.3
Remuneration Structure Reform	-	-	59.7	60.6	61.9	63.3	64.7	66.3	67.8	69.4	71.7	585.4
Defence Home Ownership Assistance Scheme	-	-	40.9	52.9	64.7	77.5	97.2	134.8	140.2	130.4	125.2	863.8
Reform of Defence Force Recruiting	-	4.4	12.2	12.5	12.7	13.0	13.3	13.6	14.0	14.2	14.6	124.5
Marketing and Service Branding	-	24.6	26.6	26.8	27.5	19.3	19.7	20.2	20.6	21.0	21.6	227.8
Defence Apprenticeships	-	5.0	6.7	6.8	7.0	7.1	7.4	7.5	7.6	7.8	8.1	71.0
Expanding Cadets	-	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	100.0
Royal Australian Navy Sea Change	-	1.9	8.6	8.7	8.9	9.2	9.4	9.6	9.8	10.1	10.3	86.5
Medical Officer Professional Development	-	0.6	0.9	1.0	1.1	1.3	1.3	1.4	1.4	1.4	1.4	12.1
2. Sub-Total Approved by Government in the 2007-08 Budget	-	46.5	165.6	179.3	193.9	200.7	223.0	263.4	271.4	264.4	262.9	2,071.1
3. Total Funding to Recruitment and Retention Measures (1+2)	49.6	128.6	264.3	276.3	339.3	326.0	303.1	345.2	354.9	349.9	350.2	3,087.4

