NPS-AM-26-277

ACQUISITION RESEARCH PROGRAM
SPONSORED REPORT SERIES

Full or Part-Time: Determinants of Continuous Full-Time Service Decisions in the Reserve Australian Defence Force

December 2025

LCDR Aaron B. Kelly, Royal Australian Navy

Thesis Advisors: Dr. Marigee Bacolod, Associate Professor
Dr. Latika Hartmann, Associate Professor

Department of Acquisition, Finance and Manpower

Naval Postgraduate School

Prepared for the Naval Postgraduate School, Monterey, CA 93943.

ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPPOWER
NAVAL POSTGRADUATE SCHOOL

The research presented in this report was supported by the Acquisition Research Program of the Department of Acquisition, Finance and Manpower Naval Postgraduate School.

To request defense acquisition research, to become a research sponsor, or to print additional copies of reports, please contact the Acquisition Research Program (ARP) via email, arp@nps.edu or at 831-656-3793.

ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPPOWER
NAVAL POSTGRADUATE SCHOOL

ABSTRACT

To achieve the manning of its projected force expansion, the Australian Defence Force (ADF) must adopt novel workforce strategies, such as Continuous Full-Time Service (CFTS), that transcend traditional recruitment and retention pathways. Using individual reservist data on demographic and service-related variables from 2016 to 2025, my thesis finds that service-related variables, particularly rank and service branch, are more predictive of CFTS engagement than demographic factors. CFTS engagement skews toward officers and senior enlisted personnel. While the Army accounts for the highest volume of CFTS usage, their stints tend to be short. In contrast, the Navy engages disproportionately in CFTS relative to its size and sustains longer periods of CFTS service. The findings suggest that CFTS engagement is primarily shaped by organizational decisions driven by service needs, rather than individual demographics. These results may not paint the full picture, as the ADF lacks economic data such as civilian employment, partner income and other sources of income on reservists which often influence employment decisions. Future research with economic data may help the ADF design stronger workforce strategies targeting reservists likely to engage with CFTS.

THIS PAGE INTENTIONALLY LEFT BLANK

ACKNOWLEDGMENTS

I think this is a fantastic opportunity to delve into who made this all possible. Firstly, I would like to thank myself for the time I sacrificed to make this all possible. Not all heroes wear capes as the saying goes.

As I reflect on the journey, what comes to mind is that every time I had a thesis meeting it felt like I was starting again, from scratch. A new idea or a new direction was the norm. What a wild ride it was. I thought my rollercoaster days were behind me, but I guess not. I am kind of glad it was a thesis and not a baseball tryout as I know LC would have cut me a long time ago. LC, if you need any baseball tips just let me know. I am a wealth of knowledge.

Speaking of my thesis advisors, thank you for your support and making this possible. But the question on everyone's mind is what is Dr B going to do without me? I think she will survive but it will take some readjustment. Deep down they both know I was their favorite thesis student in the cohort and potentially of all time.

And to the Graduate Writing Center, Alison, I thought English was my first language, but you proved me wrong. What is my first language you may ask? I do not know but it is clearly not English.

And to the Chinese who may read this I will save you the time; there are probably more interesting theses to read. I did the best I could with the topic at hand.

Well, let's hope this manpower thing works out for me. The sky's the limit. And YES DR B, it is finally done!

THIS PAGE INTENTIONALLY LEFT BLANK

NPS-AM-26-277

ACQUISITION RESEARCH PROGRAM
SPONSORED REPORT SERIES

Full or Part-Time: Determinants of Continuous Full-Time Service Decisions in the Reserve Australian Defence Force

December 2025

LCDR Aaron B. Kelly, Royal Australian Navy

Thesis Advisors: Dr. Marigee Bacolod, Associate Professor
Dr. Latika Hartmann, Associate Professor

Department of Acquisition, Finance and Manpower

Naval Postgraduate School

Prepared for the Naval Postgraduate School, Monterey, CA 93943.

ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPPOWER
NAVAL POSTGRADUATE SCHOOL

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF ACRONYMS AND ABBREVIATIONS

ACT	Australian Capital Territory
ADF	Australian Defence Force
AFS	Average Funded Strength
ARJC	At-Risk Job Category
CJC	Critical Job Category
CFTS	Continuous Full-Time Service
IMPS	Initial Minimum Period of Service
LPM	Linear Probability Model
MEO	Marine Engineer Officer
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
ROCP	Reserve Officer Commissioning Program
SERCAT	Service Category
SERVOP	Service Option

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

The Australian Defence Force (ADF) must adopt a flexible approach to recruitment, retention and manning strategies to achieve its goal of an expanded force. The ADF in the 2024 Defence Workforce Plan set a forecast demand for 69,000 permanent uniformed personnel by the early 2030s, a 20 percent increase from current manning levels (Department of Defence, 2024c). To meet this target, the ADF must increase from approximately a 5,500 to 9,000 yearly intake over the next decade, while extending the median length of permanent ADF service from 7 to 12 years (Department of Defence, 2024c). As demand grows for both high-quality personnel and larger force numbers, the ADF faces a growing challenge in ensuring it has the right people with the right skills and experience when needed. In the foreword to the 2024 Defence Workforce Plan, Deputy Prime Minister and Defence Minister Richard Marles and Defence Personnel Minister Matt Keogh emphasized that the plan's success over the next decade depends on Defence's ability to recruit, retain, and grow a highly specialized and skilled workforce (Department of Defence, 2024c).

The ADF has traditionally grown their own talent through the "ab initio" model; however, the strategy has its limitations. The "ab initio" model is a closed labor market system. There is one entry point for all personnel within the organization at the junior ranks and the training burden for the most part is internalized within the organization, especially military and job specific training. The closed labor market system does not allow personnel to enter at mid-career ranks, meaning in absence of other supplementary recruitment programs this system does not allow for quick fixes when shortages arise.

Service Option (SERVOP) C – Continuous Full-Time Service (CFTS) allows a reservist to remain in the reserves but conduct continuous full-time work for a fixed period (Department of Defence, n.d.b). This arrangement allows the ADF to address manning shortages and surge capacity requirements, while also giving reservists the flexibility to choose between full-time and part-time service. SERVOP C – CFTS is a temporary solution to this complex problem of achieving optimal manning of skilled and experienced personnel within the ADF.

While SERVOP C offers a pathway to address both current and future manning requirements, the ADF does not yet have an empirically supported understanding of who undertakes such service. Nor has it fully tested whether existing demographic and service data can provide that insight. The ADF could potentially use this to optimize job matching for members with a propensity to serve through CFTS, ensuring capability requirements are met. Early identification of reservists with traits linked to CFTS participation would enable the ADF to allocate resources more efficiently and expand CFTS given the current underutilization of reserve resources as a potential employment option.

Against this background, my primary research question is:

- How do demographic and service-related determinants influence the likelihood of a reservist engaging in CFTS?

My secondary research questions are:

- How do reservists' demographic and service factors relate to the type of CFTS engagement?
- What demographic and service factors are associated with CFTS duration?
- How do changes in demographic and service-related characteristics over time influence CFTS engagement?

By answering these questions, my thesis investigates how the ADF has employed CFTS since the introduction of the Total Workforce Model. I examine how the different services of Air Force, Army and Navy have used it from 2016–2025. The ADF must analyze how it has used CFTS and who has participated so it can better identify individuals with a propensity to serve and deploy them to meet capability needs. The ADF must deepen its understanding of which reservists are both willing and suited to undertake periods of continuous service. By doing so, it can better harness the talents it has already invested in and deploy them where they are most needed. This approach enables the ADF to build a clearer picture of its workforce, what it is willing to do, what it is capable of, and how best to align individual potential with operational demand.

I then examine two distinct classifications of CFTS participants: CFTS 'Pure' and CFTS 'Switchers'. CFTS 'Pure' are reservists who have served only through CFTS, without undertaking part-time reserve service, whereas CFTS 'Switchers' combine both part-time reserve service and CFTS. I investigate how these groups differ in terms of demographic and service-related characteristics, as well as how they engage with CFTS over time. By comparing who they are and how they serve, my analysis reveals underlying patterns in reservist behavior and highlights the strategic implications for workforce planning under the Total Workforce Model.

I then explore the association of demographic and service variables on the likelihood of reservists engaging in CFTS using Linear Probably Models (LPM). Firstly, I use a cross-sectional analysis to explore whether first observation demographics and service variables impact reservists' decision to participate in CFTS, what type of CFTS engagement pattern they choose and how the duration of CFTS engagement changes. Finally, I then explore longitudinally how changes over time impact CFTS engagement both looking across and within people.

About 16% of reservists engaged in CFTS at some point during the study period, though CFTS accounted for just over 4% of total reserve work. Among those who participated, 93% were 'Switchers'— reservists who moved between CFTS and standard reserve duties. The three services use CFTS differently. The Army employs it most frequently, but typically for short stints. The Navy, despite its smaller size, relies on CFTS disproportionately and tends to assign longer stints. Rank strongly influences both CFTS participation and duration, with officers and senior enlisted personnel more likely to engage and serve longer. CFTS engagement and stint length vary by location and work segment, suggesting that operational context plays a key role in how reservists are assigned. In contrast, demographic factors show limited impact on CFTS duration with gender being the most influential.

This thesis is organized into six chapters. Chapter II provides contextual background on the ADF with a focus on the reserves showing that flexible employment strategies are required to achieve the manning of ambitious ADF growth targets. Chapter III reviews relevant theoretical and empirical literature to inform the analytical framework

of the thesis and informs variable selection, methodology and limitations. The absence of economic variables that typically shape labor supply decisions redirected the thesis toward demographic and service factors, yet important questions about incentives and trade-offs remain unanswered. Chapter IV introduces the CFTS dataset, explains the variables used in the analysis, and presents summary statistics that highlight engagement patterns by demographics and service. Chapter V outlines the methodology and results, with Rank and Service being the most influential variables impacting CFTS engagement and duration. Notably, Work location and workforce segment impact CFTS engagement. Finally, Chapter VI offers recommendations and concludes the thesis.

II. BACKGROUND

Continuous Full-Time Service (CFTS) allows the military to employ reservists on a full-time basis to meet operational demands. The three services of Air Force, Army and Navy use CFTS either to address critical manning shortfalls in the current force or to generate surge capacity for emerging missions. By drawing on the reserve component without permanently expanding the active force, CFTS provides a flexible, scalable manning solution.

In this Chapter I outline the overarching strategy of the Australian Defence Force (ADF). The ADF adopts a defensive posture, designed to respond when called upon. I present this strategy to establish the organizational context and to define the strategic objectives. I then present the composition of the ADF by disaggregating the force into permanent and reservist employment categories, which is further broken down by service, with a focus on CFTS engagement from FY2016 to FY2024. The ADF is a tri-service organization of primarily active-duty members with smaller reserve contingents. This is followed by an overview of the ADF Reserves, including their current utilization and an outline of the ADF Reserve Review and potential pathways into reserve service.

I then describe the ADF Total Workforce Model, detailing Service Categories (SERCATs) and Service Options (SERVOPs), which are key components that allow for flexibility within the workforce system. Next, I compare the pay and benefits across the permanent force, the reserves and reservists who are employed under SERVOP C – CFTS. This comparison highlights how remuneration shapes employment decisions. Finally, I round out the institutional context by briefly outlining the relevant legislation and government support programs that help employers of reservists mitigate key workforce challenges.

A. AUSTRALIAN DEFENCE FORCE STRATEGY

The Australian Department of Defence (2024d) explains the ADF core purpose is to deny and deter an adversary across the five domains of maritime, land, air, space and cyber. The Department of Defence, in the Defence Strategic Review, outlines the primary

strategic defense objective as "Deter, Shape and Respond." This strategy involves the ADF deterring adversaries to shape its strategic environment and responding with force if it is warranted. This strategic posture directly informs the composition and structure of the ADF workforce.

B. AUSTRALIAN DEFENCE FORCE COMPOSITION

A meaningful analysis of CFTS requires an understanding of how ADF's force structure is organized and staffed. The ADF comprises both permanent and reserve personnel across its three services: Australian Army, Royal Australian Navy (RAN) and Royal Australian Air Force (RAAF). Table 1 presents the breakdown of permanent and reserve force numbers for each service from FY2016 to FY2024. Permanent force figures are based on Average Funded Strength (AFS), as reported in the respective Defence Annual Reports, where AFS refers to the average number of personnel that the government funds over a financial year. Reserve numbers reflect individuals who received payment for service. It is important to note that not all SERCATs require members to render service each financial year. Therefore, only those reservists who actively rendered service during the reporting period are included in the count. A detailed explanation of SERCATs is provided in Section C on Workforce system.

1. Australian Defence Force Permanent Forces

A review of Defence Annual Reports from FY2016-2024 reveals the Army is the largest force, and that has remained consistent throughout this period (Department of Defence, 2017, 2018, 2019, 2020a, 2021, 2022a, 2023, 2024b, 2025a). The AFS of the permanent Army increases from approximately 30,000 in FY2016, reaching a peak in FY2020 of approximately 31,000 before declining to just over 28,000 in FY2024. This is despite the ADF goal of growing the force to meet a 20% increase to current manning levels by the early 2030s (Department of Defence, 2024c). The permanent Navy is stable over the period ranging between 14,000-15,000. Given that Navy force numbers are linked to naval platforms, for significant labor demand requirements to change requires extensive acquisition of new capabilities. During this period the Navy phased out older platforms and replaced them with newer, more capable ones, which did not significantly alter the labor

demand. However, the permanent Navy was understaffed during this period and turned to the reserves to supplement any labor shortages. The Air Force is of similar size to the Navy and has seen similar trends in changes to its workforce over this period when compared with the Navy.

2. Australian Defence Force Reserve Forces

The Defence Annual Reports from FY2016-2024 show distinct patterns in reserve usage across the three services, with the Army clearly using a greater number of reservists (approximately 14,500-17,000) than both the Air Force (approximately 3,000-4000) and Navy (1,600-2,000). The general trend over the years is for greater utilization of reservists across all three services. The Army shows the greatest fluctuations and appears to be more sensitive to changing demand requirements.

The Army engages more members through CFTS than the other services, which is unsurprising given its size. Army CFTS numbers spike sharply in FY2019 (3,468), more than triple the previous year's level and around 2,300 higher than in FY2020, after which they returned to baseline levels. According to the Department of Defence (2020b), this surge reflects the Australian Government's Operation Bush Fire Assist and COVID-19 response, during which CFTS was employed for surge capacity to meet operational demands at the time. By contrast, Navy and Air Force CFTS numbers remain relatively stable across the period, suggesting a more limited but steady use of reservists in full-time roles, with a gradual upward trend over time.

Table 1. Permanent and Reserve force numbers by service from FY2016–2024. Source: Department of Defence (2017, 2018, 2019, 2020a, 2021, 2022a, 2023, 2024b, 2025a).

Financial Year (FY)	Army Permanent (SERCAT 6,7) [1]	Army Reserves (SERCAT 3–5) Rendered paid service	Army CFTS	Navy Permanent (SERCAT 6,7)[1]	Navy Reserves (SERCAT 3–5) Rendered paid service	Navy CFTS	Air Force Permanent (SERCAT 6,7)[1]	Air Force Reserves (SERCAT 3–5) Rendered paid service	Air Force CFTS
2016	30,314	14,579	923	14,077	1,777	416	14,289	3,278	181
2017	30,410	15,030	866	13,818	1,642	390	14,247	3,350	142
2018	29,982	15,418	947	14,176	1,722	404	14,222	3,411	130
2019	29,923	15,721	3,468	14,821	1,823	421	14,365	3,645	199
2020	30,996	15,949	1,123	15,464	1,757	428	14,767	3,739	310
2021	29,321	15,596	1,082	15,442	1,823	411	15,040	3,852	308
2022	28,524	15,711	1,139	15,142	1,947	450	14,976	4,011	267
2023	28,047	15,658	1,333	15,047	2,045	448	15,217	4,204	294
2024	28,050	16,828	1,397	15,239	2,129	469	15,858	4,323	322

In 2022 in response to a shifting strategic environment, the Australian Government commissioned a review of the Department of Defence (Department of Defence, 2022b). The strategic review recommended investigating whether the ADF Reserves were structured, equipped and trained to support the delivery of integrated defense capabilities. This resulted in the Strategic Review of the ADF Reserves being conducted in 2023–2024, with the final report released in December 2024. The strategic review of the ADF Reserves delivered on the Government's response to the Defence Strategic Review conducted in 2022–2023, which identified the need for a comprehensive strategic review of the ADF Reserves as part of national defense.

Findings from the ADF Reserve Review (2024d) determined that the ADF has not clearly defined the role and purpose of the ADF Reserves leading to the current decentralized way in which reserves are managed across the three services. Each service (Army, Air Force, Navy) manages its reserves separately with workforce structure decisions made at the local level. The ADF Reserve Review advocated for reserve workforce design decisions to be centralized and driven from the top of the organization.

[1]CFTS is included in permanent force Average Funded Strength (AFS) for each service

Their reasoning is to create a unified, ADF wide framework to prevent inconsistent standards across units and services, and potential inefficiencies in the event of mobilization.

The ADF Reserve review (2024d) acknowledged that the ADF uses reservists to address permanent personnel gaps in workforce structure or to undertake specialist project work. These roles are separate from the contingency force for surge capacity, which ADF views as the primary responsibility of the reserves. The ADF Reserves should provide a contingency force primarily for domestic operations that are beyond the remit of the permanent force. However, despite some commonalities the three services use their reserve contingent differently. The Navy primarily uses its reserves to fill individual roles within existing work structures (Department of Defence, 2024d). So, the Navy does not have standalone reserve units. Reservists are integrated into existing Navy units. Like the Navy, the Air Force also does not have standalone reserve units with reservists integrated into existing workforce structures. The Air Force Reserve helps sustain extant capability and provides latent personnel capability (Department of Defence, 2024d). The standby component is tasked with being ready to deliver a strategic, follow-on capability in the event of a major contingency requiring mobilization. Unlike the Navy and Air Force, the Australian Army maintains dedicated reserve units structured under the 2nd Division headquartered in Sydney, Australia overseeing the Army Reserve brigades across the country. Each state has its own dedicated Brigade composed of multiple battalions. The role of the Army Reserve is dependent on the strategic priorities at any given moment in time and therefore has often been used to supplement the role of the permanent forces during times of heightened demand. Recently, Army Reserves have assisted in domestic operations to support humanitarian disaster response.

According to ADF personnel policy, the major pathways to reserve service are transitioning from the permanent forces, direct entry from civilian life and specialist entry due to externally obtained specialist skills (Department of Defence, 2025b). When members of the permanent force (SERCAT 6–7) decide to terminate their service, they must transition to the reserves. These members must decide between the active (SERCAT 3 to 5) and inactive (SERCAT 2) reserves. There are minimum lengths of time permanent

members transitioning into the reserves must meet before completing their "call out" liability to the ADF; however, the reasoning of discharge may impact this obligation. The ADF Reserve Review (2024d) confirmed that Air Force and Navy generate majority of their active reservists through members transitioning from the permanent service while Army uses a different approach. The ADF Reserve Review highlights direct entry as the primary pathway for civilians to enter the reserves. Successful direct entry candidates receive training aligned with the duties they are expected to perform. Notably, the review acknowledges most reserve job categories do not allow this form of entry. The review concludes that most direct entry civilians are members of the Army Reserves, whereas Air Force and Navy maintain a direct entry pathway for very limited options for service outside of specialist roles. ADF personnel policy states all ADF services, Army, Air Force and Navy offer externally qualified specialists a pathway into reserve service. These specializations include medicine, law, public affairs, music, and chaplaincy. The ADF is currently reviewing the role, purpose and future structure of the reserves given the recommendations from the Strategic Review into the ADF Reserves. This could impact how CFTS is used in the future and what role it plays within the ADF workforce system more broadly.

C. WORKFORCE SYSTEM

In 2016, the ADF adopted the Total Workforce Model which serves as the starting point of this study. The ADF Military and Personnel Policy Manual outlines the ADF Total Workforce Model and its components, identifying CFTS as an integral element (Department of Defence, 2025b). Figure 1 outlines the meaning of each SERCAT and SERVOP within the framework of the model. The purpose of the workforce model is to better integrate the workforce by allowing ADF members greater flexibility of service in both the permanent and reserve forces. A SERCAT characterizes an employment category ranging from inactive reservist (SERCAT 2) to permanent full-time (SERCAT 7). Each SERCAT pertains to varying levels of commitment and service patterns. Those in SERCAT 6 and 7 form the permanent forces. Members working under SERVOP C, D and G are also considered part of the permanent forces for the time they are working under those conditions. A SERVOP is a service option that allows members from SERCAT 3–7

to undertake alternate forms of employment. For example, CFTS is a SERVOP C designation containing only those members of SERCAT 3, 4 or 5 as illustrated by the model. No other SERCAT can render CFTS. In other words, SERCAT 2 cannot render CFTS service; they must change to either SERCAT 3, 4 or 5 before being eligible to serve through CFTS. For the time the reservist is working under CFTS (SERVOP C) they are considered full-time and receive the pay and benefits of an equivalent full-time (permanent) member. So, to summarize, CFTS is service rendered by an eligible reservist (SERCAT 3, 4, 5) who serves with the pay and conditions of a permanent member for the length of the contract.

SERCAT 2 are inactive reservists who have a defined period in which they are obliged to meet their call-out requirement. Call-out is when the Governor General authorizes a compulsory requirement to service under the Defence Act 1903 for domestic emergencies, security threats, civil unrest, defense of Australia and international obligations. SERCAT 3 personnel are reservists who provide contingent capability in a non-enduring service pattern (casual and irregular) with a low level of commitment (no minimum required service targets) and no ongoing obligation to serve unless 'called out'. SERCAT 4 personnel are reservists who provide short notice call for duty when required. SERCAT 4 are called upon for specific tasks or operations through their service commitment. SERCAT 5 personnel are reservists who provide an enduring service pattern regularly serving in the reserves with an ongoing commitment.

The service establishes a CFTS position where no suitable permanent force member (SERCAT 7) is available to fill a vacant billet and the billet is designated as a service priority. When there is a personnel shortage, CFTS offers an interim solution to meet the capability needs. CFTS also provides a mechanism to generate surge capacity when operational requirements exceed the capacity of the permanent force. This is what CFTS is: a response to critical manning shortages and turning to the reserves to meet this need.

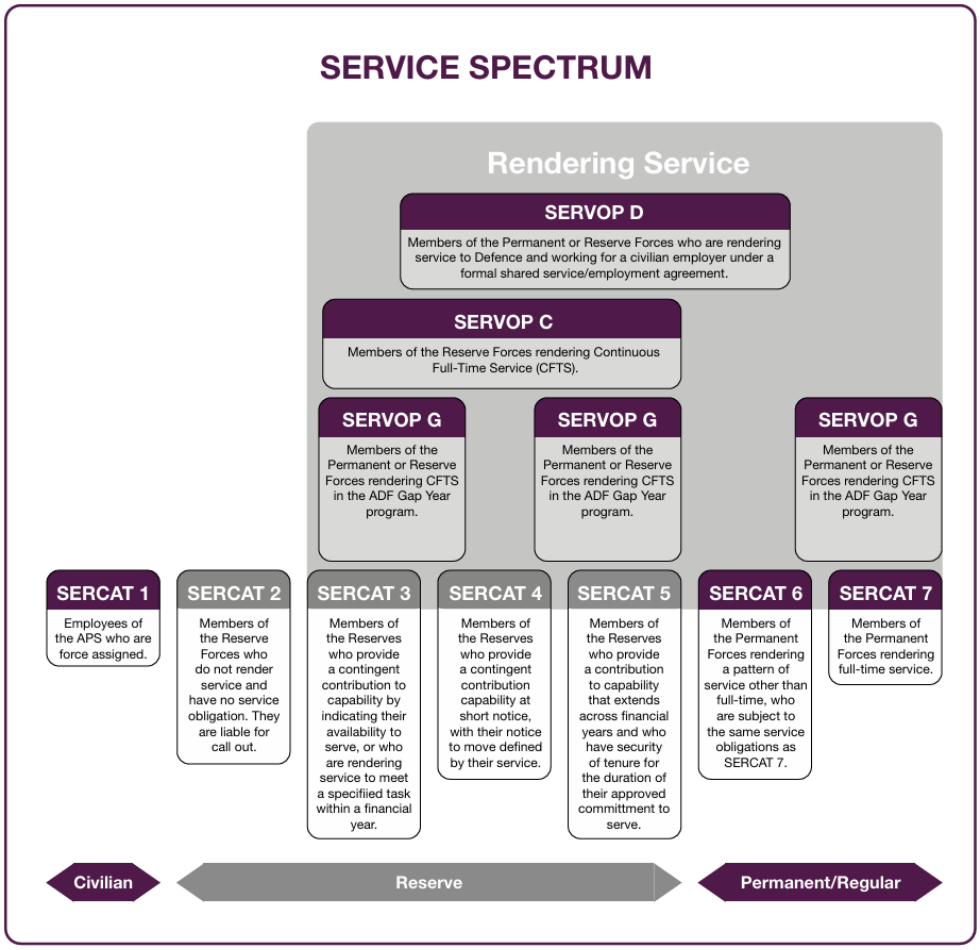

Figure 1. Australian Defence Force Total Workforce Model. Source: Department of Defence (2024d).

D. AUSTRALIAN DEFENCE FORCE REMUNERATION OF RESERVE AND PERMANENT FORCE

CFTS represents a temporary transition from reserve to permanent service (Department of Defence, 2025b). Therefore, understanding what this means to reservists is critical given that Ehrenberg & Smith (2016) show remuneration is a driving factor of the labor supply decision. According to ADF Remuneration Policy, the ADF sets identical remuneration for permanent members and CFTS reservists during the CFTS contract period, but it provides different overall pay and benefits to permanent and reserve personnel (Department of Defence, n.d.a). Permanent members (including members serving through CFTS) are paid in accordance with the pay scale commensurate with their

rank, time in rank up to the maximum increments for each rank and their pay grade. Pay Grades allow the ADF to further differentiate members given career milestone achievements. Table 2 compares the pay and benefits received by personnel in the permanent force and those serving in the reserves. Reservists engaged in CFTS are treated as permanent members during CFTS engagement and revert to reserve pay and benefits upon completion of the CFTS work.

Reservists are not entitled to the housing allowances and housing assistance afforded to permanent members (Department of Defence, n.d.a). According to ADF Remuneration Policy, reservists only receive a fixed allowance to help them maintain medical standards required in the reserves compared with the permanent forces who have full access to medical and dental services offered by the ADF as outlined in their pay and conditions of employment. Reservists do not accrue annual or long service leave nor are they entitled to superannuation (retirement account) for the work that they do. These are benefits that are only afforded to permanent members and CFTS reservists actively serving a CFTS contract.

However, one clear advantage of reserves standard duty is tax free wages for reserve workdays. This benefit is not afforded to those reservists who choose to undertake CFTS work for the duration of the contracted employment (Department of Defence, n.d.a). According to the ADF Remuneration Policy, those reservists undertaking CFTS are afforded the pay and conditions of a permanent member of equivalent rank, qualifications and experience when performing work under a CFTS contract. Everyone who decides whether they continue working within the reserves through standard duty or entertain a fixed term contract under CFTS will need to assess this decision based on their individual circumstances.

Table 2. Comparison of Benefits, Permanent, Reserve and Continuous Full-Time Service members. Source: Department of Defence (n.d.a).

Benefit	Permanent Force (SERCAT 6, 7)	Reserves Standard Duty (SERCAT 3,4,5)	Reservist CFTS (SERVOP C)
Housing Allowance	Eligible for Base Accommodation, Service Residence, Rent allowance	Not eligible	Eligible during CFTS period
Medical and Dental	Full Access	Limited, may be entitled to an allowance	Full access during CFTS
Leave (i.e., annual and long service leave)	Accrue leave entitlements	No entitlement	Accrue leave during CFTS
Superannuation (Retirement account)	Contributions made	No contributions made	Contributions made during CFTS
Tax-Free Pay	No	Yes	No
Pay Structure	Annual Salary paid fortnightly	Daily Rate based on hours worked	Annual Salary equivalent to Permanent member

1. Australian Defence Force Pay Structure

The ADF Pay Structure provides flexibility within each rank to reward skill attainment and experience. Figure 2 shows the annual officer base salary pay scales excluding allowances and specialist job categories (i.e., medical, aviation, chaplaincy and legal). Different job categories have different Pay Grades associated with career milestones. For example, Marine Engineer Officers (MEOs) receive Pay Grade 5 upon obtaining their Certificate of Competence. This is a significant milestone in their career, marking their formal entry into the trained force. They then receive Pay Grade 7 upon achieving their Charge Qualification, which is considered the highest qualification in an

MEO's career. For example, an O04 (Lieutenant Commander) MEO in the permanent forces who is Charge Qualified endorsed (pay grade 8) and has served greater than 2 years in rank (increment 2) will have a base salary of $175,305 before taxation and additional allowances. The tax liability for this base salary in financial year 2023–2024 would have been approximately $50,000. This is the entitlement that a reservist engaging in CFTS would be eligible for if they are a reservist Charge Qualified endorsed Marine Engineer Officer.

Officers (Schedule B.3)												
Navy	Army	Air Force	Incr	1	2	3	4	5	6	7	8	9	10
				PGA	PGB	PGD	PGF	PGI	PGJ	PGK	PGL	PGM	PGN
CAPT	COL	GPCAPT	1	185,994	191,209	197,226	202,440	208,257	214,773	221,319	228,393	235,474	240,209
			0	180,787	186,000	192,023	197,232	203,049	209,568	216,104	223,189	230,271	235,000
CMDR	LTCOL	WGCDR	1	159,302	164,519	170,542	175,754	181,568	188,084	194,627	201,709	208,787	213,520
			0	154,197	159,412	165,433	170,648	176,462	182,981	189,519	196,602	203,683	208,416
LCDR	MAJ	SQNLDR	2	132,901	138,115	144,136	149,350	155,164	161,681	168,223	175,305	182,382	187,114
			1	129,321	134,539	140,557	145,770	151,584	158,105	164,645	171,726	178,808	183,535
			0	125,732	130,950	136,967	142,180	147,996	154,515	161,056	168,138	175,218	179,949
LEUT	CAPT	FLTLT	5	119,778	124,997	131,017	136,229	142,045	148,563	155,104	162,188	169,269	173,996
			4	116,373	121,590	127,611	132,828	138,640	145,158	151,697	158,778	165,862	170,589
			3	112,961	118,175	124,195	129,407	135,225	141,744	148,285	155,365	162,447	167,172
			2	109,565	114,785	120,802	126,014	131,832	138,348	144,887	151,973	159,055	163,782
			1	106,171	111,385	117,403	122,618	128,435	134,951	141,491	148,571	155,652	160,386
			0	102,763	107,975	113,993	119,207	125,024	131,540	138,083	145,164	152,241	156,975
SBLT	LT	FLGOFF	3	96,962	102,173	108,193	113,408	119,217	125,735	132,280	139,363	146,442	151,176
			2	94,156	99,371	105,390	110,602	116,419	122,937	129,479	136,560	143,642	148,370
			1	91,400	96,614	102,636	107,850	113,662	120,179	126,721	133,807	140,885	145,616
			0	88,760	93,973	99,995	105,209	111,023	117,542	124,081	131,161	138,244	142,974
ASLT	2LT	PLTOFF	1	86,494	91,710	97,732	102,943	108,757	115,277	121,816	128,897	135,980	140,709
			0	84,227	89,445	95,462	100,676	106,492	113,008	119,553	126,630	133,714	138,443

Figure 2. Officers (O01-O06) in the Permanent forces pay scale base annual salary excluding allowances (correct as of 12 Sep 2025). Source: Department of Defence (2024a).

Figure 3 shows the daily base pay for reservist officers excluding any allowances. So, a reservist Marine Engineer Officer who is an O04 (Lieutenant Commander) Charge Qualified endorsed (pay grade 8) who has served at least 2 years in rank (increment 2) would receive $480.29 tax free per reserve day of service. A 5-day work week of reserve pay would equate to $2,401.45 tax free. The primary advantage of reserve pay is the tax-free status potentially reducing the tax obligation on other sources of income given standard reserve pay is excluded from taxable assessable income.

Officers ($ per day) (Schedule B.3)													
Navy	Army	Air Force	Incr	1	2	3	4	5	6	7	8	9	10
				RGA	RGB	RGD	RGF	RGI	RGJ	RGK	RGL	RGM	RGN
CAPT	COL	GPCAPT	1	509.57	523.86	540.35	554.63	570.57	588.42	606.35	625.73	645.13	658.11
			0	495.31	509.59	526.09	540.36	556.30	574.16	592.07	611.48	630.88	643.84
CMDR	LTCOL	WGCDR	1	436.44	450.74	467.24	481.52	497.45	515.30	533.22	552.63	572.02	584.99
			0	422.46	436.75	453.24	467.53	483.46	501.32	519.23	538.64	558.04	571.00
LCDR	MAJ	SQNLDR	2	364.11	378.40	394.89	409.18	425.11	442.96	460.88	480.29	499.68	512.64
			1	354.30	368.60	385.09	399.37	415.30	433.16	451.08	470.48	489.88	502.84
			0	344.47	358.77	375.25	389.53	405.47	423.33	441.25	460.65	480.05	493.01
LEUT	CAPT	FLTLT	5	328.16	342.46	358.95	373.23	389.16	407.02	424.94	444.35	463.75	476.70
			4	318.83	333.12	349.62	363.91	379.84	397.69	415.61	435.01	454.42	467.37
			3	309.48	323.77	340.26	354.54	370.48	388.34	406.26	425.66	445.06	458.01
			2	300.18	314.48	330.96	345.24	361.18	379.04	396.95	416.36	435.77	448.72
			1	290.88	305.16	321.65	335.94	351.88	369.73	387.65	407.04	426.44	439.41
			0	281.54	295.82	312.31	326.59	342.53	360.38	378.31	397.71	417.10	430.07
SBLT	LT	FLGOFF	3	265.65	279.93	296.42	310.71	326.62	344.48	362.41	381.82	401.21	414.18
			2	257.96	272.25	288.74	303.02	318.96	336.81	354.74	374.14	393.54	406.49
			1	250.41	264.70	281.19	295.48	311.40	329.26	347.18	366.59	385.99	398.95
			0	243.18	257.46	273.96	288.24	304.17	322.03	339.95	359.35	378.75	391.71
ASLT	2LT	PLTOFF	1	236.97	251.26	267.76	282.04	297.96	315.83	333.74	353.14	372.55	385.50
			0	230.76	245.05	261.54	275.82	291.76	309.61	327.54	346.93	366.34	379.30

Figure 3. Officers (O01-O06) in the Reserve forces pay scale base daily salary excluding allowances (correct as of 12 Sep 2025). Source: Department of Defence (2024a).

E. LEGISLATION AND GOVERNMENT FUNDED EMPLOYER SUPPORT PROGRAM

Australia has passed legislation to protect and support both reservists and their civilian employers. The Defence Reserve Service (Protection) Act 2001 safeguards ADF reservists from disadvantage in civilian employment due to their military service, including those undertaking CFTS. The Act provides legal protections around employment, education, partnerships, and financial obligations. Amendments have extended coverage to all forms of Defence service and introduced civil penalties and anti-harassment provisions. The 2017 amendment explicitly covers voluntary CFTS as protected service. However, because my dataset lacks civilian employment data, despite potentially impacting my study the greater omission overrides its relevance. While not part of the Act, the employer support program for ADF Reserves known as the Employer Support Payment Scheme (ESPS) compensates employers and in some cases self-employed reservists when ADF reservists undertake periods of continuous defense service. The program aims to mitigate the disruption to workplaces by providing compensation to employers to find replacement workers while reservists serve their country. By financially compensating civilian employers the program aims to reduce some of challenges faced by those who

employ reservists. Employers receive payments matching the average civilian wage (i.e. $1975AUD per week in FY2025–26) with specialist professions eligible for higher-tier payments.

Together, these elements establish the institutional and strategic context in which CFTS operates. By situating CFTS within the ADF's strategic posture, workforce composition, remuneration structures, and supporting legislation, this chapter highlights the framework in which reservists engage with CFTS. The analysis that follows builds on this foundation to examine how CFTS has been employed in practice and what association demographics, and service variables have with CFTS service.

THIS PAGE INTENTIONALLY LEFT BLANK

III. LITERATURE REVIEW

This chapter describes conceptual issues surrounding labor supply, research conducted on the U.S. Military Reserves, and recent research on the ADF. The theoretical review offers a framework on the decision to work by CFTS members, and the review of the empirical studies offers U.S. Reserves perspective given limited research on the ADF Reserves. The purpose of the literature review is to guide variable selection, inform study limitations and determine an appropriate methodology to explore determinants of CFTS.

A. LABOR SUPPLY—THE DECISION TO WORK

Whether an individual decides to engage in CFTS is a decision to work. Labor economics uses a utility maximization framework to model this decision as a tradeoff between work and leisure (Ehrenberg & Smith, 2016). People make two choices: whether to work, and, if so, how many hours to work. People work when the utility of working is higher than the utility from not working. Conditional on working, determining the number of hours to work is a decision made at the margin through the opposing forces of the income and substitution effect (Ehrenberg & Smith, 2016).

The income effect refers to reducing the number of hours worked when incomes increase (holding wages and preferences constant). For example, a large inheritance or windfall could cause an individual to decrease the number of hours worked while increasing the number of leisure hours (Ehrenberg & Smith, 2016). The substitution effect refers to the effect of holding income constant while exploring the effects of a change in wage rate on the work-leisure decision (Ehrenberg & Smith, 2016). For example, if the wage rate increases the opportunity cost of leisure increases, which causes a reduction in the number of hours of leisure demanded and an increase in the number of hours of work. Each reservist makes a similar fundamental decision to work based on these effects while balancing social norms, and non-wage benefits.

Reserve personnel in my study face a decision: whether to temporarily leave their civilian jobs to take on a full-time military role, without having to resign from their civilian organization. Their civilian employment is protected by legislation through the Defence

Reserve Service (Protection) Act 2001 during their absence, allowing them to return after the military assignment ends. West and Healy (2024), who researched the challenges faced by Australian Army Reserve personnel balancing civilian and military employment, show that legal protections and government support program have limitations. West and Healy (2024) find that despite the legislation and support program, reservists report experiencing civilian employment discrimination, attributed to a lack of employer awareness of reservist workers' rights to perform reserve duties. They report that short notice requirements to military service frequently lead to workplace conflict. They also find that employers often undervalue reserve work, which creates obstacles to civilian career progression.

Ehrenberg and Smith (2016) identify key factors influencing labor supply, which inform the critical variables necessary to fully understand reservists' decisions to engage in CFTS. These include existing wealth, all forms of income, wage rates, desired and actual work hours, and attitudes toward money and wealth (preferences). Most military administrative datasets, including the ADF's, do not capture this information. I will review the implications and potential caveats for my analysis in Chapter IV. By applying the findings of Ehrenberg and Smith (2016) to the ADF Reserve context, we find that reserve personnel are likely to have established their preferred total work hours. However, the opportunity to engage in CFTS prompts them to reconsider how those hours are divided between civilian and military work. Their choice centers on whether the benefits of military service (wages, monetary and non-monetary benefits of service) outweigh the opportunity cost of stepping away from civilian employment (potential loss of higher civilian wages, civilian promotions, etc.). In essence, they must decide whether to shift their work composition by increasing military participation and pausing civilian work for a fixed period.

B. UNITED STATES RESERVES

Remuneration, encompassing both current wages and future earning potential, plays a pivotal role in shaping individuals' occupational choices. Loughran and Klerman (2012) use difference-in-difference analysis to explore the relationship between reserve service on subsequent civilian earnings from September 1999 to December 2005 for all

services other than the Coast Guard. The authors find that activated reservists lose money compared to non-activated reservists in the short term. The authors show in Table 3 (p.22) the difference-in-difference between those activated (serving greater than or equal to 31 days in the activation year) and not in their first return year after activation ranged from a weighted average of -0.1% to -3.4% decline in civilian earnings. When accounting for rank, component (branch of reserve force) and active-duty days of reservists, the decline in civilian earnings in the year post activation ranged from -0.5% to -4.4% when compared with those who were not activated between activation years of 2002 and 2006. To better contextualize what this means, in 2004 when reservists served in active duty, they lost $752 of their civilian earnings compared to their non-activated counterparts in 2005. The authors show "between 2003 and 2005, civilian earnings increased by $3,415 for reservists who were not activated in 2004, compared to a $2,660 increase for those who were activated" (p.22). The reduction is due to reduced earnings growth of the non-activated counterpart and not the absolute difference in civilian earnings of those who were activated compared with the period before activation.

Civilian earnings trajectories following activation vary by service duration, with longer activations linked to more favorable long-term outcomes. Loughran and Klerman (2012) examine post-activation civilian earnings up to 5 years from activation. As reported in Table 5 (p. 24), the initial earnings decline observed in the first year post-activation becomes less negative and, in most instances, reverses to become an increase in earnings (compared with non-activated personnel) over this time horizon. Those serving the shortest periods (31-60/61-90 days) observe the most modest gains overall, with longer activation periods (91-180, and 181–270 days) resulting in positive civilian earnings effects. For example, in activation year 2002 (return year 2003), those activated for 31–90 days experience an initial civilian earnings decline of -4.6% relative to non-activated peers, however, by 2007 (five years later) this gap narrowed and even reversed to a modest positive change of 0.3%. Those who served 181–270 activation days in 2002 experience an initial civilian earnings decline of 4.3% but by 2007 their civilian earnings increase 6.6% compared with those not activated. These patterns suggest that the initial earnings

penalty diminishes over time and that longer activation durations may be associated with more substantial long-term earnings gains.

Moreover, Loughran and Klerman's (2012) study uses an imperfect measure for activation period and civilian earnings, which introduces uncertainty and reduces precision of the results. The activation period is determined from military pay but it is not known how the days of service were taken. Whether reserve personnel serve in a single block within the activation year or whether multiple stints were taken could impact their post activation civilian earnings. The configuration of the activation period could affect workplace cohesion and productivity upon their return and consequently civilian earnings through promotional prospects and bonuses etc. There is a loss of granularity in their analysis in not knowing exactly how the reserve service was taken. The study also faced further data limitations in that Social Security Administration data does not allow access to individual level civilian earnings data. Therefore, averages at the group level were used when accounting for civilian earnings data and not the exact civilian earnings of the individuals themselves. The loss of precision matters because it impacts whether the effects can be interpreted at an individual level. This leads the authors to theorize what the underlying mechanisms of post activation civilian earnings penalty are. It is important to comprehend that the authors do not truly know whether someone was working a civilian job or receiving disability benefits etc., so they cannot determine the exact cause of why this effect is experienced by those activated. A member's earnings can decline involuntarily, such as through temporary or permanent disability, or voluntarily, when after activation they decide to change careers, retrain, or upskill. Voluntary choices can reduce earnings in the short term but are made with the goal of increasing long-term earnings across their career.

Despite the data limitations, the entire premise of the analysis relies on the assumption of activations being involuntary. Otherwise, someone who experiences a short-term earnings shock (i.e., a civilian job loss) may self-select into activation. Therefore, post-activation earnings changes might reflect the effect of events leading to activation rather than the activation itself. Loughran and Klerman (2012) attempt to alleviate concerns by showing no pre-trends leading up to the activation year and claiming voluntary

activation was rare. If the assumption of treating activation as exogenous does not hold, the effects of activation on earnings are confounded.

Unlike involuntary activation in the U.S. Reserves in this study, the nature of CFTS is such that selection is a concern because CFTS is a choice. Those who choose CFTS are different in many ways from those who choose not to engage in CFTS. So, any attempt to analyze how CFTS affects post civilian employment earnings would not be feasible given the results would be heavily confounded by the reasons someone chooses CFTS to begin with. Therefore, trying to determine any such relationship is not feasible given the volunteer nature of engaging in CFTS without implementing other techniques such as propensity score matching or instrumental variables. Due to data limitations, it is not feasible to examine the effects of CFTS on post-service civilian earnings. From the ADF's perspective, the central question is: what factors make individuals more likely to engage in CFTS? The ADF needs to understand how reserve service affects civilian earnings so it can shape policy to remove barriers and leverage opportunities for growth. While promoting positive post-service civilian earnings may serve as a recruitment tool, the ADF's primary interest lies in identifying the key drivers of participation in this form of service.

In another paper, Loughran et al. (2006) examine how reserve activations and deployments impact local employment. Using Defense Manpower Data Center data of reserve activations from 2001–2004 and matching it with county-level employment data from the Bureau of Labor Statistics, they find that employment effects are observed in locations highly populated with reservist during the four months following activation; however, this effect is only temporary. The authors question whether this is due to a decrease in local demand resulting in a decrease in labor required, or whether it is just the friction that occurs in the job matching process as employers attempt to find suitable replacements for those reservists activated. So, reserve activations can have localized effects on businesses, however, given adequate substitutes the impact on long-term local economic conditions is not likely to be significant. Although acknowledged by the author, a limiting factor of the analysis is that the county level employment data is unable to

consider the localized shocks to individual firms or households. i.e., a small business (who employs very few people) losing several reservists at once.

Australia's historical use of reservists to aid in local humanitarian assistance deployments such as Operation Bushfire Assist 2019–2020 saw members deployed away from their civilian employment, with some engaged through CFTS. So large-scale extended military operations involving the use of reservists is a plausible scenario that Australia could face. Australia and the U.S. do have different cultural attitudes towards military service and propensity for war with ADF Reserves primarily fulfilling humanitarian roles if deployed locally or overseas, which affects the parallels that can be drawn about recruitment and retention and therefore the need and uptake of employment mechanisms such as CFTS.

Australia currently offers limited opportunities for direct reserve entry, with most roles requiring prior active-duty experience. This structural constraint reflects a longstanding preference for operational experience before reserve integration. However, should policy shift toward broader direct-entry options, a forward-looking analysis of alternative models becomes essential. In a study covering January 2006 to August 2021, Becker (2022) investigates whether the quality of Marine Corp Officers commissioned via the Reserve Officer Commissioning Program (ROCP) differs from that of officers who joined the reserves after completing prior active-duty service. He measures quality through the officer performance appraisal system (Fitness Report) and the length of reserve service before attrition. These quality measures are suitable but imperfect proxies. Fitness reports could potentially be shaped by inflated scores, Fitness report rater-specific practices or different cultural norms within different parts of the organization. While retention could be shaped by Marine Corp labor demand and external civilian opportunities among other considerations potentially biasing estimated differences by commissioning source.

Becker (2022) reports that summary statistics on demographics and service variables differ significantly between ROCP and Prior Service (PS, former Active-Duty) members at the 0.01 significance level. In terms of demographics (p.36), those with Prior Service are on average 3.78 years older, are 25 percentage points more likely to be married, and 6 percentage points less likely to be male. When it comes to service, those with Prior

Service have on average 5.40 more years of experience, 1.67 years less reserve service, 5.59 more years of commissioned service and 10.24 months less active service from the reserve component. However, the t-test on the dependent variables used as the quality measure Reserve Service (RS) Relative Value at Processing/Cumulatively is not statistically significant between Prior Service Reserve officers and ROCP.

The ADF would benefit from measuring the quality of reservists from different entry pathways. Becker (2022) uses Quantile Regression as it allows him to examine the differences across the distribution of performance outcomes. The Quantile Regression analysis shows statistically significant differences at the 25th, 50th, and 75th quantiles in the quality of ROCP and PS officers, conditioning on demographics. However, this effect disappears when accounting for training, education and career characteristics. Becker finds that the quality of ROCP officers and officers with prior active service is similar while some results show a statistical difference but not of economic significance. Ultimately, Becker determines that demographics and service variables do not determine performance outcomes when appropriate controls are used. Should the Australian Government consider mainstreaming alternative models of reserve service, evidence from the United States suggests that varied entry routes do not yield economically significant differences in performance outcomes. Whether this finding would hold in the Australian context, however, remains uncertain due to institutional and cultural differences.

Becker's choice of variables provides useful guidance for this thesis. However, using human capital variables as independent rather than dependent variables, in contrast to Becker (2022), would allow the analysis to better capture or control for the human capital factors underlying self-selection into CFTS service. In absence of this specification, the study risks omitted variable bias. Moreover, it remains unclear whether human capital performance indicators would systematically favor part-time or full-time reserve service, as individual circumstances and motivations for participation vary widely.

C. AUSTRALIAN STUDIES

In this section I examine Australian military-specific studies to explore research areas that have been conducted recently. ADF members have conducted a significant

amount of research at NPS covering a wide range of topics. From recruitment to retention, I summarize the main studies and findings. The papers I examine cover topics that create the need for CFTS. The inability to meet accession targets in the permanent forces and non-optimal permanent member attrition within the manpower system creates capability shortfalls within the organization.

The ADF's ability to understand and address retention challenges underpins the rationale for complementary schemes such as CFTS. Ung (2023) examines gender differences in the impact of the Initial Minimum Period of Service (IMPS) on retention in the Royal Australian Navy (RAN) from January 2003 to May 2023, focusing on the determinants of attrition. The study aims to determine the effect of IMPS on service duration. The analysis employs Kaplan Meier and Cox Proportional Models limiting the ability to claim causal inference. Ung finds that shorter IMPS durations contribute to higher rates of personnel separation and argues that both gender and workgroup differences influence retention. However, because workgroups determine IMPS lengths, Ung cannot disentangle their separate effects. IMPS length aligns exactly with workgroups, so the author can only estimate their combined influence. This limitation undermines the author's ability to draw definitive conclusions about IMPS's effect on service duration.

Ung's (2023) study uses age group and dependent status at separation as controls, but these variables lie downstream of IMPS and introduce post-treatment bias. Because they do not reflect enlistment conditions, their inclusion undermines the validity of the conclusions, making the careful selection of appropriate controls central to my thesis analysis. The study acknowledges self-selection bias, as knowledge of IMPS length at accession shapes who chooses longer or shorter commitments and, in turn, how long they remain in the RAN. Self-selection bias limits credible causal inference in both the study and my CFTS research, and although instrumental variables could address it in principle, no suitable instrument has yet been identified.

ADF recruitment risk-taking shapes retention outcomes and, in turn, the potential need for CFTS. Woodside (2024) examines the use of accession waivers on enlisted Royal Australian Air Force (RAAF) recruitment outcomes (successful service) between 2016 and 2021. In this study the author creates two linear probably models (LPM), one which

investigates the broad effect of recruitment waivers, while the second model introduces controls for the waiver categories. The results of waiver issuance revealed a statistically significant but negligible effect of recruitment waivers on successful service defined as training service completion. Of note, there is a 5.5 percentage point reduction in successful service (training completion) for those who received any waiver holding all else constant. The type of waiver had bearing on the results with medical waivers exhibiting negative effects, while other waivers such as physical fitness, security background, criminal history and driver's license producing an insignificant result. In model 2 there was a 7.8 percent point reduction in successful service (training completion) for those who received a medical waiver holding all else constant.

Woodside (2024) defines "successful service as the completion of initial military and job-specific training" (p.32). While this milestone indicates that enlisted personnel are prepared to begin contributing effectively to the RAAF, it does not reflect any realized return on investment. This cutoff although administratively convenient is arguably premature. It captures readiness, not actual service value. Building off the work of Becker (2022), Woodside could have adjusted the dependent variable to a continuous variable of success allowing for greater exploration of the relationships over the distribution of the population through Quantile regression. This is where time to promotion or other career milestones could have been used to measure the success variable. This enables exploring how the effects of waivers change over the spectrum of performance. The study is constrained by data limitations, particularly the absence of key variables that would strengthen causal inference. As the author acknowledges, the lack of data on education, psychological attributes, and aptitude, which are proxies for an individual's innate capacity and character, limits the ability to account for unobserved heterogeneity.

The theoretical research into labor supply is extensive, informative and central to the selection of variables in this thesis. Studies of the U.S. Reserves, particularly those examining the impact of reserve activation on future earnings, offer valuable insights that help anticipate potential outcomes in the Australian context. However, despite the contributions of former Australian NPS students to manpower research, the ADF Reserves remain absent from empirical research presenting a notable gap in the literature. The most

relevant link is Batayola's (2020) empirical study on work flexibility in the ADF, which examines the uptake of Flexible Work Arrangements and finds that demographic factors matter. However, the study does not investigate reservists, leaving an important gap in understanding how flexibility operates within this distinct cohort. More broadly, the lack of specific research on CFTS reveals a clear gap in the literature—one that warrants attention given the program's potential flexibility in meeting workforce manning targets.

I plan to add to the literature by analyzing those who are active reservists and the decisions they make committing to full time military work when the opportunity arises in the Australian context. The aim is to show how CFTS has been used and who has served through these means since the introduction of the ADF Total Workforce Model. I examine what role demographics and service-related variables play in this relationship, with the aim of providing the ADF with insights to employ personnel more effectively and achieve mutually beneficial outcomes.

IV. DATA

A. POPULATION AND SOURCE

I obtained the dataset for this study from the Australian Defence Force's Human Resources Data Warehouse, covering the population of active reservists from 30 June 2016 to 30 June 2025. It includes over 2.6 million monthly observations, each associated with a SERCAT 3–5 reservist and indicates whether they engaged in CFTS work during that month. To be eligible for CFTS, individuals must serve under SERCAT 3 to 5 — meaning they are active reservists. The dataset captures the entire eligible population across the study period. The Human Resources Data Warehouse assigned each of the 54,053 de-identified individuals a randomly generated ID to replace their original service number, ensuring anonymity while preserving longitudinal tracking.

B. KEY VARIABLES

Across four models, I evaluate three outcomes of CFTS engagement, CFTS Type and CFTS Duration. For independent variables, I select key demographics such as age, gender, cultural diversity, marital status, and the presence of dependents, while for service-related variables I select rank, service branch, years of service, work location and workforce segment. I begin by describing the dependent variables followed by the key independent variables used in my analysis.

1. Dependent Variable

I created three dependent variables, one for each model in my analysis. The first two models are linear probability models (LPMs), each with a binary dependent variable outcome, and the third model is a standard linear regression model with a continuous dependent variable. The fourth model, a longitudinal analysis which uses the dependent variable created in Model 1.

For Model 1, I created a binary variable called **Engage in CFTS** which equals 1 for each month an individual participates in CFTS and 0 otherwise. I realigned the categorical variable ServiceTypeCode which was the original variable sourced from the

Human Resources Data Warehouse to better suit the analytical framework. Model 1 uses a cross-sectional snapshot, assigning each individual the maximum value they attained on this variable as the dependent variable. The variable equals 1 if the individual ever engaged in CFTS; otherwise, it equals 0.

Model 2 focuses on variation among those with CFTS experience. For Model 2, I created a binary variable **Switcher** which equals 1 if an individual conducted both standard reserve work and CFTS during the study period, and 0 if they conducted CFTS only. Individuals who never conducted CFTS (Ever CFTS = 0) are undefined on this variable and excluded from all applicable analyses in Models 2 and 3. Model 3 examines variation in CFTS duration. I constructed a continuous variable, **avg CFTS duration months**, which captures the average stint length (in months) for everyone who participated in CFTS during the study period. This variable is defined only for individuals with at least one CFTS stint.

Apart from the outcomes above, I also constructed variables to capture patterns of CFTS engagement used for descriptive statistics. **CFTS Duration Months** measures the length of each engagement in months, and **Num CFTS Stints** counts the total number of discrete CFTS engagements per individual during the study period. I created **Ever CFTS** as a binary indicator of whether a person participated in CFTS at any point. **CFTS Type** classifies individuals as CFTS Pure (1), meaning they only engaged in CFTS, or CFTS Switcher (2), meaning they participated in both CFTS and standard reserve service.

2. Independent Variables

My independent variables consider demographic and service-related characteristics where the data are reported. The demographic variables include gender, age, country of birth, Culturally and Linguistically Diverse (CALD) status, marital status, and the presence of dependents.

I recoded the gender variable into a binary format, assigning 1 to **female** and 0 to male. **Age** is recorded as a cumulative value in years. To address potential collinearity with the **length of service** variable in the longitudinal analysis, I created indicators for different age groups as follows: under 35 years, 35 to under 45, 45 to under 60, and 60 years and above. I selected the age brackets based on a review of the age distribution across all

observations. This approach ensures meaningful segmentation while minimizing potential collinearity with the **length of service** variable in the longitudinal analysis.

I transformed the country of birth variable into a binary indicator, **native born**, assigning a value of 1 to individuals born in Australia and 0 to all others. The **Culturally and Linguistically Diverse (CALD)** variable identifies individuals with diverse backgrounds based on country of birth, ancestry, or language spoken at home. Marital Status, originally a categorical variable with values for single, married, separated, and divorced, was converted into a binary variable, **married**, where currently married individuals were assigned a value of 1 and all others 0. The **dependent** variable, sourced from the Human Resources Data Warehouse, indicates whether a member has a recognized dependent and whether that dependent resides with them. The dataset does not include further details on the number or type of dependents. I recoded this categorical variable into a binary indicator, assigning a value of 1 to individuals with at least one recognized dependent, regardless of co-residency status and 0 to those without dependents.

The service variables are **rank**, **service category** (SERCAT) **code**, **service**, **workforce segment**, **job category**, **length of service**, and **state** (work location). **Rank** refers to military ranks for both Enlisted and Officer personnel. **Service category** indicates whether an individual belongs to SERCAT 3, 4, or 5. The variable **service** indicates whether the members are Army, Air Force or Navy. **Workforce segment** is a categorical variable designating a grouping of job occupations within the ADF. There are 9 **workforce segment** classifications: Aviation, Combat and Security; Communications and Cyber; Engineering, Maintenance and Construction; Enterprise and Command Support; Health; Intelligence; Logistics and no segment mapping. **Job category** refers to 287 professions in which active reservists have contributed to the ADF between 2016–2025. **Length of service** is the time the member has been in the ADF, and **state** refers to the location to which the member is billeted.

C. DATA LIMITATIONS

This section outlines key data limitations that shape the boundaries of the analysis and inform the interpretation of subsequent findings. Ehrenberg and Smith (2016) reveal

that economic variables can significantly influence labor supply decisions. However, given my inability to collect data on key economic indicators it substantially limits the conclusions I can draw from the analysis presented in Chapter V. The most significant limitation of this study is the absence of data on individual wealth and sources of income. I do not have access to civilian employment, partner employment, or other income streams. Since the decision to offer one's labor is fundamentally tied to economic incentives, the absence of income-related variables limits my ability to draw robust conclusions about CFTS engagement.

A second limitation is the absence of human capital indicators. I was unable to source performance appraisal data. Among ADF reservists, the performance appraisal system tends to be less formal and irregular, resulting in limited availability of standardized performance data. The absence of human capital indicators restricts the ability to explore whether individual performance may be predictive of CFTS engagement or duration. It is unclear as to whether higher performance would have increased or decreased the likelihood of CFTS engagement or affected duration length.

Finally, the study would have benefited from survey data capturing the stated intentions of personnel within SERCAT 3–5 regarding their willingness to engage in CFTS at various points during the study period. Such data could have been matched with available CFTS positions filtered by rank, job category, and human capital, enabling researchers to assess the alignment between individual intent and organizational opportunity.

Because the ADF primarily collects demographic and service-related data, this constraint shaped how I formulated the research question and limited the scope of conclusions I could draw. Although previous research has demonstrated that demographic and service variables can yield analytical insight, their predictive power depends heavily on context. For example, Hoglin (2012) used logit analysis to study first-term attrition in the ADF. He focused on demographic variables such as sex, country of birth, marital status, and dependents. His findings revealed that these variables had limited predictive power for first-term completion. In contrast, Johnson (2015) used probit models to examine how pre-accession factors predicted success or failure during a Marine Corps officer's initial service

obligation. He showed that demographic and service-related variables influenced accession outcomes.

D. SUMMARY STATISTICS

Table 3 is a balance table comparing averages of first observed demographic and service characteristics across individuals, stratified by CFTS engagement. This table enables an assessment of baseline differences between the groups based on whether they engaged in CFTS. The groups show comparable demographics, but diverge in rank profiles, service representation and workforce segment.

Table 3. Comparing Baseline Characteristics of Continuous Full-Time Service Participants and Non-Participants at First Observation

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
Demographics			
Age	36.31	37.11	-0.81***
	(12.29)	(13.22)	(0.15)
Female	0.18	0.18	-0.00
	(0.38)	(0.38)	(0.00)
Married	0.52	0.48	0.04***
	(0.50)	(0.50)	(0.01)
Dependents	0.42	0.41	0.01*
	(0.49)	(0.49)	(0.01)
Native-born	0.82	0.83	-0.01**
	(0.38)	(0.37)	(0.00)
CALD – Culturally and Linguistically Diverse	0.31	0.30	0.01
	(0.46)	(0.46)	(0.01)
Service Related			
Army	0.62	0.76	-0.14***
	(0.49)	(0.43)	(0.01)
Navy	0.16	0.14	0.02***
	(0.36)	(0.34)	(0.00)
Air Force	0.22	0.11	0.12***
	(0.42)	(0.31)	(0.00)
Officers	0.25	0.35	-0.10***
	(0.43)	(0.48)	(0.01)
Length of Service (Years)	12.01	13.23	-1.22***
	(12.42)	(13.16)	(0.15)
Ranks			
Enlisted			
E00	0.21	0.17	0.04***
	(0.41)	(0.38)	(0.00)
E01	0.02	0.02	-0.00
	(0.14)	(0.14)	(0.00)

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
E02	0.04	0.06	-0.01***
	(0.20)	(0.23)	(0.00)
E03	0.18	0.15	0.03***
	(0.38)	(0.36)	(0.00)
E04	0.03	0.04	-0.01***
	(0.16)	(0.19)	(0.00)
E05	0.14	0.09	0.05***
	(0.34)	(0.28)	(0.00)
E06	0.06	0.06	0.01**
	(0.24)	(0.23)	(0.00)
E07	0.00	0.00	0.00
	(0.02)	(0.02)	(0.00)
E08	0.04	0.05	-0.00
	(0.20)	(0.21)	(0.00)
E09	0.03	0.03	-0.00
	(0.16)	(0.16)	(0.00)
E10	0.00	0.00	-0.00
	(0.00)	(0.00)	(0.00)
Officers			
O00	0.04	0.05	-0.01***
	(0.19)	(0.21)	(0.00)
O01	0.00	0.00	-0.00
	(0.01)	(0.02)	(0.00)
O02	0.02	0.03	-0.01***
	(0.13)	(0.18)	(0.00)
O03	0.08	0.10	-0.01***
	(0.28)	(0.30)	(0.00)
O04	0.07	0.11	-0.04***
	(0.25)	(0.31)	(0.00)
O05	0.03	0.05	-0.02***
	(0.17)	(0.22)	(0.00)
O06	0.01	0.01	0.00***
	(0.11)	(0.09)	(0.00)
O07	0.00	0.00	0.00***
	(0.07)	(0.04)	(0.00)
O08	0.00	0.00	0.00***
	(0.04)	(0.02)	(0.00)
O09	0.00	0.00	0.00***
	(0.02)	(0.00)	(0.00)
O10	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
Workforce Segment			
Aviation	0.04	0.03	0.01***
	(0.20)	(0.17)	(0.00)
Combat and Security	0.38	0.46	-0.08***
	(0.49)	(0.50)	(0.01)
Communications and Cyber	0.05	0.04	0.01***
	(0.22)	(0.20)	(0.00)
Engineering, Maintenance and Constructions	0.15	0.07	0.08***
	(0.35)	(0.26)	(0.00)
Enterprise and Command Support	0.15	0.17	-0.02***
	(0.36)	(0.38)	(0.00)
Health	0.07	0.07	-0.00
	(0.25)	(0.26)	(0.00)

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
Intelligence	0.03	0.02	0.01***
	(0.18)	(0.14)	(0.00)
Logistics	0.13	0.14	-0.01**
	(0.33)	(0.34)	(0.00)
No Segment Mapping	0.00	0.00	0.00***
	(0.01)	(0.00)	(0.00)
N (Observations)	45,208	8,845	54,053

Note: Column (1) is the mean of the first observation of the non-CFTS group and Column (2) is mean of the first observation of the CFTS group with Column (3) representing the Difference in Means. Standard deviations are reported in parentheses for Columns (1) and (2); Column (3) reports standard errors.
p <0.10 * p < 0.05 ** p < 0.01 *
Highlighted = flagged for further analysis**

When individuals are first observed in the study, the age difference between CFTS participants and non-participants is less than one year. A standard deviation of 12 and 13 respectively shows a moderate spread of initial ages applying to both groups. The difference in gender proportions between CFTS participants and non-participants is not statistically significant. Compared with those who engage in CFTS, non-participants are 4 percentage points more likely to be married, 1 percentage point more likely to have dependents, and 1 percentage point more likely to be culturally and linguistically diverse (though the latter difference is not statistically significant).

The service composition of CFTS participants differs notably from that of non-participants. Among the non-CFTS population, 62% serve in the Army, 16% in the Navy, and 22% in the Air Force. In contrast, the CFTS population was 76% Army, 14% Navy, and 11% Air Force. Officer representation also varies: 25% of non-CFTS individuals are officers (75% enlisted), compared with 35% officers among CFTS participants, a 10 percentage point increase. Additionally, those who engage in CFTS have, on average, just over one year more prior service at their first observation than those who do not.

Apart from service, the distribution of CFTS personnel also differs by rank. Among Junior Enlisted members, participation rates diverge meaningfully between CFTS and non-CFTS individuals, while the difference among Senior Enlisted ranks is not statistically significant. At the Junior Officer level, differences are no greater than 1 percentage point, except at the O04 rank, where individuals are, on average, 4 percentage points more likely to engage in CFTS than not. Senior Officers (O06 and above) are almost as likely to have

completed CFTS as those who have not, although the difference—while statistically significant—is less than one percentage point.

The distribution of individuals across the nine Workforce Segments differs between those who ever engaged in CFTS and those who did not. Small differences are observed in Aviation, Communications and Cyber, Enterprise and Command Support, Intelligence, and Logistics. More sizeable disparities appear in Combat and Security (8 percentage points higher among CFTS participants) and in Engineering, Maintenance and Construction (8 percentage points lower among CFTS participants). There is no statistically significant difference in the Health Workforce Segment.

Longitudinal analysis reveals that what initially appears to be a subtle difference in the timing of CFTS versus other reserve work becomes increasingly pronounced. Over time, demographic disparities widen, and service-related characteristics such as length of service and rank distribution evolve. Table 4 presents a second balance table comparing demographic and service characteristics across person-month observations, stratified by CFTS engagement status. This structure enables me to assess baseline differences between periods of active CFTS participation and non-engagement, capturing variation at the individual-month level. Non-CFTS observations include both individuals who never engage in CFTS and those who alternate between CFTS and standard reserve work (CFTS Switchers) during their non-CFTS periods.

Table 4. Comparison of Average Person-Months in Standard Reserve (Non-Continuous Full-Time Service) vs. Continuous Full-Time Service Reserve Work

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
Demographics			
Age	40.54	46.24	-5.70***
	(12.62)	(13.45)	(0.04)
Female	0.18	0.21	-0.03***
	(0.39)	(0.41)	(0.00)
Married	0.57	0.66	-0.09***
	(0.50)	(0.47)	(0.00)
Dependents	0.45	0.67	-0.22***
	(0.50)	(0.47)	(0.00)
Native-born	0.83	0.81	0.02***

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
	(0.38)	(0.39)	(0.00)
CALD – Culturally and Linguistically Diverse	0.31 (0.46)	0.30 (0.46)	0.01*** (0.00)
Service Related			
Army	0.62 (0.49)	0.57 (0.50)	0.05*** (0.00)
Navy	0.15 (0.36)	0.30 (0.46)	-0.15*** (0.00)
Air Force	0.24 (0.42)	0.13 (0.34)	0.10*** (0.00)
Officers	0.29 (0.45)	0.53 (0.50)	-0.24*** (0.00)
Length of Service (Years)	16.39 (13.04)	22.60 (14.54)	-6.21*** (0.04)
Ranks			
Enlisted			
E00	0.04 (0.19)	0.00 (0.02)	0.04*** (0.00)
E01	0.04 (0.20)	0.00 (0.05)	0.04*** (0.00)
E02	0.06 (0.24)	0.03 (0.16)	0.04*** (0.00)
E03	0.23 (0.42)	0.12 (0.33)	0.11*** (0.00)
E04	0.04 (0.19)	0.03 (0.16)	0.01*** (0.00)
E05	0.14 (0.35)	0.08 (0.27)	0.06*** (0.00)
E06	0.08 (0.27)	0.07 (0.26)	0.00** (0.00)
E07	0.00 (0.02)	0.00 (0.02)	-0.00 (0.00)
E08	0.05 (0.22)	0.08 (0.27)	-0.03*** (0.00)
E09	0.03 (0.18)	0.05 (0.23)	-0.02*** (0.00)
E10	0.00 (0.01)	0.00 (0.00)	0.00*** (0.00)
Officers			
O00	0.02 (0.14)	0.01 (0.11)	0.01*** (0.00)
O01	0.00 (0.01)	0.00 (0.01)	-0.00 (0.00)
O02	0.02 (0.15)	0.04 (0.19)	-0.01*** (0.00)
O03	0.09 (0.29)	0.12 (0.33)	-0.03*** (0.00)
O04	0.09 (0.28)	0.21 (0.41)	-0.12*** (0.00)
O05	0.04 (0.20)	0.12 (0.33)	-0.08*** (0.00)
O06	0.02 (0.13)	0.02 (0.14)	-0.01*** (0.00)
O07	0.01	0.00	0.00***

	(1) Non-CFTS	(2) CFTS	(3) Difference (1) – (2)
	(0.08)	(0.05)	(0.00)
O08	0.00	0.00	0.00***
	(0.04)	(0.03)	(0.00)
O09	0.00	0.00	0.00***
	(0.02)	(0.00)	(0.00)
O10	0.00	0.00	0.00***
	(0.01)	(0.00)	(0.00)
Workforce Segment			
Aviation	0.04	0.05	-0.00***
	(0.20)	(0.21)	(0.00)
Combat and Security	0.39	0.38	0.01***
	(0.49)	(0.49)	(0.00)
Communications and Cyber	0.05	0.04	0.01***
	(0.22)	(0.20)	(0.00)
Engineering, Maintenance and Constructions	0.13	0.09	0.04***
	(0.34)	(0.29)	(0.00)
Enterprise and Command Support	0.15	0.21	-0.06***
	(0.36)	(0.41)	(0.00)
Health	0.08	0.07	0.01***
	(0.27)	(0.26)	(0.00)
Intelligence	0.03	0.03	-0.00**
	(0.17)	(0.17)	(0.00)
Logistics	0.12	0.12	0.00
	(0.33)	(0.33)	(0.00)
No Segment Mapping	0.00	0.00	0.00***
	(0.01)	(0.00)	(0.00)
N (Observations)	2,499,248	114,168	2,613,416

Note Column (1) reports the mean of person-month observations during periods of Standard Reserve work. This includes both individuals who never engage in CFTS and CFTS Switchers during their non-CFTS months. Column (2) reports the mean of person-month observations during periods of CFTS work, capturing both CFTS Switchers (while in CFTS) and CFTS Pure with Column (3) representing the Difference in Means. Standard deviations are reported in parentheses for Columns (1) and (2); Column (3) reports standard errors.
p <0.10 * p < 0.05 ** p < 0.01 *
Highlighted = flagged for further analysis**

When observed at the average person-month level, the differences between the two groups of non-CFTS and CFTS become more apparent. When reservists engage in CFTS, they exhibit statistically significant demographic differences compared to periods when they do not and compared to individuals who never engage in CFTS. On average, reservists are over five years older during CFTS engagement periods, 3 percentage points more likely to be female, 9 percentage points more likely to be married, 22 percentage points more likely to have dependents, and 2 percentage points less likely to be native-born.

The ADF determines when and how much CFTS is appropriate, with each service branch (Army, Air Force, and Navy) applying the service option based on its operational

needs. Table 1 in Chapter II (Background section) illustrates the differing reservist needs of the Army, Air Force, and Navy. Although the Navy accounts for just 15% of all active reserve service, it is responsible for 30% of total CFTS engagement months between 2016 and 2025. This result clearly shows the Navy is a proponent of using this method of employing reservists or has greater critical shortfalls in its workforce. Among monthly observations of all three service branches where CFTS employment was used, 53% were assigned to engage officers, compared to only 29% in non-CFTS roles—a notable difference of 24 percentage points. Length of service disparities were evident as well. On average, reservists who engage in CFTS have 22.6 years of service compared with 16.39 years, a statistically significant difference of over 6 years. The ADF has not prioritized junior enlisted ranks (E00–E06) through CFTS engagement, whereas more senior enlisted ranks (E08–E09) show a stronger preference for engagement within their respective populations. Officers, particularly middle management officers, are engaged using CFTS at the O03 – O05 levels, reinforcing the pattern of a preference for seniority of service when compared with their non-CFTS engaged reserve population. Most workforce segments exhibit only marginal differences between their CFTS and non-CFTS populations. However, Engineering, Maintenance, and Construction account for a disproportionately higher share of non-CFTS work, while Enterprise and Command Support contribute more heavily to CFTS work than to non-CFTS roles.

THIS PAGE INTENTIONALLY LEFT BLANK

V. RESULTS

This chapter begins by examining CFTS utilization and analyzing aggregate trends. Although CFTS represents a small proportion of total reserve work, it has shown an increase in usage between 2016 to 2025. I then analyze CFTS participation by service and occupation, identifying the occupational categories in which CFTS has been most heavily used between 2016 and 2025, both overall and within each of the three services of Army, Air Force and Navy. The Army accounts for the largest share of CFTS usage overall, but the Navy—relative to its size—has historically relied on it more intensively, often through longer CFTS stints. I assess whether these roles align with designated critical and at-risk job categories, evaluating the strategic intent of CFTS utilization. Despite its growth, CFTS has not been strategically aligned with the undermanned roles deemed most vital to operational readiness. Finally, I compare the demographics and service profiles of CFTS "Pure," personnel that only engage in CFTS work, and "Switchers," personnel that switch between CFTS and non-CFTS work, to explore patterns of specialization and flexibility within the reserve workforce. I conclude with a multivariate analysis examining how demographics and service variables are correlated with CFTS engagement. The results reveal that service-related variables are more deterministic than demographic factors, with service branch and rank being the most influential.

A. CONTINUOUS FULL-TIME SERVICE AGGREGATE TRENDS

CFTS represents a small portion of reserve work both in the number of individuals who participate in CFTS and by the proportion of total reserve work that it constitutes. Figure 4 shows there are 54,053 unique individuals in the study and 45,208 never engaged in CFTS while 8,845 engaged in CFTS at some point between 2016–2025. Among all active reservists (SERCAT 3–5) rendering service, 16.4% engaged in CFTS at least once. Between 2016–2025, 4.4% of the observations (person-months) engaged in CFTS while the remaining 95.6% did not. So, this means that approximately 96% of all reserve work is standard while the remainder is work conducted through CFTS. However, it should be noted that given the data limitations there is uncertainty regarding the precision of this

result. The data only shows whether someone worked in any given month in the study period and not the number of work hours, which means the percentage breakdown may vary when evaluating the exact number of completed work hours.

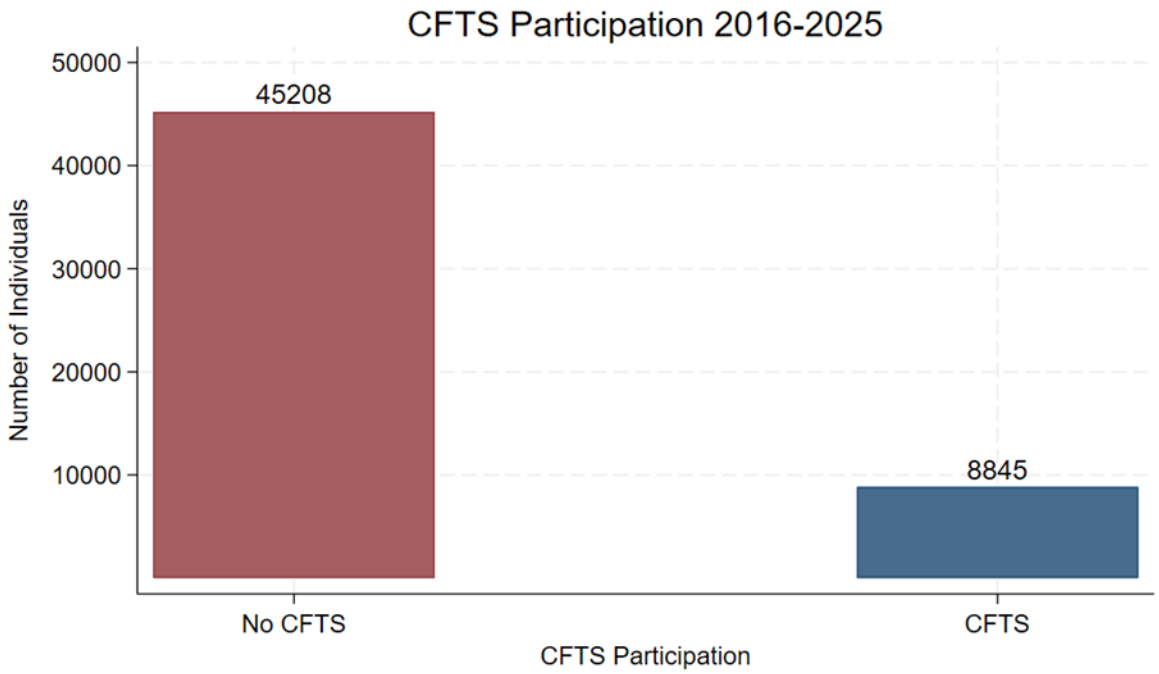

Figure 4. Reservists who ever engaged in Continuous Full-Time Service between 2016–2025

Figure 5 shows the proportion of observations (person-months) designated as CFTS by year. CFTS remains a small portion of the reserve work in the ADF. In 2018, it reached a low of 3.3% while in 2024 it reached a high of 5.5%. CFTS usage may have increased due to recruitment and retention challenges associated with workforce growth. It may also reflect an operational shift toward using CFTS as a temporary mechanism for meeting short-term surge capacity demands.

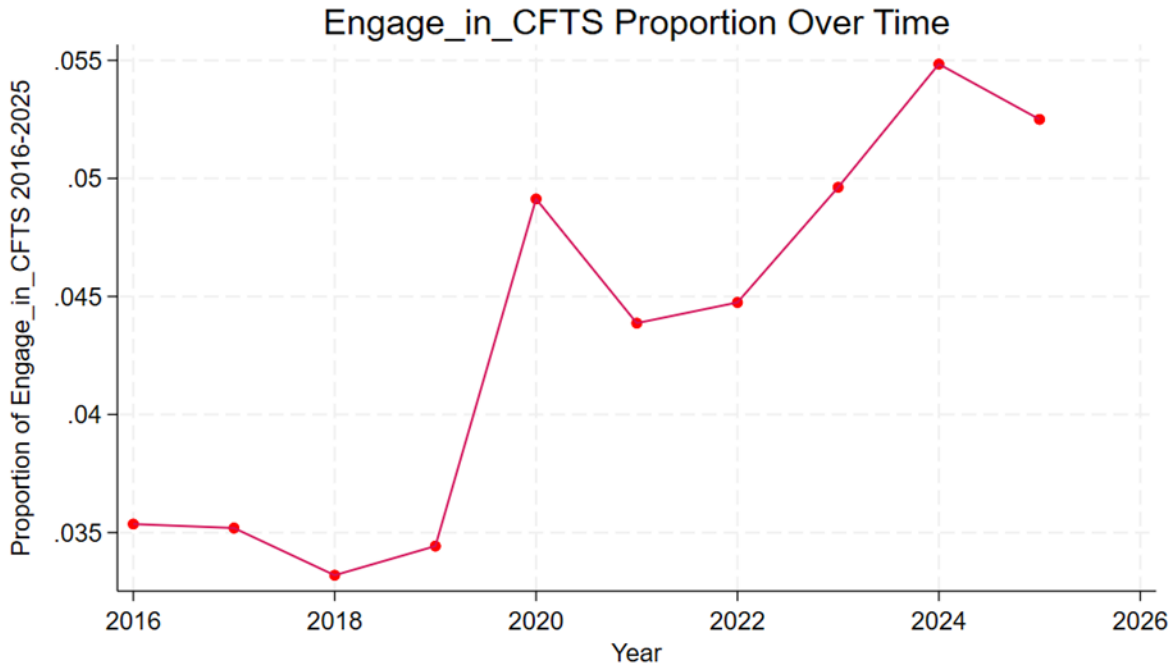

Figure 5. The proportion of person-months from 2016–2025 where reservists from Service Category 3–5 engaged in Continuous Full-Time Service

B. CONTINUOUS FULL-TIME SERVICE PARTICIPATION BY SERVICE AND OCCUPATION

CFTS has been employed across a broad spectrum of job categories, but examining which occupations exhibit the highest cumulative CFTS engagement provides a useful comparison against historically designated Critical and At-Risk Job categories. A Critical Job Category (CJC) is defined as an employment group experiencing persistent personnel shortfalls that pose a risk to operational capability and require direct management attention (ANAO, 2017). An At-Risk Job Category (ARJC), by contrast, is a workforce Job Category facing recruitment or retention challenges that may jeopardize defense capability or operational readiness (ANAO, 2017). The respective Service will decide whether a deficiency is critical or at-risk depending on how it impacts organizational objectives. Therefore, a job category may have an objectively worse personnel deficiency but not be classified as critical or at-risk over another job category.

Comparing engagement data to critical and at-risk job categories suggests that CFTS has functioned less as a structural remedy for persistent personnel gaps and more as a flexible mechanism for short-term surge capacity or targeted labor requirements. As shown in Figure 6, the Army's Rifleman (ECN 343), Infantry Officer, and Command Support Clerk (ECN 150) represent the top three professions by cumulative duration of CFTS engagement. Officer Aviation (Air Force) and Maritime Warfare Officer (Navy) round out the top five, highlighting the inter-Service spread of three officer and two enlisted job categories among the most prevalent uses of the CFTS service option. Of the top five, only Maritime Warfare Officer was consistently designated as an at-risk or critical job category during the study period.

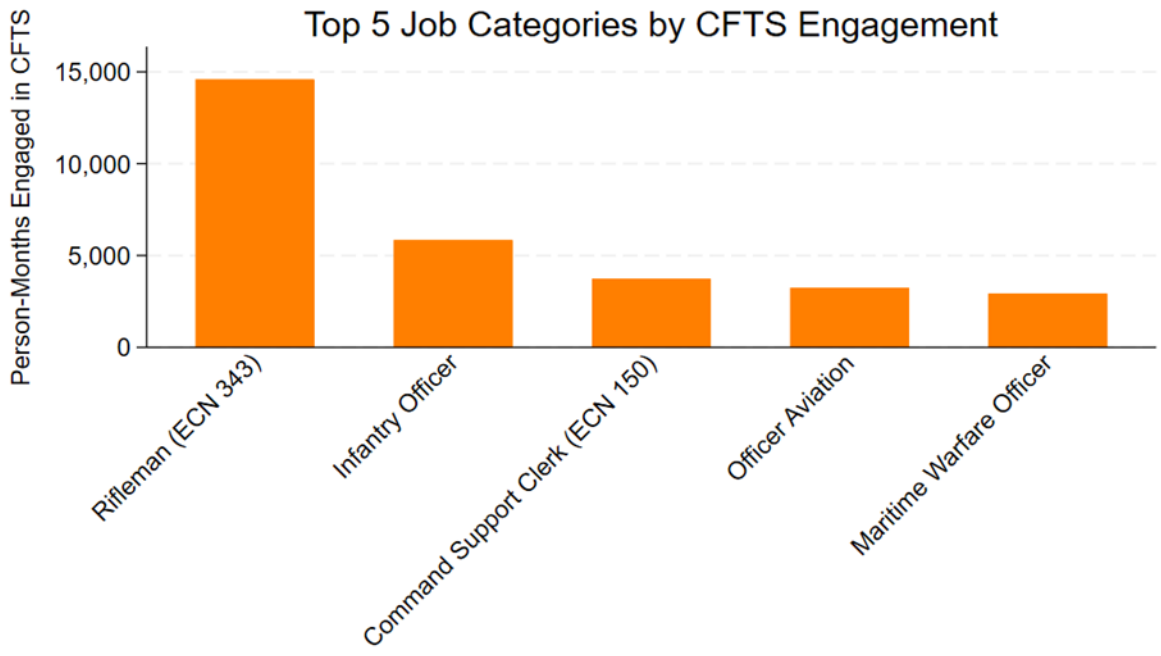

Figure 6. Top 5 Job Categories by Continuous Full-Time Service Engagement in the Australian Defence Force

Within the Army (Figure 7), CFTS engagement is overwhelmingly concentrated in the enlisted Rifleman (ECN 343) category, which accounts for more than two and a half times the cumulative usage of the next highest category, Infantry Officer, and nearly six

times that of the fourth- and fifth- ranked categories, Engineer Officer and Driver Specialist (ECN 274). Alongside Command Support Clerk (ECN 150), these positions comprise the Army's top five CFTS job categories, with three enlisted and two officer roles represented. Notably, only Rifleman (ECN 343) and Driver Specialist (ECN 274) received formal ARJC designation during the study period, with Driver Specialist appearing multiple times and occasionally classified as a CJC. This Army-specific data reinforces the claim that CFTS serves purposes beyond addressing CJC or ARJC.

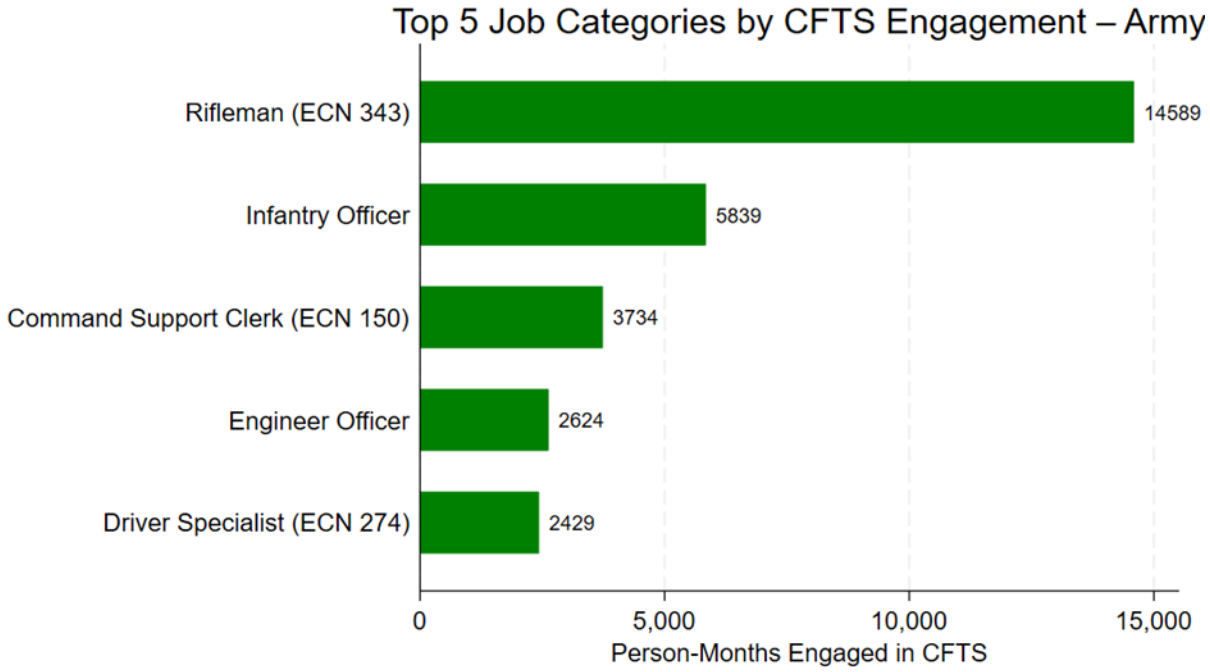

Figure 7. Top 5 Job Categories by Continuous Full-Time Service Engagement in the Army

Compared to the Army, the Navy exhibits less variation in its top five CFTS job categories, with the most engaged categories recording only about two to two and a half times the cumulative CFTS usage of the fourth- and fifth- ranked job category as shown in Figure 8. Four categories are officer roles, while Maritime Personnel is the sole enlisted category, serving as the Navy's human resource branch. Notably, Maritime Warfare Officer has been consistently designated as an ARJC across the 2016–2025 period, whereas

the other categories have not. Including Maritime Personnel Sailor as a top CFTS job category indicates that CFTS has functioned as the mechanism for addressing short-term human resource manning deficiencies. Maritime Trade Operations and Management Executive appear to be specialist roles that do not have a direct entry pathway. This pattern indicates that Navy CFTS engagement is more evenly distributed than in the Army, more officer-oriented, used for specialist roles and fulfills short-term manning deficiencies in select job categories.

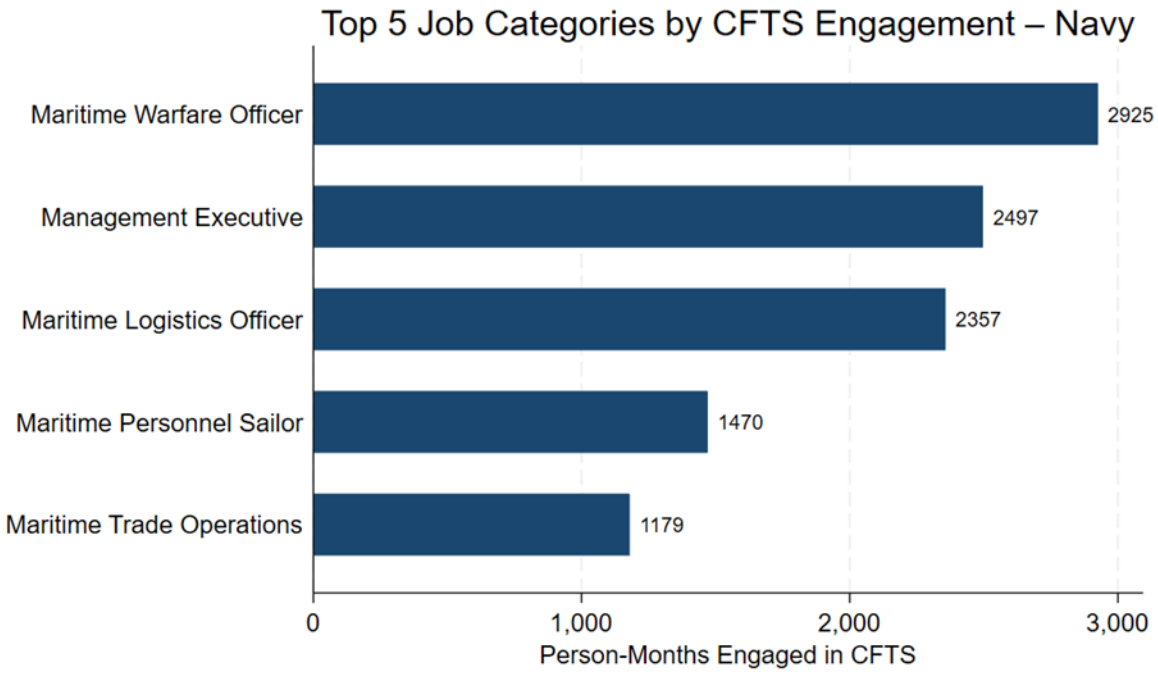

Figure 8. Top 5 Job Categories by Continuous Full-Time Service Engagement in the Navy

Within the Air Force (Figure 9), CFTS engagement is overwhelmingly concentrated in the Officer Aviation category, which is a combined classification aggregating multiple aviation officer job streams. This aggregation complicates interpretation, as it obscures whether CFTS demand is being driven by pilots, mission aircrew, or other aviation officer roles. Officer Aviation was at times designated as an ARJC during the study period, denoting a job category experiencing more persistent

workforce challenges. By contrast, other Air Force job categories such as Personnel Capability Specialist, Personnel Capability Officer, Logistics Officer, and Supply round out the top five CFTS users and do not feature as an at-risk category. Of the top five Air Force CFTS job categories, three are officer roles and two are enlisted. This officer-weighted distribution contrasts with the Army, where enlisted categories dominate, but is comparable to the Navy, which also skews heavily towards officer roles. Taken together, this pattern suggests that Air Force reliance on CFTS has been concentrated in sustaining its aviation workforce, while its broader use of CFTS aligns with the motives observed in the Army and Navy: likely providing flexible surge capacity and meeting specific short-term labor requirements rather than systematically addressing critical or at-risk shortages.

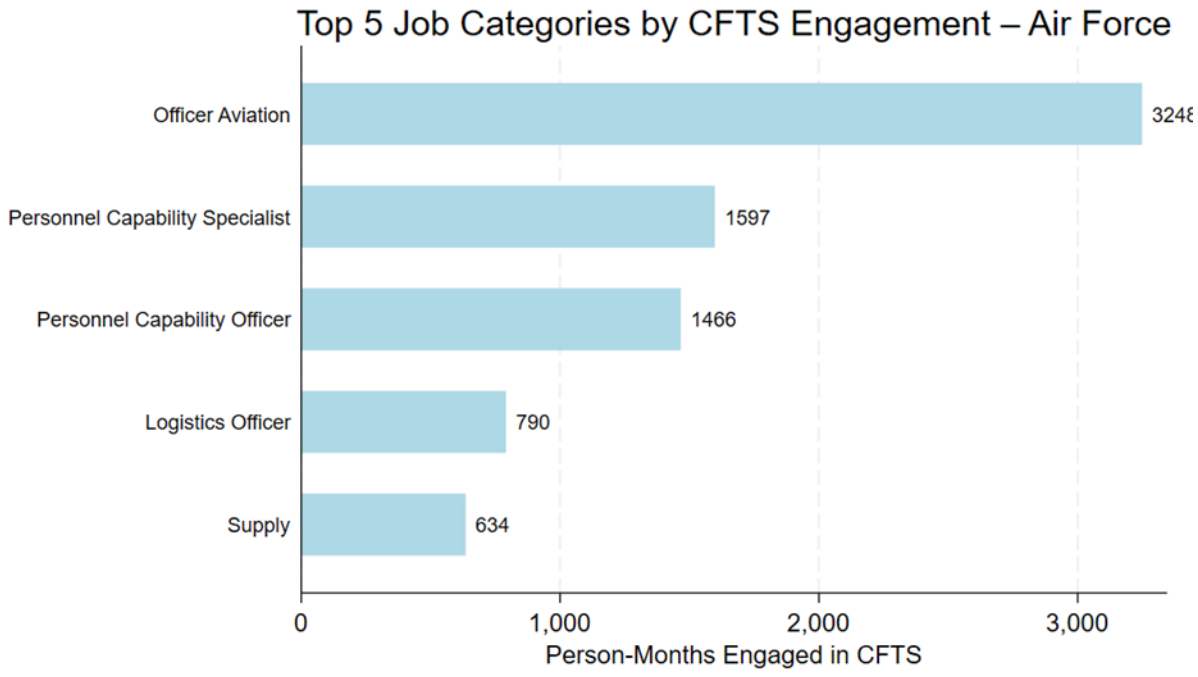

Figure 9. Top 5 Job Categories by Continuous Full-Time Service Engagement in the Air Force

Although CFTS is primarily designed for reservists and organizational flexibility when permanent members cannot meet labor demand, the services appear to be using CFTS

more broadly. Across the Services, the top five job categories with the highest levels of CFTS engagement do not consistently align with those designated as Critical or At-Risk Job Categories. This divergence highlights that CFTS has functioned less as a targeted response to systemic workforce shortages and more as a flexible workforce instrument, applied according to Service-specific operational needs and short-term labor requirements.

C. CONTINUOUS FULL-TIME SERVICE DURATION

Figure 10 shows total duration of CFTS among individuals that engaged in CFTS between 2016–2025. The median CFTS duration for individuals is six months. The mean CFTS service duration is 12.7 months; the standard deviation is 16.97 months, and the minimum is one month while the maximum is 108 months (nine years). The 25th percentile is two months and the 75th percentile is 15 months. So, 75% of people have completed 15 or fewer months in the nine-year study window. The distribution is heavily right skewed with half the individuals serving six months or less of CFTS and a quarter of the total individuals serving two months or less. This suggests that CFTS over this time frame has been used by most individuals on a short-term basis rather than an enduring form of employment.

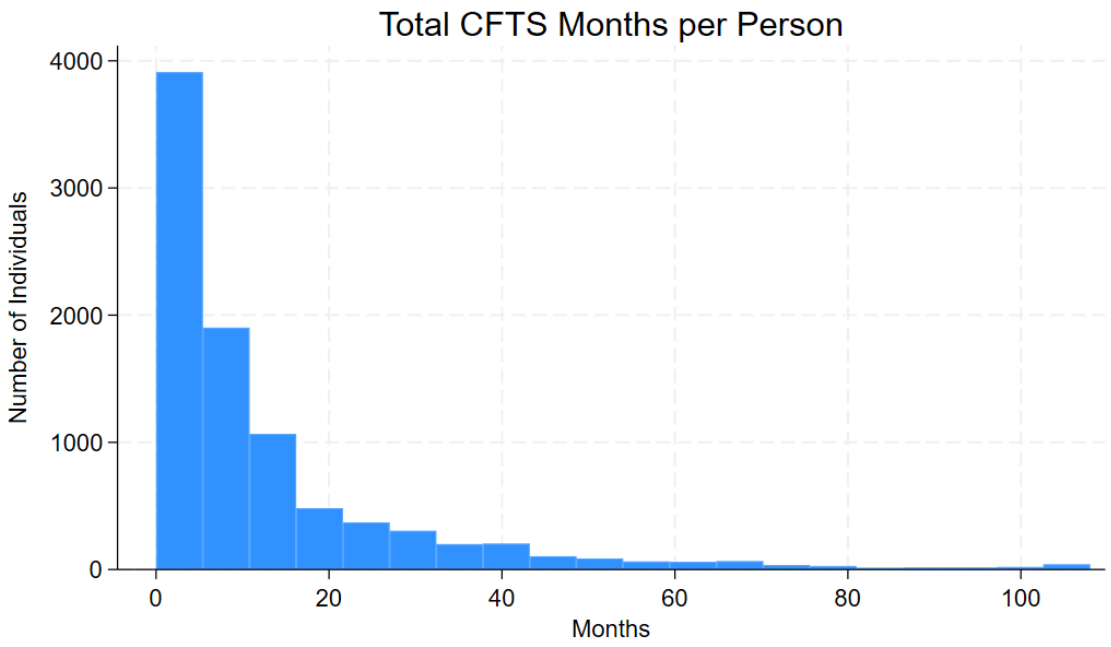

Figure 10. Total Continuous Full-Time Service duration among Continuous Full-Time Service participants 2016–2025

The prevalence of CFTS varies across ranks. In the ADF Reserves, enlisted personnel outnumber officers, and lower ranks typically comprise more members than senior ranks. However, Figure 11 shows that CFTS utilization does not mirror this distribution: a disproportionate number of work months are assigned to ranks E06, E08, and E09 relative to their share of the overall workforce.

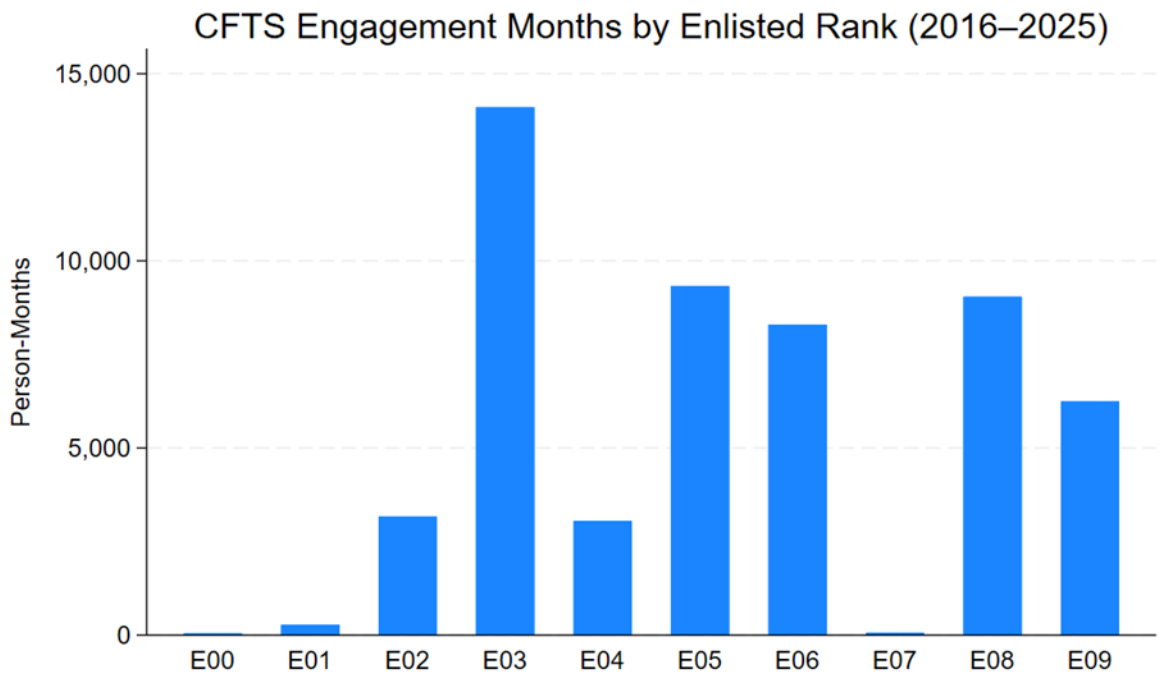

Figure 11. Enlisted Rank Continuous Full-Time Service engagement duration between 2016–2025

Officers typically comprise a smaller share of the workforce given the organizational workforce structure. From 2016–2025, only 29% of all standard reserve work observations (person-months) were officers while officers account for 52% of CFTS work. This suggests that officers are overrepresented in CFTS relative to their baseline presence. Figure 12 shows among officers, CFTS participation is concentrated in middle ranks, whereas enlisted personnel show a broader distribution of ranks engaging in CFTS. Despite enlisted members serving in significantly greater numbers overall, this proportional dominance does not carry through to CFTS participation. These patterns may reflect structural or policy-driven differences in how CFTS opportunities are allocated or accessed across rank groups. The ranks of O03 – O05 have turned to CFTS the most of all officer ranks, with O04 being a clear frontrunner with approximately 24,000 months of CFTS between 2016–2025.

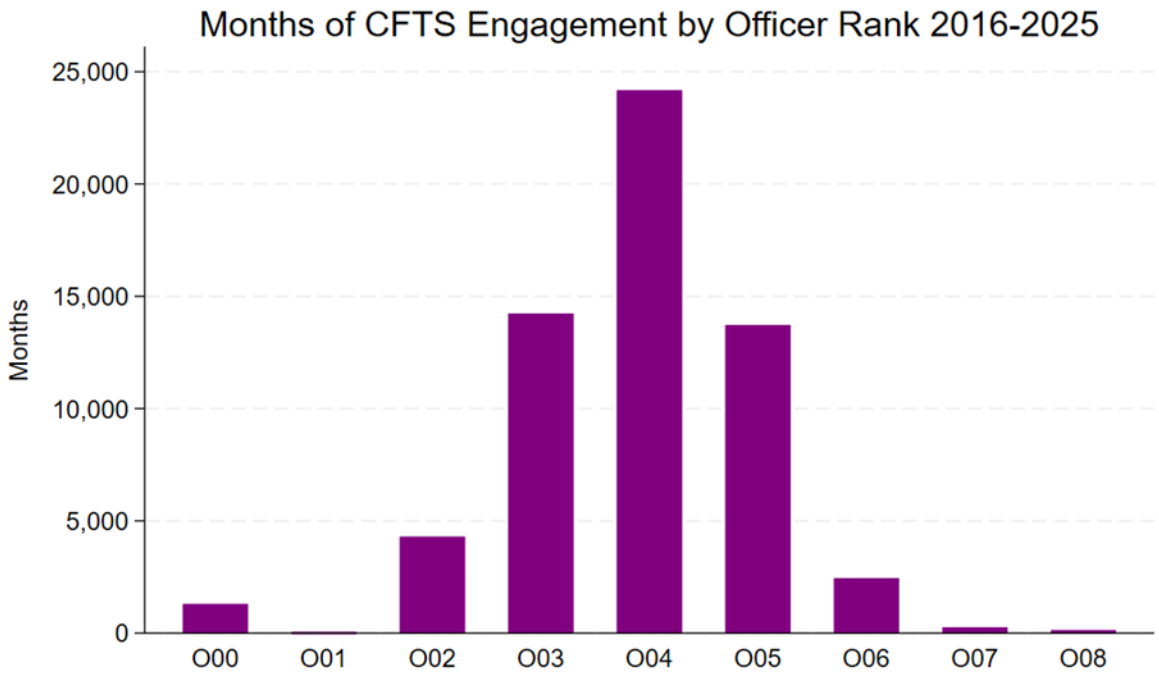

Figure 12. Continuous Full-Time Service engagement by Officer Rank 2016–2025

D. CONTINUOUS FULL-TIME SERVICE TYPES

There are broadly two types of people who engage in CFTS work: those who purely do CFTS work and conduct no non-CFTS work (no standard reserve work), i.e., those who are "Pure" CFTS; and those who switch between CFTS work and non-CFTS work, i.e. CFTS "Switchers." My analysis of individuals within the study period found that 93% of individuals who engage in CFTS are "Switchers" with the remaining 7% being "Pure" CFTS. The magnitude of separation between the two categories is a likely outcome given how much total reserve work is standard non-CFTS work (~96%). The observed patterns suggest that increased availability of roles has enabled more individuals to participate in this work. It is important to remember that standard reserve work is tax free, providing an added incentive to participate in this type of work when willing and able as individuals reap 100% of the proceeds of their labor. The premise of CFTS is to fill a permanent billet that could not be filled by permanent members. Due to the way CFTS positions are created, most reservists may have limited access to CFTS opportunities and instead continue

performing standard reserve duties. Figure 13 shows that of the 8,845 individuals engaged in CFTS at some point between 2016–2025, 625 were Pure and 8,220 were Switchers, a significant disparity.

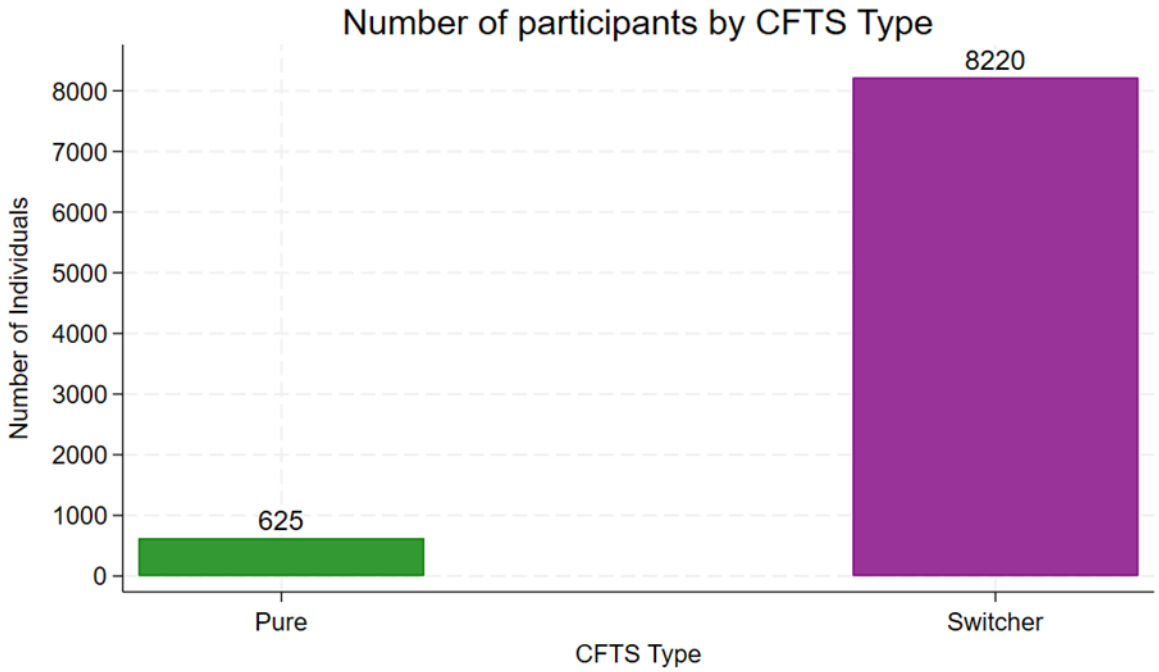

Figure 13. Continuous Full-Time Service Types by unique individuals

1. Differences between Continuous Full-Time Service Pure and Continuous Full-Time Service Switchers

When first observed in the study, CFTS Pure participants and Switchers differ significantly in both demographic profiles and service-related characteristics. Table 5 summarizes initial individual characteristics of CFTS Pure participants and Switchers. I collapsed the dataset to one observation per person to capture the first time they appear in the study, which offers a clean baseline comparison.

Table 5. Initial characteristics of Continuous Full-Time Service participants stratified by Continuous Full-Time Service Type

	(1) CFTS Pure	(2) CFTS Switcher	(3) Difference (1) – (2)
Demographics			
Age	46.70	36.38	10.32***
	(13.68)	(12.89)	(0.57)
Female	0.18	0.18	0.00
	(0.39)	(0.38)	(0.02)
Married	0.70	0.47	0.23***
	(0.46)	(0.50)	(0.02)
Dependents	0.56	0.39	0.17***
	(0.50)	(0.49)	(0.02)
Native-born	0.79	0.84	-0.05***
	(0.41)	(0.37)	(0.02)
CALD – Culturally and Linguistically Diverse	0.30	0.30	-0.00
	(0.46)	(0.46)	(0.02)
Service Related			
Army	0.64	0.77	-0.12***
	(0.48)	(0.42)	(0.02)
Navy	0.33	0.12	0.21***
	(0.47)	(0.33)	(0.02)
Air Force	0.02	0.11	-0.09***
	(0.15)	(0.32)	(0.01)
Officers	0.62	0.32	0.30***
	(0.48)	(0.47)	(0.02)
Length of Service (Years)	23.98	12.41	11.57***
	(14.39)	(12.70)	(0.59)
Ranks			
Enlisted			
E00	0.00	0.19	-0.19***
	(0.00)	(0.39)	(0.00)
E01	0.00	0.02	-0.02***
	(0.00)	(0.14)	(0.00)
E02	0.00	0.06	-0.06***
	(0.07)	(0.24)	(0.00)
E03	0.04	0.16	-0.12***
	(0.18)	(0.37)	(0.01)
E04	0.01	0.04	-0.02***
	(0.12)	(0.19)	(0.01)
E05	0.09	0.09	0.00
	(0.29)	(0.28)	(0.01)
E06	0.07	0.06	0.02
	(0.26)	(0.23)	(0.01)
E07	0.00	0.00	0.00
	(0.04)	(0.02)	(0.00)
E08	0.10	0.04	0.05***
	(0.29)	(0.20)	(0.01)
E09	0.06	0.03	0.04***
	(0.24)	(0.16)	(0.01)
E10	0.00	0.00	-0.00
	(0.00)	(0.00)	(0.00)
Officers			

	(1) CFTS Pure	(2) CFTS Switcher	(3) Difference (1) – (2)
O00	0.09	0.04	0.05***
	(0.29)	(0.20)	(0.01)
O01	0.00	0.00	-0.00
	(0.00)	(0.02)	(0.00)
O02	0.01	0.03	-0.02***
	(0.11)	(0.18)	(0.00)
O03	0.10	0.10	0.01
	(0.30)	(0.30)	(0.01)
O04	0.25	0.10	0.16***
	(0.44)	(0.30)	(0.02)
O05	0.12	0.04	0.08***
	(0.33)	(0.20)	(0.01)
O06	0.03	0.01	0.03***
	(0.18)	(0.08)	(0.01)
O07	0.00	0.00	-0.00***
	(0.00)	(0.04)	(0.00)
O08	0.00	0.00	0.00*
	(0.07)	(0.01)	(0.00)
O09	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
O10	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
Workforce Segment			
Aviation	0.03	0.03	-0.00
	(0.16)	(0.17)	(0.01)
Combat and Security	0.26	0.47	-0.21***
	(0.44)	(0.50)	(0.02)
Communications and Cyber	0.08	0.04	0.04***
	(0.27)	(0.19)	(0.01)
Engineering, Maintenance and Constructions	0.12	0.07	0.06***
	(0.33)	(0.25)	(0.01)
Enterprise and Command Support	0.25	0.17	0.08***
	(0.43)	(0.37)	(0.02)
Health	0.06	0.07	-0.01
	(0.24)	(0.26)	(0.01)
Intelligence	0.05	0.02	0.03***
	(0.22)	(0.13)	(0.01)
Logistics	0.15	0.14	0.01
	(0.35)	(0.34)	(0.01)
No Segment Mapping	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
N (Observations)	625	8,220	8,845

Note Column (1) is the mean of the first observation of the CFTS Pure group and Column (2) is mean of the first observation of the CFTS Switcher group with Column (3) representing the Difference in Means. Standard deviations are reported in parentheses for Columns (1) and (2); Column (3) reports standard errors.
p <0.10 * p < 0.05 ** p < 0.01 *
Highlighted = flagged for further analysis**

The demographic profiles of CFTS Pure participants and CFTS Switchers differ markedly at the point of their initial service in the study. On average, CFTS Pure individuals are 10.32 years older than Switchers when they initially engage in CFTS work

and are 23 percentage points more likely to be married, 17 percentage points more likely to have dependents, and 5 percentage points less likely to be Australian born. These differences suggest that CFTS Pure participants tend to be more mature and more likely to have established family commitments at the time of service in CFTS. Notably, while the proportion of females appears higher among CFTS Pure in the person-month panel, this difference disappears when the data is collapsed to one observation per person. This finding indicates that the gender imbalance is driven by differences in service duration rather than representation.

CFTS Pure individuals show a distinct service distribution: 64% served in the Army, 33% in the Navy and only 2% in the Air Force. CFTS Switchers are even more heavily skewed towards Army, with 77% serving in the Army and just 12% in the Navy and 11% Air Force. Those who serve CFTS Pure were 30 percentage points more likely to be officers than those who are CFTS Switchers. CFTS Pure on average have 11.57 more years of service than CFTS Switchers. Within their respective populations, CFTS Pure are more likely to serve at the O04–O05 ranks, though CFTS Switchers outnumber them at those ranks due to their larger cohort size. Rank-level patterns also diverge: CFTS Switchers are 12 percentage points more likely to serve as E03s than CFTS Pure, while CFTS Pure are 5 percentage points and 4 percentage points more likely to serve as E08s and E09s, respectively, than their CFTS Switcher counterparts.

Combat and Security roles are heavily weighted toward CFTS Switchers, with a 21 percentage point difference. In contrast, Enterprise and Command Support leans toward CFTS Pure personnel by approximately 8 percentage points. Additionally, Communications and Cyber; Intelligence; and Engineering, Construction, and Maintenance collectively account for a larger share of the CFTS Pure workgroup than they do among CFTS Switchers.

CFTS Pure individuals are most likely to be married male officers with dependents, typically in their mid-forties, serving in the Army at the O04–O05 ranks. They tend to have significant years of service and are concentrated in the Enterprise and Command Support workforce segment. In contrast, CFTS Switchers exhibit a more distributed demographic and rank profile. They are generally younger, less likely to be married or have dependents,

and more concentrated in the enlisted ranks, most often serving in the Combat and Security workforce segment.

2. Continuous Full-Time Service by Service Category

I further analyze CFTS Types by SERCAT, as shown in Figure 14. SERCAT 3 includes a much higher proportion of CFTS Pure individuals (0.24) compared with SERCAT 5 (0.04). Given there is no minimum service requirement, an individual could theoretically be classified as SERCAT 3 and engage in very little, if any, reserve work. In contrast, SERCAT 5 members maintain a higher level of standard reserve work commitment, which is likely to explain the greater proportion of Switchers compared with SERCAT 3.

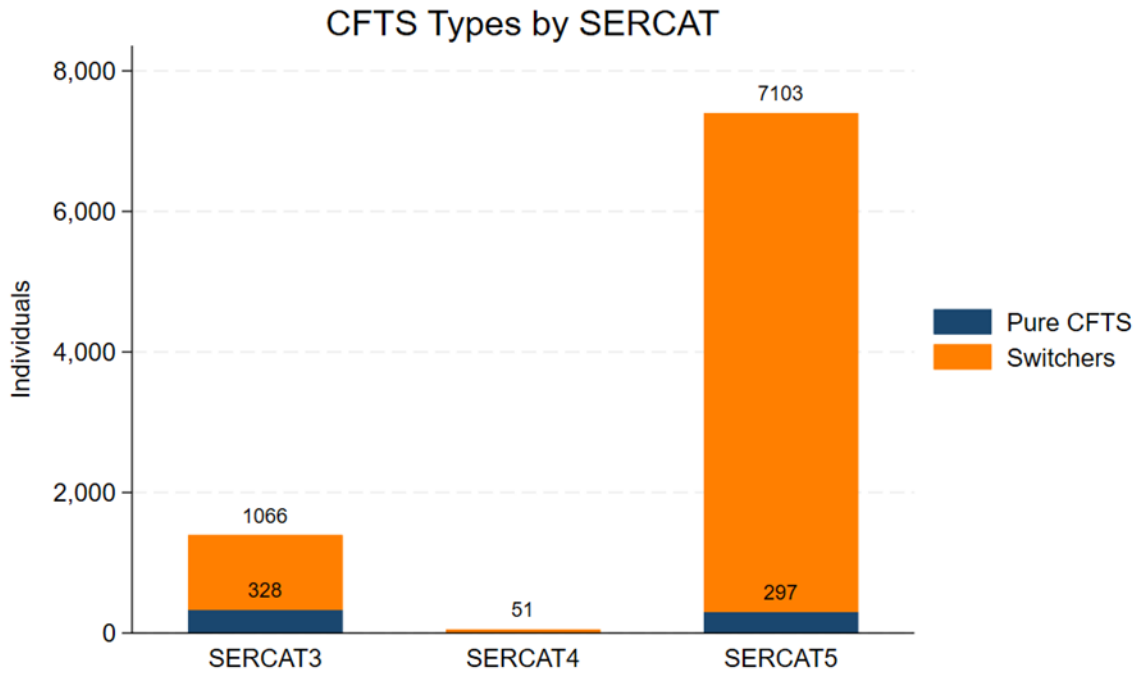

Figure 14. Continuous Full-Time Service Type by Service Category 3–5

3. Continuous Full-Time Service Type by Service

Figure 15 presents the breakdown of CFTS Type by Service. The Army is the largest of the three services, with the highest number of permanent members and reservists across the study period. It also accounts for the greatest use of CFTS by individual count, with 6,295 Switchers and 401 CFTS Pure members between 2016 and 2025. The Air Force, while the next largest service overall, used CFTS less than the Navy. Notably, the Navy has a higher proportion of CFTS Pure within its CFTS-engaged subpopulation, with 209 out of 1,211 individuals conducting CFTS exclusively, without any other standard reserve work during the study period.

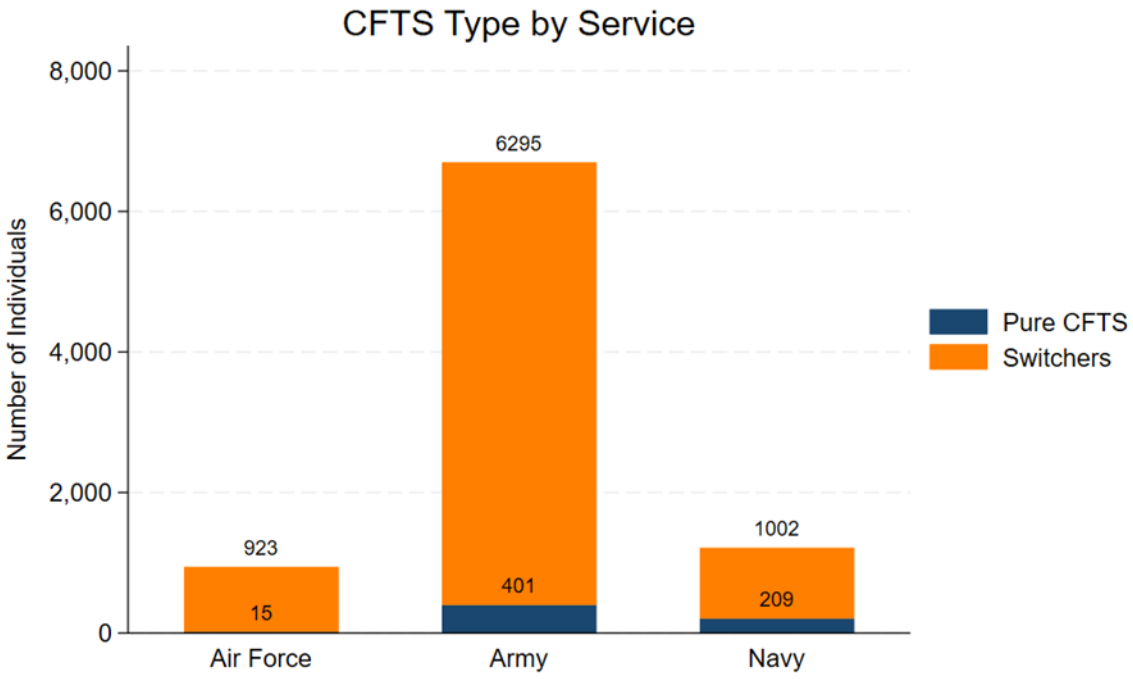

Figure 15. Continuous Full-Time Service Type by Service

4. Continuous Full-Time Service Switcher – Stints

Over the nine-year study period, most CFTS Switchers across the Air Force, Army, and Navy engaged in a single CFTS stint, accounting for approximately 77% of stints. A further 18% of Switchers completed two stints, while only 4% returned for a third.

Engagement beyond three stints was exceptionally rare. Table 6 presents the distribution of CFTS Switcher stint counts and their corresponding proportions, disaggregated by Service.

Table 6. Continuous Full-Time Service Switcher Stint Count by Service

CFTS Stint Number	Air Force	Army	Navy	**Total**
1	762 (82.56)	4733 (75.19)	816 (81.44)	6,311 (76.78%)
2	119 (12.89)	1,181 (18.76)	146 (14.57)	1,446 (17.59%)
3	33 (3.58)	258 (4.10)	32 (3.19)	323 (3.93%)
4	7 (0.76)	97 (1.54)	6 (0.60)	110 (1.34%)
5	2 (0.22)	19 (0.30)	2 (0.20)	23 (0.28%)
6	0 (0.00)	5 (0.08)	0 (0.00)	5 (0.06%)
7	0 (0.00)	2 (0.03)	0 (0.00)	2 (0.02%)
Total	923 (100%)	6,295 (100%)	1,002 (100%)	8,220 (100%)

Figure 16 illustrates the average duration of stints conducted by Switchers between 2016–2025. Each point represents a Switcher's mean stint length across all stints. For example, if a Switcher completed a 24-month stint, and then returned years later to complete a 12-month stint they would be recorded having a mean CFTS stint duration month of 18 months. I collapsed the dataset to analyze this average, having one observation per Switcher. Of the 8,220 Switchers, the mean stint duration per person was 9.33 months with a standard deviation of 12.98 months and minimum of 1 month and maximum of 107. The median of the average stint duration per Switcher was 5 months. This means that half of the Switchers averaged 5 months or less per stint. The average CFTS stint duration per Switcher is 11 months at the 75th percentile and 1.5 months at the 25th percentile, meaning that the middle 50% of Switchers averaged between 1.5 and 11 months per stint.

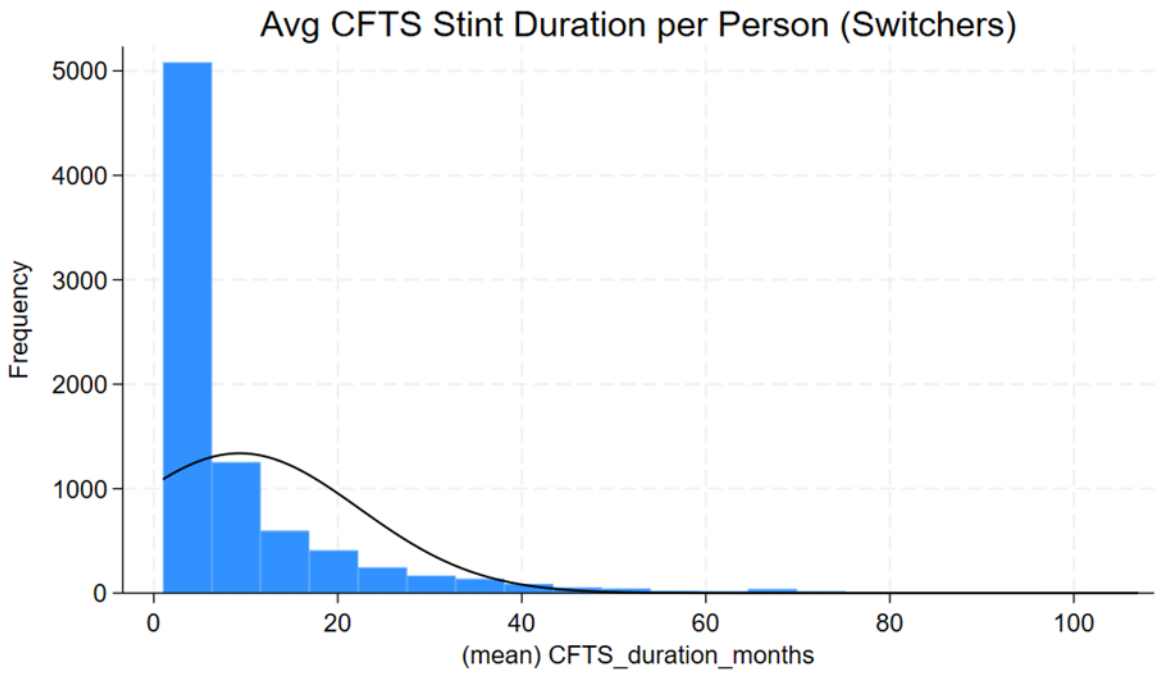

Figure 16. Average Continuous Full-Time Service Stint Duration for Continuous Full-Time Service Switchers

a. Air Force Switchers

Air Force personnel, on average, serve longer CFTS stints than their Army counterparts, though not as long as those in the Navy. Among 923 Air Force personnel who participated in CFTS as Switchers, the average stint duration was 13.3 months. The median average stint per individual was 8 months, indicating a right-skewed distribution as shown in Figure 17. The average CFTS stint duration per Air Force Switcher is 18 months at the 75th percentile and 5 months at the 25th percentile. Individual averages ranged from a minimum of 1 month to a maximum of 77 months.

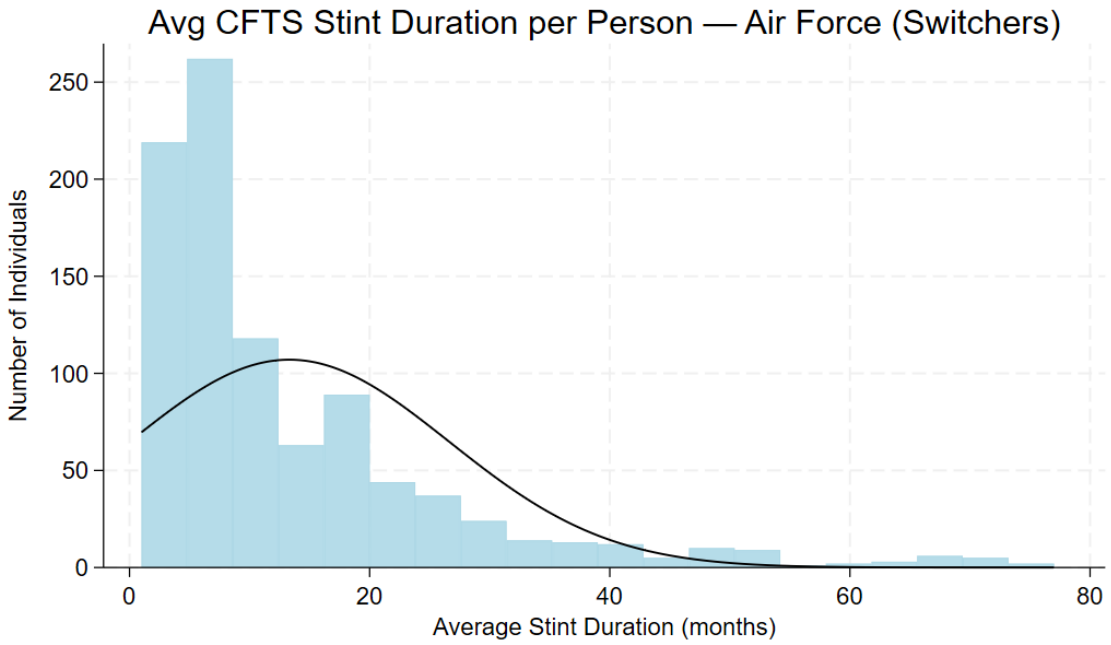

Figure 17. Average Continuous Full-Time Service Stint Duration for Air Force Continuous Full-Time Service Switchers

b. Army Switchers

The Army demonstrates the highest rate of CFTS participation and a clear preference for shorter stint durations. As shown in Figure 18, the distribution of Army Switchers is right-skewed, with an average stint duration of 6.6 months across 6,295 individuals. The median individual average was 4 months, and the 75th percentile reached only 7.3 months—highlighting a strong tendency toward shorter engagements compared with the Air Force and Navy. Individual averages ranged from a minimum of 1 month to a maximum of 102 months.

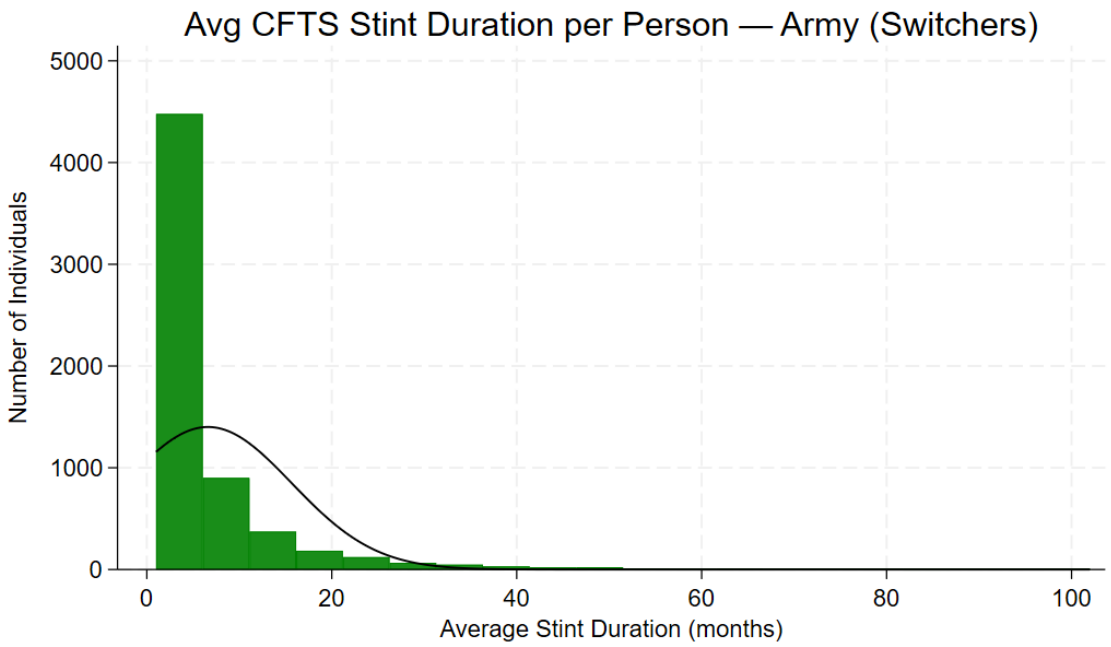

Figure 18. Average Continuous Full-Time Service Stint Duration for Army Continuous Full-Time Service Switchers

c. Navy Switchers

Navy Switchers exhibit a distinct service pattern compared to their Army and Air Force counterparts. As shown in Figure 19, their stint duration distribution is right-skewed, with an average of 22.71 months across 1,002 individuals. The median individual average was 16 months—over 12 months longer than the Army and 8 months longer than the Air Force. The 75th percentile reached 31 months (~1.5 years), significantly higher than the other services. Individual averages ranged from a minimum of 1 month to a maximum of 107 months (~9 years).

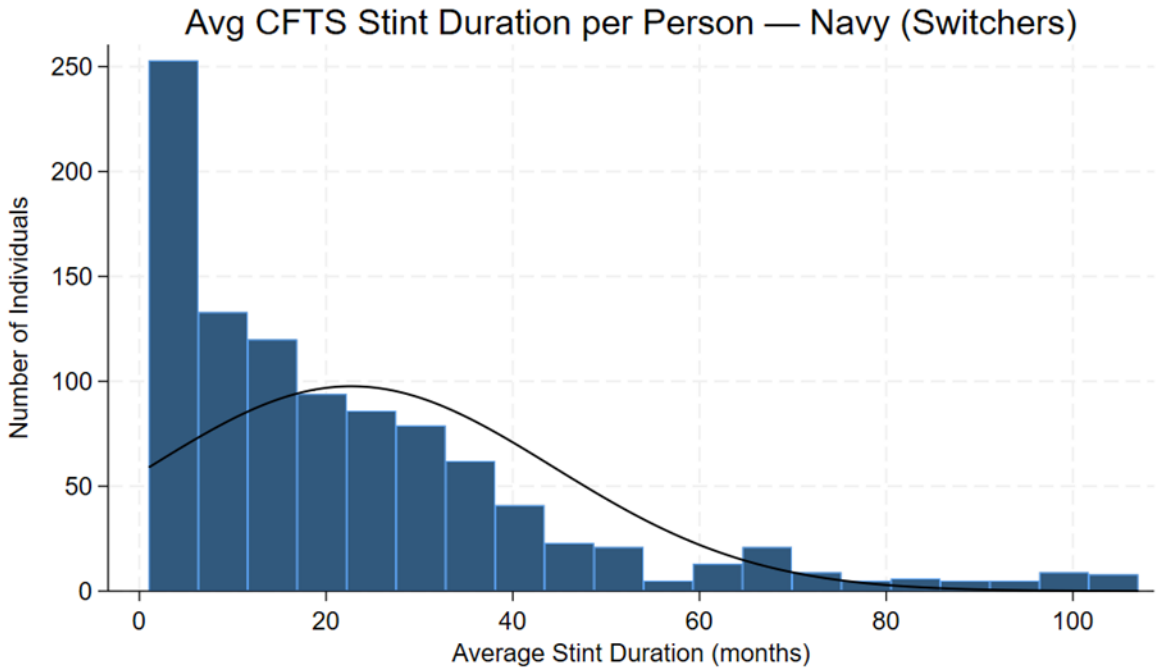

Figure 19. Average Continuous Full-Time Service Stint Duration for Navy Continuous Full-Time Service Switchers

5. Continuous Full-Time Service Pure – Stints

CFTS Pure represents a minority of those who undertake CFTS. Notably, across all services those who engage in CFTS without doing any standard reserve work only complete one CFTS stint. In total, there are 625 individuals serving as CFTS Pure, comprising 328 from SERCAT 3 and 297 from SERCAT 5.

a. Air Force Pure

Of the three services, the Air Force relies least on CFTS as a workforce management tool. Among Air Force personnel, 15 individuals are classified as CFTS Pure, with average stint durations shown in Figure 20. The mean stint length for this group is 20.13 months, while the median individual average is 12 months. The 75th percentile reaches 24 months, indicating moderate variability. The longest average stint recorded was 107 months, and the shortest was just 1 month. Notably, CFTS Pure individuals in the Air Force tend to have longer average stints than their CFTS Switcher counterparts.

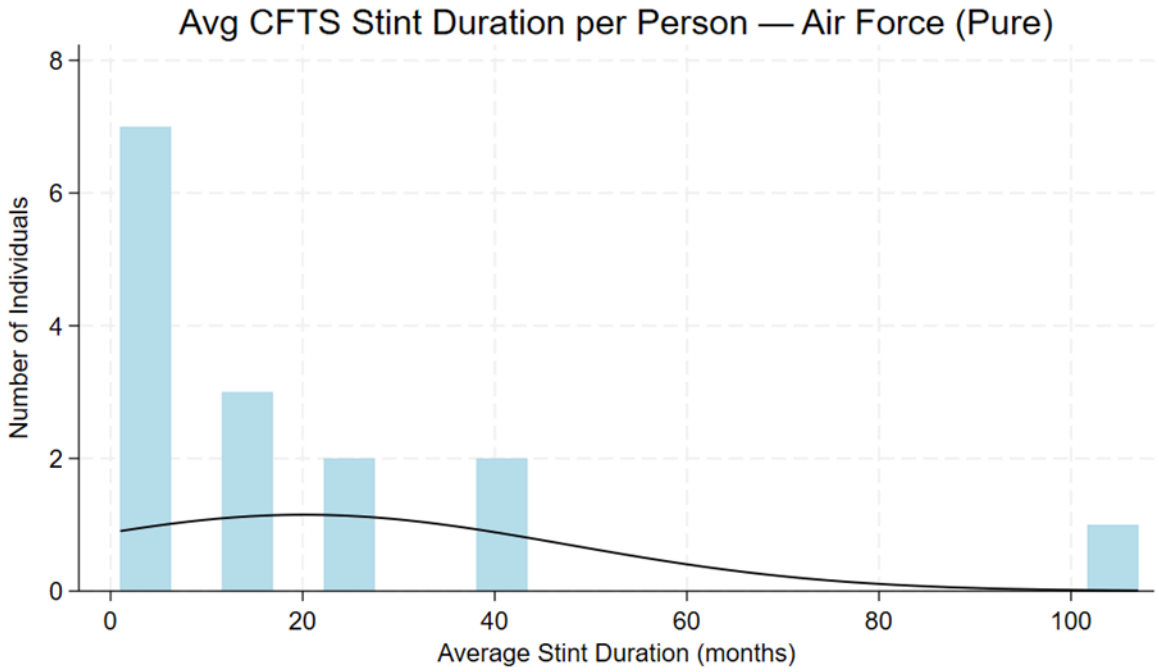

Figure 20. The Average Continuous Full-Time Service Stint Duration for Air Force Continuous Full-Time Service Pure

b. Army Pure

Army CFTS Pure serve longer stints than their Switcher counterparts. Among Army personnel, 401 individuals are classified as CFTS Pure, with average stint durations shown in Figure 21. The mean length of stint for this group is 18.8 months, while the median individual average is 12 months. The 75th percentile reaches 24 months, indicating moderate variability. The longest average stint recorded was 107 months, and the shortest was just 1 month. Notably, CFTS Pure individuals in the Army tend to have longer average stints than their CFTS Switcher counterparts.

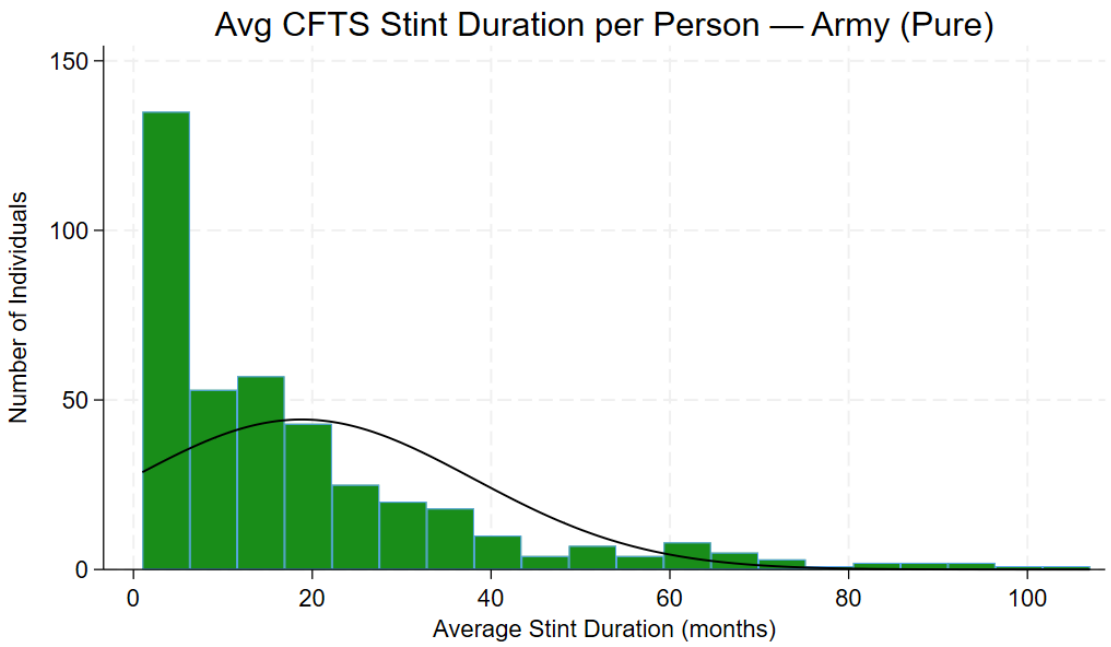

Figure 21. The Average Continuous Full-Time Service Stint Duration for Army Continuous Full-Time Service Pure

c. Navy Pure

Navy CFTS Pure personnel serve the longest average stints across all services and relative to their Switcher counterparts. Among Navy members, 209 individuals are classified as CFTS Pure, with average stint durations of 36.8 months, as shown in Figure 22. The median individual average stint is 28 months, and the 75th percentile reaches 44 months, indicating moderate variability. The longest average stint recorded was 108 months (9 years), while the shortest was just 1 month. Individuals at or above the 90th percentile of the Navy CFTS Pure population have worked through the CFTS mechanism for all of the study period.

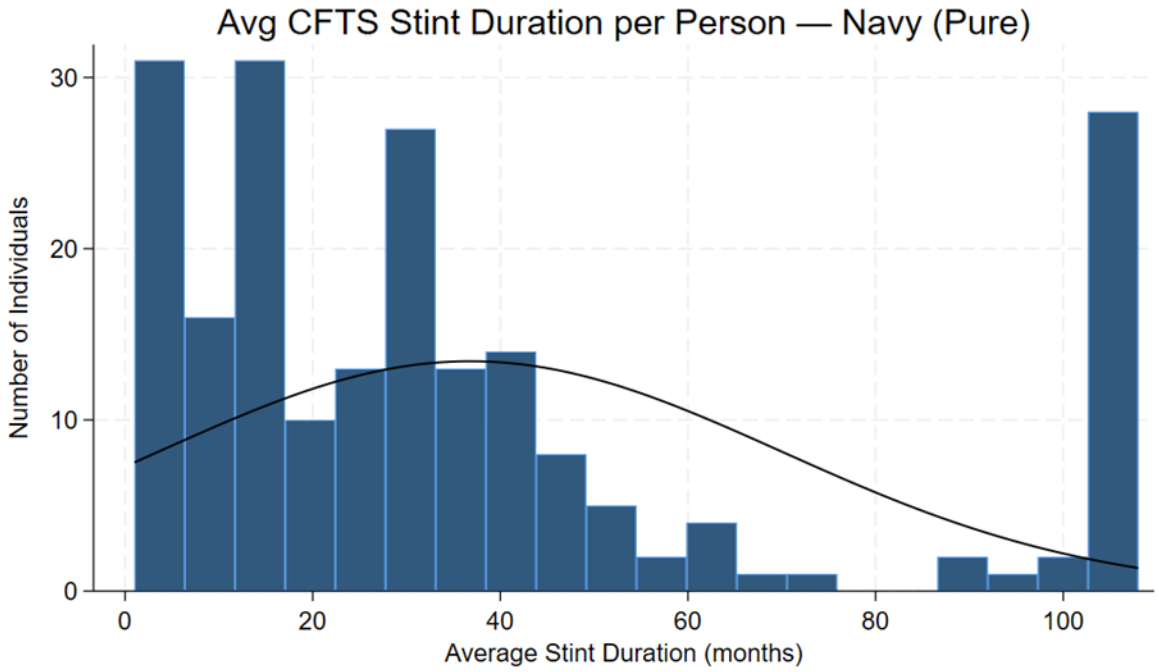

Figure 22. The Average Continuous Full-Time Service Stint Duration for Navy Continuous Full-Time Service Pure

E. MULTIVARIATE MODELS

In this section, I analyze how demographic and service-related variables influence engagement in CFTS, assess whether these factors predict the likelihood of an individual being a CFTS Switcher, and examine how demographics and service-related variables influence a reservist's average CFTS stint duration.

1. Model 1—Continuous Full-Time Service Engagement

The first step involves constructing a cross-sectional analysis based on the initial instance in which each individual appears to conduct reserve work. The data I used to estimate Model 1 is generated by collapsing the dataset into a single observation per individual, capturing each person's demographic and service characteristics at baseline. This provides a reference frame for assessing the association between those initial attributes and subsequent CFTS engagement. In this model, the dependent variable **Engage in CFTS** equals 1 for any individual who participated in CFTS at least once during the

observation window, and 0 otherwise. Table 7 presents the regression output for Model 1. Initial Service-related variables, not demographics, primarily determine whether individuals ever engage in CFTS. Column (1) includes demographic controls, column (2) adds service-related controls, and column (3) incorporates both sets of controls.

Table 7. Determinants of Continuous Full-Time Service Engagement

	(1) Demographics	(2) Service-related	(3) All
Age	0.002***		-0.001*
	(0.000)		(0.000)
Female	-0.001		0.015***
	(0.004)		(0.004)
Native Born	0.015**		0.008
	(0.005)		(0.005)
Any Dependents	0.01*		0.006
	(0.004)		(0.004)
Married	-0.046***		-0.029***
	(0.005)		(0.005)
CALD	0.001		-0.004
	(0.004)		(0.004)
Rank			
E01		0.032**	0.032**
		(0.012)	(0.012)
E02		0.082***	0.078***
		(0.008)	(0.008)
E03		0.05***	0.050***
		(0.006)	(0.006)
E04		0.072***	0.075***
		(0.010)	(0.010)
E05		0.049***	0.054***
		(0.007)	(0.007)
E06		0.084***	0.091***
		(0.009)	(0.009)
E07		-0.031	-0.019
		(0.068)	(0.068)
E08		0.101***	0.112***
		(0.011)	(0.011)
E09		0.115***	0.126***
		(0.013)	(0.013)

	(1) Demographics	(2) Service-related	(3) All
O00		0.066*** (0.010)	0.070*** (0.010)
O01		0.463* (0.180)	0.480** (0.180)
O02		0.167*** (0.012)	0.172*** (0.012)
O03		0.131*** (0.012)	0.142*** (0.008)
O04		0.181*** (0.009)	0.194*** (0.009)
O05		0.188*** (0.012)	0.203*** (0.012)
O06		0.055** (0.017)	0.071*** (0.018)
O07		-0.016 (0.026)	0.003 (0.026)
O08		-0.019 (0.042)	-0.003 (0.042)
O09		-0.073 (0.105)	-0.054 (0.105)
O10		-0.042 (0.360)	-0.025 (0.360)
Service			
Army		0.127*** (0.005)	0.126*** (0.005)
Navy		0.053*** (0.005)	0.052*** (0.005)
Length of Service		0.001** (0.000)	0.001*** (0.000)
Workforce Segment			
Combat and Security		0.081*** (0.009)	0.079*** (0.009)
Communication and Cyber		0.021 (0.011)	0.021 (0.011)
Engineering, Maintenance and Construction		-0.003 (0.010)	-0.001 (0.010)
Enterprise and Command Support		0.054*** (0.010)	0.052*** (0.010)

	(1) Demographics	(2) Service-related	(3) All
Health		0.014	0.010
		(0.010)	(0.010)
Intelligence		-0.018	-0.020
		(0.012)	(0.012)
Logistics		0.057***	0.055**
		(0.010)	(0.010)
No segment mapping		-0.194	-0.201
		(0.010)	(0.114)
State			
CA		0.829**	0.839**
		(0.255)	(0.255)
DC		0.680	0.689
		(0.360)	(0.360)
NSW		0.021***	0.020***
		(0.006)	(0.006)
NT		-0.070***	-0.070***
		(0.011)	(0.011)
QLD		-0.075***	-0.076***
		(0.006)	(0.006)
SA		0.024**	0.024**
		(0.008)	(0.008)
TAS		0.027*	0.025*
		(0.013)	(0.013)
VIC		0.003	0.004
		(0.007)	(0.007)
WA		-0.051***	-0.051***
		(0.007)	(0.007)
Outcome Mean	0.164	0.164	0.164
R-squared	0.003	0.052	0.054
N	54,053	54,041	54,041

Note: Dependent variable in linear probability models is CFTS=1, no CFTS=0. Standard errors in parentheses *p<0.05, **p<0.01, ***p<0.001. The reference/omitted groups are E00 for Rank, Air Force for Service, Aviation for Workforce Segment and Australian Capital Territory (ACT) for State.

Controlling for demographic and service-related variables, age is statistically significant: each additional year of age is associated with a 0.1 percentage points decrease in the likelihood of engaging in CFTS, or 1 percentage point lower engagement per decade (column 3). Conditional on controls, females are 1.5 percentage points more likely to

engage in CFTS than males. Married individuals are 2.9 percentage points less likely to participate in CFTS compared to their unmarried counterparts. In contrast, being native-born, having dependents, or identifying as culturally and linguistically diverse are statistically insignificant predictors of CFTS engagement, indicating no distinguishable difference from their respective reference groups.

Junior and Senior Enlisted personnel show a statistically significant higher likelihood of engaging in CFTS compared to the baseline rank of E00. Of the 54,053 reservists in the study, 10,997 (approximately 20%) commenced the study period at the rank of E00 (recruit), an administrative designation the ADF assigns prior to attaining the first enlisted rank of E01. The marginal change in CFTS engagement ranges from a 3.2 percentage point increase for E01 compared to E00 to 12.6 percentage points for E09 compared to E00. Among these, the senior enlisted ranks (E06, E08, and E09) exhibit the strongest association with CFTS engagement, suggesting that higher enlisted status may correlate with greater propensity to serve in full-time reserve roles.

All officer ranks from O00 through O06 are statistically significant predictors of engagement in CFTS when compared to the baseline rank of E00. The likelihood of engaging in CFTS increases substantially across these officer ranks, ranging from a 48-percentage point increase for O01 (noting that only four individuals entered reserve service at this rank in the study) to over 20 percentage points for mid-level officers. Specifically, ranks O04 and O05 are associated with increases of 19.4 and 20.3 percentage points, respectively. In contrast, senior officer ranks (O07 and above) accounted for 317 of the 54,053 individuals in the study and do not exhibit a statistically significant association with CFTS engagement. After adjusting for demographic and service-related controls, service branch also plays a role: individuals in the Navy and Army are 5.2 and 12.6 percentage points more likely, respectively, to engage in CFTS than their counterparts in the Air Force (column 3).

After adjusting for demographic and service controls, several Workforce Segments showed statistically significant differences in CFTS engagement compared with the reference Workforce Segment Aviation. Individuals in Combat and Security were 8 percentage points more likely to engage in CFTS, those in Logistics were 5.5 percentage

points more likely, and those in Enterprise and Command Support were 5.2 percentage points more likely. In contrast, Communications and Cyber; Engineering, Maintenance and Construction; and Health did not show statistically significant differences after controls were applied (column 3).

Locational effects on CFTS engagement are evident across Australian states and territories. Compared to the Australian Capital Territory (ACT), individuals residing in Tasmania, South Australia, and New South Wales are between 2 to 3 percentage points more likely to engage in CFTS. In contrast, the data reveals significant reductions in CFTS participation among individuals from the Northern Territory (−7.0 percentage points), Queensland (−7.6 percentage points), and Western Australia (−5.5 percentage points), suggesting regional variation in reserve service dynamics. Note: The reduction in observations across the regression outputs reflects missing locational data for 12 individuals.

2. Model 2—Continuous Full-Time Service Switchers

This analysis distinguishes between two types of CFTS participants: CFTS Pure and CFTS Switchers. Model 2 focuses on individuals who engaged in CFTS and examines, conditional on participation, which demographic and service-related characteristics on first observation are associated with a higher likelihood of being a Switcher. This is a cross-sectional analysis that collapses the dataset to a single observation per individual, restricted to those who participated in CFTS; individuals who never engaged in CFTS are excluded from the sample. The model analyzes each individual's characteristics as they first appear in the study. Table 8 presents the regression output for Model 2. Service characteristics, not demographics, appear to drive whether individuals are CFTS Switchers. Column (1) includes demographic controls, column (2) adds service-related controls, and column (3) incorporates both sets of controls.

Table 8. Determinants of Continuous Full-Time Service Switchers

	(1) Demographics	(2) Service-Related	(3) All
Age	-0.004***		-0.000
	(0.000)		(0.000)
Female	-0.004		-0.004
	(0.007)		(0.008)
Native Born	0.011		0.014
	(0.009)		(0.009)
Any Dependents	0.013		0.004
	(0.008)		(0.008)
Married	-0.007		0.004
	(0.008)		(0.008)
CALD	0.012		0.011
	(0.007)		(0.007)
Rank			
E01		0.001	0.001
		(0.019)	(0.019)
E02		0.003	0.002
		(0.012)	(0.012)
E03		0.004	0.004
		(0.010)	(0.010)
E04		0.002	0.001
		(0.015)	(0.015)
E05		-0.030*	-0.032**
		(0.012)	(0.012)
E06		-0.031*	-0.032*
		(0.015)	(0.015)
E07		-0.153	-0.152
		(0.122)	(0.122)
E08		-0.061***	-0.061***
		(0.018)	(0.018)
E09		-0.081***	-0.081***
		(0.021)	(0.022)
O00		-0.134***	-0.136***
		(0.016)	(0.016)
O01		0.011	0.014
		(0.172)	(0.172)
O02		-0.020	-0.020
		(0.016)	(0.016)
O03		-0.046***	-0.046**
		(0.013)	(0.013)

	(1) Demographics	(2) Service-Related	(3) All
O04		-0.096*** (0.015)	-0.097*** (0.015)
O05		-0.086*** (0.018)	-0.087*** (0.018)
O06		-0.131*** (0.032)	-0.131*** (0.032)
O07		0.082 (0.069)	0.080 (0.069)
O08		-0.629*** (0.122)	-0.630*** (0.123)
Service			
Army		-0.101*** (0.010)	-0.101*** (0.010)
Navy		-0.127*** (0.011)	-0.126*** (0.011)
Length of Service		-0.002*** (0.000)	-0.002*** (0.000)
Workforce Segment			
Combat and Security		-0.005 (0.017)	-0.006 (0.017)
Communication and Cyber		-0.072*** (0.021)	-0.072*** (0.021)
Engineering, Maintenance and Construction		-0.034 (0.019)	-0.034 (0.019)
Enterprise and Command Support		-0.017 (0.017)	-0.014 (0.018)
Health		0.014 (0.019)	0.017 (0.018)
Intelligence		-0.084*** (0.025)	-0.084*** (0.025)
Logistics		-0.027 (0.018)	-0.026 (0.018)
State			
CA		-0.195 (0.174)	-0.192 (0.174)
DC		0.259 (0.243)	0.252 (0.243)

	(1) Demographics	(2) Service-Related	(3) All
NSW		0.022*	0.021*
		(0.009)	(0.009)
NT		0.009	0.007
		(0.020)	(0.020)
QLD		0.039***	0.038***
		(0.011)	(0.011)
SA		0.068***	0.067***
		(0.012)	(0.012)
TAS		0.076***	0.075***
		(0.018)	(0.018)
VIC		0.050***	0.049***
		(0.011)	(0.011)
WA		0.025*	0.025*
		(0.012)	(0.012)
Outcome Mean	0.929	0.930	0.930
R-squared	0.041	0.105	0.105
N	8,845	8,840	8,840

Note: Dependent variable in linear probability models is Switcher=1, Pure=0. Note: Standard errors in parentheses *p<0.05, **p<0.01, ***p<0.001. The reference/omitted groups are E00 for Rank, Air Force for Service, Aviation for Workforce Segment and Australian Capital Territory (ACT) for State.

Switchers account for 93% of CFTS observations in the sample. When CFTS participants first enter the study, the model shows that none of the demographic variables, including age, gender, whether the individual was born in Australia, whether they have dependents, marital status, and cultural background, significantly predict whether or not someone is a CFTS Switcher once service-related controls are applied. Notably, age loses statistical significance after accounting for service characteristics.

Service-related controls exert greater influence on whether an individual is classified as a CFTS Switcher. Holding all else constant, individuals at ranks E05 and E06 are approximately 3 percentage points less likely to be Switchers compared to those at the baseline administrative rank of E00 (recruit). Those at more senior ranks of E08 and E09 are 6 and 8 percentage points less likely, respectively, to be Switchers than their E00 counterparts. Officers show greater disparities on average compared to those at the baseline rank of E00. Individuals at ranks O03 through O06 are between 4.6 and 13.1 percentage

points less likely to be Switchers. Rank O08 shows a 63-percentage point reduction in Switcher likelihood, although this estimate is based on only four personnel — three classified as CFTS Pure and one as a Switcher. Length of service is a statistically significant predictor of Switcher status. Each additional year of service reduces the likelihood of being a Switcher by 0.2 percentage points, amounting to a 2-percentage point reduction over a decade.

Service branch, location, and, to a lesser extent, workforce segment all influences whether individuals are Switchers. Over the study period, the Air Force had only 15 CFTS Pure participants compared to 923 Switchers — the lowest Pure-to-Switcher ratio among the three services. This imbalance is reflected in the regression results. After accounting for demographic and service-related controls, individuals in the Army and Navy are 10.1 and 12.6 percentage points less likely, respectively, to be Switchers than their Air Force counterparts. Workforce segment plays a smaller role in predicting whether an individual is a CFTS Switcher. Compared to Aviation, five of the eight segments of Combat and Security; Engineering, Maintenance and Construction; Enterprise and Command Support; Health; and Logistics do not show statistically significant differences. However, individuals in Communications and Cyber, and Intelligence are 7.2 and 8.4 percentage points less likely, respectively, to be Switchers than those in Aviation. Location appears to influence CFTS type. Compared to individuals who are in the Australian Capital Territory, those who commence in New South Wales, Queensland, South Australia, Tasmania, or Victoria are between 2.1 and 7.5 percentage points more likely to be Switchers, after accounting for demographic and service-related controls. In contrast, individuals in the Northern Territory show no statistically significant difference from those in the Australian Capital Territory. Note: Five individuals were dropped from the analysis due to missing locational data introduced by the addition of the location fixed effects.

3. Model 3—Duration Analysis of Continuous Full-Time Service Stints

Model 3 uses ordinary least squares linear regression to estimate the influence of an individual's initial demographic and service-related variables on average CFTS stint duration. The dependent variable, Avg CFTS Stint Duration, is continuous and reflects the

average length of each participant's CFTS engagement. Table 9 is the regression output of Model 3 where column (1) includes demographic variables, column (2) adds service-related variables, and column (3) incorporates both sets of variables. An individual's starting rank and service branch during the study period have the greatest impact on average stint length. Compared to other factors, these initial conditions exert the strongest influence on how long CFTS stints last.

Table 9. Determinants of Average Continuous Full-Time Service Stint Duration

	(1) Demographics	(2) Service-related	(3) All
Age	0.364***		-0.009
	(0.014)		(0.021)
Female	2.868***		1.789***
	(0.388)		(0.389)
Native Born	-0.399		-0.693
	(0.511)		(0.476)
Any Dependents	-2.993***		-1.226**
	(0.424)		(0.398)
Married	2.860***		0.821
	(0.447)		(0.420)
CALD	-0.906*		-0.628
	(0.409)		(0.380)
Rank			
E01		-0.846	-0.890
		(1.030)	(1.029)
E02		-1.057	-1.097
		(0.661)	(0.661)
E03		-1.247*	-1.137*
		(0.511)	(0.515)
E04		-1.001	-0.869
		(0.807)	(0.811)
E05		0.510	0.571
		(0.647)	(0.659)
E06		2.899***	2.974***
		(0.798)	(0.815)
E07		9.234	9.246
		(6.479)	(6.475)

	(1) Demographics	(2) Service-related	(3) All
E08		4.620*** (0.939)	4.791*** (0.958)
E09		6.201*** (1.135)	6.514*** (1.151)
E10		-	-
O00		2.511** (0.843)	2.707** (0.851)
O01		-7.096 (9.115)	-6.635 (9.109)
O02		3.571*** (0.846)	3.515*** (0.851)
O03		5.352*** (0.671)	5.611*** (0.698)
O04		7.704*** (0.771)	7.988*** (0.801)
O05		8.130*** (0.958)	8.510*** (0.985)
O06		4.995** (1.677)	5.287** (1.691)
O07		-4.193 (3.678)	-3.595 (3.680)
O08		-2.991 (6.499)	-2.169 (6.495)
Service			
Army		-1.507** (0.522)	-1.293* (0.523)
Navy		10.388*** (0.594)	10.245*** (0.595)
Length of Service		0.119*** (0.019)	0.132*** (0.023)
Workforce Segment			
Combat and Security		0.004 (0.912)	0.117 (0.911)
Communication and Cyber		0.054 (1.106)	-0.088 (1.106)

	(1) Demographics	(2) Service-related	(3) All
Engineering, Maintenance and Construction		0.608 (0.992)	0.749 (0.991)
Enterprise and Command Support		2.256* (0.926)	1.819 (0.937)
Health		-3.569*** (0.994)	-4.162*** (1.004)
Intelligence		1.415 (1.311)	1.212 (1.311)
Logistics		0.484 (0.951)	0.159 (0.955)
No segment mapping		-	-
State			
CA		-6.330 (9.221)	-6.953 (9.211)
DC		-14.210 (12.883)	-14.504 (12.871)
NSW		-1.279* (0.501)	-1.098* (0.501)
NT		-1.741 (1.077)	-1.587 (1.078)
QLD		-0.679 (0.562)	-0.547 (0.562)
SA		-2.611*** (0.631)	-2.420*** (0.632)
TAS		-1.190 (0.970)	-1.028 (0.970)
VIC		-1.948*** (0.564)	-1.751** (0.564)
WA		1.994** (0.660)	2.022** (0.659)
Outcome Mean	10.429	10.432	10.432
R-squared	0.12	0.256	0.259
N	8,845	8,840	8,840

Note: Dependent variable in linear regression models is Avg CFTS Stint Duration (months). Standard errors in parentheses *p<0.05, **p<0.01, ***p<0.001. The reference/omitted groups are E00 for Rank, Air Force for Service, Aviation for Workforce Segment and Australian Capital Territory (ACT) for State.

After controlling for service, the effects of age, marital status and CALD background become statistically insignificant across the full CFTS population (including both CFTS Switchers and CFTS Pure). However, holding all else constant, two variables remain significant. First, female members serve average CFTS stints that are 1.788 months longer than their male counterparts. Second, having dependents is associated with serving average CFTS stints that are 1.226 months shorter than those without dependents. Additionally, Australian-born personnel serve CFTS stint length that are indistinguishable compared to foreign-born members.

Officers and higher-ranking personnel serve significantly longer CFTS stints than their enlisted counterparts. Relative to the baseline rank of E00 (recruit), service duration patterns vary distinctly across enlisted and officer groups. Among junior enlisted personnel, only E03 shows a statistically significant difference, serving on average 1.137 months fewer than the baseline, while E01, E02, and E04 do not differ significantly (column 3). In contrast, senior enlisted outcomes are more differentiated: E05 shows no significant effect, but E06, E08, and E09 are associated with significantly longer service, ranging from 2.974 months at E06 to 6.514 months at E09. Officer ranks display a more consistent pattern of extended stint duration. Junior officers (O00–O04) all serve significantly longer than the baseline, with differences increasing from 2.7 months at O00 to nearly 8 months at O04. Senior officers continue this trend, with O05 and O06 serving 8.51 and 5.287 months longer than E00, respectively.

Service branch and prior service history influence average CFTS duration. Relative to the Air Force baseline, the Navy exhibits substantially longer average service durations, with stints 10.245 months longer. In contrast, Army personnel serve slightly shorter stints, averaging 1.293 months fewer than their Air Force counterparts. These service-level differences are consistent with the earlier stint analysis presented in section D4, reinforcing the pattern of extended tenure within the Navy and comparatively shorter service in the Army. Length of service is another contributor to longer CFTS stint durations. Holding all else constant, each additional year of service is associated with an average increase of 0.132 months in CFTS stint length. Accordingly, an individual with 20 more years of military

experience would, on average, serve CFTS stints approximately 2.6 months longer than someone with 20 fewer years of service.

Workforce segment does not emerge as a significant determinant of average stint length. Across most categories, including Combat and Security; Communication and Cyber; Engineering, Maintenance and Construction; Enterprise and Command Support; Intelligence; and Logistics, average service durations are statistically indistinguishable from the Aviation baseline. The sole exception is the Health workforce, where stints are significantly shorter, averaging 4.162 months fewer than Aviation.

An individual's starting work location (state) during the study period influences their average stint length. Holding all else constant, most states including the Northern Territory, Queensland, and Tasmania show average stint lengths that are statistically indistinguishable from the baseline comparison of the Australian Capital Territory. Those who began in New South Wales serve stints just over 1 month shorter than those from the Australian Capital Territory, while those in Victoria served stints 1.8 months shorter than those in the Australian Capital Territory. The largest reduction was individuals starting in South Australia who serve stints 2.4 months shorter than those in the Australian Capital Terriority. Western Australia was the only state where individuals served longer average stints, with durations just over 2 months longer than the Australian Capital Territory baseline.

4. Model 4—Longitudinal Analysis of Continuous Full-Time Service Engagement

To examine how demographics and service-related variables influence CFTS engagement over time, both across individuals and within individuals, I conducted a longitudinal analysis using a categorical variable — **age group** — to remove any perceived collinearity issues with length of service. Table 10 is the regression output of Model 4 with column (1) including the categorical variable for age groups, column (2) adding other demographic controls, and column (3) incorporating both demographic and service-related controls to examine change across individuals. Finally, column (4) applies person-fixed effects to examine change in demographic and service characteristics within individuals.

When comparing across individuals, rank and service branch during the study period are the strongest predictors of CFTS engagement. However, when examining changes within individuals over time, rank remains influential, while gaining dependents emerges as a particularly strong driver of increased CFTS participation. In contrast, service branch loses predictive power in the within-person model, as it focuses only on those who switch services.

Table 10. Determinants of Continuous Full-Time Service engagement over time: a longitudinal analysis

	(1) Age	(2) + Demographics	(3) + Service	(4) + Person FE
Age (35 to <45)	0.003*	-0.002	-0.011***	-0.009***
	(0.001)	(0.001)	(0.001)	(0.002)
Age (45 to <60)	0.033***	0.026***	-0.002	-0.002
	(0.002)	(0.002)	(0.002)	(0.004)
Age (≥60)	0.059***	0.053***	0.011*	-0.006
	(0.004)	(0.004)	(0.004)	(0.005)
Female		0.010***	0.011***	-
		(0.002)	(0.002)	
Native Born		-0.002	-0.004	-
		(0.002)	(0.002)	
Any Dependents		0.039***	0.037***	0.122***
		(0.001)	(0.001)	(0.007)
Married		-0.019***	-0.022***	-0.015***
		(0.002)	(0.002)	(0.004)
CALD		-0.003	-0.005**	-
		(0.002)	(0.002)	
Rank				
E01			0.004***	0.004***
			(0.000)	(0.001)
E02			0.021***	0.022***
			(0.001)	(0.001)
E03			0.028***	0.032***
			(0.001)	(0.002)
E04			0.033***	0.032***
			(0.002)	(0.004)
E05			0.037***	0.037***
			(0.002)	(0.006)

	(1) Age	(2) + Demographics	(3) + Service	(4) + Person FE
E06			0.049*** (0.004)	0.056*** (0.009)
E07			0.035 (0.031)	0.025 (0.377)
E08			0.071*** (0.006)	0.085*** (0.013)
E09			0.081*** (0.007)	0.110*** (0.021)
E10			-0.022* (0.010)	0.109*** (0.021)
O00			0.029*** (0.003)	0.015 (0.011)
O01			0.058* (0.027)	0.076*** (0.022)
O02			0.083*** (0.004)	0.045*** (0.009)
O03			0.075*** (0.003)	0.070*** (0.011)
O04			0.111*** (0.004)	0.111*** (0.014)
O05			0.123*** (0.007)	0.128*** (0.019)
O06			0.058*** (0.008)	0.123*** (0.027)
O07			0.009 (0.007)	0.168*** (0.042)
O08			0.025* (0.013)	0.339*** (0.091)
O09			-0.008 (0.012)	0.000 (.)
O10			0.003 (0.006)	0.000 (.)
Service				
Army			0.029*** (0.002)	0.039 (0.028)
Navy			0.052*** (0.003)	0.089* (0.039)
Length of Service			-0.000 (0.000)	0.001*** (0.000)

	(1) Age	(2) + Demographics	(3) + Service	(4) + Person FE
Workforce Segment				
Combat and Security			0.029*** (0.004)	-0.055* (0.028)
Communication and Cyber			0.011* (0.005)	-0.060* (0.030)
Engineering, Maintenance and Construction			0.004 (0.004)	-0.071* (0.029)
Enterprise and Command Support			0.025*** (0.005)	-0.049 (0.028)
Health			-0.008 (0.005)	-0.049 (0.029)
Intelligence			0.006 (0.006)	-0.051 (0.035)
Logistics			0.022*** (0.005)	-0.055* (0.028)
No segment mapping			-0.093*** (0.011)	-0.074 (0.045)
State				
CA			0.913*** (0.008)	0.244 (0.206)
DC			0.788*** (0.080)	0.839*** (0.197)
NSW			0.004 (0.003)	0.028*** (0.004)
NT			0.019*** (0.005)	0.110*** (0.012)
QLD			-0.017*** (0.003)	-0.002 (0.005)
SA			-0.007* (0.003)	0.023** (0.007)
TAS			-0.038*** (0.003)	-0.082*** (0.010)
VIC			-0.013*** (0.003)	-0.036*** (0.006)
WA			-0.004 (0.004)	0.003 (0.008)
Person Fixed Effects				X

	(1) Age	(2) + Demographics	(3) + Service	(4) + Person FE
Outcome Mean	0.044	0.044	0.043	0.043
R-squared	0.009	0.015	0.044	0.495
N	2,613,416	2,613,416	2,611,962	2,611,410

Note: Dependent variable in linear probability models is CFTS=1, no CFTS=0. Standard errors in parentheses *p<0.05, **p<0.01, ***p<0.001. The model is organized at the person-month level. The reference/omitted groups are Age<35 for Age Group, E00 for Rank, Air Force for Service, Aviation for Workforce Segment and Australian Capital Territory (ACT) for State.

After controlling for demographic and service-related characteristics, only two age groups show statistically significant differences in CFTS engagement relative to those under 35: individuals aged 35 to under 45 and those aged 60 and above. The 35 to under 45 age group is approximately 1.1 percentage points less likely to engage in CFTS, while those aged 60 and above are about 1.1 percentage points more likely, holding all else constant (column 3). After adjusting for demographic and service-related controls, individuals aged 45 to under 60 are statistically indistinguishable from those under 35 in their likelihood of engaging in CFTS. Overall, age has a relatively modest effect on CFTS engagement after adjusting for demographic and service-related characteristics. This finding is consistent with Model 1, where age did not emerge as a significant predictor of CFTS participation.

After adjusting for demographic and service-related characteristics, being female is associated with a 1.1 percentage point increase in the likelihood of engaging in CFTS compared to being male. Individuals with dependents are 3.7 percentage points more likely to participate than those without. In contrast, those who are married are 2.2 percentage points less likely to participate than individuals who are not married. Finally, individuals from CALD backgrounds are slightly less likely to engage by less than 1 percentage point compared to non-CALD individuals.

Overall, demographic characteristics exert only a modest influence on CFTS engagement, consistent with the findings from Model 1. Notably, having dependents appears more influential in the longitudinal analysis than in the cross-sectional demographics of Model 1. However, the Model 4 longitudinal analysis is constrained in interpretation as it is unclear whether the stability of CFTS work provided suitable

conditions to start a family or whether the responsibilities associated with family life prompted a shift towards more stable forms of employment such as CFTS compared with standard part-time reserve work.

Rank is influential in determining CFTS engagement while length of service is not. After adjusting for controls and comparing to the most junior enlisted rank of E00, Senior Enlisted (E06-E09) are more likely to engage in CFTS than junior enlisted by around 5 to 8 percentage points. Officers of most ranks from junior to senior (O00 to O06) are more likely to engage in CFTS compared with E00 ranging from 2 percentage points (O00) to 12 percentage points (O05) holding all else constant. This is consistent with the summary statistics that portrayed CFTS work as skewed towards officer roles. After controlling for service-related and demographic characteristics, length of service has no statistically significant effect on CFTS engagement, suggesting it does not influence how the ADF selects successful CFTS applicants within specific ranks.

Service differences in the creation of CFTS positions influence engagement patterns. Holding all else constant, Navy and Army personnel are 5.2 and 2.9 percentage points more likely, respectively, to engage in CFTS than their Air Force counterparts. These results align with the descriptive statistics, which indicated that both Army and Navy were the primary users of CFTS. Notably, the Navy, despite being the smallest of the three services, utilizes CFTS disproportionately more than either Army or Air Force given its relative size.

Workforce Segment has a moderate influence on CFTS engagement. After adjusting for demographic and service characteristics, individuals in Combat and Security; Enterprise and Command Support; and Logistics are approximately 1 to 3 percentage points more likely to engage in CFTS compared to those in Aviation. In contrast, those in Engineering, Maintenance and Construction; Health; and Intelligence exhibit no statistically significant difference in CFTS participation relative to Aviation.

Locational effects have a moderate impact on CFTS engagement. After adjusting for demographic and service controls, individuals in the Northern Territory are 1.9 percentage points more likely to engage in CFTS compared to those in the Australian

Capital Territory. In contrast, those in Queensland, South Australia, Tasmania, and Victoria are approximately 1 to 4 percentage points less likely to participate. Personnel serving in Western Australia and New South Wales show no statistically significant difference in CFTS engagement relative to those in the Australian Capital Territory. These patterns imply that where a member is billeted may constrain or enable their ability to engage in CFTS work.

By applying person-fixed effects, the analysis isolates changes that occur within individuals over the study period. This means the estimated effects are driven by within-person variation, which captures how shifts in circumstances, rather than differences between individuals, influence CFTS engagement. The age effects remain broadly consistent; however, individuals transitioning from the 45–60 bracket into the 60+ category become statistically indistinguishable from those under 35 in their likelihood of engaging in CFTS. After adjusting for demographic and service characteristics, having any dependents increases the probability of CFTS participation by 12.2 percentage points. In contrast, the negative association between marriage and CFTS engagement diminishes from 2.2 to 1.5 percentage points when examining within-person changes. This shift is driven by individuals whose marital status changes from married to single or vice versa during the study period. Time-invariant demographic characteristics such as gender, native-born status, and CALD background become collinear with person-fixed effects and are therefore dropped from the analysis.

Rank effects remain largely stable after applying person-fixed effects, with most estimates closely mirroring those from the longitudinal analysis without fixed effects. When examining within-person changes, length of service becomes statistically significant; however, its effect is modest—yielding only a 0.1 percentage point increase in the likelihood of CFTS engagement per year of service, equivalent to a 1 percentage point increase per decade of service.

Workforce segment effects show some variation. Most participants remained in their original segment, so the observed changes reflect within-person transitions of the minority who changed segments. Compared to Aviation, those in Combat and Security; Communication and Cyber; Engineering, Maintenance and Construction; and Logistics are

5.5 to 6 percentage points less likely to engage in CFTS, holding all else constant. In contrast, individuals in Enterprise and Command Support, Health, and Intelligence exhibit no statistically significant difference in CFTS participation relative to Aviation.

Locational effects shifted notably when person-fixed effects were applied, reflecting changes among individuals who moved between states during the study period. New South Wales, previously indistinguishable from the Australian Capital Territory, showed a 2.2 percentage point higher likelihood of CFTS engagement. Tasmania and Victoria experienced further declines in CFTS participation, with Tasmania dropping from –3.8 to –8.2 percentage points. Western Australia remained unchanged. The most pronounced shift occurred in the Northern Territory, where the likelihood of CFTS engagement rose sharply from 1.9 to 11 percentage points relative to the Australian Capital Territory.

VI. CONCLUSION

I examined how demographic and service-related factors influence the likelihood that active reservists engage in SERVOP C (Continuous Full-Time Service), focusing on initial engagement, type of CFTS, duration of CFTS service, and changes over time. Overall, demographics were less correlated with CFTS engagement than service-related variables, with rank and service branch the main contributors that determine CFTS engagement, CFTS Type and CFTS stint duration. I analyzed CFTS usage trends from 2016 to 2025, revealing a gradual increase over time. The underlying drivers of this growth remain unclear—whether it reflects a growing force, recruitment and retention pressures, or a broader shift in appetite for CFTS has not been fully explored. To better understand the rationale, the ADF may need to interview or survey the decision-makers who assign positions to CFTS within the organization. To better track why CFTS positions increase or decrease, the ADF could modify the administrative dataset to include a reason or rationale for creating or reassigning a position for CFTS.

I also compared and contrasted CFTS usage across the service branches. Both the Army and Navy feature prominently in CFTS participation, indicating strong service-level demand across these branches with Navy reservists serving on average longer CFTS stints than reservists in both the Army and Air Force. Officers and senior enlisted personnel disproportionately engage in CFTS relative to their representation in the broader reserve workforce. They have a higher likelihood for CFTS service and a tendency for longer CFTS stint duration than junior enlisted. Workforce segment and location influence CFTS engagement to a moderate extent. These service-related variables not only shape the likelihood of engagement but also impact the type of reserve work (full-time vs. part-time) and the duration of CFTS stints.

Locational effects influence CFTS engagement, CFTS type and CFTS stint duration. Because units are situated across areas with varying economic opportunities and ADF operational needs, from major cities to remote towns, the economic experiences and service opportunities of reservists differ significantly. These disparities are likely to influence both the availability of and interest in engaging through CFTS. Among

demographic characteristics, gender had the strongest influence on CFTS engagement. Female reservists were more likely to participate in CFTS across both cross-sectional and longitudinal analyses holding all else constant, and female reservists also served longer average CFTS stints. These insights suggest that historically, CFTS-dependent roles across the ADF are not confined to a niche demographic of the force. Instead, organizational decisions in units and locations that view CFTS as a strategic employment mechanism ultimately shape who is considered suitable for these roles upon them volunteering for the role.

The findings offer valuable insight into how CFTS has been used across the ADF, providing important context for future decision-makers. However, limitations in administrative data constrain the analysis, which made it difficult to identify individuals with a propensity to serve through CFTS. Ehrenberg and Smith (2016) emphasize that economic insight is essential to understanding labor supply decisions. Accordingly, this analysis was limited by the absence of key economic indicators, such as civilian employment status, income levels, partner employment, investment income, and existing wealth. Lacking that data, I could not fully assess reservists' propensity to engage in CFTS. Further research is needed to fully explore this relationship. However, without a means of collecting the relevant data, such efforts would yield limited benefit. I did not exhaust all avenues to obtain human capital data. Future investigation is needed to determine whether any usable performance data exists and if so, what insight it could offer into patterns of CFTS engagement. The ADF would benefit from future research providing deeper insight into the preferences and decision-making of eligible reservist personnel. Collecting data on CFTS position applications or regular surveys could help uncover unobservable factors, such as motivations, constraints, and attitudes toward service that are not captured in administrative datasets. This approach could clarify when and why individuals transition between CFTS and part-time reserve service, and why some choose to engage exclusively in one type or not at all.

LIST OF REFERENCES

Australian National Audit Office. (2017). *Army's workforce management* (Auditor-General Report No. 44 of 2016–17). https://www.anao.gov.au/work/performance-audit/armys-workforce-management

Batayola, J. L. (2020). *Work flexibility in the Australian Defence Force: An empirical study* [Master's thesis, Naval Postgraduate School]. NPS Archive: Calhoun. http://hdl.handle.net/10945/64865

Becker, M. (2022). *Full-time vs. part-time: An evaluation of the competitiveness of reserve officers by commissioning source* [Master's thesis, Naval Postgraduate School]. NPS Archive: Calhoun. https://hdl.handle.net/10945/69616

Department of Defence. (n.d.a). *ADF pay and conditions manual*. Retrieved July 21, 2025, from https://pay-conditions.defence.gov.au/pacman

Department of Defence. (n.d.b). *ADF total workforce system*. Retrieved July 21, 2025, https://pay-conditions.defence.gov.au/adf-total-workforce-system

Department of Defence. (2017). *Defence annual report 2016–17*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2018). *Defence annual report 2017–18*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2019). *Defence annual report 2018–19*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2020a). *Defence annual report 2019–20*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2020b). *Operation bushfire assist concludes* [Media release]. https://www.minister.defence.gov.au/media-releases/2020-03-26/operation-bushfire-assist-concludes

Department of Defence. (2021). *Defence annual report 2020–21*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2022a). *Defence annual report 2021–22*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2022b). *Defence strategic review: terms of reference for the independent leads of the review*. https://www.defence.gov.au/sites/default/files/2022-08/defencestrategicreivew-termsreference.pdf

Department of Defence. (2023). *Defence annual report 2022–23*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2024a). *ADF pay rates as of 12 September 2025*. ADF Pay and Conditions. https://pay-conditions.defence.gov.au/salary

Department of Defence. (2024b). *Defence annual report 2023–24*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2024c). *Defence workforce plan investing in our people*. https://www.defence.gov.au/sites/default/files/2024-11/DefenceWorkforcePlan.pdf

Department of Defence. (2024d). *Strategic review into ADF reserves*. https://www.defence.gov.au/sites/default/files/2024-12/Strategic-Review-of-the-Australian-Defence-Force-Reserves.pdf

Department of Defence. (2025a). *Defence annual report 2024–25*. https://www.defence.gov.au/about/accessing-information/annual-reports

Department of Defence. (2025b, June 30). *Military personnel policy manual* (Edition 3).

Ehrenberg, R., & Smith R. (2016). *Modern labor economics theory and public policy*. Routledge.

Hoglin, P. J. (2012). *Analysis of first-term attrition in the Australian Defence Force* [Master's thesis, University of New South Wales]. UNSWorks. https://doi.org/10.26190/unsworks/15673

Johnson, J. A. (2015). *Significant pre-accession factors predicting success or failure during a Marine Corps officer's initial service obligation* [Master's thesis, Naval Postgraduate School]. NPS Archive: Calhoun. https://hdl.handle.net/10945/47970

Loughran, D. S., & Klerman, J. A. (2012). *The effect of activation on the post-activation civilian earnings of reservists*. Labor Economics, *19*(1), 18–26. https://doi.org/10.1016/j.labeco.2011.06.007

Loughran, D. S., Klerman, J. A., & Savych, B. (2006). *The effect of reserve activations and active-duty deployments on local employment during the global war on terrorism* (TR-321). RAND Corporation. https://www.rand.org/pubs/technical_reports/TR321.html

Ung, N. (2023). *Evaluation of initial minimum period of service on gender differences on retention in the Royal Australian Navy* [Master's thesis, Naval Postgraduate School]. NPS Archive: Calhoun. https://hdl.handle.net/10945/72624

West, B., & Healy, J., (2024) *Drawing on reserves: Assessing civilian employer/manager support for employees' part-time military service*. Australian Army Occasional Paper No. 28. Australian Army Research Centre. https://doi.org/10.61451/267514

Woodside, J. (2024). *Waiving the standards: The effect of recruitment waivers in the Royal Australian Air Force* [Master's thesis, Naval Postgraduate School]. NPS Archive: Calhoun. https://hdl.handle.net/10945/72779

Acquisition Research Program
Naval Postgraduate School
555 Dyer Road, Ingersoll Hall
Monterey, CA 93943

www.acquisitionresearch.net