



Australian Government
Defence

**Defence
Annual
Report
2023–24**



Acknowledgement of Country

Defence acknowledges the traditional custodians of Country throughout Australia. Defence recognises their continuing connection to traditional lands and waters and would like to pay respect to their Elders both past and present. Defence would also like to pay respect to the Aboriginal and Torres Strait Islander peoples who have contributed to the defence of Australia in times of peace and war. IMAGE CREDIT: Nicole Mankowski.

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Internet — The Defence website at defence.gov.au provides a comprehensive resource of military security, capability and people matters. An electronic version of this report, and supplementary content to this report that includes additional detailed information, can be accessed at defence.gov.au/annualreports and transparency.gov.au.

Aids to access — Feedback about this report is welcome and should be directed to the Defence Annual Report contact officer: Assistant Secretary Enterprise Evaluation. Contact email: annual.report@defence.gov.au. Entity website: defence.gov.au.

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Defence at a glance

Our mission

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

Our vision

Defence achieves its mission through the:

- conduct of operations, and provision of support for the Australian community and civilian authorities, in accordance with Government direction; and
- provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.

Our strategy

The Strategy of Denial guides Defence's contribution to *National Defence* and spans five domains: maritime, land, air, space and cyber. Australia's primary strategic defence objective is now deterrence:



Key activities

Defence ensures it has the capability to meet Government-directed requirements through the following key activities:

- conduct operations and deployments in order to defend Australia's national interests;
- be a strategy-led organisation;
- enable intelligence-informed strategic policy and overseas operations;
- invest in Defence people;
- promote regional and global security and stability;
- deliver future capability; and
- advance Australia's prosperity.

Portfolio structure

As at 30 June 2024, the Defence portfolio structure consisted of:

- Defence (including the Department of Defence and the Australian Defence Force (ADF));
- the Australian Signals Directorate;
- the Australian Submarine Agency;
- trusts, canteens and companies;
- statutory offices and other entities created by the *Defence Force Discipline Act 1982* and the *Defence Act 1903*;
- the Department of Veterans' Affairs; and
- military justice appointments.

Responsible ministers

As at 30 June 2024, the Defence portfolio had four ministers:

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

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

- the Hon Clare O'Neil MP, Minister for Home Affairs and Minister for Cyber Security.



Australasian Reporting Awards

Defence received a silver award for its 2022–23 annual report at the Australasian Reporting Awards in June. This award recognises our commitment to benchmarking against world best practice criteria and delivering high quality, transparent reporting to Government and the Australian people.

Funding and assets

For 2023–24, Defence reported a net cash overspend of \$443.6 million, which reflects 0.9 per cent of total available funding of \$51.5 billion. More information about Defence’s financial performance can be found in [Chapter 4: Financial summary](#). Defence currently manages \$145.9 billion of total assets, including \$88.6 billion of specialist military equipment.

\$443.6 million

2023–24 net cash overspend.

\$51.5 billion

total available funding.

\$145.9 billion

2023–24 total assets.

\$88.6 billion

for specialist military equipment.

Our people

As at 30 June 2024, Defence had a permanent workforce of 76,691, comprising 57,226 permanent ADF members (excluding ADF Gap Year participants), and 19,465 ongoing Australian Public Service (APS) employees. The Reserve force (Service categories 3, 4 and 5) was more than 32,000. More information can be found in [Chapter 6: Workforce, personnel and families](#).

57,226

ADF permanent personnel.

19,465

APS ongoing employees.

32,000+

ADF Reserve force.

Our values

The values that guide our behaviours are:

- service;
- courage;
- respect;
- integrity; and
- excellence.

Our projects

As at 30 June 2024, Defence managed 568 major and 99 minor acquisition projects, with total acquisition costs of \$245 billion.

568

major acquisition projects.

99

minor acquisition projects.

\$245 billion

total acquisition costs.

About this report

This is the Secretary of the Department of Defence and the Chief of the Defence Force’s performance report to the Deputy Prime Minister and Minister for Defence, the Parliament of Australia, and the Australian public for 2023–24. The report addresses the mission and outcomes of the Department of Defence and the ADF — collectively known as Defence. The report was prepared in accordance with parliamentary reporting and legislative requirements. The requirements table in [Appendix F](#) shows where to find required information in this report. This report should also be read in conjunction with the [2023–27 Defence Corporate Plan](#).

Online content

An electronic version of this report and supplementary performance information may be accessed at defence.gov.au/annualreports. [Appendix E](#) of this report lists the supplementary online material that is available on the Defence website. This report is also published on the Australian Government [Transparency Portal](#).

Where we work

Defence holds extensive land and property holdings in the Commonwealth, with a net value of \$38.2 billion in buildings and infrastructure, including training areas, ranges and major bases. Defence has environmental stewardship of more than 3.87 million hectares of land in Australia and operates a number of facilities and operational bases around the world.

\$38.2 billion

net value held in building and infrastructure.

3.87 million

hectares of land across Australia.



Progress since the Defence Strategic Review

Since the release of the *Defence Strategic Review* on 24 April 2023, implementation of the Government-agreed recommendations was significantly progressed by Defence and our partners across the Government in 2023–24.

To progress the Government-directed response to the *Defence Strategic Review*, Defence:

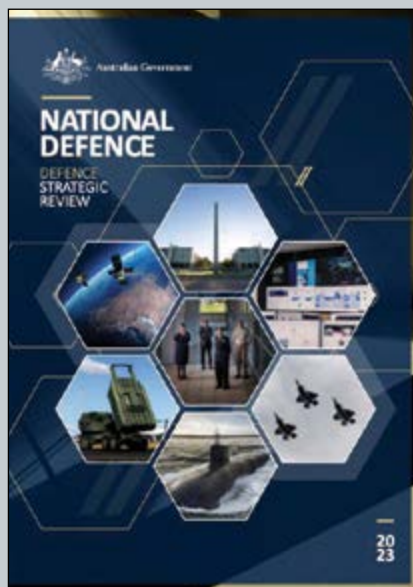
- established the Australian Submarine Agency on 1 July 2023, continuing the process of acquiring conventionally-armed nuclear-powered submarines through AUKUS Pillar I;
- established the Advanced Strategic Capabilities Accelerator on 1 July 2023, to deliver advanced defence technologies;
- rebuilt the *Integrated Investment Program* to reallocate funds and workforce for prioritised capabilities, including for logistics and health networks;
- secured critical capability milestones including:
 - the investment of \$1.6 billion to expand and accelerate the acquisition of 42 high-mobility artillery rocket systems for Army;
 - signed contracts with Lockheed Martin Australia to domestically produce guided multiple launch rocket systems;
 - the commitment of \$765 million to deliver the second tranche of the Joint Air Battle Management System to support an enhanced, integrated and coordinated air and missile capability;
 - the purchase of more than 200 Tomahawk cruise missiles to be integrated into Hobart Class destroyers as part of the ADF's long-range strike capability;
 - the purchase of 20 C-130J Hercules aircraft; and
 - signed contracts with Hanwha Defence Australia to deliver and support 129 locally built Redback infantry fighting vehicles for Army;
- commenced reforming and relocating Army units and formations to reflect revised force structure requirements from 28 September 2023;
- handed the independent analysis of Navy's surface combatant fleet capability to the Government on 29 September 2023;
- launched work to baseline Defence's estate and infrastructure, and commenced improvements to Defence's northern bases, including through the investment of nearly \$700 million to support Apache helicopter basing at RAAF Base Townsville, Queensland;
- commenced upgrades to infrastructure at naval bases and shipyards, including through the establishment of a strategic partnership between Defence and Austal Limited at Henderson Shipyard on 23 November 2023;
- signed a \$450 million fuel supply contract to bolster Australia's national fuel security;
- transitioned the authority for Space Command to the Chief of Joint Capabilities on 1 July 2023;
- established the Chief of Joint Capabilities as the cyber domain lead on 1 July 2023, including accountability for Cyber Operations Division and ensuring the ADF is appropriately supported on operations;
- appointed the inaugural First Assistant Secretary AUKUS Advanced Capabilities to focus on prioritising and delivering capabilities under AUKUS Pillar II;
- launched the ADF Careers website to assist modernising the ADF recruitment system; and

- deepened Australia’s collaboration and diplomatic relationships with our international partners through:
 - the conduct of Indo-Pacific Endeavour (July to October 2023) as Defence’s flagship regional engagement activity;
 - hosting Exercise MALABAR for the first time in August 2023 with partners from India, Japan and the United States;
 - the Japan–Australia Reciprocal Access Agreement coming into effect in August 2023, supporting closer cooperation between the ADF and the Japan Self-Defense Force;
 - the largest ever Exercise Talisman Sabre in July 2023, involved 13 nations and more than 35,000 personnel and demonstrated the ability of the joint force to integrate with partners; and
 - AUKUS partners successfully demonstrating a trial of undersea warfare capabilities under AUKUS Pillar II in November 2023.

The *Defence Strategic Review’s* direction to adopt *National Defence* as the strategic approach for defence planning was achieved by the Government’s release of the inaugural *National Defence Strategy* on 17 April 2024. The *National Defence Strategy* marks the inaugural biennial strategic framework to guide the significant and urgent changes required to address Australia’s challenging strategic circumstances.

DSR priority areas for immediate action:

- ✓ investing in conventionally-armed, nuclear-powered submarines through the AUKUS partnership;
- ✓ developing the ADF’s ability to precisely strike targets at longer range and manufacture munitions in Australia;
- ✓ improving the ADF’s ability to operate from Australia’s northern bases;
- ✓ lifting our capacity to rapidly translate disruptive new technologies into ADF capability, in close partnership with Australian industry;
- ✓ investing in the growth and retention of a highly skilled defence workforce; and
- ✓ deepening our diplomatic and defence partnerships with key partners in the Indo-Pacific.



Our performance

In 2023–24, Defence’s performance was measured against the 10 enhanced measures and associated targets as published in the *2023–27 Defence Corporate Plan*.

Table 1.1 outlines the results achieved against the four-tier rating system of: achieved; substantially achieved; partially achieved; and not achieved.

Table 1.1: Performance measure results achieved against the four-tier system, 2023–24

Outcome 1:	Portfolio Budget Program	Outcome
Conduct operations and deployments to defend Australia and its national interests		
Defence maintains ready forces, plans and conducts operations, activities and actions as directed by Government to achieve Defence’s strategic objectives.	1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12	Achieved
Defence commits ADF and APS assistance to whole-of-government national disaster and emergency response, as directed by Government.	1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12	Achieved
Outcome 2:		
Portfolio Budget Program		
Outcome		
Be a strategy-led organisation		
Defence develops internal policy guidance to implement Government direction.	2.1	Achieved
Enable intelligence-informed strategic policy and overseas operations		
Defence intelligence assessments and products inform the planning and conduct of overseas operations and the development of strategic policy.	3.1	Achieved
Invest in Defence people		
Defence is able to attract and retain an ADF and APS workforce with the necessary culture, skills and capabilities to contribute to Australia’s national interests.	2.2, 2.4, 2.12, 2.20, 2.21, 2.22, 2.23	Partially achieved
Defence supports ADF members and their families by providing access to support services and programs.	2.2, 2.4, 2.12, 2.20, 2.21, 2.22, 2.23	Substantially achieved
Promote regional and global security and stability		
Defence builds and maintains relationships with international partners that promote regional and global security and stability.	2.1	Substantially achieved
Defence conducts operations, activities and investments, which provide presence and posture in the Indo-Pacific.	2.1	Achieved
Deliver future capability		
Defence is delivering the right future capability at the right time within the <i>Integrated Investment Program</i> to ensure it is equipped to respond to future security challenges as described by the <i>Defence Strategic Review</i> .	2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.13, 2.14, 2.15, 2.16	Achieved
Advance Australia’s prosperity		
Defence contributes to Australia’s prosperity through the inclusion of Australian businesses and enterprises in supply chains for capability and services.	2.1, 2.3, 2.9, 2.13	Substantially achieved

(Table 1.1 continued)

Mission

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

<p>Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.</p>	<p>Portfolio Budget Program</p> <ul style="list-style-type: none"> 1.1 Operations contributing to the safety of the immediate neighbourhood 1.2 Operations supporting wider interests 1.3 Defence contribution to national support tasks in Australia
<p>Outcome 2: Protect and advance Australia's strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.</p>	<p>Portfolio Budget Program</p> <p>Departmental</p> <ul style="list-style-type: none"> 2.1 Strategy, Policy and Industry 2.2 Defence Executive Support¹ 2.3 Defence Finance 2.4 Joint Capabilities 2.5 Navy Capabilities 2.6 Army Capabilities 2.7 Air Force Capabilities 2.8 ADF Headquarters 2.9 Capability Acquisition and Sustainment² 2.10 Security and Estate 2.11 Defence Digital 2.12 Defence People³ 2.13 Defence Science and Technology 2.14 Defence Intelligence 2.15 Naval Shipbuilding and Sustainment 2.16 Nuclear-Powered Submarines 2.19 Defence Trusts and Joint Accounts <p>Administered</p> <ul style="list-style-type: none"> 2.20 Defence Force Superannuation Benefits 2.21 Defence Force Superannuation Nominal Interest 2.22 Housing Assistance 2.23 Other Administered

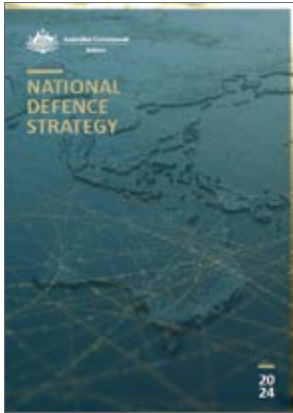
1. Includes the Governance Group.
 2. Includes the Guided Weapons and Explosive Ordnance Group.
 3. Includes the Chief of Personnel.

2023–24 DEFENCE SNAPSHOT

AS A STRATEGY-LED ORGANISATION WE RELEASED:

3

new strategies.



National Defence Strategy



Integrated Investment Program



Defence Industry Development Strategy

TO DEFEND AUSTRALIA AND ITS NATIONAL INTERESTS WE CONDUCTED:

25 operations [p.10]

including the **deployment of ADF personnel to support disaster relief operations** in response to:

- bushfire; [p.34]
- floods; and
- tropical cyclone events.



TO ADVANCE AUSTRALIA'S PROSPERITY WE CONTRIBUTED:

\$29.41 billion [p.48]

to our economy,

and, we approved

2,966

export permits. An increase of **240 permits**. [p.49]



WE INVESTED IN INNOVATION, SCIENCE AND TECHNOLOGY:

[p.82]

with the **Advanced Strategic Capabilities Accelerator (ASCA)** established. [p.83]

We also placed **third** at the world's largest cyber event – NATO Cooperative Cyber Defence Centre of Excellence.



FOR DEFENCE INDUSTRY WE:

invested in local munitions productions

at Mulwala and Benalla in NSW [p.4] and, we

signed contracts with **Lockheed Martin** [p.4]

to domestically produce guided multiple launch rocket systems.



achieved

\$4.9 billion

milestone in contract value for **First Nations businesses** (since 2015). [p.60]

2023–24 DEFENCE SNAPSHOT (CONTINUED)

INVESTING IN OUR PEOPLE — OUR MOST IMPORTANT CAPABILITY:

Families [p.134]

130,600

ADF members and their families supported with programs and services.

Navy participated in **200+** community events supporting the Australian people.

Women in Defence [p.125]

Hold SES roles **51.6%**

Positions on Defence Boards **45.7%**

APS ongoing positions **48.6%**

ADF permanent personnel **20.7%**

1,700 women engaged in STEM across the ADF.

Workforce [p.98]

Launched the **Defence Culture Blueprint Program**. Other key initiatives included:

- ADF continuation bonus
- enhanced access to study opportunities
- expanded health benefits.

TO PROMOTE REGIONAL AND GLOBAL SECURITY AND STABILITY, OUR PARTNERSHIPS INCLUDED:

Exercise [p.9] TALISMAN SABRE

13

nations took part in the largest bilateral military exercise.

35,000+

Australian personnel [p.33] participated.

Indo-Pacific [p.5] Endeavour 2023

14

nations took part to protect Australia and our partners' regional security interests.

2,000+

personnel participated including all Services, and the APS.

\$100 million [p.5]

new assistance support package provided to Ukraine.



UK & US [p.5]

shared commitment to global and regional security.

TO DELIVER FUTURE CAPABILITY:

the Government released significant announcements across **all five domains**.



Tomahawk cruise missiles

200+ missiles acquired. [p.77]



Block 2 Boxer vehicles

First vehicles have been delivered. [p.78]



Long-range joint air-to-surface standoff missiles

Progressed the acquisition of this capability. [p.4]



\$1.1 billion

approved for capital works across northern Australia. [p.77]



\$9–\$12 billion

for space investment. [p.80]



\$15–\$20 billion

towards enhanced cyber capabilities. [p.80]

AUKUS phase one delivered

Achieving a major milestone of the **optimal pathway** to infrastructure, industry partnerships & training the workforce. [p. 3]



Australian Government

Defence

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

Dear Deputy Prime Minister

We present the *Defence Annual Report 2023–24* for the year ended 30 June 2024. The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013*. Subsection 46(1) of the *Public Governance, Performance and Accountability Act 2013* requires that an annual report be provided to the responsible minister for presentation to the Parliament.

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

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

Yours sincerely,

Handwritten signature of Greg Moriarty in white ink.

Greg Moriarty AO

Secretary of the Department of Defence
8 October 2024

Handwritten signature of Admiral David Johnston in white ink.

Admiral David Johnston AC RAN

Chief of the Defence Force
8 October 2024

cc the Hon Pat Conroy MP, the Hon Matt Keogh MP, the Hon Matt Thistlethwaite MP and the Hon Clare O'Neil MP.

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24 Nations combine on mine warfare activity



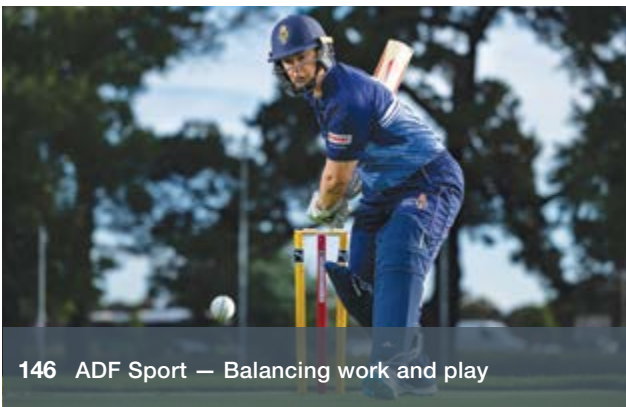
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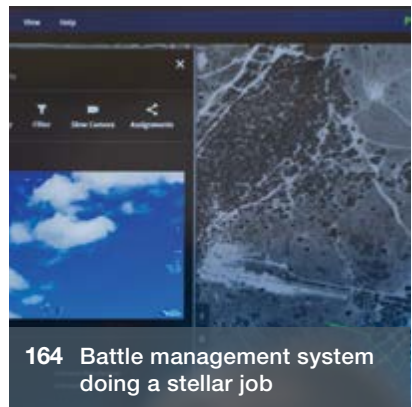
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1



HMAS *Brisbane* transits through the Surigao Strait during a regional presence deployment.
IMAGE CREDIT: Leading Seaman Imagery Specialist Daniel Goodman.



REVIEW

Secretary of the Department of Defence

Mr Greg Moriarty AO

2023–24 has been a consequential year for Defence.

The Defence enterprise has reorientated to deliver the *National Defence Strategy*, the *Integrated Investment Program* and the *Defence Industry Development Strategy*.

Critical bodies of work have been accelerated and sequenced in accordance with Government's priority-driven approach to shifting the ADF to an integrated, focused force. Defence is prioritising the acquisition of key capabilities to bolster our deterrence, as well as growing our sovereign defence industrial base and strengthening our international partnerships.

National Defence Strategy

On 14 May 2024, the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP, released the inaugural *National Defence Strategy*.

The strategy affirmed the findings of the *Defence Strategic Review* that significant and urgent changes to our defence settings were required in order to effectively respond to our complex strategic environment.

Together with the rebuilt *Integrated Investment Program*, the *National Defence Strategy* is our blueprint to deliver an ambitious transformation of the ADF to an integrated, focused force capable of safeguarding Australia's security for decades to come.

This new approach is founded on *National Defence* — a coordinated whole-of-government and whole-of-nation effort that harnesses all arms of Australia's national power to achieve an integrated approach to defending Australia and advancing our interests.

The *National Defence Strategy* sees a Strategy of Denial become the cornerstone of Defence planning. This approach guides Defence's contribution to *National Defence* and spans all domains — maritime, land, air, space and cyber.

The adoption of *National Defence* also means the ADF is shifting to an integrated, focused force. Our priorities to achieve that force include a larger and more lethal Navy, an Army optimised for littoral operations, a highly capable Air Force, strengthened cyber capabilities and integrated capabilities.

The Government has directed that the *National Defence Strategy*, *Integrated Investment Program* and associated plans and strategies will be updated biennially to ensure defence policy, strategy, capability and planning keeps pace with the rapidly evolving strategic environment.

Defence has established this function and a significant body of work is underway to ensure the next *National Defence Strategy* will be ready for publication in 2026.

Investing in our people

People are, and will remain, our most important capability.

As the ADF transforms from a balanced to an integrated, focused force, Defence's workforce plans must also change to grow and retain our highly skilled workforce. Defence is rebalancing our APS workforce and reducing our reliance on external labour, increasing the proportion of work undertaken by public servants and investing in the professionalism of our APS workforce.

Work is well underway on the *Defence Workforce Plan* which is due to be delivered late in 2024. This will align the ADF, APS and external workforce with the requirements of the *National Defence Strategy* and the *Integrated Investment Program*.

Culture remains essential to the delivery of our mission. The *Defence Culture Blueprint and Action Plan* was launched by myself and then Chief of the Defence Force, General Angus Campbell AO DSC in November 2023, with our commitment to foster ‘a culture that values its people and serves to defend Australia’. I share with the CDF an enduring commitment to this critical work.

Throughout 2023–24 Defence continued to support the Royal Commission into Defence and Veteran Suicide.

Defence is committed to implementing the agreed recommendations of the Royal Commission’s Final Report and to continue undertaking the reforms required to improve culture within Defence.

Partnership with Defence industry

In February 2024, the Government released the *Defence Industry Development Strategy*, which sets out the strategic rationale for a sovereign defence industrial base.

The *Defence Industry Development Strategy* includes a program of action targeted at improving prioritisation, including the establishment of seven sovereign defence industrial priorities, and actions to uplift procurement, communication, workforce, exports and security. The *Defence Industry Development Strategy* forms the foundation of the stronger partnership with industry that is necessary for Defence to develop the higher levels of military preparedness required by the *National Defence Strategy*.

Significant new legislation has also been passed this year to reform Australia’s regulatory framework, which will build an export-licence-free environment for defence trade between Australia, the United States and the United Kingdom. This step is one of the biggest defence reforms in decades. It will be fundamental to progressing AUKUS and will unlock significant opportunities for Australian defence industry.

Implementing AUKUS

On 1 July 2023, the Government established the Australian Submarine Agency within the defence portfolio to deliver and be accountable for Australia’s conventionally-armed nuclear-powered submarine capability. The Australian Submarine Agency continues to work closely with all parts of Defence, including the ADF, on this program.

Strong collaboration between Australia, the United Kingdom and the United States has ensured progress across all three phases of the optimal pathway for Australia’s acquisition of this capability. Australia’s capacity to steward, maintain and operate our own fleet of conventionally-armed nuclear-powered submarines is rapidly growing.

In March 2024, Australia announced the selection of ASC Pty Ltd and BAE Systems to build SSN-AUKUS, and ASC Pty Ltd to sustain Australia’s conventionally-armed nuclear-powered submarines. The design of SSN-AUKUS will leverage the best technology to deliver a world-class submarine. This will deliver a critical capability for Australia and bolster trilateral industrial cooperation.

Over the next 12 months, we will see continued progress in delivering phase one of the optimal pathway. This includes further development of infrastructure at HMAS *Stirling* to support conventionally-armed nuclear-powered submarines, increased training in the United Kingdom and United States for the Royal Australian Navy officers and sailors, civilian and industry personnel, and continued port visits by United States Virginia Class submarines to HMAS *Stirling* that will involve maintenance work conducted by Australians.

AUKUS Advanced Capabilities (Pillar II) has continued to harness technological advances that will sharpen Australia’s capability edge and support strategic deterrence in the region. AUKUS nations are using technological advances to combine national strengths, deepen collaboration and deliver game-changing capabilities. Our nations are maximising the strategic benefits of the AUKUS partnership to support security and stability in the Indo-Pacific region and beyond.

The 9 April 2024 AUKUS Defence Ministers’ Statement also announced principles for additional AUKUS Pillar II partner engagement on specific projects where new partners could contribute to, and benefit from, AUKUS.

A cornerstone of our AUKUS Pillar II program remains the opportunity to leverage the best of our defence industrial bases and innovation ecosystems. The Advanced Strategic Capabilities Accelerator (ASCA) is rapidly translating disruptive new technologies into defence capabilities, not only for the ADF but for our AUKUS partners as we knit together more closely our three innovation systems.

An enhanced lethality surface combatant fleet

In February 2024, the Government released its blueprint for a larger and more lethal surface combatant fleet, informed by independent analysis emerging from the *Defence Strategic Review*. The proposed blueprint included the acquisition of six Hunter Class frigates, 11 general purpose frigates and six large optionally-crewed surface vessels and the future destroyers — more than doubling the size of the Navy's surface combatant fleet.

Continuous naval shipbuilding and sustainment

Delivering the enhanced lethality surface combatant fleet for Navy, the accelerated build of littoral manoeuvre vessels for Army and the pathway to conventionally-armed nuclear-powered submarines are whole-of-nation priorities.

The implementation of these initiatives in the context of continuous naval shipbuilding and sustainment will be detailed in an updated *Naval Shipbuilding and Sustainment Plan*. The updated plan will set out the Government's approach to the delivery of maritime capability and targeted industrial uplift through the development of the continuous naval shipbuilding and sustainment key enablers: industry, workforce, infrastructure, security and innovation.

Long-range strike

The acquisition of long-range strike capabilities is fundamental to the ADF's ability to hold potential adversaries at risk and the domestic manufacture of guided weapons, explosive ordnance and munitions is a sovereign defence industrial priorities established by the Government.

Defence has purchased significant new long-range strike capabilities over the reporting period, including the purchase of up to 200 Tomahawk cruise missiles, more than 60 advanced anti-radiation guided missiles and new spike long-range 2 anti-tank guided missiles. We also progressed the acquisition of long-range anti-ship missiles and the joint air-to-surface standoff missiles — extended range. Deliveries of both are scheduled for 2024–25.

Significant progress has been made on the domestic manufacture of guided weapons and explosive ordnance. We have invested in munitions production at factories in Mulwala and Benalla in New South Wales, boosting their industrial capacity to support future production demands such as 155mm artillery ammunition and BLU-111 aerial bombs. Defence also signed a contract with Lockheed Martin to begin manufacturing guided multiple launch rocket system missiles in 2025, and announced its plans with Kongsberg Defence and Aerospace to build naval strike missile and joint strike missile in Australia in 2028.

Australia-United States Alliance

The *National Defence Strategy* directs Defence to focus our international engagement activities on achieving outcomes that contribute to regional security and stability and strengthen deterrence against the threat of military coercion or a major conflict.

Australia's Alliance with the United States is fundamental to our national security and the ADF's capacity to generate, sustain and project credible military capability. The 10th iteration of Exercise TALISMAN SABRE, our largest bilateral military exercise with the United States, was the largest in terms of its geographical area and the number of participating partners and was unprecedented in its depth, complexity and challenge.

Defence continues to work in close partnership with the United States across the full span of our bilateral and multilateral defence cooperation, including enhanced force posture cooperation and the implementation of AUKUS. At the Australia–United States Ministerial Consultations (AUSMIN) in 2023, the governments of Australia and the United States declared enhanced space cooperation as a new force posture initiative to enable closer cooperation in this critical operational domain.

Indo-Pacific

Our strategic focus continues to be on our region, where we are maintaining a very significant tempo of engagement activities. Australia's flagship regional engagement activity, Indo-Pacific Endeavour 2023 engaged 14 nations and involved more than 2,000 personnel from the ADF and APS.

Defence has taken important steps forward with South-East Asian partners. In March 2024, we signed a peacekeeping partnership arrangement with Vietnam, which underpinned the elevation of our relationship to a comprehensive strategic partnership. During the reporting period, we made significant progress toward a Defence Cooperation Agreement with Indonesia, a key measure of our deepening strategic trust.

India is a top tier security partner for Australia. In 2023, we achieved a series of historic firsts in our growing defence partnership: Australia hosted Exercise MALABAR — a Navy-led exercise with India, the United States and Japan; an Indian submarine visited Perth; Australia and India conducted a trilateral sail with Indonesia; and India's Navy made a ground-breaking visit to Australia's Cocos (Keeling) Islands.

Our unprecedented strategic alignment with Japan continues to drive closer cooperation between the ADF and the Japan Self-Defense Forces. In August 2023, the Japan–Australia Reciprocal Access Agreement came into effect enabling more sophisticated practical cooperation between our forces. Defence is also deepening the Australia–Japan–United States trilateral defence relationship through increasing the complexity of our trilateral training and exercises to build interoperability and enhance collective deterrence.

Our defence relationship with the Republic of Korea also grew significantly in this period, with increased Republic of Korea participation in Exercise TALISMAN SABRE and PITCH BLACK, and inaugural participation in Operation RENDER SAFE and Indo-Pacific Endeavour. In June 2024, the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP hosted the first Australia–Japan–Republic of Korea defence ministers' meeting to increase trilateral defence cooperation and collective deterrence.

Global partners

Australia and the United Kingdom have a comprehensive and modern defence relationship. March 2024 saw the signing of the updated agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for Defence and security cooperation. The agreement included the addition of a status of forces agreement, making it easier for our forces to operate in each other's countries, and in support of our shared commitment to global and regional security.

The Government has continued its unwavering support for Ukraine to resolve the conflict with Russia on its own terms. In April 2024, the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP announced a new \$100 million assistance package. As at June 2024, this took Australia's military assistance to \$880 million since the start of Russia's full-scale invasion of Ukraine and brought Australia's overall support for Ukraine to over \$1 billion.

Conclusion

During 2023–24, across the nation and around the world, Defence's people have fully engaged with the *National Defence Strategy* and oriented their work to delivering its priorities. I am proud of them, and I thank them for their commitment to the Defence mission to defend Australia and its national interests in order to advance Australia's security and prosperity.

Greg Moriarty AO

Secretary

Department of Defence



Outgoing Chief of the Defence Force General Angus Campbell AO DSC, hands over the Chief of Defence Force ensign to the incoming Chief of the Defence Force Admiral David Johnston AC RAN, marking the transfer of command during change of command parade at Russell Offices, Canberra.

IMAGE CREDIT: Rodney Braithwaite.



REVIEW

Chief of the Defence Force

Admiral David Johnston AC RAN

The ADF serves Australia from home and afar, every day, with great pride and dedication.

In 2023–24, ADF personnel deployed to operations within Australia and overseas in order to actively protect Australia's borders and offshore maritime interests.

Our personnel have made important contributions to global multinational efforts across the world and in our Indo-Pacific region. They have engaged in exercises to practice planning and conducting military operations, improving the combat readiness and interoperability between Australian forces and other partners. They have worked closely with our Pacific neighbours and they have provided essential support to the international rules-based order.

National Defence Strategy

In April 2024, the Government released the inaugural *National Defence Strategy*, which found that Australia's strategic environment has continued to deteriorate since the release of the *Defence Strategic Review*. The strategy sets out a new approach to the defence of Australia and its national interests based on the concept of *National Defence*. The adoption of *National Defence* means the ADF is shifting to a focused force designed to address the nation's most significant strategic risks.

The *National Defence Strategy* reaffirms the ADF's five tasks, which the Government outlined in the *National Defence Statement 2023*. These are to defend Australia and our immediate region; deter through denial any potential adversary's attempt to project power against Australia through our northern approaches; protect Australia's economic connection to our region and the world; contribute with our partners to the collective security of the Indo-Pacific; and contribute with our partners to the maintenance of the global rules-based order.

The *Integrated Investment Program* sets out our plan for developing the defence capabilities needed over the coming decade to deliver the Strategy of Denial. This includes the introduction of many new capabilities such as long-range strike capabilities in land, air and maritime environments, the general purpose frigate, the Virginia Class submarine, autonomous systems, littoral manoeuvre vessels, infantry fighting vehicles, and cyber and space capabilities.

We are also accelerating near-term investments in uncrewed aerial systems and counter uncrewed aerial systems, remote autonomous systems, over-the-horizon radar enhancements, pilot training capacity, the Defence targeting enterprise, and consolidating projects to release workforce for other priorities.

Over the next decade we will also strengthen the ADF's ability to withstand, endure and recover from disruption, including through investments in Australia's northern bases, guided weapons and explosive ordnance, an integrated and resilient theatre logistics system, enterprise data and ICT capabilities, and enhanced cyber capabilities.

Royal Commission into Defence and Veteran Suicide

I extend my gratitude to all those who have participated in the Royal Commission into Defence and Veteran Suicide. I particularly thank those who shared their lived experience. Doing so demonstrated great courage.

We are committed to better outcomes for our people.

Defence is committed to improving the welfare of serving and former-serving members of the ADF. We continue to deliver, evaluate and refine a suite of measures to support the health and wellbeing of our people. We are committed to prioritising programs that address suicide and suicidality, and promote mental health. These efforts are informed by the work of the Royal Commission into Defence and Veteran Suicide.

The *Defence Culture Blueprint and Action Plan* was launched by the Secretary of the Department of Defence, Mr Greg Moriarty AO and then Chief of the Defence Force, General Angus Campbell AO DSC in November 2023, with the commitment to foster the vision of 'a culture that values its people and serves to defend Australia'. The Secretary and I share an enduring commitment to this critical work.

Recruitment and retention

The implementation of the *National Defence Strategy* requires a force that is well equipped, trained, confident, strong, and resilient. The ADF workforce is my priority.

People are, and will remain, our most important capability.

To support our people to stay in the ADF, a targeted continuation bonus, increased investment in the Defence Assisted Study Scheme, and an expansion of the ADF Family Health Program have been implemented. As at 1 July 2024, approximately 79 per cent of eligible personnel have accepted the offer of the continuation bonus.

Interventions are being applied to increase the size of the workforce through a range of recruiting and retention measures. By widening the eligibility criteria, there are now increased opportunities for potentially suitable applicants to join the ADF. The program of investment and reform is having an impact. The ADF separation rate is reducing.

AUKUS

During 2023–24, Royal Australian Navy officers and sailors undertook training in the United States and United Kingdom in preparation for Australia's conventionally-armed nuclear-powered submarine capability.

Royal Australian Navy officers have been assigned to United States Virginia Class submarines after graduating from their submarine training. Royal Australian Navy sailors were embedded on board USS *Emory S Land*, the United States submarine tender based at Guam, in preparation for an historic period of maintenance work on a United States Virginia Class submarine at HMAS *Stirling* in the second-half of 2024.

The number of Royal Australian Navy personnel training across the United States and in the United Kingdom is rising as we proceed along Australia's pathway to acquire a conventionally-armed nuclear-powered submarine capability.

In 2023–24, significant progress has been made under AUKUS Advanced Capabilities (Pillar II) to deliver capability. AUKUS nations continue to pool the talents of our defence sectors to catalyse the delivery of advanced capabilities to the ADF and United Kingdom and United States' militaries. The AUKUS Defence Ministers' Meeting in December 2023 unveiled a suite of projects, including the AUKUS maritime autonomy exercise series, trilateral anti-submarine warfare, and resilient and autonomous artificial intelligence technologies.

In 2024, AUKUS partners welcomed the Land Commanders Statement of Intent, integrating the warfighter into the Pillar II endeavour. Although much of this activity remains classified, AUKUS partners are making strides towards jointly realising greater defence capability.

International Defence engagement

Defence has reprioritised its planning, training, exercises and international engagement in line with the priorities set out in the *National Defence Strategy*. Our priority is working with partners to build resilience, deter aggression and coercion, and contribute to stability in the region — including through longstanding bilateral and multilateral defence partnerships.

These commitments build mutual understanding, contribute to our collective security, and support a region which is stable, secure and respects and protects sovereignty and international law.

From July to October 2023, Defence's flagship regional engagement activity, Indo-Pacific Endeavour 2023 (IPE23), commenced with joint maritime interoperability training between a Royal Australian Air Force P-8A Poseidon and an Indian Navy P-8I Neptune in India. Involving more than 2,000 personnel from the ADF and APS, the IPE23 program deepened diplomatic and defence partnerships with 14 countries across South-East Asia and the northeast Indian Ocean through a range of military exercises, workshops, training, sporting events, and cultural activities. Additionally, in September 2023, as part of IPE23, we conducted the first Exercise ALON with forces from the Philippines and the United States.

In July 2023, 13 nations participated in the 10th iteration of Exercise TALISMAN SABRE, our largest bilateral military exercise with the United States. TALISMAN SABRE 2023 was the largest in terms of its geographical area and the number of participating partners and was unprecedented in its depth, complexity and challenge.

In August 2023, Australia hosted Exercise MALABAR for the first time, which brought together partners from India, Japan and the United States, to integrate high-end anti-submarine, air-defence and gunnery exercises, aviation and communication operations, replenishment at sea between ships, and cultural and sporting activities.

August 2023 also saw the Japan–Australia Reciprocal Access Agreement come into force, supporting closer cooperation and deepening the capabilities between the ADF and the Japan Self-Defense Force. The Reciprocal Access Agreement has also enabled deeper trilateral cooperation with the United States, with the ADF joining Japan and the United States for Exercise KEEN EDGE for the first time in February 2024.

In September 2023, we conducted our first trilateral sail with Indonesia and India.

In April 2024, guided missile destroyer HMAS *Hobart* and its crew of around 230 personnel departed their homeport of Fleet Base East in Sydney, New South Wales for a two-month deployment. While deployed, the ship conducted surveillance of illegal ship-to-ship transfers of sanctioned goods as part of Operation ARGOS, which is Australia's contribution to international efforts to enforce United Nations Security Council sanctions against North Korea.

During April and May 2024, Exercise BERSAMA SHIELD was conducted in Malaysia with a contingent of around 25 ADF personnel and a Royal Australian Air Force C-27J Spartan aircraft joining participants from the Five Power Defence Arrangements nations. BERSAMA SHIELD enhanced interoperability and strengthened the relationships of Five Power Defence Arrangements nations through the conduct of combined joint maritime, land and air operations in a multi-threat environment.

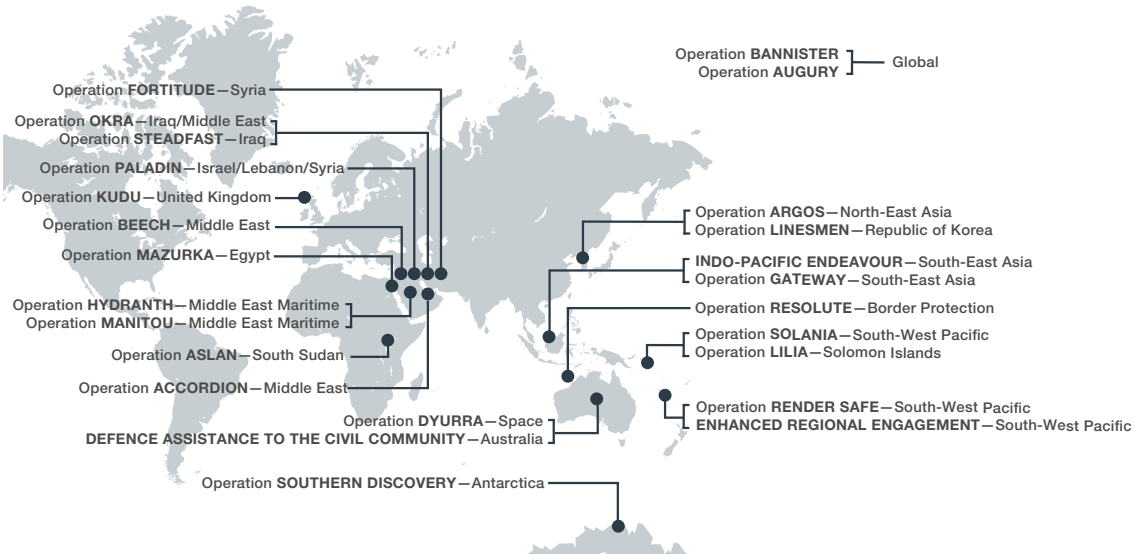
In May 2024, around 200 ADF personnel took part in the 39th iteration of the largest annual bilateral exercise conducted between the Philippines and the United States under Exercise BALIKATAN.

In June 2024, approximately 320 ADF personnel joined 28 international partners to undertake the world's largest international maritime exercise, Exercise RIM OF THE PACIFIC (RIMPAC) 2024. ADF personnel exercised across a broad spectrum of scenarios from humanitarian assistance and disaster response to maritime security operations, sea control and complex warfighting.

Supporting our neighbours and partners

In 2023–24, Defence contributed to whole-of-government engagement efforts with our neighbours, key partners and partners, in close collaboration with other Australian agencies.

Figure 1.1: Supporting our neighbours and partners



Through regional exercises such as the OLEGETA, POVAI and CORAL WARRIOR series, the ADF has worked closely with our partners in the region to strengthen the current and future partnership between our defence forces.

At the request of the Nauru Government, the ADF and partner nations deployed a team of specialist personnel to Nauru to safely dispose of explosive remnants of war under Operation RENDER SAFE. This operation assists Pacific nations with the safe disposal of explosive remnants of war, as well as providing education and training to enhance the security capabilities of our Pacific partners.

A Royal Australian Air Force KA350 King Air deployed to Samoa as part of the multinational support to Operation TUI MOANA under Operation SOLANIA. ADF assets assigned to SOLANIA provide intelligence, surveillance and reconnaissance support through the Forum Fisheries Agency to Pacific Island countries, which in turn supports the economic development of these countries through the protection of fisheries and other resources.

Australian Defence Vessel *Reliant* conducted a deployment to the Pacific. During this deployment *Reliant* delivered a range of stores to Pacific nations, including small boats, a fire truck donated by Fire Rescue Victoria and a shipping container of emergency radio network equipment to Samoa.

Through Operation SOLANIA, ADF personnel contributed to the Pacific Island Forum Fishery Agency’s coordinated maritime surveillance operation to detect activities such as illegal, unregulated and unreported fishing. This iteration of Operation SOLANIA had a dedicated Royal Australian Air Force C-27J Spartan operate out of Vanuatu. Working alongside the Vanuatu Police Force, the C-27J Spartan flew extensive patrols, covering thousands of square kilometres of Vanuatu’s exclusive economic zone.

In June 2024, HMAS *Choules* departed for a regional presence deployment to the Pacific. During this deployment, *Choules* delivered Bushmaster protected mobility vehicles and associated equipment purchased by Fiji to the Republic of Fiji Military Forces for use in United Nations peacekeeping missions.

In direct response to the Government of Papua New Guinea's request, Australia provided humanitarian assistance to support Papua New Guinea's response to the devastating landslide in Enga province. In a demonstration of the close partnership between our nations, the ADF worked closely with the Papua New Guinea Defence Force to assist with the response. The ADF transported essential aid including family-sized tents, blankets and hygiene kits, and provided logistics and air support.

More than 300 ADF personnel deployed to Solomon Islands to support the Royal Solomon Islands Police Force in delivering safe and secure national elections. The operation was a multinational effort, with support from police and military personnel from Fiji, Papua New Guinea and New Zealand. The Royal Solomon Islands Police Force, assisted by the Australian Federal Police, led the security operation.

Operation KUDU

Operation KUDU is the ADF's commitment to the training of Armed Forces of Ukraine recruits in the United Kingdom. Up to 90 ADF personnel are involved in providing this vital training.

A Royal Australian Air Force E-7A Wedgetail aircraft completed a six-month deployment. The E-7A aircraft supported the multinational effort to provide early warning for potential threats from Russia outside of Ukraine. The E-7A Wedgetail contingent flew around 250 hours with missions averaging five hours in the air. Up to 100 ADF personnel deployed to Ramstein Air Base, Germany, in support of the E-7A's mission.

Change of Command

On 10 July 2024, command of the ADF was transferred from General Angus Campbell AO DSC to me at a ceremonial parade in Canberra.

I extend my gratitude to General Campbell for his determined focus on building a better ADF, and his personal example and demonstration of leadership during a challenging period for the ADF.

Conclusion

I am extremely proud of our sailors, soldiers and aviators and grateful to the families and loved ones who support them.

Every day, our ADF personnel work with professionalism, dedication, agility and resilience to ensure we collectively succeed in Defence's mission. I thank them all.

Admiral David Johnston AC RAN

Chief of the Defence Force



Defence strategy hones in on Australia's greatest risks

In April 2024, the Australian Government released the inaugural *National Defence Strategy and Integrated Investment Program* articulating the Government's adoption of a Strategy of Denial, which aims to deter conflict before it begins.

As set out in the *Defence Strategic Review*, the current strategic environment demands a new approach to defending Australia and its national interests. This approach is based on the concept of *National Defence*. To achieve this, the ADF will transition to an integrated, focused force designed to address Australia's greatest risks.

The *National Defence Strategy* also involves working with partners to ensure no country attempts to achieve its regional objectives through military action.

The rebuilt *Integrated Investment Program* laid out spending allocations to help achieve the Strategy of Denial, resulting in a number of projects being re-prioritised.

Then Chief of the Defence Force General Angus Campbell said, "While some people's roles may change, it will be critical to retain personnel and their skills and experience to meet the challenges of a rapidly evolving strategic environment".

“The *National Defence Strategy* reinforced the need for growth and retention of highly skilled people to deliver Australia’s *National Defence*,” General Campbell said.

“We must grow, reshape and reskill our workforce to transition to new platforms and build capacity in emerging capabilities across our five domains. People are, and will remain, our most important component of capability.”

The strategy followed the release of the *Defence Strategic Review* in 2023, and new national defence strategies will be published every two years to keep pace with changing geopolitics.

Focus on people

The *National Defence Strategy* highlighted the need for growth and retention of a highly skilled workforce to deliver Australia’s *National Defence*. It also acknowledged the need for change to improve recruitment and retention.

Resulting from this and in order to broaden the recruit pool, the joining eligibility criteria was expanded to enable more people to join the ADF. This includes New Zealand permanent residents who have been living in Australia for 12 months who are able to apply to join from 1 July 2024. Permanent residents from the United Kingdom, United States and Canada will also be able to join from January 2025.

Additionally, ADF entry medical policy restrictions were adjusted based on improvements to medical treatments. Steps were taken to streamline the recruiting processes to take advantage of this wider pool of potential applicants and fill crucial skills gaps.

Other *National Defence Strategy* considerations included options to improve personnel housing support through subsidised housing and home ownership, in addition to the existing \$50,000 continuation bonus and expanded health benefits program.

The rebuilt *Integrated Investment Program* provided guidance for Defence to realign

workforce allocations and capability requirements, creating career opportunities.

Enhancing organisational culture and improving workforce wellbeing were also areas of focus. Defence was recognised as invested in suicide prevention programs and will respond to Government-agreed recommendations from the Royal Commission into Defence and Veteran Suicide.

Acquisition priorities

The Government will prioritise introducing next-generation capabilities as soon as possible rather than upgrading existing ones, such as replacing Anzac Class frigates with new general purpose frigates.

Defence will evolve from domain-centric approaches to an integrated force, meeting prioritised, strategic needs.

Prioritisation included bringing minimum viable capabilities into service rather than waiting for the ‘perfect’ solution.

Conventionally-armed nuclear-powered submarines are part of this, along with acquiring Army’s littoral manoeuvre and Air Force’s long-range strike capabilities.

Defence Secretary Greg Moriarty AO said the changes would provide meaningful contributions to Defence.

“We recognise that all of the Defence organisation has a role to play with the delivery of the *National Defence Strategy*,” Mr Moriarty said.

“Our Defence leadership looks forward to working across Defence, and with industry partners, to implement the inaugural strategy and the rebuilt *Integrated Investment Program*.”

Until 2025, current forces will be enhanced, before the accelerated acquisition of critical capabilities from 2026–30. By 2031, it is envisaged the ADF will be fit for purpose across all five domains. •

The *National Defence Strategy* involves working with military partners, such as the United States Marine Corps and Philippines Marine Corps, pictured with Australian soldiers during Exercise ALON in 2023. IMAGE CREDIT: Corporal Robert Whitmore.

OPERATION ACCORDION

Operation ACCORDION is a support mission to ADF operations and activities in the Middle East region. The operation enables contingency planning and enhancement of regional relationships. Headquarters Middle East oversees and supports deployed ADF personnel and assets. IMAGE CREDIT: Corporal Jacob Joseph.





Departmental overview

- Our role and functions [p.16]
- Strategic direction [p.18]
- Defence portfolio structure [p.19]
- Changes in senior leadership [p.20]
- Accountable authority [p.20]
- Organisational structure [p.20]

2

Our role and functions

The extensive Defence portfolio consists of component organisations that together are responsible for the defence of Australia and its national interests. The most significant bodies collectively known as Defence are the:

- Department of Defence, led by the Secretary of the Department of Defence; and
- ADF, commanded by the Chief of the Defence Force.

This diarchy reflects the individual and joint responsibilities and accountabilities of the Secretary of the Department of Defence and the Chief of the Defence Force, ensuring that Defence delivers outcomes to the Government with the goal of defending Australia and its national interests.

Defence is accountable to the Government of the day, on behalf of the Australian people, for the efficiency and effectiveness with which it carries out the Government's defence policy.

Defence's primary roles and expertise are to protect and advance Australia's strategic interests by promoting security and stability, providing military capabilities to defend Australia and its national interests, and supporting the Australian community and civilian authorities as directed by the Government.

Defence has a long and proud history. Over its evolutionary journey, it has shifted from separate single-Service agencies into the ADF and further into an increasingly integrated Defence organisation with Defence Groups and Services.

The Government expects Defence to function as a single strategy-led and centrally directed organisation — one that is agile, proactive and effective in responding to changing geopolitical and geoeconomic circumstances in our strategic environment. More information on how Defence meets its obligations to the Australian people is described in [Chapter 5: Management and accountability](#).



Minister for Defence Industry and Minister for International Development and the Pacific, the Hon Pat Conroy MP, at Russell Offices with Chief of Guided Weapons and Explosive Ordnance, Air Marshal Leon Phillips OAM, and Head Land Capability Major General Richard Vagg DSC on 16 January 2024, to announce a significant boost to Australia's plan for domestic guided weapons manufacturing and acquisitions. IMAGE CREDIT: Jay Cronan.

Figure 2.1 shows Defence’s mission and key activities as set out in the *2023–27 Defence Corporate Plan*, and our outcomes and programs as set out in the *Portfolio Budget Statements 2023–24*.

Figure 2.1: 2023–27 Defence Corporate Plan on a page

MISSION:



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

OUR VALUES:



Service: We have the selflessness of character to place the security and interests of our nation and its people ahead of our own.

Courage: We have the strength of character to say and do the right thing, always, especially in the face of adversity.

Respect: We have the humanity of character to value others and treat them with dignity.

Integrity: We have the consistency of character to align our thoughts, words and actions to do what is right.

Excellence: We have the willingness of character to strive each day to be the best we can be, both professionally and personally.

OUR BEHAVIOURS:



Act with purpose for Defence and the nation.

Be adaptable, innovative and agile.

Collaborate and be team-focused.

Be accountable and trustworthy.

Reflect, learn and improve.

Be inclusive and value others.

OUTCOMES:



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

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

STRATEGIC OBJECTIVES:



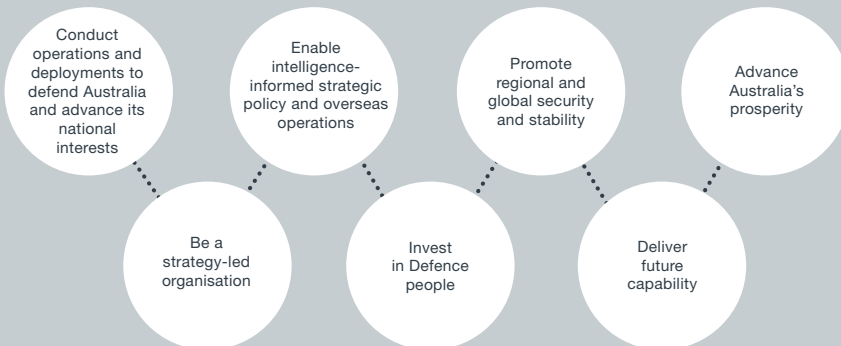
Shape Australia’s strategic environment

Deter action against Australia’s interests

Respond with credible military force, when required

Our capacity to shape, deter & respond must be focused and integrated through the lens of a Strategy of Denial.

KEY ACTIVITIES:



PERFORMANCE:



An effective performance framework that ensures we are measuring and reporting on our performance to the Australian Government and the Australian people and demonstrating how we achieve our mission, purpose and strategic objectives.

Strategic direction

Defence ensures that its policy is agile and adaptive, and can flexibly respond to the identified strategic risks in a rapidly changing strategic environment through the biennial *National Defence Strategy* cycle. The *Defence Strategy Framework*, endorsed by the Secretary of the Department of Defence and the Chief of the Defence Force, outlines this cycle and the process by which strategy cascades throughout the organisation.

The biennial *National Defence Strategy* is Defence's highest-level classified planning document. It informs the context, preparation and alignment of subsidiary planning documents across policy, enterprise planning, force employment, force generation and force design. The *National Defence Strategy* implements Government direction, identifies priorities and provides guidance on the tasks that need to be undertaken to achieve the Strategy of Denial, the new cornerstone of Defence planning.

The public version of the *National Defence Strategy* outlines the re-weighting of Defence's three prevailing strategic objectives. While these objectives had previously been weighted equally in Australia's strategic settings, deterrence is now Defence's primary strategic objective:

- **DETER** actions against Australia's interests;
- **SHAPE** Australia's strategic environment; and
- **RESPOND** with credible military force, when required.

Released during the reporting period, the *National Defence Strategy* and the *Integrated Investment Program* are designed to ensure the ADF has the capacity to:

- ① defend Australia and our immediate region;
- ② deter through denial any potential adversary's attempt to project power against Australia through our northern approaches;
- ③ protect Australia's economic connection to our region and the world;
- ④ contribute with our partners to the collective security of the Indo-Pacific; and
- ⑤ contribute with our partners to the maintenance of the global rules-based order.

The Government's adoption of the whole-of-government, whole-of-nation approach to *National Defence* means the ADF will shift from a balanced force capable of responding to a range of contingencies, to an integrated, focused force designed to address Australia's most significant strategic risks.

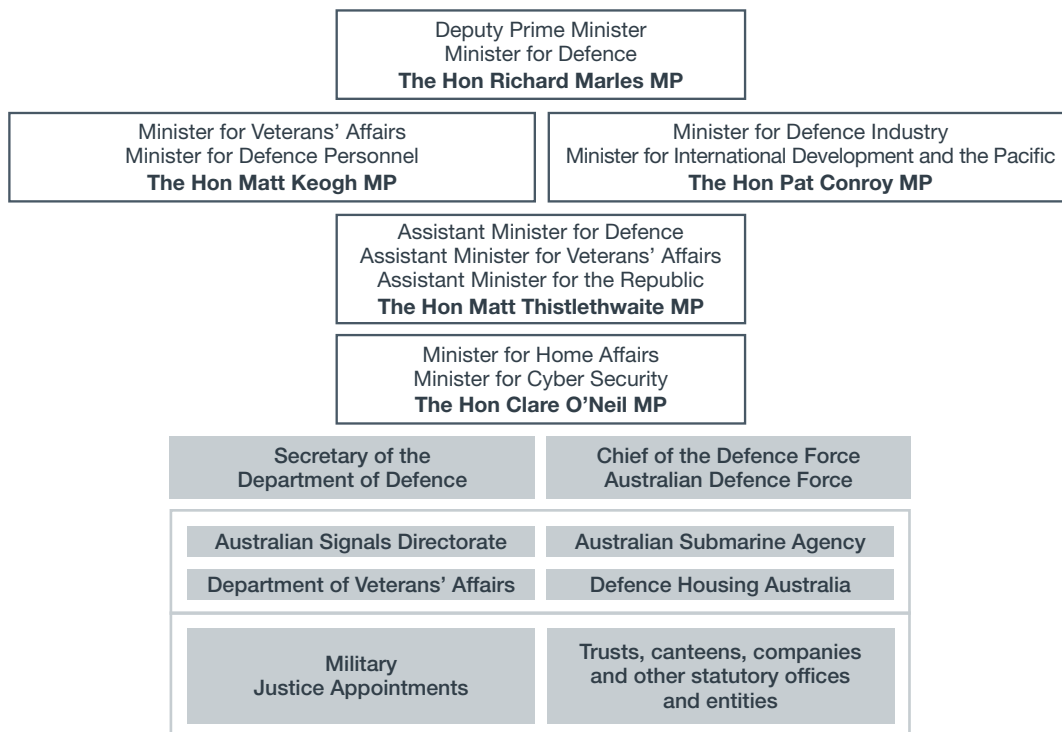
The Government has reset defence capability priorities to deliver this fundamental change. This reset has involved a complete rebuild of the *Integrated Investment Program* to ensure it is a coherent, logical and affordable plan for defence capability.

In rebuilding the *Integrated Investment Program*, the Government has made decisions to prioritise and fund the acquisition of key capabilities to bolster Australia's deterrence capabilities. The Government also made tough but necessary decisions to cancel, divest, delay, or re-scope projects or activities that are not critical to delivering the force our strategic circumstances require. This reprioritisation has enabled the Government to accelerate new, immediate and longer-term priority projects and capabilities.

The Government has committed to a biennial *National Defence Strategy* cycle to ensure Defence policy, strategy, capability and planning keep pace with the rapidly evolving strategic environment, respond to Australia's national security priorities, and provide clarity of process and approach to defence industry. The next *National Defence Strategy* will be delivered in 2026.

Defence portfolio structure

Figure 2.2: Defence portfolio structure as at 30 June 2024



As at 30 June 2024, the Defence portfolio had four ministers:

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

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

- the Hon Clare O'Neil MP, Minister for Home Affairs and Minister for Cyber Security.

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

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

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

Changes in senior leadership

- On 26 February 2024, Major General Michelle McGuinness CSC was promoted to Lieutenant General prior to commencement as National Cyber Security Coordinator on secondment to the Department of Home Affairs.
- On 23 July 2023, Kathryn Campbell AO CSC resigned from the APS.
- On 31 July 2023, Jim McDowell was appointed Deputy Secretary Naval Shipbuilding and Sustainment.
- On 1 August 2023, Chris Crozier was appointed Chief Information Officer.
- On 8 January 2024, John Reid PSM was appointed Deputy Secretary Governance.

Accountable authority

The Department of Defence's accountable authority during 2023–24 is outlined in Table 2.1.

Table 2.1: Details of accountable authority during the reporting period, 2023–24

Name	Position title / Position held	Period as the accountable authority or member within the reporting period	
		Start date	End date
Greg Moriarty AO	Secretary of the Department of Defence	1 July 2023	30 June 2024



Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP with the Chief of the Defence Force, General Angus Campbell AO DSC and the Secretary of the Department of Defence, Mr Greg Moriarty AO, ahead of the Australia–New Zealand Ministerial Consultations in Melbourne, Victoria. IMAGE CREDIT: Rodney Braithwaite.

Organisational structure

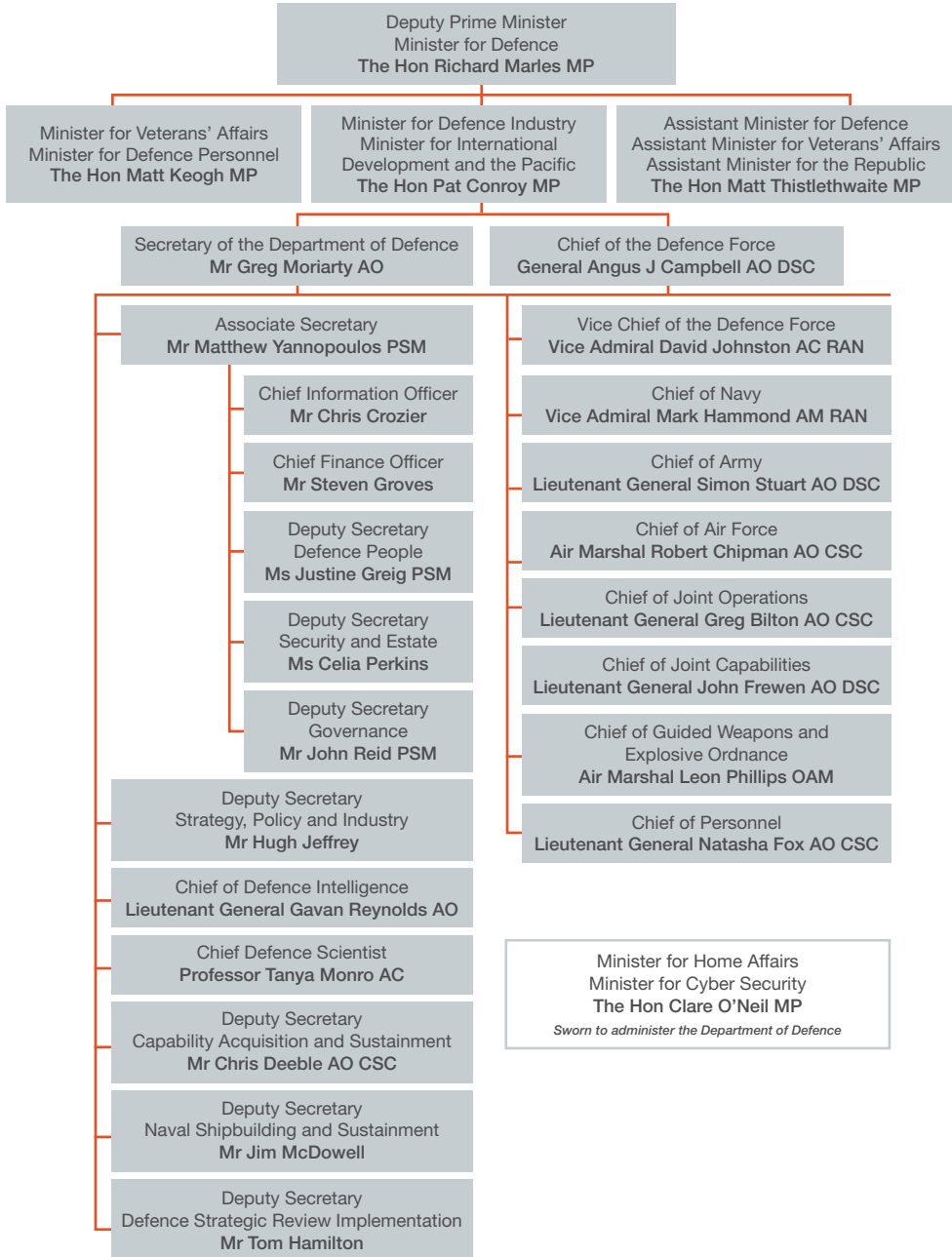
The Secretary of the Department of Defence and the Chief of the Defence Force jointly manage Defence as a diarchy. The term 'diarchy' reflects the individual and joint responsibilities and accountabilities of the Secretary of the Department of Defence and the Chief of the Defence Force to ensure that Defence meets the Government's requirements. The manner in which the diarchy operates is described in directions given to the Secretary of the Department of Defence and the Chief of the Defence Force by the Deputy Prime Minister and Minister for Defence.

The following change in organisational structure has taken place since the last Portfolio Budget Statements:

- On 1 November 2023, the Chief Information Officer Group was renamed the Defence Digital Group;
- On 1 July 2023, the Chief of Personnel role was established;
- On 1 July 2023, a Machinery of Government process transitioned the Australian Nuclear-Powered Submarine Taskforce to the newly established Australian Submarine Agency; and
- On 8 January 2024, the Governance Group was established.

Figure 2.3 shows the elements and relationships of Defence’s organisational structure as at 30 June 2024.

Figure 2.3: Defence’s organisational structure as at 30 June 2024



1. This organisational chart is correct as at 30 June 2024. For a more current organisational chart, view: <http://www.defence.gov.au/about/who-we-are/organisation-structure>.



1

AI technology rises to the challenge

Defence is committed to initiatives that enhance Australia's cooperation with partners, industry and academia to rapidly develop and introduce technologically advanced military capabilities into service.

Artificial intelligence (AI) has the potential to deter, shape and change the character of warfare.

It presents great potential in the civilian and military domains. In the Defence context, allowing machines to perform certain tasks can free up personnel, reduce operator cognitive load and enable the ADF to focus the talents and experience of our people on the areas that matter most.

To help prepare Australia for the rapid, safe and ethical adoption of trusted AI into military capability, the Defence Science and Technology Group recently hosted the Technical Cooperation Program AI Strategic Challenge in the Jervis Bay Territory, New South Wales.

More than 150 Defence scientists from Australia, Canada, New Zealand, the

United Kingdom and the United States took part in live experiments and demonstrations as part of a program aimed at pushing the bounds of emerging AI technology.

Five broad experimental AI streams were featured throughout the challenge, designed to represent different missions and mission systems.

This included AI applied to object detection and identification at the tactical edge, the cooperative employment of shared battlespace resources, supporting the situational awareness of dismounted soldiers, and adversarial AI.

The Defence Science and Technology Group Director of Experimentation for the exercise, Chris Shanahan, said the challenge was more than just a demonstration of AI capabilities.

“The aim was to put AI solutions under stress in a representative operational environment and different mission scenarios to identify strengths and weaknesses in the technology, so that we can develop more resilient capabilities,” he said.

Throughout the challenge, Dr Shanahan said there was a strong and continued focus on the responsible use of AI and on the legal and ethical aspects of implementing it into the battlespace.

“There’s a strong push to develop a common understanding in relation to the ethical use of AI,” he said.

A range of Defence Groups and Services, including Navy, Army and Air Force, were involved in the challenge, bringing end users in contact with AI to accelerate the transition of AI solutions into the hands of the ADF.

The involvement of international partners was also key, with Australian scientists and ADF personnel exposed to a broad and diverse program of research in AI — particularly from the United Kingdom and the United States.

“The international, collaborative nature of the challenge meant that we are able to leverage coalition capabilities to progress Australian goals,” Dr Shanahan said.

The challenge afforded opportunity for forward planning and future thinking — with AI likely to be inserted and adopted into a large range of mission systems across Defence in the future.

Defence Science and Technology Group’s Program Leader of AI and Quantum Information Sciences, Associate Professor Robert Hunjet, said addressing the challenges of AI adoption is a key driver for the AI Strategic Challenge.

“We have scientists working together to develop cutting-edge technology, but we must remember that these systems are being used by human operators. The tech must be reliable, trusted and comply with legal and ethical frameworks. The AI Strategic Challenge brings together great minds from five nations to collectively look at issues such as performance under adversarial conditions, trust, and responsible AI to address these issues,” he said.

“AI is here now. It’s time to leverage its efficiencies and build cohesive human-machine teams.” •

STORY CREDIT: Emma Thompson.



1: Caitlyn Sims and Major Ivan Yau demonstrate Multimodal Edge 4 (MEC4) during the Technical Cooperation Program AI Strategic Challenge 2023 at HMAS *Creswell*, Jervis Bay Territory. IMAGE CREDIT: Petty Officer Imagery Specialist Kayla Jackson. **2:** ADF personnel trial the Autonomous Patrol Member during the Technical Cooperation Program AI Strategic Challenge 2023 at HMAS *Creswell*, Jervis Bay Territory. IMAGE CREDIT: Petty Officer Imagery Specialist Kayla Jackson.



1

Nations combine on mine warfare activity

Defence is committed to incorporating emerging technologies such as projects targeting undersea warfare as an immediate priority area of AUKUS collaboration.

The Royal Australian Navy has laid sea mines for the first time in nearly 50 years during Exercise DUGONG 24.

The mine warfare and clearance diving activity from 4 to 22 March 2024 was designed to test a combined force from Australia, New Zealand and the United States against a realistic mine threat.

Prior to the exercise, inert mines were laid in the approaches to Eden, one of the largest fishing ports in New South Wales.

After a week of integration and training, the tactical phase began with mine countermeasure and explosive ordnance

disposal operations aimed at clearing or reducing the threat.

Teams from the Maritime Deployable Robotic and Autonomous Systems Experimentation Unit, Maritime Geospatial Warfare Unit, HMNZS *Matataua*, and members from the United States Navy Mine Countermeasures Squadron 7 on board Australian Defence Vessel *Guidance* launched autonomous underwater vehicles to identify mines by sonar and video.

Minehunter coastals HMA Ships *Diamantina* and *Gascoyne* also conducted clearance activities with their organic sonar, mine disposal vehicles and dive teams.

Australian Clearance Diving Teams One and Four, along with partner forces, including HMNZS *Matataua* and Explosive Ordnance Disposal Mobile Unit 5 conducted mine clearance and improvised explosive device operations from ashore.

Commanding Officer Clearance Diving Team One Lieutenant Commander Mike Hutchesson RAN said working together with other navies was an exciting opportunity.

“I’m very proud of our efforts down here. It’s no small task to deploy and stretch our ability to deploy from Sydney both by sea and by land in this capacity,” he said.

“It’s also an opportunity to examine our interchangeability, mixing together explosive ordnance disposal techs, divers and autonomous underwater vehicle operators to get after the mine countermeasure right.”

To add a realistic edge to training, live sensor readings from the mines were fed to operators ashore, who could tell if divers had successfully neutralised or detonated the mine.

It was the largest contingent ever deployed on *ADV Guidance*, with more than

80 personnel supporting the exercise, including headquarters staff from the Mine Warfare and Clearance Diving Task Group.

The new mining capability is part of the SEA2000 program to provide rapidly deployable and technologically sophisticated smart sea mines launched from submarines, ships and aircraft.

VIPs were shown through *ADV Guidance* during a capability demonstration day after the exercise.

Exercise Director Captain Scott Craig RAN said DUGONG tested integration of old and emerging capabilities as Navy transitions to new equipment.

“It went really well. This is a great international activity that demonstrates our abilities across those three nations,” he said. •

STORY CREDIT: Corporal Michael Rogers.



2

1: Dive team members from Australian Clearance Diving Team One prepare to conduct a mine countermeasure during Exercise DUGONG 24. IMAGE CREDIT: Leading Seaman Imagery Specialist Sittichai Sakonpoonpol.

2: Undersea Support Vessel Australian Defence Vessel *Guidance* in Eden, New South Wales, as part of Exercise DUGONG 24. IMAGE CREDIT: Leading Seaman Imagery Specialist Sittichai Sakonpoonpol.

HMAS *HOBART*

The Royal Australian Navy Hobart Class guided missile destroyer, HMAS *Hobart* undertakes an Indo-Pacific regional presence deployment throughout South and South-East Asia. During the deployment, HMAS *Hobart* conducts training, exercises and other engagements with Australia's regional partners contributing to Operation ARGOS, the ADF's contribution to international efforts to enforce United Nations Security Council sanctions against North Korea. Regional presence deployments demonstrate Australia's commitment to, and engagement with, the region. The deployments play a vital role in Australia's long-term security and prosperity by protecting Australia's interests, preserving a rules-based order, enhancing cooperation and relationships with regional partners, and developing capability and interoperability.

IMAGE CREDIT:
Leading Seaman
Imagery Specialist
Matthew Lyall.




Annual performance statements

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3

Statement of preparation

As the accountable authority of the Department of Defence, I present the 2023–24 Annual Performance Statements of Defence, as required under paragraph 39(1)(a) and (b) of the *Public Governance, Performance and Accountability Act 2013*. In my opinion, these Annual Performance Statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the *Public Governance, Performance and Accountability Act 2013*.



Greg Moriarty AO

Secretary

Department of Defence

8 October 2024

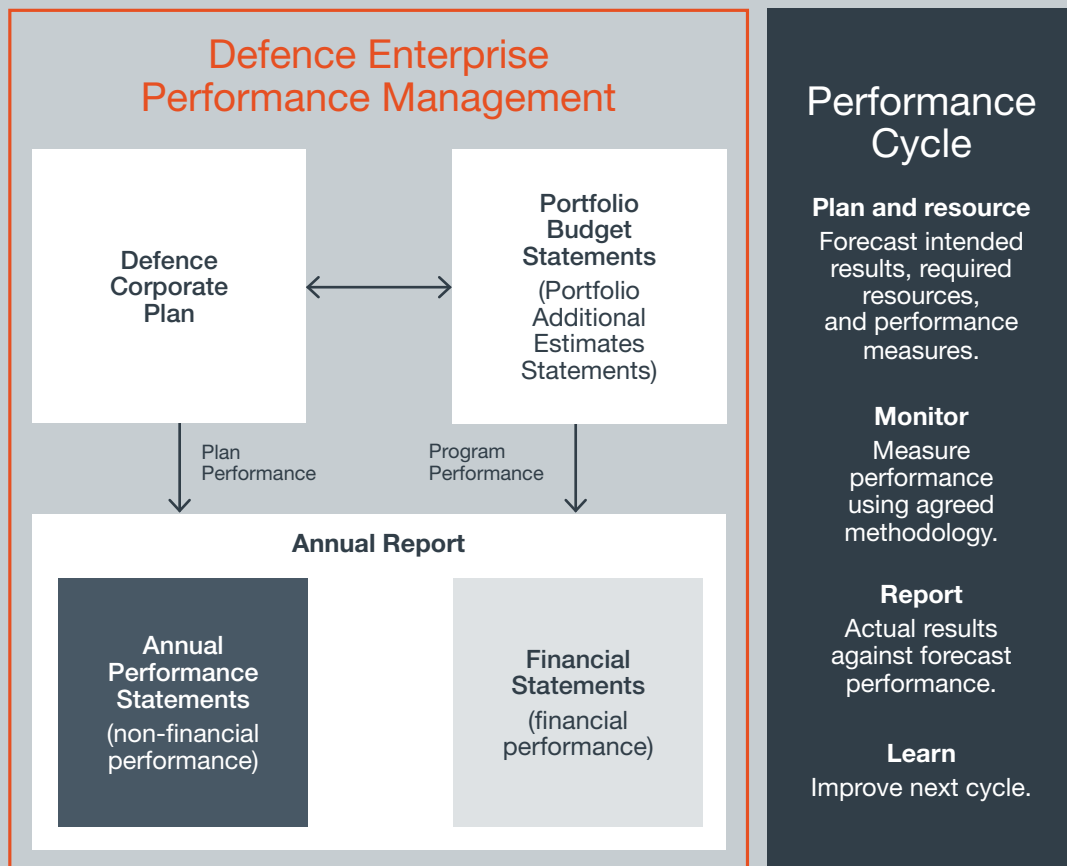
Introduction

Defence's enterprise performance management is designed to ensure alignment between Government direction, strategy, resources and capability to achieve its mission.

The 2023–24 Annual Performance Statements provide an assessment of Defence's performance against the performance measures set out in the *2023–27 Defence Corporate Plan*, the *Portfolio Budget Statements 2023–24* and the *Portfolio Additional Estimates Statements 2023–24*.

Figure 3.1 demonstrates the relationship of the Annual Performance Statements with the other elements of Defence's performance management approach.

Figure 3.1: Defence's enterprise performance management approach



2023–24 Performance overview

The 2023–24 Annual Performance Statements outline Defence’s achievement in support of its mission to defend Australia and its national interests in order to advance Australia’s security and prosperity.

In 2023–24, Defence had two outcome statements describing what the Government required Defence to achieve using the resources allocated through the Commonwealth budget process. Defence’s outcomes are:

Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.

Against Outcome 1, Defence achieved both of the two performance measures for the 2023–24 reporting period.

During 2023–24, Defence planned for, developed and maintained the capability to deter and defeat armed attacks on Australia, or on Australian interests. This included planning for, conducting, controlling and evaluating Defence contributions to Government-directed operations. The operations conducted during the reporting period met stated objectives and Government intent, demonstrated the ability of the joint force to operate in both interagency and multinational environments, and delivery of national security and Defence assistance to the civil community.

Defence’s operations in Australia’s immediate region involved support to the 2023 Pacific Games in Solomon Islands through Operation LILIA, which is the ADF’s support to the Australian Federal Police and Department of Foreign Affairs and Trade in Solomon Islands. During November and December 2023, the 2023 Pacific Games were held in Honiara, with around 5,000 participants from 24 countries. The ADF contribution helped to ensure a safe and secure event, alongside other partner nations.

Further abroad, Defence continued to enhance Australia’s national interests through continued support to Ukraine through Operation KUDU. Through this operation the ADF continued to work alongside partner nations as part of the UK-led training program to build additional capacity for Ukraine to defend their homeland.

During 2023–24, Defence also supported the Commonwealth and state/territory governments with emergency and non-emergency tasks, as well as regional disaster assistance and events of national significance as directed by the Government.

ADF personnel supported disaster relief operations in response to bushfire, flood and tropical cyclone events in the Northern Territory, Queensland and across northern Australia during the reporting period.

Although there was no requirement to commit APS personnel in support of a whole-of-government national disaster and emergency response during the reporting period, Defence remained ready to contribute as directed by the Government. As at 30 June 2024, 181 APS personnel were registered with Defence’s APS Surge Reserve, indicating Defence’s preparedness to be part of the APS Surge Reserve when required. The APS Surge Reserve comprises APS employees who register their interest to move temporarily and at short notice to another agency with the support of their home agency, to help Australians affected by major disasters or emergencies.

Outcome 2: Protect and advance Australia’s strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.

Against Outcome 2, Defence achieved four performance measures, substantially achieved three performance measures and partially achieved one performance measure for the 2023–24 reporting period. In 2023–24, the Government launched the inaugural *National Defence Strategy* and *Integrated Investment Program*, which gave effect to the reforms agreed by the Government through its response to the *Defence Strategic Review*.

Released on 17 April 2024, the *National Defence Strategy* set out a fundamentally new approach to the defence of Australia and its interests, and outlined the strategic framework that will guide the significant and urgent changes required to address Australia's changing strategic circumstances. Defence made progress towards implementation of the *National Defence Strategy* during the reporting period, with a number of actions completed.

During the reporting period, services delivered by the Defence Intelligence Enterprise were effective, targeted and prioritised to support the most critical needs of Defence and the Australian Government. Defence achieved a rate of 100 per cent of both planning and conduct of operations, and the development of strategic policy being informed by intelligence assessments and products.

The recruitment and retention of ADF personnel was a continued area of focus throughout 2023–24, with several initiatives introduced. Payments under the new ADF continuation bonus commenced for eligible members from January 2024. In addition, an initiative to expand the eligibility criteria for recruitment of non-Australian citizens to the ADF was introduced during the reporting period.

Defence continued to build and maintain international partnerships through regular and meaningful engagement to support the rules-based order during 2023–24. In March 2024, a new defence and security cooperation agreement was signed following annual ministerial defence talks as part of the Australia–United Kingdom Ministerial Consultations (AUKMIN). In July 2023, the 33rd Australia–United States Ministerial Consultations (AUSMIN) was held in Brisbane, Queensland to advance the Australia–United States Alliance, and our cooperation in the Indo-Pacific and globally. These dialogues, among others, deepen our cooperation and collaboration with like-minded partners.

Defence remained committed to delivering the right capability at the right time during 2023–24. Noting a rebuilt *Integrated Investment Program* was released in April 2024, Defence assessed its performance for the reporting period up to the release of the new *Integrated Investment Program*. Defence remained focused on delivering the highest priority capabilities for the integrated force. Variances to Government-approved scope, schedule and cost were managed during the reporting period.

In 2023–24, Defence provided a significant contribution to Australia's prosperity and economic activity through strengthening the sovereign defence industry; facilitation of defence industry exports; investment in innovation, science and technology; and by supporting Indigenous businesses by exceeding Indigenous procurement targets.

Reading the Annual Performance Statements

Consistent with better-practice performance reporting, Defence maintains performance measure profiles (the profiles) that document the key information for each performance measure and target. The profiles have assisted Defence in developing a robust approach to data collection, assessment and reporting for Defence's Annual Performance Statements.

In particular, the profiles define the methodology and assessment criteria used to assess achievement against each measure and target according to a four-tier rating system:

- achieved;
- substantially achieved;
- partially achieved; and
- not achieved.

Due to the varied nature of the performance measures, the respective assessment criteria are defined individually. Performance assessments have been made according to the agreed methodologies and definitions outlined in the profiles. The results of these assessments are described in the analysis sections of the performance results.

In some cases, the wording of performance measures was amended between the *Portfolio Budget Statements 2023–24* and the *2023–27 Defence Corporate Plan*. These changes do not impact reporting and are footnoted in the relevant performance measures.

KEY ACTIVITY 1		Conduct operations and deployments to defend Australia and its national interests.
1.1	PERFORMANCE MEASURE	Defence maintains ready forces, plans and conducts operations, activities and actions as directed by Government to achieve Defence's strategic objectives. ¹
	TARGET	1.1a Defence responds to Australian Government requirements and conducts operations as directed. This will change year-on-year.
	SOURCE	2023–27 Defence Corporate Plan Portfolio Budget Statements 2023–24 Programs: 1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12
	RESULT	Achieved
	1.1 ANALYSIS	<p>Defence achieved its intended performance against this measure in 2023–24 by responding to Australian Government requirements and conducting operations as directed. Defence's performance against this measure is validated through case studies, which analyse and verify Defence's performance through joint collective training exercises and the conduct of operations globally, regionally and domestically.</p> <p>The Chief of Joint Operations is accountable for the planning and conduct of operations, activities and investments as directed by the Government to achieve Defence's strategic objectives. The Chief of Joint Operations is also accountable to ensure the joint force is ready to deliver directed outcomes in accordance with strategic direction.</p> <p>Defence has approved a <i>Theatre Campaign Plan</i> that is aligned to the <i>National Defence Strategy</i>. The <i>Theatre Campaign Plan</i> sets out the operational approach to compete in the Indo-Pacific theatre to deter conflict, defeat threats to Australia and Australia's national interests, contribute to collective security, respond to crisis, and support the maintenance of the rules-based international system.</p> <p>This approach achieves the following objectives:</p> <ul style="list-style-type: none"> • increase ADF regional freedom of manoeuvre; • prepare the ADF to defend Australia in crisis and conflict; • prepare for and resolve regional security challenges; • protect Australians and foreign nationals as directed from security and disaster incidents; and • contribute to multinational preservation of the rules-based international system. <p>Conduct of operations, activities and investments</p> <p>Coordination of operations, activities and investments across the theatre maximises the effect and influence of ADF deployments, exercises and investments. All operations reported on for the 2023–24 reporting period are examples of implementation of the <i>Theatre Campaign Plan</i>, and led directly to the achievement of campaign objectives.</p> <p>Case study – Global operation</p> <p>During the reporting period, Defence contributed to achieving Australia's national interests globally through the conduct of Operation KUDU (support to Ukraine). This operation contributed to the training of the Armed Forces of Ukraine in concert with the United Kingdom and other like-minded nations, and exemplifies the Australian Government's commitment to working with partners in support of an international rules-based order. Between October 2023 and April 2024, the ADF deployed an airborne early warning capability in support of allied operations to the Ukraine. The ADF has deployed six rotations of ADF personnel to join partner nations in the United Kingdom-led training program for Ukrainian recruits since January 2023.</p>

1. The Portfolio Budget Statements 2023–24 included 'successfully' in the wording of this performance measure. This was removed in the 2023–27 Defence Corporate Plan, and does not impact reporting against the measure.

Case study – Regional operation

Defence enhanced regional security and partnerships through the conduct of Operation LILIA – support to the Pacific Games 2023. The Solomon Islands Government hosted the Pacific Games 2023 from 17 November to 2 December 2023. At the request of the Solomon Islands Government and in conjunction with the Australian Federal Police, the ADF provided support to the Royal Solomon Islands Police Force for the conduct of a successful and secure event.

Case study – Domestic operation

Operation RESOLUTE is the ADF contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests. The ADF contributes forces under Operation RESOLUTE to Maritime Border Command through Joint Task Force 639, consisting of air surveillance, maritime fleet units and land security elements.

Maintaining ready forces

Defence maintains the readiness of the joint force² through the conduct of joint collective training activities. These training activities maintain the readiness of the force and integrate capabilities across the five domains of land, maritime, air, space and cyber, informing both current and future capability employment. These activities also develop and enhance strategic relationships with Australia's partnering nations and develop interoperability. They also provide an opportunity for force experimentation and learning to continually improve the ADF's ability to conduct operations in support of Government requirements.

Between 22 July and 4 August 2023, Exercise TALISMAN SABRE was the major joint collective training³ activity conducted. The exercise was designed to test the planning and conduct of combined (multinational) and joint (multi-service) military operations. Exercise TALISMAN SABRE consisted of field training exercises incorporating force preparation activities, amphibious landings, ground force manoeuvre, air combat and maritime operations. The exercise aimed to improve combat readiness and interoperability between Australia, the United States and other partner nations.

Over 35,000 personnel, 29 naval vessels, 75 aircraft and assorted ground-based combat assets from participant and observer countries took part in Exercise TALISMAN SABRE. Countries represented included Canada, Fiji, France, Germany, India, Indonesia, Japan, New Zealand, Papua New Guinea, Philippines, the Republic of Korea, Singapore, Thailand, Tonga, and the United Kingdom. Australian and United States participants in Exercise TALISMAN SABRE were drawn from across Defence and the United States Indo-Pacific Command service force providers and other Government agencies.

Domestic joint training exercises

No domestic joint field training exercises were planned or conducted during 2023–24. The next domestic joint field training exercise (Exercise AUSTRAL SHIELD 2024) is scheduled to be held in the next reporting period.

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2. The joint force is defined as the force elements assigned from Defence's Groups and Services operating under a single joint force commander.
 3. Joint collective training refers to training activities which are based on realistic circumstances and provide assurance that the joint force is able to achieve specific effects.

1.2	PERFORMANCE MEASURE	Defence commits Australian Defence Force and Australian Public Service assistance to whole-of-government national disaster and emergency response, as directed by Government. ⁴	
	TARGET	1.2a Defence responds to Australian Government direction as required. This will change year-on-year.	
	SOURCE	2023–27 Defence Corporate Plan Portfolio Budget Statements 2023–24	Programs: 1.1, 1.2, 1.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.12
	RESULT	Achieved	
	1.2 ANALYSIS	<p>During the reporting period, under the <i>Australian Government Crisis Management Framework</i> and the <i>Australian Government Disaster Response Plan</i>, Defence deployed ADF liaison officers, planners and specialist personnel in direct support of domestic disaster relief operations conducted by state and territory authorities. ADF personnel were deployed to support disaster relief operations in response to bushfires, floods and tropical cyclone events in the Northern Territory, Queensland and across northern Australia. Defence’s achievement against this performance measure is demonstrated by the following examples.</p> <p>ADF response to Queensland emergency following Tropical Cyclone Kirrily</p> <p>In January 2024, ADF personnel were directed to support the Queensland emergency following Tropical Cyclone Kirrily. A total of 270 ADF personnel were deployed in response to the weather events under Tropical Cyclones Kirrily and Jasper and associated Far North Queensland flood emergencies.</p> <p>Personnel evacuated 265 people, delivered significant volumes of food, bedding and medical supplies to other remote communities, and moved 135 emergency response personnel, including the Red Cross, police and government representatives in North Queensland. Personnel also worked with local service providers in South-East Queensland to clear routes to essential infrastructure, as well as felled trees from schools.</p> <p>Northern Territory bushfires</p> <p>On 31 August 2023, a fire appeared as multiple hotspots along the Barkly Highway, Northern Territory and a second fire started on Epenarra Road. These fires joined on 5 September 2023, creating a large fire that scorched over 10,000 square kilometres of grass land, referred to as the Barkly Fire.</p> <p>The Tennant Creek community and surrounding communities were at risk from the fire continuing its trajectory due to consistent easterly winds at 10–20 kilometres per hour, and a lack of rainfall. However, fire mitigation actions and easing conditions reduced this threat. Personnel constructed 31 kilometres of firebreaks and 14 kilometres of access tracks to protect critical infrastructure and establish control lines.</p> <p>Support to domestic disaster relief operations conducted by state and territory authorities demonstrates Defence’s capacity and preparedness to support whole-of-government national disaster and emergency responses.</p> <p>Although there was no requirement to commit APS personnel during the reporting period, Defence APS personnel remained ready to assist any whole-of-government national disaster and emergency response. As at 30 June 2024, 181 Defence APS personnel were registered with the APS Surge Reserve⁵ to support surge activation as required.</p>	

4. The *Portfolio Budget Statements 2023–24* included ‘deploys’ in lieu of ‘commits’ in this performance measure. This was amended in the *2023–27 Defence Corporate Plan*, and does not impact reporting against this measure.

5. The APS Surge Reserve mobilises APS staff in large numbers to respond to large-scale national emergencies. The APS Surge Reserve is made up of APS employees who register their interest to move temporarily at short notice to another agency with the support of their home agency, to help Australians affected by major disasters or emergencies.

KEY ACTIVITY 2		Be a strategy-led organisation.
2.1	PERFORMANCE MEASURE	Defence develops internal policy guidance to implement Government direction. ⁶
	TARGETS	<p>2.1a Defence revises the <i>Strategy Framework</i>.</p> <p>2.1b Defence develops the <i>National Defence Strategy</i> for Government agreement as directed by the <i>Defence Strategic Review</i>.</p>
	SOURCE	<p>2023–27 Defence Corporate Plan</p> <p>Portfolio Budget Statements 2023–24 Program: 2.1</p>
	RESULT	<p>Achieved</p> <p>Defence achieved its intended performance against this measure in 2023–24 by revising the <i>Strategy Framework</i> and developing the <i>National Defence Strategy</i> for Government agreement.</p> <p>Target 2.1a – Strategy Framework</p> <p>Defence adopted the revised <i>Strategy Framework</i> on 21 November 2023. The <i>Strategy Framework</i> describes how Defence’s processes and outputs synchronise to contribute to the delivery of Government direction and strategic guidance, consistent with the <i>National Defence Strategy</i> process.</p> <p>Target 2.1b – National Defence Strategy</p> <p>The <i>National Defence Strategy</i> and <i>Integrated Investment Program</i> were agreed by the Government and publicly launched by the Deputy Prime Minister and Minister for Defence on 17 April 2024. Together, the <i>National Defence Strategy</i> and the <i>Integrated Investment Program</i> present fundamental reforms to Australia’s defence strategy, planning, capabilities and resourcing, thus giving shape and effect to the reforms agreed by the Government in its response to the <i>Defence Strategic Review</i>.</p>
	2.1 ANALYSIS	

6. The *Portfolio Budget Statements 2023–24* included ‘actionable’ in the wording of this performance measure. This was removed in the *2023–27 Defence Corporate Plan*, and does not impact reporting against this measure.

KEY ACTIVITY 3		Enable intelligence-informed strategic policy and overseas operations.
3.1	PERFORMANCE MEASURE	Defence intelligence assessments and products inform the planning and conduct of overseas operations and the development of strategic policy.
	TARGETS	<p>3.1a One-hundred per cent of overseas operations — both in planning and conduct — are informed by Defence intelligence assessments and products.</p> <p>3.1b One-hundred per cent of strategic policy products are informed by relevant Defence intelligence assessments and products.</p>
	SOURCE	2023–27 Defence Corporate Plan
		Portfolio Budget Statements 2023–24 Program: 3.1
	RESULT	Achieved
	3.1 ANALYSIS	<p>Defence achieved its intended performance against this measure in 2023–24 by consistently developing Defence intelligence products to support and inform international operations and the development of key Defence policy documents.</p> <p>Target 3.1a — International operations informed by intelligence In 2023–24, one-hundred per cent of overseas operations — both in planning and conduct — were informed by Defence intelligence assessments and products.</p> <p>Target 3.1b — Strategic policy products informed by intelligence In 2023–24, one-hundred per cent of strategic policy products were informed by relevant Defence intelligence assessments and products.</p> <p>This assessment recognises the services delivered by the Defence Intelligence Enterprise⁷ are effective, targeted, and prioritised to support the most critical intelligence needs of Defence and the Australian Government. The intelligence needs included support for the <i>Defence Strategic Review</i> and <i>National Defence Strategy</i>, and demonstrate continued success in meeting established targets.</p>

7. The Defence Intelligence Enterprise includes those elements of Defence that perform intelligence and intelligence-related functions as their primary focus.

KEY ACTIVITY 4		Invest in Defence people.
4.1	PERFORMANCE MEASURE	Defence is able to attract and retain an Australian Defence Force and Australian Public Service workforce with the necessary culture, skills and capabilities to contribute to Australia's national interests.
	TARGET	4.1a Defence makes progress against recruitment and retention milestones to meet 2039–40 workforce growth requirements.
	SOURCE	2023–27 Defence Corporate Plan Portfolio Budget Statements 2023–24 Programs: 2.2, 2.4, 2.12, 2.20, 2.21, 2.22, 2.23
	RESULT	Partially achieved Defence partially achieved its intended performance against this measure in 2023–24. This was due to Defence not meeting the workforce guidance milestones for the ADF outlined in the <i>Portfolio Budget Statements 2023–24</i> , and is evidenced by the increased number of critical employment categories, reflecting hollowness in key segments of the workforce. The qualitative assessment of Defence's ability to attract and retain a workforce with the necessary culture, skills and capabilities, demonstrates there are areas of the employee value proposition that were viewed favourably, while there were elements that require ongoing focus, including the Defence workforce's experience of unacceptable behaviour. Target 4.1a — Progress against recruitment and retention milestones Defence's people are key to its continued success. The ability to attract and retain the right number of talented and skilled people affects Defence's ability to achieve its mission. As at 30 June 2024, the average funded strength ⁸ of the ADF was 7.1 per cent below the workforce growth requirements outlined in the <i>Portfolio Additional Estimates Statements 2023–24</i> (58,310 against a guidance of 62,735). This represents a slight decline in performance from the previous reporting period, when the average funded strength of the ADF was 5.5 per cent below guidance (at 30 June 2023). In 2023–24, the number of ADF critical categories increased from 25 to 42, highlighting hollowness in key workforce segments. Overall, the ADF separation rate continued to improve and was 9.5 per cent at 30 June 2024 (11.1 per cent as at 30 June 2023). The ADF recruiting achievement was 66 per cent of its recruitment target. Defence's changing strategic circumstances require a new approach to force posture, force structure and the strategic distribution of our workforce capability. During the reporting period, Defence faced challenges to recruit, retain and grow its ADF workforce in accordance with workforce growth requirements. To achieve the required growth path to meet 2039–40 requirements, a significant increase in ADF recruitment, combined with improved retention rates is needed.

8. Average funded strength is the number of paid military personnel over each pay period from the commencement of the financial year. It includes all permanent members as well as Reserve members serving on continuous full-time service, and relates specifically to the ADF workforce.

4.1
ANALYSIS
(CONTINUED)

As at 30 June 2024, the average staffing level⁹ for Defence's APS workforce was 18,009 against *Portfolio Additional Estimates Statements 2023–24* guidance of 17,445. This level is 3.2 per cent higher than the allocation. During the second half of 2023–24, the Defence APS workforce guidance was rebalanced to ensure Government priorities are assigned the appropriate workforce guidance; contractor conversions continue to progress; and recruitment and retention activities, including the application of Building Defence Capability Payments¹⁰, addressed the 15 critical categories for the APS workforce.

From a recruitment perspective, Defence met its APS recruitment requirements. Defence's strong APS recruiting performance counteracted the above-average separation rate. This resulted in workforce growth, and the APS moving closer to its required growth path.

Defence's ability to attract and retain a workforce with the necessary culture, skills and capabilities

In assessing Defence's ability to attract and retain a workforce with the necessary culture, skills and capabilities, Defence considered data derived from the YourSay Workplace Experience (YourSay) and Workplace Behaviours surveys.¹¹ Results from the 2023–24 surveys indicated job engagement remained relatively steady when considering job satisfaction, accomplishments and contribution, and belonging to Defence (63.1 per cent in 2022–23 and 62.9 per cent in 2023–24). Morale was consistent with previous years, with more than three-quarters of the workforce reporting moderate to very high morale (77.6 per cent in 2022–23 and 77.5 per cent 2023–24).

Additionally, 71.8 per cent of Defence personnel reported low psychosocial risk, reflecting the ways Defence's policies, practices and procedures protect psychological health and safety. This result is marginally less than in 2022–23, when 72.6 per cent of Defence personnel reported low psychosocial risk.

While Defence strived to reduce unacceptable behaviour during the reporting period, overall survey response indicated a marginal increase in Defence personnel who reported an experience of any unacceptable behaviour (36.8 per cent for 2022–23 and 38 per cent for 2023–24). Reporting indicates an increase in incidents, from 887 to 948 compared to the previous reporting period.

Initiatives to support culture, skills and capabilities of our people, among other initiatives, will support recruitment, retention and workforce growth over the next decade.

9. Average staffing level is the average of the full-time equivalent employees across the financial year and relates specifically to the APS workforce.

10. A Building Defence Capability Payment provides additional remuneration to the rate of salary otherwise payable under the Defence Enterprise Agreement. Building Defence Capability Payments are used to attract, develop and retain an identified group of non-Senior Executive Service APS employees. The group of employees may have the same job, or different but related jobs, in either an occupational discipline or range of occupational disciplines and classifications considered critical to Defence capability.

11. In 2022, the YourSay and Workplace Experience surveys were administered three times in the calendar year. Survey administration reduced to twice per year from 2023 onwards. Survey data assessed for this reporting period includes the below surveys:

- 2022–23: July 2022, October 2022 and March 2023; and
- 2023–24: September 2023 and April 2024.

4.2	PERFORMANCE MEASURE	Defence supports Australian Defence Force members and their families by providing access to support services and programs.	
	TARGETS	<p>4.2a Defence continues to strengthen support for whole-of-life health, their wellbeing and safety outcomes for Australian Defence Force members and families.</p> <p>4.2b Increased Australian Defence Force member and family satisfaction with support services and programs.</p>	
	SOURCE	<p>2023–27 Defence Corporate Plan</p> <hr/> <p>Portfolio Budget Statements 2023–24</p> <p>Programs: 2.2, 2.4, 2.12, 2.20, 2.21, 2.22, 2.23</p>	
	RESULT	Substantially achieved	
4.2 ANALYSIS		<p>Defence substantially achieved its intended performance against this measure in 2023–24. This is due to Defence having assessed both targets as substantially achieved during 2023–24, demonstrated by strengthened support for whole-of-life health, wellbeing and safety outcomes for ADF members and their families, as well as predominantly increased satisfaction of ADF members.</p> <p>Target 4.2a — Strengthened support for whole-of-life health, their wellbeing and safety outcomes for ADF members and families</p> <p>Defence continued to prioritise a whole-of-life approach to support health, wellbeing and safety outcomes for current and former ADF members and families. The Defence and Department of Veterans’ Affairs-aligned wellbeing factors continued to influence key business decisions, emphasising longitudinal health, wellbeing and safety outcomes. This wellbeing approach underpinned key Defence initiatives, including the development of the <i>Defence and Veteran Mental Health and Wellbeing Strategy 2024–2029</i>.</p> <p>To report against this target, Defence assessed whether support had strengthened against five wellbeing factors of health, social support and connection, respect and recognition, safety, and employment (including conditions and income). For the 2023–24 reporting period, two of these categories increased, two remained steady and one decreased, compared with the 2022–23 reporting period. This resulted in this target being substantially achieved.</p> <p>Health — During the reporting period there was an increase in the numbers of both eligible ADF members and their dependants who registered with the ADF Family Health Program compared with the 2022–23 reporting period. The ADF Family Health Program is available to full-time ADF members and their eligible dependants, as well as Reserve personnel undertaking full-time service. The increased number of claims by ADF members (54 per cent increase compared with 2022–23) indicates that ADF members and their families are using the ADF Family Health Program.</p> <p>Social support and connection — Defence continued to deliver a range of programs and services to ADF members and their families, including those aimed at enhancing social support and connection. During the reporting period, ADF Sports implemented an international engagement plan to better support and promote ADF members to engage in Defence-related sports programs. In 2023–24, six international sporting events were supported by ADF Sports as planned for the reporting period. Defence also increased its social support for ADF members through the creation of four application of knowledge modules created by the Sexual Misconduct Prevention and Response Office. The first of these modules was delivered during the reporting period and formed part of the mandatory training suite of courses for ADF members.</p>	

Respect and recognition — During 2023–24, 1,274 ADF members were awarded a commendation under the Defence Commendation Scheme, which recognises outstanding/exceptional achievement when awards from within the Australian honours system are not an appropriate medium of recognition. The number of commendations has decreased by 27 per cent from last year (1,748 commendations).¹²

Safety — During the reporting period, work health and safety (WHS) mandatory training compliance for ADF members increased compared with 2022–23 (94 per cent in 2023–24 compared to 60 per cent in 2022–23). The rate of workplace incidents reported by ADF members was 39.1 per 1,000 personnel, which increased compared with the previous reporting period (34.1 reports per 1,000 personnel). Defence made progress to improve its safety environment through the development and implementation of the *Defence WHS Strategy 2023–2028*, enhancing its approach to enterprise psychosocial risk management, and the implementation of the Defence Respect@Work framework.

Employment — In 2023–24, transitioning ADF members and their families were provided with employment support as a component of the Defence Force Transition Program. The ADF Post-Transition Survey results indicated slight decreases in employment outcomes for transitioning members at three months, 12 months and 15 months post-transition compared with 2022–23. However, the number of ADF transitioning members' partners who accessed employment support increased by 27 per cent compared with 2022–23.

Target 4.2b — Increased ADF member and family satisfaction with support services and programs

To report against this target Defence assessed whether ADF members' satisfaction had increased, remained steady or decreased against four wellbeing factors: health, social support and connection, employment (including conditions and income), and education and skills. An increase in three out of four of these factors resulted in this target being substantially achieved in 2023–24.

As the ADF Families Survey is conducted biennially, no survey was conducted in the 2023–24 reporting period. Following conduct of the next survey in 2025, Defence will make a comparative assessment as to whether ADF family satisfaction has increased, decreased or remained steady, to assess performance against this target in 2024–25, using the 2022–23 ADF Families Survey data as a baseline.

Health — The percentage of ADF members satisfied with their health increased marginally from 68.2 per cent in 2022–23 to 68.9 per cent in 2023–24.

12. The decrease in the number of commendations was in part due to an increase in group commendations being awarded, and potentially, the current complexity of the Defence Commendation scheme. As a result, Defence is proposing the introduction of a new Command Commendation, which will be available for issue from 1 February 2025. The Command Commendation will be awarded for 'noteworthy' achievement and will create more timely recognition with the approval to award delegated to unit command levels.

Social support and connection — ADF members' satisfaction with their local community increased from 53.3 per cent in 2022–23 to 55.6 per cent in 2023–24. Satisfaction with relationships for ADF members also increased from 74.9 per cent in 2022–23 to 75.5 per cent in 2023–24.

Employment (including conditions and income) — ADF members' job satisfaction increased from 55.9 per cent in 2022–23 to 59.5 per cent in 2023–24. Satisfaction with employment opportunities also increased from 59.6 per cent in 2022–23 to 62 per cent in 2023–24. There was a marginal decrease in the percentage of ADF members who were satisfied with their financial situation (67.4 per cent in 2022–23 compared to 66.8 per cent in 2023–24).

Education and skills — ADF members who agreed that their job gave them opportunities to use skills and training increased from 63.1 per cent in 2022–23 to 64.7 per cent in 2023–24. The percentage of ADF members who considered that there were sufficient opportunities to receive training to improve skills in their job also increased, from 44.2 per cent to 50.6 per cent in 2023–24.

Subsequent event

Subsequent to the conclusion of the reporting period, the Royal Commission into Defence and Veteran Suicide Final Report was released on 9 September 2024. Defence will respond to the recommendations agreed by the Government. Defence is committed to improving our processes, policies and procedures to achieve better outcomes for our people.

KEY ACTIVITY 5		Promote regional and global security and stability.
5.1	PERFORMANCE MEASURE	Defence builds and maintains relationships with international partners that promote regional and global security and stability.
	TARGETS	<p>5.1a International engagement activities are directed and focused to maintain a regional balance of power in the Indo-Pacific through regular review of international engagement policies to align resourcing and prioritisation of effort. This will be demonstrated by Defence international engagement bilateral and regional policies being reviewed at least annually through the Defence International Engagement Committee.</p> <p>5.1b Defence relationships are strengthened through established ministerial dialogues. This will be demonstrated by at least 80 per cent of outcomes from ministerial meetings being on track to be delivered.</p>
	SOURCE	2023–27 Defence Corporate Plan Portfolio Budget Statements 2023–24 Program: 2.1
	RESULT	Substantially achieved
	5.1 ANALYSIS	<p>Defence substantially achieved its intended performance against this measure in 2023–24. This was demonstrated by a review of the majority of bilateral and regional policies through the Defence International Engagement Committee, and the achievement of implemented outcomes from ministerial meetings.</p> <p>Target 5.1a – International engagement bilateral and regional policies Defence continued to build and maintain international partnerships through regular and meaningful engagement, and promoted regional and global security and stability during the reporting period. Defence focused international engagement activities on mutually beneficial objectives, strengthened partnerships and built shared capability. Focused activities were informed by systematic and regular review of policy, primarily through the Defence International Engagement Committee. Regular review of international engagement policy contributes to the balance of power by ensuring policy guidance remains responsive to strategic circumstances and direction. This directs the prioritisation of Defence’s resources so that operations, activities and investments directly contribute to the maintenance of regional stability and the global rules-based order.</p> <p>Defence substantially achieved this target in 2023–24, demonstrated by the Defence International Engagement Committee having reviewed three out of four of the regional and bilateral international engagement policies. All four regional and bilateral international engagement policies had been scheduled for review during the reporting period.</p> <p>Target 5.1b – Outcomes from established ministerial dialogues Defence’s activities with international partners were complemented by regular dialogue between portfolio ministers and senior defence leaders and their counterparts overseas. These dialogues enhanced bilateral and multilateral relationships and established measurable steps to achieve this objective. The Chief of the Defence Force’s Strategic Command Group is routinely informed of these engagements and outcomes as part of its function to provide situational awareness on issues relating to regional and global security and stability.</p> <p>During the 2023–24 reporting period, Strategic Command Group was updated on the implementation of outcomes from five ministerial dialogues (India, New Zealand, the Republic of Korea, the United Kingdom, and the United States). Of 80 dialogue outcomes, 83 per cent were assessed as on track or had been completed at the end of the reporting period.</p>

5.2	PERFORMANCE MEASURE	Defence conducts operations, activities and investments, which provide presence and posture in the Indo-Pacific.	
	TARGETS	<p>5.2a The Australian Defence Force has a persistent operational presence in the Indo-Pacific through regional presence deployments. This will be demonstrated by at least 90 per cent of planned regional presence deployments being conducted.</p> <p>5.2b The Australian Defence Force conducts exercises with North-East Indian Ocean, South-East Asia and Pacific partners throughout the year. This will be demonstrated by the majority of Australian Defence Force exercises being conducted with Indo-Pacific partners.</p> <p>5.2c Defence invests in international partnerships through personnel exchange and overseas representational network. This will be demonstrated by the percentage of personnel exchanges directed towards the Indo-Pacific compared to the previous year.</p>	
	SOURCE	2023–27 Defence Corporate Plan	
		Portfolio Budget Statements 2023–24	Program: 2.1
	RESULT	Achieved	
	5.2 ANALYSIS	<p>Defence achieved its intended performance against this measure in 2023–24, demonstrated by the conduct of regional presence deployments, exercises with Indo-Pacific partners and investment in international partnerships.</p> <p>Target 5.2a — ADF presence in the Indo-Pacific</p> <p>The ADF maintained its presence and posture in the Indo-Pacific during the reporting period by conducting several¹³ regional presence deployments. These deployments incorporated multiple activities with partner nations including: Canada, India, Indonesia, Japan, Malaysia, New Zealand, the Republic of Korea, Singapore, the United Kingdom, and the United States.</p> <p>Target 5.2b — Conduct of exercises with Indo-Pacific partners</p> <p>In 2023–24, 88 per cent of bilateral or multilateral exercises conducted in the reporting period were undertaken with Indo-Pacific partners. From those exercises conducted with Indo-Pacific partners, 18 per cent were conducted exclusively with the United States. Conducting exercises with Indo-Pacific partners continues to build interoperability, and enhance the ADF’s familiarity of working with regional partners. Increased interoperability improves the capacity of the ADF to cooperate in response to regional security challenges, including humanitarian assistance and disaster relief.</p> <p>Target 5.2c — Investment in international partnerships through personnel exchange and overseas representational network</p> <p>Defence continued to invest in its international partnerships through the placement of personnel on long-term postings in partner nations. The number of personnel in non-operational overseas positions demonstrated an increase of 3.7 per cent compared to the 2022–23 reporting period. This growth was primarily within the Indo-Pacific region.</p>	

13. Due to the data sources for assessing performance against this target being classified, Defence has determined that disclosure of the actual percentage of regional presence deployments conducted cannot be reported for security reasons. However, Defence has followed the assessment criteria in the Performance Measure Profile document to determine the performance result.

KEY ACTIVITY 6		Deliver future capability.
6.1	PERFORMANCE MEASURE	Defence is delivering the right future capability at the right time within the <i>Integrated Investment Program</i> to ensure it is equipped to respond to future security challenges as described by the <i>Defence Strategic Review</i> .
	TARGETS	<p>6.1a Eighty per cent of approved <i>Integrated Investment Program</i> projects by domain are on track to deliver the scope approved by Government.</p> <p>6.1b Eighty per cent of approved <i>Integrated Investment Program</i> projects by domain are on track to deliver within the schedule approved by Government.</p> <p>6.1c Eighty per cent of approved <i>Integrated Investment Program</i> projects by domain are on track to deliver within the cost (including contingency) approved by Government.</p>
	SOURCE	<p>2023–27 Defence Corporate Plan</p> <p>Portfolio Budget Statements 2023–24</p> <p>Programs: 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.13, 2.14, 2.15, 2.16</p>
	RESULT	Achieved
	6.1 ANALYSIS	<p>Defence achieved its intended performance against this measure in 2023–24, through achievement of all three targets.</p> <p>To assess this measure, Defence identified the Post-Gate 2¹⁴ projects within the <i>Integrated Investment Program</i> that had variances in their Government approved scope, schedule or cost during the 2023–24 reporting period, and were included in the acquisition phase of the current One Defence Capability System.¹⁵</p> <p>The reporting period (1 July 2023 to 16 April 2024) was shortened due to the release of the <i>National Defence Strategy</i> and rebuilt <i>Integrated Investment Program</i> on 17 April 2024, as a number of projects and activities were cancelled, divested, delayed or re-scoped as part of this process.</p> <p>The following table (3.1) shows the overall percentage variance across all projects within a domain, across all aspects of the domain’s performance, and across scope, schedule, and cost. Some variance is positive, in that an Initial Operating Capability¹⁶ or Final Operating Capability¹⁷ date was achieved ahead of schedule during the reporting period. Positive and negative variance have been included in the overall percentage variance and the scope, schedule and cost variance.</p>

14. Gate 2 is defined as the decision point in Defence that approves the Second Pass submission to the Government and recommends a specific capability be acquired.
15. One Defence Capability System is an integrated system that ensures Defence’s capability decisions optimise capability outcomes within resource limitations.
16. Initial Operating Capability is the capability state relating to the in-service realisation of the first subset of a capability system that can be employed operationally.
17. Final Operating Capability is the capability state relating to the in-service realisation of the final subset of a capability system that can be employed operationally.

6.1
ANALYSIS
(CONTINUED)

Given the complexity of the *Integrated Investment Program*, it is inevitable that there were some variances in the Government approved scope, schedule, or cost during the reporting period.

The total overall percentage variance of 19 per cent represents 27 out of 140 approved capability projects with a variance to scope, schedule and/or cost.

Table 3.1: Overall variance

Domain	Overall percentage variance ¹⁸ (%)	Number of projects with variance
Land	33	11
Maritime	4	1
Air	13	3
Space	17	1
Cyber	50	4
Enabling	17	7
Total	19	27

18. Percentages in this table have been rounded to the nearest whole number.

Target 6.1a – Scope

This target is assessed as achieved, as 91 per cent (9 per cent variance) of projects are on track to deliver the scope approved by the Government, against the target of 80 per cent.

Table 3.2: Scope variance

Domain	Scope variance (%)	Number of projects with variance
Land	12	4
Maritime	0	0
Air	13	3
Space	0	0
Cyber	13	1
Enabling	12	5
Total	9	13

Target 6.1b – Schedule

This target is assessed as achieved, as 86 per cent (14 per cent variance) of projects are on track to deliver within the schedule approved by the Government, against the target of 80 per cent.

Table 3.3: Schedule variance

Domain	Schedule variance (%)	Number of projects with variance
Land	27	9
Maritime	4	1
Air	8	2
Space	17	1
Cyber	50	4
Enabling	5	2
Total	14	19

Target 6.1c – Cost

This target is assessed as achieved, as 99 per cent (1 per cent variance) of projects are on track to deliver within Government approved costs, against the target of 80 per cent.

Table 3.4: Cost variance

Domain	Cost variance (%)	Number of projects with variance
Land	3	1
Maritime	0	0
Air	4	1
Space	0	0
Cyber	0	0
Enabling	0	0
Total	1	2

KEY ACTIVITY 7		Advance Australia's prosperity.
7.1	PERFORMANCE MEASURE	Defence contributes to Australia's prosperity through the inclusion of Australian businesses and enterprises in supply chains for capability and services.
TARGETS		<p>7.1a Defence direct economic contribution to the Australian economy. A target to demonstrate performance will be set during the reporting period.¹⁹</p> <p>7.1b Defence contributes to strengthening sovereign defence industry. This will be demonstrated by an increase in the Australian contract expenditure of Capability Acquisition and Sustainment Group and Naval Shipbuilding and Sustainment Group contracts.²⁰</p> <p>7.1c Australian defence industry exports. Defence's facilitation of defence industry exports will be demonstrated by:</p> <ul style="list-style-type: none"> – an increase in Australian industry applications to attend international trade shows with Team Defence Australia; – an increase in the number of Australian suppliers engaged under the Global Supply Chain Program; and – an increase in the number of approved export permits, noting that permits granted do not equate to actual exports. <p>7.1d Defence invests in innovation, science and technology as approved by Government.</p> <p>7.1e Percentage of Defence's contracts to Indigenous enterprises to meet the annual portfolio targets as calculated by the National Indigenous Australians Agency to comply with the <i>Indigenous Procurement Policy</i>.</p> <ul style="list-style-type: none"> – 2023–27 — Australian Government annual targets for volume and value.
SOURCE		2023–27 Defence Corporate Plan
		Portfolio Budget Statements 2023–24 Programs: 2.1, 2.3, 2.9, 2.13
RESULT		Substantially achieved
7.1 ANALYSIS		<p>Defence substantially achieved its intended performance against this performance measure in 2023–24, demonstrated by achieving four targets (Targets 7.1a, 7.1b, 7.1c and 7.1e) and substantially achieving one target (Target 7.1d) in the measure. Defence contributed to Australian prosperity through the inclusion of Australian businesses and enterprises in supply chains for capability and services.</p> <p>This assessment was undertaken using a range of data sources to support Defence's understanding of the extent to which it contributes to Australia's prosperity, and progress towards common social and strategic objectives. The Government's investment in Defence over the coming decade will advance Australia's prosperity through expenditure on defence capabilities, support to new and existing defence industries, and the creation of jobs.</p>

19. During the reporting period, Defence determined an appropriate target to be where the direct economic contribution to the Australian economy increased by 1.5 per cent or more compared to the previous reporting period.

20. During the reporting period, Defence determined an appropriate target to be where the Australian contract expenditure increased by more than 5 per cent compared to the previous reporting period.

7.1
ANALYSIS
(CONTINUED)

Target 7.1a – Direct economic contribution

Defence made a significant contribution to the Australian economy in 2023–24, which increased from Defence’s contribution during the previous reporting period. Defence spending increased by 7.1 per cent compared with the previous reporting period, which resulted in achievement of this target. The table below outlines Defence’s spend to entities with an Australian Business Number during the reporting period.

2022–23 spend	2023–24 spend	Result (%)
\$27.46 billion	\$29.41 billion	7.1

Target 7.1b – Contribution to strengthening sovereign defence industry

Defence strengthened sovereign defence industry during the reporting period, demonstrated by increased capability-related spend on entities with an Australian Business Number. In comparison with the previous reporting period, Defence achieved a 6.7 per cent increase in the total Australian contract expenditure.

In addition to whole-of-Defence contract expenditure, the table below shows Defence’s capability-related spend on entities with an Australian Business Number, broken down by primary delivery groups.²¹

	2022–23	2023–24	Result (%)
Whole of defence	\$27.8 billion	\$29.7 billion	6.8
Capability Acquisition and Sustainment Group	\$7.8 billion	\$8.6 billion	10.3
Guided Weapons and Explosive Ordnance Group	\$419 million	\$477.9 million	14
Naval Shipbuilding and Sustainment Group	\$3.8 billion	\$4.3 billion	13.2
Rest of Defence	\$15.9 billion	16.4 billion	3.1

In some cases, a portion of the increased contract expenditure is attributable to external factors, including but not limited to inflation and real cost increase to project budgets. Such increases are not considered contributions to sovereign defence industry. In 2023–24, available data indicates that there was one project real cost increase to the value of \$13.3 million. As a proportion of the whole-of-Defence contract expenditure, this real cost increase had a negligible impact against the performance result for this target.

21. Following the establishment of the Guided Weapons and Explosive Ordnance Group in May 2023, Defence has included the contract expenditure for this group in reporting against this target.

7.1
ANALYSIS
(CONTINUED)

Target 7.1c – Defence industry exports

Defence contributed to Australian prosperity by facilitating defence industry exports in 2023–24. Defence achieved this target through an increase in expressions of interest to attend international trade events with Team Defence Australia, an increase in industry suppliers engaged, and an increase in the total number of approved exports permits. The below table demonstrates Defence’s achievement of the three elements.

	2022–23	2023–24	Result
Australian industry applications to attend international trade shows with Team Defence Australia			
	335	415	Increase (80 applications)
Australian industry suppliers engaged under the Global Supply Chain Program			
	176	210	Increase (34 suppliers)
Approved export permits ²²			
	2,726	2,966	Increase (240 permits)

Target 7.1d – National innovation, science and technology

During the reporting period, Defence invested in innovation, science and technology, as approved by the Government. As a proportion of Defence’s total budget, 2.73 per cent was invested into innovation, science and technology, which resulted in this target being substantially achieved. This was a slight increase from 2022–23, where 2.6 per cent of the total budget was invested into innovation, science and technology.

Target 7.1e – Procurement through Indigenous businesses

Defence procurement through Indigenous businesses exceeded the Australian Government’s Indigenous procurement number and value targets for the reporting period, resulting in achievement of this target.

In 2023–24, the annual portfolio targets as calculated by the National Indigenous Australians Agency were:

- 3 per cent of the total number of eligible contracts; and
- 2 per cent of the total value of eligible contracts.

The table below demonstrates Defence’s achievement of Indigenous procurement targets.

	Target	Result	Result (%)
Contract number	764	2,699	253
Contract value	\$257,448,805	\$622,917,138 ²³	142

22. The number of approved export permits does not equate to actual exports.

23. To report against this target, Defence uses the National Indigenous Australians Agency’s Indigenous Procurement Policy Reporting Solution, which also uses AusTender data. Due to Commonwealth entities having 42 days to report relevant contracts to AusTender, there may be some delay (of up to 42 days) between the end of the reporting period and inclusion of all relevant contracts in the data set.



Taking cyber warfare training to new heights

Defence is enhancing its cyber capabilities to deliver the required responsiveness and breadth of capability to support ADF operations, strengthening situational awareness, ability to project force and decision advantage.

In the first classified-level cyber exercise of its kind, Australian and United States military cyber experts joined forces to battle simulated network attacks in Canberra, Australian Capital Territory in October.

The ADF-hosted Exercise CYBER SENTINELS, a tactical cyberspace operations mission rehearsal exercise, spearheads innovation into the integrated force training continuum and strengthens partnerships with international partners.

The exercise involved participants battling, strategising and defending cyber assets in an environment that simulates real-world attacks in the cyber domain.

This year was the first time the exercise was planned and held at the classified level.

The exercise was hosted on the Persistent Cyber Training Environment in Australia, with previous exercises hosted by global partners.

More than 90 ADF personnel and 60 personnel from United States Fleet Cyber Command and Marine Corps Forces Cyberspace Command participated in the 12-day exercise.

The United Kingdom also joined the exercise, with observers from Canada and New Zealand.

Head of Cyber Warfare Major General Ana Duncan said, "Australia hosting this year's Exercise CYBER SENTINELS was one of Defence's many initiatives for achieving greater coherence and resilience in cyber operations."

"The *Defence Strategic Review* identified the need for Defence to enhance its cyber capabilities to deliver the responsiveness and breadth of capability to support ADF operations," Major General Duncan said.

"This exercise is a perfect example of our efforts in ensuring Australia's cyber and information operations capabilities are being scaled up and optimised."

She said opportunities to collaborate with partners were critical to Defence's preparedness.

"Together, we sought to increase cyber resilience domestically and in the near region through networking, collaboration and development."

Vice Admiral Craig Clapperton, Commander, US Fleet Cyber Command/US tenth Fleet believes in the critical importance of ongoing collaboration with the ADF in the cyber domain.

"Our historic partnership with Australia is critical to Fleet Cyber Command's enduring advantage in the Pacific," Vice Admiral Clapperton said.

"Through exercises like CYBER SENTINELS, we enhance our readiness and strengthen our vital partnership, working toward our common goal of a safe and secure Indo-Pacific region."

The success of this iteration of the annual exercise held by the ADF is the first step in consolidating partner cyberspace joint collective training exercises among our international partners.

Cyber upskilling

In a world first, this mission rehearsal exercise was planned and held at a secret level and hosted on the Persistent Cyber Training Environment. Previous exercises held by our global partners were at a lower classification level. As a pilot exercise for the ADF, it was the first step in consolidating integrated cyber collective training exercises with our international partners.

Colonel Hamish Ashman, Director Joint Cyber and Influence Projects, said that Australia's collaboration with the United States on this exercise delivered a world-class training capability to the cyber warfare workforce, with continued development opportunities through close partnerships at the technical and program level.

"The Persistent Cyber Training Environment offers Australian users access to an actively developed, tailored learning system, which supports individual, team and collective training. The opportunity to cooperatively develop and share content with our partners will dramatically reduce the time and effort required for our workforce to acquire and maintain perishable technical skills," Colonel Ashman said.

"Our partnership with the United States Defence and industry, who ensure ongoing development of the Persistent Cyber Training Environment, has given Australia valuable insights into new approaches to develop and deliver cyber capability. We are bringing these same approaches to the suite of capabilities supporting the ADF cyber warfare workforce."

Group Captain Paul Pettigrew, ADF's Liaison Officer to the United States Fleet Cyber Command said that working alongside our international partners and planning this new mission rehearsal exercise with our colleagues from United States Cyber Command presented many opportunities for the upskilling, training and development of our workforce in the cyber domain.

"The networking and learning opportunities our personnel gain during this exercise are incredibly valuable to the ADF and to our most trusted partners, to focus capability development and enhance our cyber warfighting operational art," Group Captain Pettigrew said.

"Success of CYBER SENTINELS 23 is testament to the quality of the people we have within the ADF and their commitment to creating a vitally required, realistic mission rehearsal activity.

"The exercise provides an innovation pathway to spearhead the removal of 'cyber white-carding' and normalising the routine use of contested and defended cyber terrain in military training."

STORY CREDIT: Flight Lieutenant Marina Power.

Edited image manipulated with Adobe Photoshop by designer, Jason Johnson. Back row: Royal Australian Air Force Flying Officer Michael Young and Royal Australian Navy Able Seaman Joel Kviz. Front row: United States Navy Intelligence Specialist Petty Officer 3rd Class Hannah Bennett and the United Kingdom's Army Captain Convery. IMAGE CREDIT: Lauren Larking.

Royal Australian
Air Force 35 Squadron
Loadmaster, Corporal
Peter Fowler conducts
pre-flight checks on
a C-27J Spartan
aircraft at Bauerfield
International Airport,
Port Vila, Vanuatu.
IMAGE CREDIT:
Sergeant Craig Barrett.





Financial summary

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4

Summary

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

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

This means that Defence, like all other Australian Government agencies, budgets for a technical operating loss. The appropriation revenue reported in the Statement of Comprehensive Income no longer funds expenditure line items such as the cost of depreciation, inventory consumption, and associated write-down of non-financial assets. This difference represents the technical operating loss.

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

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

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

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

Net cash result

Defence's net cash result for 2023–24 was a deficit of \$443.6 million (0.9 per cent of total funding), comprising a net capital deficit of \$834.7 million and a net operating surplus of \$391.1 million. The assessment of results compared to the budget in Table 4.1 refers to the 2023–24 Estimated Actuals as presented in the *Portfolio Budget Statements 2024–25*. The prior year comparison for Defence was a \$670.6 million net cash surplus.

Net capital result

The net capital deficit of \$834.7 million (5.8 per cent of capital funding) was primarily a result of Defence actions undertaken to accelerate capital expenditure. These acceleration activities were undertaken to optimise budget performance, based on year-to-date performance and the expectation that the progressive reductions and natural slippage in acquisition expenditure, which occurred during the first half of the financial year would continue, were consistent with historical trends. Unlike previous years, forecasts remained relatively stable and tracked closely to the final end-of-year outcome. The activities contributed to Defence's largest ever level of acquisition expenditure in 2023–24.



Explosive Detection Dog, Nexus, is offered a drink by his handler, Royal Australian Army soldier Sapper Dean Purcell, from 1st Combat Engineer Regiment, during Exercise PREDATOR'S RUN on Warruwi Island, Northern Territory. IMAGE CREDIT: Corporal Jacob Joseph.

Net operating result

The net operating surplus of \$391.1 million (1.1 per cent of operating funding) was primarily driven by lower than budgeted employee benefits, as a result of lower than budgeted workforce across the ADF (2.3 per cent), partially offset by higher numbers in the APS (1.7 per cent). An increase in the 10-year government bond rates from 4.0 per cent (30 June 2023) to 4.3 per cent (30 June 2024) further contributed to the lower than budgeted employee benefits.

Financial Result

Considering the impacts of additional funds received in 2023–24 (\$23.6 million) associated with the net proceeds retained from sale of assets, the Defence financial result is \$420.1 million. The additional net proceeds from sale of assets are not recorded as revenue in the Defence net cash results; however, they are able to be utilised to support Defence expenditure.

Table 4.1 Defence net cash financial result^{1,5}, 2023–24

	2023–24 Revised budget estimate ² (\$'000)	2023–24 Actual result ³ (\$'000)
Operating		
Operating funding		
Departmental appropriations	35,902,472	35,902,472
Net supplementation ⁴	–	(61,902)
Net foreign exchange gains	–	30,556
Net gain from sale of assets	23,185	18,391
Goods and services	463,182	821,837
Other revenue	372,280	447,429
Total operating funding (A)	36,761,119	37,158,783
Operating expenses		
Employees	14,477,523	13,986,166
Suppliers	21,781,533	22,113,313
Grants	47,636	113,201
Principal payments of lease liabilities	275,150	395,837
Other expenses	324,833	280,013
Total operating expenses (B)	36,906,675	36,888,530
Net operating (Deficit) / Surplus for special accounts (C)	105,815	120,814
Net operating (Deficit) / Surplus (D) = (A) - (B) + (C)	(39,741)	391,067
Capital		
Capital funding		
Contributed equity (Bill 2)	11,539,024	11,539,024
Departmental capital budget (DCB) (Bill 1)	2,789,500	2,806,296
Total capital funding (E)	14,328,524	14,345,320
Capital expenditure		
Additions relating to Equity funding (non-financial assets)	11,539,024	12,218,364
Additions relating to DCB funding (including inventory)	2,789,500	2,871,149
Total capital expenditure (F)	14,328,524	15,089,513
Net capital (Deficit) / Surplus for special accounts (G)	(112,434)	(90,495)
Net capital (Deficit) / Surplus (H) = (E)-(F) + (G)	(112,434)	(834,688)
Defence net cash result (Deficit) / Surplus (I) = (D) + (H)	(152,175)	(443,621)
Additional net proceeds from sale of assets ⁵ (J)	145,557	23,554
Financial result (Deficit) / Surplus (K) = (I) + (J)	(6,618)	(420,067)

Notes:

- The net cash result is a summary of the sources of funding received by Defence and the outlays against the same, reported on an accrual basis. This presentation provides a clear line of sight between appropriations, other sources of funding and the corresponding budgeted and actual outlays. Defence projects are funded and managed on a whole-of-life basis and comprise both capital and operating costs. Accordingly, in addition to the operating items of revenue and expense, the net cash financial result also discloses the outlay in relation to acquisition of new assets and inventory which are fully funded via capital appropriations. Capital funding comprises a departmental capital budget for the purchase of minor assets and Defence inventory, and a capital appropriation equity injection for the purchase of major assets under the *Integrated Investment Program*. On account of inclusion of asset and inventory additions as the outlay against capital funding, the net cash result excludes depreciation, inventory consumption and impairment expenses. Further, the net cash result includes payments in relation to Right of Use (ROU) liabilities as the whole-of-government funding mechanism adopted for such ROU leases is aligned to the repayment of the lease liabilities, instead of the income statement impact of such leases.
- As published in the *Portfolio Budget Statements 2024–25*.
- Actual results are drawn from the 2023–24 Defence financial statements.
- This amount is predominately in relation to the true-up of the no-win, no-loss supplementation / (handback) for 2022–23 and no-win, no-loss for 2023–24, impacting the net cash outcome for Defence.
- The financial result incorporates additional cash received associated with the net proceeds retained from sale of assets. This cash is not recorded as revenue in the Defence net cash results, however is able to be utilised to support Defence expenditure. This is calculated as the net of \$41.9 million of proceeds from the sale of non-financial assets per the cash flow statement and the \$18.4 million net gain from sale of assets, already included in operating funding in the 2023–24 net cash results.

Table 4.2 Defence resource statement, 2023–24

	2023–24 Current available appropriation (\$'000)	2023–24 Payments made (\$'000)	2023–24 Balance remaining (\$'000)
Departmental annual appropriations			
Prior year departmental appropriation available ^{1,2}	600,230	600,230	–
Annual appropriation — ordinary annual services ¹	35,967,500	35,750,096	217,404
Receipts retained under PGPA Act — section 74 ³	1,068,381	1,068,381	–
Total departmental outputs	37,636,111	37,418,707	217,404
Total departmental annual appropriations	37,636,111	37,418,707	217,404
Departmental other services — non-operating appropriations			
Prior year — other services — non-operating available	224,996	224,996	–
Annual appropriations — other services — non-operating ¹	14,345,320	14,136,752	208,568
Total departmental non-operating	14,570,316	14,361,748	208,568
Total departmental other services	14,570,316	14,361,748	208,568
Total departmental resourcing	52,206,427	51,780,455	425,972
Special appropriations			
<i>Defence Force Retirement Benefits Act, 1948 Part 1 s. 15D and VIC, s. 82ZJ</i>		32,452	
<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s. 125 (3)</i>		1,797,455	
<i>Military Superannuation and Benefits Act, 1991 Part V, s. 17</i>		2,052,299	
<i>Australian Defence Force Cover Act 2015</i>		118,941	
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s. 84</i>		270,683	
Total special appropriations		4,271,830	
Special accounts			
Opening balance	180,056	–	–
Non-appropriation receipts to special accounts	784,938	–	–
Payments made	–	222,816	–
Total special accounts	964,994	222,816	742,178
Total resourcing and payments	53,171,423	56,275,101	1,185,974

Notes:

1. Appropriation amounts disclosed exclude amounts withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), transfers to Australian Submarine Agency under section 75 of the PGPA Act, and appropriation acts which have been repealed.
2. The balance has been reduced by \$17.8 million relating to Supply Act (No. 1) 2022–23 which was withheld under section 51 during 2023–24.
3. Receipts retained under section 74 of the PGPA Act.

Net cost of services and operating result

The net cost of services reported in the Statement of Comprehensive Income provides the full accrual measure of performance, with capital and inventory measured as depreciated or consumed. After allowing for own-source income, the net cost of services for the year totalled \$44.0 billion. This result is higher than the budgeted net cost of services (per the *2023–24 Portfolio Budget Statements* or original budget) by \$1.3 billion.

This is primarily driven by the following factors:

- higher than budgeted supplier expenses of \$695.9 million (3.1 per cent) associated with increased costs aligned to strategic priorities, as outlined in the *Defence Strategic Review*, including the AUKUS Partnership. Increased inflationary pressures have further contributed to the higher than budgeted supplier expenses.
- higher than budgeted depreciation and amortisation expenses of \$547.0 million (8.1 per cent), impacted by accelerated depreciation of MRH-90 Taipan helicopters, due to the reduction in planned useful lives attributed to this platform. Further contributing to this is a full year impact of 2022–23 revaluation increments (i.e. increase in the value of the asset base) in buildings and infrastructure that were not in the original budget.
- higher than budgeted employee benefits of \$427.1 million (3.1 per cent), compared to the original budget as presented in the *Portfolio Budget Statements 2023–24*, due to higher than budgeted salary increases.

The operating deficit attributable to the Australian Government was \$8.2 billion.

Asset management and net assets

Defence manages \$145.9 billion of total assets. This comprises approximately:

- \$88.6 billion of specialist military equipment;
- \$41.4 billion of land, buildings, infrastructure, plant and equipment, and intangibles;
- \$9.6 billion of inventory;
- \$0.4 billion of heritage and cultural assets; and
- \$5.9 billion of other items, including cash, receivables, prepayments and assets held for sale.

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

Defence's net asset position of \$132.0 billion increased by \$9.4 billion in 2023–24 compared to \$122.6 billion in 2022–23. The increase was largely as a result of asset additions in 2023–24, \$10.3 billion toward specialist military equipment, \$1.3 billion toward buildings and \$1.1 billion toward infrastructure and net revaluation increments as well as reversals of previous asset write-downs of \$2.9 billion, partially offset by depreciation of \$7.3 billion.

Administered result

In 2023–24, Defence's administered result reported a net cost of services of \$9.1 billion, which is a slight increase of \$0.4 billion from 2022–23. Defence recognised an increase to subsidies expenses (\$194.4 million) due to the Defence Home Ownership Assistance Scheme, as well as increases to employee benefits (\$167.0 million) due to ADF superannuation expenses.

Table 4.3: Net additional cost of current operations from 1999–2000 to 2024–25

	1999–2000 to 2022–23 Actual result (\$m)	2023–24 Actual result (\$m)	2024–25 Forward estimate ¹ (\$m)	Total (\$m)
Operation ACCORDION	1,471.1	97.7	93.4	1,662.2
Operation HIGHROAD	691.2	0.4	–	691.6
Operation RESOLUTE	705.3	108.6	71.7	885.6
Operation OKRA	1,681.4	10.9	–	1,692.3
Operation VANUATU ASSIST	7.0	0.4	–	7.4
Operation LILIA	13.3	22.3	–	35.6
Operation BEECH	–	16.2	–	16.2
Operation KUDU	2.7	19.5	13.6	35.8
Total net additional costs	4,572.0	276.0	178.7	5,026.7
Sources of funding for operations				
Government supplementation	4,521.6	264.3	178.7	4,964.6
Department of Defence (absorbed)	50.4	11.7	–	62.1
Total cost	4,572.0	276.0	178.7	5,026.7

Note:

1. As published in the *Portfolio Budget Statements 2024–25*, Table 3.

Table 4.4: Net additional cost of current major operations, 2023–24

	2023–24 Budget estimate ¹ (\$m)	2023–24 Actual result (\$m)	Variation ² (\$m)
Operation ACCORDION	117.9	97.7	(20.2)
Operation HIGHROAD	0.4	0.4	–
Operation RESOLUTE	87.5	108.6	21.0
Operation OKRA	0.7	10.9	10.2
Operation LILIA	60.8	22.3	(38.4)
Operation BEECH	12.2	16.2	4.0
Operation KUDU	19.7	19.5	(0.1)
Total net additional costs	299.2	275.6	(23.5)

Notes:

This table reflects ongoing and new operations funded under no-win, no-loss arrangements.

- As published in the *Portfolio Budget Statements 2024–25*, Table 3.
- Numbers may not add due to rounding.

Purchasing by the rules

Defence undertakes its procurement in accordance with the *Commonwealth Procurement Framework*, which includes the Commonwealth Procurement Rules. The rules are supported through Defence-specific procurement policies, including the Accountable Authority Instructions, *Defence Procurement Manual*, guidance and fact sheets. The *Defence Annual Procurement Plan*, which provides notice to industry of significant procurements, is published on the AusTender website at tenders.gov.au, in accordance with the Commonwealth Procurement Rules.

Supporting small and medium enterprises

Defence actively promotes and supports small business participation in Australian Government procurement. Participation statistics for small and medium enterprises are available on the Department of Finance's website at finance.gov.au.

Defence measures to support small and medium enterprises, include:

- applying Appendix A Exemption 17 of the Commonwealth Procurement Rules to directly engage small and medium enterprises for procurements valued at up to \$500,000 by or on behalf of Defence, provided value for money can be demonstrated;
- applying the Defence Policy for Industry Participation to encourage small and medium enterprise participation;
- complying with the *Indigenous Procurement Policy*, noting that many Indigenous businesses are small to medium enterprises, and the application of Appendix A Exemption 16 of the Commonwealth Procurement Rules to directly engage small to medium enterprises with at least 50 per cent Indigenous ownership;
- complying with the *Australian Government's Supplier Pay On Time or Pay Interest Policy*, including the use of credit cards for low-value procurements, valued below \$10,000; and
- providing mentoring, guidance and advisory services to Australian small and medium enterprises through the Office of Defence Industry Support.

Defence recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the treasury.gov.au website.

Enhancing Indigenous entrepreneurship and business

Defence contributes to enhancing Indigenous entrepreneurship and business development through procurement opportunities in regional and rural Australia to support and grow the Indigenous business sector.

The Commonwealth *Indigenous Procurement Policy* sets annual targets for the volume and value of contracts to be awarded to Indigenous businesses by the Commonwealth and each portfolio. In 2023–24, the Defence target for the number of contracts remained at 3 per cent of eligible domestic contracts, equalling 764 contracts. The value-based target for contracts awarded to Indigenous businesses commenced at 1 per cent in 2019–20 and will increase by 0.25 per cent each year to reach 3 per cent by 2027.

- The Defence portfolio value target for 2023–24 is \$257 million. Defence's performance against the portfolio's annual targets is published on the National Indigenous Australians Agency website at niaa.gov.au. Since the introduction of the *Indigenous Procurement Policy* in 2015, more than \$9.7 billion of Commonwealth Government contracts have been awarded to Indigenous businesses. Of this, Defence has awarded over \$4.9 billion (51 per cent) in contract value to Indigenous businesses.

Part of Defence's vision for a reconciled Australia is understanding and learning from history and working towards an inclusive future. This includes providing meaningful opportunities for Aboriginal and Torres Strait Islander people to play an active role in supporting and enhancing Defence capability.

Grants

Information on grants awarded by Defence during 2023–24 is available on the Australian Government's grant information system, GrantConnect at grants.gov.au.

Advertising and market research

Defence Force Recruiting's Campaign Media investment is through a single campaign known as 'ADF Careers', which is executed through a variety of creative materials relating to Air Force Brand, Explicit Needs, Army Brand, Army Reserve, Navy Brand, I am a Submariner and Australian Defence Force Academy materials.

Further information on Defence's advertising campaigns is available at defence.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at finance.gov.au.

Table 4.5: Advertising, market research, direct mail and media advertising payments over \$16,300 (GST inc.) for 2023–24 as required under 311A of the Commonwealth Electoral Act 1918

Organisation	Service provided	2023–24 expenditure (\$)
Advertising agencies		
Australian Public Service	APS Jobs Fee FY22–23	309,220
Australian Public Service	Graduate and entry level programs campaign	25,573
Countrywide Austral Pty Limited	Advertise 'Street Smart' handbooks for unexploded ordnance across all states and territories	47,795
Universal McCann	Campaign media FY24	44,172,146
Universal McCann	Non-campaign media	10,568,641
Universal McCann	Accrual — FY24 campaign media	5,395,334
Universal McCann	Accrual — FY24 non-campaign media	719,536
Universal McCann	Below-the-line activation	269,837
Universal McCann	Media associated advertising services	214,750
Universal McCann	Full page article in the newspaper	76,230
Universal McCann	Advertising — Universal McCann	28,009
Universal McCann	—	24,173
VML Australia Pty Limited	Creative advertising services	891,258
VML Australia Pty Limited	Accrual — FY24 creative and digital services (contains some elements of campaign development)	650,328
VMLY&R	Creative advertising services	8,148,419
VMLY&R	Creative advertising and digital services (contains some elements of campaign development)	7,720,387
Market research		
Fifty-Five Five Pty Ltd	Campaign market research	186,171
Hall & Partners	Campaign market research	1,012,706
Hall & Partners	Campaign market research — not accrued FY23	43,187
Synergy Group Australia Pty Ltd	Graduate and entry level programs campaign	730,710
Whereto Research Based	Market research	157,839
Whereto Research Based	Campaign market research	101,179

Note:

All figures are GST inclusive.

Legal expenses

Expenditure on internal and external legal services in 2023–24 is shown in Tables 4.6, 4.7 and 4.8. Internal expenses include salaries for military and civilian staff, divisional operating costs and military justice reimbursements. External expenses are professional fees, disbursements and legal assistance at Commonwealth expense. The figures are GST exclusive.

Table 4.6: Estimated expenditure on internal and external legal services, 2022–23 and 2023–24

Type of legal expenditure	2022–23 (\$m)	2023–24 (\$m)
Internal	62.43	63.99
External	93.14	81.86
Total	155.57	145.85

Table 4.7: Estimated cost breakdown of internal legal expenses, 2022–23 and 2023–24

Type of legal expenditure	2022–23 (\$m)	2023–24 (\$m)
Salaries for military lawyers	28.67	26.32
Salaries for civilian staff	19.18	26.02
ADF Reserve legal officers	6.67	7.47
Operating costs of the division	7.60	3.98
Military justice disbursements	0.31	0.21
Total	62.43	63.99

Table 4.8: Estimated cost breakdown of external legal expenses, 2022–23 and 2023–24

Items	2022–23 (\$m)	2023–24 (\$m)
Professional fees	89.46	79.26
Disbursements	3.06	2.34
Legal assistance at Commonwealth expense	0.62	0.27
Total	93.14	81.86



1

Awareness, belonging, connection as Defence marks World Mental Health Day

Defence is committed to strengthening the mental health and wellbeing of all people in the Defence community, through better access to support, tools and resources.

One of the many Defence initiatives to raise awareness of available support services is the recognition of World Mental Health Day. Recognised nationally and internationally, World Mental Health Day is a reminder that

we all have a part to play in understanding mental health, raising awareness and driving actions that promote and protect everyone's mental health.

The Mental Health Australia theme for 2023 was 'look after your mental health, Australia' and focused on awareness, belonging and connection. It is an important reminder to us all to check in with our colleagues, family, friends and ourselves.

As part of actioning this goal, initiatives included:

- a joint *Defence and Veteran Mental Health and Wellbeing Strategy 2024–2029* developed with the Department of Veterans' Affairs.
- building the new Mental Health and Wellbeing Branch within Defence to deliver targeted and evidence-based strategies, training, education and systems that improve the mental health and wellbeing of our people in Defence.
- delivering an updated suicide awareness training module for all ADF personnel.

Defence has committed to working at pace to implement the Government-agreed recommendations of the Royal Commission into Defence and Veteran Suicide, to expedite the benefits to the ADF and Defence community.

Brigadier Caitlin Langford, Director General of the Defence Mental Health and Wellbeing Branch, said a mentally healthy workforce is one where Defence people lead enriched

lives, engage in fulfilling careers, have a positive sense of wellbeing and contribute to strengthened operational capability.

“Today on World Mental Health Day, I say thank you to our psychologists and clinicians in uniform, their public healthcare counterparts and departmental staff who continue to provide mental health and wellbeing services, education and training to Defence people day in, day out,” Brigadier Langford said.

“The work you do is vital to ensuring we deliver the best possible mental health and wellbeing support to our people.”

Defence and the Department of Veterans' Affairs have a broad range of mental health support services available to ensure all Defence people have access to the right support at the right time.

If you or someone you know is struggling, reach out for help. You will be supported. •



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1: Physical Training Instructor Corporal Jamie Tomlinson leads a group of ADF members and APS staff in a World Mental Health Day 2023 yoga class held at Blamey Square, Russell Offices, Australian Capital Territory. IMAGE CREDIT: Kym Smith. **2:** A group of ADF members and APS staff attend a World Mental Health Day 2023 yoga class, held at Blamey Square, Russell Offices, Australian Capital Territory. IMAGE CREDIT: Kym Smith.

Management and accountability

- Transforming Defence's enabling systems and frameworks [p.66]
- Enterprise governance [p.68]
- Risk management approach [p.74]
- Asset management [p.75]
- External scrutiny [p.84]

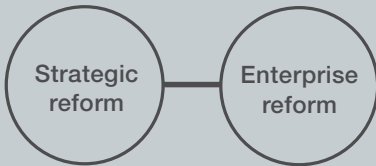
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Australian Army soldiers from 109th Battery, 4th Regiment, Royal Australian Artillery, at the United States Army's 'Best by Test' artillery competition in Oahu, Hawaii. IMAGE CREDIT: United States Army.

Transforming Defence's enabling systems and frameworks

Defence reform agenda

The Government's Defence reform agenda is one of the most consequential in Australia. Defence has adopted significant and ongoing **strategic** and **enterprise** reform aimed at gaining and sustaining a competitive advantage in the current strategic environment.



Strategic reform to ensure Defence is holistically working towards agreed targets and all decisions are aligned to and informed by the Strategy of Denial.



Force structure reform to ensure Defence is acquiring and maintaining a structure comprised of the right mix of capabilities and workforce to deliver the effects required for the Strategy of Denial.



Force posture, preparedness and employment reform to ensure Defence's disposition, size, strength and readiness enables the Strategy of Denial.

Enterprise reform is the transformation of Defence's enabling elements that drive performance, including:

- **leadership and direction reform** to drive commitment to excellence and deliver clear, aligned direction across all levels;
- **capability acquisition systems and procurement reform** to urgently acquire and integrate critical capabilities and better sustain the defence industrial base;
- **workforce systems reform** to achieve a fully staffed, fully qualified and security-cleared workforce to enable the force structure and posture to deliver the Strategy of Denial;
- **training and skilling reform** to build training system that delivers effects to enable the Strategy of Denial, with the ability to quickly reskill, retrain and reallocate as strategic circumstances evolve; and
- **cultural reform** to create a flexible and positive workplace that attracts and retains a workforce that accepts and embraces organisational change.

Other reform agenda items include:

Budget Process Operational Rules reform to streamline and accelerate processes related to the management of the Defence budget and *Integrated Investment Program* to deliver capability faster and improve assurance and governance mechanisms.

Legislative reform to address potential gaps in the legal framework necessary to deliver capabilities and activities to support the ADF.

ICT systems reform to deliver an evolved digital ecosystem that enables authoritative data to be used to rapidly inform decisions. These reforms will see Defence move from traditional Defence engineering practices to a collaborative, digitally enabled approach that incorporates technological innovations into an integrated, digital and model-based design.

Guiding principles of transformation

As articulated in the *National Defence Strategy*, successful transformation of the Defence enterprise will be underpinned by the application of three foundational principles:



Simplification to reduce the complexity in processes, structures and systems to improve efficiency, reduce costs and enhance agility. This includes streamlining workflows, eliminating redundant processes and creating a more straightforward and agile enterprise environment.

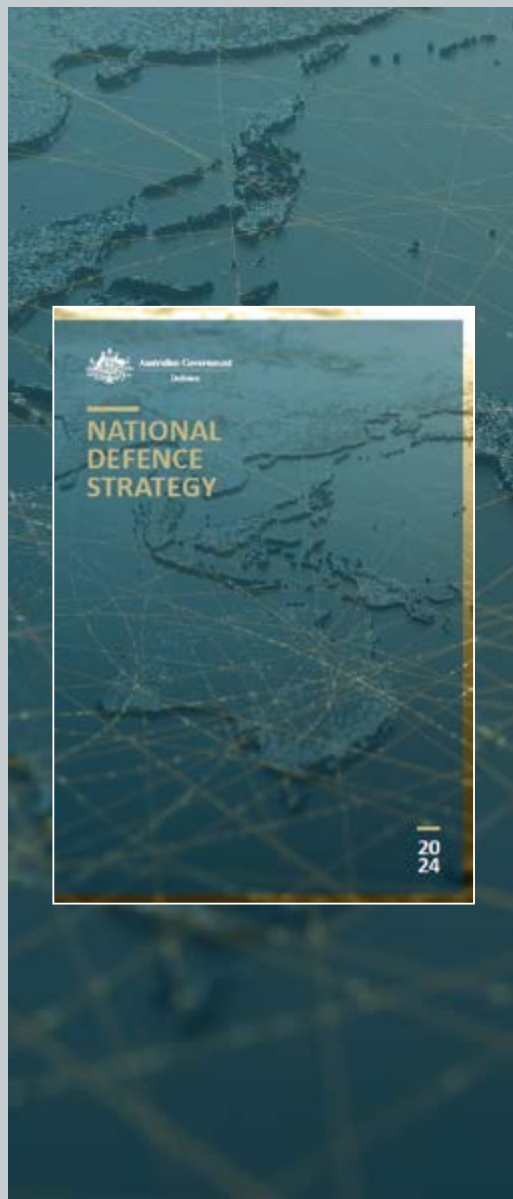


Workforce optimisation to strategically align people and resources with business objectives to enhance productivity, employee satisfaction and performance. This includes the efficient use of staff, development of skills and implementation of technologies to create a high-performing and adaptable workforce.



Digitisation to convert manual data, processes and operations into a digital format, leveraging technologies to enhance efficiency, accessibility and innovation. This involves the integration of digital tools, technologies and data-driven insights to streamline workflows and improve decision-making.

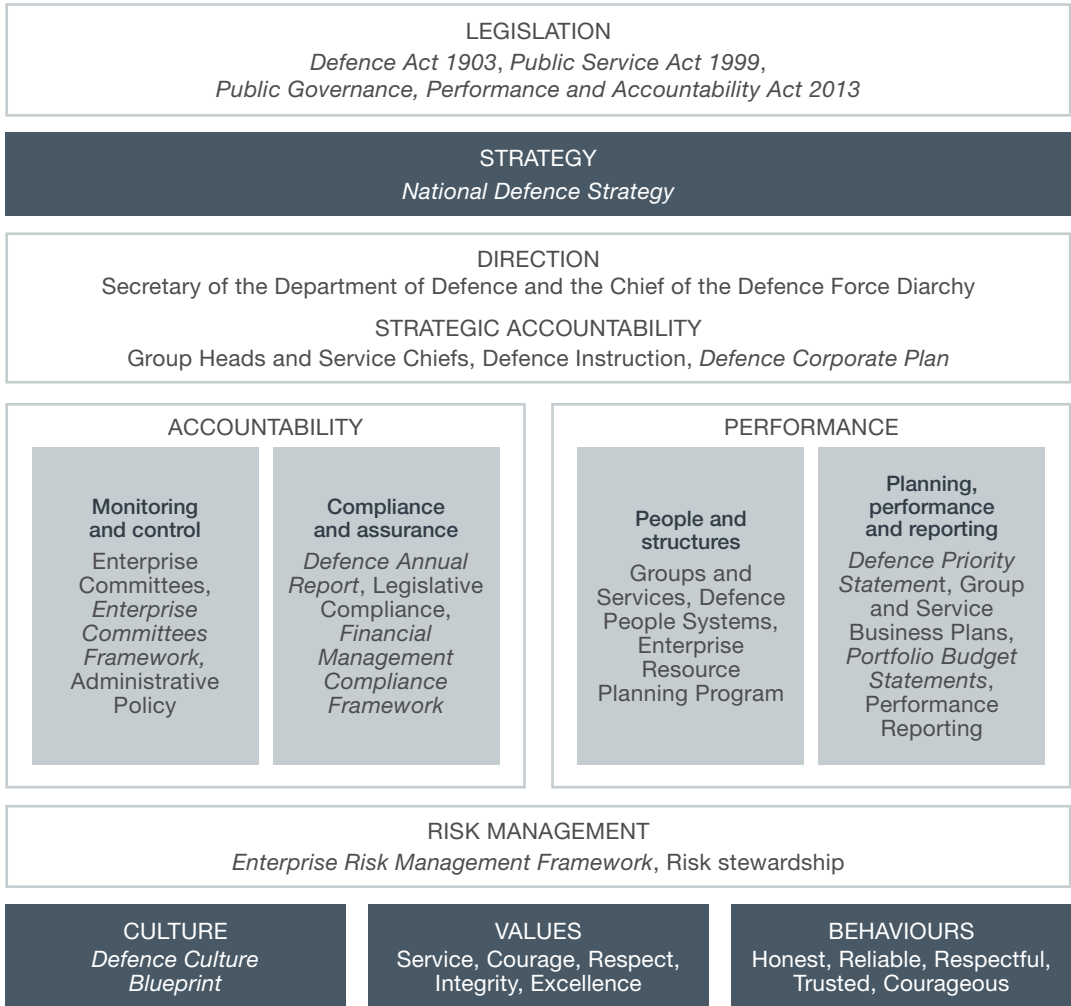
An **Enterprise Transformation Plan** will support the application of transformation principles across Defence. The Government will continue to take a disciplined approach to Defence reform. This includes transforming Defence's enabling systems and frameworks so that they are fit-for-purpose in the current environment.



Enterprise governance

Governance ensures Defence is managed appropriately, in line with legislation, rules and standards. It ensures Defence works effectively and coherently to deliver Government outcomes and achieve strategic objectives. Enterprise governance provides direction on individual and joint responsibilities and accountabilities.

Figure 5.1: Defence governance considerations



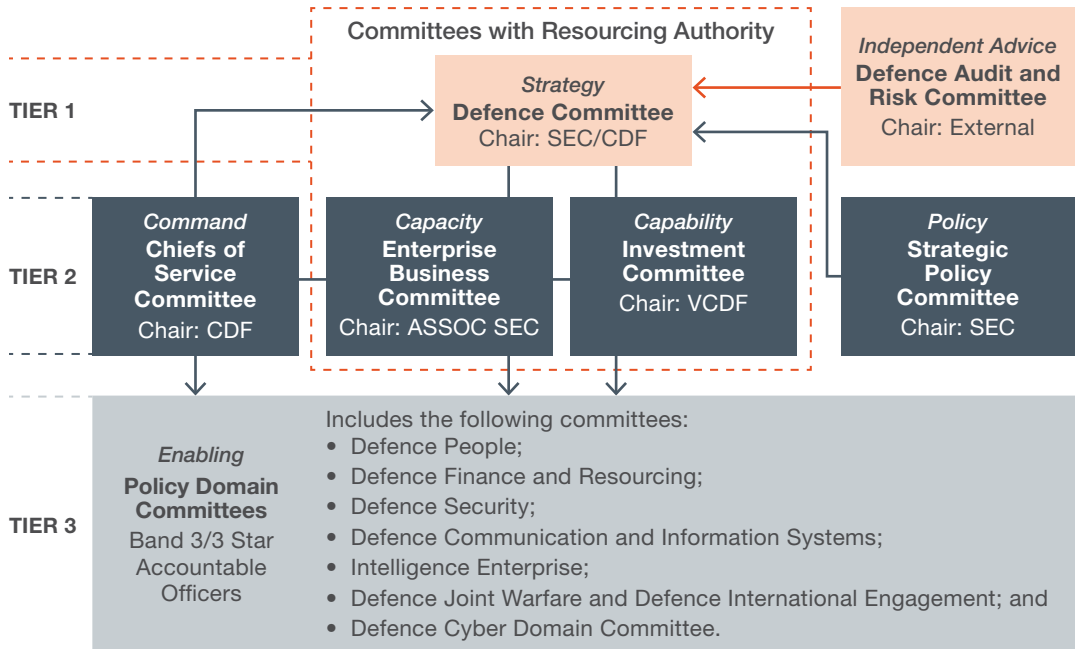
Enterprise committees and their roles

Defence's enterprise committees enable enterprise decision-making and set the organisation's strategic direction aligned with the Government's objectives. The enterprise committees bring together Defence's most senior leaders to make the critical decisions that ensure Defence delivers on its mission and the Government's priorities. Defence's enterprise committees (see Table 5.1) support the Secretary of the Department of Defence, the Chief of the Defence Force, and other senior leaders to fulfil their corporate and governance responsibilities, and ensure that strategy, capability and resources are aligned across the enterprise.

Table 5.1: Defence's enterprise committees' structures, their purpose and incumbent chairs as at 30 June 2024

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

Figure 5.2: Enterprise committee structure



Key:

TIER 1: Considers impacts to the *whole* of Defence.

- Considers matters within the shared and complementary accountabilities of the Secretary of the Department of Defence and the Chief of the Defence Force.
- Addresses issues requiring ministerial involvement, advice to government and international engagement.
- Sets direction for departmental budgets and policy matters.
- Considers major resource and capability trade-offs impacting Defence.
- Tasks lower-level committees to address certain matters, as deemed appropriate.

TIER 2: Considers impacts across *multiple* domains.

- Addresses issues that impact a number of different policy domains including military acquisitions and operational preparedness, enabling functions, strategic policy and intelligence matters, and issues that cannot be resolved at the Tier 3 level.
- Provides oversight and assurance regarding Tier 3 risk reporting and tasks lower level committees to address certain matters, as deemed appropriate.
- Specifically: Contracts valued at more than \$100 million over the life of the arrangement are to be referred to the Investment Committee for approval, where deemed appropriate by that committee.

TIER 3: Considers impacts *within* a single domain.

- Addresses issues relating to one policy domain, or relating to multiple Groups and Services within a policy domain.
- Tier 3 committees provide guidance to Groups and Services to ensure departmental policy alignment.
- Tier 3 committees report to Tier 2 committees regarding risk (on an exception basis), or as part of quarterly/biannual routine reporting.

Defence Audit and Risk Committee

The Defence Audit and Risk Committee provides independent advice to the Secretary of the Department of Defence and the Chief of the Defence Force on the appropriateness of Defence's financial reporting, performance reporting, system of risk oversight and management, and system of internal control. The Defence Audit and Risk Committee functions are set out in its Charter, available from the Defence website at defence.gov.au/about/governance/enterprise-committees.

In 2023–24, the Defence Audit and Risk Committee had three external members, including the Chair and Deputy Chair. The Vice Chief of the Defence Force and the Associate Secretary are senior advisers of the Defence Audit and Risk Committee. During 2023–24, the Defence Audit and Risk Committee met formally eight times.

The Defence Audit and Risk Committee established the Audit Financial Subcommittee (AFSC) in October 2023 to address the category A finding by the Australian National Audit Office — *Removal of System Access for Defence Personnel and Contractors*. The AFSC met seven times during 2023–24.

The Defence Audit and Risk Committee also has a Financial Reporting Subcommittee, which conducts an ongoing review of the process for preparing Defence's annual financial statements. This subcommittee met seven times during 2023–24.

Table 5.2 provides information in accordance with audit committee disclosure requirements for Commonwealth entities under sections 17AG (2A) and 17BE (taa) of the [Public Governance, Performance and Accountability Rule 2014](#).

Table 5.2: Audit committee disclosure requirements

Member name and role on the committee	Qualifications, knowledge, skills or experience	Committee meetings (attended / total)	Total annual remuneration (GST inc.)
<p>Ms Jennifer Clark</p> <p>Chair</p> <p>Chair of the Financial Reporting Subcommittee</p>	<p>Ms Clark has an extensive background in business, finance and governance through a career as an investment banker, where Ms Clark’s role included providing advice to the Government on Defence major projects, and as a non-executive director since 1991. Ms Clark has been the chair or deputy chair or a member of more than 20 audit and risk committees and boards in the Government and private sectors over the past 30 years. Ms Clark is a Fellow of the Australian Institute of Company Directors and has substantial experience in financial and performance reporting, audit, risk management and project management.</p>	<p>8 / 8 (DARC)</p> <hr/> <p>7 / 7 (AFSC)</p>	<p>\$118,144.40</p>
<p>Ms Elizabeth Montano</p> <p>Deputy Chair</p> <p>Member of the Financial Reporting Subcommittee</p>	<p>Ms Montano holds a Bachelor of Arts and a Bachelor of Laws (UNSW) and is a Fellow of the Australian Institute of Company Directors. Ms Montano has more than 25 years of experience as chair, deputy chair and a member of boards and audit and risk committees across a wide range of Government and not-for-profit entities in regulation, law enforcement, scientific research, service delivery and social justice programs. Ms Montano has broad-ranging experience in governance and the machinery of Government, including in financial and performance reporting, risk, assurance and program and project management and oversight. Ms Montano is a former chief executive officer of AUSTRAC and former financial services consultant and senior lawyer with King & Wood Mallesons.</p>	<p>8 / 8 (DARC)</p> <hr/> <p>7 / 7 (AFSC)</p>	<p>\$67,670.03</p>
<p>Mr Michael Mrdak</p> <p>Member</p> <p>1 January to 20 December 2023</p> <p>Member of the Financial Reporting Subcommittee</p>	<p>Mr Mrdak holds a Bachelor of Arts (Hons) from the University of New England, Armidale; a Graduate Diploma in Education and a Graduate Diploma in Applied Economics from the University of Canberra. Mr Mrdak has more than 30 years experience in the APS between 1988 and 2020. Mr Mrdak has held a number of executive roles across a number of Commonwealth agencies and has served as the chair for a number of non-Government boards. Mr Mrdak has a broad range of experience in infrastructure, the transport and logistics sector, communications and policy reform.</p>	<p>5 / 8 (DARC)</p> <hr/> <p>0 / 7 (AFSC)</p>	<p>\$50,250.01</p>
<p>Mr Donald Cross</p> <p>Member</p> <p>1 February 2024 to present</p> <p>Member of the Financial Reporting Subcommittee</p>	<p>Mr Cross has a background in financial statement audit, internal audit, management assurance, and performance, program and risk management. Mr Cross leverages this background, skills and experience as the chair or member of audit and risk committees for Australian Government departments and corporate Commonwealth entities delivering policy, regulatory and service delivery functions. Mr Cross is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Certified Public Accountant.</p>	<p>3 / 8 (DARC)</p> <hr/> <p>3 / 7 (AFSC)</p>	<p>\$17,420.01</p>

Fraud and integrity

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

- mandatory and customised training and publications, and tailored integrity advice and support that promotes integrity and helps develop a strong ethical culture;
- a fraud and corruption risk assessment program focusing on Defence-wide vulnerabilities;
- an intelligence-led and targeted fraud and corruption detection program;
- a process to investigate fraud, corruption, misconduct and unethical conduct, with the application of appropriate criminal, civil, administrative or disciplinary action;
- a mechanism for recovering proceeds from fraudulent and corrupt conduct;
- mutual and clear expectations for ethical conduct and integrity in defence industry partnerships; and
- methods for strengthening partnerships with Government agencies to support a systematic and integrated approach to fraud and corruption vulnerabilities.

In 2023–24, there were 119 fraud investigations registered within Defence, with 153 investigations completed during the year (some of those completed were registered in previous years). Of the completed investigations 52 resulted in criminal, disciplinary or administrative action. Of these, 14 related to disciplinary action under the *Defence Force Discipline Act 1982*.

Planning, performance and evaluation

The *National Defence Strategy* is Defence's highest-level classified planning document. The biennial strategy cycle provides a process to regularly evaluate and prioritise efforts to maintain a more lethal ADF that is capable of credibly holding potential adversaries at risk as military forces modernise and strategic challenges continue to evolve. More broadly, the biennial cycle allows Government policy, strategy, planning and reform efforts to:

- keep pace with the rapidly evolving strategic environment;
- respond to Australia's national security priorities; and
- provide clarity of process and approach to defence industry.

The *2023–27 Defence Corporate Plan* was published on Defence's website on 31 August 2023. The plan highlights Defence's future direction and key priorities in alignment with the *Defence Strategic Review*, as well as the approach to management and governance of the Defence enterprise. It is Defence's assessment in the Annual Performance Statements against the performance measures and targets outlined in the Defence Corporate Plan that articulates Defence's achievements in delivering Defence outcomes for the Australian people.

Defence updates its Corporate Plan annually, ensuring it aligns with the legislative requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), Government direction and Defence priorities. Together with the Portfolio Budget Statements and Annual Performance Statements, the Corporate Plan is an integral part of Defence's performance management and reporting cycle.

Business planning within Defence is undertaken at Group, Service and program levels. This planning mechanism ensures strategy, activities and resources are aligned with Government direction, and are realistic and achievable.

Defence will continue working to embed a culture of evaluation across the enterprise to assist senior leaders to identify risks, assess progress and measure success towards achieving objectives.

Risk management approach

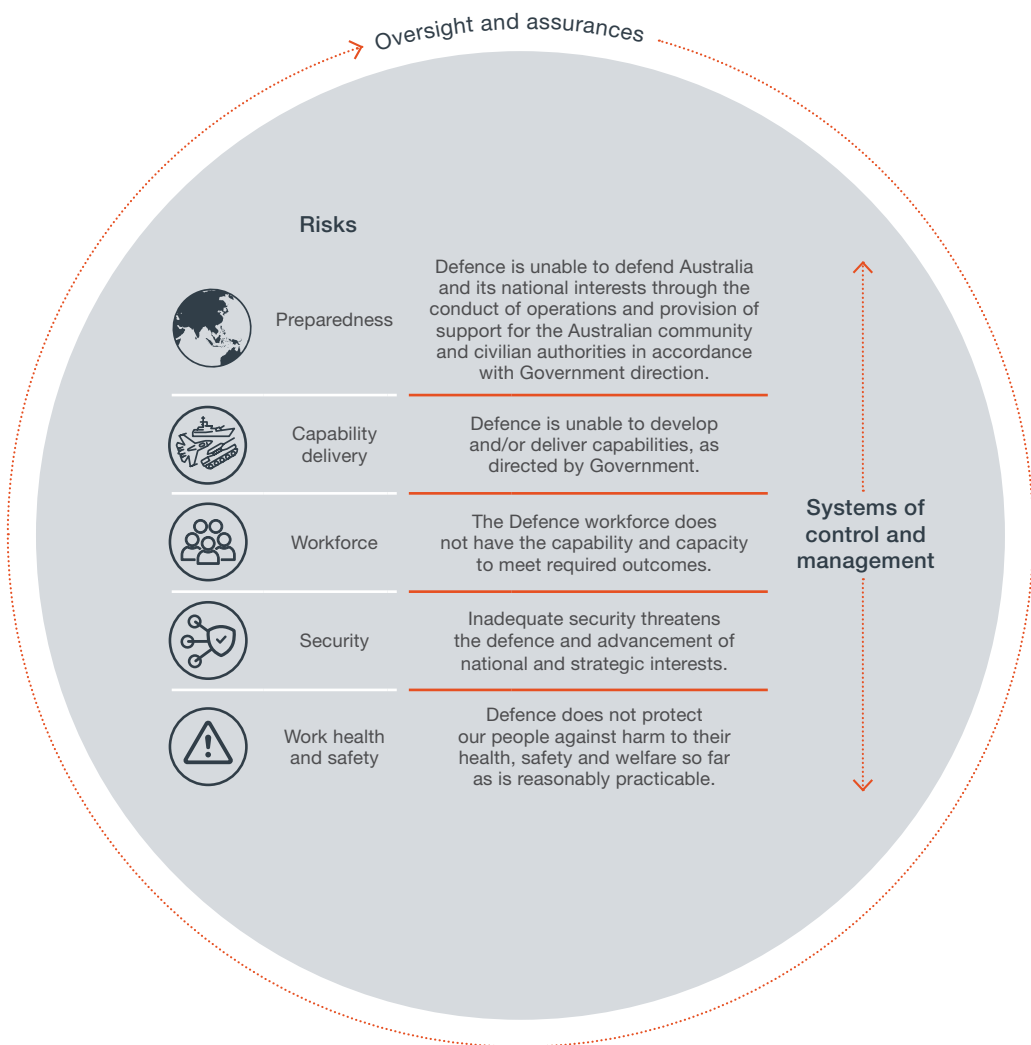
Risk management is an essential element of sound governance. The Defence system of risk oversight and management supports the achievement of strategic outcomes and informs the activities that Defence prioritises. It ensures Defence adheres to risk management obligations in accordance with the *Public Governance, Performance and Accountability Act 2013*. Defence focuses on five core areas of risk to support the achievement of enterprise priorities. Each of these focus areas is overseen by an appointed risk steward who maintains mechanisms of internal control and management. These risks, and the operation of the internal controls, are periodically reviewed by Defence enterprise committees.

In 2023–24, Defence updated its enterprise risk management approach. Defence continues to improve key areas to further elevate oversight and internal control over core risks.

Key initiatives included:

- a Defence Risk Appetite Statement, endorsed by the Secretary of the Department of Defence, the Chief of the Defence Force and the Associate Secretary; and
- the development of an enterprise-level risk management system.

Figure 5.3: Defence core risk categories



Asset management

Digital capability

The Defence Digital Group supports Defence with mission-critical systems to enable the warfighting capabilities of the ADF as an integrated force outcome.

The Defence Digital Group was formed in November 2023, in response to recommendations from the *Defence Strategic Review*. The Group transformed significantly to take shape as the Defence Digital Group, including adapting its organisational structure and operating model. The Group leads the integrated design, cost-effective delivery, and lifecycle management of Defence's Single Information Environment, and encompasses the ICT infrastructure of Defence, along with the management systems and people that deliver and enhance it.

The Single Information Environment includes the data, infrastructure and services required for essential Defence functions including command and control; communications; ICT; intelligence, surveillance and reconnaissance; cyberspace warfare; and logistics. It includes the fixed, deployable and mobile networks that underpin ADF operations. The Group is also responsible for maintaining interoperability with our partners, and across Government agencies.

The *National Defence Strategy* and the *Integrated Investment Program* both outline the critical role of Defence's digital environment in forming the digital backbone of an integrated force.

The Group, under the leadership of the Chief Information Officer Chris Crozier, has three core priorities:

- ① expanding and uplifting Defence Digital Group's APS and ADF personnel to become a best-in-class workforce;
- ② leveraging the power of best-in-class global platforms; and
- ③ capitalising on best-in-class sovereign capabilities.

Investment in new and emerging technology will maintain Defence's technological edge, with faster, more contemporary ICT systems. This will ensure the right information is available to Defence decision-makers at the right time. Investment in Defence's ICT will guarantee the ADF is able to respond quickly to emerging threats and enable Defence business processes to become more efficient and effective.

Enterprise data and ICT

Continued investment in enterprise data and ICT has strengthened security and resilience and improved the ability to share data efficiently and at scale. The Enterprise Resource Planning (ERP) program has continued to deliver on its function to modernise, integrate and transform critical functions across logistics, engineering, maintenance, finance, human resources, and security and estate management. The program achieved the following milestones in 2023–24:

- a Go Live release for 'Force Element' and 'Performance and Goals' to an initial APS cohort within the Capability Acquisition and Sustainment Group on 27 November 2023; and
- the release of the 'Defence ERP Case Management Solution' and 'Performance and Goals' to the full APS cohort on 27 May 2024.

Using 2023–24 achieved milestones, the ERP program and the OneDefence Data Platform will move forward to provide a trusted source of enterprise data, standardise processes and reduce the number of ageing and obsolete technology systems in Defence. The ongoing transformation of the Defence Digital Group and the implementation of an open architecture approach, has ensured that refinement and change are continuous, which is essential for building Defence's capacity to respond to the contemporary strategic environment.

Capability investment priorities

The *National Defence Strategy* sets out the six capability effects Defence is required to focus on:

- 1 project force;
- 2 hold a potential adversary's forces at risk;
- 3 protect ADF's and supporting critical infrastructure in Australia;
- 4 sustain protracted combat operations;
- 5 maintain persistent situational awareness in our primary area of military interest; and
- 6 achieve decision advantage.

The *Integrated Investment Program* optimises the ADF to be an integrated, focused force designed to deliver the six capability effects, and to deter threats to Australia within the primary area of military interest in line with the *National Defence Strategy*.

The integrated, focused force has been designed using the minimum viable capabilities required to ensure resources are maximised and military capabilities are brought into service as quickly as possible.

The *Integrated Investment Program*'s key capability priorities for investment in the integrated, focused force are:



Undersea warfare;



Maritime capabilities for sea denial and localised sea control operations;



Targeting and long-range strike;



Space and cyber capabilities;



Amphibious capable combined-arms land system;



Expeditionary air operations;



Missile defence;



Theatre logistics;



Theatre command and control;



Guided Weapons and Explosive Ordnance (GWEO); and



Enhanced and resilient northern bases.

Significant Government announcements in 2023–24

Defence enterprise

The *National Defence Strategy* and the *Integrated Investment Program* supported the *Defence Strategic Review* in prioritising investment in Australia's northern network of Defence bases, ports and barracks. This stretches from Exmouth in Western Australia, through the Northern Territory, and across to Townsville in Far North Queensland.

This investment will strengthen the ADF's ability to project force and deter attempts to project power against Australia. It will also enable the ADF to contribute, alongside partners, to the collective security of the Indo-Pacific. A logistically connected and resilient set of bases, ports and barracks across Australia's north is pivotal to improving the ADF's ability to sustain operations through a crisis or conflict.

Works across northern bases include upgrades to airfields, fuel supply and storage, accommodation and security, and training areas.

The 2023–24 expenditure for approved capital works projects in northern Australia in the Enterprise Estate and Infrastructure Program was approximately \$1.1 billion. This included:

- providing enhanced facilities and infrastructure, including airfield upgrades, under the RAAF Base Tindal Redevelopment Stage 6 and United States Force Posture Initiative Airfield Works and Associated Infrastructure Program at RAAF Base Tindal in the Northern Territory;
- providing berthing, training, maintenance, logistics and support facilities to support new maritime vessels at various bases, including HMAS *Coonawarra* in the Northern Territory and HMAS *Cairns* in Queensland; and
- upgrading facilities and infrastructure at the Bradshaw Field Training Area, Kangaroo Flats Training Area, Mount Bunday Training Area, and Robertson Barracks Close Training Area in the Northern Territory.

Maritime domain

In August 2023, the Government announced the acquisition of more than 200 Tomahawk cruise missiles from the United States for Navy's Hobart Class destroyers. The Tomahawk cruise missiles will enter service by the end of 2024.

In September 2023, Navy accepted the undersea support vessel Australian Defence Vessel *Guidance* and subsequently achieved Initial Operational Release. The vessel provides an organic capability to deploy autonomous systems while also contributing to humanitarian assistance and disaster recovery tasks in Australian waters.

Navy's fleet of 24 MH-60R Seahawk Romeo maritime helicopters achieved full operational capability in December 2023, on time and under budget. The MH-60R is a versatile multi-mission, all-weather anti-submarine and anti-surface warfare helicopter operating from Navy's frigates and destroyers. With advanced avionics, sensors and weapons systems, the MH-60R is a lethal state-of-the-art capability essential for holding potential adversaries at risk far from Australian shores.

Delivery of two Evolved Cape Class Patrol Boats in 2023–24 resulted in Australian Defence Vessels *Cape Woolamai* and *Cape Pillar* contributing to civil maritime security operations. In February 2024, the Government also announced a contract for an additional two Evolved Cape Class patrol boats.

Navy continues to support Defence's implementation of the Pacific Maritime Security Program. Guardian Class patrol boats were delivered to Micronesia, Papua New Guinea, Samoa and Fiji to enhance their capability and capacity to protect their sovereign waters and contribute to regional maritime security.

In February 2024, the Government announced its blueprint for a larger and more lethal surface combatant fleet for Navy, in response to the recommendations of an independent analysis of Navy's surface combatant fleet. Navy's future surface combatant fleet will comprise 26 major surface combatants, and design work and approvals have commenced for the staged implementation of the future surface force.

In April 2024, the Government announced its commitment to delivering a sovereign autonomous undersea capability through the Uncrewed Maritime Warfare Project. The Uncrewed Maritime Warfare Project will provide the ADF with a stealth, long-range autonomous undersea warfare capability that can conduct persistent intelligence, surveillance, reconnaissance and strike.

In May 2024, Naval Shipbuilding and Sustainment Group released the first-stage tender for the General Purpose Frigate project to five exemplar ship builders.

In June 2024, the Government announced the first life-of-type extension of Australia's Collins Class submarines, HMAS *Farncomb*, that will commence in 2026. The life-of-type extension program will ensure the availability of the Collins Class submarines during the transition to Defence's nuclear-powered submarine capability, without compromising on submariner safety.

In June 2024, the Government announced a contract with BAE Systems Australia for the first three of six Hunter Class frigates. Construction has commenced at the Osborne Naval Shipyard with the first ship expected to be operational by 2034.

The Government also announced in June 2024 the upgrade of Navy's three Hobart Class destroyers to Aegis Baseline 9, commencing with the first-of-class HMAS *Hobart* in mid-2025.

The Navy Minors Capital Program managed over 80 projects throughout the year, delivering \$91 million worth of new capabilities and enhancements to existing platforms. Some of these capabilities included satellite communications systems, ICT hardware, upgrades to communication centre simulators and mobile weapons training simulation systems.

A range of infrastructure projects, at various stages of development and delivery, are being progressed to enable both current capabilities as well as the future capabilities detailed above.

Land domain

Army has rapidly implemented direction from the *Defence Strategic Review* and *National Defence Strategy*, prioritising the delivery of an amphibious-capable combined-arms land system optimised for littoral manoeuvre and control of strategic land positions. This includes a long-range land and maritime strike capability. Army is also supporting the integrated force through investments in targeting and long-range strike, missile defence, theatre logistics, and theatre command and control.

The Government agreed to prioritise the acquisition of new littoral manoeuvre capabilities and infrastructure through an investment of \$7–\$10 billion in littoral manoeuvre vessels, and \$5–\$7 billion in related facilities. Army will acquire and operate 18 landing craft medium and eight landing craft heavy, which will be distributed across the three units based in South-East Queensland, Northern Queensland and Darwin.

The Government has agreed to prioritise the acquisition of the Army's long-range precision strike capability. This will include an investment of \$1.6 billion to bring the total number of high-mobility artillery rocket system launchers to 42. The Army will also acquire precision strike missiles, which can engage targets out to 500 kilometres.

The Government has also agreed to prioritise the acquisition of 129 locally built Redback infantry fighting vehicles. The total value of this project is approximately \$7 billion. The delivery of the Redback infantry fighting vehicles will commence in 2027, with the final vehicle delivery expected in late 2028.

The delivery of the infantry fighting vehicles will occur at around the same time as the new high-mobility artillery rocket systems and Army landing craft — reflecting the *National Defence Strategy's* requirement for Army to be transformed for littoral manoeuvre operations from Australia.

Defence delivered the first Block 2 Boxer in June 2024, and domestic manufacture is continuing. These advanced vehicles will significantly improve Army's ability to conduct mounted reconnaissance and surveillance operations.

Defence is preparing to deliver a fleet of 29 AH-64E Apache aircraft later this decade, working with industry and the United States Government to provide the armed reconnaissance capability to the Army, under an acquisition worth \$4.2 billion.

The UH-60M Black Hawk helicopters commenced delivery under an accelerated acquisition process in 2023. Continued investment in this fleet will provide a proven combat and logistic capability with the ability to deploy rapidly on a wide variety of missions including land, amphibious and littoral combat; special operations; and humanitarian assistance and disaster relief.

Air domain

The air domain continued to transition to an increasingly potent, resilient and integrated force which includes remotely piloted and autonomous systems. The capabilities being delivered will increase range, lethality and survivability. Continued investment in Australia's air combat capabilities upholds Defence's commitment to developing high-speed, long-range strike capabilities for the ADF. Developmental capabilities include the MQ-28A Ghost Bat autonomous unmanned aerial system and long-range hypersonic missile technology for both offensive and defensive effects.

Other key priorities for the air domain include special purpose aircraft replacement and fleet expansion; the growth of a suitable and skilled workforce to underpin the ability of the Air Force to deliver capability options to the Government; international engagement to facilitate continued access to AUKUS technologies, and fostering the working relationships necessary to capitalise on government-to-government agreements.

Air domain priorities will remain aligned to the *National Defence Strategy* and the associated *Integrated Investment Program*. The air domain is a key contributor to:

- targeting and long-range strike (long-range anti-ship missile, joint strike missile, joint air-to-surface stand-off missile — extended range, advanced anti-radiation guided missile — extended range, hypersonics);
- expeditionary air operations (air mobility; air intelligence, surveillance and reconnaissance; air combat; uncrewed air systems);
- integrated air and missile defence (joint air battle management system, E-7A Wedgetail, Jindalee Operational Radar Network); and
- theatre command and control (air traffic management systems).

Air domain equities continue to be appropriately represented across the joint force with a focus on contribution to the integrated force. Key areas include the combination of integrated air and missile defence sensors with the Defence targeting enterprise and the development of long-range maritime and land strike capabilities.



Soldiers and officers of Headquarters 3rd Brigade and the 3rd Combat Signal Regiment operate a command post during Exercise BROLGA WALK at Townsville Field Training Area, Queensland. IMAGE CREDIT: Trooper Dana Millington.

Space domain

Space domain capabilities and effects underpin ADF operations and are fundamental to the success of military endeavours, supporting communication, targeting, situational awareness and positioning, navigation, and timing. Investment in space capabilities that enhance intelligence, surveillance and reconnaissance, provide resilient communication, and counter emerging space threats are the highest space domain priorities in the *National Defence Strategy*.

The *Integrated Investment Program* includes a \$9–\$12 billion investment in enhanced space capabilities. This will include the introduction of the deep-space advanced radar capability, integrated with sites in the United Kingdom and United States, to provide continuous detection, tracking and identification of objects in deep space. The deep-space advanced radar capability is expected to be operational in 2026.

Space Command transitioned from the Royal Australian Air Force to Joint Capabilities Group on 1 July 2023. On 1 November 2023, space capability development responsibilities were centralised within Joint Capabilities Division to maximise system effectiveness. Joint Capabilities Group is working across the Defence portfolio to progress efforts to advance space capability delivery and a space policy framework, and to develop space workforce and career pathways.

Cyber domain

Cyber domain capabilities and effects are fundamental to the success of ADF operations and activities by supporting enhanced situational awareness, decision superiority and force resilience. Both the *Defence Strategic Review* and the *National Defence Strategy* identified the need for enhanced cyber capabilities to protect the ADF's warfighting networks, as well as to understand and counter threats in the cyber domain that are increasing in scale and complexity.

The *Integrated Investment Program* includes a \$15–\$20 billion investment in enhanced cyber domain capabilities alongside improved integration of cyber effects with other ADF capabilities. This will develop both defensive and offensive options to impose costs on malicious cyber activity in an increasingly contested cyber domain. The Government is investing in the delivery of an enhanced deployable defensive cyber operations capability for the ADF and a comprehensive training program to support the growth of the ADF cyber workforce.

Cyber workforces from Navy, Army and Air Force will be managed by the Chief of Joint Capabilities to develop the mastery, identity and maturity required to generate and manage operations in the cyber domain. Joint Capabilities Group works with the Australian Signals Directorate to support Defence operations and planning.

Capability delivery

The *Defence Strategic Review* recommended a number of immediate and longer-term changes to reprioritise Defence investments and improve capability management processes. These recommendations included establishing a new simplified programmatic approach for the *Capability Program Architecture Framework*, streamlining capability acquisition processes based on urgency and complexity and balancing Australian industry considerations with timely capability acquisition.

In April 2024, the Australian Government released the *National Defence Strategy* and the *Integrated Investment Program*, developed in response to the *Defence Strategic Review*. Together, the *National Defence Strategy* and *Integrated Investment Program* provide the blueprint to deliver an ambitious transformation of the ADF to an integrated, focused force capable of safeguarding Australia's security. The *National Defence Strategy* sets out the Government's approach to address Australia's most significant strategic risks based on the concept of *National Defence*.

The *Integrated Investment Program* sets out the specific defence capabilities the Government will invest in to implement the *National Defence Strategy*. It provides a generational uplift in Defence's capabilities and reflects a coherent, logical and affordable plan to transition the ADF to an integrated, focused force. Improvements include streamlining and accelerating processes related to the management of the Defence budget and *Integrated Investment Program* to deliver capability faster. These include improvements to assurance and governance mechanisms, and reform to simplify and accelerate Defence's acquisition processes to deliver capability more quickly in partnership with industry.

The Investment Committee, chaired by the Vice Chief of the Defence Force, is responsible for decisions regarding Defence's major capability acquisitions. The Investment Committee considers capital investments in assets, equipment, tools, product and support systems that enhance Defence capability. In accordance with Government policy and requirements, the Committee oversees the *Integrated Investment Program* through the application of the One Defence Capability System across all investments, from initiation through to disposal. To streamline approvals and accelerate capability delivery, the One Defence Capability System is being adapted to meet the intent of the reforms recommended in the *Defence Strategic Review*.

Capability learning and development continues to be a key focus for Defence. The professionalisation and upskilling of the Defence capability workforce is an ongoing process, positioning Defence to adapt and respond to the challenges of the future. Several learning and development initiatives have been undertaken, including the second Capability Symposium, (Defence's flagship annual capability event) in March 2024 and the Capability Seminar Program throughout the year. The Capability Symposium is an important opportunity to bring Defence personnel, APS agencies and Defence contractors together to gain and share insights into capability priorities, developing a foundational understanding of the planning, management and delivery of capability. The Capability Seminar Program is an ongoing interactive series of seminars delivered by subject matter experts. The program facilitates robust capability-focused discussions in a relaxed and informal setting, enabling the workforce to learn from experts about the practical application of capability.

Innovation, science and technology

Defence innovation, science and technology is fundamental to Australia's ability to properly equip and prepare a modern fighting force to defend our national interests in a technology-dominated world.

In 2023–24, scientists, engineers and professionals within Defence have continued to undertake sensitive and secure research for critical ADF capabilities, projects in the *Integrated Investment Program* and specialist support for operations.

Following the release of the *National Defence Strategy*, the Defence science and technology programs have been updated. These changes have increased the emphasis on delivering outcomes that will provide asymmetric advantage to the ADF while maintaining the focus on the priority areas of hypersonics, directed energy, trusted autonomy, quantum technology, information warfare and long-range fires.

For example, in the area of Defence intelligence, the focus has been on using automation to improve the quality and timeliness of information available for decision-making and ensuring there is a pathway to transition innovative outcomes into Defence capabilities. The greatest gains in military effectiveness in the coming decade will be generated by better integrating existing and emerging technologies at speed.

Significant investments in the Advanced Strategic Capabilities Accelerator and AUKUS Pillar II Advanced Capabilities were also announced. This included support for the delivery of a sovereign, autonomous undersea capability through the Ghost Shark Program as mission zero for the Advanced Strategic Capabilities Accelerator. The Accelerator has been established in record speed and is moving at pace to identify and accelerate solutions to the most pressing challenges faced by the ADF.

Initiatives such as these represent a step-change in Australia's ability to enhance defence cooperation with partners, industry and academia to rapidly develop and introduce technologically advanced military capabilities into service. In 2023–24, key outcomes through collaboration included:

- PHOEBE, a prototype digital twin of the integrated C2 network for multi-domain planning and command, has been developed and delivered to Headquarters Joint Operations Command, and has been successfully demonstrated at a recent ADF Command Post Exercise;
- AUKUS Pillar II continued to advance resilient autonomy and artificial intelligence technologies through the Trusted Operation of Robotic Vehicles in a Contested Environment trial held in South Australia in late 2023; where Australian, United Kingdom and United States innovation and technology was combined to test leading-edge artificial intelligence in uncrewed robotic vehicles, investigating their ability to complete missions and preserve network connectivity in a contested environment;
- Defence Science and Technology Group and its associated Australia — United States industry consortium, led by Thales Australia, demonstrated the largest advanced, military-relevant solid rocket motor designed and manufactured in-country to date, under the auspices of the Advanced Technology Demonstrator Program;
- with Special Operations Command units and Perth-based company Innovaero, demonstrated the first dynamic flight trials of an armed loitering munition using the one-way loitering munition B platform, which aims to design and deliver a combat-ready prototype to accelerate ADF understanding and adoption of emergent technologies focused on robotics and autonomous systems;
- in partnership with the Department of Agriculture, Fisheries and Forestry, Defence scientists demonstrated the impact of novel low-cost chemical and biological threat-sensing technologies in enhancing Australia's biosecurity measures;
- with Joint Operations Command, worked to deliver advanced theatre decision capabilities for the ADF during major exercises;

- a Defence Science and Technology–developed workforce forecasting and analysis capability, Athena, is being used by the Vice Chief of the Defence Force Group to perform strategic workforce projections and determine the ideal workforce settings — including recruitment, promotion and training targets — over the next decade to deliver the required workforce and is now in use with the Canadian Navy and Air Force;
- Defence scientists have joined partners in the United States for a long-range fires demonstration; and
- Defence cyber experts were part of the Australian team at Locked Shields 2024, which placed third in the Partner Run. The event is the world’s largest cyber defence exercise and is conducted by the North Atlantic Treaty Organisation Cooperative Cyber Defence Centre of Excellence.

Defence’s approach to innovation is one that seeks to unite the national science and technology ecosystem and draw on international partnerships to focus on defence and security priorities and accelerate the delivery of capabilities to the ADF. This approach allows Defence to pursue asymmetric advantage in innovative ways, through cost effective solutions and by developing new technologies.

Projects of Concern

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

To increase the visibility of Defence’s acquisition and sustainment performance, in August 2022, monthly reporting commenced to the Minister for Defence Industry. This evolved into monthly reports on Projects and Products of Interest and Concern, and Quarterly Performance Reports on all projects and products, providing performance insights across delivery groups.

Table 5.3: Projects of Concern as of 30 June 2024

Project	Project number and phase	Date added
Civil Military Air Traffic System	AIR 5431 Phase 3	October 2022
Satellite Ground Station — East and Wideband Satellite Communications Network Management	JOINT 2008 Phase 5B2	May 2023
Offshore Patrol Vessel	SEA 1180 Phase 1	October 2023

Defence will continue to manage the Projects of Concern actively in 2024–25.

External scrutiny

Major Projects Report

The annual Defence Major Projects Report is a ‘priority assurance review’ conducted under subsection 19A(5) of the *Auditor-General Act 1997*. The Major Projects Report is prepared jointly by the Australian National Audit Office (ANAO) and Department of Defence (Defence) at the request of the Joint Committee of Public Accounts and Audit. The objective of the Major Projects Report is to improve the accountability and transparency of selected major Defence acquisitions for the benefit of Parliament and other stakeholders. The Major Projects Report is prepared in accordance with guidelines endorsed by the Parliamentary Joint Committee of Public Accounts and Audit. The latest guidelines, endorsed in October 2023, provide information on the process and projects to be reported on as at 30 June 2024. The Major Projects Report is scheduled for publication at the end of the calendar year. The tabling date is dependent on the resolution of issues that may arise at any given time. The *2022–23 Major Projects Report* is the latest report (Auditor-General Report No. 14 of 2023–24) and was published on 9 February 2024. All published reports are available on the ANAO website anao.gov.au. The Parliamentary Joint Committee of Public Accounts and Audit holds an inquiry into each Major Projects Report. In 2023–24 an inquiry commenced into the *2022–23 Major Projects Report*, while the inquiry into the Major Projects Reports for 2020–21 and 2021–22 and into the procurement of Hunter Class frigates concluded with the release in June 2024 of *Report 503: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class frigates*, which had six recommendations. The report can be found on the Parliament of Australia website aph.gov.au.

Audit

The Defence internal audit program provides independent assurance to senior internal stakeholders on enterprise controls and the effectiveness of those controls in mitigating strategic enterprise risks. During 2023–24, 16 internal audit tasks were completed. Defence also supported audit activities undertaken by the ANAO. In 2023–24, the Auditor-General completed three performance audits on Defence, the audit of the Defence financial statements for the period ending 30 June 2023, and the priority assurance review (Major Projects Report 2023–24). Defence also monitors progress on implementation of recommendations from internal audits and ANAO audits, and reports on these to the Defence Audit and Risk Committee.

Auditor-General's reports

In 2023–24, the Auditor-General published three performance audit reports in relation to Defence and one priority assurance review.

Table 5.4: Auditor-General's performance audit reports on Defence, 2023–24

Report	Date presented to Parliament	Audit/review objective
Auditor-General Report No. 47 of 2023–24: <i>Defence's Management of Contracts for the Supply of Munitions</i>	25 June 2024	Assess whether the Department of Defence's arrangements for the operation and maintenance of the Mulwala and Benalla facilities beyond June 2020 were established through appropriate processes and in accordance with the Commonwealth Procurement Rules.
Auditor-General Report No. 45 of 2023–24: <i>Defence's Management of Recruitment Advertising Campaigns</i>	24 June 2024	Assess the effectiveness of the Department of Defence's management of advertising campaigns for ADF recruitment.
Auditor-General Report No. 14 of 2023–24: <i>2022–23 Major Projects Report</i>	9 February 2024	To provide information and assurance to the Parliament on the performance of selected acquisitions as at 30 June 2023.
Auditor-General Report No. 6 of 2023–24: <i>Defence Assistance to the Civil Community</i>	28 September 2023	Assess the effectiveness of the Department of Defence's planning and administrative arrangements to support the provision of emergency Defence Assistance to the Civil Community.

Freedom of information

As at 30 June 2024, Defence finalised 1,621 requests for information, managed by a team of 11 personnel in the Ministerial and Executive Coordination and Communication Division. These were a combination of Freedom of Information (FOI) requests, enquiries that were handled administratively by agreement with the applicant, and courtesy consultations with other government agencies.

Defence received 989 requests (20 per cent increase from 2022–23) for information under the *Freedom of Information Act 1982* (FOI Act) and finalised 976 decisions during the year (21 per cent increase from 2022–23). Of these, 183 were for personal information and 21 were for amendment or annotation of records of personal information, managed under section 48 of the FOI Act. In 2023–24, 178 decision-makers from across Defence determined an average of five matters each.

Defence managed 508 requests for information that did not proceed to a formal FOI decision. Of these requests, 116 were for access to personnel records processed in accordance with section 15A of the FOI Act, which provides for access to be given in such cases through established administrative channels. Defence also received 137 courtesy consultations from other government agencies in 2023–24.

Defence managed 265 review requests on finalised FOI decisions, and finalised 134 internal and external reviews. These reviews were managed internally or by providing detailed submissions to the Office of the Australian Information Commissioner. Of these review requests, 104 were internal reviews of FOI decisions (a 26 per cent increase from 2022–23). Defence managed 161 external reviews submitted to the Office of the Australian Information Commissioner (54 per cent increase from 2022–23); 42 of these reviews were completed and 119 are awaiting a decision from the Information Commissioner. Defence also managed six matters before the Administrative Appeals Tribunal, of which four were completed, including matters carried over from previous financial years.

The Office of the Australian Information Commissioner notified Defence of 12 external complaints relating to 15 Defence FOI requests finalised in previous financial years. Defence spent \$138,720 during 2023–24 on FOI training for 188 decision-makers and FOI case managers, and increased the number of authorised decision makers from 297 to 408.

Consistent with its obligations under the FOI Act, Defence provided quarterly and annual statistical reporting to the Office of the Australian Information Commissioner, who publish the statistics at data.gov.au.

Contracts exempt from publication on AusTender

In 2023–24, Defence exempted 364 contracts with a total value of \$5.3 billion (GST inclusive) from publication on AusTender on the basis that they would disclose exempt matters under the FOI Act. The majority of these contracts were exempted under the national security provisions of the FOI Act.

Information Publication Scheme

Entities subject to the FOI Act are required to publish information as part of the Information Publication Scheme. Each agency must display on its website a plan showing the information it publishes in accordance with the scheme's requirements. Further information is available on Defence's Information Publication Scheme website dha.gov.au/about-us/governance/legislative-framework/foi/information-publication-scheme

Defence Public Interest Disclosure Scheme

The Defence Public Interest Disclosure Scheme is underpinned by a strong reporting culture in Defence. The scheme facilitates and encourages reports of suspected wrongdoing, provides support and protection to disclosers, and ensures that suspected wrongdoing is investigated, where appropriate, consistent with the requirements of the *Public Interest Disclosure Act 2013*.

During 2023–24, Defence received 136 matters reported under the Defence Public Interest Disclosure Scheme. Of these, Defence accepted 88 matters as public interest disclosures and allocated them for investigation or referred them to another area.

Compliance with finance law

Section 19 of the *Public Governance, Performance and Accountability Act 2013* requires that agencies notify their responsible minister of any significant issues that have affected the entity. Agencies must also notify the Minister for Finance if any of those issues included non-compliance with finance law. In 2023–24, the Deputy Prime Minister and the Minister for Finance were advised of 25 instances of significant non-compliance with finance law. In 2022–23, there were 13¹ instances of significant non-compliance with finance law.

Table 5.5: Instances of significant noncompliance with finance law, 2023–24

Description of non-compliance	Cases	Remedial action
External fraud Defence experienced loss (subsequently fully recovered) due to making payments to a contracted service provider on the basis of incorrect or misleading information.	1	Upon becoming aware of the issues identified through Defence's investigation, the contract service provider repaid the amount in full. Defence undertook remedial action to reduce the risk of future recurrence. Defence introduced several controls internally and on the contracted service provider, such as multi-stage verification of information and approval of payments.
Credit card or check Defence experienced loss due to credit card non-compliance, primarily related to credit card misuse.	3	Defence undertook remedial actions ranging from administrative sanctions or disciplinary action to criminal prosecutions. To reduce the risk of future credit card misuse, Defence continues to focus on a range of controls, including monthly reports to card holder supervisors to facilitate proactive monitoring of credit card usage, a suite of credit card detective tests carried out by the financial compliance team, and mandatory training courses.
Entitlement Defence experienced losses relating to entitlements due to personnel failing to disclose information when required to do so, or inappropriately claiming benefits.	21	Defence undertook remedial action ranging from administrative sanctions or disciplinary action to criminal prosecutions in response to entitlement fraud. Defence undertook detection activity aimed at detecting non-compliance relating to entitlements.

Engagement with parliamentary committees

In 2023–24, Defence provided evidence at 14 public hearings, three in camera hearings, two classified hearings, three Senate estimates hearings and 12 private briefings.

Defence provided 18 submissions and 14 Government responses to parliamentary committee inquiries, and hosted 13 visits to Defence bases.

Defence took 716 questions on notice. Of these, 498 were from estimates hearings; 74 were from parliamentary committee hearings and briefings and 144 were submitted in writing from senators and members of Parliament.

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

1. The *Defence Annual Report 2022–23* recorded 12 instances of significant non-compliance. The figure has been updated to account for a systemic control deficiency identified as part of an internal audit, which met the classification of significant non-compliance.

Table 5.6: Defence's involvement with parliamentary committees, 2023–24

Senate Standing Foreign Affairs, Defence and Trade Legislation Committee
Budget and Supplementary Senate Estimates Hearings Defence participated in three hearings and responded to 498 questions on notice.
Inquiry into the Defence Trade Controls Amendment Bill 2023 [Provisions] Defence provided one submission, participated in one public hearing and responded to four questions on notice. A Government response was given in Parliament.
Inquiry into the Australian Naval Nuclear Power Safety Bill 2023 [Provisions] and Australian Naval Nuclear Power Safety (Transitional Provisions) Bill 2023 [Provisions] Defence provided one submission, participated in one public hearing, responded to six questions on notice and hosted one visit. A Government response is under consideration.
Inquiry into the performance of the Department of Defence in supporting the capability and capacity of Australia's defence industry Defence provided one submission and participated in one private briefing.
Inquiry into the Defence Capability Assurance and Oversight Bill 2023 Defence provided one submission, participated in one public hearing, one confidential hearing, and two private briefings, and responded to three questions on notice.
Senate Standing Foreign Affairs, Defence and Trade References Committee
Inquiry into Australia's support for Ukraine Defence provided one submission.
Inquiry into the impact of Defence training activities and facilities on rural and regional communities Four Government responses were tabled.
Senate Standing Finance and Public Administration References Committee
Inquiry into supporting the development of sovereign capability in the Australian technology sector Defence provided one submission, participated in one public hearing and responded to five questions on notice.
Senate Standing Community Affairs Legislation Committee
Inquiry into the Social Services and Other Legislation Amendment (Military Invalidation Payments Means Testing) Bill 2024 Defence provided one submission and participated in one public hearing.
Senate Standing Rural and Regional Affairs and Transport References Committee
Inquiry into the shutdown of the 3G mobile network and telecommunications services accessibility Defence provided one submission.
Senate Standing Economics References Committee
Inquiry into Australia's sovereign naval shipbuilding capability Two Government responses were tabled.
Inquiry into the Future of Australia's naval shipbuilding industry One Government response was tabled.
Senate Standing Committee for the Scrutiny of Bills
Scrutiny Digest 1 of 2024 Correspondence about the Defence Amendment (Safeguarding Australia's Military Secrets) Bill 2023 was provided.
Senate Select Committee on Adopting Artificial Intelligence
Inquiry into the opportunities and impacts for Australia arising out of the uptake of AI technologies in Australia Defence provided one submission.
Senate Select Committee on Australia's Disaster Resilience
Inquiry into Australia's disaster resilience Defence participated in one public hearing and responded to two questions on notice.

(Table 5.6 continued)

Joint Standing Committee on Foreign Affairs, Defence and Trade

Inquiry into the *Defence Annual Report 2019–20*

A Government response was tabled.

Inquiry into the *Defence Annual Report 2021–22*

A Government response is under consideration.

Inquiry into the *Defence Annual Report 2022–23*

Defence provided one submission, participated in two public hearings, responded to 18 questions on notice, and hosted one visit.

Defence Subcommittee Program of Work

Defence participated in nine private briefings, responded to 14 questions on notice, and hosted 11 visits.

Inquiry into the Auditor-General's Report No.4 21/22 – Defence Industry Security Program

A Government response was tabled.

Inquiry into international armed conflict decision-making

A Government response was tabled.

Inquiry into the transition from the ADF

A Government response was tabled.

Joint Committee of Public Accounts and Audit

Inquiry into the Defence Major Projects Reports 2020–21 and 2021–22 and Procurement of Hunter Class Frigates

Defence participated in one public hearing and one confidential hearing, responded to eight questions on notice and tabled a Government response to the Interim Report. A Government response to the Final Report is under consideration.

Inquiry into the Defence Major Projects Report 2022–23

Defence provided one submission, participated in two public hearings and one confidential hearing, and responded to eight questions on notice.

Inquiry into Commonwealth Financial Statements 2022–23

Defence provided one submission and responded to one question on notice.

Inquiry into the failed visa privatisation process and the implementation of other public sector Information Technology procurements and project

Defence provided one submission.

Joint Committee on Intelligence and Security

Review of Administration and Expenditure No. 20 (2022–23) – Australian Intelligence Agencies

Defence provided three submissions and participated in one classified hearing.

Review of the Defence Amendment (Safeguarding Australia's Military Secrets) Bill 2023

Defence provided one submission, participated in one public hearing and one classified hearing, and responded to four questions on notice. A Government response was given in Parliament.

Joint Standing Committee on Treaties

Agreement between the Government of Australia and the Government of the Republic of Fiji on Cooperation in the Field of Defence and the Status of Visiting Forces

Defence participated in one public hearing.

Joint Committee on Corporations and Financial Services

Inquiry into Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry

Defence provided one submission.

House Standing Committee on Regional Development, Infrastructure and Transport

Inquiry into the implications of severe weather events on the national regional, rural, and remote road network

Defence participated in one public hearing and responded to one question on notice.

Parliamentary Standing Committee on Public Works

In 2023–24, 11 major works projects were referred to the Parliamentary Standing Committee on Public Works with a total value of \$5.36 million.

The Committee conducted 10 public hearings for those projects referred, and seven projects have subsequently achieved parliamentary approval, with a total value of \$2.38 million. Three projects are awaiting parliamentary approval and one project is awaiting a public hearing.

In addition, four major works projects received exemption from the Committee with a total value of \$1.69 million. The exemption of one major works project was due to security reasons and is not included in Table 5.7.

In 2023–24, six medium works projects with a total value of \$306.3 million were notified to, and approved by, the Committee.

Table 5.7: Defence major works projects that achieved Parliamentary approval or exemption through the Parliamentary Standing Committee on Public Works, 2023–24

Project	Location	Value (\$m)
Facilities to Support Enhanced Communications Systems 'Project Phoenix'	Lyndoch and Morundah (NSW); Bohle River and Speed Creek (Qld); Humpty Doo, Shoal Bay, Mount Bunday Training Area (NT); Exmouth and Rough Range (WA); Russell and HMAS <i>Harman</i> (ACT)	280.2
Fisherman's Bend Redevelopment	Defence Science and Technology Group (Vic)	160.9
Edinburgh Defence Precinct Mid-Term Refresh	RAAF Base Edinburgh (SA)	311.9
Defence Fuel Transformation Program — Tranche 2 Facilities	Multiple	359.3
RAAF Base Learmonth Redevelopment Enabling KC-30A Operations	RAAF Base Learmonth (WA)	662.2
RAAF Base Darwin Mid-Term Refresh	RAAF Base Darwin (NT)	203.5
Airfield maintenance works at RAAF Base Curtin and RAAF Base Learmonth (exemption)	RAAF Base Curtin (WA) RAAF Base Learmonth (WA)	237.0
Airfield maintenance works at RAAF Base Townsville (exemption)	RAAF Base Townsville (Qld)	127.6
Submarine Rotational Force — West Priority Works (exemption)	HMAS <i>Stirling</i> (WA)	646.0
Total		2,988.6

Table 5.8: Defence notifications for medium works projects to the Parliamentary Standing Committee on Public Works, 2023–24

Project	Location	Value (\$m)
Submarine Rotational Force West Priority Works Facilities and Infrastructure	HMAS <i>Stirling</i> (WA)	74.9
Facilities to Support Guided Weapons and Explosive Ordnance Accelerated Storage — Tranche 1	Defence Depot Jennings (NSW)	47.3
Facilities to Support Guided Weapons and Explosive Ordnance Accelerated Storage — Tranche 1	Defence Depot Myambat, Denman (NSW)	62.4
RAAF Base Learmonth Enabling KC-30A Operations	RAAF Base Learmonth (WA)	67.2
Darwin Secure Multi-User Facility	RAAF Base Darwin (NT)	38.2
Armoured Fighting Vehicles Facilities Program Stage 2, Works Package 1	Gaza Ridge Barracks (Vic)	16.3
Total		306.3

Inspector-General of the Australian Defence Force

Section 110B of the *Defence Act 1903* establishes the Inspector-General of the Australian Defence Force (IGADF) as an independent statutory office. The IGADF operates independently of the ADF chain of command. The IGADF provides an impartial integrity, inquiry and assurance function, while overseeing the quality and fairness of Australia's military justice system.

The functions of the IGADF are to:

- inquire into or investigate matters concerning the military justice system;
- conduct performance reviews of the military justice system, including audits of Defence Force units, ships and establishments at the times and in the manner IGADF considers appropriate;
- investigate or inquire into justice matters including the professional conduct of Service police;
- advise on matters concerning the military justice system and make recommendations for improvement;
- to review complaints submitted by ADF members under the statutory Redress of Grievance complaint system;
- to inquire into or investigate deaths of ADF members in Service, where their death appears to have arisen out of, or in the course of, their service;
- if directed by the Minister for Defence or the Chief of the Defence Force — to inquire into or investigate a matter;
- promote military justice values across the ADF; and
- do anything incidental or conducive to the performance of the IGADF's other functions.

Workload trends have continued to show a significant and consistent increase in the number and complexity of submissions and referrals received by the Office of the IGADF in the reporting period. Prior to 2020–21, the historical submissions and referrals average was 65 matters per year. Over the past four reporting periods, the IGADF has averaged approximately 109 submissions annually. This submission rate represents an increase of 68 per cent over the IGADF's historical annual caseload. In addition, the Office of the IGADF completed 24 per cent more military justice performance audits than in the previous reporting period, and 63 per cent more than the 2021–22 reporting period.

During the 2023–24 reporting period, audit teams completed 67 military justice performance audits (16 Navy, 32 Army, 17 Air Force and 2 from Joint Service units) of ADF units. Of those audits completed, seven units had material deficiencies in their military justice arrangements. In 2023–24, 5,801 ADF personnel (1,314 Navy, 3,445 Army, 1,001 Air Force and 41 from Joint Service units) participated in focus group discussions as part of the IGADF's audit program.

The IGADF received 120 new submissions in 2023–24, representing an increase of over 15 per cent compared to the 104 referrals received in 2022–23. This increase reflects year-on-year growth of engagement rates with the IGADF as more members have increased exposure to, and confidence in, the IGADF processes. During the 2023–24 period, the IGADF finalised 86 matters, which is an increase of 32 per cent from the previous reporting period.

In the 2023–24 reporting period, the IGADF received 71 new complaints relating to the conduct of ADF Military Police. During the same period, the Military Police Professional Standards section completed 44 investigations into possible breaches of the Military Police Code of Conduct. These figures represent a 42 per cent increase in new complaints from the last reporting period and a 38 per cent increase in the completion of investigations over the same period.

The IGADF oversees the Redress of Grievance scheme, a statutory complaints scheme available to ADF members. In 2023–24, ADF members submitted 273 new Redress of Grievance complaints (69 Navy, 129 Army and 75 Air Force) to their commanding officers. This represents an increase of 11 per cent from the complaints submitted in 2022–23. During the 2023–24 reporting period, the IGADF finalised 225 Redress of Grievance complaints (54 Navy, 112 Army and 59 Air Force).



Three Royal Australian Air Force F-35A Lightning II aircraft transit to Japan for Exercise BUSHIDO GUARDIAN 2023. IMAGE CREDIT: Leading Aircraftman Samuel Miller.

The IGADF received 31 notifications of the death of ADF members during 2023–24.¹ By the end of this reporting period, the IGADF had finalised 44 inquiries into the deaths of ADF members.

Pursuant to section 110R of the [Defence Act 1903](#), the IGADF prepares an annual report to Parliament on the operations of the Office of the IGADF, which is presented to Parliament by the Deputy Prime Minister and Minister for Defence. Once tabled, the IGADF Annual Report is published at igadf.gov.au/publications.

Defence (Inquiry) Regulations 2018

Regulation 73 of the [Defence \(Inquiry\) Regulations 2018](#) requires the Chief of the Defence Force to report on the operation of administrative inquiries conducted in Defence during each reporting period. ADF appointing officers initiated 31 administrative inquiries (17 Navy, 5 Army and 9 Air Force) during the 2023–24 reporting period.

1. The Inspector-General of the Australian Defence Force received notification of 31 deaths during the 2023–24 reporting period. The date of death may not have occurred during the reporting period.

Afghanistan Inquiry Reform Program

Defence, through the Afghanistan Inquiry Reform Program, has undertaken a substantial body of work to address the findings and recommendations of the Afghanistan Inquiry and embed sustainable, enduring reform across the organisation. This work is detailed in the *Afghanistan Inquiry Reform Program Closure Report*, which was accepted by the Defence Committee in February 2024.

Defence initiated the Afghanistan Inquiry in 2016 to determine whether there was any substance to rumours and allegations relating to possible breaches of the Law of Armed Conflict by members of Australia's Special Operations Task Group in Afghanistan over the period 2005 to 2016.

The IGADF conducted the Afghanistan Inquiry. It was an administrative inquiry, not a criminal investigation, and was conducted at arm's length from the ADF chain of command to ensure the independence and integrity of the process. Defence accepted all of the Afghanistan Inquiry findings and committed to addressing all of the 143 recommendations.

The *Afghanistan Inquiry Reform Plan* was released on 30 July 2021. It set out Defence's strategy for responding to the inquiry and established the Afghanistan Inquiry Reform Program to coordinate and drive this work. The Reform Program comprised four work packages addressing the 143 recommendations and a range of initiatives to achieve two objectives: address the past, and prevent recurrence.

As at 30 June 2024, Defence has closed 139 of the 143 recommendations. The four outstanding recommendations will remain open pending the outcomes of the Office of the Special Investigator joint investigation with the Australian Federal Police.



The 1st Combat Service Support Battalion's Littoral Beach Team manoeuvre a protected mobility vehicle off the MV Cooma Cooma, at Gunn Point, Northern Territory, as part of Exercise PREDATOR'S RUN 2023. IMAGE CREDIT: Captain Annie Richardson.

Work Package 1 – Afghanistan Inquiry recommendations regarding individuals

Afghanistan Inquiry report recommendations relating to individuals comprised 103 of the 143 recommendations, of which 99 remain closed and four are on hold pending the outcome of the Office of the Special Investigator joint investigation with the Australian Federal Police. Defence continues to support the work of the Office of the Special Investigator through the Afghanistan Inquiry Response Task Force, by providing records in response to requests for information, and subject matter expert advice to ensure accuracy in the interpretation of Defence-related information.

Work Package 2 – Additional workforce management action

There were no recommendations associated with this work package with the focus on consideration of additional workforce management action in response to findings in the Afghanistan Inquiry report. These findings related to command accountability as well as individual actions and misconduct. Command accountability matters have been referred to the Government, where they remain under consideration.

Work Package 3 – Afghanistan Inquiry recommendations regarding compensation

The Afghanistan Inquiry report made 15 recommendations to pay compensation to victims or their families where there was credible information of unlawful killing, assault and property damage, without it being contingent on the establishment of criminal liability. All 15 recommendations are now closed following the Government's agreement to establish an enduring compensation scheme through regulation. Implementation of this scheme is planned for 2024–25.

Work Package 4 – Transformational reform

This work package included 25 Afghanistan Inquiry recommendations and required Defence to identify, design and implement the transformational reform necessary to prevent, or promptly detect and respond to, any future incidents. These requirements were delivered under five reform streams: organisational arrangements and command accountability; culture; workforce; partnerships; and information. To establish the reform streams, further analysis of the Afghanistan Inquiry report was conducted to identify and understand the underlying root causes. This analysis led to a defined program of work for each reform stream, comprising 72 enterprise initiatives within the 25 recommendations. All 25 recommendations are now closed.

Full details of the work completed is available on the Afghanistan Inquiry website at defence.gov.au/about/reviews-inquiries/Afghanistan-inquiry/defence-response.

Defence will continue to monitor and ensure that Afghanistan Inquiry-related reforms are embedded and sustained within the enterprise through established oversight arrangements. This will be further complemented by ongoing operational audits and a whole-of-program post-implementation audit, to be scheduled in 2026–27.

Afghanistan Inquiry Implementation Oversight Panel

The Afghanistan Inquiry Implementation Oversight Panel provided the Minister for Defence with independent oversight and assurance of Defence's response to the Afghanistan Inquiry.

The panel was established on 9 November 2020 for an initial term of two years, which was subsequently extended for a further 12 months. The panel consisted of three eminent persons: Dr Vivienne Thom AM, Professor Rufus Black and Mr Robert Cornall AO.

Over the course of its tenure, the panel delivered 12 quarterly reports to the Minister for Defence. The panel delivered a final report to the Government on 8 November 2023.

Details of Defence's response to the Afghanistan Inquiry, including a copy of the Afghanistan Inquiry Implementation Oversight Panel final report, is available at defence.gov.au/about/reviews-inquiries/Afghanistan-inquiry/defence-response.

Safeguarding Australia's Military Secrets (SAMS) Act 2024

The *Safeguarding Australia's Military Secrets Act 2024* (the SAMS Act) was passed by Parliament on 27 March 2024 and commenced on 6 May 2024.

The SAMS Act requires former Defence and Australian Submarine Agency personnel, both ADF and APS, to obtain a Foreign Work Authorisation before performing work for, or on behalf of, a foreign government, military organisation or a specified government-controlled entity.

This includes undertaking work or training via another entity such as a company or organisation, or as a contractor for a relevant foreign military or government body.

The law also extends to any Australian citizen or permanent resident providing training on specific export-controlled goods, software, and technology with military application contained on the Defence and Strategic Goods List Part 1, or in military tactics, techniques or procedures.

Minister for Defence's powers under the Customs Act

In accordance with the requirements of section 112BC in Part VI, Division 1AA of the *Customs Act 1901* (the Customs Act), the minister responsible for Defence must table a statement on the exercise of the minister's powers under Division 1AA of the Customs Act for each preceding year. For the period 1 July 2023 to 30 June 2024, the Deputy Prime Minister and Minister for Defence exercised the powers pursuant to Division 1AA of the Customs Act on 16 occasions.

Judicial and administrative tribunal decisions

Burns v Chief of the Defence Force — In 2023, four members of the ADF initially sought judicial review of decisions by the Chief of the Defence Force's delegate to issue notices of early termination of service to the four members under regulation 24(1)(c) of the *Defence Regulation 2016*. The initial application was dismissed following the revocation of the notices proposing to terminate the members' ADF service.

Fresh termination notices were issued in December 2023 and the members commenced further judicial review proceedings. The matter was heard in the Federal Court on 27 March 2024. The issues for determination include whether information obtained consensually under section 101W of the *Defence Force Discipline Act 1982* can be used for a purpose other than the purpose of investigating a service offence, such as issuing termination notices under the *Defence Regulation 2016*. Judgment has been reserved and remains pending as at 30 June 2024.

Commonwealth Ombudsman and Defence Force Ombudsman report

The Commonwealth Ombudsman published the Defending Fairness report in December 2023 with the report accepted by Defence during the same month. Recommendations from the report are being addressed across Defence in line with other reforms, as agreed, stemming from the Royal Commission Final Report.

Organisational capability reviews

The Australian Public Service Commission did not conduct a review of Defence's organisational capability in 2023–24.



Celebration of hearts and souls as Invictus Games wrap up

In September 2023, Defence celebrated Team Australia and their success at the Invictus Games in Düsseldorf, Germany.

The Invictus Games is an international, adaptive multi-sports competition for serving and former military personnel who have been wounded, injured or become unwell during their military service.

After seven days of competition, displaying hope, resilience and camaraderie among more than 500 international competitors, Invictus Games Düsseldorf 2023 wrapped up in style.

Team Australia's 31 serving and former-serving military competitors were joined at the closing ceremony by friends, family and fans from all over the world, coming together to celebrate the successes of the sixth Games.

Representatives from the international contingent of volunteers, family and friends also enjoyed their moment in the Merkur Spiel-Arena's spotlight, acknowledging the important role they have played in the Games.

"We've all witnessed the true impact sport has had on your recovery and on your post-traumatic growth," a visibly emotional Games patron, the Duke of Sussex Prince Harry, said during the ceremony.

"You will never truly know the impact that your actions this week have had on millions of people around the world.

"You have opened people's hearts through your vulnerability, resilience and through your sheer abilities. You have shown us that joy can emerge from struggle. And for that, we are eternally grateful."

It had been a long week for the competitors, who have each represented their country in three separate sports across the competition, in front of 140,000 people including teammates, military, friends, family, and spectators. German President, Frank-Walter Steinmeier, thanked the participants for their service and commitment, saying the Games gave the competitors the chance to forge new friendships and find a sense of belonging.

"Your strength to keep on going every single day is what has brought you together here," he told competitors during the ceremony.

"All of you here refuse to give up and in that you are an example to all of us.

"For eight days you have been together with people who understand precisely where you're coming from when you tell your story. And that is exactly the reason for these Games."


STORY CREDIT: Belinda Barker.

Invictus Games 2023 Team Australia competitors enter the stadium during the closing ceremony at the Merkur Spiel-Arena in Düsseldorf, Germany. IMAGE CREDIT: First Sergeant Ricky Fuller.

Workforce, personnel and families

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An ADF family enjoys Lake Burley Griffin, Australian Capital Territory. IMAGE CREDIT: Rohan Thomson.

Workforce overview

In 2023–24, Defence focused on implementing the *Defence Strategic Review*, delivering the *National Defence Strategy* and *Integrated Investment Program*, and contributing to the work of the Royal Commission into Defence and Veteran Suicide. People are Defence's most important asset and fundamental to achieving Defence's mission. The health and wellbeing of the Defence workforce remains paramount.

In October 2023, Defence had introduced an *Interim Workforce Plan* to focus efforts on the most immediate workforce priorities.

In early 2024, with the release of the *National Defence Strategy* and new *Integrated Investment Program*, Defence commenced work to deliver a new workforce plan to reflect the ADF's transformation from a balanced to an integrated, focused force. This new workforce plan will be delivered in the second half of 2024.

Throughout 2023–24, Defence has remained below the required ADF workforce guidance. Interventions are being applied to increase the size of the workforce through recruiting and retention measures.

These measures have focused on:

- widening the eligibility criteria to enable more people to join the ADF, including developing options to recruit permanent residents who have been living in Australia for 12 months;
- streamlining the recruiting system to translate this wider pool of eligible applicants into an increase in the number of ADF recruits;
- improving processes to enable faster recruiting so that skills gaps are met more quickly; and
- encouraging current personnel, who have built the skills and expertise the ADF needs, to stay and serve longer through retention initiatives.

The Government has invested in the recruitment and retention of the ADF workforce through the introduction of a \$50,000 continuation bonus and the expansion of the ADF Family Health Program. Retention interventions are having an effect with an ADF separation rate of 9.5 per cent at the end of 2023–24, below the long-term average of 9.7 per cent.

Defence is also contemporising its recruitment, including through the adjustment of ADF entry medical policy restrictions, based on improvements in medical treatments. These enable personnel to be considered on the basis of functional assessment, rather than being found unsuitable based on diagnosis.

Defence has continued to implement the ADF Employment Offer Modernisation Program to deliver important changes to ADF personnel's salary, salary-related allowances and conditions of service. Defence is also implementing changes to the Defence APS terms and conditions of employment for non-Senior Executive Service (SES) APS employees following the commencement of the Defence Enterprise Collective Agreement 2024 in March 2024.

Defence has continued to focus efforts on skilling the ADF and APS workforce and has increased investment in the Defence Assisted Study Scheme (for ADF) and Studybank (for APS). This investment provides ADF and APS personnel easier access to personal and professional development opportunities and more choice in what can be studied. Through this investment, Defence is building the shipbuilding, guided weapons, cyber, space, ICT and intelligence workforces needed to deliver Australia's national defence. This investment also helps reduce Defence's reliance on contracted staff, as it develops APS workforce capability.

Culture remains fundamental to delivering the Defence mission. In November 2023, Defence launched the Defence Culture Blueprint Program which sets clear accountability for culture at all levels of the organisation to create sustained behavioural change. Values and behaviours are at the core of the program and set expectations for how Defence personnel should conduct themselves in the workplace.

The Defence Culture Blueprint has six strategic objectives including a focus on delivering the Defence mission; diversity and inclusion; and resilience and wellbeing.



A representative from the Australian Army, the Royal Australian Air Force and the Royal Australian Navy meet with an APS employee at Russell, Australian Capital Territory. IMAGE CREDIT: Rodney Braithwaite.

Workforce planning

The *Defence Strategic Review* identified growth and retention of a highly skilled Defence workforce as an immediate priority. To deliver on this priority Defence introduced the *2023–24 Interim Workforce Plan*.

This plan focused on six key lines of effort including:

- ① ADF recruiting;
- ② ADF transitions;
- ③ ADF and APS learning;
- ④ ADF and APS culture, mental health and wellbeing;
- ⑤ the ADF and APS employee value proposition; and
- ⑥ the re-design of the Defence People System.

The *National Defence Strategy* and *Integrated Investment Program* outline the changes needed to Defence's force structure to transition the ADF from a balanced to an integrated, focused force. Defence's workforce planning is changing to deliver this revised force structure.

To enable effective and achievable workforce planning that reflects Defence's new force structure requirements, Defence is developing a new comprehensive workforce plan in 2024. This new workforce plan will replace the *2023–24 Interim Workforce Plan*.

Staffing levels and statistics

All workforce information in this report is as at 30 June 2024.

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

Defence also records some statistical data by headcount. All personnel are counted equally regardless of the number of hours worked. The figures include all personnel recorded as on duty or on leave, full-time or part-time, with or without pay. This statistical basis is used for information by gender, employment categories and employment location. Defence does not base its workforce planning on headcount figures.

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

Table 6.1: Total workforce system — Service spectrum continuum

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

Workforce summary

Total Defence workforce

This section provides workforce information as at 30 June 2024 and outlines changes in the workforce that occurred during 2023–24. Tables 6.2 to 6.17 show numbers of people, employment categories, locations and gender information. The numbers of Star-ranked and SES officers are also provided at Tables 6.4 and 6.5. The information is based on headcount.

At 30 June 2024, Defence had a permanent workforce of 76,691, comprising 57,226 permanent ADF members (Service categories 6 and 7, excluding ADF Gap Year participants (Service option G)), and 19,465 ongoing APS employees. An additional 366 APS employees were employed on a non-ongoing basis (Table 6.7).

The Reserve (Service categories 3, 4 and 5) headcount increased by 571 to 32,560 (including Reserve members on continuous full-time service (Service option C)). The total ADF workforce was 89,786 and included 19,586 Navy permanent and Reserve members, 48,598 Army permanent and Reserve members, and 21,602 Air Force permanent and Reserve members. At 30 June 2024, 964 Reservists were also Defence APS employees.

2023–24 DEFENCE WORKFORCE SNAPSHOT

76,691

Total Defence permanent workforce.



57,226

Permanent ADF members.



19,465

Ongoing APS employees.



366

Non-ongoing APS employees.

89,786

Total ADF permanent workforce.



19,586

Navy permanent and Reserve workforce.



48,598

Army permanent and Reserve workforce.



21,602

Air Force permanent and Reserve workforce.

32,560

Total Reserve permanent workforce.



571

Increase, Reserve headcount.



964

Reservists that are also Defence APS employees.

Table 6.2: Defence permanent workforce headcount as at 30 June 2023 and 30 June 2024

	Navy	Army	Air Force	ADF ²	APS ³
Headcount 30 June 2023 ¹	14,746	27,726	14,879	57,351	18,120
Additions	1,132	2,638	1,527	5,297	3,901
Separations	1,136	3,141	1,145	5,422	2,190
Headcount 30 June 2024	14,742	27,223	15,261	57,226	19,831
Change	-4	-503	382	-125	1,711

Notes:

Figures in this table show substantive headcount numbers.

- Some 2022–23 figures have been adjusted from those reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.
- ADF figures are for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G).
- APS figures include paid and unpaid employees, which covers full-time, part-time, suspended, ongoing and non-ongoing employees.

Table 6.3: Defence workforce by employment location as at 30 June 2024

	NSW	Vic ¹	Qld	SA	WA	Tas	NT	ACT ²	O/S ³	Total
Permanent force⁴										
Navy	6,527	1,445	702	153	2,892	18	626	2,079	300	14,742
Army	4,947	2,746	10,964	1,645	915	47	2,593	3,052	314	27,223
Air Force	4,490	1,230	3,548	1,868	331	17	977	2,479	321	15,261
Subtotal	15,964	5,421	15,214	3,666	4,138	82	4,196	7,610	935	57,226
Reserves⁵										
Navy	1,347	374	708	173	679	74	107	1,373	9	4,844
Army	5,886	3,500	5,759	1,498	2,148	495	771	1,311	7	21,375
Air Force	1,669	457	1,575	822	276	48	121	1,372	1	6,341
Subtotal	8,902	4,331	8,042	2,493	3,103	617	999	4,056	17	32,560
Total ADF	24,866	9,752	23,256	6,159	7,241	699	5,195	11,666	952	89,786
APS⁶										
Total APS	2,479	3,608	1,396	2,208	572	88	225	9,111	144	19,831

Notes:

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

- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.
- Permanent Force (Service categories 6 and 7) does not include ADF Gap Year participants (Service option G), which had 726 participants on 30 June 2024. Gap Year participants may be employed in multiple locations during their period of service.
- Reserves include all members (Service categories 3, 4 and 5) and Reserves undertaking continuous full-time service (Service option C). This does not include Reserve Service category 2.
- Includes paid and unpaid employees, which covers full-time, part-time, suspended, ongoing and non-ongoing employees. The 30 June 2024 figures for the APS include 964 APS employees who are also counted as Reserve members.

Table 6.4: Star-ranked officers as at 30 June 2024

	Star-ranked officers ¹			2023–24 engagements ²			2023–24 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Four-star									
Navy	–	–	–	–	–	–	–	–	–
Army	1	–	1	–	–	–	–	–	–
Air Force	–	–	–	–	–	–	–	–	–
Three-star									
Navy	3	–	3	–	–	–	–	–	–
Army	4	2	6	–	1	1	–	–	–
Air Force	2	–	2	–	–	–	1	–	1
Two-star									
Navy	12	4	16	2	1	3	1	1	2
Army	20	4	24	5	–	5	3	–	3
Air Force	12	4	16	3	2	5	2	1	3
One-star									
Navy	47	12	59	10	5	15	3	1	4
Army	46	14	60	10	6	16	9	–	9
Air Force	38	13	51	7	3	10	5	–	5
Total	185	53	238	37	18	55	24	3	27

Notes:

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

Table 6.5: APS Senior Executive Service employees as at 30 June 2024

	Total Senior Executive Service ¹			2023–24 engagements ^{2,3}			2023–24 separations ^{2,4}		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior Executive									
Secretary	1	–	1	–	–	–	–	–	–
Band 3	8	3	11	3	–	3	1	1	2
Band 2 ⁵	22	17	39	1	4	5	3	1	4
Band 1 ⁶	51	71	122	11	4	15	8	5	13
Chief of Division									
Grade 2	5	2	7	–	1	1	1	–	1
Grade 1	3	1	4	–	–	–	–	–	–
Total APS	90	94	184	15	9	24	13	7	20

Notes:

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

Table 6.6: APS Executive Level employees and below, by gender and staffing classification as at 30 June 2024

	30 June 2024 headcount			2023–24 engagements			2023–24 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executive level									
Executive Level 2	1,330	820	2,150	84	82	166	120	78	198
Executive Level 1	2,597	2,147	4,744	281	240	521	233	199	432
Subtotal	3,927	2,967	6,894	365	322	687	353	277	630
Other staff									
APS Level 6	3,166	2,920	6,086	529	553	1,082	321	320	641
APS Level 5	1,539	1,709	3,248	410	453	863	168	166	334
APS Level 4	665	1,133	1,798	192	344	536	77	118	195
APS Level 3	295	497	792	76	155	231	44	73	117
APS Level 2	346	188	534	210	104	314	121	66	187
APS Level 1	145	75	220	82	45	127	40	18	58
Subtotal	6,156	6,522	12,678	1,499	1,654	3,153	771	761	1,532
Total APS	10,083	9,489	19,572	1,864	1,976	3,840	1,124	1,038	2,162

Notes:

Figures in this table show ongoing and non-ongoing employee substantive headcount numbers. Figures include paid, unpaid, full-time and part-time employees. Figures exclude SES employees. Figures exclude employees who do not exclusively identify as either male or female.

Table 6.7: APS employees by gender as at 30 June 2023 and 30 June 2024

	30 June 2023 ¹			30 June 2024		
	Full-time	Part-time ²	Total	Full-time	Part-time ²	Total
Ongoing employees						
Male	9,063	200	9,263	9,741	236	9,977
Female	7,583	893	8,476	8,528	901	9,429
Non-binary ³	32	1	33	56	3	59
Total ongoing	16,678	1,094	17,772	18,325	1,140	19,465
Non-ongoing employees						
Male	138	35	173	162	39	201
Female	134	41	175	138	24	162
Non-binary ³	–	–	0	3	–	3
Total non-ongoing	272	76	348	303	63	366
Total APS employees						
Male	9,201	235	9,436	9,903	275	10,178
Female	7,717	934	8,651	8,666	925	9,591
Non-binary ³	32	1	33	59	3	62
Total	16,950	1,170	18,120	18,628	1,203	19,831

Notes:

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

- Some 30 June 2023 figures have been adjusted from what was reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.
- Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.
- Figures include employees who have identified as non-binary, intersex or unspecified.

Table 6.8: ADF permanent (Service categories 6 and 7), ADF Gap Year (Service option G) and Reserve forces (Service categories 3, 4 and 5) and APS by gender as at 30 June 2023 and 30 June 2024

	30 June 2023 ¹				30 June 2024			
	Male	(%)	Female	(%)	Male	(%)	Female	(%)
Navy permanent²								
Officers	2,335	15.8	742	5.0	2,422	16.4	791	5.4
Other ranks	7,425	50.4	2,304	15.6	7,229	49.1	2,232	15.1
Trained force								
Officers	811	5.5	289	2.0	844	5.7	297	2.0
Other ranks	634	4.3	198	1.3	686	4.7	234	1.6
Total Navy	11,205	76.0	3,533	24.0	11,181	75.9	3,554	24.1
Army permanent²								
Officers	4,488	16.2	971	3.5	4,495	16.5	984	3.6
Other ranks	16,211	58.5	2,759	10.0	15,903	58.4	2,738	10.1
Trained force								
Officers	745	2.7	213	0.8	784	2.9	205	0.8
Other ranks	2,046	7.4	288	1.0	1,867	6.9	242	0.9
Total Army	23,490	84.7	4,231	15.3	23,049	84.7	4,169	15.3
Air Force permanent²								
Officers	3,513	23.6	1,192	8.0	3,529	23.1	1,230	8.1
Other ranks	6,033	40.6	2,285	15.4	6,127	40.2	2,366	15.5
Trained force								
Officers	698	4.7	259	1.7	775	5.1	299	2.0
Other ranks	679	4.6	215	1.4	699	4.6	229	1.5
Total Air Force	10,923	73.4	3,951	26.6	11,130	73.0	4,124	27.0
ADF permanent²								
Officers	10,336	18.0	2,905	5.1	18.3	3,005	5.3	5.0
Other ranks	29,669	51.7	7,348	12.8	51.1	7,336	12.8	12.8
Trained force								
Officers	2,254	3.9	761	1.3	4.2	801	1.4	1.3
Other ranks	3,359	5.9	701	1.2	5.7	705	1.2	1.3
Total ADF permanent	45,618	79.6	11,715	20.4	79.3	11,847	20.7	20.4
ADF Gap Year								
Navy	72	10.1	99	13.9	79	10.7	81	10.9
Army	223	31.3	65	9.1	289	39.0	56	7.6
Air Force	133	18.7	120	16.9	130	17.5	106	14.3
Total ADF Gap Year	428	60.1	284	39.9	498	67.2	243	32.8

(Table 6.8 continued)

	30 June 2023 ¹				30 June 2024			
	Male	(%)	Female	(%)	Male	(%)	Female	(%)
Reserves ^{2,3}								
Navy	79	10.7	81	10.9	3,678	11.3	1,164	3.6
Army	289	39.0	56	7.6	17,927	55.1	3,447	10.6
Air Force	130	17.5	106	14.3	4,886	15.0	1,455	4.5
Total Reserves	498	67.2	243	32.8	26,491	81.4	6,066	18.6
APS ^{2,4}								
Total APS	9,436	52.2	8,651	47.8	10,178	51.5	9,591	48.5

Notes:

Figures in this table show substantive headcount numbers. Percentage figures are calculated within each section, so that the subtotal for each section adds to 100 per cent. Percentages may not sum due to rounding.

1. Some 30 June 2023 figures have been adjusted from what was reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.
2. Figures exclude employees who do not exclusively identify as either male or female.
3. Reserves include all members (Service categories 3, 4 and 5) and Reserves undertaking continuous full-time service (Service option C). This does not include Reserve Service category 2.
4. Figures include paid, unpaid, full-time, part-time, ongoing and non-ongoing employees. The 30 June 2024 figures for the APS include 964 APS employees who are also counted as Reserve members.



A Royal Australian Air Force C-27J Spartan (A34-008) arrives at an airstrip at Andersen Air Force Base, Guam, United States in readiness for Exercise COPE NORTH 2024 as a United States Marine Corps KC-130J (QD-9532) descends to land. IMAGE CREDIT: Leading Aircraftman Kurt Lewis.

Australian Defence Force staffing

ADF staffing figures for 2022–23 and 2023–24 are shown in Table 6.9.

Table 6.9: ADF staffing figures, 2022–23 and 2023–24

ADF staffing measure ^{1,2}	2022–23 ³	2023–24	Variation
For workforce planning purposes			
Actual funded strength (paid strength as at 30 June)	58,621	58,631	10
Average funded strength (over the financial year)	58,642	58,310	-332
For other statistical data			
Permanent headcount (on duty/leave and paid/unpaid)	57,351	57,226	-125

Notes:

1. Funded strength figures include Service categories 6 and 7, Reserve workforce members rendering continuous full-time service (Service option C) and ADF Gap Year (Service option G).
2. For consistency with other tables in this chapter, the headcount figures do not include Reserves (Service categories 2, 3, 4 and 5), or ADF Gap Year, which had 664 participants on 30 June 2023, and 726 participants on 30 June 2024.
3. 2022–23 headcount figures have been adjusted from those reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.

Table 6.10 details ADF permanent force average funded strength for 2023–24, which includes ADF Reserves on continuous full-time service. ADF strength was 58,311 in 2023–24, a decrease of 331 from 2022–23. Average funded strength for Reserves on continuous full-time service was 1,371 (comprising Navy 363, Army 808 and Air Force 200) — an increase of 149 from 2022–23.

Table 6.10: ADF permanent force (Service categories 6 and 7) and Reserves undertaking continuous full-time service (Service option C), average funded strength

	2022–23 Actual	2023–24 Budget estimate ¹	2023–24 Revised estimate ²	2023–24 Average as at 30 Jun 24	Variation ³	Percentage (%) ⁴
Navy	15,142	15,956	15,063	15,047	-16	-0.1
Army	28,524	28,536	28,084	28,047	-37	-0.1
Air Force	14,976	15,181	15,307	15,217	-90	-0.6
Total average funded strength	58,642	59,673	58,454	58,311	-144	-0.2

Notes:

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

1. As published in the March *Portfolio Budget Statements 2023–24*.
2. As published in the October *Portfolio Budget Statements 2023–24*.
3. Variation refers to the difference between the 2023–24 revised estimate and average figures.
4. Percentage variation refers to the percentage difference between the 2023–24 revised estimates and actual figures.

Australian Defence Force enlistments and separations

Defence generates workforce via both recruitment of people with no formal military experience and re-enlistment of personnel. In 2023–24, 5,297 members entered the permanent workforce. Of those, 1,184 entrants had prior military service in the Reserves (Service categories 3, 4 and 5) through the ADF Gap Year program (Service option G), in another country or through previous permanent force service. There were 4,113 who had no former military service. Of those recruited, 4,160 identified as male members, 1,135 identified as female members, and two identified as non-binary members.

This inflow was 247 less than in 2022–23. Women represented 27.3 per cent of enlistments, and Indigenous people represented 6.2 per cent of enlistments.

Retention in the ADF permanent force improved, with a decrease in separations from 11.1 per cent to 9.5 per cent; however, the reduction in separations did not make up for the shortfall in enlistments. Defence was unable to reach its target for the recruitment of full-time ADF members, achieving 66 per cent of its 2023–24 target.

The permanent ADF headcount (Service categories 6 and 7) decreased by 125 in 2023–24, while the Reserve (Service categories 3, 4 and 5) headcount increased by 571. These changes reflect both enlistments and separations, but also transitions between Service categories in the total workforce system (Table 6.1).

Tables 6.11 and 6.12 provide comparative information about ADF permanent force (Service categories 6 and 7) separations over the last two years.

Table 6.11: ADF permanent force and ongoing APS, 12-month rolling separation rates as at 30 June 2023 and 30 June 2024

	12-month rolling separation percentage rate (%)	
	30 June 2023	30 June 2024
Navy	9.1	7.7
Army	13.0	11.5
Air Force	9.6	7.6
Total ADF permanent force¹	11.1	9.5
APS		
Ongoing APS	12.0	10.4

Notes:

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

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

Table 6.12: ADF permanent force (Service categories 6 and 7) separations, 2022–23 and 2023–24

		Voluntary separations ¹	Involuntary separations ²	Age retirement	Trainee separations	Total
2022–23³						
Navy	Officers	162	47	21	34	264
	Other ranks	643	332	11	104	1,090
Army	Officers	302	125	39	43	509
	Other ranks	1,581	1,020	36	477	3,114
Air Force	Officers	297	98	13	38	446
	Other ranks	572	329	11	66	978
Total ADF permanent force	Officers	761	270	73	115	1,219
	Other ranks	2,796	1,681	58	647	5,182
	Total	3,557	1,951	131	762	6,401
2023–24						
Navy	Officers	114	54	8	35	211
	Other ranks	493	354	2	76	925
Army	Officers	250	137	37	61	485
	Other ranks	1,267	912	30	446	2,655
Air Force	Officers	246	92	3	33	374
	Other ranks	384	309	5	72	770
Total ADF permanent force	Officers	610	283	48	129	1,070
	Other ranks	2,144	1,575	37	594	4,350
	Total	2,754	1,858	85	723	5,420

Notes:

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

1. 'Voluntary' includes voluntary redundancies and resignations.
2. 'Involuntary' primarily comprises members who are medically transitioned from Defence, and personnel who were unsuitable for further duty, who died while serving or who were part of 'Command Initiated Transfer to the Reserve'.
3. Data for 2022–23 may not match the data provided in the *Defence Annual Report 2022–23* due to retrospective transactions.

Australian Defence Force Reserves

The number of days each ADF Reserve member (Service categories 3, 4 and 5) works in a year can vary substantially depending on personal circumstances and organisational need. To reflect this, Table 6.13 shows both the total number of days served by Reserve members in 2023–24 and the number of Reservists who rendered paid service.

In 2023–24, there was an increase of 66,195 service days compared with 2022–23, bringing the total to 1,229,989 (132,507 Navy, 823,717 Army and 273,766 Air Force), while the number of reservists undertaking service days increased to 21,907 (2,045 Navy, 15,658 Army and 4,204 Air Force).

Table 6.13 shows the number of days served by Navy, Army and Air Force Reserve members varied from the revised budget estimate by 4.9 per cent, 1.0 per cent and 7.8 per cent respectively.

Table 6.13: ADF Reserve paid strength (Service categories 3, 4 and 5), 2022–23 and 2023–24^{1, 2}

	2022–23 Actual: days served (members paid)	2023–24 Budget estimate ³ : days served (members paid)	2023–24 Revised estimate ⁴ : days served (members paid)	2023–24 Actual: days served (members paid) ⁵	Variation ⁶ : days served (members paid)	Percentage variation ⁷ : days served (members paid) (%)
Navy	126,101 (1,947)	115,500 (1,950)	115,500 (1,950)	132,507 (2,045)	17,007 (95)	14.7 (4.9)
Army	779,435 (15,711)	740,000 (15,500)	740,000 (15,500)	823,717 (15,658)	83,717 (158)	11.3 (1.0)
Air Force	257,538 (4,011)	262,000 (3,900)	262,000 (3,900)	273,766 (4,204)	11,766 (304)	4.5 (7.8)
Total paid Reserves	1,163,074 (21,669)	1,117,500 (21,350)	1,117,500 (21,350)	1,229,990 (21,907)	112,490 (557)	10.1 (2.6)

Notes:

Figures may not sum due to rounding.

1. The number of days or hours worked by Reserve members can vary greatly, figures in this table show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.
2. This table includes Service categories 3, 4 and 5. Reserves undertaking continuous full time service (Service option C) are not included in this table; they are included in Table 6.4.
3. As published in the *Portfolio Budget Statements 2023–24*.
4. As published in the *Portfolio Additional Estimates Statements 2023–24*.
5. This represents the Reserve personnel that rendered service from approximately 32,661 personnel across Service categories 3, 4 and 5 that have indicated availability to render service. It does not include around 14,000 personnel in Service category 2 that are not rendering service and may be called on as required.
6. Variation refers to the difference between the 2023–24 revised estimate and actual figures.
7. Percentage variation refers to the percentage difference between the 2023–24 revised estimate and actual figures.

Reserve Service protection

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

Between 1 July 2023 and 7 June 2024, 242 enquiries were received by 1800 DEFENCE in relation to the *Defence Reserve Service (Protection) Act 2001*. Of these enquiries, 92 were resolved at the time of contact through the provision of general information regarding protections and obligations provided by the *Defence Reserve Service (Protection) Act 2001*, and 150 complex enquiries were referred to Reserve and Cadet Support Division for specific advice. The average time to resolve these complex enquiries was 3.9 days. A further 34 enquiries were received directly and resolved by Reserve and Cadet Support Division. A total of 276 enquiries were received and resolved. No enquiries required senior-level intervention for resolution. No complaints were received relating to the resolution of enquiries in 2023–24.

Australian Public Service workforce

APS staffing figures for 2022–23 and 2023–24 are shown in Table 6.14.

Table 6.14: APS staffing figures, 2022–23 and 2023–24

APS staffing measure	2022–23 ¹	2023–24	Variation
For workforce planning purposes			
Actual full-time equivalent (paid strength as at 30 June)	17,286	18,789	1,503
Average full-time equivalent (over the financial year)	16,497	18,009	1,512
For other statistical data			
Headcount (on duty/leave, full-time or part-time, paid/unpaid)	18,120	19,831	1,711

Note:

Figures include both ongoing and non-ongoing APS employees.

- 2022–23 headcount figures have been adjusted from those reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.

Table 6.15 shows details of the APS average strength, expressed as average full-time equivalent, for 2023–24. APS average strength was 18,009 in 2023–24. This was an increase of 1,018 from the 2022–23 figure of 16,497.

Table 6.15: APS workforce, average full-time equivalent, 2022–23 and 2023–24

	2022–23 Actual	2023–24 Budget estimate ¹	2023–24 Revised estimate ²	2023–24 Actual	Variation ³	Percentage (%) ⁴
APS	16,497	17,713	17,445	18,009	564	3.2

Notes:

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

- As published in the *Portfolio Budget Statements 2023–24*.
- As published in the *Portfolio Additional Estimate Statements 2023–24*.
- Variation refers to the difference between the 2023–24 revised estimate and average figures.
- Percentage variation refers to the percentage difference between the 2023–24 revised estimate and average figures.

Table 6.16 shows the actual full-time equivalent at the last pay in 2023–24, which at 18,789 was 1,503 more than the final pay figure in 2022–23 of 17,286.

Table 6.16: APS workforce, end-of-year actual full-time equivalent, 2022–23 and 2023–24

	2022–23 Actual	2023–24 Actual	Variation	Percentage (%)
Total APS	17,286	18,789	1,503	8.7

Note:

Figures in this table are actual full-time equivalent for the last payday of 2023–24. Employees on forms of leave without pay are not included. The figures differ from Table 6.15 as that table shows the average full-time equivalent across the full year.

Australian Public Service recruitment and separations

During 2023–24, Defence experienced a period of growth in the ongoing APS workforce, increasing from 17,772 to 19,465, while separations declined by 2.0 per cent to 10.4 per cent.

Defence recruited 3,901 APS employees during 2023–24, including 312 as part of a Defence graduate or entry-level program.

The APS headcount (ongoing and non-ongoing) increased by 1,711, which reflects the net difference between recruitment and separations. The majority of separations were due to resignation or retirement from Defence (Table 6.17).

Table 6.17: APS separations, 2022–23 and 2023–24

	Voluntary redundancy ¹	Involuntary separations ²	Resignation/retirement ³	Transfers ⁴	Total
2022–23 ⁵					
Senior Executive Service	–	–	14	9	23
Executive Levels 1 and 2	17	14	454	178	663
Other levels	24	53	1184	321	1,582
Total APS	41	67	1,652	508	2,268
2023–24					
Senior Executive Service	–	–	16	4	20
Executive Levels 1 and 2	8	14	391	217	630
Other levels	16	31	1107	386	1,540
Total APS	24	45	1,514	607	2,190

Notes:

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

1. Voluntary redundancies are those that are program initiated.
2. Involuntary figures include breach of conduct, invalidity retirement, involuntary redundancies, and a lack of qualifications, non-performance, term probation and death.
3. Resignation/retirement figures include resignation, retirement (minimum age and SES) and completion of non-ongoing term.
4. Transfers are those who have transferred to other government departments.
5. Some 2022–23 figures have been adjusted from those reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.

Remuneration and benefits

Remuneration is a key component of the Defence employment package. It attracts people to join Defence and plays a significant role in retaining talent. The diverse remuneration structures of the ADF and APS are explained further in this section.

Public officeholders

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

The Tribunal has decided to increase remuneration by 3.5 per cent for public officers in its jurisdiction. This increase was applied from 1 July 2024.

Australian Defence Force personnel salary and salary-related allowances

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

The *Workplace Remuneration Arrangement 2023–2026* is the framework that allows for annual wage adjustments for ADF members. Maintaining competitive remuneration helps to attract and retain military people, and forms a significant part of ADF members' total employment package.

The *Workplace Remuneration Arrangement 2023–2026* increases salary and salary-related allowances in return for enhanced Defence capability. The Deputy Prime Minister and Minister for Defence determine other conditions of service under section 58B of the *Defence Act 1903*.

Table 6.18: Permanent ADF salary ranges as at 30 June 2024

Rank	Salary range	
	Minimum (\$)	Maximum (\$)
Officer of the permanent force (equivalent)		
Lieutenant General (E) ¹	446,087	528,771
Major General (E) ²	294,998	394,330
Brigadier (E) ^{2,3}	211,201	379,608
Colonel (E) ^{2,3}	172,272	345,280
Lieutenant Colonel (E) ^{2,3,4}	148,552	331,572
Major (E) ^{2,4}	121,129	319,932
Captain (E) ^{2,4}	99,001	308,230
Lieutenant (E) ⁵	85,511	158,366
2nd Lieutenant (E) ⁵	81,144	149,106
Other rank of the permanent force (equivalent)		
Warrant Officer Class 1 (E)	109,390	158,200
Warrant Officer Class 2 (E)	102,240	147,970
Staff Sergeant (E)	99,445	143,414
Sergeant (E)	90,912	137,978
Corporal (E)	81,027	127,689
Lance Corporal (E)	76,039	120,007
Private Proficient (E)	74,855	118,822
Private (E)	73,695	117,668

Notes:

1. The above Lieutenant General (E) rates are set by the Defence Force Remuneration Tribunal.
2. Includes rates for medical officers.
3. Includes rates for chaplains.
4. Excludes medical procedural specialists.
5. Includes transitional rates for other rank appointed as officer.

Australian Defence Force senior officers

All ADF senior officers (excluding statutory/public officeholders under the Remuneration Tribunal jurisdiction) are remunerated under the *Workplace Remuneration Arrangement 2023–2026*. The Deputy Prime Minister and Minister for Defence determines other non-pay-related conditions of service under section 58B of the *Defence Act 1903*.

Australian Public Service benefits

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

Defence Enterprise Collective Agreement 2024

APS (non-SES) employees have their terms and conditions of employment set out in an enterprise agreement made under the *Fair Work Act 2009*. The agreement is developed through consultation with employees and their representatives and is consistent with legislation and Government policy.

The *Defence Enterprise Collective Agreement 2024* commenced on 29 March 2024, following a successful vote by employees and subsequent approval by the Fair Work Commission. The *Defence Enterprise Collective Agreement 2024* provides three consecutive annual increases to salary and salary-related allowances, totalling 11.2 per cent over the three-year term of the agreement. The agreement also provides additional pay increases for Defence's minimum APS level 1 salary, maximum APS level 5 salary and minimum APS level 6 salary, as part of the APS-wide approach to addressing pay fragmentation.

Senior Executive Service

Senior Executive Service (SES) terms and conditions of employment are set by a single determination made under section 24(1) of the *Public Service Act 1999*. The determination is supplemented by a supporting remuneration determination and individual arrangements by a common law agreement or letter of offer.

Table 6.19 details Defence APS salary rates as at 30 June 2024. The majority of Defence employees receive salaries within the standard ranges. However, the enterprise agreement allows for remuneration and other benefits to be varied so that Defence can attract and retain selected employees with the necessary skills and knowledge to deliver capability.



Soldiers from the 8th/12th Regiment, Royal Australian Artillery prepare to move a Zodiac during an onboard operate of a small watercraft course for members deployed on Operation RESOLUTE in the Kimberley Marine Park, Western Australia. IMAGE CREDIT: Captain Annie Richardson.

Table 6.19: APS salary ranges as at 30 June 2024

Classification	Minimum (\$)	Maximum (\$)	Individual ¹ (\$)
SES salary arrangements			
SES Band 3	298,258	349,918	638,071
SES Band 2 ²	243,720	288,685	441,870
SES Band 1 ³	203,843	234,851	312,000
Non-SES salary arrangements⁴			
	Minimum (\$)	Maximum (\$)	Special pay points (\$)
Executive Level 2	134,567	161,521	216,247 ⁵
Executive Level 1	115,899	130,733	161,521 ⁶
APS Level 6	91,702	104,753	–
APS Level 5	83,706	89,659	–
APS Level 4	76,277	83,274	–
APS Level 3	67,339	74,197	–
APS Level 2	59,117	66,459	–
APS Level 1	52,236	58,637	–

Notes:

1. Maximum salary paid under an individual remuneration arrangement shown.
2. Includes rates for Chief of Division Grade 2 and Medical Officer Class 6.
3. Includes rate for Chief of Division Grade 1 and Medical Officer Class 5.
4. Salary ranges provided under the *Defence Enterprise Agreement 2017–2020*.
5. Maximum rate for Executive Level 2.1, Executive Level 2.2, Legal and Science specialist structures and Medical Officer Class 3 and 4.
6. Maximum rate for Public Affairs and Legal specialist structures and Medical Officer Class 1 and 2.

Table 6.20: Primary employment arrangements of SES and non-SES employees

Primary agreement title	SES ³	Non-SES ¹	Total ²
Enterprise Agreement	–	16,756	16,756
Section 24(1) Public Service Act Determination	184	–	184
Total	184	16,756	16,940

Notes:

1. Non-SES salary ranges are provided under the Defence APS (Salary adjustment) Determination 2019 made under subsection 24(1) of the *Public Service Act 1999*. The primary terms and conditions of employment for Defence APS employees are set out in the *Defence Enterprise Agreement 2017–2020*.
2. The figure of 184 includes Chiefs of Division, Medical Officers, and SES employees on long-term leave and Defence funded secondment.
3. The Secretary of the Department of Defence is not included in the above figures as this is a statutory appointment.

Senior Leadership Group

During the reporting period to 30 June 2024, Defence had 36 executives who met the definition of key management personnel. Their names and lengths of term as key management personnel are shown in Table 6.21.

Table 6.21: Key management personnel, 2023–24

Name	Position	Term as key management personnel
Mr Greg Moriarty AO	Secretary of the Department of Defence	Full-year
General Angus Campbell AO DSC Australian Army	Chief of the Defence Force	Full-year
Vice Admiral David Johnston AC Royal Australian Navy	Vice Chief of the Defence Force	Full-year
Mr Matt Yannopoulos PSM	Associate Secretary	Full-year
Lieutenant General Simon Stuart AO DSC Australian Army	Chief of Army	Full-year
Air Marshal Robert Chipman AM CSC Royal Australian Air Force	Chief of Air Force	Full-year
Vice Admiral Mark Hammond AO Royal Australian Navy	Chief of Navy	Full-year
Lieutenant General Gregory Bilton AO CSC Australian Army	Chief of Joint Operations	Full-year
Mr Chris Deeble AO CSC	Deputy Secretary Capability Acquisition and Sustainment	Full-year
Lieutenant General Gavan Reynolds AO Australian Army	Chief of Defence Intelligence	Full-year
Lieutenant General John Frewen AO DSC Australian Army	Chief of Joint Capabilities	Full-year
Mr Jim McDowell	Deputy Secretary Naval Shipbuilding and Sustainment	Part-year, appointed 31/07/2023
Lieutenant General Natasha Fox AM CSC Australian Army	Chief of Personnel	Full-year
Air Marshal Leon Phillips OAM Royal Australian Air Force	Chief of the Guided Weapons and Explosive Ordnance	Full-year
Mr Chris Crozier	Chief Information Officer	Part-year, appointed 01/08/2023
Professor Tanya Monro AC	Chief Defence Scientist	Full-year
Ms Justine Greig	Deputy Secretary Defence People	Full-year
Ms Celia Perkins	Deputy Secretary Security and Estate	Full-year
Mr Hugh Jeffrey	Deputy Secretary Strategy, Policy and Industry	Full-year
Mr Steven Groves	Chief Finance Officer	Full-year
Mr Tom Hamilton	Deputy Secretary Defence Strategic Review Implementation	Full-year
Mr John Reid PSM	Deputy Secretary Governance	Part-year, promoted 08/01/2024
Ms Kathryn Campbell	Senior Adviser AUKUS	Part-year, ceased 21/07/2023
Rear Admiral Jonathan Earley CSC Royal Australian Navy	Acting Chief of Navy	Part-year, acted from 16/09/2023 to 27/09/2023 12/03/2024 to 24/03/2024 19/04/2024 to 29/04/2024
Mr Graham Weber	Acting Chief Finance Officer	Part-year, acted from 01/07/2023 to 13/09/2023

(Table 6.21 continued)

Name	Position	Term as key management personnel
Rear Admiral David Mann CSC Royal Australian Navy	Acting Chief of Joint Capabilities	Part-year, acted from 03/08/2023 to 07/08/2023 16/08/2023 to 24/08/2023 28/09/2023 to 02/10/2023 03/12/2023 to 09/12/2023 23/02/2024 to 26/02/2024 26/05/2024 to 09/06/2024
Air Vice Marshal Harvey Reynolds AM Royal Australian Air Force	Acting Chief of Air Force	Part-year, acted from 12/11/2023 to 18/11/2023 01/01/2024 to 05/01/2024 04/02/2024 to 06/02/2024 20/02/2024 to 25/02/2024 14/04/2024 to 26/04/2024 19/05/2024 to 25/05/2024 30/05/2024 to 02/06/2024
Rear Admiral Justin Jones AO CSC Royal Australian Navy	Acting Chief of Joint Operations	Part-year, acted from 01/02/2024 to 10/02/2024 10/03/2024 to 25/03/2024
Major General Wade Stothart DSC AM CSC Australian Army	Acting Chief of Personnel	Part-year, acted from 14/12/2023 to 24/12/2023 04/03/2024 to 22/03/2024 01/05/2024 to 03/05/2024
Rear Admiral Wendy Malcolm AM CSC Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	Part-year, acted from 01/07/2023 to 30/07/2023
Rear Admiral Steven Tiffen AM CSM Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	Part-year, acted from 10/07/2023 to 23/07/2023
Major General Richard Vagg DSC Australian Army	Acting Chief of Army	Part-year, acted from 17/09/2023 to 03/10/2023
Mr Steve Moore	Acting Deputy Secretary Strategy, Policy and Industry	Part-year, acted from 24/07/2023 to 06/08/2023 30/05/2024 to 03/06/2024
Professor Emily Hilder	Acting Chief Defence Scientist	Part-year, acted from 02/10/2023 to 06/10/2023 20/03/2024 to 22/03/2024
Ms Monique Hamilton PSM	Acting Deputy Secretary Security and Estate	Part year, acted from 30/08/2023 to 11/09/2023
Major General Ana Duncan Australian Army	Acting Chief of Joint Capabilities	Part-year, acted from 19/02/2024 to 22/02/2024

Performance pay

Non-SES APS employees move through their salary range subject to being ‘fully effective’ or better. Where the employee is still moving through their salary range, payment of a 3.8 per cent increase to their substantive salary, noting that the increase in salary may be less than 3.8 per cent (but greater than 1 per cent) in the year the employee reaches the top of their salary range. Where an employee is within 1 per cent of the top of their salary range, their substantive salary is increased to the top of the range in addition to the payment of a partial lump sum to bring the total overall payment to 1 per cent or \$725, whichever is the greater. This bonus is considered a form of performance pay.

SES employees may have their salary increased based on the outcome of their annual performance appraisal. An SES employee may also be paid a bonus at the discretion of the Secretary of the Department of Defence as a reward for exceptional performance.

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



A representative from the Australian Army, and the Royal Australian Air Force meet with APS employees at Brindabella Precinct, Australia Capital Territory. IMAGE CREDIT: Nicole Mankowski.

Table 6.22: APS employee performance bonus payments, 2023–24

Classification	Number of employees receiving performance pay	Aggregate (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum payment made to employees (\$)	Maximum payment made to employees (\$)
SES Band 3	–	–	–	–	–
SES Band 2	–	–	–	–	–
SES Band 1	–	–	–	–	–
Executive Level 2	1,081	1,893,436	1,752	124	20,190
Executive Level 1	2,343	2,762,958	1,179	10	15,609
APS Level 6	2,685	2,660,549	991	11	17,977
APS Level 5	1,335	1,157,615	867	10	4,4742
APS Level 4	654	494,031	755	40	862
APS Level 3	487	331,632	681	10	801
APS Level 2	176	123,381	701	435	725
APS Level 1	30	18,965	632	358	725
Other	–	–	–	–	–
Total	8,791	9,442,567	1,074		

Note:

Medical Officer 1 included in APS 6 category. Medical Officer 2 included in EL 1 category. Medical Officer 3 and 4 included in EL 2 category. Science and Technology 2 included in APS 4 category. Science and Technology 3 included in APS 5 category. Science and Technology 4 included in APS 6 category. Science and Technology 5 included in EL 1 category. Science and Technology 6, 7 and 8 included in EL 2 category.

Table 6.23: Key management personnel remuneration, 2023–24

	Value (\$)
Short-term benefits:	
Base salary ¹	11,798,150
Bonus	–
Other benefits and allowances	210,137
Total short-term benefits	12,008,287
Superannuation	2,378,040
Total post-employment benefits	2,378,040
Other long-term benefits:	
Long service leave	252,311
Total other long-term benefits	252,311
Termination benefits	–
Total key management personnel remuneration²	14,638,638

Notes:

- The above key management personnel remuneration excludes the remuneration and other benefits of the Deputy Prime Minister and Minister for Defence, Minister for Defence Industry, Minister for Veterans' Affairs and Defence Personnel and Assistant Minister for Defence and Veterans' Affairs. The remuneration and other benefits for these Ministers are not paid by the Department of Defence.
- The total number of key management personnel that are included in the above table is 36 (2022–23: 34). There are 13 acting key management personnel included in this figure (2022–23: seven).

Defence career pathways

Youth

There are 30 identified youth engagement programs delivered across Defence. The strategic intent for most youth programs fall into two categories: youth development and exposure to Defence careers. The nature of programs within these categories is diverse, however, prominent themes include STEM, and an increased participation from women, Indigenous Australians and people from culturally and linguistic diverse backgrounds. The principle-based Youth Engagement Policy was released in March 2024.

Defence has developed a contemporary, enterprise-wide Youth Engagement Statement (the Statement) to provide guidance to personnel when establishing and delivering youth engagement and development activities. The Statement includes principles, objectives and intended youth engagement outcomes. The Statement was released in June 2024.

Defence continues to review and update the suite of Youth Protection Training courses. The updated Youth Protection Supervisor and Manager Course was released in September 2023. The Youth Protection Supervisor and Manager Course is under development for the adult volunteers (officers of cadets and instructors of cadets) in the ADF Cadets organisation and is planned for release in 2024.

More information is available at defenceyouth.gov.au.

ADF Cadets

The three Service-led cadet organisations — Australian Navy Cadets, Australian Army Cadets and Australian Air Force Cadets — are Defence's largest youth development programs. The cadet programs are enabled by Defence to operate in partnership with communities and to deliver youth development for 13 to 18-year-olds Australia-wide. They offer a challenging, military-like experience underpinned by Defence's values, and are inclusive, non-discriminatory, and open to young people of all abilities, provided their needs do not compromise the safety of any participants.

The cadet organisations have continued to show steady growth and deliver on strategic objectives. As at 30 June 2024, 31,616 cadets were enrolled in the three cadet programs in 589 units across all states and territories. There were 4,770 adult volunteers including officers of cadets, instructors of cadets, and Defence-approved helpers who supervise and support the young people participating in the programs.

With hundreds of cadet activities conducted each year, the programs reflect their parent Service, and youth and community expectations. Modernised cadet and adult programs provide contemporary leadership and life skills development opportunities, incorporating new STEM features to make the programs more attractive and relevant. The patron of the ADF Cadets, General the Hon Sir Peter Cosgrove AK AC CVO MC (Ret'd) has continued to support cadet activities, and travelled across Australia to visit and engage with the cadet community.

In May 2024, Defence released an ADF Cadets Strategic Intent that reflects Defence's commitment to the development of youth in a safe and inclusive environment. It complements individual cadet organisation strategic plans that focus on the recruitment, training and retention of adult volunteer staff; access to safe, fit-for-purpose facilities; and the provision of appropriate ICT.

The CadetNet Enterprise Application is used by the cadet organisations to safely administer and deliver their programs. Defence is currently undertaking a significant modernisation project to ensure CadetNet continues to meet the needs of the cadet programs, enable volunteers to deliver cadet activities effectively, and provide clear oversight for governance and compliance requirements.

More information is available at defence.gov.au/jobs-careers/student-pathways/adf-cadet-programs.

ADF Gap Year program

A total of 664 participants enlisted in the 2023 program (Navy, 139; Army, 303; Air Force, 222).

A total of 726 participants have enlisted in the 2024 program (Navy, 147; Army, 330; Air Force 249).

As at 30 June 2024, 76 members from the 2023 program and 665 members from the 2024 program were still participating.

For 2023–24, the ADF Gap Year program achieved 82.3 per cent of recruiting targets, which is a decrease from 98 per cent in 2022–23; however; this can be attributed to increase of more than 200 targets for this year.

Table 6.24: ADF Gap Year (Service option G) 2023 and 2024 participants, as at 30 June 2024

	Navy			Army			Air Force			ADF			Total
	Male	Female	Non-binary	Male	Female	Non-binary	Male	Female	Non-binary	Male	Female	Non-binary	
2023 program													
Participants	58	81	–	234	69	–	109	113	–	401	263	–	664
Separated or inactive Reserves	10	16	–	54	10	–	26	20	–	90	46	–	136
Transferred to permanent ADF	33	43	–	96	41	–	79	82	–	208	166	–	374
Transferred to Reserves	3	7	–	53	12	–	1	6	–	57	25	–	82
Still participating in 2023 program	12	15	–	31	6	–	3	5	–	46	26	–	72
2024 program													
Participants	77	70	–	276	54	–	139	110	–	492	234	–	726
Separated or inactive Reserves	5	5	–	18	3	–	8	2	–	31	10	–	41
Transferred to permanent ADF	5	1	–	–	–	–	4	7	–	9	8	–	17
Transferred to Reserves	–	–	–	2	1	–	–	–	–	2	1	–	3
Still participating in 2024 program	67	64	–	256	50	–	127	101	–	450	215	–	665

Defence graduate and entry-level programs

Defence graduate and entry-level programs are instrumental in delivering people capability to address workforce challenges and emerging needs aligned to government requirements.

In 2023–24, 312 participants commenced Defence graduate and entry-level programs from a range of academic disciplines. Defence graduate and entry-level programs offer a unique experience across a range of career pathways, with access to cutting-edge technology where participants can bring their unique skills and experiences and make a meaningful impact to Australia's national security.

Defence actively participates in the Australian Government Graduate Program and whole-of-government entry-level programs using a centralised recruitment process to cultivate talent pipelines across the APS. This coordinated approach enhances outcomes efficiencies across government agencies, ensuring a steady inflow of skilled professionals while enabling candidates to be considered by multiple agencies with a single application.

Defence STEM Cadetship Program

University students who are currently studying a relevant STEM degree. STEM cadets are employed in the APS, where they are provided with real-world and practical work experience in Defence.

In 2023–24, 164 STEM cadets participated in the STEM Cadetship Program addressing future STEM workforce needs by promoting careers in Defence beyond the program.

Defence continues to shape the agenda of women in STEM in Australia, progressing towards a 50 per cent target for women on all entry-level STEM programs. Currently, women represent 38 per cent of all STEM Cadetship Program participants, which is a 17 per cent increase from the previous year. Within Defence Science and Technology Group, the STEM Cadetship Program increased from 29.8 per cent in 2023 to 42.9 per cent in 2024, and the Research and Innovation Graduate Program pathway increased from 24.3 per cent in 2023 to 33.3 per cent in 2024.



A Royal Australian Navy MH-60R Seahawk prepares to land on the flight deck of HMAS Adelaide during wet and dry environment rehearsals at the Cowley Beach Training Area, Queensland. IMAGE CREDIT: Corporal Michael Rogers.

Promoting diversity and inclusion

Defence culture strategy

The attraction, recruitment and retention of a highly skilled workforce, aligned to Defence's values and behaviours, is critical in ensuring that Defence's capability, professionalism and effectiveness can advance Australia's security and prosperity, both domestically and internationally. This is why Defence introduced the Defence Culture Blueprint Program in November 2023.

The Defence Culture Blueprint Program was built on a strong evidence base incorporating the lessons learned from the Pathway to Change program, the IGADF Afghanistan Inquiry Report and the Royal Commission into Defence and Veteran Suicide. Defence's values and behaviours are at the core of the program and set the expectations of how Defence personnel should conduct themselves in the workplace. The Defence Culture Blueprint Program has six strategic objectives, including:

- ① Defence prioritises people and culture to deliver on the Defence mission;
- ② Defence is aligned and connected in driving cultural change;
- ③ Defence is diverse and inclusive;
- ④ Defence culture contributes positively to individual, team, and organisational resilience and wellbeing;
- ⑤ Defence values the contribution of the ADF, APS and industry workforce in achieving Defence's mission; and
- ⑥ Defence is recognised by the Government and the public as a trusted national institution.

The Defence Culture Blueprint is being implemented through the *Defence Culture Blueprint Action Plan*, with an early focus on baselining culture and the development measures for success. Since the introduction of the Defence Culture Blueprint in November 2023, Defence has implemented enterprise-wide and Service-specific change initiatives.

These include:

- issuing enterprise-wide and Service-specific culture statements setting clear expectations of behaviour;
- the implementation of a new case management system in May 2024, as part of the Defence Enterprise Resource Planning Program. This system will provide a centralised single information source for the management and identification of incidents across Defence, including incidents of unacceptable behaviour;
- the release of the Commonwealth Ombudsman own motion inquiry report: *Defending Fairness: Does Defence handle unacceptable behaviours complaints effectively?* in December 2023. Defence accepted all nine recommendations that assessed the effectiveness of the procedures for managing complaints of unacceptable behaviours. Defence has completed a number of the recommendations and will complete the remaining recommendations in 2024–25;
- the commencement of Air Force regional engagement workshops with aviators to build cultural understanding and tools for a positive culture;
- the establishment of the Navy People First Advocate Network to empower personnel to hold unit-level conversations and advocate for a positive and productive culture within their unit; and
- the release of the first pilot of the Army cross-cultural learning strategy to strengthen the cross-cultural competency of soldiers and officers at all levels.

A suite of courses are available to all employees through the online learning portal to provide employees with training related to inclusion, diversity, unconscious bias and cultural awareness. The Defence Indigenous Cultural Learning portal is a practical 'one-stop-shop' to encourage all Defence personnel to pursue or continue their own Indigenous cultural learning journey. The portal provides Defence personnel with ongoing, nationwide access to Indigenous cultural learning resources to increase their understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge, achievements and rights.

Additionally, each year Defence recognises an approved list of events of significance and importance, which enhances operational capability by contributing to Defence's inclusive culture, and acknowledging and promoting awareness of the diverse workforce.

Defence continues partnerships with the following external organisations that provide strategic and operational-level advice to build Defence capability through inclusion:

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

2023–24 SIGNIFICANT DEFENCE EVENTS SNAPSHOT

LEGACY WEEK
National Safe Work Month

WORLD MENTAL HEALTH DAY

R U OK? Day Anzac Day.
National Reconciliation Week.

NAIDOC Week International Day Against Homophobia, Interphobia and Transphobia.

Event of Significance

NATIONAL HARMONY DAY

Elimination of Violence Against Women International Women's Day

Remembrance Day

DEFENCE BLOOD CHALLENGE

National Families Week International Day of People with Disability.

SYDNEY GAY & LESBIAN MARDI GRAS National Science (STEM) Week

Women in Defence

As at 30 June 2024, the participation rate of women in the permanent ADF reached 20.7 per cent, a slight increase from 20.4 per cent as at 30 June 2023. In the same period, the number of women serving in the ADF increased by 132, with 13 more women in senior officer positions.

Defence had previously set targets for women's representation in the ADF to be achieved by 2023. These were set at 15 per cent for Army, and 25 per cent for both Navy and Air Force. By 2023, Army and Air Force had achieved these targets and Navy was one per cent below target. In 2024, women's participation targets for the Services and ADF were reset to a common end point of 2030. The target for ADF overall is 25 per cent, and the Services agreed to the following targets: 28 per cent for Navy, 18 per cent for Army, and 35 per cent for Air Force. As at June 2024, women's participation in Navy was 24.1 per cent, Army was 15.3 per cent, and Air Force was 27 per cent.

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

The proportion of women in SES positions currently sits at 51.6 per cent. As at December 2023, women held 45.7 per cent (32 of the 70) of reportable positions on Defence boards. Defence remains focused on achieving the Government's target that 50 per cent of Government board positions be held by women.

Across Defence there are programs designed to address inequity, remove barriers for women, and support increased participation. Defence has multiple programs and policies to support the recruitment and retention of women, including: Specialist Recruiting Teams, mentoring programs, specialised development programs for women managers, and parental leave and return to work policies and support. In 2023–24, close to 1,400 women were engaged in mentoring or targeted training programs across the three Services.



Leading Seaman Maritime Personnel Operator Summer Vardy commemorates Remembrance Day aboard HMAS *Brisbane* as it sails toward the East Philippine Sea, during Exercise ANNUALEX 2023. IMAGE CREDIT: Leading Seaman Imagery Specialist Daniel Goodman.

For example:

- more than 195 Navy women participated in the Navy Mentoring Program;
- almost 850 Air Force women participated in the Air Force Women's Integrated Networking Groups (WINGS); and
- more than 1,700 women were engaged in STEM programs across the ADF.

Defence continues to shape the agenda of women in STEM in Australia, and is now working towards a new target of 50 per cent female participation in all STEM entry-level programs in Defence. In addition, the Defence NAVIGATE program exceeded its target of at least 40 per cent female participants for the pilot program, with a new target of 50 per cent for all subsequent NAVIGATE programs.

Defence has greatly increased the number of roles offered to women in both the STEM Cadetship Program and the Defence Graduate Programs, research and innovation pathway. A total of 36 NAVIGATE participants commenced on the program in May 2024, comprising of 61 per cent women.

Indigenous participation and engagement

Defence's longstanding commitment to the *National Agreement on Closing the Gap* is outlined in the *Defence Reconciliation Action plan 2019–2022* — Defence's fourth Reconciliation Action Plan. Although the 2019–2022 plan ended in December 2022, Defence's commitment has continued through the implementation of the *2023–24 First Nations Action Plan*.

Overall, Indigenous representation among Defence APS employees decreased slightly from 2.1 per cent on 30 June 2023 to 1.9 per cent on 30 June 2024. The permanent ADF Indigenous workforce increased from 3.8 per cent on 30 June 2023 to 3.9 per cent on 30 June 2024.

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

These include:

- the whole-of-government **Indigenous Graduate Pathway**, which recruits Indigenous university graduates on behalf of a large number of Australian Government departments and agencies. Successful candidates undertake job placements that match their skill set, expertise and passion across a 12 to 18-month program. Participants who successfully complete the program secure an ongoing APS position with the placement agency;
- the **Defence Work Experience Program**, which showcases the range of career opportunities available in the ADF and APS. This program attracts talent from across Australia through a number of community engagement and work experience initiatives aimed at improving future outcomes for Indigenous youth. During 2023–24, 438 students who identified as Indigenous, participated in programs representing 11 per cent of all participants. Defence delivered 23 programs designed to specifically engage with our Indigenous youth, representing 9 per cent of all offerings;
- the **Indigenous ADF Pre-Recruit Program**, aimed at Indigenous Australians who meet the general entry recruiting medical, education and aptitude standards, but need to develop their confidence, resilience and/or physical fitness to enable them to succeed during recruitment and initial training. This six-week program is delivered in a structured military environment, while also introducing candidates to ADF culture within the context of individual cultural identity. The program is conducted at Blamey Barracks, Kapooka and RAAF Base Wagga in New South Wales and HMAS *Stirling* in Western Australia. During 2023–24, there were six Navy participants, 16 Army participants and six Air Force participants in the ADF Pre-Recruit Program;
- the **Navy and Army Indigenous Development Programs**, which provide language, literacy and numeracy training; military skills; physical fitness; vocational education and training; cultural appreciation; and leadership and character development. Recruits achieve their Certificate II in Vocational Skills for Work (equivalent to Year 10 English and maths) and their First Aid Certificate. As well as achieving general entry education requirements, recruits have the opportunity to improve their medical, psychological and physical prospects for service, while concurrently participating in resilience, confidence-building and adventure training activities in a culturally supportive environment. These six-month programs are conducted in Cairns in Queensland, Darwin in the Northern Territory and Kapooka in New South Wales. During 2023–24, 21 people participated in the Navy Indigenous Development Program and 42 people participated in the Army Indigenous Development Program; and
- the **Air Force Indigenous Youth Program**, which provides Indigenous candidates with hands-on experience, highlighting the range of career opportunities available within Air Force. In 2023–24, the program had approximately 158 participants from 120 participants in 2022–23.

Table 6.25: Indigenous participation, 2023–24

	30 June 2023 ¹		30 June 2024	
	Number	Percentage of total (%)	Number	Percentage of total (%)
Navy				
Permanent	574	3.9	574	3.9
Reserves ²	93	2.0	109	2.3
Army				
Permanent	1,101	4.0	1,144	4.2
Reserves ²	820	3.9	797	3.7
Air Force				
Permanent	490	3.3	508	3.3
Reserves ²	103	1.6	106	1.7
Total ADF				
Permanent	2,165	3.8	2,226	3.9
Reserves ²	1,016	3.2	1,012	3.1
Total APS³				
	386	2.1	371	1.9

Notes:

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

1. Data for 2022–23 does not match the data provided in the *Defence Annual Report 2022–23*, due to retrospective transactions.
2. Reserves include all members (Service categories 3, 4 and 5) and Reserves undertaking continuous full-time service (Service option C). This does not include Reserve Service category 2.
3. Figures include paid, unpaid, full-time, part-time, ongoing and non-ongoing employees.

People from culturally and linguistically diverse backgrounds

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

Defence workforce data indicates that representation of culturally and linguistically diverse personnel as at 30 June 2024, is 36.4 per cent for ongoing APS and 27.9 per cent for the permanent ADF. This reflects the cultural and linguistic diversity of modern Australia.

Proud supporter of the LGBTIQ+ community

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

All ADF members who are part of the LGBTIQ+ community can serve openly, without fear of losing their career. Defence embraces diversity of opinion, thought and background to achieve our mission. Defence recognises two LGBTIQ+ events of significance annually: the Mardi Gras and the International Day Against Homophobia, Biphobia and Transphobia.



An APS employee delivering a presentation to Defence personnel at Russell Offices, Australian Capital Territory.
IMAGE CREDIT: Nicole Mankowski.

Removing barriers for people with disability

Defence continues to hold gold membership status with the Australian Disability Network, a national not-for-profit, member-based organisation that supports the public sector, businesses and community organisations to advance the inclusion of people with disability in all aspects of business. Defence is committed to removing barriers for employees with disability. This means all employees have equitable access to training and development opportunities.

In 2023–24, Defence’s disability employment initiatives included:

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

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

Disability reporting mechanisms

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

As at 30 June 2024, 3.1 per cent of ongoing Defence APS employees identify as having a disability. Other reporting mechanisms include the annual Australian Public Service Commission Employee Census and the ADF Census, which captures the proportion of Defence APS employees who identify as having a disability or chronic medical condition. The ADF Census is conducted every four years. The most recent survey, completed in 2023, reported that 18 per cent of ADF personnel indicated they have a disability.

Defence has strategies in place to address stigma in the workplace in order to increase the willingness of individuals to share information regarding their disability. Disability reporting is included in the Australian Public Service Commission’s State of the Service reports and the APS Statistical Bulletin. These reports are available on the Australian Public Service Commission’s website at [apsc.gov.au](https://www.apsc.gov.au).

Supporting our people

Health and wellbeing of Defence personnel and veterans

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

Setting the direction for health stewardship

To support the ADF Health Select Committee and the Surgeon General of the ADF, Defence has commenced the development of the *Defence Health System Assurance Framework*. The purpose of the framework is to bring together existing preparedness, clinical and corporate governance activities across the entire Defence health system. It will provide the mechanism for assessing the effectiveness of the health system, as well as a foundation for supporting continuous improvement of both system and individual activities across all components of health capability and service delivery.

Developing and enhancing capabilities through health research

Health research is a key enabler to building a ready, responsive and resilient Defence health system that contributes to the Defence mission by optimising ADF capability. The *ADF Health Research Framework 2021–2025* ensures that health research meets Defence's strategic priorities and that high-quality research translates to meaningful changes in Defence policy and practice. Research focuses on the eight priorities: measuring and monitoring the health of the force; mental health and wellbeing; musculoskeletal injuries; health of the future warfighter; health system performance and efficiency; infectious disease; gender and health; and occupational and environmental health. Research efforts align with the *National Defence Strategy* to develop and enhance health capabilities and protective measures to provide the ADF with the health support it needs to sustain forces engaged in operations.

Building stronger ties through key health international engagement activities

The Australian Defence College has continued to maintain and strengthen our regional and international partnerships through hosting and attending executive leadership delegations in order to promote security and stability through training and education. In 2023–24, the Australian Defence College hosted 60 international delegations from 23 countries. Engagement with educational partners in the Indo-Pacific has seen a modest pivot for this reporting period, with anticipation this number will increase significantly from 2025 onwards in line with ADF future priorities. Furthermore, the Commandant of the Australian Defence College, or a senior College delegate, have represented the College and Defence in various other international forums such as the North Atlantic Treaty Organisation College of Commandants Conference in the United States and benchmarking activities in Canada and the United Kingdom, as well as visits to Indonesia, Malaysia, Cambodia, Brunei, India and Japan.

Major infrastructure

Defence has successfully progressed the rationalisation of smaller, low-capacity and inefficient health delivery points from 109 to 49 over the past 12 years. Associated workforce and other health assets have been consolidated into larger, centralised ADF health facilities, providing efficiency, effectiveness, quality and safety in the delivery of clinical health services. Most of the rationalisation has been completed, delivering eight new and four refurbished health facilities. The new health centre at RAAF Base Darwin is due for completion and occupation by mid-2024.

As cited in the *Integrated Investment Program*, Defence is investing in replacement live-in accommodation at the Australian Defence Force Academy to support the recruitment, retention and wellbeing of trainee officers. The project will directly support one of the Government's immediate actions outlined in the *National Defence Strategy*, which is to invest in the growth and retention of a highly-skilled Defence workforce. Defence plans to replace and expand existing facilities to provide contemporary, safe and suitable accommodation and will support future workforce growth to meet projected requirements of up to 1,500 trainee officers at the Academy.

The existing live-in accommodation buildings were built in the early 1980s and are approaching their end of useful life, presenting health, psychosocial, safety and security risks for Trainee Officers. The aging infrastructure is no longer fit-for-purpose and lacks the capacity required for workforce growth. The project was presented to the Parliamentary Standing Committee on Public Works in May 2024. Subject to Parliamentary approval, the project will commence works in late 2024 to deliver the new live-in accommodation in stages from 2026.

Prioritising mental health and wellbeing

Following the establishment of the Mental Health and Wellbeing Branch in July 2023, Defence has consolidated functions from across the enterprise to create an optimal approach to mental health and wellbeing. During 2023–24, the Mental Health and Wellbeing Branch progressed key enterprise initiatives including:

- developing the draft joint *Defence and Veteran Mental Health and Wellbeing Strategy 2024–2029* in collaboration with DVA;
- establishing the Defence Wellbeing Portal;
- commencing the ADF Suicide Review Pilot; and
- updating Defence Suicide Awareness Training to align with the *SafeSide Framework*.

A holistic approach for the Defence and Veteran Mental Health and Wellbeing Strategy

The *Defence and Veteran Mental Health and Wellbeing Strategy 2024–2029* (the Strategy) is scheduled to be released in the second half of 2024. Informed by the aligned wellbeing factors, the Strategy takes a more holistic, proactive and people-led approach to mental health and wellbeing. This approach encompasses all components of the Defence workforce including ADF, APS, contractors and cadets. It also supports mental health and wellbeing from pre-enlistment/pre-employment and beyond transition from Defence. The Strategy is more proactive as it places greater emphasis on enhancing quality of life and self-reliance, rather than simply increasing the levels of reactive welfare support available. Finally, the Strategy captures the need for a people-led approach; recognising the enhancement of wellbeing is a predominately personnel management challenge, rather than primarily a health and safety concern.

Aligning wellbeing factors with DVA's veteran community

As part of Defence and DVA's commitment to work collaboratively to improve the mental health and wellbeing of the Defence community, the two departments have introduced two new aligned wellbeing factors: home and housing, and meaning and spirituality. The aligned wellbeing factors recognise there are nine broad elements that impact an individual's wellbeing, depicted on page 131.

Figure 6.1: Defence and DVA's aligned wellbeing factors



By incorporating the aligned wellbeing factors as a foundational concept into the Strategy, Defence and DVA have ensured these broad social determinants are given greater consideration when managing mental health and wellbeing of groups and individuals. Additionally, the aligned wellbeing factors will enable improved mental health and wellbeing outcomes by ensuring the two departments share language, understanding and goals.

Easier access to mental health and wellbeing information and services

In 2023, a new Defence Wellbeing Portal was created to provide the Defence workforce with a central library for wellbeing resources. The intranet site currently consolidates more than 250 wellbeing resources and more than 30 unique mental health services available to support the entire Defence workforce. In 2024, work commenced on developing a similar resource for the external Defence website. When launched, a publicly available Defence Wellbeing Portal will allow easier access to mental health and wellbeing information and services. It will also expand the reach of the resource to include Defence families, former-serving veterans and non-active Reservists who do not have access to the internal Defence ICT network.

ADF Suicide Review Pilot

During 2023–24, Defence commenced the ADF Suicide Review Pilot (the Pilot), a priority activity to understand the socio-ecological circumstances of ADF members' deaths by suicide. Through a public health and life course lens, the Pilot builds understanding of contributory risk and protective factors for suicide that may not have been previously captured. Learnings are expected to directly inform systemic improvements that support personnel mental health and wellbeing outcomes and strengthen capability.

Enhancing the Defence Suicide Prevention Program

The Defence Suicide Prevention Program continues to be enhanced through the ongoing partnership with SafeSide Prevention. The *SafeSide Framework* is an evidence-based, best-practice approach to suicide prevention and is customised to be fit-for-purpose for the Defence environment. In November 2021, Defence commenced a three-year project to implement the *SafeSide Framework*, an evidence-based suicide prevention approach. This includes mandatory training and specialised tailored training for mental health clinicians, health professionals, chaplains and command teams. The Defence Suicide Prevention Program incorporates a systems-based, stepped-care approach, and is designed to meet the needs of Defence personnel.

During 2023–24, Defence incorporated the *SafeSide Framework* and approach into Defence suicide awareness training. This information will ensure Defence personnel have awareness of how to seek support and provide help for individuals experiencing suicidality or distress.

Programs and initiatives

In addition to the support provided to ADF personnel through the joint health system, a number of initiatives are accessible to enable Defence to target prevention and early intervention, decrease stigma, build skills and knowledge, and facilitate access to support when needed.

These include:

- the **Military Mental Health Surveillance Framework**, which outlines Joint Health Command's approach to monitoring and reporting of operational mental health screening information and Profile of Unit Leadership, Satisfaction and Effectiveness organisational climate surveys. The framework describes effective and timely delivery of tasks, standardisation and sustainability of activities over time and ensure current and future needs of Command and single Services are delivered;
- the **ADF Centre for Mental Health**, which delivered 422 mental health awareness and suicide prevention educational and training activities to Defence members and health staff. In addition, mental health promotion activities were delivered with important messages showcased during PTSD Awareness Day, World Suicide Prevention Day, R U OK? Day, Defence Family Days and World Mental Health Day, which shone a light on 'Our Minds, Our Rights';
- the **Alcohol Tobacco and Other Drugs Program**, which commenced as a refresh and review of the *ADF Alcohol Management Strategy* to address three specific aims — to enhance operational capability, reduce personal harm, and minimise organisational cost. The aims will be achieved through the following strategic objectives: leadership; systems, programs, policies and protocols; knowledge, skills and resourcing; evaluation and continuous improvement; and partnerships;
- the **Defence Employee Assistance Program**, which is a confidential professional counselling service available to APS personnel, Australian Signals Directorate personnel, ADF Reservists, ADF cadets, officers and instructors of ADF cadets, and their immediate families. Support can be for matters of a personal or work-related nature. Sessions are available face-to-face, virtually or via telephone. The program provides short-term preventive and proactive interventions to address issues that may adversely affect performance and wellbeing, with referral pathways available for more intensive support as required. Support services are tailored to meet individual needs, including but not limited to those relating to: disability and carers, First Nations people, domestic and family violence, elder care, LGBTIQA+ people, spiritual and pastoral care, and young people and students;
- the **Defence NewAccess Stress and Anxiety Coaching program**, which provides coaching support to both APS and ADF personnel experiencing low levels of anxiety and depression. NewAccess supports individuals to learn new strategies to manage stress, with referral pathways available for more intensive support as required;
- the **Career Assist, Conflict Assist, Nutrition and Lifestyle Assist, Family Assist, Money Assist, Legal Assist and Manager Assist Programs**, which provide APS and ADF managers with support and advice. This includes navigating unexpected organisational restructures and unprecedented operational flexibility, and becoming an 'accidental counsellor' for staff experiencing a whole range of difficulties;
- the **ADF Family Health Program**, which supports ADF families to maintain a healthy lifestyle. In addition to doubling the reimbursement amount per dependent for medical specialist and allied health services, a number of new reimbursable services were introduced, with reimbursements for vaccinations, pharmaceuticals and physical activity being the most accessed by volume;
- **online wellbeing webinars**, which focus on practical tips for taking care of oneself, including the use of emotional regulation and coping strategies; and
- **Mental Health Speakers Series presentations**, which raise awareness and reduce stigma by inviting those with lived experience of mental ill-health to share their perspective on vulnerability and strategies that have helped, instilling a sense of hope for the future.

Training and education

Defence has also delivered a range of training and education packages for all Defence personnel to reduce stigma, improve awareness and literacy, promote help-seeker behaviours and equip leaders and peers to support others in the workplace.

These include:

- **Psychosocial Risk Management Training** — Defence has delivered Psychosocial Risk Foundation Knowledge and Awareness Training offered to all Defence personnel to increase awareness of responsibilities at all levels within Defence, and provide practical guidance on the use of pre-existing tools and supports to effectively manage psychosocial risk. In addition, Defence has delivered tailored senior leader briefing sessions to provide further awareness and guidance on the enterprise approach to psychosocial risk and its implementation and benefits;
- **Mental Health Essentials Training** — this offering provides targeted courses for senior leaders and personnel to build essential knowledge and skills in supporting and addressing mental health in the workplace; and
- **Compassionate Foundations Training** — co-developed with the Australian Public Service Commission, the Compassionate Foundations modules support positive human-to-human interactions that promote connection and understanding. The purpose of the suite is to help participants respond early and before a person's experience leads them to become distressed and/or suicidal.

Support services

Defence provides a range of support services and measures of practical assistance for ADF personnel, their families and Defence APS employees. This includes support during crises including bereavement, serious illness or injury; assistance to families managing the opportunities and challenges associated with military life; support for ADF members and their families when the member transitions from military to civilian life; and a number of health and wellbeing initiatives. Programs that support Defence personnel and their families fall into four main areas: mobility and absence from home support; critical incident support; command advice; and transition support.

Providing critical support to ADF members and their families

Families are critical to the retention and operational effectiveness of ADF personnel. Defence recognises and values the pivotal role Defence families provide in supporting the health and wellbeing of Defence's people. Defence provides a broad range of programs and support services to approximately 130,600 ADF members and their families throughout their military journey. These programs and services assist Defence families to make the most of the opportunities, and meet the challenges, provided by the military way of life. This includes information and advice, support and counselling, referrals to specialised community services, and assistance and support in crisis situations.

Support services and programs include:

- the Defence Member and Family Helpline, providing 24/7 counselling and support for personal or family issues;
- information about and referral to community services, such as parenting support, family counselling services and relationship counselling;
- assistance and bereavement support to family members in the event of the death of an ADF member;
- family support programs, including assistance for the employment of ADF partners through the Partner Employment Assistance Program, and support for families with dependants requiring special needs assistance;
- absence from home support for ADF members and their families, including pre-deployment and post-deployment briefs, absence from home support calls to family members, a range of online resources, including the absence from home support booklet, as well as webinars and resilience programs;
- support for children of ADF members with education, childcare services and resilience programs;
- advice to command about how to respond to and support family situations, including family assessments and reports, and 24/7 telephone advice;
- counselling and practical assistance in emergency or crisis situations, including emergency funding and accommodation, for example in situations where there are concerns about an individual's welfare and/or family safety; and
- engagement with the community through regionally located offices, family liaison officers, Defence community centres, and funded support groups and services.

Defence's commitment to family and domestic violence

Defence reaffirmed its commitment to preventing family and domestic violence through the *Defence Strategy for Preventing and Responding to Family and Domestic Violence 2023–2028*. Released by the Minister for Defence Personnel in November 2023, the strategy articulates Defence's commitment to reduce the prevalence of family and domestic violence in our society, and increase the safety, wellbeing and recovery of those affected, by supporting victim-survivors and working to ensure Defence provides a safe and supportive workplace for all personnel.

Wellbeing and welfare assistance

During 2023–24, 5,730 requests for support were received through the Defence Member and Family Helpline. This represents an approximate decrease of 8 per cent from the 6,257 requests for support received during 2022–23.

Table 6.26: Number of requests for support through the Defence Member and Family Helpline

Type of notice	2022–23	2023–24
Number of requests for support through the Defence Member and Family Helpline	6,257	5,730

ADF transition support

The Government established the Joint Transition Authority within Defence in October 2020. The Joint Transition Authority works with partner agencies (DVA, Commonwealth Superannuation Corporation and Services Australia) towards its mission: to better prepare and support ADF personnel and families as they transition to civilian life.

The Veteran Transition Strategy has been developed in conjunction with DVA and Commonwealth Superannuation Corporation and was released by the Minister for Defence Personnel on 22 August 2023.

At the point of transition, ADF members are asked about their satisfaction regarding Defence support and service programs. The table below displays the reported satisfaction with support services during 2023–24.

Table 6.27: Defence support services and programs satisfaction rates as at 30 June 2024

Services and programs	Total respondents	2023–24 (%)
Childcare assistance programs	8	75
Defence Member and Family Helpline	146	53.4
Family support programs	72	62.5
Children’s education assistance programs	79	73.4
Partner employment programs	76	61.3
Education liaison officers	70	63.1
Family liaison officers	133	77.2
Military support officers	75	82.7

Note:

Using the 5-point Likert scale: extremely effective, effective, neither ineffective or effective, ineffective and completely ineffective.

Royal Commission into Defence and Veteran Suicide

In 2023–24, Defence’s Royal Commission into Defence and Veteran Suicide Taskforce (the Taskforce) continued to provide Defence documentation and evidence from Defence personnel (both written and verbal) to the Royal Commission as they worked to conclude their inquiry. In preparation for the conclusion of the Royal Commission in September 2024, Defence has commenced a process to transition the structure and role of the Taskforce to better support the reform and implementation functions that will follow the Royal Commission. The Taskforce will have responsibility for centrally monitoring and assuring the implementation of the agreed recommendations of the Royal Commission’s Final Report. An important element of this assurance will also be to measure the benefit of any implemented recommendation. This was a deliberate step for the implementation of recommendations from the Royal Commission’s 2022 interim report and will continue for the final report.

Work health and safety

In late 2023, Defence launched the *Defence Work Health and Safety Strategy 2023–28* (the Strategy). The Strategy supports the Defence mission by enabling a capable, resilient, and sustainable workplace and seeks to shift Defence’s WHS focus to one that is more capable of adapting to the increasingly complex and uncertain environments which Defence faces. The Strategy consists of four pillars being: leadership and culture, people, structures, and systems. Defence has committed to deliver 21 enterprise-focused initiatives, each with a number of key activities to be undertaken over the next three financial years.

The launch of the 2023–28 Strategy followed the closure of the *Defence Work Health and Safety Strategy 2017–2022*. Under the respective implementation plan 55 activities were identified, of which 46 were completed, with the residual activities either scheduled for completion by the end of 2024, or captured under the 2023–28 Strategy implementation, given the longevity of the activity.

Psychosocial Risk Management Portal

A new Defence Psychosocial Risk Management Portal was launched during 2023–24 to provide all Defence personnel with training, resources, information and tools to assist in identifying and proactively managing workplace factors which can lead to psychological or physical harm.

Due diligence

Defence is committed to making its workplaces as safe as possible through the practice of effective due diligence. As part of its due diligence obligations, Defence continues to maintain a strong and collaborative relationship with Comcare. Defence co-chairs a biannual Defence–Comcare liaison forum, invites Comcare representation on senior work health and safety committees, and identifies other opportunities to share information and learnings. Defence maintains specialist systems and processes to report and analyse safety incidents across the enterprise. Consistent monthly work health and safety reporting to the senior leadership group and across the enterprise supports evidence-based work health and safety decision-making at all levels of Defence.

A key aspect of work health and safety due diligence is ensuring that our work health and safety officers are aware of their responsibilities under the *Work Health and Safety Act 2011*. Formal briefings are provided to work health and safety officers within three months of commencement in their role. A quarterly National Forum was established in mid-2023, which comprises senior management and worker representatives (Health and Safety Representatives) and acts as a link between management and workers on WHS matters.

In 2023–24, WHS mandatory training compliance across Defence had increased by 2 per cent (to 83 per cent) against 2022–23. The achievement of 83 per cent compliance across the Defence workforce consisted of ADF personnel (Service categories 6 and 7) achieving 93 per cent compliance, active Reserve members achieving 59 per cent compliance, and APS personnel achieving 93 per cent compliance.

Returning Australian Public Service employees to work

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

Of the 120 Defence APS employee claims accepted by Comcare in 2023–24 the three most common mechanisms of injury were falls, trips and slips (35), mental stress (33) and body stressing (18).

Psychological claims contributed to 49.46 per cent of Defence costs for 2023–24, followed by disease (28 per cent) and injury (23 per cent). Defence's average cost of claims in 2023–24 was \$19,555, compared with the Commonwealth average of \$28,164. Defence's average term of incapacity across all injury types was 18.2 weeks, compared with the Commonwealth average of 20.3 weeks.

Defence's workers' compensation premium for 2024–25 increased by 24 per cent from 2023–24.

Factors that contributed to this include the increase in average staffing levels and payroll commitments, inflation and economic conditions, and an increase in estimated wages for the incoming financial year.

In 2023–24, Defence's average return to work rate was 87 per cent, compared with the Commonwealth rate of 77 per cent, which was driven by early support mechanisms and care for injured and ill Defence employees and their supervisors.

Work health and safety incidents in Defence

The number of work health and safety incidents decreased in 2023–24, as well as the number of people involved in notifiable incidents, as shown in Table 6.28. Incidents are reported from the date of occurrence. Figures in Table 6.28 can vary from previous Defence annual reports, as incidents can be reported well after the occurrence date and severity statuses can be updated.

Table 6.28: Number of work health and safety incidents and number of people involved, 2021–22 to 2023–24

	2021–22		2022–23		2023–24	
	Number of incidents ²	Number of people involved in an incident ³	Number of incidents ²	Number of people involved in an incident ³	Number of incidents ²	Number of people involved in an incident ³
Fatality ¹	17	18	15	15	10	13
Serious injury or illness ¹	153	158	158	165	232	235
Dangerous incident ¹	269	355	227	351	225	289
Subtotal (notifiable incidents)	439	531	400	531	467	537
Minor injury	7,506	7,637	7,846	8,039	7,826	8,041
Near miss	2,074	3,569	2,080	3,346	2,198	3,703
Exposure	817	4,463	829	3,856	892	4,669
Subtotal (reportable incidents)	10,397	15,669	10,755	15,241	10,916	16,413
Total	10,836	16,200	11,155	15,772	11,383	16,950

Notes:

The figures in the 2023–24 columns reflect the financial year up to 30 June 2024; however, the data is as at 6 August 2024 to ensure recent updates have been captured. The Australian Signals Directorate became a separate statutory body on 1 July 2018; therefore its data is excluded from this table as well as data for the Australian Submarine Agency.

1. Fatalities, serious injuries or illnesses, and dangerous incidents are notifiable to Comcare but incidents of these severities that occur while on a Defence-declared operation are not notifiable to Comcare and have not been included.
2. The 'Number of incidents' columns show the number of incidents occurring in that financial year. A single incident can include multiple individuals.
3. The 'Number of people involved in an incident' columns show the number of people involved in the incident. One incident may result in multiple injuries or none.

Table 6.29: Number of Comcare work health and safety notices, 2021–22 to 2023–24

Type of notice	2021–22	2022–23	2023–24
Improvement notice ¹	3	3	5
Prohibition notice ²	–	5	3
Non-disturbance notice ³	59	2	–

Notes:

- Improvement notices are based on incidents and occurrences that contravene work health and safety legislation.
- Prohibition notices are issued to remove an immediate threat to the health and safety of workers.
- Non-disturbance notices are issued for a specific period of time to remove a threat to the health or safety of personnel.

Deaths of Australian Defence Force personnel

In 2023–24, 31 ADF personnel died as a result of illness/disease, homicide, misadventure, suicide and possible suicide. At the time of their death, 18 members were rendering full-time service and 13 were rendering part-time service. Of the deceased members, 26 were male and five were female.

Table 6.30: Deaths of full-time service personnel, 2023–24

Cause of death	Number of deaths	Service			Gender	
		Navy	Army	Air Force	Male	Female
Suicide	4	–	3	1	4	–
Training incident	5	–	5	–	5	–
Health related	8	1	4	3	7	1
Accident	1	1	–	–	1	–
Total	18	2	12	4	17	1

Note:

- Service categories 6 and 7.
- Confirmed by State or Territory coroner.

Table 6.31: Deaths of part-time service personnel, 2023–24

Suspected cause of death	Number of deaths	Service			Gender	
		Navy	Army	Air Force	Male	Female
Suicide	3	–	1	2	2	1
Yet to be determined	3	–	3	–	3	–
Health related	6	1	5	–	4	2
Homicide	1	–	1	–	–	1
Total	13	1	10	2	9	4

Note:

- Service categories 2, 3 and 5.

Complaint handling and resolution

Defence personnel have the right to make complaints if they are aggrieved by matters relating to their employment. ADF personnel (permanent and Reserve) may apply for Redress of Grievance under the **Defence Regulation 2016**. APS employees may seek a review of actions under the **Public Service Act 1999**.

Complaints

Defence policies and frameworks encourage individuals to raise complaints with the knowledge that incidents will be addressed; and to seek support services, ensuring they feel safe to do so. Complaints can cover a range of topics and may relate to matters such as unacceptable behaviour, security, privacy, fraud, work health and safety, and compliance.

All Defence personnel complete four mandatory annual training packages, which highlight responsibilities, processes and reporting avenues related to workplace behaviour, security awareness, work health and safety, and fraud and integrity awareness.

When incidents do occur, Defence has robust systems and processes in place to resolve matters and to hold personnel to account for poor behaviour. The *Complaints and Alternative Resolutions Manual* is the key policy and resource document for all Defence personnel, with guidance and processes for complainants, respondents and managers to follow to ensure a consistent and considered approach to complaint management.

Resolution

The Defence Alternative Dispute Resolution Program is an enduring program that has a long-established supportive, safe and informal environment for dispute resolution to assist in the delivery of Defence capability. Effective, professional and respectful workplace relationships are critical in the delivery of capability. Where these relationships break down, alternative dispute resolution is available to assist in addressing workplace conflict and restoring workplace relationships at the earliest opportunity and at the lowest appropriate level.

Alternative dispute resolution services are provided across Australia and internationally to all Defence personnel, regardless of ADF rank, employee classification or contractor status. The services are delivered by dispute resolution managers and a panel of experienced, accredited and highly skilled dispute resolution practitioners.

In 2023–24, the Alternative Dispute Resolution Program delivered 1,364 interventions including mediation, facilitated conversations, group facilitations and conflict coaching. Workshops were also conducted to establish workplace expectations, increase communications and provide a solid grounding in the complaint management processes. Early intervention strategies are key to empowering Defence personnel to resolve issues earlier and work towards positive resolution outcomes.

A diverse network of 1,000 workplace behaviour advisers encompassing both ADF members and Defence APS employees is available across all Defence bases, establishments and units. Workplace behaviour advisers provide impartial policy advice to support early resolution of disputes and the effective management of complaints.

Australian Public Service review of actions

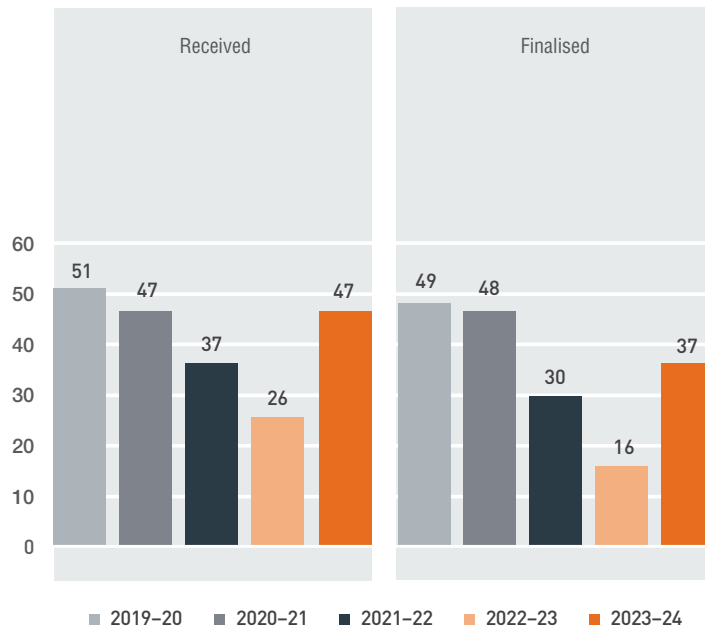
Non-SES APS employees who have a complaint about an action or a decision relating to their employment can seek to have the matter considered for review as part of the APS review of action process under section 33 of the *Public Service Act 1999*.

In 2023–24, Defence received 47 applications for review of actions, an increase of 21 from 2022–23. Two applicants then sought secondary review from the Merit Protection Commissioner. In this review, the decision was confirmed. In 2023–24, 37 reviews of action were finalised.

The following subjects featured in the applications for review in 2023–24:

- management of unacceptable behaviour complaints by line management;
- leave and salary entitlements; and
- performance, feedback and development scheme decisions.

Figure 6.2: Number of applications for review received and finalised during 2019–20 to 2023–24



Unacceptable behaviour

Defence’s values and behaviours are the tenets by which all personnel are expected to conduct themselves. When Defence personnel display behaviour that is not of the standard expected of them, action is taken. Importantly, the vast majority of our personnel adhere to high standards of ethical and personal conduct and are a credit to Defence and the nation.

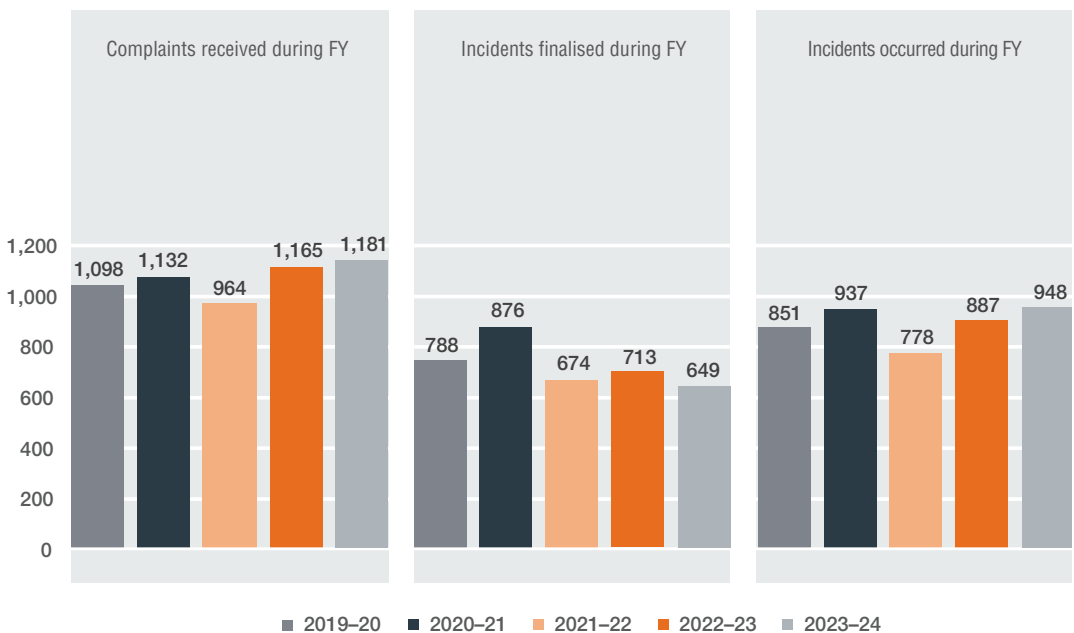
In 2023–24 Defence:

- continued the ongoing review of the *Complaints and Alternative Resolutions Manual* by focusing on developing a contemporary, user-friendly, interactive resource for complaint management across Defence. This included the release of a new chapter — ‘Notification of Outcomes’ in response to the findings of the *Royal Commission into Defence and Veteran Suicide Interim Report*;
- strengthened commander, manager and supervisor capability in the management of unacceptable behaviour incidents through the delivery of 91 training workshops delivered by qualified dispute resolution practitioners; and
- created and released the new Trauma-Informed Practices training. This program includes interactive and engaging content to educate those responsible for managing complaints to do so in a trauma-informed way.

Defence is committed to creating a safe environment where individuals feel supported to report unacceptable behaviour with the knowledge that incidents will be addressed and support services will be provided in a timely and effective manner.

Personnel continue to respond to encouragement to report incidents of unacceptable behaviour, with a total of 1,181 complaints reported during 2023–24, and an increase of 1.3 per cent compared with 2022–23. Of these, 948 complaints related to incidents that occurred during the financial year, with the remaining 233 relating to incidents occurring in previous financial years.

Figure 6.3: Unacceptable behaviour complaints reported as received, finalised and having occurred during 2019–20 to 2023–24



Sexual misconduct

There is no place for sexual misconduct in Defence. Incidents of sexual misconduct do not align with the Defence values and behaviours. All allegations are taken very seriously. Defence has established systems, training and processes to educate our people with the aim of preventing sexual misconduct. Defence maintains a trauma-informed, person-centred approach to support individuals who experience sexual misconduct, and continually reviews its policies and processes to minimise the risk of incidents.

Personnel who experience sexual misconduct are encouraged and supported to report the incident and, if they do choose to report, have a range of options, including direct engagement with state or territory police, or the Australian Federal Police, independent of Defence. Personnel can also choose to report to Defence through the military police, their own chain of command or management, another Defence member outside of their chain of command, a Public Interest Disclosure Authorised Officer, the Defence Force Ombudsman or, the Australian Human Rights Commission.

Defence acknowledges people with lived experience of sexual misconduct and the experience of those who support them. In this annual report Defence draws on data relating to the experiences of sexual misconduct. Statistics contribute to understanding but figures can feel depersonalised and detached from the lived experience of those impacted by sexual misconduct. It is therefore important to remember that each data point reflects the experience of real people.

1800 SeMPRO — The Sexual Misconduct Prevention and Response Office

The Sexual Misconduct Prevention and Response Office (1800 SeMPRO) provides direct support to impacted persons, educates personnel on how to respond to disclosures, and enhances the ability of commanders and managers to speak about, prevent and manage incidents of sexual misconduct in a trauma-informed way. Through its educational programs, 1800 SeMPRO aims to give all personnel a clear understanding of Defence's behavioural expectations, and strives to reduce the incidences and impact of sexual misconduct.

The following key milestones were achieved in 2023–24:

- The Sexual Misconduct Education Continuum, which includes mandatory education for all Defence employees, was launched in January 2023. The first education module, Sexual Misconduct Foundation of Knowledge, focuses on which unacceptable behaviours constitute sexual misconduct, and emphasises pathways for disclosing or reporting sexual misconduct. At the end of this reporting period, 82 per cent of active Defence personnel, including Reservists and Australian Public Servants, had completed this module.
- The first module of 'Application of Knowledge: *Consent Matters*', was released in December 2023. Members who have completed the Sexual Misconduct Foundation of Knowledge module are eligible to complete this course within the subsequent 12-month period. As at 30 June 2024, 49 per cent have completed the *Consent Matters* module.
- The Sexual Misconduct Risk Assessment Trial is a trial assessing the risk and preventative factors to sexual misconduct in Defence at a Defence base. During 2023–24, the 1800 SeMPRO Research and Evaluation Team collected information at three of four sites participating in the trial. Following a monitoring period, the full findings of this trial will be submitted in Quarter 4, 2025.
- The first Lessons on Preventing and Managing Instances Forum was held in April 2023, and the Defence People Committee subsequently decided to incorporate the forum into the Workplace Behaviours Measurement & Reporting Working Group.
- 1800 SeMPRO provided assistance and shared experience with other government agencies, and with industry, on applying a person-centric and trauma-informed approach to sexual misconduct policies, procedures and education products.
- 1800 SeMPRO supported the Royal Australian Navy as they partnered with the New Zealand Defence Force to conduct a Sexual Ethics and Responsible Relationships training trial.
- As part of an annual review, Defence's central sexual misconduct policy was reviewed with Defence-wide engagement. The current policy includes guidance on nuanced consent changes in Australia, reinforces the principles of a trauma-informed approach, and provides clearer links to other Defence policy.

Client Response

1800 SeMPRO provides a 24/7 confidential support service to Defence personnel directly affected by sexual misconduct, assistance with incident management and response to promote personnel wellbeing, and debriefing services for personnel exposed to difficult material at work. This service has been provided to the Defence community since 2013. The overall demand for all 1800 SeMPRO client services, support, advice and debriefing, remained stable between 2022–23 (346 new clients) to 2023–24 (348 new clients). The Client Response Team is one of multiple avenues available in Defence providing health and support services for personnel impacted by sexual misconduct. Access to these services is confidential and is not shared with command teams without the client’s consent.

People are encouraged to seek assistance at any time. This can be without making a report, after reporting but before potentially choosing not to pursue an investigation, or throughout policing and legal proceedings. Defence encourages reporting of sexual misconduct incidents but respects an impacted person’s decision not to. Personnel impacted by sexual misconduct in Defence are able to report incidents to Defence or civilian police at any time, but this is not a requirement prior to accessing help. Defence also recognises that external support services may be suitable depending on individual circumstances.

1800 SeMPRO is a supporting, not a reporting organisation. Mental health professionals encourage clients to report incidents, but their focus is to provide individuals with assistance and service coordination, resources and referrals, and education. The Client Response Team work to assist wellbeing, build resilience, and facilitate developing self-management strategies and skills. The volume of clients seeking support from 1800 SeMPRO decreased from 144 in 2022–23 to 113 in 2023–24 (see Table 6.32).

The Client Response Team also provides a separate advice service to assist commanders, managers, colleagues, family members and friends to improve responses to disclosures and reports, and support optimal management of incidents. Clients of this service are people seeking help to ensure that a person directly impacted by sexual misconduct receives the best response possible. Commanders, managers, and supervisors receive guidance on applying Defence’s policy requirements while focusing on the wellbeing of those involved. Colleagues, family members and friends receive advice on how to assist a person who has disclosed being subjected to sexual misconduct. Personalised advice provided by the Client Response Team complements 1800 SeMPRO interactive workshops on sexual misconduct incident management and wellbeing delivered across Defence. The uptake of one-on-one assistance with sexual misconduct incident management and disclosures increased from 197 in 2022–23 to 233 in 2023–24 (see Table 6.32). In 2023–24, 1800 SeMPRO provided confidential debriefing to two clients. Debriefing services are designed to prevent psychological injuries arising from workplace exposure to trauma.

Table 6.32: Sexual Misconduct Prevention and Response Office new clients, 2014–15 to 2023–24

Financial year	Number of SeMPRO advice clients	Number of SeMPRO support clients
2014–15	147	118
2015–16	131	83
2016–17	223	135
2017–18	253	130
2018–19	266	109
2019–20	235	125
2020–21	275	158
2021–22	216	213
2022–23	197	144
2023–24	233	113
Total	2,176	1,328

Note:

The data in this table is client data collected during service provision and can change as clients reveal additional information or when multiple contacts with the service are subsequently reconciled.

Education

In addition to mandatory education, 1800 SeMPRO continued to provide additional training across Defence in 2023–24, with an increased uptake across the majority of available education packages.

Table 6.33: SeMPRO educational packages delivered in 2022–23 and 2023–24

SeMPRO educational package	Delivered in 2022–23	Delivered in 2023–24
SeMPRO Incident Response and Wellbeing Workshop	19	40
SeMPRO Incident Management Workshop	8	9
SeMPRO Incident Management and Response for Chaplains	10	3
SeMPRO Briefings	8	23
SeMPRO Integrated Workforce Workshop	2	1
Train the Trainer for SeMPRO Foundation of Knowledge	3	9
Total	50	85

Reported sexual assault in the Australian Defence Force

Australian state and territory police use the Australian and New Zealand Standard Offence Classification (ANZSOC) definitions from the Australian Bureau of Statistics. In 2018, Defence adopted ANZSOC for statistical reporting on sexual assaults to ensure consistency across Government agencies.

Previously, from 2014–15 to 2017–18, Defence used the Model Criminal Code, which classified non-penetrative sexual offences as indecent acts. Reports from 2017–18 onwards employ the broader ANZSOC definition, encompassing both penetrative and non-penetrative sexual offences.

Table 6.34: Reported Defence sexual assault incidents per year

Model Criminal Code			Australian and New Zealand Standard Offence Classification						
2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
98	84	87	170	166	160	187	148	137 ¹	137

Note:

Figures from 2014–15 to 2016–17 cannot be directly compared with figures from 2017–18 onward, due to the use of different reporting frameworks for sexual offences.

1. Following recent investigation updates, four additional cases of sexual assaults have been added to the 2022–23 list, including one aggravated sexual assault and three non-aggravated sexual assaults. Consequently, the overall reported figures for 2022–24 have increased from 133 to 137.

During the 2023–24 reporting period, the Joint Military Police Unit received 137 reports of sexual assaults. These reports are categorised as follows:

- 68 aggravated sexual assaults. These assaults involved penetrative acts committed without consent, threats of penetrative acts committed with aggravating circumstances, or instances where consent is proscribed; and
- 69 non-aggravated sexual assaults, involving sexual touching without consent where penetration does not occur.

The outcomes of the 137 reported sexual assaults are as follows:

- 69 investigations were not conducted or were ceased. After the initial reporting of the matter, 62 cases had no complaints, and seven cases were withdrawn;
- four cases had ‘no ADF jurisdiction’ for reasons such as the accused being unidentified, a civilian, a former-serving member, a cadet, a member of another military force, or the victim preferring a civil police investigation;
- 53 matters are ongoing — 33 of these matters are under civil police responsibility, while the remaining 20 are under military police/Office of the Director of Military Prosecutions responsibility;
- three offences went to trial — two cases under civil police responsibility resulted in one not guilty verdict and one non-publication order. The remaining offence under military police/Office of the Director of Military Prosecutions’ responsibility resulted in a guilty verdict;
- seven matters had insufficient evidence to proceed to charges — four of these matters were handled by civil police and three by military police/Office of the Director of Military Prosecutions; and
- one matter resulted in a decision by the Office of the Director of Military Prosecutions not to exercise Service jurisdiction. The victim declined to refer the matter to civil police.

Victim centric approach

Approximately 50 per cent of sexual assault allegations reported to the Joint Military Police Unit were made by members who either did not wish to make a formal statement, did not want an investigation by military or civilian police, or withdrew their complaint. Respecting the victims’ wishes aligns with maintaining a victim-centric approach, although it may inhibit Defence’s ability to substantiate or conclude investigations.

Data integrity

The sexual assault figures were drawn from a live policing database, reflecting the Joint Military Police Unit’s understanding of matters as of 30 July 2024. These figures represent initial reports and may change as investigations proceed or are finalised.



ADF Sport — Balancing work and play

The health and wellbeing of ADF members and their family is a priority for Defence.

Participation in a sport has many physical, social and mental health benefits, including improving social connectedness and a sense of belonging.

From alpine biathlons to surfing, cycling and everything in between, the ADF has 30 endorsed sports — with personnel competing across Australia and around the world. Sport is a unique element of the ADF and a valued part of its culture, with members from all ranks and Services swapping their combat boots for foxy cleats, cams for wetsuits and body armour for shin pads.

Representing the ADF in cricket, Sub-Lieutenant Terez Lofts has been playing since she was 13 years old, starting off at the Tuggeranong Vikings Club in Canberra, and summers of backyard cricket with her family. She joined Navy Cricket in 2018 and progressed to the ADF Cricket team in 2020 where she recently had the opportunity to play in Fiji.

“Travelling to Fiji was fantastic and an amazing opportunity that not many people get to experience in their careers,” Sub-Lieutenant Lofts said.

Displaying the ADF Sport values of ‘enhance, connect and sustain’, Sub-Lieutenant Lofts said she took pride in leading the women’s team as captain, bringing people together through fitness and teamwork and encouraging more serving members to get involved.

“I am most proud of being named Navy women’s captain and vice president two years in a row and rebuilding the culture and team after the COVID-19 pandemic.”

In 2015, Sub-Lieutenant Lofts enlisted as a supply chain sailor and commissioned to maritime logistics officer in 2020, but the new role and responsibility hasn’t put her passion for cricket on the bench.

“My advice to serving members is to get involved. There is so much support and coaching available for all skill levels and it’s fantastic for mental and physical health, travel opportunities and inter-Service relationships,” she said.

With service comes sacrifice, but swapping uniforms to compete in sport brings a valuable workplace benefit that’s unique to the ADF.

“A lot of my civilian friends cannot believe it when I tell them I get paid time off work to play the sport I love,” Sub-Lieutenant Lofts said. •

STORY CREDIT: Captain Diana Jennings.

Royal Australian Navy officer and Navy Cricket team captain, Sub-Lieutenant Staff Officer Terez Lofts prepares to strike the ball during training. IMAGE CREDIT: Corporal Lisa Sherman.

Environmental performance

- **Defence Net Zero Strategy** [p.149]
- **Commonwealth Climate Disclosure** [p.150]
- **Targeting climate change** [p.153]
- **Land and water management** [p.158]
- **Environment improvement** [p.160]
- **PFAS management** [p.162]

7

The Joint Fires Team from the 103rd Battery, 8th and 12th Regiment conducted point target reconnaissance practice in the Close Training Area near Robertson Barracks, Northern Territory in order to establish standard operating procedures, ahead of the 1st Brigade warfighter activities. IMAGE CREDIT: Gunner Reuben Woof.

Working towards net zero by 2050

Electrifying the white fleet and support vehicles:



60 **200**
BEVs PHEVs

A project is currently underway to install **40** dual 22 kilowatt EV chargers across **10** Defence bases.

Energy initiatives funding allocation:



\$49.5 million

Defence expects an annual return of **\$7 million** in reduced energy and maintenance costs and a yearly reduction of **20,000 tonnes** of greenhouse gas emissions.

Supporting land waste management:

97 **66**
burns planned ▼ burns achieved

97 hazard reduction burns were planned across Defence estates, and 66 achieved due to weather conditions.

Our ongoing efforts include:

- tyre disposal programs that consume rubber from tyres into infrastructure works;
- diversion of food waste away from landfill;
- diversion of textile waste from end-of-life uniforms into biofuel;
- trials of 'trash to treasure' hard rubbish diversion, allowing personnel to collect and repurpose landfill items for onsite use; and
- mattress recycling services.

Renewable energy, solar energy systems and battery storage:

3 **2** **2**
NT WA NSW

Defence is an active participant in the **Government Energy Action Response** protocol in parallel to developing a grid response framework.

Transition to clean energy:



100%

of Government electricity, including Defence, will be **renewable by 2030**.

Sustainability initiatives and upgrades:



25+ bases

received upgrades such as high-efficiency lighting; hot water systems; roof top solar; heating ventilations and air conditioning units and enhancements to plant equipment.

An actionable pathway: the *Defence Net Zero Strategy*

The *Defence Net Zero Strategy* is the emissions reduction plan that provides an actionable pathway to support net zero targets and accelerate Defence's transition to clean energy. In line with legislation, by 2030, Defence will reduce greenhouse gas emissions by 43 per cent from 2005 levels, and achieve net zero by 2050. The Strategy ensures that Defence's accelerated preparedness, operational effectiveness and capability requirements remain uncompromised, even as the organisation delivers reduced emissions.

The four strategic aims of the *Defence Net Zero Strategy* are:

- ① accelerate emissions reductions with secure, renewable electricity;
- ② transition to low-emission fuel alternatives;
- ③ increase energy efficiency and explore carbon sequestration to cut emissions and costs; and
- ④ integrate a unified approach with enabling functions and resources to achieve net zero.

Implementation is underway across the Defence enterprise, guided by the *Defence Net Zero Implementation Plan*.

Initial activity under the strategy will involve an estate-led approach, focusing on increasing energy efficiency and renewable energy, as well as changing policies, processes and approaches to procurement. Collectively, this will ensure Defence is able to meet the 2030 target, and provide a firm basis to deliver net zero by 2050.

Updating the Defence Environmental Policy and Environmental Strategy 2016–2036

Defence has undertaken a review of the *Defence Environmental Strategy 2016–2036*, with expectations the review will be finalised in late 2024. Actions against the strategic aims will be detailed in the *Defence Environmental Strategy Implementation Plan* to allow delivery across Defence. The new Environmental Strategy will be aligned to Australian Government priorities such as protecting 30 per cent of nature by 2030; nature-positive environmental reforms; and international environmental management commitments such as the draft Global Plastics Treaty 2023.

Transitioning to clean energy

The Government agreed to the *Defence Strategic Review's* recommendation that Defence accelerate its transition to clean energy to increase national resilience, with a plan to be presented to Government by 2025. Planning for this acceleration is occurring through implementation of the *Defence Net Zero Strategy* and *Defence Future Energy Strategy* focused on three lines of effort:

- ① increasing clean energy on priority Defence bases;
- ② expanding lower-carbon liquid fuel adoption; and
- ③ preparing for the transition of operational capabilities to future fuel types.

In addition, under the *Net Zero in Government Operations Strategy*, 100 per cent of the Government's electricity purchased from the electricity grid, including Defence, will be renewable by 2030.

Defence is partnering with the Department of Finance to progressively transition retail electricity contracts as they expire from late 2024 with new electricity contracts that purchase renewable energy.

The Government's response included an undertaking to further develop and consider these recommendations as part of the *National Defence Strategy*.

One of Defence's primary considerations is to maintain ADF capability and interoperability with allied forces while adopting renewable energy technologies in line with Government policy, preparedness and industry trends. In 2023–24:

- Defence procured a small quantity of Sustainable Aviation Fuel in order to employ the fuel in Defence platforms as part of a pilot activity in the second half of 2024. Defence demonstrated the use of Sustainable Aviation Fuel in the Air Force Roulettes in November 2023; and
- Defence expects the proportion of lower-carbon liquid fuels consumed by the ADF to increase over time, where affordable and achievable, to assist in delivering Defence's transition to clean energy.

Commonwealth Climate Disclosure

The Department of Finance is leading the development and implementation of the *Commonwealth Climate Disclosure Reform* that will introduce standardised, internationally aligned reporting requirements. The Reform will be introduced in a phased manner over four years, commencing with a one year limited disclosure in 2023–24 and additional reporting expectations from 2024–25 onwards.

Defence is committed to reporting on climate risks and opportunities, and actions taken to manage them. In 2023–24, the reporting requirements cover three of the four pillars of climate disclosure, namely:

- ① **governance:** processes, controls and procedures used to identify, prioritise, monitor, manage and oversee climate-related risks and opportunities;
- ② **risk management:** progress update on implementing an organisation-wide climate risk and opportunity assessment under the Climate Risk and Opportunity Management Program; and
- ③ **metrics and targets:** greenhouse gas emissions profiles and the APS Net Zero by 2030 target, as work toward emissions reductions.

From 2024–25, the fourth pillar will cover strategies for managing climate-related risks and opportunities, as well as criteria on risk management processes and cross-industry metrics.

Climate risk governance and accountability

Defence's corporate governance structures are supported by the *Enterprise Risk Management Framework*, established in accordance with the requirements of the *2023 Commonwealth Risk Management Policy* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In accordance with section 12 of the PGPA Act, the Secretary of the Department of Defence is the accountable authority for the management of Defence's risks, including climate risk.

The Secretary of the Department of Defence and the Chief of the Defence Force are jointly responsible for setting the direction on the management and mitigation of Defence's strategic and organisational risks.

The Secretary of the Department of Defence and the Chief of the Defence Force appointed the Associate Secretary of the Department of Defence as the accountable officer for ensuring risk management in Defence is established, implemented and maintained. As the Chief Risk Officer, the Associate Secretary is responsible for Defence risk management policy, framework, risk culture, risk communication and consultation, and organisational risk capability.

Defence has established a framework to support climate change consideration in all decisions, through a risk-based approach to prioritising actions informed by the latest Government-endorsed climate science and evidence. Climate-related risks have been identified as a priority action area that will be embedded into our existing governance and risk systems as our understanding of climate risks mature. The framework establishes specific responsibilities for senior personnel, including identifying, prioritising, planning, taking action, monitoring and evaluating climate risks and opportunities relevant to their areas of remit.

All Group Heads and Service Chiefs are responsible for:

- managing climate risks and opportunities in relation to the activities for which they are accountable or responsible;
- disclosing climate risks and budgets to the Associate Secretary; the Deputy Secretary Strategy, Policy, and Industry; the Vice Chief of the Defence Force; and the Chief Finance Officer for consolidation into the annual report; and
- incorporating climate change into relevant policy, strategy, frameworks, plans, doctrine, concepts and business processes owned by the Group or Service.

In addition, the Deputy Secretary Security and Estate has been appointed as the Chief Sustainability Officer. The Chief Sustainability Officer will champion initiatives that support and coordinate climate action, including climate risk management and disclosure.

These responsibilities will be supported by Defence's enterprise committee structure. Climate risks, opportunities, targets and performance will be increasingly embedded into these existing structures. These systems already allow for the elevation of climate risks to the appropriate senior leaders, however climate risks have not been formalised as a critical risk area to be reported against as at 30 June 2024.

Defence acknowledges that identifying, assessing and managing climate risk, and transitioning to net zero will require new skill sets and skill mixes in the organisation. The *Defence Net Zero Strategy* aims to embed a One Defence approach to net zero by enabling functions and resources (strategic aim four). Workforce priorities include skilled staff retention, and adaptation to meet forecast knowledge and skills needs. Recruitment into policy areas and our transition to net zero is already targeting personnel with skills and experience in climate and emissions-related backgrounds.

Risk management

Defence is using the Commonwealth Risk and Opportunity Management Program (CROMP) resources and tools to manage its climate-related risks and opportunities. The CROMP framework assists Defence to ensure risks and opportunities are identified, prioritised, managed and disclosed. As Defence's application of this framework matures, identified risks will be increasingly embedded into existing systems and structures.

Defence commenced its pilot climate risk and opportunity assessment in 2023–24 and has completed the first two steps of CROMP's¹ organisation-wide climate risk and opportunity assessment. This year the scope considered the impact of climate change on one of our core risks. In future assessments Defence will expand the scope to encompass other risks and values; including capability delivery, estate, workforce, security, and work health and safety.

1. Department of Climate Change, Energy, the environment and Water, Climate Risk and Opportunity Management Program resources, available at: dcceew.gov.au/climate-change/policy/adaptation/climate-risk-opportunity-management-program.



A new solar farm is installed at RAAF Base Darwin as part of the ADF's commitment to clean energy in the Northern Territory. IMAGE CREDIT: Corporal Madhur Chitnis.

CROMP actions completed

STEP 1: Scope the assessment

- Defence staff are prepared to undertake the assessment by completing the CROMP Learning and Development modules and familiarising themselves with the tools developed by the Department of Climate Change, Energy, the Environment and Water.
- The *Defence Enterprise Risk Management Framework* has been reviewed to ensure it provides a consistent approach to prioritising risks and opportunities.
- Defence is considering climate risks and opportunities in a structured way for the first time and has chosen to focus the scope of the assessment and provide a more comprehensive evaluation of climate risks and opportunities affecting preparedness for the pilot disclosure.
- As Defence's activities span different locations in Australia and overseas, the geographic regions of interest we will consider now and in future assessments are Australia and the Indo-Pacific region.
- Stakeholders, both internal and external to Defence, have been identified to assist with acquiring knowledge, identifying risks, and ensuring risks are considered consistently. Defence has established an internal Resilience Community of Practice. Members will assist with annual climate risk and disclosure reporting.

STEP 2: Consider current and future state

- Research and analysis has been conducted to understand how climate change impacts have been affected.
- Defence has identified three timeframes — 2030, 2050 and 2090 — and multiple emissions scenarios — low, moderate and high — as relevant for the assessment. Defence has reviewed the current and emerging trends associated with the global transition to a low-carbon economy and noted those that may be of impact.
- Defence is considering the impact these climate risk drivers could have on organisational values in the future.

STEP 3: Identify your risks and opportunities

- This step is currently underway.

Targeting climate change

Defence's 2023–24 emissions

Defence's greenhouse gas emissions are accounted for and reported consistently with the Commonwealth climate disclosure requirements and the whole-of-government approach as set by the *Net Zero in Government Operations Strategy*. Defence reported on major energy use for many years, which provides a strong understanding of major emissions sources.

Table 7.1: Greenhouse gas emissions inventory for the reporting period, 2023–24¹

2023–24 emissions source	Scope 1 emissions profile (tonnes CO2-e)	Scope 2 emissions profile (tonnes CO2-e)	Scope 3 emissions profile (tonnes CO2-e)	Total (tonnes CO2-e)
Electricity ¹	N/A	623,089	75,379	698,468
Natural gas	47,191	N/A	10,051	57,242
Solid waste ³	N/A	N/A	73,861	73,861
Fleet and other vehicles	33,630	N/A	8,274	41,904
Domestic commercial flights	N/A	N/A	67,244	67,244
Domestic hire car ²	N/A	N/A	2,661	2,661
Domestic travel accommodation ²	N/A	N/A	17,618	17,618
Other energy	1,004,543	N/A	254,493	1,259,036
Total tonnes CO2-e	1,085,364	623,089	509,581	2,218,034

Notes:

The table above presents emissions related to electricity usage during the location-based accounting method, CO2-e carbon dioxide equivalent. The quality of data is expected to improve over time as emission reporting matures. Amendments to data may be required in future reports.

1. Location based approach.
2. Location-based method.
3. Indicates emission sources collected for the first time in 2023–24.

Table 7.2: Electricity greenhouse gas emissions, 2023–24

2023–24 emissions source	Scope 2 emissions profile (tonnes CO2-e)	Scope 3 emissions profile (tonnes CO2-e)	Total (tonnes CO2-e)	Percentage of electricity usage (%)
Electricity (location based approach)	623,089	75,379	698,468	100.00
Market-based electricity emissions	543,295	67,074	610,369	69.24
Total renewable electricity	1,085,364	623,089	509,581	30.76
Mandatory renewables	–	–	–	18.72
Voluntary renewables	–	–	–	12.04

Note:

The market based electricity emissions includes an estimated percentage of renewable electricity based on the level of renewables produced nationally within energy grids (mandatory renewables) and the jurisdictional renewable power scheme within the Australian Capital Territory (voluntary renewables). Defence may also consume renewable electricity through rooftop solar and larger solar farms on the Defence estate. CO2-e = carbon dioxide equivalent.

Climate adaptation

Defence recognises that climate change is a national security issue that will place greater stress on ADF capability, capacity and infrastructure. The *National Defence Strategy* requires bases, predominantly across northern Australia, to be supported by resilient, robust infrastructure that can withstand disruption. Defence is integrating the Department of Climate Change, Energy, the Environment and Water's CROMP into its approach to identify, assess and manage risks arising from climate change.

In addition to CROMP, Defence is implementing sophisticated software models, including the Defence Climate Assessment Tool (shared by the United States Department of Defense) to provide location-specific climate risk assessment to inform estate planning and decision-making. This process identifies different strategies to improve resilience, including adaptation measures for critical infrastructure, which can be aligned to the wider Defence strategy.

The *Defence Estate Climate Adaptation Handbook* provides guidance to enable the ongoing capability of the Defence estate in preparation for changes to the climate.

The release of Australia's first *National Climate Change Risk Assessment and National Adaptation Plan* in late 2024 will provide further opportunities to guide adaptation and climate change risk management.

Renewable energy and energy security

The Defence Renewable Energy and Energy Security Program continues to deliver solar energy systems and battery storage at sites across Australia.

Through the program, Defence has installed renewable energy systems at the following sites:

- 13.2 megawatts of large-scale solar photovoltaic systems at two sites in the Northern Territory – Robertson Barracks (10 megawatts) and RAAF Base Darwin (3.2 megawatts);
- 1.2 megawatts of large-scale solar photovoltaic systems at Australian Defence Satellite Communications Station Geraldton in Western Australia; and
- three small-scale solar photovoltaic microgrids with battery energy storage systems across Yampi Sound Training Area in Western Australia and Beecroft Air Weapons Range in New South Wales.

Defence is currently installing renewable energy at the following sites:

- 1.2-megawatt solar photovoltaic system and a 1.5-megawatt hour battery system at Harts Range over-the-horizon radar site in the Northern Territory; and
- 4 megawatts of large-scale solar photovoltaic systems at Mulwala Explosives Factory in New South Wales.

The Defence Renewable Energy and Energy Security Program is leading high-level feasibility assessments of other low-emission technologies including energy storage and microgrid-systems. Defence is committed to partnering with industry in the development of alternative fuels and energy storage methods, as a means of improving energy resilience, capability resilience and cost efficiency.

To support grid resilience during the clean energy transition, Defence is participating in the Government Energy Action Response protocol and in parallel is developing a grid response framework.

The Government Energy Action Response protocol was endorsed by state and territory energy ministers in November 2023 and provides a framework to reduce energy usage from Government to support reliability of the grid when required. Defence participated in activation of the scheme on 14 December 2023 to support energy grid reliability in New South Wales and the Australian Capital Territory.

Fuel supply chain reform and initiatives

Defence has a number of initiatives underway to improve the resilience of the Defence fuel network by addressing single points of failure and inadequate distribution and storage capacities. These initiatives include enhancing Defence-owned capability along with improved industry and interdepartmental relationships.

To enhance Defence-owned capabilities, the Defence Fuel Resilience Program (formerly the Defence Fuel Transformation Program) will improve fuel preparedness in support of ADF operations. In line with current Defence strategic guidance, the program will support the transition to an effective Defence fuel network, improving Defence's ability to sustain high-tempo operations. The program is delivering critical improvements including storage infrastructure, overall holdings, distribution capacity and inventory management enhancements. The program commenced in July 2018 and is scheduled to conclude in 2039–40. This program includes:

- Increase the **Risk Reduction** program, which includes 28 individual activities, is nearing completion. This scope has focused on addressing the highest priority safety risks across the Defence fuel network through infrastructure upgrades and governance improvements. The risk reduction construction projects are expected to be completed by 2025–26.
- The **Capability Uplift** program commenced in July 2021 and is scheduled to be delivered across five years. This scope is building on the risk reduction improvements delivered through the execution of Defence fuel network transformation projects, the highest priority major capital infrastructure replacements, and implementing new fuel services contracts with industry partners. A strategic partnership for fuel supply was signed with Viva Energy Refining Australia on 30 June 2023, representing an important step towards improved fuel security in support of Defence preparedness and operations. The Fuel Network contract was signed on 14 August 2023, in order to improve the technical operations, maintenance and strategic asset management of fixed facilities across the Defence fuel network.
- The **Network Resilience** program designed to deliver a resilient and effective Defence fuel network that maximises national capacity and provides resilient, integrated, and effective fuel support. The first capability subset has been approved to commence delivery from July 2024, and will establish a reserve fuel holding, increase distribution assets and sustain the Fuel Network contract from 2026–27.

Complementing the Defence Fuel Resilience Program, Defence has developed a *Defence Future Energy Strategy*, which was signed by the Secretary of the Department of Defence and the Chief of the Defence Force in August 2023. The *Defence Future Energy Strategy* provides a programmatic approach to transition ADF platforms to use clean energy with early activities focused on enabling the integration of lower-carbon liquid fuels into the Defence Fuel Supply Chain. The *Defence Future Energy Strategy* is complementary to the *Defence Net Zero Strategy*, developed by the Security and Estate Group, which focuses on delivering renewable energy to power the Defence estate.

The *Defence Strategic Review* recognised the requirement for an increase in effectiveness and reduction in vulnerability of fuel distribution through Defence's engagement with industry. Defence has collaborated with the Department of Climate Change, Energy, the Environment and Water to establish the National Fuel Council. On 10 October 2023, the inaugural meeting of the National Fuel Council was held with representatives from federal, state and territory governments, and industry. A key focus is to ensure broader government and industry awareness of Defence fuel requirements and integration of those efforts to enhance fuel security. The National Fuel Council continues to meet tri-annually.



A Royal Australian Army Electric Protected Mobility Vehicle demonstrates the capability to provide power to enable a medical treatment team to deploy in the field at Gallipoli Barracks in Brisbane. IMAGE CREDIT: Corporal Nicole Dorrett.

Sustainability initiatives on the Defence estate

The Security and Estate Group Sustainability Initiatives Forum is held quarterly to identify opportunities that base service contractors and other suppliers to Defence can deliver on the estate to improve sustainability.

In 2023–24, the Sustainability Initiatives Forum focused on strategic aims one (renewable energy) and three (energy efficiency) of the *Defence Net Zero Strategy*, with interventions undertaken at more than 25 bases.

The interventions included:

- upgrades to high-efficiency lighting at bases, including HMAS *Cairns* and HMAS *Cerberus*; Gallipoli Barracks, Kokoda Barracks, Lavarack Barracks, Robertson Barracks, Swartz Barracks and Woolcock Barracks; and RAAF Bases Amberley, East Sale, Edinburgh, Pearce and Townsville; and
- upgrades to hot water systems, roof top solar, heating ventilation and air conditioning units and enhancements to plant and equipment at Fleet Base East, Holsworthy Barracks, Sydney Maritime, Sydney Metro, Singleton Military Area, and RAAF Bases Richmond and Williamtown.

For the \$49.5 million allocated in 2023–24, Defence expects a return of investment of \$7 million annually in reduced energy and maintenance costs and a yearly reduction of 20,000 tonnes of greenhouse gas emissions.

Defence is electrifying its white fleet and support vehicles, where it does not negatively impact capability, through the introduction of Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs). Defence currently has over 60 BEVs and 200 PHEVs, and these numbers are expected to significantly increase in the coming years. Transport electrification is being supported by the installation of EV chargers at Defence bases. A project is currently underway to install 40 dual 22 kilowatt EV chargers across 10 Defence bases, and more chargers will be rolled out in coming years to support further fleet electrification.

Supporting waste management

Defence supports delivery of the *National Waste Policy* through its *Waste and Recycled Materials Policy*. The national waste targets adopted by Defence are:

- reduce total waste generation by 10 per cent by 2030;
- 80 per cent resource recovery from all waste streams;
- significantly increase the use of recycled content;
- phase out problematic and unnecessary plastics; and
- halve the amount of organic waste sent to landfill by 2025.

Defence catering contractors have transitioned to compostable or reusable food and beverage packaging in accordance with Defence's single-use plastics phase-out, which was introduced in 2021 and updated the *Catering Packaging Policy Guidance* introduced in June 2023.

Defence has programs to manage specific end-of-life waste streams, including but not limited to:

- consolidation of its tyre disposal programs to better govern end-of-life fate with a successful trial to consume crumb rubber from tyres into infrastructure works;
- solutions that target the diversion of food waste away from landfill through a combination of reduction and recovery;
- diversion of textile waste from end-of-life uniforms to biofuel, as a positive first step towards supporting textile stewardship initiatives;
- trials of 'trash to treasure' collection to increase diversion of hard rubbish from landfill by allowing personnel to collect and repurpose items for onsite use; and
- mattress recycling services at a number of Defence sites which allows for the composite materials to mostly be recycled.

Diversion and recycling rates are both ways of measuring waste disposal. A diversion rate is a calculation explaining the amount of waste that is diverted away from landfills. The recycling rate is the amount set aside for recycling and what is actually being processed from the diverted amount. Below are the waste diversion and recovery data for 2023 and to date for 2024:

- waste diversion in 2023 was 8,377 tonnes (20 per cent), with waste diversion to date in 2024 being 4,735 tonnes (26 per cent); and
- waste recovery in 2023 was 18,718 tonnes (23 per cent), with waste recovery to date in 2024 being 10,052 tonnes (31 per cent).

Aligning with the Government's commitment to transition to a circular economy, Defence is partnering with industry and the Department of Climate Change, Energy, the Environment and Water to develop processes that support the incorporation and tracking of materials with recycled content into infrastructure projects. This will be supported by the introduction of Department of Climate Change, Energy, the Environment and Water's *Environmentally Sustainable Procurement Policy and Reporting Framework*, which took effect from 1 July 2024.

Land and water sustainable management

The Defence estate contains nationally and internationally significant biodiversity, including rare and endangered species, wetlands and other ecological communities. These are managed in line with Commonwealth legislation and Government policies and strategies, with the primary aim of sustainable management of the Defence estate. The *Defence Landscape Management Manual* provides the implementation guidance and minimum requirements for undertaking land management activities on the Defence estate. This covers topics such as domestic biosecurity, threatened species and ecological communities, soil, bushfire management, and sustainability monitoring and reporting. Defence collaborates with Traditional Owners, and with local, state and territory Government and non-Government agencies to deliver a sustainable estate.

Defence undertakes a routine water quality monitoring program that includes a planned water testing regime. The program seeks to detect whether current or historical Defence activities may negatively impact the environment or human health through regularly testing surface water, ground water and water sediment quality. Water testing is conducted against evidence-based national guidelines.

Managing biodiversity

The Australian Government has set a national target to protect 30 per cent of Defence land and 30 per cent of our ocean by 2030 — the national ‘30 by 30 target’. Both protected areas and other effective area-based conservation measures can contribute to the national 30 by 30 targets. To support the Australian Government’s ‘30 by 30 target’, Defence has committed to conserve parts of the Yampi Sound Training Area in Western Australia as an other effective area based conservation measures. The other effective area based conservation measures area of Yampi Sound Training Area spans approximately 150,000 hectares. It is an area of high biodiversity value, and a refuge for endangered species including the Northern Quoll, Golden Bandicoot, Gouldian Finch, Western Partridge Pigeon and the Kimberley Brush-Tailed Phascogale.

In 2023–24, Defence continued a partnership with the Australian Wildlife Conservancy to deliver science-based conservation management on the Yampi Sound Training Area including significant pest and weed management programs.

Defence continued to manage an environmental offset at Defence Establishment Orchard Hills for the Western Sydney Airport development under an arrangement with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Defence’s obligations are set out in a 20-year memorandum of understanding between the two departments. The core obligation is implemented through an offset strategy to improve the condition of the offset area through pest and weed management, replanting programs, reintroduction of native fauna, and applied research.

In 2023–24, the project completed a controlled burn to manage bushfire risks, reduce weeds and introduce additional habitat logs into the environment to support biodiversity. More generally, Defence continues to manage and monitor threatening processes that impact native species and communities, and deliver bespoke management for threatened species across a broad range of environments through collaborations with external agencies and routine management under base service contracts.

Promoting proactive bushfire management

Defence takes seriously its obligations to protect human life, protect Defence and civilian property and assets, support ADF training, and promote the proactive, environmentally sustainable management of bushfires. Defence continues to update and develop bushfire management plans in accordance with its obligations. Defence’s Bushfire Risk Management Process combines bushfire planning and delivery into a single streamlined process. In 2023–24, the Bushfire Risk Management Process was completed to operational status for 15 properties, with risks and response data updated in the Garrison Estate Management System and maps created using the new geospatial platform, GeoHub. A further 15 properties are currently under review, with a further 32 properties to be scheduled for delivery. In 2023–24, 97 hazard reduction burns were planned across the Defence estate, however, only 66 were able to be completed due to weather conditions.

Strengthening pest, weed and pathogen management

Defence has a robust pest, weed and pathogen policy, under which it manages non-established and established pests, weeds, and pathogens. This policy requires Defence to comply with relevant state, territory and Commonwealth legislation, management plans, and codes of practice; and act on direction from the state, territory and other Government agencies in response to existing, or new and emerging non-established pests, weeds and pathogens. Defence's policies have been strengthened through the development of the *Weed Risk Management Framework* by Wild Matters. Once reviewed, this framework will be used to develop a broader Defence-specific pest, weed and pathogen risk management framework.

Defence collaborates with and supports external agencies to manage pests and weeds across the Defence estate. Defence is committed to the National Fire Ant Eradication Program, which aims to eradicate this serious pest from Australia. Defence is working under the guidance of state agencies and the Department of Agriculture, Fisheries and Forestry to respond to new and existing incursions of the red imported fire ant. On 16 April 2024, red imported fire ants were identified at Swartz Barracks in Queensland. Red imported fire ants are a significant biosecurity threat that can destroy crops, damage electrical equipment and machinery, and render yards, parks, paddocks and farmland unusable. Red imported fire ants have not yet been detected outside of the South-East Queensland and Northern New South Wales region, since they were first detected in Brisbane in 2001. Defence collaborated closely with the Queensland Government's National Fire Ant Eradication Program and enabled all necessary access to the base to support treatment and monitoring activities. Defence strengthened existing monitoring and treatment programs, beyond currently known sites with red imported fire ant activity. The implementation of a five-tiered assurance program and an associated education campaign saw an increase in detections of red imported fire ants at Defence sites within the Biosecurity Zone which allowed Defence to respond to these incursions.

Didemnum vexillum, the carpet sea squirt, has been detected in both Western Australia and New South Wales. The first detection was in April 2021 at HMAS *Stirling*, Garden Island in Western Australia. Carpet sea squirt is an invasive marine animal. It can overgrow rocks, shellfish, sea sponges and algae. It covers man-made structures such as wharfs, jetty pylons, pontoons, buoy and vessels. Defence has been working under guidance of the Consultative Committee on Introduced Marine Pest Emergencies, who provide technical advice on responses to marine pests. While it is not technically feasible to eradicate carpet sea squirt, Defence has developed and implemented specific vessel procedures as part of the *Maritime Activities Environmental Management Plan* for the ongoing management of this pest.

Preserving our heritage assets

The Defence estate houses thousands of buildings with identified historic heritage values, extensive areas of natural heritage, and the unique and irreplaceable cultural heritage of many First Nations Peoples. Defence manages heritage values on the Defence estate consistent with the principles and requirements of Commonwealth heritage legislation, including the identification and management of risks to heritage assets during planning, development and operation of Defence facilities and activities.

Dunroon House, for example, is a Commonwealth heritage-listed building located in the heart of the Royal Military College, Dunroon in the Australian Capital Territory. The Royal Military College is used by the ADF for active and ceremonial purposes. Refurbishment works to enable ongoing use of Dunroon House were completed this year. Heritage impact assessments, informed by guidance in the heritage management plan, were commissioned to ensure protection of the building's important heritage values and to maintain the integrity of the site.

As at 30 June 2024, there are approximately 30 heritage management plans in development, including for RAAF Base Amberley in Queensland, Woomera Prohibited Area in South Australia and RAAF Base Curtin in Western Australia.

Meeting our obligations for the environment

The objectives of the *Environment Protection and Biodiversity Conservation Act 1999* are at the core of Defence's environment and heritage policy. Defence maintains a robust environmental assessment and approval program to meet the requirements of the Commonwealth environmental legislation, including by identifying, understanding and avoiding potential adverse impacts of its activities.

Defence continues to conduct self-assessments under the *Environment Protection and Biodiversity Conservation Act 1999* on redevelopment and infrastructure projects, new capability, and major exercises, in order to appropriately reduce and manage environmental impacts. Where required, Defence refers proposed actions to the Minister for the Environment and Water. In 2023–24, Defence referred four projects to the Minister for the Environment and Water under the *Environment Protection and Biodiversity Conservation Act 1999*.

Environmental improvement

Commitment to pollution prevention and contamination management

Defence recognises the importance of reducing its impact on the environment while undertaking activities. Pollution can lead to long-term contamination risks on the estate that may impact human health, the environment and ultimately capability. Defence is committed to the mitigation and prevention of pollution to minimise its contamination liability. Defence will continue to assess and remediate contamination and unexploded ordnance, both on and off the Defence estate, according to the risk profile.

The *Pollution Prevention Management Manual* and the *Defence Contamination Management Manual* are the documents under the *Defence Environmental Strategy 2016–2036* that provide a framework and guidance on the mitigation of polluting activities and substances and managing contamination on the estate.

Contamination remediation

The Defence National Regional Contamination Investigation Program commenced in 2017 across Australia to deliver projects on the Defence estate that define contaminated sites and reduce risks to human health and the environment, while also ensuring land use is optimised for Defence capability. The Program is primarily targeted at environmental contaminants of concern other than per- and polyfluoroalkyl substances (PFAS), which are identified but addressed under a separate program.

The key aims of the Program are to:

- progress to a stage where contaminated sites can transition to management, monitoring or remediation;
- ensure that sites destined for future development have their contamination status understood and readily incorporated into base plans or the infrastructure development planning processes;
- define the contaminated land data and risk definition in support of property disposal; and
- ensure that contaminated site data is accurate and up-to-date.

Phase 1 of the Program was completed in 2020. The detailed systematic investigation resulted in the removal of 386 contaminated site records and an overall reduction in the estate risk profile.

Phase 2 of the Program commenced in 2021 and is to be completed in late 2024. Building on Phase 1, it focuses on enhancing environmental outcomes, and maximising capability benefits by targeting investigations and planning for remediation of land where contamination is constraining desired land uses.

Phase 3 will commence in 2025. Continuing to build on the previous phases, it will continue to focus on contaminated sites that may constrain Defence's ability to meet its strategic and operational objectives. High risks sites that could potentially impact capability, human health or the environment will be prioritised.



Soldiers from the 1st Combat Engineer Regiment clear the objective at the Bradshaw training area, Northern Territory, during Exercise PREDATOR'S RUN 2024. IMAGE CREDIT: Captain Annie Richardson.

In conjunction with the program, Defence now holds significant chemical data, collected over 12 years of chemical sampling across a variety of environmental media. More than 11 million chemical samples have been analysed, supporting the modelling of contamination movement and the identification of trends, leading to reliable risk reduction. The data analysis has enabled the development of tailored information products for infrastructure projects and land managers.

Defence has completed targeted remediation of unexploded ordnance and associated waste material. These have included the remediation of legacy bulk disposal sites at Wirlinga in New South Wales and impact areas at Majura in the Australian Capital Territory. Additionally, numerous tasks have been undertaken to safeguard maintenance activities on active training ranges, such as firebreaks at Murray Bridge in South Australia and Puckapunyal in Victoria. Defence conducted light detection and ranging surveys, photogrammetry and digital aerial magnetometry at Evans Head to support mapping of former impact areas now managed by the New South Wales National Parks and Wildlife Service. As well as commencing a project to update its unexploded ordnance hazard mapping using contemporary geospatial tools, Defence has also continued the review of the off-estate unexploded ordnance database. The database provides information to the public via the Unexploded Ordnance Program (defence.gov.au/programs-initiatives/national-unexploded-ordnance-program). This activity has reduced the number of overall sites from 1,046 to 823. Reviews have been conducted at 760 of the remaining 823 sites.

Defence is delivering a nationally coordinated initiative to detect, remove and render safe suspected Second World War remnants both on, and off, the estate to ensure public and environmental safety. As of June 2024, 102 sites out of a planned 139 have been completed. Planning for Phase 2 of this specialist project has commenced to ensure remaining assessments can be completed on schedule.

Research

Defence funded research projects with the Cooperative Research Centre for Contamination Assessment and Remediation of the Environment concluded on 30 June 2024. The research included investigation of the effect of bushfire on the structural characteristics of asbestos; behaviour of glyphosate herbicide in soils; and the assessment of potential risks of jet fuel additives and other projects.

National PFAS Investigation and Management Program

Independent review of land uses impacted by PFAS

In September 2023, the Government commissioned an independent review of land uses around key Defence bases impacted by PFAS contamination. Mr Jim Varghese AM was appointed to conduct the review, supported by a Secretariat seconded from within Defence. The review focused on communities around RAAF Base Williamtown in New South Wales, Swartz Barracks in Queensland and RAAF Base Tindal in the Northern Territory as areas representative of the challenges faced by communities impacted by PFAS contamination. In March 2024, the final report and recommendations were delivered to the Government for consideration. Defence will continue to progress actions that support these affected communities through delivery of the PFAS Investigation and Management Program.

PFAS Investigation and Management

Defence established the PFAS Investigation and Management Program to manage the risks to humans, animals and the environment associated with PFAS contamination on and around Defence properties. Defence has finalised detailed environmental investigations at all 28 sites in the program.

At the conclusion of each investigation, Defence used the findings to develop a PFAS management area plan to address elevated exposure risks identified in the detailed environmental investigation and accompanying human health and/or ecological risk assessments, specific to each site. The 28 sites have transitioned from the environmental investigation phase into a management phase, which includes ongoing monitoring and remedial activities.

Defence's management approach includes the continued monitoring of surface water, groundwater and soil. Monitoring helps Defence understand if PFAS contamination is changing over time. The results are published in site monitoring reports and fact sheets on the PFAS website defence.gov.au/about/locations-property/pfas.

Management and remediation

Defence focuses on remediating areas on Defence bases where firefighting foams were disposed of, used or stored. This remediation seeks to minimise PFAS contamination moving from Defence bases into the surrounding environment and community, so far as reasonably practicable. These remediation activities are expected to reduce PFAS contamination in the surrounding environment and community over time.

In 2023–24, Defence progressed the PFAS Investigation and Management Program based on site priorities and recommendations in PFAS management area plans, with key results and activities including:

- commissioning a new water treatment plant with a daily capacity of 10 million litres to secure the long-term drinking water supply for Katherine township via Defence funding of \$27.75 million. This capacity is sufficient for the total potable water supply for the Katherine community into the future;
- water and soil remediation works at RAAF Bases Darwin, Edinburgh, Tindal, Townsville and Williamtown; the Jervis Bay Range Facility and Swartz Barracks;
- treatment of approximately 3.3 billion litres of PFAS-impacted water, and treatment or removal of approximately 50,000 tonnes of PFAS-impacted soil;
- continued PFAS monitoring across the estate and detailed remediation investigations at key sites;
- a two-year extension of water bill payments and rainwater tank top-ups for eligible properties (to a total of eight years); and
- completing the design for water infrastructure around RAAF Base Pearce in Western Australia.

To date, Defence has treated more than 11.1 billion litres of PFAS-impacted water, excavated more than 136,000 tonnes of PFAS-impacted soil and treated more than 106,000 tonnes of PFAS-impacted soil, connected 378 properties to town water, and installed 156 rainwater tanks to 111 properties.

Further remediation works are scheduled to commence in 2024 at Swartz Barracks, Lavarack Barracks, HMAS *Albatross*, Jervis Bay Range Facility and at RAAF Bases Amberley, Darwin, Edinburgh, Pearce, Richmond, Townsville, Wagga and Williamstown.

Research and technology

As at 14 June 2024, Defence has funded 21 research and technology projects, valued at approximately \$26 million, including more than \$500,000 in 2023–24. This includes research and trials for remedial technologies for soil, groundwater and concrete.

Defence has provided over \$27 million in additional funding to other Government agencies to support PFAS-related health and remediation research.

Defence collaborates both to share its lessons learned and to ensure the best available remedial actions are implemented on its PFAS-impacted bases.

Consultation and collaboration

Defence is committed to providing PFAS-affected communities with accessible, timely, accurate and relevant information about the investigation and management of PFAS contamination at Defence properties in their communities.

In 2023–24, Defence held eight community engagement events for PFAS-affected communities at HMAS *Albatross*, HMAS *Cerberus*, Albury Wodonga Military Area, Lavarack Barracks, and RAAF Bases Darwin, Pearce, Richmond, Tindal and Townsville.

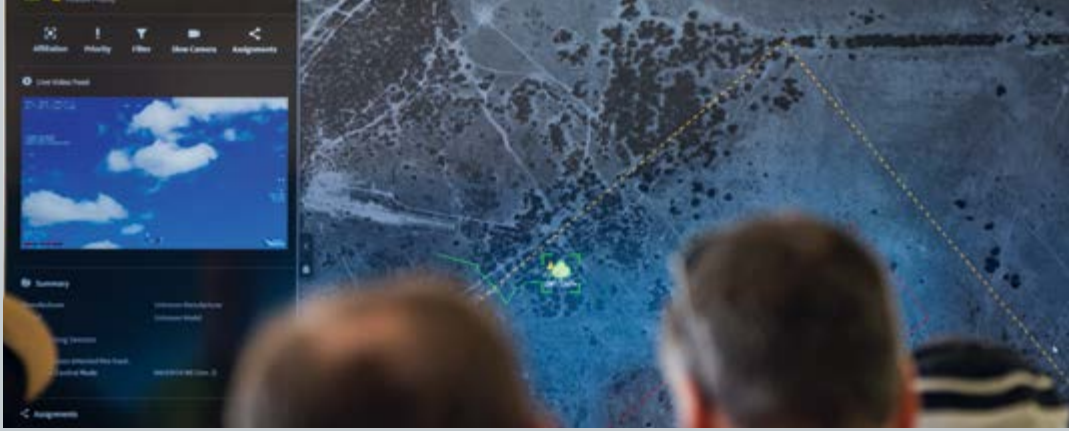
Defence continues to provide information to affected communities through:

- delivering formal presentations with opportunity for discussion, questions and answers, and/or panel discussions;
- conducting walk-in sessions, which enable interactive engagement between community members and officials;
- routinely publishing all investigation reports, management plans, monitoring results and other publications on the Defence PFAS website; and
- maintaining dedicated information lines for community enquiries.

Defence continues to publish reports, fact sheets and other updates relating to its response to PFAS contamination at each of the 28 sites on the PFAS website defence.gov.au/about/locations-property/pfas. The PFAS Investigation and Management Program website remains the most appropriate location for community members and other stakeholders to access information regarding the program.

Financial investment

Since the Defence PFAS Investigation and Management Program commenced in July 2015, Defence has invested approximately \$734 million to manage the impacts of PFAS contamination and address remediation and management, including approximately \$79 million in 2023–24.



Battle management system doing a stellar job

Defence continues to strengthen industry engagement to acquire the technology and capability required to enhance deterrence, as well as increase collaboration on defence innovation, science and technology.

In today's contested environment, Defence needs to counter the threat of today, while also preparing to counter those we are not yet aware of.

Agile Shield is a tactical system designed to detect, neutralise and mitigate improvised threats in a complex battlespace, helping to address the problems of tomorrow.

Developed for Defence by Lockheed Martin Australia's Science, Technology, Engineering, Leadership and Research Laboratory (STELaRLab), the system uses a range of sensors and effectors to defeat these threats, which can include unmanned aerial systems and improvised explosive devices.

Agile Shield also uses simulation technology, allowing users to adjust and configure the system based on the environment.

The capability was recently put to the test in its first field demonstration at Puckapunyal Military Area in Victoria, in collaboration with the Defence Science and Technology Group.

Over three weeks, the battle management system was subjected to a real-life field evaluation, as well as a series of live demonstrations for select Defence personnel.

Defence Science and Technology Group's Counter Improvised Threat program lead, Jeff Vesely, said the demonstration will help Defence understand how to best optimise a system for future use against a small unmanned aerial systems threat, like drones.

"Unmanned aerial systems under 25 kilos have become a real problem because they are low-cost. It can cause more problems for tracking systems because they are trying to identify something that size hovering close to a target," Mr Vesely said.

Senior military adviser in the Defence Science and Technology Group's Land and Integrated Force Division, Brigadier David Westphalen, said the system was designed to minimise risk from these threats.

"Any system that reduces the risk to the warfighter and civilians in the battlespace will enhance our likelihood of success," Brigadier Westphalen said.

Mr Vesely said Agile Shield also "gives us a lens to understand how industry can best collaborate with Defence Science and Technology Group".

The partnership with STELaRLab, as well as other industry and international partners, shows how Agile Shield is helping to transform an innovative concept into a lifesaving capability for the warfighter. •

STORY CREDIT: Emma Thompson.

The Agile Shield field capability demonstration was conducted at the Puckapunyal Military Area, Victoria during October 2023. Agile Shield's purpose is to provide an integrated counter improvised threats detection, neutralisation and mitigation system capable of operating in a complex joint battlespace that minimises risk to Defence personnel and civilians. IMAGE CREDIT: Sergeant Andrew Eddie.

Department of Defence

Financial Statements
for the year ended 30 June 2024



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

Opinion

In my opinion, the financial statements of the Department of Defence (the Entity) for the year ended 30 June 2024:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2024 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2024 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter**Valuation of specialist military equipment**

Refer to Note 3.2A 'Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles'

Specialist military equipment includes platform assets in use and under construction and spare parts for these assets, totalling \$88.6 billion at 30 June 2024.

I consider the valuation of specialist military equipment to be a key audit matter due to:

- the high degree of judgement applied by management and management's valuation expert to measure specialist military equipment at fair value due to the highly specialised nature of these assets;
- the subjectivity in the valuation assessment due to the difficulty in obtaining the replacement costs of assets with a similar capability in the absence of an active market, the selection and application of appropriate indices, the determination and assessment of appropriate useful lives, and the identification of indicators of impairment;
- the complexity and high degree of judgement in the cost attribution model that allocates accumulated capitalized costs on large scale acquisition projects between individual platform assets, associated spares and inventory;
- the balance being significant relative to the Entity's Statement of Financial Position.

How the audit addressed the matter

To address the key audit matter, I:

- assessed whether the selection of the method for determining fair value was appropriate for each component of specialist military equipment and whether the key assumptions used in the valuation methodology were reasonable;
- tested a sample of inputs used in the valuation to external sources included prices per the Federal Logistics Database (FedLog), foreign exchange rates, current unit prices and country of manufacture indices;
- assessed the competence, capability and objectivity of management's valuation expert;
- tested the completeness and accuracy of data provided to management's valuation expert for use in the valuation process;
- confirmed useful lives applied to specialist military equipment were consistent with other available information including expected withdrawal dates for these assets;
- evaluated the sufficiency and appropriateness of the disclosure of the valuation process and balances reported in the financial statements;
- assessed whether the assumptions and judgements used by the Entity to determine the impairment of specialist military equipment are consistent with other available information including changes to planned capability and unscheduled repairs and maintenance;
- assessed management's assurance process for impairment;
- tested a sample of costs allocated to specialist military equipment assets under construction in the cost attribution model to assess the appropriateness of capitalisation in accordance with Australian Accounting Standards; and
- for significant projects, reviewed the quality assurance processes performed by management on the cost attribution model and the approval of cost allocations related to specialist military equipment under construction.

Key audit matter**Existence and completeness of inventories**

Refer to Note 3.2B 'Inventories'

The Entity had a balance of \$9.6 billion in inventories as at 30 June 2024 which includes explosive

How the audit addressed the matter

To address the key audit matter, I:

- observed the performance of the Entity's National Asset and Inventory Sample at a selection of Entity locations;

ordnance (\$6.1 billion), general stores inventories (\$3.4 billion) and fuel (\$0.1 billion).

I consider the existence and completeness of inventories to be a key audit matter due to the variety and number of inventory items which are managed differently across a large number of geographically dispersed locations.

- tested the design, implementation and operating effectiveness of key controls that apply to system components, processes and data within the logistics and financial management information systems; and
- substantiated a sample of transactions processed through the Entity's logistics information systems by agreeing quantities purchased to invoices, warehouse delivery dockets and stocktaking records.

Key audit matter

Valuation of administered employee provisions

Refer to Note 4.4A 'Employee provisions'

The Entity administers four defined benefit plans that entitle Australian Defence Force members to retirement and death benefits based on past service.

I consider the valuation of the administered employee provisions to be a key audit matter due to:

- the measurement of the provision being complex, requiring significant professional judgement in the selection of key assumptions. Key assumptions include salary growth and discount rates, pension indexation rate, pension take-up rate and invalidity retirements. The valuation of the provision is highly sensitive to changes in the key assumptions; and
- the balance being significant relative to the Entity's Administered Schedule of Assets and Liabilities (\$138.2 billion as at 30 June 2024).

In addition, the Australian Accounting Standards include detailed requirements for the presentation and disclosure of defined benefit plans.

How the audit addressed the matter

To address the key audit matter, I:

- assessed the design, implementation and operating effectiveness of internal controls over the management of defined benefit schemes, including management of the members' data used for the valuation of the defined benefit provisions;
- tested the accuracy and completeness of data used to calculate the defined benefit provisions, including assessing the quality assurance processes used by the Entity to confirm the integrity of data used for estimating the defined benefit provisions;
- evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the defined benefit provisions by:
 - comparing economic assumptions to long-term expectations over the term of the scheme's liabilities, based on the Government's economic forecasts;
 - assessing the detailed analysis undertaken by the Entity's actuary for consistency with historical data on membership experience in relation to:
 - rates of mortality, redundancy, resignation, disability and retirement;
 - the proportion of members who will select each form of payment option available under the plan terms; and
 - promotion and future salary increases;
- assessed the reasonableness of the results of the valuation including the explanations for the changes in the valuation; and

-
- evaluated the appropriateness of the disclosure of the significant assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Rona Mellor', written in a cursive style.

Rona Mellor PSM
Acting Auditor-General for Australia

Canberra
3 October 2024

Department of Defence
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2024 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Defence will be able to pay its debts as and when they fall due.



Greg Moriarty AO
Secretary – Department of Defence
3 October 2024



Steven Groves
Chief Finance Officer – Department of Defence
3 October 2024

Department of Defence

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Department of Defence
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

		2024	2023	Original Budget ¹
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	13,986,166	12,780,879	13,559,095
Supplier expenses	1.1B	23,287,040	22,271,696	22,591,105
Grants	1.1C	113,201	72,059	44,699
Finance costs	1.1D	167,928	148,035	101,018
Impairment loss allowance on financial instruments		3,492	2,346	-
Write-down of non-financial assets	1.1E	1,371,965	1,504,795	1,353,455
Net foreign exchange losses	1.2F	-	18,412	-
Expenses in relation to special accounts	1.1F	18,634	50,128	327,736
Other expenses	1.1G	112,085	111,392	2,689
Depreciation and amortisation	3.2A	7,275,933	6,657,711	6,728,912
Total expenses		<u>46,336,444</u>	<u>43,617,453</u>	<u>44,708,709</u>
LESS:				
INCOME				
Own-source revenue				
Revenue from contracts with customers	1.2A	570,491	443,560	317,894
Revenue in relation to special accounts	1.2B	139,448	241,387	327,736
Rental income	1.2C	251,346	253,750	239,199
Other revenue	1.2D	277,710	328,368	25,915
Total own-source revenue		<u>1,238,995</u>	<u>1,267,065</u>	<u>910,744</u>
Gains				
Net gains from asset sales		18,391	16,730	7,219
Reversals of previous asset write-downs	1.2E	866,648	933,469	881,449
Net foreign exchange gains	1.2F	30,556	-	-
Other gains	1.2G	169,719	55,750	205,900
Total gains		<u>1,085,314</u>	<u>1,005,949</u>	<u>1,094,568</u>
Total income		<u>2,324,309</u>	<u>2,273,014</u>	<u>2,005,312</u>
Net cost of services		<u>44,012,135</u>	<u>41,344,439</u>	<u>42,703,397</u>
Revenue from Government				
Revenue from Government	1.2H	35,840,570	32,839,608	34,828,325
(Deficit) / Surplus		<u>(8,171,565)</u>	<u>(8,504,831)</u>	<u>(7,875,072)</u>
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	3.2A	3,367,554	1,591,569	-
Total other comprehensive income / (loss)		<u>3,367,554</u>	<u>1,591,569</u>	<u>-</u>
Total comprehensive (loss) / income		<u>(4,804,011)</u>	<u>(6,913,262)</u>	<u>(7,875,072)</u>

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

Department of Defence
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	332,349	427,000	727,561
Trade and other receivables	3.1B	1,957,738	2,065,612	2,316,383
Total financial assets		2,290,087	2,492,612	3,043,944
Non-financial assets				
Land	3.2A	7,033,480	6,231,704	6,373,246
Buildings	3.2A	19,665,541	17,981,933	20,150,917
Specialist military equipment ²	3.2A	88,628,062	83,360,960	92,116,795
Infrastructure	3.2A	9,446,765	8,308,066	6,561,284
Plant and equipment	3.2A	1,641,318	1,657,600	1,210,644
Heritage and cultural assets	3.2A	401,671	435,898	377,385
Intangibles ²	3.2A	3,622,578	3,356,173	2,154,562
Inventories	3.2B	9,597,327	8,658,044	8,560,364
Prepayments	3.2C	3,500,032	3,699,494	2,639,535
Total non-financial assets		143,536,774	133,689,872	140,144,732
Asset held for sale	3.2D	68,417	76,598	160,607
Total assets	8.2	145,895,278	136,259,082	143,349,283
LIABILITIES				
Payables				
Suppliers payables	3.3A	5,351,477	5,341,846	5,204,199
Employee payables	3.3B	353,406	291,030	265,214
Other payables	3.3C	395,503	449,085	826,415
Total payables		6,100,386	6,081,961	6,295,828
Interest bearing liabilities				
Leases	3.4A	3,139,113	3,097,868	2,900,177
Total interest bearing liabilities		3,139,113	3,097,868	2,900,177
Provisions				
Employee provisions	3.5A	3,285,642	3,135,622	3,362,600
Asset restoration provisions	3.5B	1,056,201	1,087,208	1,009,050
Other provisions	3.5C	266,891	305,933	284,175
Total provisions		4,608,734	4,528,763	4,655,825
Total liabilities	8.2	13,848,233	13,708,592	13,851,830
Net assets		132,047,045	122,550,490	129,497,453
EQUITY				
Contributed equity		93,451,248	79,150,682	94,296,874
Retained surpluses		1,190,220	9,361,785	2,754,125
Reserves		37,405,577	34,038,023	32,446,454
Total equity		132,047,045	122,550,490	129,497,453

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

² The 2022-23 balances have been restated for Intangible assets that were incorrectly classified as Specialist military equipment. This has no impact on Total non-financial assets or Net assets. Refer to the Comparative error and restatement disclosure on page 18.

Department of Defence
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		79,150,682	64,372,613	79,038,848
Transactions with owners				
<i>Distributions to owners</i>				
Returns of capital - other				
Return of appropriations ²		(17,822)	-	-
Restructuring	8.3	(26,932)	-	-
<i>Contribution by owners</i>				
Equity injection - appropriations		11,539,024	11,832,391	11,963,096
Departmental capital budget		2,806,296	2,833,844	3,294,930
Transfer from Administered - special accounts		-	111,834	-
Total transactions with owners		14,300,566	14,778,069	15,258,026
Closing balance as at 30 June		93,451,248	79,150,682	94,296,874
RETAINED SURPLUSES				
Opening balance				
Adjusted balance carried forward from previous period ³		9,361,785	17,866,616	10,629,197
Comprehensive income				
(Deficit)/Surplus for the period as reported		(8,171,565)	(8,504,831)	(7,875,072)
Total comprehensive (loss) / income		(8,171,565)	(8,504,831)	(7,875,072)
Closing balance as at 30 June		1,190,220	9,361,785	2,754,125
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		34,038,023	32,446,454	32,446,454
Other Comprehensive income				
Other comprehensive (loss) / income	3.2A	3,367,554	1,591,569	-
Total comprehensive (loss) / income		3,367,554	1,591,569	-
Closing balance as at 30 June		37,405,577	34,038,023	32,446,454

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

² Return of appropriations relate to Supply Act (No. 1) 2022-23 withheld under section 51.

³ The 2022-23 opening balance has been adjusted for rounding differences.

Department of Defence
STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		122,550,490	114,685,683	122,114,499
Comprehensive income				
(Deficit) / Surplus for the period as reported		(8,171,565)	(8,504,831)	(7,875,072)
Other comprehensive income / (loss)		3,367,554	1,591,569	-
Total comprehensive (loss) / income		<u>(4,804,011)</u>	<u>(6,913,262)</u>	<u>(7,875,072)</u>
Transactions with owners				
<i>Distributions to owners</i>				
Returns of capital - other				
Return of appropriations ²		(17,822)	-	-
Restructuring	8.3	(26,932)	-	-
<i>Contribution by owners</i>				
Equity injection - appropriations		11,539,024	11,832,391	11,963,096
Departmental capital budget		2,806,296	2,833,844	3,294,930
Transfer from Administered - special accounts		-	111,834	
Total transactions with owners		<u>14,300,566</u>	<u>14,778,069</u>	<u>15,258,026</u>
Closing balance as at 30 June		<u>132,047,045</u>	<u>122,550,490</u>	<u>129,497,453</u>

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

² Return of appropriations relate to Supply Act (No. 1) 2022-23 withheld under section 51.

Accounting Policy

Equity Injections are amounts appropriated which are designated as 'equity injections' for 2023-24 (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that respective year.

Department of Defence
CASHFLOW STATEMENT
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		36,350,327	32,498,142	34,574,386
Section 74 receipts from OPA ²		1,068,380	1,092,292	-
Good and services (including cost recovery)		710,080	697,387	557,094
Interest received		79,934	31,375	-
Receipts in relation to special accounts		70,212	97,523	388,714
GST received		2,893,959	2,716,323	2,857,641
Other		129,571	219,007	20,039
Total cash received		41,302,463	37,352,049	38,397,874
Cash used				
Employees		(14,041,269)	(12,992,713)	(13,305,156)
Suppliers		(22,013,695)	(20,499,878)	(21,539,580)
GST paid		(2,899,834)	(2,654,420)	(2,857,641)
Grants		(119,727)	(64,161)	(44,699)
Payments in relation to special accounts		(114,428)	(276,797)	(327,736)
Interest payments on lease liabilities		(125,422)	(109,761)	-
Section 74 receipts transferred to OPA ²		(1,068,380)	(1,092,292)	-
Cash returned to OPA		(82,636)	(30,535)	-
Other		(70,392)	(43,949)	(97,981)
Total cash used		(40,535,783)	(37,764,506)	(38,172,793)
Net cash from / (used by) operating activities		766,680	(412,457)	225,082
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of non-financial assets ³		41,857	67,888	152,775
Other		88	6,977	-
Total cash received		41,945	74,865	152,775
Cash used				
Purchase of non-financial assets ³		(12,470,798)	(11,795,267)	(13,043,787)
Purchase of inventory		(2,380,667)	(2,248,278)	(2,214,239)
Selling costs on sale of assets		(17,377)	-	-
Other		-	(2)	-
Total cash used		(14,868,842)	(14,043,547)	(15,258,026)
Net cash (used by) investing activities		(14,826,897)	(13,968,682)	(15,105,251)

¹ Portfolio Budget Statements 2023-24.

² Section 74 receipts transferred to and drawn down from the Official Public Account (OPA) reflect receipts retained by Defence under section 74 of the PGPA Act. These predominately relate to goods and services receipts (including cost recovery), proceeds from sales of assets, claims for damages or other compensation and cash received in relation to procurement arrangements.

³ Proceeds from sales (net of selling costs) and purchases of non-financial assets have been aggregated in 2023-24, with a corresponding change reflected in the 2022-23 comparative.

Department of Defence
CASHFLOW STATEMENT (continued)
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
FINANCING ACTIVITIES				
Cash received				
Contributed equity		<u>14,361,748</u>	<u>14,441,239</u>	<u>15,258,026</u>
Total cash received		<u>14,361,748</u>	<u>14,441,239</u>	<u>15,258,026</u>
Cash used				
Principal payments of lease liabilities		<u>(395,837)</u>	<u>(308,795)</u>	<u>(316,878)</u>
Total cash used		<u>(395,837)</u>	<u>(308,795)</u>	<u>(316,878)</u>
Net cash from financing activities		<u>13,965,911</u>	<u>14,132,444</u>	<u>14,941,148</u>
Net (decrease) / increase in cash held		<u>(94,306)</u>	<u>(248,695)</u>	<u>60,979</u>
Cash and cash equivalents at the beginning of the reporting period		<u>427,000</u>	316,916	666,582
Transfer of cash from administered programs		-	357,596	-
Effect of exchange rate movement on cash and cash equivalent at the beginning of the reporting period		<u>(345)</u>	1,183	-
Cash and cash equivalents at the end of the reporting period excluding assets held trust account	3.1A	<u>332,349</u>	<u>427,000</u>	<u>727,561</u>
Assets held in trust	8.1	<u>608,072</u>	1,734	-
Cash and cash equivalents at the end of the reporting period including assets held trust account		<u>940,421</u>	<u>428,734</u>	<u>727,561</u>

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

Department of Defence

BUDGET VARIANCE COMMENTARY

For the year ended 30 June 2024

An explanation of significant variances between the 2023-24 actual results and the Budget as presented in the 2023-24 Portfolio Budget Statements (PBS or Original Budget) that were published in May 2023 is detailed below. The budget is not audited. The budget figures as published in the PBS have been adjusted to align with the presentation and classification adopted in the financial statements.

Variances are explained when it is considered important for a reader's understanding or it is relevant to an assessment of the discharge of accountability and for analysis of the Department's performance.

A number of variances are impacted by the timing of the Commonwealth's budget process including amendments to the Original Budget as presented in the 2023-24 PBS by the Government throughout the year. Defence's budget for 2023-24 was updated as part of the Portfolio Additional Estimates Statements 2023-24 (PAES), Portfolio Supplementary Additional Estimates Statements 2023-24 (PSAES) and Portfolio Budget Statements 2024-25.

A number of significant items within Defence's Statement of Comprehensive Income are subject to factors partly outside Defence's control and do not necessarily follow historical trends. These items include write-down of non-financial assets, other expenses, reversals of previous asset write-downs, other revenue and other gains. As a result of this, the budget estimates may be prepared on a different set of factors than the actual external factors that impacted these balances throughout 2023-24.

Departmental Statement of Comprehensive Income

Departmental expenses

Departmental expenses are \$1,627.7m (3.6%) higher than the Original Budget. The major items contributing to this variance are outlined below:

- Supplier expenses were \$695.9m (3.1%) higher than the Original Budget. This is primarily driven by higher expenditure aligned to strategic priorities as outlined in the 2023 Defence Strategic Review (DSR) including the Australia-United Kingdom-United States (AUKUS) Partnership. These costs include project management costs, operating project costs and payments to the United Kingdom to assist with uplifting their nuclear submarines production capability. Increased inflationary pressures have further contributed to the higher than budgeted supplier expenses. These higher than budgeted costs were partially offset by a decrease in costs associated with contractors in line with the government direction to decrease the reliance on external contractors and to invest further in the Australian Public Service.
- Depreciation and amortisation expenses were \$547.0m (8.1%) higher than the Original Budget impacted by accelerated depreciation of MRH-90 Taipan due to the reduction in planned useful lives attributed to this platform. Further, contributing to this, is a full year impact of 2022-23 revaluation increments (i.e. increase in the value of the asset base) in Buildings and Infrastructure that were not in the Original Budget.
- Employee benefits were \$427.1m (3.1%) higher than the Original Budget. This is primarily driven by the impacts of higher than budgeted salary increases, housing and health expenses, partially offset by gains associated with updated actuarial assumptions including increased government bond rates as at 30 June 2024 compared to 30 June 2023.
- Expenses in relation to special accounts were \$309.1m (94.3%) lower than the Original Budget. Special accounts are utilised to manage specific agency arrangements, such as trusts or joint arrangements, which are covered under special appropriations, instead of the annual appropriations process. The Original Budget was issued prior to the finalisation of the transfer of historical special account balances from Administered to Departmental during 2022-23. The finalisation of this transfer and the expected operations within special accounts resulted in a variance in expected expenses and revenue in the statement of comprehensive income against budget.

Departmental income

Departmental income including Revenue from Government is \$1,331.2m (3.6%) higher than the Original Budget. This is primarily driven by:

- Revenue from Government was \$1,012.2m (2.9%) higher than the Original Budget. This is partly due to the reclassification of bills after the Original Budget to help support higher than budgeted employee and supplier expenses.
- Revenue from contracts with customers were \$252.6m (79.5%) higher than the Original Budget. The non-linear nature of arrangements underpinning revenue from foreign government activities and other agencies drives a level of fluctuation when budgeting the amount of revenue expected to be received from these streams.
- Other revenue was \$251.8m higher than the Original Budget. This is primarily driven by higher than budgeted revenue earned for services provided to foreign governments and liquidated damages received from suppliers not budgeted for.
- Revenue in relation to special accounts were \$188.3m lower than the Original Budget. Refer to Expenses in relation to special accounts above.

Department of Defence BUDGET VARIANCE COMMENTARY

For the year ended 30 June 2024

Other comprehensive income

Other comprehensive income is \$3,367.6m higher than the Original Budget. This is driven by the upward revaluation of assets, predominantly increases within Land (\$817.6m), Buildings (\$1,284.2m), Specialist Military Equipment (\$499.0m), and Infrastructure (\$696.7m). Due to the uncertainty of the movement in the market for these assets, these amounts are not budgeted.

Departmental Statement of Financial Position

Departmental assets

Departmental assets are \$2,546.0m (1.8%) higher than the Original Budget. This is primarily driven by:

- Non-financial assets were \$3,392.0m (2.4%) higher than the Original Budget. This comprises predominantly:
 - Non-financial assets (excluding inventories and prepayments) were \$1,494.6m (1.2%) higher than the Original Budget. As explained in the Other Comprehensive Income section, \$3,367.6m relates to unbudgeted revaluation increments. Partially offsetting this is lower than budgeted additions of \$275.8m, higher than budgeted write-down of non-financial assets of \$243.4m, and higher than budgeted depreciation expenses of \$547.0m. Further, there is a variance relating to the expected opening balance of \$571.1m due to timing of the Original Budget and the finalisation of the 2022-23 financial statements.
 - Inventories were \$1,037.0m (12.1%) higher than the Original Budget. This is partly due to a variance of \$429.8m due to timing of the Original Budget and the finalisation of the 2022-23 financial statements. This was driven by higher than budgeted capital expenditure largely relating to explosive ordnance.
 - Prepayments were \$860.5m (32.6%) higher than the Original Budget. This is predominately due to the timing of prepayments made in relation to Foreign Military Sales (FMS) and cooperative programs. Given the nature of this account, fluctuations compared to budget are anticipated.
- Financial assets were \$753.9m (24.8%) lower than the Original Budget. This is primarily driven by:
 - Cash and cash equivalents were \$395.2m (54.3%) lower than the Original Budget. This is primarily driven by timing of payments made during 2023-24 including a higher than budgeted prepayments balance.
 - Trade and Other receivables were \$358.6m (15.5%) lower than the Original Budget. This is primarily driven by Defence drawing down its appropriation receivable balance to support timely payments to its suppliers, which is reflected by a lower than budgeted total payables balance. This was partially offset by sub-lease receivables from the Australian Submarine Agency (ASA) where Defence undertakes the lease arrangement and sub-leases the property to ASA.

Departmental liabilities

Departmental liabilities are \$3.6m lower than the Original Budget. Major items contributing to this variance are outlined below:

- Other payables were \$430.9m (52.1%) lower than the Original Budget. This is primarily resulting from a variance in the expected opening balance of \$377.3m due to timing of the Original Budget and the finalisation of the 2022-23 financial statements, with a opening balance variance for special account unearned revenue being the key contributor.
- Employee provisions were \$77.0m (2.3%) lower than the Original Budget. This is driven primarily by a downwards actuarial adjustment in the long service leave provisions, due to an increase in the government bond rate from 4.0% at 30 June 2023 to 4.3% at 30 June 2024. At the time of preparing the Original Budget, the historic assumptions are used, which are subject to annual revision subsequent to the preparation of the Original Budget.
- Leases were \$238.9m (8.2%) higher than the Original Budget. This is primarily due to additions of leases for the Australian Submarine Agency (ASA) where Defence undertakes the lease arrangement and sub-leases property to ASA. These were not known at the time of the Original Budget.
- Supplier payables were \$147.3m (2.8%) higher than the Original Budget, predominantly relating to the timing of payments made by Defence.
- Employee payables were \$88.2m (33.5%) higher than the Original Budget due to the number of days requiring to be accrued for payment being higher than the Original Budget.

Department of Defence BUDGET VARIANCE COMMENTARY

For the year ended 30 June 2024

Departmental equity

Departmental equity is \$2,549.6m (2.0%) higher than the Original Budget. This is mainly due to the impacts of revaluation increments which is partially offset by the decrease in retained earnings as discussed in 'Statement of Comprehensive Income' section above.

Departmental Cash Flow Statement

Departmental net cash from operating activities

Departmental net cash from operating activities is \$541.6m higher than the Original Budget.

The variance is predominantly driven by higher than budget appropriations drawdown of \$1,775.9m (5.1%) which included a reclassification of bills from capital to operating. The additional appropriation received was used to fund higher than budgeted employee payments of \$736.1m (5.5%) and supplier payments of \$474.1m (2.2%).

Departmental net cash used by investing activities

Departmental net cash used for investing activities is \$278.4m (1.8%) lower than the Original Budget. This is primarily driven by cash used for the purchase of non-financial assets being lower than the Original Budget by \$573.0m (4.4%) partially offset by higher than budgeted purchase of inventory of \$166.4m or 7.5% primarily for explosive ordnance.

Departmental net cash from financing activities

Departmental net cash from financing activities is \$975.2m (6.5%) lower than the Original Budget. This is primarily due to lower than budgeted contributed equity cash received of \$896.3m (5.9%) as a result of bill reclassification from equity to operating during 2023-24 to support the additional operating expenditure discussed above.

Departmental net cash result¹

The 2023-24 Defence net cash result is a deficit of \$443.6m (0.9% of total funding) (2022-23: \$670.6m surplus).

The net cash result comprises a:

- Net capital deficit of \$834.7m (5.8% of capital funding). This was primarily a result of Defence actions undertaken to accelerate capital expenditure. These acceleration activities were undertaken to optimise budget performance, based on year to date performance and the expectation that the progressive reductions and natural slippage in Acquisition expenditure which occurred during the first half of the financial year would continue, consistent with historical trends. Unlike previous years, forecasts remained relatively stable and tracked closely to the final end-of-year outcome.

Partially offset by:

- Net operating surplus of \$391.1m (1.1% of operating funding). This was primarily driven by lower than budgeted employee benefits as a result of lower than budgeted headcount across the Australian Defence Force (2.3%) partially offset by higher than budget headcount for the Australian Public Service (1.7%). An increase in the 10 year government bond rates from 4.0% (30 June 2023) to 4.3% (30 June 2024) further contributed to the lower than budgeted employee benefits. Partially offsetting these lower than budgeted employee costs was higher than budgeted supplier expenses which includes additional amounts invested as part of the Australia-United Kingdom-United States (AUKUS) Partnership. Further, inflationary pressures on supplier expenses and accelerated investments contributed to the higher than budgeted supplier expenses.

¹ Budget in the "Department Net Cash Result" section refers to the 2023-24 estimated actuals as published in the Portfolio Budget Statements 2024-25.

Department of Defence
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES EXPENSES				
Employee benefits	2.1A	9,916,047	9,748,999	9,189,713
Subsidies	2.1B	366,025	171,643	174,203
Total expenses		10,282,072	9,920,642	9,363,916
INCOME				
Revenue				
Non taxation revenue				
Fees and fines	2.2A	20,964	18,128	21,375
Dividends ²		-	-	74,158
Military superannuation contributions	2.2B	1,129,955	1,154,138	1,057,464
Other revenue	2.2C	44,015	41,979	45,831
Total non-taxation revenue		1,194,934	1,214,245	1,198,828
Total Income		1,194,934	1,214,245	1,198,828
Net (cost of)/contribution by services		(9,087,138)	(8,706,397)	(8,165,088)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		133,731	538,383	-
Actuarial gains / (losses) on defined benefits plans	4.5	5,686,600	9,008,100	-
Total other comprehensive (loss) / income		5,820,331	9,546,483	-
Total comprehensive income		(3,266,807)	840,086	(8,165,088)

The above statement should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

² Defence Housing Australia (DHA) and shareholders have an agreement on a dividend moratorium from the 2022-23 financial year. As such, DHA declared nil dividend payment for 2023-24 (2022-23: nil) with the funds to be reinvested into delivering housing requirements to effectively support Defence capability.

Department of Defence
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

As at 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Trade and other receivables	4.1A	43,685	56,355	95,533
Equity accounted investments	4.1B	3,798,039	3,664,308	3,259,464
Total financial assets		3,841,724	3,720,663	3,354,997
Non-financial assets				
Other non-financial assets	4.2A	20,829	58,220	9,889
Total non-financial assets		20,829	58,220	9,889
Total assets administered on behalf of Government		3,862,553	3,778,883	3,364,886
LIABILITIES				
Payables				
Other payables	4.3A	106,541	10,004	1,314
Total payables		106,541	10,004	1,314
Provisions				
Employee provisions	4.4A	138,196,100	137,877,700	125,566,219
Total provisions		138,196,100	137,877,700	125,566,219
Total liabilities administered on behalf of Government		138,302,641	137,887,704	125,567,533
Net liabilities		(134,440,088)	(134,108,821)	(122,202,647)

The above schedule should be read in conjunction with the accompanying notes.

¹ Portfolio Budget Statements 2023-24.

Department of Defence
ADMINISTERED RECONCILIATION SCHEDULE

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Opening assets less liabilities as at 1 July		(134,108,821)	(137,336,884)
Net (cost of) / contribution by services			
Income	2.2A to C	1,194,934	1,214,245
Expenses			
Payments to entities other than corporate Commonwealth entities	2.1A to B	(10,282,072)	(9,920,642)
Other comprehensive income			
Revaluations taken to / (from) reserves:			
- Defence Housing Australia (DHA)	4.1B	135,725	533,022
- Small portfolio entities	4.1B	(1,994)	5,361
Actuarial gains / (losses)	4.5	5,686,600	9,008,100
Transfers (to) / from the Australian Government			
Appropriation transfers from OPA:			
Special appropriations (limited)			
Payments to entities other than corporate Commonwealth entities	5.1C	-	72
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	5.1C	4,271,830	3,841,480
Transfers to OPA		(1,489,819)	(1,570,138)
Transfer to Departmental - special accounts ¹		-	(111,834)
Write off of historical liability		-	62,839
Funded benefit payments to the members, not drawn down from special appropriations		153,529	165,558
Closing assets less liabilities as at 30 June		(134,440,088)	(134,108,821)

The above schedule should be read in conjunction with the accompanying notes.

¹ The *Defence Endowments, Bequests and Other Trust Money Special Account* transferred from Administered to Departmental effective 1 July 2022 as agreed by the Minister for Finance in September 2022.

Accounting Policy

Cash Transfers to and from the Official Public Account

Revenue collected by Defence for use by the Government rather than Defence is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by Defence on behalf of the Government and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

Department of Defence
ADMINISTERED CASHFLOW STATEMENT
For the year ended 30 June 2024

Notes	2024 \$'000	2023 \$'000
OPERATING ACTIVITIES		
Cash received		
Fees	18,964	18,921
Superannuation contributions	1,405,144	1,405,426
Other	65,711	55,814
Total cash received	1,489,819	1,480,161
Cash used		
Subsidies	(270,683)	(165,162)
Employees	(4,001,147)	(3,676,389)
Total cash used	(4,271,830)	(3,841,551)
Net cash (used by) operating activities	(2,782,011)	(2,361,390)
INVESTING ACTIVITIES		
Cash received		
Dividends	-	89,977
Total cash received	-	89,977
Net cash from investing activities	-	89,977
Net (decrease) in cash held	(2,782,011)	(2,271,413)
Cash from the Official Public Account for:		
Appropriations	4,271,830	3,841,551
Total cash from Official Public Account	4,271,830	3,841,551
Cash to Official Public Account		
Appropriations	(1,489,819)	(1,570,138)
Total cash to Official Public Account	(1,489,819)	(1,570,138)
Cash and cash equivalents at the beginning of the reporting period	-	357,357
Transfer to Departmental	-	(357,357)
Cash and cash equivalents at the end of the reporting period	-	-
The above statement should be read in conjunction with the accompanying notes.		

Department of Defence
ADMINISTERED BUDGET VARIANCE COMMENTARY
For the year ended 30 June 2024

Administered Schedule of Comprehensive Income

Administered expenses

The total administered expenses are higher by \$918.2m (or 9.8%) compared to the Original Budget. This is largely attributed to higher than budgeted employee benefits of \$7,263.0m (or 7.9%) driven by superannuation expenses. The variance to budget is due to the higher than expected employee provision, resulting from the 2023-24 actuarial valuation, and differences in discount rates between Original Budget and actuals.

Administered income

The total administered income is lower than the Original Budget by \$3.9m (or 0.3%), due to Defence Housing Australia (DHA) declaring nil dividend payment for 2023–24 with the funds to be reinvested into delivering housing requirements to effectively support Defence capability. This was offset by higher than budgeted Military superannuation contributions of \$72.5m (or 6.9%) driven by changes in the membership profile of the superannuation schemes over the course of the financial period that were not factored into the Original Budget.

Administered other comprehensive income

The total administered other comprehensive income is higher than the Original Budget by \$5,820.3m primarily due to actuarial gains on defined benefit plans of \$5,686.6m. This primarily relates to actuarial gains driven by a change in discount rates in MSBS (\$9,680.0m) and DFRDB (\$1,443.0m) from 4.4% to 4.8% (MSBS) and 4.2% to 4.5% (DFRDB). Additionally, there was an actuarial gain on MSBS plan assets (\$618.0m). This was partially offset by actuarial losses from changes in invalidity demographic assumptions for MSBS (\$6,031.0m) as a result of the triennial Long Term Cost Report (LTCR) review. Due to the uncertainty in the movement of this balance, these amounts are not budgeted.

Administered Schedule of Assets and Liabilities

Administered assets

The total administered assets are higher than the Original Budget by \$497.7m (or 14.8%). The major variances are related to the equity accounted investments which were \$538.6m (or 16.5%) higher than budget, due to the higher than expected increase in investment valuation, primarily in DHA. This was partially offset by decrease in Trade and other receivables by \$51.8m.

Administered liabilities

The total administered liabilities are higher than Original Budget by \$12,735.1m (or 10.1%). This is largely attributed to employee provisions which were \$12,629.9m (or 10.1%) higher than the Original Budget. The Original Budget was developed using a long term discount rate of 5.0%, based on the LTCR, however the 2023-24 actuals are based on the spot rate of the government bond matched to the average liability duration. Revised assumptions from the LTCR for salary growth rates, mortality rates and retirement age also contribute to the variance to budget.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Overview

The Department of Defence (Defence) is a federal government entity domiciled in Australia. Defence's activities primarily relate to the defence of Australia and its national interests through the conduct of operations and to protect and advance Australia's strategic interests. Defence's principal registered place of business is:

Russell Offices
Department of Defence
Canberra ACT 2600

The entity conducts the following administered activities on behalf of the Government:

- Administering and reporting member and employer superannuation contributions paid during the year to the Defence Force Retirement and Death Benefits (DFRDB) scheme, the Military Superannuation and Benefits Scheme (MSBS) and Australian Defence Force Cover (ADF Cover). Defence accounts for the liability for these schemes plus the Defence Forces Retirement Benefits (DFRB) scheme and the statutory death and invalidity scheme, Australian Defence Force Cover (ADF Cover); and
- Administering the Defence Home Ownership Assistance Scheme (DHOAS), which supports the Government's retention and recruitment initiatives and influences ADF members' decision to stay beyond critical career points.

The Basis of Preparation

The financial statements including notes are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities (except for Note 4.4 - Administered Provisions and Note 4.5 - Administered - Defined Benefit Plans which are Tier 1 disclosures) under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities which are recorded at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Comparative error and restatement

Non-financial assets

The 2022-23, the Specialist Military Equipment (SME) balance incorrectly included assets that are intangible in nature. This has been corrected in 2023-24 and the value of these assets have been reclassified to Other intangibles – purchased. As a result, opening 2022-23 SME and Intangibles asset values have been restated, per the below table:

As at 1 July 2023	Per 2022-23 Signed financial statements		2022-23 Restated in Statement of Financial Position		Reclassification \$'000
	Specialist Military Equipment \$'000	Other Intangibles Purchased \$'000	Specialist Military Equipment \$'000	Other Intangibles Purchased \$'000	
Gross book value	85,304,399	1,231,644	84,256,127	2,279,916	1,048,272
Accumulated depreciation, amortisation and impairment	(1,032,432)	(61,558)	(895,167)	(198,823)	(137,265)
Total as at 1 July 2023	84,271,967	1,170,086	83,360,960	2,081,093	911,007

The impact of this change has been reflected throughout the financial statements. The above did not result in any impact on the Operating result, Total Non-financial Assets, Net Assets or the Retained surplus balances. Furthermore, no change in accounting policy was required as the Intangible assets reclassified were held at cost less accumulated amortisation, per Note 3.2A.

Other

Minor changes were made to the comparatives in both the Departmental and Administered financial statements as a result of the reclassification or merging of some line items. There was no changes to the comparative operating deficit or net assets reported.

Taxation

Defence is exempt from all forms of taxation except Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and certain excise and customs duties.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

National Defence Strategy (NDS) and Integrated Investment Program (IIP)

During April 2024, the Government announced the 2024 National Defence Strategy (NDS) and the rebuilt 2024 Integrated Investment Program (IIP). The NDS and rebuilt IIP did not have a material impact on the 2023-24 Defence financial statements. The impact on Defence was operational in nature, with a reorganisation of deliverables to align to the key operational priorities detailed in the NDS and IIP.

Events After the Reporting Period

In accordance with AASB 110 *Events after the Reporting Period*, reporting entities are required to disclose any event between the Statement of Financial Position date and the date the financial statements are authorised for issue that may affect the financial statements. The standard classifies these events as either 'adjusting' or 'non-adjusting'.

Departmental

No significant events have occurred after the reporting date that required the Annual Report to be adjusted as at 30 June 2024, nor have there been any significant non-adjusting events that have occurred after reporting date.

Administered

No significant events have occurred after the reporting date that required the Annual Report to be adjusted as at 30 June 2024, nor have there been any significant non-adjusting events that have occurred after reporting date.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Financial Performance

This section analyses the financial performance of Defence for the year ended 30 June 2024

1.1: Expenses

	2024 \$'000	2023 \$'000
Note 1.1A: Employee benefits		
Australian Public Service (APS) employee benefits		
Wages and salaries	1,773,262	1,553,219
Superannuation		
Defined contribution plans	271,029	182,652
Defined benefit plans	71,491	107,880
Leave and other entitlements	257,983	200,351
Fringe benefits tax	15,469	21,210
Separation and redundancies	2,800	4,558
Other allowances	111,139	54,942
Health expenses	3,455	3,894
Other employee expenses	1,241	1,773
Total APS employee benefits	2,507,869	2,130,479
Australian Defence Force (ADF) employee benefits		
Wages and salaries	6,071,083	5,719,575
Superannuation		
Defined contribution plans	459,599	372,736
Defined benefit plans	1,264,512	1,294,513
Housing ¹	947,492	875,384
Leave and other entitlements	749,134	584,024
Fringe benefits tax	583,426	572,424
Overseas allowances	114,247	101,927
Separation and redundancies	9,508	9,901
Other allowances	407,636	346,681
Health expenses ²	679,897	563,737
Other employee expenses	191,763	209,498
Total ADF employee benefits	11,478,297	10,650,400
Total employee benefits	13,986,166	12,780,879

¹ Housing expenses include lease payments made to Defence Housing Australia (DHA) for the provision of housing for ADF members with families. These payments made to DHA for the provision of housing services to ADF members are employee benefits as the benefits are directly connected with employment and Defence is responsible for setting the standards of housing for ADF members. Residences leased from DHA are subleased by Defence to ADF members for a nominal charge. Lease expenses are paid by Defence to DHA and recognised as part of ADF housing expenses.

For the current financial period, sublease expenses were \$647.2m (2022-23: \$606.3m).

² The Department of Defence (Defence) is required under its legislative and regulatory framework to provide comprehensive health care to members of the Australian Defence Force (ADF) under The *Defence Regulation 2016*, section 49.

Department of Defence NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1.1A: Employee benefits (continued)

Accounting Policy

Defence's workforce comprises of the APS (i.e. civilians) and ADF (i.e. military) personnel. Employee benefits for each workforce component are based on the relevant employment agreements and legislation. Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for wages and salaries (including non-monetary benefits), annual leave and other entitlements expected to be wholly settled within 12 months of the reporting date are measured at their nominal amounts.

All other employee benefits liabilities (including long service leave) are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(a) Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting. The leave liabilities are calculated on the basis of employees' remuneration, including Defence's employer superannuation contribution, at the estimated rates that will be applied at the time that leave is taken, to the extent that leave is likely to be taken during service rather than paid out on termination.

(b) Separation and Redundancy

Provision is made for separation and redundancy benefit payments. When Defence has a detailed formal plan for the termination, and, has informed those employees affected that the termination will be carried out.

(c) Superannuation – APS Employees

Permanently appointed APS employees of Defence are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) and other superannuation schemes held outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an Administered item.

Defence makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of Defence's employees. Defence accounts for these contributions as if they were contributions to defined contribution plans in accordance with AASB 119 *Employee Benefits*.

The liability for superannuation recognised in the departmental statements as at 30 June 2024 represents outstanding contributions yet to be paid.

(d) Superannuation – ADF Members

Permanently appointed ADF employees of Defence are members of the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Military Superannuation Benefits Scheme (MSBS) and Australian Defence Force Superannuation (ADF Super), which includes the ADF Cover.

DFRDB and MSBS are defined benefit superannuation plans for ADF members. Defence makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of Defence's employees. Defence accounts for these contributions in its Departmental statements as if they were contributions to defined contribution plans in accordance with AASB 119 *Employee Benefits*.

ADF Super is a defined contribution scheme. The members of ADF Super are entitled to an insurance cover for death and invalidity benefits under the provisions of the ADF Cover scheme, which is a defined benefit type plan.

The liability for superannuation recognised in the Departmental statements as at 30 June 2024 represents outstanding contributions yet to be paid. The liabilities for DFRDB, MSBS, and ADF Cover defined benefit are recognised and reported by the Department of Defence as an Administered item.

(e) Paid Parental Leave

Defence provides payments to employees under the Government Paid Parental Leave Scheme. The receipts received are offset by the payments made to the employees and any balance outstanding at the end of the year is recognised as a liability.

(f) Housing

When assessing the application of AASB 16 *Leases* to the lease payments made to DHA, Defence considers it is necessary to read the Defence Services Agreement (DSA), the *Defence Housing Australia Act 1987* (DHA Act) and the Defence Housing Australia Residence Agreement (DRA) as a whole to understand the commercial arrangements between DHA, Defence and the ADF member. The arrangement between DHA and Defence contains a lease for each individual property, with the term of the lease being greater than 12 months. The amount paid as consideration for each lease is based on usage and considered variable as Defence pays these amounts if and when a property is occupied by an ADF member, and therefore not based on an index or rate. Accordingly, there is no right-of-use asset and lease liability recognised under AASB 16 *Leases* and payments are expensed through the Statement of Comprehensive Income.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1.1A: Employee benefits (continued)

Accounting Policy (continued)

Accounting Judgements and Estimates

The Australian Government Actuary (AGA) is engaged to provide actuarial assessments of employee liabilities in respect of provisions for annual leave and long service leave based on a variety of factors including but not limited to the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

	2024	2023
	\$'000	\$'000

Note 1.1B: Supplier expenses

Goods and services supplied or rendered

Administration	1,001,817	933,879
Communications and information technology	2,149,876	2,401,410
Estate upkeep	2,115,504	2,353,671
Freight, storage and removal	642,336	680,880
Foreign Government activities	72,325	19,101
Garrison support and mess operations	404,647	357,122
Inventory consumption	1,173,727	1,224,918
Other	1,711,139	1,530,270
Professional services/technical advice	1,081,219	1,375,776
Project management costs	821,853	691,275
Purchase of minor assets	669,584	489,700
Research and development	824,578	686,553
Sustainment (including repair and overhaul)	9,018,983	7,782,788
Training	599,120	628,164
Travel	380,580	391,455
Utilities	507,673	490,462
Total goods and services supplied or rendered	23,174,961	22,037,424

Goods and services supplied or rendered are made up of:

Goods supplied	3,277,003	2,777,174
Services rendered	19,897,958	19,260,250
Total goods and services supplied or rendered	23,174,961	22,037,424

Other supplier expenses

Short-term leases ¹	51,811	176,551
Low value leases	33,450	35,801
Variable lease payments	2,067	3,421
Workers' compensation expenses	24,751	18,499
Total other supplier expenses	112,079	234,272

Total suppliers expenses

23,287,040	22,271,696
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¹ The above lease disclosures should be read in conjunction with the accompanying notes 1.1D, 1.2C, 3.2A and 3.4A.

Defence has short-term lease commitments of \$4.8m as at 30 June 2024 (2022-23: \$2.5m).

Accounting Policy

Defence has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). Defence recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 1.1C: Grants

State and Territory governments	7,061	170
Non-profit organisations	54,380	48,375
Overseas	51,760	23,514
Total grants	113,201	72,059

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Note 1.1D: Finance costs		
Interest on lease liabilities	125,574	112,885
Unwinding of discount - asset restoration provisions	42,354	35,150
Total finance costs	167,928	148,035

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2C, 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

Note 1.1E: Write-down of non-financial assets

Land and buildings	135,045	81,981
Specialist military equipment	770,154	728,091
Infrastructure	25,978	30,999
Plant and equipment	63,265	56,969
Heritage and cultural assets	14,089	349
Intangibles	7,786	38,058
Inventories	355,648	568,348
Total write-down of non-financial assets	1,371,965	1,504,795

Accounting Policy

The relevant accounting policy for write-down of non-financial assets is detailed in Note 3.2A. The relevant accounting policy for inventory is detailed in Note 3.2B.

Note 1.1F: Expenses in relation to special accounts

Expenses in relation to special accounts	18,634	50,128
Total expenses in relation to special accounts	18,634	50,128

Accounting Policy

Expenses are recorded as incurred under the conditions of the contractual arrangement with the vendor. Where expenditure is in relation to an asset, it is capitalised in accordance with the accounting policy for Non-financial assets in Note 3.2A. Expenses are not able to exceed funds received.

Note 1.1G: Other expenses

Returns to the official public account	82,636	30,535
Defective administration scheme payments	1,381	1,249
Asset restoration provisions	27,462	79,116
Other	606	492
Total other expenses	112,085	111,392

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1.2: Own-Source Revenue and Gains

	2024	2023
	\$'000	\$'000
Note 1.2A: Revenue from contracts with customers		
Provision of goods - Major product line		
Rations and quarters - cost recovery	64,294	64,166
Provision of fuel - cost recovery	98,578	63,684
Foreign Government activities	27,270	45,086
Other (including sale of obsolete and surplus inventory)	22,146	18,807
Total provision of goods	212,288	191,743
Rendering of services - Major service line		
Logistics support recovery	85,985	59,035
Other recoveries	98,438	84,550
Other Governments / agencies	134,732	75,978
Other	39,048	32,254
Total rendering of services	358,203	251,817
Total revenue from contracts with customers	570,491	443,560
Timing of transfer of goods and services:		
Over time	193,686	147,539
Point in time	376,805	296,021
Total revenue from contracts with customers	570,491	443,560

Accounting Policy

Revenue from the provision of goods is recognised when control has been transferred to the buyer. Revenue from the rendering of services is recognised when the performance obligation is satisfied.

Revenue recognised at point in time primarily relates to sales of obsolete and surplus inventory and assets. Revenue recognised over time primarily relates to revenue relating to cost recovery of foreign government activities, services provided such as licences, rent and water services, project contributions, and rendering of other services.

Defence payment terms are 30 days from the date of invoice recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1.2B: Revenue in relation to special accounts

Revenue in relation to special accounts	139,448	241,387
Total revenue in relation to special accounts	139,448	241,387

Accounting Policy

Revenue is recognised based on the performance obligations within the contract and is recorded over time.

Note 1.2C: Rental income

Operating leases		
Group rental scheme ¹	217,551	213,011
Other ²	22,413	34,761
Total operating leases	239,964	247,772
Finance leases		
Finance income	11,382	5,978
Total finance leases	11,382	5,978
Total rental income	251,346	253,750

¹ Group rental scheme relates to funds withheld from service personnel pay in return for housing.

² Defence earns rental income under property leases to third party service providers at Defence operating locations or in circumstances where asset capacity is excess to short term operational requirements. Commercial arrangements are in place where lessees agree to maintain the value and/or condition of the property or other leased assets. Lease contracts also have termination clauses that can be exercised if required with notice periods that reflect the potential operational need for the underlying asset.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Note 1.2C: Rental income (continued)		
Maturity analysis of operating lease income receivables:		
Within one year	45,593	44,654
One to two years	28,403	27,711
Two to three years	29,114	28,403
Three to four years	29,841	29,114
Four to five years	-	29,841
Total undiscounted lease payments receivable	132,951	159,723
Maturity analysis of finance lease income receivables:		
Within one year	45,465	23,549
One to two years	41,213	23,883
Two to three years	38,583	23,596
Three to four years	36,153	22,373
Four to five years	35,133	22,968
More than five years	391,952	289,395
Total undiscounted lease payments receivable	588,499	405,764
Unearned finance income	(103,983)	(14,162)
Net investment in leases	484,516	391,602

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 3.2A and 3.4A.

Note 1.2D: Other revenue

Foreign government activities	76,822	49,406
Interest revenue	79,934	31,383
Other refunds	51,768	168,664
Excise refunds	702	653
Other minor revenues	1,103	71,040
Settlement of damages	63,781	3,245
Resources received free of charge:		
Remuneration of auditors	3,600	3,890
Resources received free of charge - non government	-	83
Other resources received free of charge	-	4
Total other revenue	277,710	328,368

Accounting Policy

Resources received free of charge for goods and services are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Fair value is determined based on actual full cost if the resources were to be purchased.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition (with the exception of assets valued at cost), unless received from another Government agency as a consequence of a restructuring of administrative arrangements. Fair value is assessed by asset class as described in 3.2A(g).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Note 1.2E: Reversals of previous asset write-downs		
Land	9,249	-
Buildings	64,072	152,186
Specialist military equipment	357,754	412,297
Infrastructure	45,401	43,618
Plant and equipment	39,566	74,521
Heritage and cultural assets	2,169	3,965
Software and intangibles	202	-
Total property, plant and equipment and intangibles	<u>518,413</u>	<u>686,587</u>
Receivables	-	3,617
Inventory	<u>348,235</u>	<u>243,265</u>
Total reversal of previous asset write-downs	<u>866,648</u>	<u>933,469</u>

Accounting Policy

The relevant accounting policy for Reversals of previous asset write-downs is detailed in Note 3.2A. The relevant accounting policy for inventory is detailed in Note 3.2B.

Note 1.2F: Foreign exchange

Foreign exchange gains		
Non-speculative	69,822	87,272
Foreign exchange losses		
Non-speculative	<u>(39,266)</u>	<u>(105,684)</u>
Total net foreign exchange gains / (losses)	<u>30,556</u>	<u>(18,412)</u>

Accounting Policy

Transactions denominated in a foreign currency are converted at the exchange rate on the date of transaction. Foreign currency receivables and payables are translated at the exchange rate at the statement of financial position date.

Non-financial items that are measured at cost in a foreign currency are translated using the spot exchange rate at the date of the initial transaction. Non-financial items that are measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

Note 1.2G: Other gains

Reversal / write back of provisions	<u>169,719</u>	<u>55,750</u>
Total other gains	<u>169,719</u>	<u>55,750</u>

Accounting Policy

Reversal / write back of provisions relate to the movements in provisions based on changes in estimates impacting the provisions in Note 3.5B.

Note 1.2H: Revenue from Government

Appropriations:

Departmental appropriations	35,967,502	33,040,300
Net supplementation	<u>(126,932)</u>	<u>(200,692)</u>
Total revenue from Government	<u>35,840,570</u>	<u>32,839,608</u>

Accounting Policy

Amounts appropriated for Departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when Defence gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Defence draws down appropriations on a just-in-time basis. The undrawn appropriations as at 30 June 2024 are reflected as a receivable and are available to be drawn down to meet future obligations. Appropriations receivable are recognised at their nominal amounts.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that Defence does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1: Administered – Expenses

	2024	2023
	\$'000	\$'000
2.1A: Employee benefits		
Superannuation:		
Defined benefit plans		
Net service cost	3,877,000	4,194,100
Net interest cost	6,000,461	5,502,573
Retention benefits	38,586	52,326
Total employee benefits	9,916,047	9,748,999
2.1B: Subsidies		
Subsidies in connection with:		
Related parties:		
Defence Home Ownership Assistance Scheme	366,025	171,643
Total subsidies	366,025	171,643

2.2: Administered – Income

Non-Taxation Revenue

2.2A: Fees and fines

Licence fees	20,964	18,128
Total fees and fines	20,964	18,128

2.2B: Military superannuation contributions

Military superannuation contributions	1,129,955	1,154,138
Total military superannuation contributions	1,129,955	1,154,138

2.2C: Other revenue

Competitive neutrality revenue - Defence Housing Australia	44,013	41,906
Other	2	73
Total other revenue	44,015	41,979

Competitive neutrality revenue relates to State Tax Equivalent payments made by Defence Housing Australia (DHA) under the Australian Government's Competitive Neutrality Policy. The amounts paid include payroll tax, land tax and stamp duty and have been calculated by DHA as being payable under the relevant Acts had they applied.

Accounting Policy

All administered revenues relate to activities performed by Defence on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed. Administered revenues mainly comprise military superannuation contributions, bank interest, dividends, loan interest and State Tax Equivalent payments received from Defence Housing Australia and licence fees received under the Defence Home Ownership Assistance Scheme and Defence Home Owner Scheme.

Licence fees are charged to home loan providers under the Defence Home Ownership Assistance Scheme (DHOAS), who are required to remit a portion of home loan revenue to the Australian Government. Licence fee revenue is recognised when amounts have been received from customers by the home loan providers.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. Financial Position

This section analyses the departments assets used to conduct its operations and the operating liabilities incurred as a result.

3.1: Financial Assets

	2024	2023
	\$'000	\$'000
Note 3.1A: Cash and cash equivalents		
Cash on hand	2,865	1,690
Cash at bank - at call	195,378	246,988
Cash held in OPA - special accounts	134,106	178,322
Total cash and cash equivalents	332,349	427,000

The closing balance of cash in the special accounts exclude amounts held in trust: [\$608.1m in 2023-24 and \$1.7m in 2022-23]. See note 8.1 Asset Held in Trust for more information. Note 5.2 Special Account details the cash held in OPA for special accounts.

Accounting Policy

Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts

Cash is measured at its nominal amount. Cash and cash equivalents denominated in a foreign currency are converted using the applicable exchange rate at the reporting date.

Note 3.1B: Trade and other receivables

Goods and services receivables

Goods and services	281,068	187,664
Total goods and services receivables	281,068	187,664

Appropriations receivable

Appropriations receivable	425,972	843,048
Total appropriations receivables	425,972	843,048

Other receivables

GST receivable from the Australian Taxation Office	396,818	413,952
Accrued revenue	134,407	43,807
Sub-lease receivables	484,516	391,602
Other ¹	244,803	192,841
Total other receivables	1,260,544	1,042,202
Total trade and other receivables (gross)	1,967,584	2,072,914

Less expected credit loss allowance

Goods and services	(9,846)	(7,302)
Total expected credit loss allowance	(9,846)	(7,302)
Total trade and other receivables (net)	1,957,738	2,065,612

Credit terms for goods and services were within 30 days (2022-23: 30 days).

¹ The balance contains no win no loss receivables totalling \$14.6m (2022-23: \$63.7m).

Accounting Policy

The collectability is assessed periodically with allowances made for doubtful debts when there is evidence that Defence will not be able to collect the debt. In accordance with AASB 9 *Financial Instruments*, impairment of trade receivables is assessed under an Expected Credit Loss (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment allowance at an amount equal to lifetime ECL.

**Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024**

3.2. Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Land ^{3,4,5} \$'000	Buildings ^{3,4} \$'000	Infrastructure ³ \$'000	Plant and equipment ^{1,2} \$'000	Heritage and cultural ^{1,2} \$'000	Computer Software - Purchased ⁶ \$'000	Computer Software - Internally Generated ⁶ \$'000	Other Intangibles Purchased ⁶ \$'000	Other Intangibles Generated ⁶ \$'000	Total \$'000
As at 1 July 2023										
Gross book value	6,231,704	19,376,390	8,814,498	2,145,606	456,090	1,756,716	805,552	2,279,916	265,797	126,388,396
Accumulated depreciation, amortisation and impairment	-	(1,394,457)	(895,167)	(488,006)	(20,192)	(770,222)	(633,826)	(198,823)	(148,937)	(5,056,062)
Total as at 1 July 2023	6,231,704	17,981,933	8,308,066	1,657,600	435,898	986,494	171,726	2,081,093	116,860	121,332,334
Additions	46,889	1,060,920	10,277,142	151,391	76	257,695	92,091	62,143	2	13,002,821
By purchase or internally developed	-	197,288	-	81,037	-	-	-	-	-	278,305
Right-of-use assets	-	-	-	-	-	-	-	-	-	-
Revaluations and impairments recognised in other comprehensive income ²	817,597	1,284,218	498,982	76,348	(6,331)	-	-	-	-	3,367,554
Reclassification	(5,941)	68,117	(102,368)	37,118	(49,615)	(246,483)	364,575	(120)	(65,290)	-
Depreciation and amortisation	-	(695,073)	(5,048,193)	(304,701)	(16,059)	(14,613)	(126,378)	(31,332)	(18,306)	(6,833,207)
Depreciation of right-of-use assets	-	-	(304,523)	(3,422)	(95,363)	-	-	-	-	(442,726)
Revaluations/write-downs recognised in net cost of services ²	(64,452)	(70,593)	(770,154)	(63,265)	(14,089)	(7,786)	-	-	-	(1,016,317)
Other movements	-	-	-	-	-	-	-	-	-	-
Reversal of previous asset write-downs and impairment	9,249	64,072	357,754	39,566	2,189	-	202	-	-	518,413
Transfers in (out)	1	45,700	104,764	75,786	(462)	5	-	-	-	225,804
Transfers (to)/from Assets Held for Sale	970	(77)	(7,337)	-	-	-	-	-	-	(6,369)
Remeasurement of right-of-use assets	-	34,199	-	(7,481)	-	-	-	-	-	26,718
Disposals	-	-	-	-	-	-	-	-	-	-
Other disposals	(2,537)	(620)	(4,050)	(6,718)	-	-	-	-	-	(13,925)
Total as at 30 June 2024	7,033,480	19,665,541	88,628,062	1,641,318	401,671	975,312	502,216	2,111,784	33,266	130,439,415
Total as at 30 June 2024 represented by										
Gross book value	7,033,480	21,367,067	89,422,981	2,125,524	416,580	1,760,147	1,262,420	2,341,939	200,508	135,779,278
Accumulated depreciation, amortisation and impairment	-	(1,701,526)	(794,919)	(484,206)	(14,909)	(784,835)	(760,204)	(230,155)	(167,242)	(5,339,863)
Total as at 30 June 2024	7,033,480	19,665,541	88,628,062	1,641,318	401,671	975,312	502,216	2,111,784	33,266	130,439,415
Carrying amount of right-of-use assets	53,923	1,970,000	206,943	79,459	301,451	-	-	-	-	2,611,776

¹Where land, buildings, infrastructure and plant and equipment meet the definition of a heritage and cultural item, they have been disclosed in the heritage and cultural assets class.

²All revaluations were conducted in accordance with the revaluation policy stated at Note 3.2A(g).

³Reported balances of land and buildings, specialist military equipment, infrastructure, plant and equipment include right-of-use assets associated with Defence leases.

⁴From time-to-time, Defence enters into operating leases (as lessor) for minor components of the Defence estate (land and/or buildings) where such arrangements support the achievement of Defence objectives. The value of non-current assets under operating lease are not significant to Defence in the aggregate and is included within the balance of non-current assets shown above.

⁵Included in the value of land in the financial statements are portions of land at Bullbrook and Damascus barracks (\$66.4m) that will be transferred to Department of Finance for National Resilience during 2024-25.

⁶The 2022-23 balances have been restated for Intangible assets that were incorrectly classified as Specialist military equipment. This has no impact on Total non-financial assets or Net assets. Refer to the Comparative error and restatement disclosure.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

	2024	2023
	\$'000	\$'000
Commitments payable relating to property, plant and equipment and intangibles		
Land ¹	2,953	1,992
Buildings ²	969,400	1,764,999
Specialist military equipment ³	40,209,675	25,676,051
Infrastructure ⁴	2,301,174	1,912,196
Plant and equipment ⁴	95,394	127,761
Intangibles ⁵	166,273	210,217
Total capital commitments	43,744,869	29,693,216

¹ Outstanding contractual payments for land acquisitions.

² Outstanding contractual payments for buildings under construction.

³ Outstanding contractual payments for specialist military equipment under construction.

⁴ Infrastructure, plant and equipment capital commitments include outstanding contractual payments relating to the Major Capital Facilities program.

⁵ Intangible commitments include contractual payments for software licence agreements.

Accounting Policy

(a) Individual Asset Recognition Threshold

Purchases of specialist military equipment, land, buildings, plant and equipment and infrastructure are recognised initially at cost where they meet the individual asset recognition threshold.

The capitalisation thresholds are equal to or exceeds thresholds as summarised in the table below, which remain unchanged since 2022-23.

Non-Financial Assets	\$
Specialist military equipment	-
Land	-
Plant and equipment	10,000
Buildings	100,000
Infrastructure	100,000
Heritage and cultural assets	100,000
Intangibles	1,000,000

(b) Acquisition of Assets

Assets are initially recorded at cost on acquisition which includes the fair value of assets exchanged and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

(c) Componentisation

Major assets, such as specialist military equipment, are componentised at the point of capitalisation where the components will have useful lives that differ significantly from other parts of the asset. The useful lives of components may be determined with reference to the individual component or the related primary asset.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

(d) Asset restoration costs

Where a legal or constructive obligation arises on acquisition to restore a Defence asset back to its original condition, or dismantle an asset at the end of its useful life. This is only recorded where Defence has an expectation and/or policies to ensure the removal or disposal of restricted technology prior to decommissioning assets.

The net present value of estimated make-good and/or decommissioning costs are capitalised and added to the cost of the underlying asset (except for land) and depreciated over the asset's useful life. The land decontamination provision is recorded directly in the Statement of Comprehensive Income in the period in which the provision is created and adjusted year on year.

(e) Reversal of Previous Asset Write-Downs

These are amounts relating to assets which have been previously written down in prior periods. In the current year, these items have been identified as an asset exceeding the capitalisation threshold.

(f) Assets under construction

Assets Under Construction (AUC) include expenditure to date on major military capability and facilities projects which meets the definition for capitalisation under AASB 116 *Property, Plant and Equipment*. AUC projects are valued at current replacement cost and are reviewed annually for indicators of impairment.

The cost price of assets that are still under construction is considered to be their fair values as there is no market for partially completed military assets.

(g) Subsequent valuations

All property, plant and equipment, excluding intangibles and Right of Use (ROU) assets, are measured and disclosed at fair value less subsequent accumulated depreciation and accumulated impairment losses.

To comply with AASB 116 *Property, Plant and Equipment* following initial recognition at cost, valuations for Defence's non-financial assets are subject to a rolling fair value valuation programme whereby all assets are subject to a comprehensive valuation at least once every three years with desktop valuations performed on assets not subjected to comprehensive valuation.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same class that was previously recognised in the surplus / (deficit). Revaluation decrements for a class of assets are recognised directly in the surplus / (deficit) except to the extent that they reverse a previous revaluation increment for that class.

Valuation assessments for Defence's non-financial assets are performed by independent external valuers using inputs such as adjusted market transactions, sales prices of comparable assets, replacement cost of new assets, market indices, expected useful life and adjustments for impairment and obsolescence.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Defence holds a Specialist Military Equipment (SME) asset base to maintain its defence capability requirements. This asset base can be categorised into the following sub-components:

- *Platform assets:* Which include fully assembled units such as planes, tanks, and ships;
- *Military support items:* Which include spares and components that support the aforementioned platforms; and
- *Assets under Construction:* Which reflect assets that are in the process of being built within one of the Government approved capability projects. Refer to note 3.2A(g) for the accounting policy for AUC.

SME assets are specialised in nature. There is generally limited availability of observable market inputs such as readily available market prices from orderly transactions between market participants in any given reporting period. As such, it is often necessary to use significant professional judgement when estimating fair value.

Defence has engaged an external valuer to undertake valuation assessments on a rolling valuation basis. The external valuer exercises professional judgement by utilising various inputs and information in determining the fair values of SME assets annually. The basis for determining fair value is by reference to the highest and best use that is physically possible, legally permissible and financially feasible.

Department of Defence NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

In accordance with AASB 13 *Fair Value Measurements*, SME assets are assessed for fair value using the Current Replacement Cost (CRC) approach or market approach.

In very limited instances, the market approach has been utilised to determine fair value measurement of SME assets. The market approach considers directly observable market transactions, with adjustments made for differences in characteristics between the transactions and the asset under consideration.

SME assets have largely been assessed for fair value using the cost approach, where an estimate is determined by establishing a replacement cost of a new asset and allowing for deductions for physical deterioration and obsolescence.

In determining the current replacement cost for SME assets, the external valuer considers multiple methods in order to determine an appropriate replacement cost for each platform asset or military support item. This includes, but is not limited to:

- *Current Year Acquisition Cost* – This method considers whether a subject asset has been purchased by Defence within the last financial year. This method adopts the actual purchase cost for the asset.
- *Off the Shelf Cost* – The off the shelf cost method can be applied when the relevant asset is readily available for purchase without any customisation or bespoke alterations.
- *Indexation of Original Cost* – This trending method involves applying an index or trend factor to an asset's historic cost to calculate an estimated current cost.
- *Indexation of Last Available Cost* – This trending method involves applying an index or trend factor to the last available cost to convert the known cost into an estimates current cost.

In addition to the above listed methods, the external valuer has also applied the following methods specifically to Defence's platform assets:

- *Parametric* – Parametric estimation utilises historical and statistical data to derive a cost estimate based on the relationship between physical and performance-based attributes of the assets under consideration.
- *Average Unit Cost Change* – The average unit cost change method estimates a replacement cost by analysing the available replacement costs for different variants of the same make and model and quantifying the change in cost between the different variants.
- *Cost Build Up* – The cost build up method estimates a replacement cost by taking into consideration current prices of raw materials, labour costs and other specialised costs to form an estimated replacement cost.

The primary inputs used in determining the replacement cost across for platforms and military support items include, but not limited to:

- *Adjusted market transactions* based on unique characteristics of SME assets and/or comparable assets. Fair value measurement has been determined using market transactions, with adjustments made with regard to the unique characteristics and/or military nature of assets within the asset class, resulting in limited directly observable market transactions. Significant judgement and estimates for assets utilising this approach have included the valuation/assessment of recent sales prices established from Memorandum of Sale between market participants.
- *Depreciation* - Includes the depreciation of assets, including considerations of physical deterioration and consumption of future economic benefits. Significant judgement and estimates used in calculating depreciation are derived from Defence's and the external valuers' useful life assessments.
- *Market indices* - The use of readily available market indices allows for consideration of underlying price inflation and cost escalation growth and is applied over the established Replacement Cost New (RCN). Market indices also allows for the movement in foreign exchange for assets manufactured or purchased in foreign countries. Where available, indices used are specific to the underlying nature of the asset being measured and are sourced from government and national databases. Professional judgements and estimates are used in the application of appropriate indices against the assets under assessment.

The external valuer also considers impairment indicators to estimate the fair values of platform assets. This includes a broad range of considerations outside of Defence's control that impact on the service potential of the assets, including supply chain networks, workforce constraints, and national or worldwide events.

The external valuer applies all valuation methods consistently across all Service Groups, namely, the Australian Army, the Royal Australian Air Force and the Royal Australian Navy. Physical inspections are undertaken for one service group per year. For the 2023-24 valuation cycle, Army Platform assets underwent a physical inspection process.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Valuation Method	Movement for platform assets (\$'m)	Movement for military support items (\$'m)	Total fair value movement (\$'m)
Market Approach	20.9	4.5	25.4
Cost Approach			
Current Year Acquisition	434.8	83.7	518.5
Off the Shelf	183.2	719.1	902.3
Indexation of Original Cost	159.6	-	159.6
Indexation of Last Available Cost	100.7	769.4	870.1
Parametric	(303.3)	-	(303.3)
Cost Build Up	(182.9)	-	(182.9)
Sub-total of Valuation Methods	413.0	1,576.7	1,989.7
Impairment and other adjustments	(130.1)	(1,360.6)	(1,490.7)
Total	282.9	216.1	499.0

The external valuers' assessment of SME fair value resulted in a \$1,989.7m increase to the asset revaluation reserve. Defence also recognised reductions of \$1,490.7m to account for Defence's internal assessment of impairment indicators for military support items and other adjustments that impact the reserve. Although these adjustments are recognised independently to the above fair value assessment activities, they contribute to the net reduction in the asset revaluation reserve of \$499.0m.

Defence utilised a total of 142 indices in 2023-24 and 26 foreign currencies in fair value assessments for SME. National indices from Australia and the USA are the significant contributors for fair value movement in 2023-24. The Australian Dollar, US Dollar and the Euro are the primary currencies impacting prices applied during indexation.

The table below demonstrates the sensitivity of hypothetical movements in these valuation inputs and the magnitude of impact these have to the adopted fair value measurement of SME.

Description	Key Input	Range	Sensitivity
Specialist Military Equipment	(i) Hypothetical change in price indices	+/-1.00%	1.00% change would increase/(decrease) the total fair value by 0.59%/(0.58%) or \$379.5m /(\$378.5)m.
	(i) Hypothetical change in foreign currencies	+/-1.80%	1.80% change would increase/(decrease) the total fair value by 0.95%/(0.94%) or \$615.0m /(\$610.0)m.

The adopted range to the above inputs has been determined based on an analysis of the aggregated range of historical movements between forecasts and observed outcomes for both key inputs.

(h) Depreciation

Property, plant and equipment items having limited useful lives are systematically depreciated over their estimated useful lives on a straight-line basis.

Depreciation rates (useful lives) are determined upon acquisition and are reviewed at each subsequent reporting date, and necessary adjustments are made in the current, or current and future reporting periods, as appropriate. Residual values are reviewed periodically and at least at each reporting date when assets are revalued.

The following are minimum and maximum useful lives for the different asset classes. These are not necessarily indicative of typical useful lives for these asset classes.

	2024	2023
Buildings	1 to 100 years	1 to 100 years
Infrastructure	3 to 99 years	3 to 99 years
Specialist military equipment	1 to 52 years	1 to 52 years
Software	2 to 24 years	2 to 24 years
Other intangibles	4 to 35 years	4 to 35 years
Other plant and equipment	2 to 76 years	2 to 76 years
Heritage and cultural	10 to indefinite	10 to indefinite

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

The depreciation rates for Right of Use (ROU) assets are based on the commencement date of the lease to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

(i) Heritage and Cultural Assets

Heritage and cultural items include:

- Artefacts and memorabilia that are or may be of national historical or cultural significance. While many of these items represent military achievements, including paintings, memorabilia and other military items, others are associated with developments in science and exploration such as museum pieces, decommissioned aircraft and military equipment, or with significant personal achievements, such as medals, badges, uniforms and other regalia.
- Buildings of historical or cultural significance. These buildings may be used for office accommodation, residences, chapels, storage and gymnasiums but are primarily held for heritage and cultural purposes.

Artefacts and memorabilia are stored and managed by Service Museums (Navy, Army and Air Force). Each Service maintains their own documented processes and procedures for the storage, documentation, restoration and preservation of various artefacts depending on their type and sensitivity.

Conservation and preservation policies include the storage of these items under appropriate conditions including, exposure to minimal UV light, stable humidity and temperatures and maintaining a dust and pest free environment as well as cataloguing and maintenance. In addition, conservation programs within Service Museums aim to identify items requiring restoration.

Heritage and cultural estate assets are amortised on a straight-line basis over their anticipated useful lives. Heritage and cultural assets are stored, managed, displayed, repaired and restored in ways that will maintain their cultural or heritage value over time. Where conservation, restoration and preservation activities demonstrate that an asset will be maintained for an indefinite period, these items are considered to have indefinite useful lives and therefore, are not subject to depreciation.

Heritage buildings are managed by Defence Environmental Management. All Defence heritage buildings are included in the Defence Heritage Register and managed using the Defence Heritage Toolkit. This Toolkit sets out the strategies and policies for managing heritage buildings across the Defence estate as well as ensuring all disposals, acquisitions and development activities to these sites consider heritage issues and assess possible risks to any values and mitigation strategies via Heritage Impact Assessments. The Toolkit has been established in accordance with the *Environment Protection and Biodiversity Conservation Act 1999*. Further information on heritage management across the Defence estate can be obtained from the following site:
<http://www.defence.gov.au/about/strategic-planning/defence-estate-heritage-strategy>.

(j) Intangible Assets

Defence's intangibles comprise externally acquired and internally developed computer software for internal use and other externally acquired and internally developed intangibles. All intangibles are amortised on a straight-line basis over their anticipated useful lives. All intangible assets are assessed annually for impairment.

All Defence intangible assets are currently stated at cost less any subsequent accumulated amortisation and accumulated impairment losses. Acquired intellectual property may form part of the acquisition of particular tangible assets. Where the acquired intellectual property is inseparable from the underlying tangible asset it is reflected in the value of the tangible asset in the statement of financial position.

Defence reviews the useful life of intangible assets annually based on the service potential of the assets. All Defence's intangible assets have finite useful lives and are amortised over their anticipated useful lives. Where there is an indication that the service potential of an intangible asset is impaired, the recoverable amount of that asset is determined based on the remaining service potential. Where the recoverable amount is lower than the carrying amount, the asset is written down to its recoverable amount.

(k) Impairment of Assets

All assets were assessed for impairment during the year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Defence was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (continued)

Accounting Policy (continued)

(l) Derecognition of Assets

Assets are derecognised upon disposal or when no future economic benefit or capability are expected from their use or disposal.

(m) Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability and initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column (where the corresponding underlying assets would be presented if they were owned).

Defence assesses ROU assets to determine if impairment indicators exist at the end of each reporting period. A loss is recognised against any right of use lease asset that is impaired. Lease ROU assets are held at cost and measured after deducting accumulated depreciation and any accumulated impairment losses in Defence's financial statements.

Accounting Judgements and Estimates

Defence assesses non-financial assets for impairment by monitoring impairment indicators specific to an asset's use in the Defence context. Where these indicators signify that an asset is impaired, management has made an estimate of the recoverable amount, or the estimated cost of repair to bring the asset back to service, to determine any impairment loss.

Managing Uncertainties

Defence manages uncertainty through robust and documented estimation processes. A thorough review of the key inputs and drivers of valuation outcomes as provided by the external valuers is undertaken prior to adjusting the asset balance. All reports and inputs received, such as estimates of replacement cost, physical depreciation and obsolescence adjustments are reviewed to ensure that they are appropriate and in line with accounting standards.

The external valuers periodically review forecasts and estimates of valuation inputs that are used to establish fair values at the reporting date as new information is made available. Given the time lag between the release of these data inputs and the reporting date, certain inputs will remain as forecast estimates. Defence manages the materiality of these forecast assessments by engaging the external valuer to perform a number of materiality assessments. The valuer assesses a range of key assumptions and judgements, as well as different valuation methodologies to determine the materiality of different inputs and then considers this when determining an asset's fair value.

While Defence assesses the fair values of its SME annually for statutory reporting purposes, these values do not impact the future procurement decisions for acquisition or sustainment of Defence capabilities.

Impact of other external factors

Defence has considered the impact of the crisis in Ukraine on valuation activities including the disruption of global supply chain. The crisis in Ukraine resulted in volatility in global markets and consequences are anticipated in relation to the cost and availability of energy and natural resources. Given the current economic climate, price indices in countries of manufacture may fluctuate. Despite this, Defence considers that the indices materially reflect the current economic conditions as at 30 June 2024, and application of the indices is appropriate in accordance with AASB 13 *Fair Value Measurement*.

Due to the nature of Defence operations, some assets have restrictions on title. Restrictions on title vary depending on each individual agreement, such as limitations in transactions where Defence is required to obtain relevant approval for sale. Whilst the effect of restrictions on some assets can be quantified, there are others that cannot, such as those titles held in inactive or unsophisticated markets. As part of the valuation process, consideration is given to the restrictions on title.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Note 3.2B: Inventories		
Inventories - General	3,378,835	2,801,913
Inventories - Explosive ordnance ¹	6,091,468	5,746,832
Inventories - Fuel	127,024	109,299
Total inventories	9,597,327	8,658,044

¹ Explosive Ordnance (EO) includes current work in progress balance. This balance has not been separately disclosed due to sensitive nature of EO. The balance is not quantitatively material to the financial statements.

Accounting Policy

Defence holds inventory for its own use and does not ordinarily hold inventory for sale. Sales of inventory relate to minor fuel sales to foreign governments. Inventory held for use is valued at the weighted average cost adjusted where applicable for loss of service potential. Defence considers that loss of operating capacity due to obsolescence is the most appropriate basis for loss of service potential of its inventories.

Costs incurred in bringing each item of inventory (primarily explosive ordnance and general stores inventory) to its present location and condition that are capable of being allocated on a reasonable basis are assigned to inventory. The costs of inventories are assigned by using the weighted average cost formula.

Inventories acquired at no cost or nominal consideration are measured at current replacement cost as of the period in which they are acquired. Items of inventory are periodically evaluated with excess and obsolete inventory recorded as a reduction to inventory and an expense.

Refer to Note 1.1B for inventory expenses recognised, Note 1.1E for write-down of non-financial assets expense and 1.2E for the gain on the reversals of previous asset write-downs.

Accounting Judgements and Estimates

Accounting judgements and estimates made in relation to inventory include:

- For all identified obsolete inventories, it is assumed that the service potential is nil; and
- The recognised obsolete inventories are valued using the average of all relevant district weighted average costs rather than the actual cost of the holding.

In 2023-24 there was a change in estimate over the provision, resulting in a reduction of \$204.0m in the provision compared to 2022-23.

Note 3.2C: Prepayments

Capital prepayments	2,174,833	2,427,437
Non-capital prepayments	1,325,199	1,272,057
Total prepayments	3,500,032	3,699,494

Accounting Policy

Prepayments, excluding EO and those paid to employees as retention benefit payments, are recognised if the value of the payment is \$100,000 or greater.

Note 3.2D: Assets held for sale

Land	68,366	66,187
Buildings	-	3,075
Specialist military equipment	-	7,200
Infrastructure	51	136
Total assets held for sale	68,417	76,598

Accounting Policy

Non-current assets are classified as held for sale if the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Classification as held for sale occurs when the asset is available for immediate sale in its present condition, and the sale is highly probable. On classification as held for sale, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Any write down to fair value less costs to sell is recognised as an impairment loss. Assets which have been classified as held for sale are no longer subject to depreciation or amortisation.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.3: Payables

	2024	2023
	\$'000	\$'000
Note 3.3A: Suppliers payables		
Trade creditors and accruals ¹	5,351,477	5,341,846
Total suppliers payables	<u>5,351,477</u>	<u>5,341,846</u>

¹ The balance contains no win no loss accruals of \$77.9m (2022-23: \$1.4m).

Accounting Policy

Settlement is usually made within 20 days (2022-23: 20 days).

Note 3.3B: Employee payables

Australian Public Service (APS) employee payables

Salaries and wages	73,007	63,990
Superannuation	9,540	8,316

Australian Defence Force (ADF) employee payables

Salaries and wages	215,467	174,848
Superannuation	55,392	43,876

Total employee payables

	<u>353,406</u>	<u>291,030</u>
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Note 3.3C: Other payables

Statutory payable	277,884	255,839
Other	117,619	193,246

Total other payables

	<u>395,503</u>	<u>449,085</u>
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3.4: Interest Bearing Liabilities

Note 3.4A: Leases

Lease liabilities	3,139,113	3,097,868
Total leases	<u>3,139,113</u>	<u>3,097,868</u>

Maturity analysis - contractual undiscounted cash flows

Within one year	526,273	518,085
Between one to five years	1,492,250	1,546,587
More than five years	2,101,515	2,428,866

Total leases

	<u>4,120,038</u>	<u>4,493,538</u>
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Total cash outflow for leases for year ended 30 June 2024 was \$521.5m (2022-23: \$418.6m).

Accounting Policy

Defence as a lessee enters into a range of leases covering land, buildings, specialist military equipment, infrastructure, plant and other equipment to support its operational requirements and to deliver effective outcomes for the Australian Government. There are no leases that are individually significant to Defence and the terms and conditions of leases vary according to Defence's requirements.

For all new contracts entered into, Defence considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or Defence's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Where leases contain price increases they ordinarily are either a fixed percentage of the lease payments, or variable based on a rate such as a price or cost index. In some cases, leases will contain options for Defence to extend the lease term or purchase the asset at the conclusion of the lease. Defence considers all relevant facts and circumstances that create an economic incentive for Defence to exercise, or not to exercise, the option, including any expected changes in facts and circumstances.

Defence does not guarantee the residual value of any significant lease assets and no sale and leaseback transactions were recorded in either the 2022-23 or 2023-24 financial years. Defence in its capacity as lessee does not have significant leasing arrangements with below market terms.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 1.2C and 3.2A.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.5. Provisions

	2024	2023
	\$'000	\$'000
Note 3.5A: Employee provisions		
Australian Public Service (APS) employee provisions		
Leave	<u>770,102</u>	<u>720,402</u>
Total APS employee provisions	<u>770,102</u>	<u>720,402</u>
Australian Defence Force (ADF) employee provisions		
Leave	<u>2,505,007</u>	<u>2,378,327</u>
Other provisions	<u>10,533</u>	<u>36,893</u>
Total ADF employee provisions	<u>2,515,540</u>	<u>2,415,220</u>
Total employee provisions	<u>3,285,642</u>	<u>3,135,622</u>
The relevant accounting policy for employee provisions is detailed in Note 1.1A Employee benefits.		
Note 3.5B: Asset restoration provisions		
Make-good	<u>177,736</u>	<u>136,676</u>
Decommissioning	<u>350,854</u>	<u>316,880</u>
Decontamination	<u>527,611</u>	<u>633,652</u>
Total asset restoration provisions	<u>1,056,201</u>	<u>1,087,208</u>

Accounting Policy

Where a legal or constructive obligation arises to restore or dismantle an asset back to its original condition, the estimated cost is determined through a net present value calculation. This results in a provision and associated asset, which is capitalised against the underlying asset and the depreciated over its useful life. The carrying amount of the provision is adjusted to reflect the passage of time and any incremental costs are recognised as finance costs.

Where a legal or constructive obligation arises as a result of operations of Defence (i.e. use of the asset) the cost of restoration is recognised as an expense in the period in which the obligation arises. The only exception is the land decontamination which does not get capitalised, but instead is recorded in the Statement of Comprehensive Income in the period in which the provision is created or changed.

Where Defence acquires land that is contaminated, the costs associated with the decontamination are capitalised as part of the land asset in its acquisition price. For land contaminated through use, the decontamination provisions are expensed through the Statement of Comprehensive Income on the basis that the decontamination restores the land to its original state, being repairs and maintenance in nature and bringing no enhanced economic benefits to Defence. The activities that result in the contamination, such as damage to land from an oil spill or from training activities, are operating in nature and therefore the decontamination activities are also considered operating in nature and are expensed accordingly. Defence's land valuations do not factor in any decontamination costs into their valuation for financial reporting purposes.

One of the following past events would give rise to a constructive obligation:

- A public announcement or statement by Government or Defence that a site would be restored;
- The existence of an established pattern of past practice of restoring sites of a particular nature or type; or
- A specific policy adopted by Government with regard to restoration of sites of a particular nature or type.

Defence currently has 314 (2022-23: 225) agreements for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. Defence has made a provision to reflect the present value of this obligation.

Provisions for specialist military equipment decommissioning are based on Defence's estimates of future obligations relating to the underlying assets. These are management's best estimates based on actual decommissioning costs incurred for similar assets and are reviewed annually. Provisions for land decontamination and site restoration are supported by external valuations. Estimated provisions are adjusted to future value by applying a forecast consumer price index and discounting back to present value using the long term applicable government bond rate.

Refer to Note 3.5D for a reconciliation of this balance.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Note 3.5C: Other provisions		
Other provisions	266,891	305,933
Total other provisions	266,891	305,933

Accounting Policy

Provisions include possible future common law claims from several sources. The Australian Government Actuary (AGA) prepares an annual estimated future cost of certain potential common law claims. Provisions are recognised, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, when Defence is under an obligation to sacrifice future economic benefits but there is uncertainty about the timing or amount of the future expenditure required in settlement.

Refer to Note 3.5D for a reconciliation of this balance.

3.5D: Reconciliation of provision balances

	Make-good provisions \$'000	Decommissioning provisions \$'000	Decontamination provisions \$'000	Other provisions \$'000	Total \$'000
As at 1 July 2023	136,676	316,880	633,652	305,933	1,393,141
Additional provisions made	46,243	5,825	26,571	16,144	94,783
Amounts used	-	(4,549)	(6,226)	(51,855)	(62,630)
Amounts reversed	(10,060)	(3,571)	(151,450)	(3,331)	(168,412)
Unwinding of discount rate	4,877	12,413	25,064		42,354
Parameter changes	-	23,856	-	-	23,856
Total as at 30 June 2024	177,736	350,854	527,611	266,891	1,323,092

The above reconciliation should be read in conjunction with the accompanying notes 3.5B and 3.5C.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result of activities that Defence does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1: Administered – Financial Assets

	2024 \$'000	2023 \$'000
4.1A: Trade and other receivables		
Goods and services:		
In connection with - external parties	43,762	34,736
Total goods and services receivable	<u>43,762</u>	<u>34,736</u>
Other receivables		
Competitive neutrality - Defence Housing Australia	-	21,695
Total other receivables	<u>-</u>	<u>21,695</u>
Total trade and other receivables (gross)	<u>43,762</u>	<u>56,431</u>
Less impairment allowance:		
Goods and services	(77)	(76)
Total impairment allowance	<u>(77)</u>	<u>(76)</u>
Total trade and other receivables (net)	<u>43,685</u>	<u>56,355</u>

Accounting Policy

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised as income or expense.

Credit terms for goods and services were within 30 days (2022-23: 30 days).

4.1B: Equity accounted investments

Investments in Defence Housing Australia	3,669,338	3,533,613
Investments in other small portfolio entities	128,701	130,695
Total equity accounted investments	<u>3,798,039</u>	<u>3,664,308</u>

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4.1B: Equity accounted investments (continued)

Accounting Policy

Defence reports the Australian Government's capital investment in Defence Housing Australia (DHA). The Australian Government holds a 100% interest in DHA which is a Government Business Enterprise. The principal activity of DHA is to deliver adequate and suitable housing and housing related services that meet Defence's operational needs.

The investment is classified as fair value through other comprehensive income and is measured at fair value using the net assets valuation approach in accordance with the Financial Reporting Rule (FRR). The investment was assessed for impairment at year end and no indicators of impairment were noted.

The following Commonwealth entities and companies are small portfolio bodies within the Defence Portfolio of which the Australian Government holds a 100% interest.

- **Australian Strategic Policy Institute Limited**
The Australian Strategic Policy Institute Limited is a Commonwealth company that provides policy-relevant research and analysis to inform Government decisions and public understanding of strategic and defence issues.
- **Army and Air Force Canteen Service (Frontline Defence Services)**
The Army and Air Force Canteen Service (AAFCONS), trading since 1915, provides on-base and deployed convenience food, services and everyday essentials through a variety of retail options. AAFCONS is a not-for-profit organisation that supports local base community.
- **Army Amenities Fund Company**
The Army Amenities Fund (AAF) Company was established to provide various amenities to Army members and their families. The AAF Company is a corporate trustee that administers the Army Amenities Fund and Messes Trust Fund.
- **Australian Military Forces Relief Trust Fund (Army Relief Trust Fund)**
The legislative name Australian Military Forces Relief Trust Fund, trades as the Army Relief Trust Fund, provides benefits for soldiers who are serving or who have served in the Australian Army and their dependants.
- **Royal Australian Air Force Veterans' Residences Trust Fund**
RAAF Veterans' Residences Trust was established for the purpose of providing residences for former members of the Air Force and their families who are in necessitous circumstances.
- **Royal Australian Air Force Welfare Recreational Company**
The RAAF Welfare Recreational Company (RWRC) provides recreational facilities and services for serving members, their families and other eligible persons. RWRC is a corporate trustee that administers the RAAF Central Welfare Trust Fund.
- **Royal Australian Air Force Welfare Trust Fund**
The Trust provides benefits for serving and former members of the Royal Australian Air Force and their dependants.
- **Royal Australian Navy Central Canteens Board**
The Board administers the Royal Australian Navy Central Canteens Fund to provide sustainable recreational and lifestyle benefits to serving Navy members.
- **Royal Australian Navy Relief Trust Fund**
The Fund provides welfare assistance to serving and ex-serving members of the Royal Australian Navy (RAN) and their families.

4.2: Administered – Non-Financial Assets

	2024	2023
	\$'000	\$'000
4.2A: Other non-financial assets		
Prepayments - retention benefits	20,829	58,220
Total other non-financial assets	20,829	58,220

Accounting Policy

Certain categories of ADF personnel, who are members of the Military Superannuation Benefits Scheme (MSBS) and have had 15 years of service, receive retention benefits as an incentive for continued service. Retention benefit payments are initially recorded as prepayments and amortised over the expected period of service.

4.3: Administered – Payables

4.3A: Other payables		
Other payables	106,541	10,004
Total other payables	106,541	10,004

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4.4: Administered – Provisions

Overview of Schemes

Permanently appointed ADF employees of Defence are members of the Defence Forces Retirement Benefits Scheme (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Military Superannuation and Benefits Scheme (MSBS) or the Australian Defence Force Superannuation (ADF Super)¹. DFRB and DFRDB are fully unfunded defined benefit plans while MSBS is a partially funded defined benefit plan. DFRB, DFRDB and MSBS are closed to new members. All new members of the ADF are eligible to enter ADF Super which is a defined contribution (accumulation) plan managed by the Commonwealth Superannuation Corporation (CSC) and fully funded by employer contributions of 16.4% of member's ordinary time earnings. As an addition to the ADF Super arrangements, all new ADF members are entitled to insurance cover for death and invalidity benefits under the provisions of an unfunded superannuation arrangement, ADF Cover, administered by Defence. ADF Cover is a fully unfunded scheme with all costs met by the Australian Government. It is a defined benefit plan.

Defence makes employer contributions for DFRDB and MSBS based on an agreed employer contribution rate. The employer contributions assist the Government in meeting the cost of the superannuation entitlements under these defined benefit plans. Defence accounts for these employer contributions as contributions to defined contribution plans in accordance with AASB 119 *Employee Benefits* in its departmental financial statements.

Defence, on behalf of the Australian Government, is responsible for administering the four defined benefit plans relating to DFRB, DFRDB, MSBS and ADF Cover. Defence recognises an administered liability for the present value of the Australian Government's expected future payments arising from the four defined benefit plans. These liabilities are based on an annual actuarial assessment performed by the Australian Government Actuary (AGA). Defence also has the responsibility to record the Australian Government's transactions in relation to the four defined benefit plans.

¹ Individuals eligible for ADF Super can also choose to join an industry superannuation scheme of their choice to receive employer contributions.

Accounting Policy and Measurement

In addition to the annual actuarial assessment, the AGA also completes a full review of the unfunded liabilities for the four defined benefit plans every three years and issues a Long Term Cost Report (LTCR). The demographic assumptions underlying the annual actuarial assessment are generally updated every three years as part of the LTCR, although annual updates may apply in some circumstances. The economic assumptions underlying the actuarial assessment are updated annually. The most recent LTCR was issued for the 30 June 2023 financial year and forms the basis for the demographic assumptions applied in the calculation of the net defined benefit liability (unfunded) for DFRB, DFRDB, MSBS and ADF Cover as at 30 June 2024.

Actuarial gains or losses arising from the annual actuarial assessment are recognised in Other Comprehensive Income in equity in the year in which they occur. Current and past service cost and interest on the net defined benefit liability are recognised in the line item 'employee benefits expense' in the Administered Schedule of Comprehensive Income. The return on fair value of plan assets excluding the amount included in interest income is recognised in equity. The net defined benefit liability is calculated annually as the present value of future obligations less the fair value of plan assets. The net defined benefit liability recognised in the Administered Schedule of Assets and Liabilities under the line item 'employee provisions' represents the actual deficit or surplus in Defence's four defined benefit plans.

	2024 \$'000	2023 \$'000
4.4A: Employee provisions		
Superannuation - DFRB	231,100	278,700
Superannuation - DFRDB	31,463,000	33,474,000
Superannuation - MSBS	101,205,000	100,122,000
Superannuation - ADF Cover	5,297,000	4,003,000
Total employee provisions	138,196,100	137,877,700
Employee provisions are expected to be settled in:		
No more than 12 months	4,038,800	3,753,300
More than 12 months	134,157,300	134,124,400
Total employee provisions	138,196,100	137,877,700

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

4.5: Administered – Defined Benefit Plans

Scheme Information Funding Arrangements

The funding arrangements for the various schemes and the ADF Cover arrangement are as follows:

Scheme	Funding
DFRB	The scheme has no active members in the workforce and therefore no employer contributions are made into the scheme. Lifetime pensions are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions from consolidated revenue made into the scheme equalling the benefits paid out from the scheme.
DFRDB	Unfunded as employer contributions and member contributions made to assist the Government in meeting the costs of the scheme are not held by the scheme, but paid directly into consolidated revenue. DFRDB's members contribute 5.5% of the highest incremental salary for rank plus service allowance, which is paid into consolidated revenue. Benefits are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions made into the scheme equalling the benefits paid out from the scheme. Employer contributions also include a 3% productivity contribution. Member contributions paid are included within the service cost.
MSBS	Partially funded as member contributions and some employer contributions are paid into the scheme, that is the MSBS Fund, while the remaining employer contributions are paid directly into consolidated revenue. Employer productivity contributions of 3% of superannuation salary, member contributions (usually of 5% of superannuation salary), employee salary sacrifice contributions and Superannuation Guarantee top up payments are paid into the MSBS Fund. The balance of superannuation benefits payable, after allowing for any funded part of the benefit, under the <i>Military Superannuation and Benefits Act 1991</i> , are paid from consolidated revenue on an emerging (or pay as you go) basis.
ADF Cover	Unfunded. No employer contributions are made in relation to ADF Cover as this arrangement is only providing death and invalidity benefits as these arise for employees that are eligible to be members of the ADF Super defined contribution plan. Benefits are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions made into the scheme equalling the benefits paid out from the scheme.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Benefits Paid

The nature of the benefits provided under the schemes and the ADF Cover arrangement are as follows:

Scheme	Benefits Paid
DFRB	All remaining DFRB members are retired from the workforce and in receipt of indexed lifetime pensions ¹ .
DFRDB	<p>Length of service is the primary factor that determines benefit entitlement. Members who retire from the Australian Defence Force after twenty years of effective service (or after fifteen years of service at retirement age for rank) are entitled to an indexed lifetime pension¹ based on a percentage of their annual pay on retirement, some of which can be commuted to a lump sum.</p> <p>Members are entitled to a productivity benefit based on contributions of 3% of pay increased with interest, which is paid as a lump sum in addition to the defined benefits. Most members are currently in receipt of a lifetime pension.</p> <p>An invalidity benefit may also be payable, which depends on the level of invalidity suffered. Invalidity benefit type A pensions (60% to 100% incapacity) are larger and have a higher cost compared to the invalidity benefit types B (30% to 59% incapacity) and C (less than 30% incapacity).</p>
MSBS	<p>Benefits payable comprise a lump sum of accumulated member contributions and an employer financed defined benefit.</p> <p>The employer financed defined benefit is calculated on the basis of the member's final average salary, length of contributory service and includes a 3% of salary productivity component. Benefits arising from member's contributions are determined by the value of contributions and investment returns. The employer financed defined benefits payable may be taken as a lump sum or as an indexed lifetime pension¹ or as a combination of lump sum and pension. MSBS also has an ancillary accumulation section which can accept other employer contributions and member contributions for the provision of fully funded accumulation lump sum benefits.</p> <p>An invalidity benefit may also be payable, which depends on the level of invalidity suffered. Invalidity benefit type A pensions (60% to 100% incapacity) are larger and have a higher cost compared to the invalidity benefit types B (30% to 59% incapacity) and C (less than 30% incapacity).</p>
ADF Cover	<p>ADF Cover provides death and invalidity benefits for ADF personnel eligible to join the ADF Super accumulation scheme. A lump sum payment is payable upon the death of a member whilst in service based on prospective future service to age sixty and salary at death. A surviving spouse can opt to receive a pension in lieu of the lump sum death benefit.</p> <p>On an invalidity exit, the invalidity benefit type A is calculated based on a lifetime pension¹ of (60 less member's age at invalidity exit) x 2.2% x superannuation salary at exit plus a temporary top up pension payable to age 60 of completed years of service at exit x 2.2% x superannuation salary at exit. For invalidity type B benefits, a percentage of 1.1% is used to calculate benefits, while no benefits are payable for invalidity type C. Invalidity types for ADF Cover are determined using the same incapacity rates that apply for MSBS as outlined above.</p>

¹ These pensions have an attached lifetime reversionary pension payable to a surviving spouse following the death of the member.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Regulatory Framework

The applicable regulatory framework for each scheme and the ADF Cover arrangement is as follows:

Scheme	Enabling Act	Period open for new members	Requirement
DFRB	<i>Defence Forces Retirement Benefits Act 1948</i>	From July 1948 to 30 September 1972	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>
DFRDB	<i>Defence Force Retirement and Death Benefits Act 1973 and the Defence Force Act 1903</i>	From 1 October 1972 to 30 September 1991	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>
MSBS	<i>Military Superannuation and Benefits Act 1991</i>	From 1 October 1991 to 30 June 2016	Compliance with <i>Superannuation Industry (Supervision) Act 1993</i>
ADF Cover	<i>Australian Defence Force Cover Act 2015</i>	From 1 July 2016	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>

Governance of the defined benefit schemes

Commonwealth Superannuation Corporation (CSC) was established under the Governance of *Australian Government Superannuation Schemes Act 2011* and is responsible for:

- Providing administration services for each scheme;
- Management and investment of scheme assets;
- Compliance with superannuation taxation and other applicable laws; and
- Compliance with relevant legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC is supported by a custodian and other specialist providers. CSC is a separate entity from Defence.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Risks

The scheme specific risks, as detailed below, apply to all schemes and the ADF Cover arrangement, unless specified otherwise.

Risk	Exposure
Interest Rate Risk	The present value of the scheme liability (referred to as the defined benefit obligation) is calculated using a discount rate determined by reference to the government bond rate consistent with the term of the liability for each scheme. This rate has no regard to the actual return on any assets of the scheme. A decrease in the bond rate will increase the defined benefit obligation.
Longevity Risk	The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of scheme participants and their spouses both during and after their employment. An increase in the life expectancy of the scheme participants and their spouses will increase the defined benefit obligation.
Salary Risk	The present value of the defined benefit obligation is calculated by reference to the future salaries of scheme participants. An increase in the salary (in excess of that assumed) of the participants prior to retirement will increase the defined benefit obligation. This risk does not apply to the DFRB and has minimal application to ADF Cover.
Pension Increase Risk	The present value of the defined benefit obligation is calculated by reference to the level of future pension indexation. For MSBS and ADF Cover pensioners, and DFRDB pensioners under age 55, the pensions are linked to increases in the Consumer Price Index (CPI). For DFRB and DFRDB pensioners aged 55 or more, pension increases use the Age Pension Methodology and are calculated as the greater of CPI and Pensioner and Beneficiary Living Cost Index and benchmarked against a Male Total Average Weekly Earnings index. Higher than assumed pension increases will increase the defined benefit obligation.
Invalidity Exit Risk	Benefits are in the form of an indexed pension payable for life and the benefit formula is based on service to retirement age and level of invalidity suffered by the member. A temporary top up pension to age 60 is also payable for ADF Cover members. An increase in invalidity exits will increase the defined benefit obligation for MSBS and ADF Cover schemes. This risk is not relevant for the DFRB and has minimal application to the DFRDB due to the absence of active members in the workforce in these schemes.
Retrospective Invalidity Exit Risk	Retrospective invalidity exits occur when an individual exits the ADF and commences a pension but later has a claim granted to retrospectively reclassify their mode of exit from the ADF as being due to invalidity. Where a retrospective invalidity occurs, a new pension commences in that year but with the effective date of commencement of the pension being the date the individual exited the ADF. Back payments of pensions are also made in respect of the period from the date of exit from the ADF to the time the retrospective pension commences. An increase in retrospective invalidity exits will increase the defined benefit obligation for DFRDB, MSBS and ADF Cover schemes. The risk has minimal application to the DFRB due to the lower numbers of pensioners.
Pension Take-up Risk	This risk is relevant for the MSBS scheme only. For MSBS, retiring members and surviving spouses of members who die in service have the option to receive the employer benefit as a part or full pension, compared to the alternative lump sum. When an individual opts to receive a pension on retirement, the actuarial value of the pension is greater than the value of the lump sum benefit foregone. Higher pension take up rates will increase the defined benefit obligation.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Assumptions

The economic assumptions outlined below are significant factors affecting the estimate of the scheme liability. However, the relationship between these assumptions is significant. Changes of equal magnitude in the absolute levels of each of the rates can have a major effect on nominal cash flows but may have only a minor effect on the liability and service cost.

For the defined benefit obligation, a range of other assumptions have also been made regarding rates of retirement, death (for active, preserved and pension members), mortality improvements, invalidity, resignation, retrenchment, retention and take up rates of pensions in the schemes. Assumptions have also been made for the ages of spouses and the proportion of members married at the time of their death.

Membership data for DFRB, DFRDB, MSBS and ADF Cover as at 30 June 2023 was used to calculate liabilities in the AASB 119 *Employee Benefits* update. These liabilities were then projected forward to 30 June 2024, allowing for assumptions in accordance with the 2023 LTCR.

The liabilities were then adjusted for aggregate experience over the year. In particular, actual experience relating to invalidity exits, pension increase rates, general salary increase rates, benefit payments, salaries per payroll data and the MSBS invested fund was incorporated.

Principal actuarial assumptions for the various schemes are as follows:

The key demographic assumptions utilised for the 30 June 2024 actuarial estimate of DFRB, DFRDB, MSBS and ADF Cover are based on the assumptions used in the 30 June 2023 LTCR. The discount rate adopted reflects the probability weighted mean term of the liabilities of each scheme relative to the zero coupon yield curve of Commonwealth bonds as at 30 June 2024. Other economic assumptions are agreed in consultation with the Department of Finance having regard to short term forecasts of CPI and wage growth adopted by Treasury and the RBA, before reverting to the longer term assumptions used in the 30 June 2023 LTCR.

	2024	2023
DFRB		
Discount rate at 30 June	4.2%	4.0%
Expected pension increase rate ¹	-	-
Expected pension increase rate (aged 55 or more) ²	3.7%	3.7%

¹ Salary growth rate is nil as members are all pensioners.

² Age Pension methodology increases for those over age 55 or more are assumed to be 4.2% for 2023-24, 2.95% for 2024-25 to 2025-26 and 2.7% for 2026-27 to 2034-35 before reverting to the long term assumed rate of 3.7% per annum from 2035-36.

DFRDB		
Discount rate at 30 June	4.5%	4.2%
Expected salary increase rate ³	3.7%	3.7%
Expected pension increase rate (aged 55 or more) ⁴	3.7%	3.7%
Expected pension increase rate (aged less than 55) ⁵	2.5%	2.5%
Expected number of invalidity exits - retrospective ⁶	600	300

³ Assumed salary growth is 4.0% for 2023-24, 3.8% for 2024-25 and 3.4% for 2025-26 before reverting to the long term assumed rate of 3.7% per annum from 2026-27.

⁴ Age Pension methodology increases for those age 55 or more are assumed to be 4.2% for 2023-24, 2.95% for 2024-25 to 2025-26 and 2.7% for 2026-27 to 2034-35 before reverting to the long term assumed rate of 3.7% per annum from 2035-36.

⁵ Pension increase rates (linked to CPI) for those under age 55 are assumed to be 3.6% for 2023-24, 2.75% for 2024-25 to 2025-26 before reverting to the long term assumed pension rate of 2.5% per annum from 2026-27.

⁶ The increase in retrospective invalidity assumptions between years reflects recent invalidity experience and trends including an increase in acceptance of mental health related claims. Current backlog in processing of invalidity claims may delay timing across financial years and back payment of pensions, resulting in experience gains in the short term that catch-up in the long term. The liability has been adjusted by an Invalidity Reserve to offset the effect of timing delays. In the 2023 LTCR approximately 600 retrospective invalidity pension commencements are assumed for DFRDB, peaking at approximately 100 per year between 2023-24 and 2027-28 and continuing to trend down over time.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

	2024	2023
MSBS		
Discount rate at 30 June (active members and pensioners)	4.8%	4.4%
Expected rate of return on plan assets	4.8%	4.4%
Expected salary increase rate ¹	3.7%	3.7%
Expected pension increase rate ²	2.5%	2.5%
Expected number of invalidity exits in next five years – active service ³	5,500	4,400
Expected number of invalidity exits – retrospective ³	5,000	4,400
Proportion of invalidity exits classified as Invalidity A (disability of 60% or more) ³	99%	95%
Pension take-up rate for direct retirements (officers/other ranks) ⁴	95%/95%	100%/95%
Pension take-up rate for current preserved members (officers/other ranks) ⁴	85%/85%	90%/85%
Pension take-up rate for current serving members projected to exit with a preserved benefit and retire some time later (officers/other ranks) ⁴	85%/85%	100%/95%

¹ Assumed salary growth is 4.0% for 2023-24, 3.8% for 2024-25 and 3.4% for 2025-26 before reverting to the long term assumed rate of 3.7% per annum from 2026-27.

² Pension increase rates (linked to CPI) is assumed to be 3.6% for 2023-24, 2.75% for 2024-25 to 2025-26 before reverting to the long term assumed pension rate of 2.5% per annum from 2026-27.

³ The increase in invalidity assumptions between years reflects recent invalidity experience and trends including an increase in acceptance of mental health related claims, higher numbers of Invalidity A claims being granted and also takes into account the stronger correlation between length of service and invalidity versus age and invalidity used previously. In the LTRC approximately 10,500 invalidity pension commencements are assumed for MSBS reflecting the combined total of new invalidity exits and retrospective invalidity exits. New invalidity exits from the ADF are assumed to peak in 2024-25 at approximately 1,200 and continuing to trend down over time as the number of serving members reduces. Retrospective invalidity exits are assumed to be approximately 400 per year from 2023-24 to 2035-36 taking into account current backlog in processing of invalidity claims.

⁴ The pension take-up rates for members that exit directly from service are higher compared to those who exited service, became preserved members and then retired some time later.

ADF Cover

Discount rate at 30 June	4.8%	4.4%
Expected pension increase rate ⁵	2.5%	2.5%
Expected number of invalidity exits in next five years – active service ⁶	3,700	4,200
Expected number of invalidity exits – retrospective ⁶	400	nil
Pension commencement (incident year / one year delay / two year delay) ⁷	50%/30%/20%	50%/30%/20%

⁵ Pension increase rates (linked to CPI) are assumed to be 3.6% for 2023-24, 2.75% for 2024-25 to 2025-26 before reverting to the long term assumed pension rate of 2.5% per annum from 2026-27.

⁶ The change in invalidity assumptions between years reflects recent invalidity experience and trends. The assumption no longer uses MSBS experience as a guide for the relatively new ADF Cover arrangement. The assumptions take into account the stronger correlation between length of service and invalidity versus age and invalidity used previously, resulting in a reduction to the expected number of new invalidity exits. In the LTRC approximately 4,100 invalidity pension commencements are assumed for ADF Cover reflecting the combined total of new invalidity exits and retrospective invalidity exits. Of the 3,700 new invalidity exits expected in the next five years, approximately 300 are assumed for 2023-24, 600 for 2024-25, 800 for 2025-26 and continuing to trend up over time as the number of serving members increases.

⁷ Pension commencement in ADF Cover is impacted by a time lag between the date of an invalidity incident and ADF discharge, as such an Incurred But Not Reported (IBNR) reserve has been factored into assumptions. The IBNR has been set at 50%, 30% and 20% assuming that 50% of incidents result in pension commencement in the same year, 30% commencing in the next year and 20% in the year after.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Maturity Profile

The maturity profiles of the defined benefit obligation under the schemes are as follows:

Scheme	Maturity profile of defined benefit obligation
DFRB	The interest rate and probability weighted mean term of the liabilities is 7.2 years (2022-23: 8.1 years).
DFRDB	The interest rate and probability weighted mean term of the liabilities is 12.0 years (2022-23: 13.2 years).
MSBS	The interest rate and probability weighted mean term of the liabilities is 22.3 years (2022-23: 23.4 years).
ADF Cover	The interest rate and probability weighted mean term of the liabilities is 21.4 years (2022-23: 21.5 years).

Expected Contributions

The expected contributions, which are the expected amount of benefit payments under the schemes, are as follows:

Scheme	Expected contributions
DFRB	The expected employer contribution for 2024-25 is \$27.8m (2023-24 actual: \$32.5m).
DFRDB	The expected contribution (including 3% productivity contributions) for 2024-25 is \$1,859.0m (2023-24 actual: \$1,811.1m). Note that member contributions paid to consolidated revenue would be an offset to this.
MSBS	The expected contribution for 2024-25 is \$2,094.0m (2023-24 actual: \$1,910.0m). This includes expected employer contributions to meet unfunded benefit payments and funding via the MSBS Fund.
ADF Cover	The expected contribution for 2024-25 is \$190.0m (2023-24 actual: \$118.9m).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)

Sensitivity analysis for significant actuarial assumptions

The impact of a change in the defined benefit obligation reported as at 30 June 2024 under several scenarios is presented below.

	Change in assumption ¹	Impact on defined benefit obligation	
		Increase in assumption \$m	Decrease in assumption \$m
DFRB			
Reported	\$231m		
Discount rate	+/- 0.5%	(8)	8
Age Pension methodology increase rate	+/- 0.5%	9	(9)
DFRDB			
Reported	\$31,463m		
Discount rate	+/- 0.5%	(1,693)	1,917
Salary and Age Pension methodology increase rate	+/- 0.5%	1,770	(1,079)
CPI pension increase rate (aged under 55)	+/- 0.5%	637	(257)
MSBS			
Reported	\$115,122m		
Discount rate	+/- 0.5%	(9,469)	11,043
Salary increase rate	+/- 0.5%	1,654	(264)
Pension increase rate (CPI)	+/- 0.5%	9,852	(8,585)
Invalidity exits	+/- 40%	4,642	(5,761)
Pension take-up rate	+/- 10%	1,637	(1,809)
ADF Cover			
Reported	\$5,297m		
Discount rate	+/- 0.5%	(500)	586
Pension increase rate (CPI)	+/- 0.5%	586	(500)
Invalidity exits	+/- 40%	521	(520)

¹ Change in assumption reflects additive adjustments, except for invalidity exits, which reflect a multiplicative adjustment. The sensitivity analysis is based on the change in a particular assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The factors used to conduct the sensitivity analysis are based on an expectation of a realistic and potential movement in the defined benefit obligation, based on historical experience. The underlying results of the sensitivity factors used are deemed to be materially accurate as they are in line with historical experience and management's understanding of the underlying defined benefit obligation. There has been no change from previous periods in the methods and assumptions used to prepare the sensitivity analysis for economic assumptions. For demographic assumptions, the methods and assumptions used to undertake the sensitivity analysis are based on the 2023 LTCR.

Sensitivity analysis of economic assumptions of +0.5% and -0.5% for all four schemes is generally based on the methodology used for estimating the reported liability, except where noted below. These economic assumptions include the discount rate, pension increase rate (based on CPI or Age Pension methodology), and salary increase rate.

Sensitivity analysis of the invalidity assumptions for MSBS and ADF Cover is included as the experience has not been stable. Given the uncertainty around new invalidity pension commencements, the sensitivity analysis allows for invalidity pension commencements to be 40% higher than assumed for both direct ADF exits and new retrospective invalidity pension commencements (based on the revised assumptions).

Sensitivity analysis of the pension take-up rate assumption for MSBS is based on the sensitivity analysis included in the 2023 LTCR which shows the impact of a 100% pension take-up rate. The factor of 100% provides a theoretical upper bound on the cost impact from this process as the actuarial value of the pension is much greater than the value of the lump sum benefit from the member's perspective. In practice, there will be individuals who will prefer the lump sum over the alternative pension.

Department of Defence

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Administered – Defined Benefit Plans (continued)

The actuarial estimate of the net defined benefit liability for DFRB, DFRDB, MSBS, ADF Cover and in aggregate is presented below. The net defined benefit liability equals the present value of the future defined benefit obligation less the fair value of defined benefit plan assets. The most recent actuarial estimates were calculated by the AGA as at 30 June 2024.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The reconciliations included below show movements in the net defined benefit liability, the present value of the defined benefit obligation and the fair value of the defined benefit plan assets. The disclosures below are in line with requirements of AASB 119 *Employee Benefits*.

	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	-	-	13,917,000	-	13,917,000
Fair value of plan assets	-	-	(13,917,000)	-	(13,917,000)
Present value of unfunded obligations	231,100	31,463,000	101,205,000	5,297,000	138,196,100
Net liability recorded:	231,100	31,463,000	101,205,000	5,297,000	138,196,100
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	30,000	2,172,000	1,675,000	3,877,000
Interest on obligation	10,452	1,369,068	4,974,000	209,941	6,563,461
Expected return on plan assets	-	-	(563,000)	-	(563,000)
Total expense recognised:	10,452	1,399,068	6,583,000	1,884,941	9,877,461
Actuarial losses/(gains) on liabilities recognised	(25,600)	(1,599,000)	(2,972,000)	(472,000)	(5,068,600)
Expected return on plan assets	-	-	563,000	-	563,000
Actual return on plan assets (interest income)	-	-	(1,181,000)	-	(1,181,000)
Actuarial (gains)/losses on plan assets recognised	-	-	(618,000)	-	(618,000)
Other Comprehensive Income recorded:	(25,600)	(1,599,000)	(3,590,000)	(472,000)	(5,686,600)
	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	-	-	12,852,000	-	12,852,000
Fair value of plan assets	-	-	(12,852,000)	-	(12,852,000)
Present value of unfunded obligations	278,700	33,474,000	100,122,000	4,003,000	137,877,700
Net liability recorded:	278,700	33,474,000	100,122,000	4,003,000	137,877,700
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	45,000	2,525,000	1,624,100	4,194,100
Interest on obligation	10,738	1,363,387	4,438,000	150,448	5,962,573
Expected return on plan assets	-	-	(460,000)	-	(460,000)
Total expense recognised:	10,738	1,408,387	6,503,000	1,774,548	9,696,673
Actuarial losses/(gains) on liabilities recognised	(4,100)	(1,984,000)	(5,630,000)	(761,000)	(8,379,100)
Expected return on plan assets	-	-	460,000	-	460,000
Actual return on plan assets (interest income)	-	-	(1,089,000)	-	(1,089,000)
Actuarial (gains)/losses on plan assets recognised	-	-	(629,000)	-	(629,000)
Other Comprehensive Income recorded:	(4,100)	(1,984,000)	(6,259,000)	(761,000)	(9,008,100)

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)					
	2024	2024	2024	2024	2024
	\$'000	\$'000	\$'000	\$'000	\$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	278,700	33,474,000	100,122,000	4,003,000	137,877,700
Current Service cost	-	30,000	2,172,000	1,675,000	3,877,000
Interest cost	10,452	1,369,068	4,974,000	209,941	6,563,461
Expected return on plan assets (interest income)	-	-	(563,000)	-	(563,000)
Total expense	10,452	1,399,068	6,583,000	1,884,941	9,877,461
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	(618,000)	-	(618,000)
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	2,100	257,000	677,000	(395,000)	541,100
Changes in financial assumptions	(4,300)	(1,443,000)	(9,680,000)	(464,000)	(11,591,300)
Changes in demographic assumptions	(23,400)	(413,000)	6,031,000	387,000	5,981,600
Contributions	(32,452)	(1,811,068)	(1,910,000)	(118,941)	(3,872,461)
Net defined benefit liability as at 30 June	231,100	31,463,000	101,205,000	5,297,000	138,196,100
Reconciliation of the present value of the defined benefit obligation					
Opening value at 1 July	278,700	33,474,000	112,974,000	4,003,000	150,729,700
Current Service cost	-	30,000	2,172,000	1,675,000	3,877,000
Interest cost	10,452	1,369,068	4,974,000	209,941	6,563,461
Funded contributions by plan participants	-	-	204,000	-	204,000
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	2,100	257,000	677,000	(395,000)	541,100
Changes in financial assumptions	(4,300)	(1,443,000)	(9,680,000)	(464,000)	(11,591,300)
Changes in demographic assumptions	(23,400)	(413,000)	6,031,000	387,000	5,981,600
Benefits paid	(32,452)	(1,811,068)	(2,230,000)	(118,941)	(4,192,461)
Defined benefit obligation as at 30 June	231,100	31,463,000	115,122,000	5,297,000	152,113,100
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	-	-	12,852,000	-	12,852,000
Expected return on plan assets (interest income)	-	-	563,000	-	563,000
Experience actuarial gains/(losses)	-	-	618,000	-	618,000
Contributions	32,452	1,811,068	1,910,000	118,941	3,872,461
Funded contributions by plan participants	-	-	204,000	-	204,000
Benefits paid	(32,452)	(1,811,068)	(2,230,000)	(118,941)	(4,192,461)
Fair value of plan assets at 30 June	-	-	13,917,000	-	13,917,000
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	3,340,080	-	3,340,080
Overseas equities	-	-	3,200,910	-	3,200,910
Property and infrastructure	-	-	1,948,380	-	1,948,380
Private equity	-	-	1,530,870	-	1,530,870
Cash, debt instruments	-	-	1,948,380	-	1,948,380
Other	-	-	1,948,380	-	1,948,380
Subtotal	-	-	13,917,000	-	13,917,000
The actual return on plan assets was a gain of \$1,181.0m (2022-23: gain of \$1,089.0m). The fair value of scheme assets relates to the value of investments in the CSC Pooled Superannuation Trust. These are disclosed as level two in the fair value hierarchy, where the net market value is derived from observable inputs (other than quoted prices) such as prices or derived from prices.					
Reconciliation of the present value of the defined benefit obligation					
Closing value of the defined benefit obligation	231,100	31,463,000	115,122,000	5,297,000	152,113,100
Less: Closing fair value of plan assets	-	-	13,917,000	-	13,917,000
Closing value of the net defined benefit liability	231,100	31,463,000	101,205,000	5,297,000	138,196,100

Department of Defence

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For the year ended 30 June 2024

Administered – Defined Benefit Plans (continued)					
	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	306,200	35,797,000	101,602,000	3,068,900	140,774,100
Current Service cost	-	45,000	2,525,000	1,624,100	4,194,100
Interest cost	10,738	1,363,387	4,438,000	150,448	5,962,573
Expected return on plan assets (interest income)	-	-	(460,000)	-	(460,000)
Total expense	10,738	1,408,387	6,503,000	1,774,548	9,696,673
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	(629,000)	-	(629,000)
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	13,500	1,156,000	3,236,000	(357,000)	4,048,500
Changes in financial assumptions	(17,600)	(3,690,000)	(11,871,000)	(404,000)	(15,982,600)
Changes in demographic assumptions*	-	550,000	3,005,000	-	3,555,000
Contributions	(34,138)	(1,747,387)	(1,724,000)	(79,448)	(3,584,973)
Net defined benefit liability as at 30 June	278,700	33,474,000	100,122,000	4,003,000	137,877,700
Reconciliation of the present value of the defined benefit obligation					
Opening value at 1 July	306,200	35,797,000	113,415,000	3,068,900	152,587,100
Current Service cost	-	45,000	2,525,000	1,624,100	4,194,100
Interest cost	10,738	1,363,387	4,438,000	150,448	5,962,573
Funded contributions by plan participants	-	-	209,000	-	209,000
Actuarial losses/(gains) in liabilities arising from:					
Changes in liability experience	13,500	1,156,000	3,236,000	(357,000)	4,048,500
Changes in financial assumptions	(17,600)	(3,690,000)	(11,871,000)	(404,000)	(15,982,600)
Changes in demographic assumptions*	-	550,000	3,005,000	-	3,555,000
Benefits paid	(34,138)	(1,747,387)	(1,983,000)	(79,448)	(3,843,973)
Defined benefit obligation as at 30 June	278,700	33,474,000	112,974,000	4,003,000	150,729,700
* The demographic assumptions used for the 30 June 2023 actuarial estimate are based on the 30 June 2020 LTCR, however DFRDB and MSBS retrospective invalidates assumptions were refined in 2022-23.					
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	-	-	11,813,000	-	11,813,000
Expected return on plan assets (interest income)	-	-	460,000	-	460,000
Experience actuarial gains/(losses)	-	-	629,000	-	629,000
Contributions	34,138	1,747,387	1,724,000	79,448	3,584,973
Funded contributions by plan participants	-	-	209,000	-	209,000
Benefits paid	(34,138)	(1,747,387)	(1,983,000)	(79,448)	(3,843,973)
Fair value of plan assets at 30 June	-	-	12,852,000	-	12,852,000
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	3,084,480	-	3,084,480
Overseas equities	-	-	2,827,440	-	2,827,440
Property and infrastructure	-	-	1,799,280	-	1,799,280
Private equity	-	-	1,670,760	-	1,670,760
Cash, debt instruments	-	-	2,056,320	-	2,056,320
Other	-	-	1,413,720	-	1,413,720
Subtotal	-	-	12,852,000	-	12,852,000
The 2022-23 actual return on plan assets was a gain of \$1,089m. The fair value of scheme assets relates to the value of investments in the CSC Pooled Superannuation Trust. These are disclosed as level two in the fair value hierarchy, where the net market value is derived from observable inputs (other than quoted prices) such as prices or derived from prices.					
Reconciliation of the present value of the defined benefit obligation					
Closing value of the defined benefit obligation	278,700	33,474,000	112,974,000	4,003,000	150,729,700
Less: Closing fair value of plan assets	-	-	12,852,000	-	12,852,000
Closing value of the net defined benefit liability	278,700	33,474,000	100,122,000	4,003,000	137,877,700

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. Funding

5.1: Appropriations

5.1A: Annual appropriations ('recoverable GST exclusive')

Annual Appropriations for 2023-24

	Annual Appropriation ¹ \$'000	Adjustments to appropriations ² \$'000	Total Appropriation \$'000	Appropriation applied in 2024 (Current and prior years) \$'000	Variance ³ \$'000
DEPARTMENTAL⁵					
Ordinary annual services	36,758,689	741,046	37,499,735	37,469,143	30,592
Capital budget ⁴	3,408,948	-	3,408,948	2,761,249	647,699
Other services					
Equity injection	12,605,175	(62,759)	12,542,416	11,600,499	941,917
Total departmental	52,772,812	678,287	53,451,099	51,830,891	1,620,208

Details of quarantined appropriations are as follows:

Amounts withheld under section 51 determinations

Appropriation Act (No. 1) 2023-24 - Departmental Capital Budget (DCB)	599,904
Appropriation Act (No. 3) 2023-24 - Operating	463,853
Appropriation Act (No. 3) 2023-24 - Departmental Capital Budget (DCB)	2,748
Appropriation Act (No. 2) 2023-24 - Equity Injections	984,744
Appropriation Act (No. 4) 2023-24 - Equity Injections	18,648
Total Quarantined	2,069,897

¹ The annual appropriations includes an amount of \$2.1bn withheld under section 51 of the PGPA Act.

Commonwealth Superannuation Corporation draw funds from the CRF on behalf of Defence.

² Adjustments to appropriations including PGPA Act section 74 receipts of \$1.1bn and section 75 transfers totalling \$390.1m (\$327.3m Ordinary annual services and \$62.8m Equity injection). Section 75 transfers relate to the establishment of the Australian Submarine Agency from 1 July 2023.

³ The departmental variance relates to the movement in cash and appropriation receivable between the current and prior financial years including drawdowns of prior year appropriation, and departmental appropriations withheld under section 51.

⁴ Departmental Capital Budgets are appropriated through Appropriation Acts (No.1 / 3 / 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

⁵ The Department of Industry Science and Resources and the Attorney-General's Department can draw funds from the Consolidated Revenue Fund (CRF) on behalf of Defence.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.1: Appropriations (continued)

5.1A: Annual appropriations ('recoverable GST exclusive') (continued)

Annual Appropriations for 2022-23

	Annual Appropriation ¹ \$'000	Adjustments to appropriations ² \$'000	Total Appropriation \$'000	Appropriation applied in 2023 (Current and prior years) \$'000	Variance ³ \$'000
DEPARTMENTAL					
Ordinary annual services	33,311,415	1,092,292	34,403,707	33,585,114	818,593
Capital budget ⁴	3,045,041	-	3,045,041	2,730,776	314,265
Other services					
Equity injection	12,933,085	-	12,933,085	11,710,464	1,222,621
Total departmental	49,289,541	1,092,292	50,381,833	48,026,354	2,355,479

Details of quarantined appropriations are as follows:

Amounts withheld under section 51 determinations

Supply Act 3 2022-23 - Operating	271,115
Supply Act 3 2022-23 - DCB	211,197
Supply Act 4 2022-23 - Equity Injections	1,100,694
Total Quarantined	1,583,006

¹ The annual appropriations exclude the impact of \$1.6bn withheld under section 51 of the PGPA Act in 2022-23.

² Adjustments to appropriations include adjustments to current year annual appropriations including PGPA Act section 74 receipts.

³ The departmental variance relates to the movement in cash, GST receivable, departmental appropriations under section 51 quarantine and appropriation receivable between the current and prior financial years including drawdowns of prior year appropriation and timing differences between expenses and cash outflows. \$75.9m was drawn down from non-lapsed appropriations from 2021-22 to fund operating expenditure incurred in the current financial year. Please refer to budget variances for reasons for underspend.

⁴ Departmental Capital Budgets are appropriated through Appropriation Acts (No.1 and 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

5.1: Appropriations (continued)

	2024	2023
	\$'000	\$'000
Note 5.1B: Unspent annual appropriations ('recoverable GST exclusive')		
Operating		
Appropriation Act (No.5) 2023-24	89,028	-
Appropriation Act (No.3) 2023-24 ¹	587,745	-
Appropriation Act (No.1) 2023-24 ³	4,485	-
Appropriation Act (No.3) 2022-23	-	382,856
Supply Act (No.3) 2022-23 ¹	271,115	271,115
Supply Act (No.1) 2022-23 ¹	17,822	235,196
Appropriation Act (No.3) 2021-22 ¹	112,879	112,879
Appropriation Act (No.1) 2020-21 ^{2,4}	-	242,914
Total Operating	1,083,074	1,244,960
Equity		
Appropriation Act (No.6) 2023-24	50,382	-
Appropriation Act (No.5) 2023-24 - Departmental Capital Budget (DCB)	11	-
Appropriation Act (No.4) 2023-24 ¹	28,718	-
Appropriation Act (No. 3) 2023-24 - Departmental Capital Budget (DCB) ¹	114,006	-
Appropriation Act (No.2) 2023-24 ¹	984,744	-
Appropriation Act (No.1) 2023-24 - Departmental Capital Budget ¹	636,750	-
Appropriation Act (No.3) 2022-23 - Departmental Capital Budget	-	11,591
Supply Act (No.4) 2022-23 ¹	1,100,694	1,222,621
Supply Act (No.3) 2022-23 (Departmental Capital Budget) ¹	211,197	302,674
Appropriation Act (No.2) 2021-22 ^{1,5}	81,750	81,750
Appropriation Act (No.1) 2020-21 - Departmental Capital Budget ⁴	-	27,282
Appropriation Act (No.1) 2020-21 ⁴	-	1,289,360
Total Operating	3,208,252	2,935,279
Total	4,291,326	4,180,239
Cash and cash equivalents ²	198,243	249,692
Total unspent annual appropriations³	4,489,569	4,429,931

Notes

¹ Unspent annual appropriations include \$865.7m operating appropriations and \$3.0bn equity appropriations that have been withheld under section 51, but legally available as at 30 June 2024.

² Cash and Cash Equivalents exclude cash balances relating to special accounts which are disclosed separately in Note 5.2 - Special Accounts.

³ The unspent annual appropriations are \$4.5bn, allocated as follows:
(a) \$3.9bn has been withheld under section 51; and
(b) \$624.2m of unspent annual appropriations (including cash and cash equivalents) available to the Department.

⁴ 2020-21 Appropriations have lapsed on 1 July 2023 in accordance with the provisions in the appropriations acts.

⁵ Appropriation Act (No. 2) 2021-22 includes \$81.8m withheld under section 51 and will lapse on 1 July 2024.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Authority	Nature	Type	Purpose	Appropriation Applied	
				2024 \$'000	2023 \$'000
<i>Defence Force Retirement Benefits Act 1948</i> ¹	Administered	Unlimited Amount	To provide Retirement Benefits for Members of the Defence Force who enlisted before 1 October 1972, and for other purposes.	32,452	34,138
<i>Defence Force Retirement and Death Benefits Act 1973</i> ¹	Administered	Unlimited Amount	To make provision for and in relation to a Scheme for Retirement and Death Benefits for Members of the Defence Force who enlisted before 1 October 1991.	1,797,455	1,729,781
<i>Military Superannuation and Benefits Act 1991</i> ¹	Administered	Unlimited Amount	To make provision for and in relation to an occupational superannuation scheme for, and the payment of other benefits to members of the Defence Force, and for related purposes.	2,052,299	1,833,022
<i>Defence Force (Home Loans Assistance) Act 1990</i> ²	Administered	Unlimited Amount	To provide for the payment of home loan subsidies in respect of certain members of the Defence Force and certain other persons, and for related purposes. To refund amount to Bank in certain circumstances as stipulated in Schedule 1 - Subclause 8.4 of the agreement between the Commonwealth and the Bank.	-	72
<i>Defence Home Ownership Assistance Scheme Act 2008</i>	Administered	Unlimited Amount	To provide financial assistance to members of the Defence Force and certain other persons, for the purchase, maintenance and development of their homes, and for related purposes.	270,683	165,091
<i>Australian Defence Force Cover Act 2015</i> ¹	Administered	Unlimited Amount	To make provision for benefits for incapacity or death suffered by certain members of the Australian Defence Force, and for related purposes.	118,941	79,448
Total				4,271,830	3,841,552

¹ Commonwealth Superannuation Corporation draw funds from the CRF on behalf of Defence.

² While s.38(f) contains a limit as to the refund amounts to Bank in certain circumstances, the special appropriation as a whole, is classified as 'Unlimited' in nature according to the Chart of Special Appropriations 30 June 2024, published by the Department of Finance."

Defence is responsible for the following additional Special Appropriations. No payments have been made from these Special Appropriations for this financial year.

The following pension related Special Appropriations are administered, for unlimited amounts during a limited period of time, or to effect transitional arrangements or machinery of government changes. No payment has been made from the following special appropriations in the past four years or longer.

- *Defence Forces Retirement Benefits (Pension Increases) Act 1961*
- *Defence Forces Retirement Benefits (Pension Increases) Act 1967*
- *Defence Forces Retirement Benefits (Pension Increases) Act 1971*
- *Defence Forces Retirement Benefits (Pension Increases) Act 1973*
- *Defence Force Retirement and Death Benefits (Pension Increases) Act 1974*
- *Defence Force Retirement and Death Benefits (Pension Increases) Act 1976*

The following Special Appropriation is administered and 'unlimited' in nature. No payment has been made from the following special appropriation in the past four years or longer.

- *War Gratuity Act 1945*

³ Department of Veteran Affairs (DVA) draws funds from the CRF on behalf of Defence.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.2: Special Accounts

Defence Endowments, Bequests and Other Trust Money Special Account¹

	2024 \$'000	2023 \$'000
DEPARTMENTAL		
Balance brought forward from previous period	180,056	359,091
Opening balance adjustment	-	239
Reclassification		
Departmental	-	359,091
Administered	-	(359,091)
Total	180,056	359,330
Increases:		
Departmental	784,938	97,523
Administered	-	-
Total Increases	784,938	97,523
Available for payments	964,994	456,853
Decreases:		
Departmental	(222,816)	(276,797)
Administered	-	-
Total Decreases	(222,816)	(276,797)
Total balance to be carried forward to next period		
Departmental	742,178	180,056
Administered	-	-
Balance represented by:		
Cash held in entity bank accounts ²	606,350	-
Cash held in the Official Public Account ³	135,828	180,056
Total balance carried to the next period	742,178	180,056

¹ Relevant authority is granted under *Public Governance, Performance and Accountability Act 2013* section 78, with the establishing instrument being the *Defence Endowments, Bequests and Other Trust Money Special Account 2019*.

The purpose is to carry out activities in line with the purpose of trust accounts, disclosed in Note 8.1: Asset Held in Trust, and to disburse amounts in connection with services performed for or on behalf of a third party, including another government.

² Cash held in entity bank accounts is cash held in relation to the Heavy Weapons Carrier Production Trust. This cash is not held within the Official Public Account in accordance with the trust arrangements. Refer to Note 8.1: Assets Held in Trust.

³ Asset held in trust funds held within the Official Public Account amount is \$1.7m (2022-23: \$1.7m). Refer to Note 8.1: Assets Held in Trust.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.3: Net Cash Appropriations Arrangements

	Notes	2024 \$'000	2023 \$'000
Defence Net Cash Result - (deficit) / surplus¹		(443,621)	670,624
Less: Items included in Total comprehensive (loss) / income			
<i>Not included in Net Cash:</i>			
Depreciation and amortisation ²	3.2A	(7,275,933)	(6,657,711)
Inventory consumption ²	1.1B	(1,173,727)	(1,224,918)
Net write-down and net impairment of assets ^{2,3}		(508,809)	(573,672)
Plus: Items included in Net Cash but not included in total comprehensive (loss) / income			
<i>Not included in Net Cash:</i>			
Repayment of lease liabilities funded through revenue appropriations		395,837	308,795
Net capital deficit / (surplus) ⁴		834,688	(1,027,949)
(Deficit)/Surplus attributable to the Australian Government		(8,171,565)	(8,504,831)
Plus: Other comprehensive income / (loss)			
<i>Items not subject to subsequent reclassification to net cost of services:</i>			
Changes in asset revaluation reserves	3.2A	3,367,554	1,591,569
Total comprehensive (loss) / income attributable to the Australian Government		(4,804,011)	(6,913,262)

¹ From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when capital expenditure is to be recognised.

Historically, Defence has reported appropriation revenues equal to total budgeted expenses that included funding for cash and non-cash based expenses, with the remaining funding provided as an equity appropriation for the purchase of major assets under the Capability Acquisition Program. The net cash funding presentation provides a clearer line of sight between appropriation funding from Government and planned expenditure. The operating loss is reported as the operating revenue does not include the cost of depreciation, inventory consumption and write-downs. Instead, these items are fully funded via capital appropriations captured in the Statement of Changes in Equity. The budgeted and actual operating loss is a direct result of, amongst other factors, the above-mentioned changes to the presentation.

² Under the net cash appropriation framework, Defence receives an operating appropriation to meet budgeted expenses (including repayment of lease liabilities and excluding asset depreciation, consumption and impairment) and equity appropriations to fund capital and inventory additions. Defence presents the information in a consistent format that corresponds to relevant tables in the Portfolio Budget Statements 2023-24.

³ Net write-down and net impairment of assets comprises of impairment loss allowance on financial instruments, write-down of non-financial assets and reversals of previous asset write-downs.

⁴ Net Capital deficit / (surplus) is the difference between total capital funding and total capital expenditure. Capital funding comprises a departmental capital budget (DCB) for the purchase of minor assets and Defence inventory, and a capital appropriation (equity appropriation) for the purchase of major assets. Capital expenditure includes asset and inventory additions as the outlay against capital funding.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

6. People and Relationships

6.1: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Defence. The key management personnel of Defence are considered to be the:

- i. Minister for Defence;
- ii. Minister for Defence Industry;
- iii. Minister for Veterans and Defence Personnel;
- iv. Assistant Defence Minister;
- v. Secretary;
- vi. Chief of the Defence Force (CDF);
- vii. Vice Chief of the Defence Force;
- viii. Associate Secretary;
- ix. Chief of Navy;
- x. Chief of Army;
- xi. Chief of Air Force;
- xii. Chief of Joint Operations;
- xiii. Chief of Joint Capabilities;
- xiv. Chief Finance Officer (CFO);
- xv. Deputy Secretary Strategy, Policy and Industry
- xvi. Deputy Secretary Capability Acquisition and Sustainment;
- xvii. Chief Information Officer (CIO);
- xviii. Chief Defence Scientist;
- xix. Deputy Secretary Security and Estate;
- xx. Deputy Secretary Defence People;
- xxi. Deputy Secretary Naval Shipbuilding and Sustainment;
- xxii. Chief of Defence Intelligence;
- xxiii. Chief of the Guided Weapons and Explosive Ordnance Enterprise (GWEO);
- xxiv. Deputy Secretary Defence Strategic Review Implementation;
- xxv. Senior Advisor "AUKUS" - (Australia, the United Kingdom, and the United States)¹;
- xxvi. Chief of Personnel; and
- xxvii. Deputy Secretary Governance²

Key management personnel remuneration is reported in the table below.

	2024	2023
	\$	\$
Short-term employee benefits ³	12,008,287	11,248,404
Post-employment benefits	2,378,040	2,136,190
Long-term benefits	252,311	251,716
Total key management personnel remuneration expenses⁴	14,638,638	13,636,310

Notes

¹ The Senior Advisor "AUKUS" position ceased on 21 July 2023.

² The Deputy Secretary Governance was a newly created position during the year.

³ The above key management personnel remuneration excludes the remuneration and other benefits of the Minister for Defence, Minister for Defence Industry, Minister for Veterans and Defence Personnel and Assistant Minister for Defence. The remuneration and other benefits of these Ministers are not paid by the Department of Defence.

⁴ The total number of key management personnel that are included in the above table is 36 (2022-23: 34). Acting key management personnel included in the above figure are 13 (2022-23: seven). Acting key management personnel are included where they acted for twelve or more consecutive weeks and/or made significant decisions while acting during the year.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

6.2: Related Party Disclosures

Related party relationships:

The Department of Defence (Defence) is an Australian Government controlled entity. Related parties to Defence are:

- i) Key Management Personnel (as detailed in Note 6.1);
- ii) Spouse or domestic partner (also known as de facto partner) of a KMP;
- iii) Children or dependents of a KMP or their spouse or domestic partner;
- iv) Entities, individually or jointly, controlled by the above individuals; and
- v) Cabinet Ministers; and
- vi) Other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include a related party enlisting in the Defence reserves and the gifting of assets to the Australian War Memorial. These transactions occurred at arm's length during the course of the department delivering on its objectives and have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Defence, it has been determined that there are no related party transactions to be separately disclosed (2022-23: nil).

Significant transactions with related parties can include:

- i) the payments of grants or loans;
- ii) purchases of goods and services;
- iii) asset purchases, sales transfers or leases;
- iv) debts forgiven; and
- v) guarantees.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. Managing Uncertainties

7.1: Contingent Assets and Liabilities

	2024	2023
Note 7.1A: Contingent assets and liabilities	\$'000	\$'000
Contingent assets		
Balance from previous period	100	40,035
New	-	-
Re-measurement	260	(39,935)
Assets realised	-	-
Rights expired	(140)	-
Total contingent assets	220	100
Contingent liabilities		
Balance from previous period	7,908	31,340
New	-	-
Re-measurement	46,799	143,514
Liabilities realised	(36,794)	(157,646)
Obligations expired	-	(9,300)
Total contingent liabilities	17,913	7,908
Net contingent liabilities	17,693	7,808

Quantifiable Contingencies

Contingent Assets

At 30 June 2024, there is two (2022-23: one) instances of non-remote, quantifiable contingent assets in respect of claims by Defence value at \$0.2m (2022-23: \$0.1m).

Contingent Liabilities

At 30 June 2024, there are 15 (2022-23: seven) instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at \$17.9m (2022-23: \$7.9m). The estimated figure is determined by conducting an objective analysis of the probable amount payable for all the matters managed by firms engaged by Defence through the Attorney General's Legal Services Multi Use List and those being handled in-house by Defence Legal Division.

However, the exact amount payable under those claims is uncertain. Defence is defending the claims or is trying to resolve them by recourse to alternative dispute resolution measures.

Unquantifiable Contingencies

Contingent Assets

At 30 June 2024 Defence had one (2022-23: four) instance of unquantifiable non-remote contingent assets.

Contingent Liabilities

At 30 June 2024 Defence had 17 (2022-23: 104) instances of unquantifiable non-remote contingent liabilities.

Land decontamination, make-good and decommissioning of Defence assets: Defence has made a financial provision for the future estimates involved in land decontamination, site restoration and decommissioning of Defence assets where a legal or constructive obligation has arisen. For those decontamination, restoration and decommissioning activities for which there is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable. Where there is a possible legal or constructive obligation, but the potential cost could not be quantified, the obligations have been assessed as unquantifiable contingencies. It was not possible to estimate the amounts of any eventual payments or receipts that may have eventuated in relation to these claims.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

7.1: Contingent Liabilities and Assets (continued)

Quantifiable Remote Contingencies

Remote Contingent Assets

At 30 June 2024 Defence had two (2022-23: six) instances of quantifiable remote contingent assets valued at \$0.8m (2022-23: \$14.9m).

Remote Contingent Liabilities

At 30 June 2024 Defence had 412 (2022-23: 273) instances of quantifiable remote contingent liabilities valued at \$7,949.0m (2022-23: \$3,920.2m). This balance relates to an Indemnity Register, which Defence maintains and records all potential quantifiable and unquantifiable contingent liabilities arising from Defence's legal and contractual obligations.

Unquantifiable Remote Contingencies

Remote Contingent Assets

At 30 June 2024, Defence had one instance of an unquantifiable remote contingent asset (2022-23: one).

Remote Contingent Liabilities

At 30 June 2024, Defence had 592 instances of unquantifiable remote contingent liabilities (2022-23: 1,413).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are disclosed in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Note 7.1B: Administered contingent liabilities and contingent assets

Quantifiable Contingencies

There are no quantifiable contingencies (assets and liabilities) to report in the current or prior year.

Unquantifiable Contingencies

There are no unquantifiable contingencies (assets and liabilities) to report in the current or prior year.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7.2: Financial Instruments

	Notes	2024 \$'000	2023 \$'000
Note 7.2A: Categories of financial instruments			
Financial assets at amortised cost:			
Cash and cash equivalents	3.1A	332,349	427,000
Loans and other receivables:			
Trade and other receivables		1,120,323	808,612
Total financial assets at amortised cost		1,452,672	1,235,612
Carrying amount of financial assets		1,452,672	1,235,612
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Suppliers		5,273,586	5,341,846
Employee payables	3.3B	353,406	291,030
Other payables ¹	3.3C	117,619	193,246
Total financial liabilities at amortised cost		5,744,611	5,826,122
Carrying amount of financial liabilities		5,744,611	5,826,122

¹ Other payables 2022-23 have been updated to reflect Other payables excluding Statutory payables. Assets and liabilities relating to statutory obligations are not considered financial instruments as there is no contractual arrangement.

Accounting Policy

Financial Assets

Defence classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both Defence's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when Defence becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

(a) Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

(b) Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the Solely Payment of Principal and Interest (SPPI) test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised

(c) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Note 7.2A: Categories of financial instruments (continued)

Accounting Policy (continued)

(d) Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of loss is measured using the simplified approach of the expected credit loss model at an amount equal to lifetime expected credit losses. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

(a) Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Defence's supplier and other payables are generally payable within the short term and are recognised at the amount of cash or cash equivalents required to settle the liability. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

(b) Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the assets with the associated risks and rewards are transferred to another entity. Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or has expired.

	2024	2023
	\$'000	\$'000
Note 7.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange (loss) / gain	(31,949)	(18,412)
Impairment (loss) / reversal	(3,492)	1,271
Net (loss) / gain on financial assets at amortised cost	(35,441)	(17,141)
Net (loss) / gain on financial assets	(35,441)	(17,141)

There is no interest income from financial assets not at fair value through the net cost of services.

Note 7.2C: Net gains or losses on financial liabilities

Financial liabilities at amortised cost

Exchange gain / (loss)	1,393	-
Interest expense	(125,574)	(112,885)
Net (loss)/gain on financial liabilities at amortised cost	(124,181)	(112,885)
Net (loss)/gain on financial liabilities	(124,181)	(112,885)

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7.3: Administered – Financial Instruments

		2024	2023
	Notes	\$'000	\$'000
7.3A: Categories of financial instruments			
Financial assets at amortised cost			
Loans and receivables			
Trade and other receivables	4.1A	43,685	56,355
Total financial assets at amortised cost		43,685	56,355
Financial assets at fair value through other comprehensive income (investments in equity instruments)			
Investment in Defence Housing Australia	4.1B	3,669,338	3,533,613
Investment in other small portfolio bodies	4.1B	128,701	130,695
Total financial assets at fair value through other comprehensive income (investments in equity instruments)		3,798,039	3,664,308
Carrying amount of financial assets		3,841,724	3,720,663
Financial liabilities			
Financial liabilities measured at amortised cost			
Other payables	4.3A	106,541	10,004
Total financial liabilities measured at amortised cost		106,541	10,004
Carrying amount of financial liabilities		106,541	10,004

The net interest income from financial assets not at fair value through net cost of service is nil (2022-23: nil).

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7.4: Fair Value Measurements

The following disclosures provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the Statement of Financial Position are not subject to valuation under AASB 13 *Fair Value Measurement*.

Accounting Policy

In estimating the fair value of an asset or a liability, Defence uses market-observable data to the extent it is available. For level 2 and 3 inputs, Defence engages third party qualified valuers and internal experts to establish the appropriate valuation techniques and inputs to the models to ensure the valuations are in line with AASB 13 *Fair Value Measurement*.

Defence reviews all reports received from third party valuers and internal experts to ensure unobservable inputs used align with Defence's own assumptions and understanding of the market. This review includes investigation of significant fluctuations in the fair value of the assets and liabilities and that the report includes sufficient information to ensure compliance with AASB 13 *Fair Value Measurement*.

Defence deems transfers between levels of fair value hierarchy to have occurred when there has been a change to the inputs to the fair value measurement (for instance from observable to unobservable and vice versa) and the significance that the changed input has in determining the fair value measurement.

	Notes	Fair value measurements at the end of the reporting period	
		2024 \$'000	2023 \$'000
Note 7.4A: Fair value measurement			
Non-financial assets³			
Land	3.2A	6,979,557	6,175,366
Buildings	3.2A	17,695,541	15,972,806
Specialist military equipment ²	3.2A	88,421,119	83,114,599
Infrastructure	3.2A	9,367,306	8,223,108
Plant and equipment	3.2A	1,339,867	1,466,536
Heritage and cultural	3.2A	401,671	435,898
Assets held for sale ¹	3.2D	68,417	76,598
Total Non-financial assets		124,273,478	115,464,911

¹ Assets held for sale are measured at fair value in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

² The 2022-23 balances have been restated for Intangible assets that were incorrectly classified as Specialist military equipment. This has no impact on Total non-financial assets or Net assets. Refer to the Comparative error and restatement disclosure on page 18.

³ The 2022-23 balances have been updated to reclassify Right-of-use assets that are not carried at fair value.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7.5: Administered – Fair Value Measurements

		Fair value measurements at the end of the reporting period	
		2024	2023
		\$'000	\$'000
<u>7.5A Administered Fair value measurements</u>			
Financial assets			
Administered Investment	4.1B	<u>3,798,039</u>	<u>3,664,308</u>
Total financial assets		<u>3,798,039</u>	<u>3,664,308</u>

Accounting Policy

Administered investments are valued using the net assets valuation approach.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

8. Other Information

8.1: Assets Held in Trust

	2024 \$'000	2023 \$'000
Young Endeavour Youth Program Public Fund (Trust)		
As at 30 June 2024, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
Purpose of trust arrangement:		
<i>To create a capital fund for the purpose of furthering youth development initiatives to make specific acquisitions and to support the Young Endeavour Youth Scheme through sail training for young Australians.</i>		
Total amount held at the beginning of the reporting period	1,565	1,564
Receipts	2	1
Payments	(2)	-
Total amount held at the end of the reporting period	1,565	1,565
Peter Mitchell Trust Fund (Trust)		
As at 30 June 2024, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
Purpose of trust arrangement:		
<i>To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
Total amount held at the beginning of the reporting period	3	3
Receipts	-	-
Payments	-	-
Total amount held at the end of the reporting period	3	3
Fedorczenko Legacy Fund Special Account (Trust)		
As at 30 June 2024, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
Purpose of trust arrangement:		
<i>For expenditure in relation to the defence of Australia of the residual of the estate of the late Petro Fedorczenko.</i>		
Total amount held at the beginning of the reporting period	166	166
Receipts	-	-
Payments	(12)	-
Total amount held at the end of the reporting period	154	166
Heavy Weapons Carrier - Production Cost (Trust)		
This trust was established in 2023-24. As at 30 June 2024, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
Purpose of trust arrangement:		
<i>For expenditure in relation the the purchase of Heavy Weapon Carrier vehicles for a foreign government.</i>		
Total amount held at the beginning of the reporting period	-	-
Receipts	714,726	-
Payments	(108,376)	-
Total amount held at the end of the reporting period	606,350	-
Total Asset held in Trust	608,072	1,734

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

8.2: Current/Non-current Distinction for Assets and Liabilities

	2024	2023
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents ¹	332,349	427,000
Trade and other receivables ²	1,517,744	1,691,261
Assets held for sale	68,416	76,598
Inventories	1,038,859	753,342
Prepayments	2,560,097	2,934,632
Total no more than 12 months	5,517,465	5,882,833
More than 12 months		
Trade and other receivables ²	439,994	374,351
Land	7,033,480	6,231,704
Buildings	19,665,541	17,981,933
Specialist military equipment ³	88,628,062	83,360,960
Infrastructure	9,446,765	8,308,066
Plant and equipment	1,641,318	1,657,600
Heritage and cultural assets	401,671	435,898
Intangibles ³	3,622,578	3,356,173
Inventories	8,558,469	7,904,702
Prepayments	939,935	764,862
Total more than 12 months	140,377,813	130,376,249
Total assets	145,895,278	136,259,082
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers payables	5,332,393	5,290,857
Employee payables	353,406	291,030
Other payables	391,644	445,226
Leases	478,653	51,636
Employee provisions	1,168,514	1,029,274
Asset restoration provisions	38,297	33,322
Other provisions	129,750	184,608
Total no more than 12 months	7,892,657	7,325,953
More than 12 months		
Suppliers payables	19,084	50,989
Other payables	3,859	3,859
Leases	2,660,460	3,046,232
Employee provisions	2,117,127	2,106,348
Asset restoration provisions	1,017,905	1,053,886
Other provisions	137,141	121,325
Total more than 12 months	5,955,576	6,382,639
Total liabilities	13,848,233	13,708,592

¹ Cash and cash equivalents for 2022-23 has been updated to exclude the \$1.7m relating to Asset held in trust.

² Trade and other receivables for 2022-23 has been updated to reclassify \$368.1m of sub-lease receivables for Defence to non-current.

³ The 2022-23 balances have been restated for Intangible assets that were incorrectly classified as Specialist military equipment. This has no impact on Total non-financial assets or Net assets. Refer to the Comparative error and restatement disclosure on page 18.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

8.2B: Administered - current/non-current distinction for assets and liabilities

	2024 \$'000	2023 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Trade and other receivables	43,685	56,355
Prepayments	8,734	9,546
Total no more than 12 months	52,419	65,901
More than 12 months		
Equity accounted investments	3,798,039	3,664,308
Prepayments	12,095	48,674
Total more than 12 months	3,810,134	3,712,982
Total assets	3,862,553	3,778,883
Liabilities expected to be settled in:		
No more than 12 months		
Other payables	106,541	10,004
Employee provisions	4,038,800	3,753,300
Total no more than 12 months	4,145,341	3,763,304
More than 12 months		
Employee provisions	134,157,300	134,124,400
Total more than 12 months	134,157,300	134,124,400
Total liabilities	138,302,641	137,887,704

8.3: Restructuring

In March 2023, Australia, the United Kingdom (UK) and the United States (US), collectively known as AUKUS, agreed to the phased approach to construct and deliver an enduring nuclear-powered submarine (SSN) for Australia. From 1 July 2023, the Government established, by Executive Order, the Australian Submarine Agency (ASA) as a separate entity from the Department of Defence.

Functions Relinquished	Gaining entity
Safely and securely acquire, construct, deliver, technically govern, sustain and dispose of Australia's conventionally armed nuclear-powered submarine capability for Australia, via the AUKUS partnership.	ASA
	1 July 2023
	\$'000
Note 8.3: Restructuring	
Assets relinquished	
Prepayments	40,488
Total assets relinquished	40,488
Liabilities relinquished	
Employee provisions	13,556
Total liabilities relinquished	13,556
Net assets relinquished	26,932

Appendix B: Expenses by outcomes

Table B.1: Total funded expenditure of Defence outcomes and programs, 2023–24

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.				
Program 1.1 Operations contributing to the security of the immediate neighbourhood				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	9,828	7,532	(2,296)	(23)
Suppliers	41,405	27,704	(13,701)	(33)
Net losses from sale of assets	–	–	–	–
Other expenses	–	–	–	–
Total expenses funded by appropriation and own source revenue (A)	51,233	35,236	(15,997)	(31)
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	–
Inventory consumption ²	–	107	107	100
Net write-down and net impairment of assets	–	–	–	–
Total expenses not requiring appropriation (B)	–	107	107	100
Total operating expenses (A) + (B) = (C)	51,233	35,343	6,574	(31)
Purchases of non-financial assets	–	–	–	–
Purchases of inventory ²	41,473	24,749	(16,724)	(40)
Principal payments of lease liabilities	–	–	–	–
Total capital expenditure (D)	41,473	24,749	(16,724)	(40)
Total funded expenditure for Program 1.1 (A + D)	92,706	59,985	(32,721)	(35)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 1.2 Operations supporting wider interests				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	4,155	8,957	4,802	116
Suppliers	143,949	159,677	15,728	11
Net losses from sale of assets	–	–	–	–
Other expenses	–	–	–	–
Total expenses funded by appropriation and own source revenue (A)	148,104	168,634	20,530	14
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	–
Inventory consumption ²	–	61	61	100
Net write-down and net impairment of assets	–	–	–	–
Total expenses not requiring appropriation (B)	–	61	61	100
Total operating expenses (A) + (B) = (C)	148,104	168,695	20,591	14
Purchases of non-financial assets	–	590	590	100
Purchases of inventory ²	10,255	3,404	(6,851)	(67)
Principal repayments of lease liabilities	–	–	–	0
Total capital expenditure (D)	10,255	3,994	(6,261)	(61)
Total funded expenditure for Program 1.2 (A + D)	158,359	172,628	14,269	9

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 1.3 Defence contribution to national support tasks in Australia				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	8,037	9,620	1,583	20
Suppliers	58,558	99,149	40,591	69
Net losses from sale of assets	–	–	–	–
Other expenses	–	–	–	–
Total expenses funded by appropriation and own source revenue (A)	66,595	108,769	42,174	63
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	–
Inventory consumption ²	–	85	85	–
Net write-down and net impairment of assets	–	–	–	–
Total expenses not requiring appropriation (B)	–	–	–	–
Total operating expenses (A) + (B) = (C)	66,595	108,769	42,174	63
Purchases of non-financial assets	–	–	–	–
Purchases of inventory ²	20,973	1,130	(19,843)	(95)
Principal repayments of lease liabilities	–	–	–	–
Total capital expenditure (D)	20,973	1,130	(19,843)	(95)
Total funded expenditure for Program 1.3 (A + D)	87,568	109,899	22,331	26
Total funded expenditure for Outcome 1	338,633	342,512	3,879	1

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Outcome 2: Protect and advance Australia's strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.				
Program 2.1 Strategy, Policy and Industry				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	97,072	98,229	1,157	1
Suppliers	700,682	731,259	30,577	4
Net losses from sale of assets	–	–	–	–
Other expenses	38,895	76,813	37,918	97
Total expenses funded by appropriation and own source revenue (A)	836,649	906,301	69,652	8
Expenses not requiring appropriation				
Depreciation and amortisation	41,262	9,441	(31,821)	(77)
Inventory consumption ²	–	14,472	14,472	100
Net write-down and net impairment of assets ⁴	609	(323)	(932)	(153)
Total expenses not requiring appropriation (B)	41,871	23,590	(18,281)	(44)
Total operating expenses (A) + (B) = (C)	878,520	929,891	51,371	6
Purchases of non-financial assets	28,047	27,582	(465)	(2)
Purchases of inventory ²	–	657	657	100
Principal repayments of lease liabilities	8,961	–	(8,961)	(100)
Total capital expenditure (D)	37,008	28,239	(8,769)	(24)
Total funded expenditure for Program 2.1 (A + D)	873,657	934,540	60,883	7

Notes:

1. 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
2. Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
3. Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
4. Total Defence is in a net write-down and impairment of assets position. This program is in a net write-on position. As such, the 2023–24 actual result for this program is a negative value.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.2 Defence Executive Support (including Governance Group)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	89,877	128,678	38,801	43
Suppliers	311,512	256,154	(55,358)	(18)
Net losses from sale of assets	–	–	–	–
Other expenses	3,384	2,631	(753)	(22)
Total expenses funded by appropriation and own source revenue (A)	404,773	387,463	(17,310)	(4)
Expenses not requiring appropriation				
Depreciation and amortisation	10,890	51,191	40,301	370
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets	10,505	2,094	(8,411)	(80)
Total expenses not requiring appropriation (B)	21,395	53,285	31,890	149
Total operating expenses (A) + (B) = (C)	426,168	440,748	14,580	3
Purchases of non-financial assets	144,996	202,146	57,150	39
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities ³	14	–	(14)	(100)
Total capital expenditure (D)	145,010	202,146	57,136	39
Total funded expenditure for Program 2.2 (A + D)	549,783	589,609	39,826	7

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.3 Defence Finance				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees ^{5,6}	163,840	72,931	(90,909)	(55)
Suppliers	82,868	73,581	(9,287)	(11)
Net losses from sale of assets	–	–	–	–
Other expenses ⁷	3,731	82,638	26,950	>500
Total expenses funded by appropriation and own source revenue (A)	250,439	229,150	(21,289)	(9)
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	–
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets ⁵	–	27,588	27,588	100
Total expenses not requiring appropriation (B)	–	27,588	27,588	100
Total operating expenses (A) + (B) = (C)	250,439	256,738	6,299	3
Purchases of non-financial assets	–	–	–	–
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities	–	–	–	–
Total capital expenditure (D)	–	–	–	–
Total funded expenditure for Program 2.3 (A + D)	250,439	229,150	(21,289)	(9)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Employees and net write-down and net impairment of assets for Program 2.3 Defence Finance includes adjustments made on behalf whole of Defence.
- Employee expenses for Program 2.3 Defence Finance are lower than budget predominantly due to the gain associated with the actuarial assumptions, including from the increase in government bond rates as at 30 June 2024 compared to 30 June 2023.
- Other expenses for Program 2.3 Defence Finance represents cash transferred to official public account in relation to non-retainable income under section 74 of *Public Governance, Performance and Accountability Act 2013*.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.4 Joint Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	150,603	168,804	18,201	12
Suppliers	1,499,829	1,582,104	82,275	5
Net losses from sale of assets	–	–	–	–
Other expenses	7,298	2,481	(4,817)	(66)
Total expenses funded by appropriation and own source revenue (A)	1,657,730	1,753,389	95,659	6
Expenses not requiring appropriation				
Depreciation and amortisation	69,829	122,484	52,655	75
Inventory consumption ²	–	210,254	210,254	100
Net write-down and net impairment of assets ³	333,113	77,070	(256,043)	(77)
Total expenses not requiring appropriation (B)	402,942	409,808	6,866	2
Total operating expenses (A) + (B) = (C)	2,060,672	2,163,197	102,525	5
Purchases of non-financial assets	767,292	719,859	(47,433)	(6)
Purchases of inventory ²	–	20,432	20,432	100
Principal repayments of lease liabilities ³	66	–	(66)	(100)
Total capital expenditure (D)	767,358	740,291	(27,067)	(4)
Total funded expenditure for Program 2.4 (A + D)	2,425,088	2,493,680	68,592	3

Notes:

1. 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
2. Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
3. Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
8. The lower than budget net write-down and net impairment of assets for Program 2.4 Joint Capabilities is predominantly driven by a change in provision for obsolescence estimate relating to inventory during 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.5 Navy Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees ⁹	2,791,949	2,693,461	(98,488)	(4)
Suppliers	3,607,295	3,777,416	170,121	5
Net losses from sale of assets	–	–	–	–
Other expenses	6,098	16,168	10,070	165
Total expenses funded by appropriation and own source revenue (A)	6,405,342	6,487,045	81,703	1
Expenses not requiring appropriation				
Depreciation and amortisation ¹⁰	1,319,711	1,623,277	303,566	23
Inventory consumption ²	396,919	201,155	(195,764)	(49)
Net write-down and net impairment of assets	58,392	45,517	(12,875)	(22)
Total expenses not requiring appropriation (B)	1,775,022	1,869,949	94,927	5
Total operating expenses (A) + (B) = (C)	8,180,364	8,356,994	176,630	2
Purchases of non-financial assets	3,658,901	3,687,992	29,091	1
Purchases of inventory ²	494,274	540,471	46,197	9
Principal repayments of lease liabilities ³	22,869	16,731	(6,138)	(27)
Total capital expenditure (D)	4,176,044	4,245,194	69,150	2
Total funded expenditure for Program 2.5 (A + D)	10,581,386	10,732,239	150,853	1

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Employee expenses for military programs, including Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities, Program 2.7 Air Force Capabilities are lower than the budget as a result of lower than budgeted workforce across the Australian Defence Force.
- The depreciation and amortisation for Program 2.5 Navy Capabilities is higher than the budget as a result of reassessment of useful life for ANZAC Class frigates.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.6 Army Capabilities				
Net cash expenditure ⁹				
Expenses funded by appropriation and own source revenue				
Employees ⁹	4,822,651	4,692,653	(129,998)	(3)
Suppliers	2,357,300	2,461,875	104,575	4
Net losses from sale of assets	–	–	–	–
Other expenses	3,057	2,985	(72)	(2)
Total expenses funded by appropriation and own source revenue (A)	7,183,008	7,157,513	(25,495)	–
Expenses not requiring appropriation				
Depreciation and amortisation ¹¹	1,870,020	1,659,291	(210,729)	(11)
Inventory consumption ²	510,342	327,225	(183,117)	(36)
Net write-down and net impairment of assets ¹¹	70,300	260,542	190,242	271
Total expenses not requiring appropriation (B)	2,450,662	2,247,058	(203,604)	(8)
Total operating expenses (A) + (B) = (C)	9,633,670	9,404,571	(229,099)	(2)
Purchases of non-financial assets	3,409,220	3,444,639	35,419	1
Purchases of inventory ²	689,286	801,597	112,311	16
Principal repayments of lease liabilities ³	10,708	–	(10,708)	(100)
Total capital expenditure (D)	4,109,214	4,246,236	137,022	3
Total funded expenditure for Program 2.6 (A + D)	11,292,222	11,403,749	111,527	1

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Employee expenses for military programs, including Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities, Program 2.7 Air Force Capabilities are lower than the budget as a result of lower than budgeted workforce across the ADF.
- Depreciation and amortisation for Program 2.6 Army Capabilities is lower than budget predominantly due to reduced depreciation relating to Multi-Role Helicopter (MRH) 90 Taipan, and extension of useful life for other assets. This lower than budget depreciation and amortisation balance is partially offset by higher than budget net write-down and net impairment of assets due to the MRH 90 Taipan platform and project assets being written down, as a result of its withdrawal from service during 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.7 Air Force Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees ⁹	2,721,117	2,685,586	(35,531)	(1)
Suppliers	4,008,415	4,141,703	133,288	3
Net losses from sale of assets	–	–	–	–
Other expenses	2,315	11,070	8,755	378
Total expenses funded by appropriation and own source revenue (A)	6,731,847	6,838,359	106,512	2
Expenses not requiring appropriation				
Depreciation and amortisation	1,720,385	1,909,688	189,303	11
Inventory consumption ²	374,076	415,323	41,247	11
Net write-down and net impairment of assets	63,840	70,159	6,319	10
Total expenses not requiring appropriation (B)	2,158,301	2,395,170	236,869	11
Total operating expenses (A) + (B) = (C)	8,890,148	9,233,529	343,381	4
Purchases of non-financial assets	3,030,686	3,350,167	319,481	11
Purchases of inventory ^{2,12}	459,588	774,265	314,677	68
Principal repayments of lease liabilities ³	32,496	–	(32,496)	(100)
Total capital expenditure (D)	3,522,770	4,124,432	601,662	17
Total funded expenditure for Program 2.7 (A + D)	10,254,617	10,962,791	708,174	7

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Employee expenses for military programs, including Program 2.5 Navy Capabilities, Program 2.6 Army Capabilities, Program 2.7 Air Force Capabilities are lower than the budget as a result of lower than budgeted workforce across the ADF.
- Purchase of inventory for Program 2.7 Air Force Capabilities is higher compared to the budget predominantly due to higher than budgeted acquisition of explosive ordnance.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.8 Australian Defence Force Headquarters				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	35,507	33,253	(2,254)	(6)
Suppliers	290,633	322,891	32,258	11
Net losses from sale of assets	–	–	–	–
Other expenses	88	456	368	418
Total expenses funded by appropriation and own source revenue (A)	326,228	356,600	30,372	9
Expenses not requiring appropriation				
Depreciation and amortisation	13,465	12,754	(711)	(5)
Inventory consumption ²	–	964	964	100
Net write-down and net impairment of assets	369	257	(112)	(30)
Total expenses not requiring appropriation (B)	13,834	13,975	141	1
Total operating expenses (A) + (B) = (C)	340,062	370,575	30,513	9
Purchases of non-financial assets	194	5,406	5,212	>500
Purchases of inventory ²	–	13	13	100
Principal repayments of lease liabilities ³	467	–	(467)	(100)
Total capital expenditure (D)	661	5,419	4,758	>500
Total funded expenditure for Program 2.8 (A + D)	326,889	362,019	35,130	11

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.9 Capability Acquisition and Sustainment (including Guided Weapons and Explosive Ordnance Group)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	443,289	422,272	(21,017)	(5)
Suppliers	532,083	477,594	(54,489)	(10)
Net losses from sale of assets	–	–	–	–
Other expenses	13	3	(10)	(77)
Total expenses funded by appropriation and own source revenue (A)	975,385	899,869	(75,516)	(8)
Expenses not requiring appropriation				
Depreciation and amortisation	88,478	713	(87,765)	(99)
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets ⁴	209	(3,310)	(3,519)	>(500)
Total expenses not requiring appropriation (B)	88,687	(2,597)	(91,284)	(103)
Total operating expenses (A) + (B) = (C)	1,064,072	897,272	(166,800)	(16)
Purchases of non-financial assets	176,683	43,685	(132,998)	(75)
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities ³	99	–	(99)	(100)
Total capital expenditure (D)	176,782	43,685	(133,097)	(75)
Total funded expenditure for Program 2.9 (A + D)	1,152,167	943,554	(208,613)	(18)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Total Defence is in a net write-down and impairment of assets position. This program is in a net write-on position. As such, the 2023–24 actual result for this program is a negative value.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.10 Security and Estate				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	1,392,544	1,192,467	(200,077)	(14)
Suppliers	4,024,373	3,901,734	(122,639)	(3)
Net losses from sale of assets	–	–	–	–
Other expenses	116,150	181,313	65,163	56
Total expenses funded by appropriation and own source revenue (A)	5,533,067	5,275,514	(257,553)	(5)
Expenses not requiring appropriation				
Depreciation and amortisation	1,501,913	1,569,807	67,894	5
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets	65,552	12,477	(53,075)	(81)
Total expenses not requiring appropriation (B)	1,567,465	1,582,284	14,819	1
Total operating expenses (A) + (B) = (C)	7,100,532	6,857,798	(242,734)	(3)
Purchases of non-financial assets	1,230,311	1,315,442	85,131	7
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities ³	177,369	379,106	201,737	114
Total capital expenditure (D)	1,407,680	1,694,548	286,868	20
Total funded expenditure for Program 2.10 (A + D)	6,940,747	6,970,062	29,315	–

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.11 Defence Digital				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	73,918	87,026	13,108	18
Suppliers	1,560,442	1,493,851	(66,591)	(4)
Net losses from sale of assets	–	–	–	–
Other expenses	34	23	(11)	(32)
Total expenses funded by appropriation and own source revenue (A)	1,634,394	1,580,900	(53,494)	(3)
Expenses not requiring appropriation				
Depreciation and amortisation	303,366	184,059	(119,307)	(39)
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets ⁴	23,597	(3,103)	(26,700)	(113)
Total expenses not requiring appropriation (B)	326,963	180,956	(146,007)	(45)
Total operating expenses (A) + (B) = (C)	1,961,357	1,761,856	(199,501)	(10)
Purchases of non-financial assets	21,812	8,332	(13,480)	(62)
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities ³	13,878	–	(13,878)	(100)
Total capital expenditure (D)	35,690	8,332	(27,358)	(77)
Total funded expenditure for Program 2.11 (A + D)	1,670,084	1,589,232	(80,852)	(5)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Total Defence is in a net write-down and impairment of assets position. This program is in a net write-on position. As such, the 2023–24 actual result for this program is a negative value.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.12 Defence People (including Chief of Personnel)				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	1,000,503	1,020,115	19,612	2
Suppliers	1,149,052	1,130,408	(18,644)	(2)
Net losses from sale of assets	–	–	–	–
Other expenses	5,495	7,381	1,886	34
Total expenses funded by appropriation and own source revenue (A)	2,155,050	2,157,904	2,854	–
Expenses not requiring appropriation				
Depreciation and amortisation	27,950	30,541	2,591	9
Inventory consumption ²	7,124	282	(6,842)	(96)
Net write-down and net impairment of assets ⁴	2,089	(692)	(2,781)	(133)
Total expenses not requiring appropriation (B)	37,163	30,131	(7,032)	(19)
Total operating expenses (A) + (B) = (C)	2,192,213	2,188,035	(4,178)	–
Purchases of non-financial assets	6	3,447	3,441	>500
Purchases of inventory ²	11,344	10,421	(923)	(8)
Principal repayments of lease liabilities ³	7,872	–	(7,872)	(100)
Total capital expenditure (D)	19,222	13,868	(5,354)	(28)
Total funded expenditure for Program 2.12 (A + D)	2,174,272	2,171,772	(2,500)	–

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Total Defence is in a net write-down and impairment of assets position. This program is in a net write-on position. As such, the 2023–24 actual result for this program is a negative value.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.13 Defence Science and Technology				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	369,774	370,550	776	–
Suppliers	405,050	427,540	22,490	6
Net losses from sale of assets	–	–	–	–
Other expenses	2,143	9,298	7,155	334
Total expenses funded by appropriation and own source revenue (A)	776,967	807,388	30,421	4
Expenses not requiring appropriation				
Depreciation and amortisation	33,019	47,104	14,085	43
Inventory consumption ²	151	71	(80)	(53)
Net write-down and net impairment of assets ⁴	2,079	(3,522)	(5,601)	(269)
Total expenses not requiring appropriation (B)	35,249	43,653	8,404	24
Total operating expenses (A) + (B) = (C)	812,216	851,041	38,825	5
Purchases of non-financial assets	515	3,648	3,133	>500
Purchases of inventory ²	–	–	–	–
Principal repayments of lease liabilities ³	178	–	(178)	(100)
Total capital expenditure (D)	693	3,648	2,955	426
Total funded expenditure for Program 2.13 (A + D)	777,660	811,036	33,376	4

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.
- Total Defence is in a net write-down and impairment of assets position. This program is in a net write-on position. As such, the 2023–24 actual result for this program is a negative value.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.14 Defence Intelligence				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	141,070	141,410	340	–
Suppliers	497,437	484,077	(13,360)	(3)
Net losses from sale of assets	–	–	–	–
Other expenses	20	8	(12)	(60)
Total expenses funded by appropriation and own source revenue (A)	638,527	625,495	(13,032)	(2)
Expenses not requiring appropriation				
Depreciation and amortisation	24,746	30,745	5,999	24
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets	22,031	24,056	2,025	9
Total expenses not requiring appropriation (B)	46,777	54,801	8,024	17
Total operating expenses (A) + (B) = (C)	685,304	680,296	(5,008)	(1)
Purchases of non-financial assets	78,687	79,813	1,126	1
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities ³	151	–	(151)	(100)
Total capital expenditure (D)	78,838	79,813	975	1
Total funded expenditure for Program 2.14 (A + D)	717,365	705,308	(12,057)	(2)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.15 Naval Shipbuilding and Sustainment				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	161,791	151,871	(9,920)	(6)
Suppliers	273,114	119,198	(153,916)	(56)
Net losses from sale of assets	–	–	–	–
Other expenses	–	3	3	100
Total Expenses funded by appropriation and own source revenue (A)	434,905	271,072	(163,833)	(38)
Expenses not requiring appropriation				
Depreciation and amortisation	114	128	14	12
Inventory consumption ²	–	–	–	–
Net write-down and net impairment of assets	1	–	(1)	(100)
Total Expenses not requiring appropriation (B)	115	128	13	11
Total operating expenses (A) + (B) = (C)	435,020	271,200	(163,820)	(38)
Purchases of non-financial assets	–	878	878	100
Purchases of inventory ²	–	42	42	100
Principal repayments of lease liabilities ³	21	–	(21)	(100)
Total capital expenditure (D)	21	920	899	>500
Total funded expenditure for Program 2.15 (A + D)	434,926	271,992	(162,934)	(37)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Purchase of inventory and inventory consumption are predominately budgeted in military programs (2.5 Navy Capabilities, 2.6 Army Capabilities and 2.7 Air Force Capabilities), however, actual purchase and consumption of inventory may occur under different programs.
- Budget for lease payments has assumed the payments to be split across multiple programs whereas the actuals were recorded in two programs including Program 2.5 Navy Capabilities and Program 2.10 Security and Estate in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.16 Nuclear-Powered Submarines				
Expenses funded by appropriation and own source revenue				
Employees	–	728	728	100
Suppliers ¹³	237,535	444,523	206,988	87
Net losses from sale of assets	–	–	–	–
Other expenses ¹³	183,749	1	(183,748)	(100)
Total expenses funded by appropriation and own source revenue (A)	421,284	445,252	23,968	6
Expenses not requiring appropriation				
Depreciation and amortisation	51	–	(51)	(100)
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets	–	–	–	–
Total Expenses not requiring appropriation (B)	51	–	(51)	(100)
Total operating expenses (A) + (B) = (C)	421,335	445,252	23,917	6
Purchases of non-financial assets	53,982	18,705	(35,277)	(65)
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities	–	–	–	–
Total capital expenditure (D)	53,982	18,705	(35,277)	(65)
Total funded expenditure for Program 2.16 (A + D)	475,266	463,957	(11,309)	(2)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Higher than budgeted supplier expenses for Program 2.16 Nuclear-Powered submarines was predominantly due to additional United Kingdom capability uplift payments made during 2023–24 relating to Australia–United Kingdom–United States (AUKUS) arrangement. This was budgeted in other expenses, however, actual costs were incurred in Supplier expenses.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.19 Defence Trusts and Joint Accounts ¹⁴				
Expenses funded by appropriation and own source revenue				
Employees	–	26	26	100
Suppliers	–	865	865	100
Net losses from sale of assets	–	–	–	–
Other expenses ¹⁵	47,778	18,587	(29,191)	(61)
Total expenses funded by appropriation and own source revenue (A)	47,778	19,478	(28,300)	(59)
Expenses not requiring appropriation				
Depreciation and amortisation	–	24,710	24,710	100
Inventory consumption	–	–	–	–
Net write-down and net impairment of assets	–	–	–	–
Total Expenses not requiring appropriation (B)	–	24,710	24,710	100
Total operating expenses (A) + (B) = (C)	47,778	44,188	(3,590)	(8)
Purchases of non-financial assets	112,434	90,495	(21,939)	(20)
Purchases of inventory	–	–	–	–
Principal repayments of lease liabilities	–	–	–	–
Total capital expenditure (D)	112,434	90,495	(21,939)	(20)
Total funded expenditure for Program 2.19 (A + D)	160,212	109,973	(50,239)	(31)

Notes:

- 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.
- Depreciation and amortisation, and purchases of non-financial assets in Program 2.19 Defence Trust and Joint Accounts relate to non-financial assets for Australian Singapore Military Training Initiative agreement.
- The budget for Program 2.19 Defence Trust and Joint Accounts assumed total operating expenses of \$47.8 million offset by operating revenue of \$153.6 million in 2023–24.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.20 Defence Force Superannuation Benefits and Program 2.21 Defence Force Superannuation Nominal Interest				
Expenses				
Net foreign exchange losses	–	–	–	–
Military retention benefits	46,970	38,586	(8,384)	(18)
Military superannuation	–	–	–	–
– Benefits	3,702,406	3,877,000	174,594	5
– Interest	5,999,238	6,000,461	1,223	–
Total expenses	9,748,614	9,916,047	167,433	2
Income				
Revenues				
– Interest	–	–	–	–
– Net foreign exchange gains	–	–	–	–
– Military superannuation contribution	1,124,706	1,129,956	5,250	–
Total income	1,124,706	1,129,956	5,250	–
Total Programs 2.20 and 2.21	8,623,908	8,786,091	162,183	2

Note:

1. 2023–24 Estimated Actuals published in the *Portfolio Budget Statements 2024–25*.

Program 2.22 Housing Assistance				
Expenses				
Net foreign exchange losses	–	–	–	–
Housing subsidies	220,016	366,025	146,009	66
Total expenses	220,016	366,025	146,009	66
Income				
Revenues				
– Interest	–	–	–	–
– Net foreign exchange gains	–	–	–	–
– Dividends	–	–	–	–
– License fees	21,614	20,964	(650)	(3)
Total income	21,614	20,964	(650)	(3)
Total Program 2.22	198,402	345,061	146,659	74

Note:

1. 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.

(Table B.1 continued)

	2023–24 Budget ¹ (\$'000)	2023–24 Actual result (\$'000)	Variation (\$'000)	Variation (%)
Program 2.23 Other Administered				
Expenses				
Impairment on trade and other receivables	–	–	–	–
Suppliers	–	–	–	–
Total expenses	–	–	–	–
Income				
Revenues				
– Interest	–	–	–	–
– Dividends	–	–	–	–
– Other	42,178	44,016	1,838	4
Total income	42,178	44,016	1,838	4
Total Program 2.23	(42,178)	(44,016)	(1,838)	4
Departmental total for Outcome 2	51,056,780	51,744,663	687,883	1
Administered total for Outcome 2	8,780,132	9,087,136	307,004	3
Total funded expenditure/resources for Outcome 2 (Departmental and Administered)	59,836,912	60,831,799	994,887	2

Note:

1. 2023–24 estimated actuals published in the *Portfolio Budget Statements 2024–25*.

Appendix C: Additional workforce tables

Australian Public Service employees

Table C.1: All ongoing Australian Public Service employees by location, 2023–24

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1,281	24	1,305	1,016	135	1,151	4	–	4	2,460
Qld	653	14	667	645	67	712	4	–	4	1,383
SA	1,456	26	1,482	604	82	686	5	1	6	2,174
Tas	30	2	32	38	18	56	–	–	–	88
Vic ¹	2,073	48	2,121	1,277	118	1,395	6	1	7	3,523
WA	303	10	313	219	30	249	2	1	3	565
ACT ²	3,766	110	3,876	4,555	443	4,998	34	–	34	8,908
NT	92	2	94	118	8	126	1	–	1	221
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	87	–	87	56	–	56	–	–	–	143
Total	9,741	236	9,977	8,528	901	9,429	56	3	59	19,465

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.2: All ongoing Australian Public Service employees by location, 2022–23

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1,238	23	1,261	913	141	1,054	3	–	3	2,318
Qld	583	12	595	586	57	643	2	–	2	1,240
SA	1,406	36	1,442	558	72	630	3	1	4	2,076
Tas	30	2	32	41	16	57	1	–	1	90
Vic ¹	1,983	36	2,019	1,117	132	1,249	6	–	6	3,274
WA	282	6	288	200	30	230	3	–	3	521
ACT ²	3,380	83	3,463	3,998	436	4,434	13	–	13	7,910
NT	86	2	88	118	7	125	1	–	1	214
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	75	–	75	55	–	55	–	–	–	130
Total	9,063	200	9,263	7,586	891	8,477	32	1	33	17,773

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time Employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.3: All non-ongoing Australian Public Service employees by location, 2023–24

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	9	1	10	8	1	9	–	–	–	19
Qld	10	–	10	2	–	2	1	–	1	13
SA	12	11	23	10	1	11	–	–	–	34
Tas	–	–	–	–	–	–	–	–	–	–
Vic ¹	45	14	59	22	4	26	–	–	–	85
WA	2	–	2	4	1	5	–	–	–	7
ACT ²	84	13	97	85	17	102	2	–	2	201
NT	–	–	–	6	–	6	–	–	–	6
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	1	–	1	–	–	–	1
Total	162	39	201	138	24	162	3	–	3	366

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.4: All non-ongoing Australian Public Service employees by location, 2022–23

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	4	–	4	8	3	11	–	–	–	15
Qld	6	1	7	5	1	6	–	–	–	13
SA	9	11	20	13	3	16	–	–	–	36
Tas	1	–	1	–	–	–	–	–	–	1
Vic ¹	62	16	78	21	7	28	–	–	–	106
WA	1	–	1	4	1	5	–	–	–	6
ACT ²	56	7	63	82	26	108	–	–	–	171
NT	–	–	–	–	–	–	–	–	–	–
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	141	35	176	136	41	177	–	–	–	353

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.5: Ongoing Australian Public Service Act employees by staffing classification and gender, 2023–24

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	7	–	7	3	–	3	–	–	–	10
SES 2	28	–	28	22	–	22	–	–	–	50
SES 1	53	1	54	76	1	77	–	–	–	131
EL 2	1,290	20	1,310	768	43	811	3	–	3	2,124
EL 1	2,511	54	2,565	1,939	176	2,115	4	2	6	4,686
APS 6	3,065	68	3,133	2,565	318	2,883	16	–	16	6,032
APS 5	1,479	34	1,513	1,534	144	1,678	14	–	14	3,205
APS 4	628	21	649	991	116	1,107	9	1	10	1,766
APS 3	259	17	276	411	75	486	2	–	2	764
APS 2	284	15	299	150	23	173	2	–	2	474
APS 1	136	6	142	69	5	74	6	–	6	222
Other	–	–	–	–	–	–	–	–	–	–
Total	9,741	236	9,977	8,528	901	9,429	56	3	59	19,465

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.6: Ongoing Australian Public Service Act employees by staffing classification and gender, 2022–23

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	5	–	5	3	–	3	–	–	–	8
SES 2	26	–	26	12	–	12	–	–	–	38
SES 1	48	–	48	70	1	71	–	–	–	119
EL 2	1,257	21	1,278	672	39	711	1	–	1	1,990
EL 1	2,268	48	2,316	1,662	169	1,831	3	1	4	4,151
APS 6	2,763	55	2,818	2,181	315	3,496	6	–	6	5,320
APS 5	1,291	32	1,323	1,325	135	1,460	9	–	9	2,792
APS 4	563	8	571	915	112	1,027	8	–	8	1,606
APS 3	326	12	338	460	88	548	2	–	2	888
APS 2	357	15	372	212	25	237	2	–	2	611
APS 1	158	9	167	74	7	81	1	–	1	249
Other	1	–	1	–	–	–	–	–	–	–
Total	9,063	200	9,263	7,586	891	8,477	32	1	33	17,773

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.7: Non-ongoing Australian Public Service Act employees by staffing classification and gender, 2023–24

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	1	–	1	–	–	–	–	–	–	1
SES 2	–	–	–	–	–	–	–	–	–	–
SES 1	4	–	4	–	–	–	–	–	–	4
EL 2	13	7	20	8	1	9	–	–	–	29
EL 1	26	6	32	23	9	32	1	–	1	65
APS 6	30	3	33	34	3	37	1	–	1	71
APS 5	24	2	26	28	3	31	–	–	–	57
APS 4	14	2	16	24	2	26	1	–	1	43
APS 3	18	1	19	11	–	11	–	–	–	30
APS 2	29	18	47	9	6	15	–	–	–	62
APS 1	3	–	3	1	–	1	–	–	–	4
Other	–	–	–	–	–	–	–	–	–	–
Total	162	39	201	138	24	162	3	–	3	366

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.8: Non-ongoing Australian Public Service Act employees by staffing classification and gender, 2022–23

	Male			Female			Non-binary			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	–	–	–	1	–	1	–	–	–	1
SES 2	1	–	1	–	–	–	–	–	–	1
SES 1	2	–	2	–	–	–	–	–	–	2
EL 2	6	8	14	11	1	12	–	–	–	26
EL 1	17	3	20	20	7	27	–	–	–	47
APS 6	25	2	27	24	17	41	–	–	–	68
APS 5	17	3	20	17	5	22	–	–	–	42
APS 4	16	2	18	33	3	36	–	–	–	54
APS 3	3	1	4	11	2	13	–	–	–	17
APS 2	39	16	55	12	6	18	–	–	–	73
APS 1	15	–	15	7	–	7	–	–	–	22
Other	–	–	–	–	–	–	–	–	–	–
Total	141	35	176	136	41	177	–	–	–	353

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.9: Australian Public Service Act employees by full-time and part-time status, 2023–24

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	10	–	10	1	–	1	11
SES 2	50	–	50	–	–	–	50
SES 1	129	2	131	4	–	4	135
EL 2	2,061	63	2,124	21	8	29	2,153
EL 1	4,454	232	4,686	50	15	65	4,751
APS 6	5,646	386	6,032	65	6	71	6,103
APS 5	3,027	178	3,205	52	5	57	3,262
APS 4	1,628	138	1,766	39	4	43	1,809
APS 3	672	92	764	29	1	30	794
APS 2	436	38	474	38	24	62	536
APS 1	211	11	222	4	–	4	226
Other	–	–	–	–	–	–	–
Total	18,325	1,140	19,465	303	63	366	19,831

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.10: Australian Public Service Act employees by full-time and part-time status, 2022–23

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	8	–	10	1	–	1	9
SES 2	38	–	38	1	–	1	39
SES 1	118	1	119	2	–	2	121
EL 2	1,930	60	1,990	17	9	26	2,016
EL 1	3,933	218	4,151	37	10	47	4,198
APS 6	4,950	370	5,320	49	19	68	5,388
APS 5	2,625	167	2,792	34	8	42	2,834
APS 4	1,486	120	1,606	49	5	54	1,660
APS 3	788	100	888	14	3	17	905
APS 2	571	40	611	51	22	73	684
APS 1	233	16	249	22	–	22	271
Other	–	–	–	–	–	–	–
Total	16,681	1,092	17,773	277	76	353	18,126

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Table C.11: Australian Public Service Act employment type by location, 2023–24

	Ongoing	Non-ongoing	Total
NSW	2,460	19	2,479
Qld	1,383	13	1,396
SA	2,174	34	2,208
Tas	88	85	173
Vic	3,523	7	3,530
WA	565	201	766
ACT	8,908	6	8,914
NT	221	1	222
Overseas	143	1	144
Total	19,465	366	19,831

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.12: Australian Public Service Act employment type by location, 2022–23

	Ongoing	Non-ongoing	Total
NSW	2,318	15	2,333
Qld	1,240	13	1,253
SA	2,076	36	2,112
Tas	90	1	91
Vic	3,274	106	3,380
WA	521	6	527
ACT	7,910	171	8,081
NT	214	5	219
Overseas	130	–	130
Total	17,773	353	18,126

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.13: Australian Public Service Act Indigenous employment, 2023–24

	Total
Ongoing	371
Non-ongoing	–
Total	371

Note:

Figures in this table show substantive headcount numbers. Data for this table is reliant on self-identification on the Defence Human Resources systems; therefore, the data is likely to under-report actual participation rates.

Table C.14: Australian Public Service Act Indigenous employment, 2022–23

	Total
Ongoing	372
Non-ongoing	4
Total	376

Note:

Figures in this table show substantive headcount numbers. Data for this table is reliant on self-identification on the Defence Human Resources systems; therefore, the data is likely to under-report actual participation rates.

Australian Defence Force staffing

Table C.15: Permanent Australian Defence Force members by location, 2023–24

	Male			Female			Non-binary			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,100	4,231	3,336	12,667	1,423	714	1,153	3,290	4	2	1	7	6,527	4,947	4,490	15,964
Qld	489	9,314	2,526	12,329	213	1,649	1,019	2,881	–	1	3	4	702	10,964	3,548	15,214
SA	124	1,415	1,421	2,960	29	230	446	705	–	–	1	1	153	1,645	1,868	3,666
Tas	12	39	9	60	6	8	8	22	–	–	–	–	18	47	17	82
Vic ¹	1,043	2,347	955	4,345	402	399	275	1,076	–	–	–	–	1,445	2,746	1,230	5,421
WA	2,250	797	246	3,293	640	117	85	842	2	1	–	3	2,892	915	331	4,138
ACT ²	1,434	2,448	1,688	5,570	644	604	790	2,038	1	–	1	2	2,079	3,052	2,479	7,610
NT	472	2,168	683	3,323	154	424	293	871	–	1	1	2	626	2,593	977	4,196
Overseas ³	257	290	266	813	43	24	55	122	–	–	–	–	300	314	321	935
Total	11,181	23,049	11,130	45,360	3,554	4,169	4,124	11,847	7	5	7	19	14,742	27,223	15,261	57,226

Notes:

Figures are for permanent members (Service categories 6 and 7) and do not include Reserves, (Service categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G). Figures in this table are based on substantive location for the ADF.

- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.16: Permanent Australian Defence Force members by location, 2022–23

	Male			Female			Non-binary			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,163	4,420	3,296	12,879	1,389	711	1,074	3,174	3	1	–	4	6,555	5,132	4,370	16,057
Qld	510	9,313	2,455	12,278	225	1,701	1,014	2,940	–	1	3	4	735	11,015	3,472	15,222
SA	90	1,533	1,450	3,073	20	234	440	694	–	–	1	1	110	1,767	1,891	3,768
Tas	5	40	9	54	4	9	5	18	–	–	–	–	9	49	14	72
Vic ¹	1,034	2,512	906	4,452	400	418	244	1,062	1	–	–	1	1,435	2,930	1,150	5,515
WA	2,232	775	223	3,230	627	95	83	805	2	1	–	3	2,861	871	306	4,038
ACT ²	1,469	2,460	1,632	5,561	675	613	773	2,061	1	2	1	4	2,145	3,075	2,406	7,626
NT	499	2,153	690	3,342	160	422	256	838	–	1	–	1	659	2,576	946	4,181
Overseas ³	203	284	263	750	33	25	59	117	–	–	–	–	236	309	322	867
Total	11,205	23,490	10,924	45,619	3,533	4,228	3,948	11,709	7	6	5	18	14,745	27,724	14,877	57,346

Notes:

Figures are for permanent members (Service categories 6 and 7) and do not include Reserves, (Service categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G). Figures in this table are based on substantive location for the ADF.

- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.17: Reserve members by location, 2023–24

	Male			Female			Non-binary			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF				
NSW	1,116	4,922	1,465	7,503	310	814	389	1,513	-	-	-	-	1,426	5,736	1,854	9,016
Qld	462	4,622	1,232	6,316	128	1,003	374	1,505	-	-	-	-	590	5,625	1,606	7,821
SA	96	1,234	676	2,006	35	252	175	462	-	-	-	-	131	1,486	851	2,468
Tas	58	398	34	490	13	78	15	106	-	-	-	-	71	476	49	596
Vic ¹	268	3,018	365	3,651	101	503	91	695	-	1	-	1	369	3,522	456	4,347
WA	415	1,744	227	2,386	98	375	59	532	-	-	-	-	513	2,119	286	2,918
ACT ²	1,027	1,084	883	2,994	366	248	303	917	1	-	-	1	1,394	1,332	1,186	3,912
NT	82	608	88	778	21	135	24	180	-	-	-	-	103	743	112	958
Overseas ³	9	3	-	12	1	-	-	1	-	-	-	-	10	3	-	13
Total	3,533	17,633	4,970	26,136	1,073	3,408	1,430	5,911	1	1	-	2	4,607	21,042	6,400	32,049

Notes:

Figures in this table are headcount. Reserves include all members who render Reserve service in Service categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service option C). Figures in this table are based on substantive location for the ADF. This does not include members in Service category 2, who do not render service.

- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.18: Reserve members by location, 2022–23

	Male			Female			Non-binary			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF				
NSW	1,116	4,922	1,465	7,503	310	814	389	1,513	-	-	-	-	1,426	5,736	1,854	9,016
Qld	462	4,622	1,232	6,316	128	1,003	374	1,505	-	-	-	-	590	5,625	1,606	7,821
SA	96	1,234	676	2,006	35	252	175	462	-	-	-	-	131	1,486	851	2,468
Tas	58	398	34	490	13	78	15	106	-	-	-	-	71	476	49	596
Vic ¹	268	3,018	365	3,651	101	503	91	695	-	1	-	1	369	3,522	456	4,347
WA	415	1,744	227	2,386	98	375	59	532	-	-	-	-	513	2,119	286	2,918
ACT ²	1,027	1,084	883	2,994	366	248	303	917	1	-	-	1	1,394	1,332	1,186	3,912
NT	82	608	88	778	21	135	24	180	-	-	-	-	103	743	112	958
Overseas ³	9	3	-	12	1	-	-	1	-	-	-	-	10	3	-	13
Total	3,533	17,633	4,970	26,136	1,073	3,408	1,430	5,911	1	1	-	2	4,607	21,042	6,400	32,049

Notes:

Figures in this table are headcount. Reserves include all members who render Reserve service in Service categories 3, 4 and 5, and Reserves undertaking continuous full-time service (Service option C). Figures in this table are based on substantive location for the ADF. This does not include members in Service Category 2, who do not render service.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.20: Australian Defence Force permanent by rank headcount, 2022–23

Officer	Male			Female			Non-binary			Total		
	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF		Navy	Army
General (E)	-	1	-	1	-	-	-	-	-	-	1	-
Lieutenant General (E)	3	4	3	10	-	-	-	-	-	-	3	5
Major General (E)	11	18	11	40	4	3	11	-	-	-	15	22
Brigadier (E)	42	50	38	130	8	8	12	28	-	-	50	58
Colonel (E)	153	160	153	466	34	32	31	97	-	-	187	192
Lieutenant Colonel (E)	425	628	410	1,463	104	113	125	342	-	-	529	741
Major (E)	638	1,525	883	3,046	209	257	253	719	-	-	847	1,782
Captain (E)	1,022	1,425	1,470	3,917	332	379	484	1,195	2	1	3	1,356
Lieutenant (E)	390	881	551	1,822	165	271	289	725	2	1	4	557
2nd Lieutenant (E)	96	-	363	459	23	-	120	143	-	-	-	119
Officer Cadet (E)	366	541	329	1,236	152	119	134	405	1	1	2	4
Officer total	3,146	5,233	4,211	12,590	1,031	1,184	1,451	3,666	5	3	11	4,182
Other ranks												
Regimental Sergeant Major (E)	1	-	1	2	-	1	-	1	-	-	-	1
Warrant Officer Class 1 (E)	249	654	434	1,337	34	70	76	180	-	-	-	283
Warrant Officer Class 2 (E)	861	1,599	651	3,111	143	186	125	454	-	-	-	1,004
Staff Sergeant (E)	-	-	-	-	-	-	-	-	-	-	-	-
Sergeant (E)	1,202	1,870	1,123	4,195	276	289	245	810	-	1	1	1,478
Corporal (E)	1,868	3,534	1,542	6,944	663	709	533	1,905	1	1	2	2,532
Lance Corporal (E)	-	1,251	-	1,251	-	221	-	221	-	-	-	-
Private Proficient (E)	2,689	5,802	1,815	10,306	970	975	1,057	3,002	1	-	1	3,660
Private(E)	587	1,574	467	2,628	222	310	249	781	1	-	1	810
Private Trainee (E)	508	1,477	548	2,533	174	201	150	525	-	-	-	682
Recruit (E)	94	496	131	721	20	85	65	170	-	-	-	114
Other ranks total	8,059	18,257	6,712	33,028	2,502	3,047	2,500	8,049	3	2	2	10,564
Total ADF	11,205	23,490	10,923	45,618	3,533	4,231	3,951	11,715	8	5	18	14,746

Notes: Figures in this table are headcount for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G). Some 30 June 2023 figures have been adjusted from what was reported in the *Defence Annual Report 2022–23* to account for retrospective transactions.

Table C.21: Australian Defence Force Reserve (Service categories 3, 4 and 5) rank headcount, 2023-24

	Male			Female			Non-binary			Total		
	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF
Officer												
General (E)	-	-	1	-	-	-	-	-	-	-	-	1
Lieutenant General (E)	4	2	4	-	-	-	-	-	-	4	2	4
Major General (E)	20	28	24	3	2	3	8	-	-	23	30	27
Brigadier (E)	60	93	55	6	11	9	26	-	-	66	104	64
Colonel (E)	144	280	168	22	33	26	81	-	-	166	313	194
Lieutenant Colonel (E)	347	599	396	64	103	92	259	1	-	412	702	488
Major (E)	456	1,389	740	113	231	185	529	-	-	569	1,620	925
Captain (E)	454	1,313	662	192	347	266	805	-	-	646	1,660	928
Lieutenant (E)	10	534	34	4	190	29	223	-	-	14	724	63
2nd Lieutenant (E)	1	-	-	-	-	-	-	-	-	1	-	-
Officer Cadet (E)	-	345	-	-	67	-	67	-	-	-	412	-
Officer total	1,496	4,583	2,084	404	984	610	1,998	1	-	1,901	5,567	2,694
10,162												
Other ranks												
Regimental Sergeant Major (E)	-	2	1	-	-	-	-	-	-	-	2	1
Warrant Officer Class 1 (E)	134	486	381	10	70	59	139	-	-	144	556	440
Warrant Officer Class 2 (E)	362	707	268	79	96	67	242	-	-	441	803	335
Staff Sergeant (E)	-	5	-	-	1	-	1	-	-	-	6	-
Sergeant (E)	401	1,111	457	140	210	163	513	-	-	541	1,321	620
Corporal (E)	692	2,412	839	253	453	228	934	-	-	945	2,865	1,067
Lance Corporal (E)	-	1,083	-	-	141	-	141	-	-	-	1,224	-
Private Proficient (E)	571	5,177	757	233	1,008	269	1,510	1	1	805	6,186	1,026
Private(E)	21	923	90	41	199	53	293	-	-	62	1,122	143
Private Trainee (E)	1	908	1	4	159	1	164	-	-	5	1,067	2
Recruit (E)	-	530	8	-	126	5	131	-	-	-	656	13
Other ranks total	2,182	13,344	2,802	760	2,463	845	4,068	1	1	2,943	15,808	3,647
Total ADF	3,678	17,927	4,886	1,164	3,447	1,455	6,066	2	1	4,844	21,375	6,341
32,560												

Notes: Figures in this table are headcount. Reserves include all members who render Reserve service in Service categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service.

Table C.22: Australian Defence Force Reserve (Service categories 3, 4 and 5) rank headcount, 2022–23

Officer	Male			Female			Non-binary			Total
	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF	Navy	Army	Air Force ADF	
General (E)	-	-	1	-	-	-	-	-	-	1
Lieutenant General (E)	4	2	4	-	-	-	-	-	-	10
Major General (E)	22	27	24	2	3	2	-	-	-	80
Brigadier (E)	57	90	63	6	10	10	-	-	-	236
Colonel (E)	137	269	157	18	31	25	-	-	-	637
Lieutenant Colonel (E)	334	574	364	61	94	78	1	-	-	1,506
Major (E)	445	1,310	734	108	236	184	-	-	-	3,017
Captain (E)	441	1,260	664	185	311	268	-	-	-	3,129
Lieutenant (E)	9	536	35	8	206	27	-	-	-	821
2nd Lieutenant (E)	1	-	-	-	1	-	-	-	-	2
Officer Cadet (E)	-	338	-	-	70	-	-	-	-	408
Officer total	1,450	4,406	2,046	388	962	594	1	-	1	9,847
Other ranks										
Regimental Sergeant Major (E)	-	2	-	-	-	-	-	-	-	2
Warrant Officer Class 1 (E)	131	470	378	9	69	50	-	-	-	1,107
Warrant Officer Class 2 (E)	353	708	264	72	93	71	-	-	-	1,561
Staff Sergeant (E)	-	7	-	-	1	-	-	-	-	8
Sergeant (E)	385	1,054	463	133	197	152	-	-	-	2,384
Corporal (E)	646	2,314	853	233	437	214	-	-	-	4,697
Lance Corporal (E)	-	1,075	-	-	133	-	-	-	-	1,208
Private Proficient (E)	520	5,083	829	202	972	285	1	-	-	7,892
Private (E)	18	1,075	107	35	259	47	-	-	-	1,542
Private Trainee (E)	1	795	5	1	157	2	-	-	-	961
Recruit (E)	-	631	10	-	128	11	-	-	-	780
Other ranks total	2,054	13,214	2,909	685	2,446	832	1	1	-	22,142
Total ADF	3,504	17,620	4,955	1,073	3,408	1,426	2	1	-	31,989

Notes: Figures in this table are headcount. Reserves include all members who render Reserve service in Service categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service. Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2021–22* to account for retrospective transactions.

Table C.23: Australian Defence Force Permanent and Reserve members, 2023–24

	Permanent ¹				Reserve ²			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	–	1	–	1	–	–	1	1
Lieutenant General (E)	3	6	2	11	4	2	4	10
Major General (E)	16	24	16	56	23	30	27	80
Brigadier (E)	59	60	51	170	66	104	64	234
Colonel (E)	202	201	200	603	166	313	194	673
Lieutenant Colonel (E)	522	769	528	1,819	412	702	488	1,602
Major (E)	844	1,705	1,154	3,703	569	1,620	925	3,114
Captain (E)	1,494	1,885	1,941	5,320	646	1,660	928	3,234
Lieutenant (E)	567	1,135	896	2,598	14	724	63	801
2nd Lieutenant (E)	105	–	573	678	1	–	–	1
Officer Cadet (E)	546	685	477	1,708	–	412	–	412
Officer total	4,358	6,471	5,838	16,667	1,901	5,567	2,694	10,162
Other ranks								
Regimental Sergeant Major (E)	1	1	2	4	–	2	1	3
Warrant Officer Class 1 (E)	284	746	505	1,535	144	556	440	1,140
Warrant Officer Class 2 (E)	1,002	1,756	770	3,528	441	803	335	1,579
Staff Sergeant (E)	–	–	–	–	–	6	–	6
Sergeant (E)	1,500	2,190	1,328	5,018	541	1,321	620	2,482
Corporal (E)	2,509	4,231	2,065	8,805	945	2,865	1,067	4,877
Lance Corporal (E)	–	1,363	–	1,363	–	1,224	–	1,224
Private Proficient (E)	3,573	6,671	3,027	13,271	805	6,186	1,026	8,017
Private (E)	613	1,771	798	3,182	62	1,122	143	1,327
Private Trainee (E)	731	1,417	740	2,888	5	1,067	2	1,074
Recruit (E)	171	606	188	965	–	656	13	669
Other ranks total	10,384	20,752	9,423	40,559	2,943	15,808	3,647	22,398
Total ADF	14,742	27,223	15,261	57,226	4,844	21,375	6,341	32,560

Notes:

1. Figures are for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 2, 3, 4 and 5), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G).
2. Reserves include all members rendering service in Service categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service.

Table C.24: Australian Defence Force Permanent and Reserve members, 2022–23

	Permanent ¹				Reserve ²			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	–	1	–	1	–	–	1	1
Lieutenant General (E)	3	5	3	11	4	2	4	10
Major General (E)	15	22	14	51	24	30	26	80
Brigadier (E)	50	58	50	158	63	100	73	236
Colonel (E)	187	192	184	563	155	300	182	637
Lieutenant Colonel (E)	529	741	535	1,805	396	668	442	1,506
Major (E)	847	1,782	1,136	3,765	553	1,546	918	3,017
Captain (E)	1,356	1,805	1,954	5,115	626	1,571	932	3,129
Lieutenant (E)	557	1,153	841	2,551	17	742	62	821
2nd Lieutenant (E)	119	–	483	602	1	1	–	2
Officer Cadet (E)	519	661	465	1,645	–	408	–	408
Officer total	4,182	6,420	5,665	16,267	1,839	5,368	2,640	9,847
Other ranks								
Regimental Sergeant Major (E)	1	1	1	3	–	2	–	2
Warrant Officer Class 1 (E)	283	724	510	1,517	140	539	428	1,107
Warrant Officer Class 2 (E)	1,004	1,785	776	3,565	425	801	335	1,561
Staff Sergeant (E)	–	–	–	–	–	8	–	8
Sergeant (E)	1,478	2,160	1,368	5,006	518	1,251	615	2,384
Corporal (E)	2,532	4,244	2,075	8,851	879	2,751	1,067	4,697
Lance Corporal (E)	–	1,472	–	1,472	–	1,208	–	1,208
Private Proficient (E)	3,660	6,777	2,873	13,310	723	6,055	1,114	7,892
Private (E)	810	1,884	717	3,411	53	1,335	154	1,542
Private Trainee (E)	682	1,678	698	3,058	2	952	7	961
Recruit (E)	114	581	196	891	–	759	21	780
Other ranks total	10,564	21,306	9,214	41,084	2,740	15,661	3,741	22,142
Total ADF	14,746	27,726	14,879	57,351	4,579	21,029	6,381	31,989

Notes:

Some 30 June 2022 figures have been adjusted from what was reported in the *Defence Annual Report 2021–22* to account for retrospective transactions.

1. Figures are for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 3, 4, 5 and 2), Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G).
2. Reserves include all members rendering service in Service Categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service.

Table C.25: Australian Defence Force permanent and Reserve members by location, 2023–24

	Permanent ¹	Reserve ²	Total
NSW	15,964	8,902	24,866
Qld	15,214	8,042	23,256
SA	3,666	2,493	6,159
Tas	82	617	699
Vic ³	5,421	4,331	9,752
WA	4,138	3,103	7,241
ACT	7,610	4,056	11,666
NT	4,196	999	5,195
Overseas	935	17	952
Total	57,226	32,560	89,786

Notes:

Figures in that table show headcount, based on substantive location.

1. Figures are for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 2 ,3, 4 and 5). Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G).
2. Reserves include all members rendering service in Service categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service.
3. Victorian figures include individuals located in Albury (New South Wales).
4. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
5. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.26: Australian Defence Force permanent and Reserve members by location, 2022–23

	Permanent	Reserve	Total
NSW	16,037	8,989	25,026
Qld	15,215	7,820	23,035
SA	3,767	2,464	6,231
Tas	72	594	666
Vic	5,536	4,340	9,876
WA	4,058	2,915	6,973
ACT	7,622	3,898	11,520
NT	4,177	960	5,137
Overseas	867	9	876
Total	57,351	31,989	89,340

Notes:

Figures in that table show headcount, based on substantive location.

1. Figures are for permanent members (Service categories 6 and 7) and do not include Reserves (Service categories 2 ,3, 4 and 5). Reserves undertaking continuous full-time service (Service option C) or ADF Gap Year participants (Service option G).
2. Reserves include all members rendering service in Service categories 3, 4 and 5 and Reserves undertaking continuous full-time service (Service option C). This does not include members in Service category 2, who do not render service.
3. Victorian figures include individuals located in Albury (New South Wales).
4. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
5. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.27: Australian Defence Force Indigenous members, 2023–24

	Navy	Army	Air Force	ADF
Permanent	574	1,144	508	2,226
Reserves	109	797	106	1,012
Total	683	1,941	614	3,328

Notes:

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

1. Data for 2022–23 does not match the data provided in the *Defence Annual Report 2022–23*, due to retrospective transactions.
2. Reserves include all members (Service categories 3, 4 and 5) and Reserves undertaking continuous full-time service (Service option C). This does not include Reserve Service category 2.

Table C.28: Australian Defence Force Indigenous members, 2022–23

	Navy	Army	Air Force	ADF
Permanent	574	1,101	490	2,165
Reserves	93	820	103	1,016
Total	667	1,921	593	3,181

Note:

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

Table C.29: Key management personnel remuneration, 2023–24

Name	Position ¹	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances ² (\$)		Long service leave (\$)	Other long-term benefits (\$)		
Mr Greg Moriarty AO	Secretary of the Department of Defence	863,311	–	–	114,895	21,592	–	–	989,798
General Angus Campbell AO DSC Australian Army	Chief of the Defence Force	872,542	–	12,716	233,931	16,335	–	–	1,135,524
Vice Admiral David Johnston AC Royal Australian Navy	Vice Chief of the Defence Force	546,094	–	432	164,163	11,260	–	–	721,949
Mr Matt Yannopoulos PSM	Associate Secretary	520,417	–	–	84,228	13,255	–	–	617,900
Lieutenant General Simon Stuart AO DSC Australian Army	Chief of Army	582,107	–	11,629	156,704	10,943	–	–	761,383
Air Marshal Robert Chipman AM CSC Royal Australian Air Force	Chief of Air Force	588,964	–	17,816	131,824	11,283	–	–	749,887
Vice Admiral Mark Hammond AO, Royal Australian Navy	Chief of Navy	591,648	–	531	131,824	10,748	–	–	734,752
Lieutenant General Gregory Bliton AO CSC Australian Army	Chief of Joint Operations	530,869	–	70,900	158,373	11,070	–	–	771,212
Mr Chris Deeble AO CSC	Deputy Secretary Capability Acquisition and Sustainment	664,546	–	–	27,500	8,771	–	–	700,817
Lieutenant General Gavan Reynolds AO Australian Army	Chief of Defence Intelligence	460,945	–	11,911	158,373	11,070	–	–	642,298
Lieutenant General John Frewen AO DSC Australian Army	Chief of Joint Capabilities	446,514	–	19,107	158,373	11,070	–	–	635,064
Mr Jim McDowell	Deputy Secretary Naval Shipbuilding and Sustainment	590,681	–	–	25,385	7,152	–	–	623,218
Lieutenant General Natasha Fox AM CSC Australian Army	Chief of Personnel	461,039	–	14,317	133,228	11,070	–	–	619,654

(Table C.29 continued)

Name	Position ¹	Short-term benefits		Post-employment benefits		Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances ² (\$)	Superannuation contributions (\$)	Long service leave (\$)	Other long-term benefits (\$)		
Air Marshal Leon Phillips OAM Royal Australian Air Force	Chief of the Guided Weapons and Explosive Ordnance	455,284	-	13,681	133,228	11,413	-	-	613,607
Mr Chris Crozier	Chief Information Officer	520,899	-	13,929	25,279	5,620	-	-	565,726
Professor Tanya Monro AC	Chief Defence Scientist	476,970	-	-	72,146	8,858	-	-	557,974
Ms Justine Greig	Deputy Secretary Defence People	439,430	-	-	78,243	11,259	-	-	528,932
Ms Celia Perkins	Deputy Secretary Security and Estate	432,541	-	-	73,232	10,784	-	-	516,557
Mr Hugh Jeffrey	Deputy Secretary Strategy, Policy and Industry	415,441	-	-	64,588	10,489	-	-	490,518
Mr Steven Groves	Chief Finance Officer	385,233	-	-	80,125	11,384	-	-	476,742
Mr Tom Hamilton	Deputy Secretary Defence Strategic Review Implementation	403,175	-	-	61,568	10,264	-	-	475,007
Mr John Reid PSM	Deputy Secretary Governance	186,684	-	-	24,069	5,002	-	-	215,755
Ms Kathryn Campbell	Senior Advisor AUKUS	22,675	-	-	5,874	1,730	-	-	30,279
Rear Admiral Jonathan Earley CSC Royal Australian Navy	Acting Chief of Navy	58,619	-	2,399	12,966	2,427	-	-	76,411
Mr Graham Weber	Acting Chief Finance Officer	63,814	-	-	10,267	1,869	-	-	75,950
Rear Admiral David Mann CSC Royal Australian Navy	Acting Chief of Joint Capabilities	38,686	-	3,782	10,655	528	-	-	53,651
Air Vice Marshal Harvey Reynolds AM Royal Australian Air Force	Acting Chief of Air Force	37,359	-	2,053	12,074	638	-	-	52,124
Rear Admiral Justin Jones AO CSC Royal Australian Navy	Acting Chief of Joint Operations	34,779	-	-	7,917	917	-	-	43,613

(Table C.29 continued)

Name	Position ¹	Short-term benefits		Post-employment benefits		Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances ² (\$)	Superannuation contributions (\$)	Long service leave (\$)	Other long-term benefits (\$)		
Major General Wade Stofhart DSC AM CSC Australian Army	Acting Chief of Personnel	28,939	–	1,080	8,452	1,298	–	–	39,769
Rear Admiral Wendy Malcolm AM CSC Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	16,259	–	7,591	4,337	555	–	–	28,742
Rear Admiral Steven Tiffen AM CSM Royal Australian Navy	Acting Deputy Secretary Naval Shipbuilding and Sustainment	18,068	–	3,528	4,969	–	–	–	26,565
Major General Richard Vagg DSC Australian Army	Acting Chief of Army	13,087	–	2,140	3,611	–	–	–	18,838
Mr Steve Moore	Acting Deputy Secretary Strategy, Policy and Industry	15,796	–	–	1,950	623	–	–	18,369
Professor Emily Hilder	Acting Chief Defence Scientist	11,213	–	586	846	414	–	–	13,059
Ms Monique Hamilton PSM	Acting Deputy Secretary Security and Estate	9,809	–	10	1,717	623	–	–	12,159
Major General Ana Duncan, Australian Army	Acting Chief of Joint Capabilities	3,713	–	–	1,126	–	–	–	4,839
		11,798,150	–	210,137	2,378,040	252,311	–	–	14,638,638

Notes:

- Those staff who were permanently appointed to a key management personnel position or acted in a key management personnel position for a period of 12 or more continuous weeks were included in the key management personnel disclosures. Those staff who acted in a key management personnel role for a shorter period who meet the definition of key management personnel were included in the above table. The Deputy Secretary Governance was a newly created position during the year.
- Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2024. This column includes non-cash benefits.
- Total remuneration is calculated on an accrual basis and not a cash basis. Therefore, an individual's base salary will be higher or lower subject to leave taken during the financial year.

Table C-30: Senior executives Australian Public Service remuneration, 2023–24

Remuneration band	Number of senior executives ¹	Short-term benefits			Post-employment benefits		Other long-term benefits Average long service leave benefits (\$)	Termination benefits Average termination benefits ³ (\$)	Total remuneration	
		Average base salary (\$)	Average bonuses (\$)	Overseas housing allowances (\$)	Average other benefits & allowances ² (\$)	Average superannuation contributions (\$)			Excluding overseas housing allowances (\$)	Including overseas housing allowances (\$)
\$0 – \$220,000	64	101,754	382	1,708	1,213	17,571	2,770	–	123,690	125,398
\$220,001 – \$245,000	12	167,980	399	–	620	27,292	4,569	–	234,986	234,986
\$245,001 – \$270,000	43	215,980	404	190	4,025	34,001	5,396	–	259,806	259,996
\$270,001 – \$295,000	44	233,755	77	–	3,392	40,287	5,929	–	283,439	283,439
\$295,001 – \$320,000	23	258,024	105	–	1,118	42,267	6,314	–	307,828	307,828
\$320,001 – \$345,000	14	241,507	–	8,176	1,194	42,711	6,369	–	323,286	331,462
\$345,001 – \$370,000	11	300,335	–	–	91	49,314	7,203	–	356,943	356,943
\$370,001 – \$395,000	9	312,180	–	1,927	8,640	51,607	7,500	–	379,927	381,854
\$395,001 – \$420,000	1	330,986	–	–	–	60,136	8,431	–	399,553	399,553
\$420,001 – \$445,000	2	382,926	–	–	7,506	38,154	7,640	–	436,226	436,226
\$470,001 – \$495,000	1	386,939	–	–	28,694	54,330	6,937	–	476,900	476,900
\$495,001 – \$520,000	1	427,554	–	–	–	71,284	10,234	–	509,072	509,072
\$520,001 – \$545,000	1	461,833	–	–	29,964	27,500	6,331	–	525,628	525,628

Notes:

- The number of senior executives listed above is the number of individual SES not the number of SES positions. Staff who were permanently appointed to an SES level position are included in this table as well as staff who acted in an SES level position for a period longer than six months.
- Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2024. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- In accordance with APSC Guidelines, SES staff may be eligible to a termination payment under an incentive to retire package. The amount of the payment is based on the period of service and is an amount of two weeks' pay per year of service, to a maximum of 48 weeks.

Table C.31: Star-rank Australian Defence Force personnel remuneration, 2023–24

Remuneration band	Number of Star ranks ¹	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration	
		Average base salary bonuses (\$)	Average overseas housing allowances (\$)					Average superannuation contributions (\$)
\$0 – \$220,000	23	108,298	4,660	10,596	2,728	–	154,931	159,592
\$220,001 – \$245,000	8	157,178	–	19,211	4,099	–	229,603	229,603
\$245,001 – \$270,000	2	176,818	–	19,189	4,444	–	250,924	250,924
\$270,001 – \$295,000	3	204,438	–	9,621	4,897	–	282,498	282,498
\$295,001 – \$320,000	7	183,673	–	29,990	4,996	–	275,328	305,319
\$320,001 – \$345,000	9	220,374	–	6,020	5,771	–	326,917	332,937
\$345,001 – \$370,000	33	257,640	–	3,779	6,445	–	358,074	361,853
\$370,001 – \$395,000	61	268,212	–	24,800	6,732	–	381,645	381,645
\$395,001 – \$420,000	32	280,235	569	4,931	6,977	–	402,882	407,813
\$420,001 – \$445,000	20	289,443	–	2,549	7,134	–	427,923	430,472
\$445,001 – \$470,000	9	295,942	2,739	–	7,925	–	451,929	451,929
\$470,001 – \$495,000	10	275,146	–	22,016	6,557	–	461,669	483,685
\$495,001 – \$520,000	11	241,470	2,035	29,652	6,107	–	479,089	508,741
\$520,001 – \$545,000	11	258,463	–	73,975	6,260	–	455,963	529,938
\$545,001 – \$570,000	4	254,987	–	27,192	7,505	–	527,528	554,720
\$570,001 – \$595,000	4	261,137	–	68,533	6,539	–	516,489	585,023
\$595,001 – \$620,000	2	268,405	–	89,813	6,507	–	511,978	601,791
\$645,001 – \$670,000	2	235,263	13,699	41,975	5,438	–	618,307	660,282
\$670,001 – \$695,000	1	234,213	–	57,018	6,607	–	629,102	686,120
\$695,001 – \$720,000	1	270,833	–	47,013	6,667	–	696,715	696,715
\$820,001 – \$845,000	1	306,067	–	52,597	9,435	–	832,247	832,247

Notes:

- The number of ADF Star-ranks listed above is the number of individuals not the number of positions. Staff who were permanently appointed to a Star-rank ADF position are included in this table as well as staff who acted in a Star-rank ADF position for a period longer than six months.
- Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2024. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- Defence members compulsorily transferred to the Reserves may be eligible for a special benefit payment. The amount of a special benefit payment is based on the member's period of service and is an amount equal to two weeks' pay for every year of service, to a maximum of 48 weeks.

Table C.32: Other highly paid staff — Australian Defence Force remuneration, 2023–24

Remuneration band	Number of highly paid ADF personnel ¹	Short-term benefits		Post-employment benefits		Other long-term benefits Average long service leave (\$)	Termination benefits Average termination benefits ³ (\$)	Total remuneration Excluding overseas housing allowances (\$)	Including overseas housing allowances (\$)
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances ² (\$)	Average superannuation contributions (\$)				
\$250,000 – \$270,000	1376	1376	1376	1376	56,104	4,648	–	257,948	259,688
\$270,001 – \$295,000	1095	1095	1095	1095	59,842	4,994	–	277,890	281,539
\$295,001 – \$320,000	693	693	693	693	63,827	5,258	281	299,284	306,391
\$320,001 – \$345,000	276	276	276	276	63,982	5,389	734	315,477	330,251
\$345,001 – \$370,000	121	121	121	121	65,201	5,307	–	314,007	357,246
\$370,001 – \$395,000	96	96	96	96	73,977	5,908	–	335,939	381,060
\$395,001 – \$420,000	78	78	78	78	73,908	5,984	13,011	355,794	406,717
\$420,001 – \$445,000	54	54	54	54	81,823	6,395	18,832	376,607	429,665
\$445,001 – \$470,000	25	25	25	25	90,942	7,021	16,623	412,690	456,797
\$470,001 – \$495,000	15	15	15	15	82,719	6,670	13,503	409,890	483,839
\$495,001 – \$520,000	14	14	14	14	75,987	6,565	–	411,749	506,666
\$520,001 – \$545,000	4	4	4	4	105,714	9,069	–	530,964	530,964
\$570,001 – \$595,000	6	6	6	6	116,238	8,720	–	490,817	577,845

Notes:

- Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2024. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- Defence members compulsorily transferred to the Reserves may be eligible for a special benefit payment. The amount of a special benefit payment is based on the member's period of service and is an amount equal to two weeks' pay for every year of service, to a maximum of 48 weeks.

Table C.33: Other highly paid staff — Australian Public Service remuneration, 2023-24

Remuneration band	Number of highly paid APS staff	Short-term benefits		Post-employment benefits		Other long-term benefits Average long service leave benefits (\$)	Termination benefits Average termination benefits ² (\$)	Total remuneration		
		Average base salary bonuses (\$)	Average overseas housing allowances and allowances ¹ (\$)	Average superannuation contributions (\$)	Average other benefits (\$)			Excluding overseas housing allowances (\$)	Including overseas housing allowances (\$)	
\$250,000 – \$270,000	55	201,438	4,946	1,390	11,378	32,966	4,785	–	255,513	256,903
\$270,001 – \$295,000	14	187,447	4,336	25,677	17,247	32,785	4,622	–	256,557	282,235
\$295,001 – \$320,000	11	200,255	4,098	24,783	35,293	37,317	5,235	–	282,196	306,979
\$320,001 – \$345,000	4	198,771	3,703	24,384	23,560	34,173	4,537	–	303,627	328,011
\$345,001 – \$370,000	2	312,104	3,765	–	–	46,711	5,900	–	368,479	368,479
\$370,001 – \$395,000	12	303,588	4,552	–	78	46,482	6,577	–	380,478	380,478
\$470,001 – \$495,000	2	388,310	16,921	–	2,193	59,073	9,565	–	476,063	476,063

Notes:

1. Other short term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax (FBT) paid on behalf of staff in the FBT return for the year ended 31 March 2024. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
2. In accordance with Australian Public Service Commission Guidelines, APS staff may be eligible to a termination payment. The amount of the payment is based on the period of service and is an amount of two weeks' pay per year of service, to a maximum of 48 weeks.

Appendix D: Other mandatory information

Consultancy contracts

Defence engages consultants where it lacks specialist expertise or when independent research and assessment is required. Decisions to engage consultants during 2023–24 were made in accordance with the *Public Governance, Performance and Accountability Act 2013* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website tenders.gov.au.

Defence selects consultants through the use of panel arrangements or by making an open approach to market. During 2023–24, 68 new reportable consultancy contracts were entered into valued at \$52.2 million (see tenders.gov.au) with actual expenditure of \$38.3 million (GST inclusive). In addition, 274 reportable consultancy contracts were ongoing from a previous period with actual expenditure of \$121.7 million (GST inclusive).

Table D.1: Reportable consultancy contract expenditure, 2023–24

	Number of new contracts	Expenditure (\$)
New contracts entered into during 2023–24	68	38,291,692
Ongoing contracts entered into during a previous period	274	121,656,760
Total	342	159,948,452

Note:

All figures are GST inclusive.

Table D.2 below shows the top five consultants (by value spend) with Defence during 2023–24.

Table D.2: Top five organisations receiving a share of reportable consultancy contract expenditure by Defence, 2023–24

Organisations receiving a share of reportable consultancy contract expenditure 2023–24	Number of consultancy contracts	Expenditure (\$)	Proportion of 2023–24 total spend (%)
GHD	13	15,592,175	9.7
Ernst & Young	11	13,928,268	8.7
Emerging Compounds Treatment Technologies	1	11,104,338	6.9
BAE Systems Australia	2	10,134,419	6.3
Deloitte	18	9,103,589	5.7
Total of top five consultancy contracts	45	59,862,789	37.4

Note:

All figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified Australian Business Number.

Non-Consultancy contracts

During 2023–24, 23,983 new reportable non-consultancy contracts were entered into valued at \$44.7 billion (see [tenders.gov.au](https://www.tenders.gov.au)) with actual expenditure of \$7.6 billion (GST inclusive). In addition, 14,590 reportable non-consultancy contracts were ongoing from a previous period with actual expenditure of \$25.3 billion (GST inclusive).

Table D.3: Reportable non-consultancy contract expenditure, 2023–24

	Number of new contracts	Expenditure (\$)
New contracts entered into during 2023–24	23,983	7,583,938,470
Ongoing contracts entered into during a previous period	14,590	25,251,767,947
Total	38,573	32,835,706,417

Note:

All figures are GST inclusive.

Table D.4 below shows the top five non-consultancy (by value spend) with Defence during 2023–24.

Table D.4: Top five organisations receiving a share of reportable non-consultancy contract expenditure by Defence, 2023–24

Organisation	Number of non-consultancy contracts	Expenditure (\$)	Proportion of 2023–24 total spend (%)
ASC Pty Ltd	17	1,318,242,718	4.0
Boeing Defence Australia	257	1,137,896,272	3.5
Ventia Australia Pty Ltd	280	1,017,367,486	3.1
BAE Systems Australia	377	939,732,956	2.9
Thales Australia Limited	690	756,746,488	2.3
Total of top five non-consultancy contracts	1,621	5,169,985,920	15.7

Note:

All figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified Australian Business Number.

Australian National Audit Office access clause

The Defence contracting templates include standard clauses providing the Auditor-General access to contractors' and major subcontractors' premises, records and accounts. During 2023–24, Defence had 54 contracts with values greater than \$100,000 that did not include the clause providing access to the Auditor-General (Table D.5).

Table D.5: Contracts that do not include the Australian National Audit Office access clause, 2023–24

Program and company	2023–24 (\$)	Purpose	Reason for non-inclusion of ANAO access clause
Air Force			
United States Government	7,960,474,780	Special military equipment	Foreign Military Sale
United States Government	1,286,576,257	Special military equipment	Foreign Military Sale
United States Government	432,916,334	Explosive ordnance	Foreign Military Sale
United States Government	68,861,062	Technical and engineering services	Foreign Military Sale
United States Government	59,118,800	Special military equipment	Foreign Military Sale
United States Government	34,959,583	Software support	Foreign Military Sale
United States Government	22,436,662	Special military equipment	Foreign Military Sale
United States Government	17,574,303	Special military equipment	Foreign Military Sale
United States Government	9,896,407	Special military equipment	Foreign Military Sale
United States Government	7,781,964	Technical and engineering services	Foreign Military Sale
United States Government	5,931,380	Light weapons and ammunition	Foreign Military Sale
United States Government	1,148,445	Technical and engineering services	Foreign Military Sale
United States Government	995,059	Technical and engineering services	Foreign Military Sale
United States Government	765,630	Technical and engineering services	Foreign Military Sale
United States Government	760,031	Special military equipment	Foreign Military Sale
United States Government	465,588	Special military equipment	Foreign Military Sale
Total for Air Force	9,910,662,285		
Army			
United States Government	812,167,573	Explosive ordnance	Foreign Military Sale
United States Government	145,288,486	Special military equipment	Foreign Military Sale
United States Government	97,544,225	Light weapons and ammunition	Foreign Military Sale
United States Government	92,755,358	Light weapons and ammunition	Foreign Military Sale
United States Government	42,730,363	Light weapons and ammunition	Foreign Military Sale
United States Government	38,977,974	Special military equipment	Foreign Military Sale
United States Government	35,461,120	Special military equipment	Foreign Military Sale
United States Government	31,256,037	Light weapons and ammunition	Foreign Military Sale
United States Government	17,736,726	Special military equipment	Foreign Military Sale
United States Government	15,282,410	Special military equipment	Foreign Military Sale
United States Government	12,433,229	Light weapons and ammunition	Foreign Military Sale
United States Government	10,833,124	Light weapons and ammunition	Foreign Military Sale
United States Government	7,010,439	Light weapons and ammunition	Foreign Military Sale
United States Government	6,975,395	Special military equipment	Foreign Military Sale
United States Government	5,173,147	Special military equipment	Foreign Military Sale
United States Government	4,713,504	Special military equipment	Foreign Military Sale

(Table D.5 continued)

Program and company	2023–24 (\$)	Purpose	Reason for non-inclusion of ANAO access clause
United States Government	4,594,170	Special military equipment	Foreign Military Sale
United States Government	2,045,621	Light weapons and ammunition	Foreign Military Sale
United States Government	1,908,975	Special military equipment	Foreign Military Sale
United States Government	1,694,731	Light weapons and ammunition	Foreign Military Sale
United States Government	1,478,193	Light weapons and ammunition	Foreign Military Sale
United States Government	763,590	Special military equipment	Foreign Military Sale
United States Government	229,077	Technical data and support	Foreign Military Sale
Total for Army	1,389,053,465		
Capability Acquisition and Sustainment Group			
United States Government	2,332,807	Technical and engineering services	Foreign Military Sale
United States Government	380,026	Technical and engineering services	Foreign Military Sale
Total for Capability Acquisition and Sustainment Group	2,712,834		
Joint Capabilities Group			
United States Government	15,400,622	Communication equipment	Foreign Military Sale
United States Government	7,444,392	Communication equipment	Foreign Military Sale
United States Government	5,827,147	Electronic hardware & component parts	Foreign Military Sale
United States Government	5,220,508	Communication equipment	Foreign Military Sale
United States Government	2,537,820	Communication equipment	Foreign Military Sale
United States Government	873,118	Communication equipment	Foreign Military Sale
Total for Joint Capabilities Group	37,303,607		
Navy			
United States Government	1,312,600,091	Explosive ordnance	Foreign Military Sale
United States Government	381,790,000	Explosive ordnance	Foreign Military Sale
United States Government	23,832,715	Special military equipment	Foreign Military Sale
United States Government	1,572,060	Training	Foreign Military Sale
United States Government	786,030	Training	Foreign Military Sale
United States Government	725,365	Electronic hardware & component parts	Foreign Military Sale
Total for Navy	1,721,306,260		
Nuclear Powered Submarines			
United States Government	274,814,500	Training	Foreign Military Sale
Total for Nuclear-Powered Submarines	274,814,500		
Total Programs	13,335,852,951		

Unit availability days, flying hours and HydroScheme products

Table D.6: Navy unit availability days¹, flying hours and HydroScheme products

Source	2022–23	2023–24	Deliverables	2022–23 actual	2023–24 revised estimate	2023–24 actual
Navy						
	17	16	Major Combatants ²	2,816	2,843	2,549
	18	15	Minor Combatants ³	3,580	3,727	3,207
<i>Portfolio Budget Statements 2023–24</i>	5	5	Amphibious and Afloat Support ⁴	839	984	759
	10	10	Maritime Teams ⁵	3,707	3,320	3,475
	6	6	Hydrographic Force ⁶	1,156	917	844
	24	23	MH-60R ⁷	5,247.3	6,250	5,932

Notes:

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Anzac Class frigates, Hobart Class guided missile destroyers and Collins Class submarines. UAD under-achievement is due to unscheduled maintenance periods and extensions to scheduled maintenance periods. HMAS *Anzac* decommissioned in May 2024.
3. Minor Combatants comprises Armidale Class patrol boats, Cape Class patrol boats and minehunter coastal. UAD under-achievement is due to extensions to scheduled annual maintenance periods.
4. Amphibious and Afloat Support comprises landing ship dock, landing helicopter dock, oil tanker, and Supply Class Auxiliary Oiler Replenishment vessels. UAD under-achievement is due to extended and unplanned maintenance periods.
5. Maritime Teams comprises clearance diving, deployable geospatial support and mobile meteorological and oceanographic teams.
6. Hydrographic Force comprises the hydrographic ships, survey motorlaunches & meteorological & oceanographic centres.
7. The slight under-achievement of flying hours was due to multiple factors particularly the high risk weather season and unscheduled maintenance.

Table D.7: Army unit availability days¹, flying hours and HydroScheme products

Source	2022–23	2023–24	Deliverables (Airframes)	2022–23 actual	2023–24 revised estimate	2023–24 actual
Army						
	14	14	CH-47F Chinook	2,643.8	2,480	2,352.1
	22	22	ARH Tiger ¹	2,649	2,850	2,997.5
	47	46	MRH-90 Taipan ²	4,090.2	335	335.2
	–	–	AH-64E Apache ³	–	–	–
<i>Portfolio Budget Statements 2023–24</i>	–	6	UH-60M Black Hawk ⁴	–	880	873.3
	–	2	RQ-7B Shadow 200 – Tactical Uncrewed Aerial System ⁵	1,000	2,070	1,589.8
	–	–	RQ-21 Integrator – Tactical Uncrewed Aerial System ⁶	–	400	507
	–	3	AW139 ⁷	1,250	1,250	1,201.6
	–	–	H135 ⁸	–	–	–

Notes:

1. Reducing ARH Tiger rate of effort reflects the current draw down of the ARH capability and transition of the workforce to the replacement Boeing AH-64E Apache.
2. On Friday, 29 September 2023, the Government announced that the Australian Defence Force's MRH-90 Taipan helicopters will not return to flying operations before their planned withdrawal date of December 2024. The platform had flown 335 airframe hours of the planned 3500 airframe hours before the decision to be removed from flying operations.
3. Apache aircraft deliveries are expected to commence in quarter 3, 2025 and will progressively increase to a fleet of 29.
4. UH-60M aircraft deliveries commenced in quarter 3, 2023 and will progressively increase to a fleet of 40. Rate of effort amendments due to increased fidelity of aircraft delivery schedule and system performance are anticipated.
5. Increase in Shadow 200 Tactical Uncrewed Aerial System rate of effort reflects support to operations and extension of collective training due to project Land 129 Phase 3 schedule delay.
6. RQ-21 Integrator Tactical Uncrewed Aerial System deliveries are scheduled to commence in quarter 3, 2024 with two initial systems and enabled rate of effort to support land capability exercises. The capability will progressively increase to a fleet of six systems. Rate of effort flown in 2023–24 was on two-leased systems.
7. The AW139 fleet will be withdrawn from service at end of quarter 2, 2025.
8. Army is leasing five H-135 helicopters to mitigate the loss of MRH-90 rate of effort in both the operational and training systems. The first aircraft will be postured to support training in 2024–25.

Table D.8: Air Force unit availability days¹, flying hours and HydroScheme products

Source	2022–23	2023–24	Deliverables	2022–23 actual	2023–24 revised estimate	2023–24 actual
Air Force						
	49	49	PC-21	20,584	25,230	22,952
	11	11	KA350 King Air	3,840	3,800	2,645
	12	12	C-130J Hercules	5,247	7,350	5,449
	8	8	C-17A Globemaster III	5,034	6,200	4,756
	10	10	C-27J Spartan	4,668	5,500	4,916
	7	7	KC-30A MRTT	4,127	4,700	4,495
	2	2	737 BBJ	1,368	1,600	1,270
<i>Portfolio Budget Statements 2023–24</i>	3	3	Falcon-7X	1,681	2,400	1,382
	2	–	AP-3C Orion ²	794	350	414
	12	12	P-8A Poseidon	5,276	5,800	5,950
	6	6	E-7A Wedgetail	3,019	3,200	3,244
	24	24	F/A-18F Super Hornet	4,526	4,500	4,754
	33	33	Hawk 127	4,568	6,500	4,085
	12	12	EA-18G Growler	2,277	2,800	2,626
	63	63	F-35A Lightning II	7,858	10,500	9,956
	–	–	MQ-4C Triton ³	–	–	–
	–	–	MC-55A Peregrine ⁴	–	–	–

Notes:

1. Fleet size represents totals at end of 2023–24.
2. AP-3C aircraft withdrawn from service in December 2023.
3. First MQ-4C aircraft delivered in June 2024 however will not enter service with Air Force until 2024–25.
4. Delivery of first MC-55A aircraft scheduled for 2025–26.

Table D.9: Defence Intelligence Group unit availability days, flying hours and HydroScheme products

Source	Deliverables	2022–23 actual	2023–24 revised estimate	2023–24 actual
Defence Intelligence Group				
	Maritime Safety Updates (%)	100	100	100
<i>Portfolio Budget Statements 2023–24</i>	Charting Projects	16	13 ¹	10 ¹
	Nautical Publications	29	30	30
	Survey Projects	10	11	11
	Australian Hydrographic Office Availability	247	247	247

Note:

1. In 2023–24, 14 charting projects were published in *Portfolio Budget Statement 2023–24* estimates. This was revised to 13 charting projects as one project was more complex than originally estimated. At the end of the financial year, 10 charting projects were achieved, three projects have been postponed to 2024–25 due to delays in the submission of the survey data.

Omissions and errors (All)

The *Defence Annual Report 2022–23* contained the following errors:

Fraud and integrity (page 71)

The *Defence Annual Report 2022–23* reported the figure for completed investigations resulting in action under *Defence Force Discipline Act 1982* was 15. This number should have been 10.

Compliance with finance law (page 73)

The *Defence Annual Report 2022–23* reported 12 instances of significant non-compliance. The figure should have been 13 instances of significant non-compliance to account for a systemic control deficiency identified as part of an internal audit, which met the classification of significant non-compliance.

Unit availability days, flying hours and HydroScheme products (page 268)

Table D.6 Navy unit availability days, flying hours and HydroScheme products reported 2022–23 target figures. These figures should have reported as 2021–22 actual figures. A revised Table D.6 with corrected figures is provided below.

Table D.6: Navy unit availability days¹, flying hours and HydroScheme products

Source	2021–22	2022–23	Deliverables	2021–22 target	2022–23 revised estimate	2022–23 actual
Navy						
	17	17	Major Combatants ²	2,749	3,407	2,816
	18	18	Minor Combatants ³	3,215	4,184	3,580
<i>Portfolio Budget Statements 2022–23</i>	6	5	Amphibious and Afloat Support ⁴	810	1,186	839
	10	10	Maritime Teams ⁵	3,184	3,345	3,707
	6	6	Hydrographic Force ⁶	1,436	1,246	1,156
	24	24	MH-60R ⁷	4,789	5,750	5,247.3

Notes:

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Anzac Class frigates, Hobart Class guided missile destroyers and Collins Class submarines. UAD under-achievement is due to unscheduled maintenance periods and changes to scheduled maintenance periods.
3. Minor Combatants comprises Armidale Class patrol boats, Cape Class patrol boats and minehunter coastal.
4. Amphibious and Afloat Support comprises landing ship dock, landing helicopter dock and Supply Class Auxiliary Oiler Replenishment Vessels. UAD under-achievement is due to Project SEA3030 upgrade and rescheduled maintenance period of HMAS *Choules*.
5. Maritime Teams comprises clearance diving, deployable geospatial support and mobile meteorological and oceanographic teams.
6. Hydrographic Force comprises the hydrographic ships, survey motor launches and meteorological and oceanographic centres. UAD under-achievement is due to hydrographic ships defects and early decommissioning of both survey motorlaunches.
7. The under-achievement of forecast flying hours for the MH-60R was due to FAS volatility and unscheduled maintenance.

Unit availability days, flying hours and HydroScheme products (page 268)

Table D.7 Army unit availability days, flying hours and HydroScheme products reported the heading as 2022–23 target. The heading should have been reported as 2021–22 actual. The figures recorded are correct.

Unit availability days, flying hours and HydroScheme products (page 269)

Table D.9 Defence Intelligence Group unit availability days, flying hours and HydroScheme products contained errors. For rows two, four and five in the 2022–23 revised estimates column a formatting error occurred where the footnote number merged with the unit availability number (for example Charting Projects should be 16 not 161). The 2022–23 Actual figures are correct. A revised Table D.9 with corrected figures is provided below.

Table D.9: Defence Intelligence Group unit availability days, flying hours and HydroScheme products

Source	Deliverables (Airframes)	2021–22 actual	2022–23 revised estimate	2022–23 actual
Defence Intelligence Group				
	Maritime Safety Updates (%)	99	100	100
<i>Portfolio Budget Statements 2022–23</i>	Charting Projects	14	16 ¹	16 ¹
	Nautical Publications	30	29	29
	Survey Projects	10	11 ²	10 ²
	Australian Hydrographic Office Availability	247	247 ³	247 ³

Notes:

- In 2022–23, 19 charting projects were published in October *Portfolio Budget Statement 2022–23* estimates. This was revised to 16 charting projects due to delays in receipt of hydrographic survey data. Projects for nautical charting for 2022–23 were achieved.
- In 2022–23, seven survey projects were published in October *Portfolio Budget Statement 2022–23* estimates. This was revised to 11 survey projects with additional Australian Geospatial Intelligence Organisation funding. Survey project rate of effort is aligned with the annual HydroScheme Industry Partnership Program budget guidance and available personnel to manage the planning and oversight of scheduled survey projects. At the end of the financial year, 10 survey projects were complete and one survey project delivered but still undergoing acceptance checks. Projects for hydrographic survey for 2022–23 were achieved.
- In 2022–23, the Australian Hydrographic Office availability was reduced by one day, to 247 days due to the declaration of the National Day of Mourning for Her Majesty Queen Elizabeth II, occurring on 22 September 2022.

Appendix E: Supplementary online material

Table E.1: Additional online information

Report	Website links
Report on the Inspector-General ADF	igadf.gov.au/publications
Women in ADF Report	defence.gov.au/annualreports/
Acquisition, sustainment, facilities and infrastructure information	
Top 30 sustainment products by expenditure 2023–24	Web table E.1
Top 30 acquisition projects by expenditure 2023–24	Web table E.2
Top 30 acquisition projects by budget status 2023–24	Web table E.3
Major acquisition project closed in 2023–24	Web table E.4
New major acquisition projects approved by Government 2023–24	Web table E.5
Performance of major capital facilities projects 2023–24	Web table E.6
Major Defence establishments and bases	Web table E.7
Status of capital facilities projects considered by the Parliamentary Standing Committee on Public Works	Web table E.8
Approved facilities and infrastructure projects by state and federal electorate (financial and non-financial input)	Web table E.9

Table E.2: Reference websites and supporting documentation

Reference	Website links
ADF Cadets	defence.gov.au/jobs-careers/student-pathways/adf-cadet-programs
Afghanistan Inquiry	defence.gov.au/about/reviews-inquiries/afghanistan-inquiry/defence-response
AusTender	tenders.gov.au
Australian Information Commissioner	data.gov.au
Australian National Audit Office	anao.gov.au
Australian Public Service Commission	apsc.gov.au
Climate Risk and Opportunity Management Program	dceew.gov.au/climate-change/policy/adaptation/climate-risk-opportunity-management-program
Defence Annual Reports	defence.gov.au/annualreports
Defence Audit & Risk Committee Charter	defence.gov.au/about/governance/enterprise-committees
2023–27 Defence Corporate Plan	defence.gov.au/about/strategic-planning/defence-corporate-plan
Defence's Information Publication Scheme	defence.gov.au/about/information-disclosures/information-publication-scheme
Defence Organisational Structure	defence.gov.au/about/who-we-are/organisation-structure
Defence PFAS Investigation and Management Program	defence.gov.au/about/locations-property/pfas
Defence Youth	defenceyouth.gov.au
Department of Finance	finance.gov.au
Department of Treasury	treasury.gov.au
GrantConnect	grants.gov.au
Inspector-General of the Australian Defence Force	igadf.gov.au/publications
Integrated Investment Program	defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program
National Defence Strategy	defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program
National Indigenous Australian Agency	niaa.gov.au
Parliament of Australia	aph.gov.au
Safeguarding Australia's Military Secrets Act 2024	defence.gov.au/business-industry/industry-governance/safeguarding-australias-military-secrets
Transparency Portal	transparency.gov.au
Unexploded Ordnance Program	defence.gov.au/programs-initiatives/national-unexploded-ordnance-program

Appendix F: List of requirements

PGPA Rule reference	Part of report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Page x	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Page xi	Table of contents (print only).	Mandatory
17AJ(b)	Pages 307–316	Alphabetical index (print only).	Mandatory
17AJ(c)	Page 303	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Page 299–302	List of requirements.	Mandatory
17AJ(e)	Inside front	Details of contact officer.	Mandatory
17AJ(f)	Inside front	Entity's website address.	Mandatory
17AJ(g)	Inside front	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Pages 1–11	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Page 16	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Page 20–21	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Page vii	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Page 16–17	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Page 20	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Page 20	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Page 20	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	Page 19	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the performance of the entity		
	Annual Performance Statements		
17AD(c)(i); 16F	Pages 27–49	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Pages 53–62	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Page 57	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Page 55	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.

PGPA Rule reference	Part of report	Description	Requirement
17AD(d)	Management and accountability		
Corporate Governance			
17AG(2)(a)	Page x	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Page x	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Page x	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Page x	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Pages 68–74	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)	Page 86	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
Audit Committee			
17AG(2A)(a)	Page 71	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Page 72	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Page 72	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Page 72	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Page 72	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	Page 84–95	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Page 94	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	Pages 84–95	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	Page 95	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	Pages 97–145	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Pages 101–112; 264–289	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> • statistics on full-time employees; • statistics on part-time employees; • statistics on gender; • statistics on staff location. 	Mandatory
17AG(4)(b)	Pages 101–112; 264–289	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • statistics on staffing classification level; • statistics on full-time employees; • statistics on part-time employees; • statistics on gender; • statistics on staff location; • statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Pages 114–119	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AG(4)(c)(i)	Pages 116–117	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Page 115	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Page 114	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Pages 118–119	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Pages 118–119	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Pages 118–119	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	Pages 118–119	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	Pages 75–83	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
Purchasing			
17AG(6)	Page 60	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	Page 290	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (GST inc.); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (GST inc.).	Mandatory
17AG(7)(b)	Page 290	A statement that: <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$ [specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$ [specified million]."</i>	Mandatory
17AG(7)(c)	Page 290	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Page 290	A statement that: <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	Page 291	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Page 291	A statement that: <i>"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."</i>	Mandatory

PGPA Rule reference	Part of report	Description	Requirement
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Page 290–291	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	Pages 292–293	If an entity entered into a contract with a value of more than \$100,000 (GST inc.) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
Exempt contracts			
17AG(9)	Page 85	If an entity entered into a contract or there is a standing offer with value greater than \$10,000 (GST inc.) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)	Page 60	A statement that: <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
17AG(10)(b)	Page 60	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Page 60	If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that: <i>"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, Mandatory
Financial Statements			
17AD(e)	Pages 165–241	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	Pages 116–117; 283–289	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory
17AD(f) Other mandatory information			
17AH(1)(a)(i)	Pages 61	If the entity conducted advertising campaigns, a statement that: <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory
17AH(1)(a)(ii)	N/A	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	Page 61	A statement that: <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	Page 128	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Page 85	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Page 296–297	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Pages 62, 86, 110	Information required by other legislation.	Mandatory

Abbreviations and acronyms

ADF	Australian Defence Force	IGADF	Inspector-General of the Australian Defence Force
ADV	Australian Defence Vessel	LGBTIQ+	Lesbian, Gay, Bisexual, Trans, Intersex, Queer, Asexual+
AFSC	Audit Financial Subcommittee	MP	Member of Parliament
ANAO	Australian National Audit Office	NATO	North Atlantic Treaty Organisation
ANZSOC	Australian and New Zealand Standard Offence Classification	PFAS	per- and poly fluoroalkyl substances
APS	Australian Public Service	PHEV	Plug-in Electronic Vehicle
APSC	Australian Public Service Commission	PGPA Act	Public Governance, Performance and Accountability Act 2013
ASSOC SEC	Associate Secretary	PGPA Rule	Public Governance, Performance and Accountability Rule 2014
AUKUS	Australia, the United Kingdom, and the United States	RAAF	Royal Australian Air Force
AUKMIN	Australia-United Kingdom Ministerial Consultations	RAN	Royal Australian Navy
AUSMIN	Australia-United States Ministerial Consultations	ROE	Rate of Effort
BEV	Battery Electric Vehicle	SEC	Secretary
CDF	Chief of the Defence Force	SeMPRO	Sexual Misconduct Prevention and Response Office
CROMP	Commonwealth Risk and Opportunity Management Program	SES	Senior Executive Service
DSR	Defence Strategic Review	SME	Specialist Military Equipment
DVA	Department of Veterans' Affairs	STELaRLab	Science, Technology, Engineering, Leadership and Research Laboratory
ERP	Enterprise Resource Planning Program	STEM	Science, Technology, Engineering and Mathematics
FOI	Freedom of Information	UAD	Unit Availability Days
FBT	Fringe Benefits Tax	US	United States
GST	Goods and Services Tax	VCDF	Vice Chief of the Defence Force
HMAS	His Majesty's Australian Ship	WHS	Work Health and Safety
HMNZS	His Majesty's New Zealand Ship		
ICT	Information and communications technology		



HMAS *Dechaineux* visited the Port of Melbourne, Victoria as part of their planned activity schedule. Whilst in port, HMAS *Dechaineux* provided submarine tours to the Australian Navy Cadets as part of their ongoing learning and familiarisation. IMAGE CREDIT: Petty Officer Imagery Specialist Christopher Szumlanski.

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