

SECTION TWO
DEFENCE MATERIEL
ORGANISATION

CHAPTER ONE – OVERVIEW

OVERVIEW

ORGANISATIONAL STRUCTURE

OVERVIEW

The Defence Materiel Organisation's (DMO) mission is to acquire and sustain equipment for the Australian Defence Force (ADF).

The DMO currently manages over 210 current major capital equipment projects (including phases), and over 100 minor projects. The DMO is the manager of the largest inventory of physical assets in the country, with \$31 billion of specialised military assets, \$2.5 billion of general stores inventory and over \$2 billion of explosive ordnance inventory.

ORGANISATIONAL STRUCTURE

Senior Executive and Organisational Structure Change

Air Vice-Marshal Chris Deeble was promoted to Program Manager of the Airborne Early Warning and Control Program Office on 23 June 2006.

Major General Tony Fraser was promoted to Head, Helicopter Systems Division on 21 August 2006.

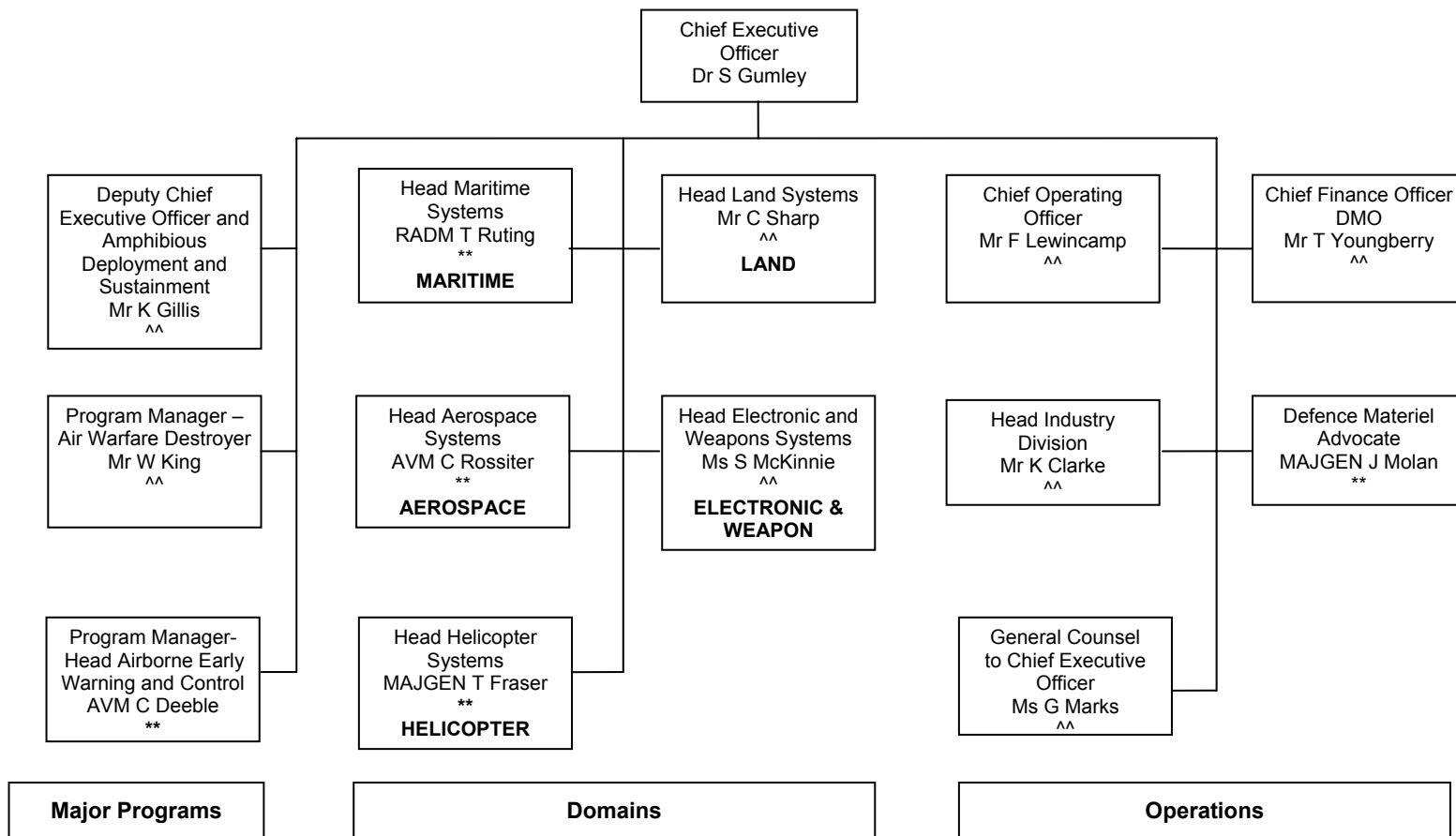
Mr Tim Youngberry was appointed to the position of Chief Finance Officer on 18 September 2006.

Ms Diane Merryfull was appointed as Director-General of the new Legal and Procurement Services Branch, within the Chief Operating Officer Division, on 27 September 2006. The new branch provides legal, procurement and contracting, and financial investigative services. Ms Gillian Marks will continue in the role of General Counsel working directly to the Chief Executive Officer DMO on the legal aspects of major projects and initiatives.

Organisational Chart

The following chart depicts the organisational structure of the DMO as at 1 February 2007.

Chart 1.1: Defence Materiel Organisational Structure



** - Military 2-star position
^^ - Civilian SES Band 2

CHAPTER TWO – RESOURCING

APPROPRIATIONS AND OTHER RESOURCES

ESTIMATES OF SPECIAL ACCOUNT FLOWS

OTHER RECEIPTS AVAILABLE TO BE USED

**BREAKDOWN OF ADDITIONAL ESTIMATES BY
APPROPRIATION BILL**

RESOURCING

This chapter outlines changes to the resourcing of the DMO's outcome and outputs for 2006-07 as reported in the *Portfolio Budget Statements 2006-07*.

APPROPRIATIONS AND OTHER RESOURCES

The single variation to the DMO's appropriation relates to the application of the indexation parameter (non-farm GDP deflator), resulting in a budget increase of \$0.651m in 2006-07. There are no DMO-specific measures included at Additional Estimates.

Table 2.1: Additional Estimates and Variations to Outcome

Other variations	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Outcome 1				
Variations (departmental appropriations)	651	-1,143	-3,442	-3,891

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Movements to flows in the DMO's special account are explained in Chapter Six – Budgeted Financial Statements.

Table 2.2: Estimates of special account flows⁽¹⁾

	Opening Balance 2006-07 2005-06 \$'000	Receipts 2006-07 2005-06 \$'000	Payments 2006-07 2005-06 \$'000	Adjustments 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
DMO Special Account ⁽²⁾	190,785	9,082,909	9,134,405	-	139,290
	-	8,496,693	8,305,908	-	190,785
DMO Other Trust Monies Special Account ⁽³⁾	375	2,163	2,538	-	-
	-	375	-	-	375
Total special accounts	191,161	9,085,072	9,136,943	-	139,290

Notes:

1. GST (\$514.5m) and the direct appropriation (\$46.1m) are included in both receipts and payments.
2. The DMO Special Account is established under Section 20 of the *Financial Management and Accountability Act 1997* (FMA Act).
3. The DMO Other Trust Monies Special Account is established under Section 20 of the FMA Act.

OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used, including special accounts (non-appropriation receipts) and resources received free of charge.

The reduction in other receipts is due to:

- Project slippage for the Airborne Early Warning & Control Aircraft (-\$280m to 2008-09) and the M-113 armoured vehicles upgrade (-\$110m to 2007-08);
- a decrease of expected receipts from the sale of commercial vehicles due to the transfer back of the vehicles from the DMO to Defence (-\$34m); and
- improved estimates of resources received free of charge of \$40m, primarily from Defence.

Table 2.3: Other Receipts Available to be Used⁽¹⁾

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000	Variation 2006-07 \$'000
Outcome One: Defence capabilities are supported through efficient and effective acquisition and through-life support of materiel			
Departmental other receipts (in DMO Special Account)			
Goods and Services from Defence	8,460,965	8,489,962	28,997
Receipts Carried Over from 2005-06	351,000	10,770	-340,230
Proceeds from Sale of Commercial Vehicles	34,411	-	-34,411
Funding from Foreign Governments for Collaborative Projects	30,000	30,000	-
Resources Received Free of Charge	1,500	41,929	40,429
Own Source Revenue	2,260	2,285	25
Total departmental other receipts available to be used	8,880,136	8,574,946	-305,190

Note:

1. GST (\$514.5m) is not included in this table. Departmental other receipts are disclosed in Table 6.3 – Budgeted Departmental Statement of Cash Flows.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The majority of variations to the DMO's budget are due to transactions between the DMO and Defence.

Table 2.4 - Appropriation Bill (No 3) 2006-07

	2005-06 Available \$'000	2006-07 Budget Estimate \$'000	2006-07 Revised Estimate \$'000	Additional Estimates \$'000
DEPARTMENTAL OUTPUTS				
Outcome 1				
Defence capabilities are supported through efficient and effective acquisition and through-life support of materiel	44,257	45,469	46,120	651
Total	44,257	45,469	46,120	651

CHAPTER THREE – PLANNED OUTCOME PERFORMANCE

SUMMARY OF OUTCOME AND OUTPUTS

PERFORMANCE AND EVALUATION INFORMATION FOR THE DMO OUTCOME

Top 30 projects 2006-07

PLANNED OUTCOME PERFORMANCE

Performance information is as reported in the *Portfolio Budget Statements 2006-07*, except for the revisions detailed in this chapter.

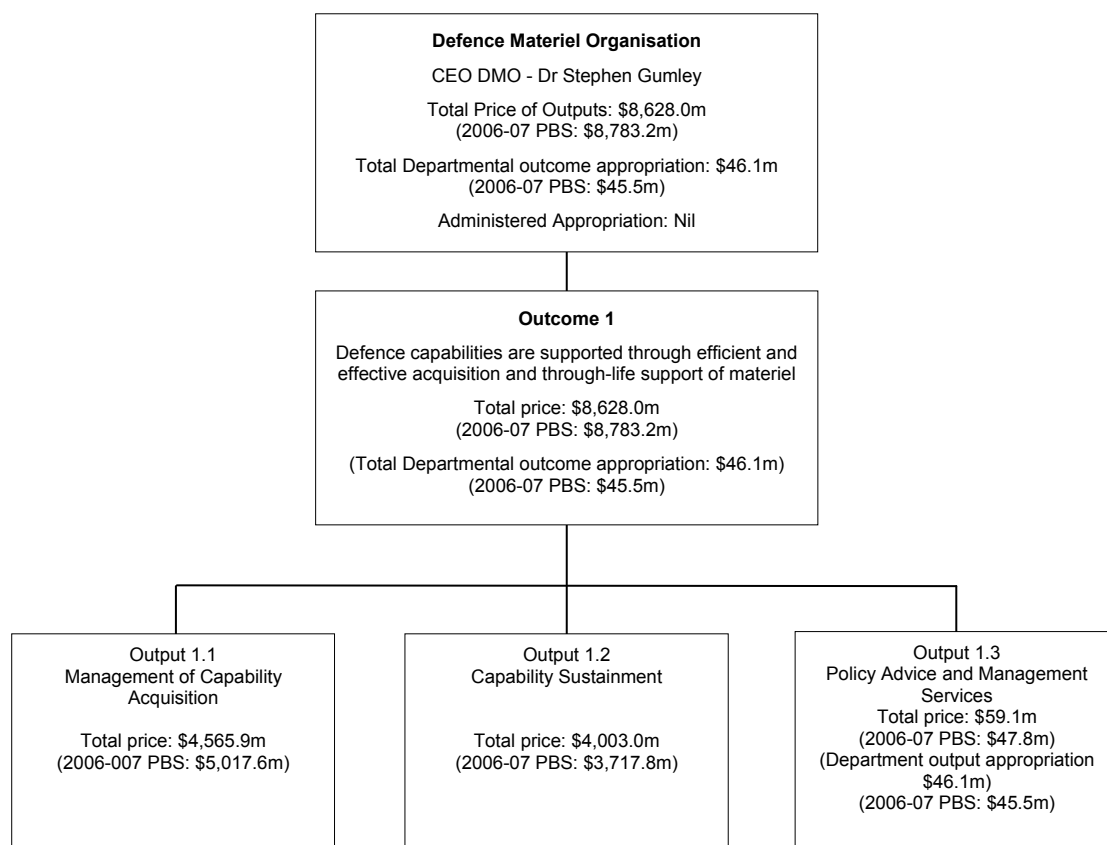
The price of the DMO's outcome and outputs has been updated to reflect the increased direct appropriation (Output 1.3).

Revenue estimates have also been increased to reflect additional work commissioned by our customer, Defence, indexation and exchange rate adjustments, and changes to the balance sheet split between Defence and the DMO.

Summary of Outcome and Outputs

The relationship between activities of the DMO and its outcome is summarised in Chart 3.1, in terms of accrual-based prices rather than cash received from Defence and the Government. Prices have been updated in accordance with the revised estimates.

Chart 3.1: Outcomes and Output Groups and Administered Items: Revised Estimates



Performance and evaluation information for the DMO Outcome

Performance Target for Output 1.1 – Management of Capability Acquisition

Information reported against Performance Target for Output 1.1 – Management of Capability Acquisition remains as reported in the *Portfolio Budget Statements 2006-07*, except for the revisions detailed below.

Planned resource use for Output 1.1 is revised from \$5,017.6m to \$4,565.9m.

Significant variations related to this reduction are:

- carry forward of funding for the Airborne Early Warning & Control Aircraft and the M-113 armoured vehicles upgrade (-\$390m); and
- a reduction in activity for the C-17 Heavy Airlift Aircraft which was undertaken in 2005-06 (-\$223m).

Approved Major Capital Equipment Projects

The DMO manages the approved major capital equipment component of the Defence investment program. Details on performance outcomes for the top 30 projects ranked by forecast expenditure is included in the *Portfolio Budget Statements 2006-07*. Planned expenditure for these projects has been updated, with variations reported in Table 3.1.

Table 3.1: Top 30 Projects by Forecast 2006-07 Expenditure

	Project Number	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2006 \$m	2006-07 Budget Estimate \$m	2006-07 Revised Estimate \$m	Variation \$m	Explanation for significant variation of expenditure
Aerospace							
Heavy Airlift	AIR 8000 Ph3	1,938	386	795	677	-118	The variation of -\$118m is due to all 2005-06 expenditure (\$386m) being 'brought forward' from 2006-07 to satisfy timing of C-17 Foreign Military Sales Case deposit requirements.
Armed Reconnaissance Helicopter	AIR 87 Ph2	1,962	1,068	312	246	-66	Budgets have not been achieved due to the delays experienced in accepting aircraft and training devices and the consequent withholding of milestone payments.
F/A-18 Hornet Upgrade	AIR 5376 Ph2	1,503	943	210	158	-52	The majority of the underspend was due to the Radar Warning Receiver developmental difficulties that prevented contractual commitment and expense payments.
Additional Trooplift Helicopter	AIR 9000 Ph2	3,358	227	183	360	177	The budget has been revised to incorporate further phases of the project.
ADF Air Refuelling Capability	AIR 5402	1,761	383	167	147	-20	Escalation payments relating to delivery of the first commercial A330 was brought forward into 2005-06 (-\$10m). The remaining -\$10m relates to the negotiated outcomes to various Contract Change Proposal payment schedules.
Helicopter							
Anzac Ship Helicopter	SEA 1411 Ph1	1,006	940	64	9	-55	The variation is due to a range of technical issues encountered during the year, primarily associated with software integration and the aircraft's automatic flight control system.
Airborne Early Warning and Control							
Airborne Early Warning and Control	AIR 5077 Ph3	3,531	2,410	439	159	-280	The variation is due to slippage against the delivery schedule and extended in-service support contract negotiations.
Air Warfare Destroyer							
Aegis Combat System	SEA 4000 Ph3.1	1,326	-	219	94	-125	The variation is due to an update from the United States Government on the expenditure plan for the Foreign Military Sales case.
Maritime							

	Project Number	Approved Project Expenditure	Cumulative Expenditure to 30 June 2006	2006-07 Budget Estimate	2006-07 Revised Estimate	Variation	Explanation for significant variation of expenditure
Armidade-class Patrol Boat	SEA 1444 Ph1	548	251	182	207	25	Reprogramming consists of \$14m for facilities brought forward into 2006-07 and \$11m for capital equipment, resulting from detailed review of programs including milestones for boats 13 and 14 which were not in contract at 2006-07 budget estimates.
SM-1 Missile Replacement	SEA 1390 Ph4B	599	38	96	77	-19	The reduction in estimated expenditure is attributed to the finalising of contract and foreign military sales arrangements.
Anzac Ship Project	SEA 1348 Ph2	5,372	5,232	87	72	-15	Payment associated with delivery of Ship 10 of approximately \$15m was brought forward to 2005-06.
FFG Upgrade Implementation	SEA 1390 Ph2	1,480	1,021	74	91	17	A contract change was effected in May 2006, reducing the scope of the project from six to four ships and a revised payment scheme implemented. This now puts the emphasis on delivery of capability that is aligned to milestones rather than earned value progress.
Anti-Ship Missile Defence	SEA 1448 Ph2A	342	57	63	61	-2	Delivery date for hardware into Anzac Ship Support Centre from Saab originally planned for April 2007, has slipped to July 2007, reducing 2006-07 spend by \$2m.
New Heavyweight Torpedo	SEA 1429 Ph2	430	164	51	25	-26	The variation is due primarily to a less than anticipated expenditure on United States-sourced requirements, contracting delays with the Multi Tube Weapon Simulator and contingency funding not being required in 2006-07.
Collins Replacement Combat System	SEA 1439 Ph4A	448	298	47	56	9	The variation results from expenditure slippage in 2005-06 and expenditure brought forward from 2007-08, due primarily to changes in the United States Navy Program.
Collins-class Reliability and Sustainability Improvements	SEA 1439 Ph3	375	178	35	43	8	The project is accelerating an implementation schedule relating to several safety, capability and reliability modifications which is anticipated to result in additional expenditure this financial year.
Land							
Tank Replacement Project	LAND 907 Ph1	557	308	157	156	-1	The variation is due to the net effect of rephasing minor procurements.
Upgrade of M113 Armoured Vehicles	LAND 106	594	195	118	8	-110	Initial production vehicles failed Reliability Qualification Testing primarily due to brake problems. The contractor, Tenix Land Systems, is working to resolve these problems before testing can recommence. Significant milestones and other payments will now be made in 2007-08.

	Project Number	Approved Project Expenditure	Cumulative Expenditure to 30 June 2006	2006-07 Budget Estimate	2006-07 Revised Estimate	Variation	Explanation for significant variation of expenditure
Bushranger Infantry Mobility Vehicles	LAND 116 Ph3	356	199	86	62	-24	The variation is due to the early delivery of all Infantry Mobility Troop Vehicles and the first eight Infantry Mobility Command Vehicles, with the associated expenditure brought forward to 2005-06. The variation is also due to the rescheduling of facilities funding of \$7.5m from 2006-07 to 2007-08 due to impacts caused by the Hardened and Networked Army program with vehicle delivery locations changing.
Electronic and Weapons Systems							
Electronic Warfare Self Protection for Selected ADF Aircraft	AIR 5416 Ph2	295	88	62	59	-3	The delay in the AIR5376 Phase 2.3 (Hornet Upgrade Project) Radar Warning selection prevented AIR 5416 Ph2A achieving planned spend on the ALR-2002 element of the program.
Lightweight Torpedo Replacement	JP 2070 Ph3	269	32	54	27	-27	A risk assessment was undertaken during the development of the additional estimates exercise. A conservative approach was applied to slip money to 2007-08 based on the testing program being delayed. The torpedo testing program was completed by 31 December 2006.
Explosive Ordnance Reserve Stocks	JP 2085 Ph1B	207	71	49	53	4	Variation due to the increase in price of the Mk83 bomb.
Jindalee Operational Radar Network	JP 2025 Ph3/4	1,245	1,180	45	32	-13	Progress related to activities associated with the connection of the JORN Queensland radar site to the National Power Grid has been slower than originally forecast, with expenditure moving into 2007-08.
Lightweight Torpedo Replacement	JP 2070 Ph2	321	142	45	38	-7	A risk assessment was undertaken during the development of the additional estimates exercise and a conservative approach was applied to slip money to 2007-08 based on the testing program being delayed. The torpedo testing program was completed by 31 December 2006 and the technical reports were submitted.
New Air Defence Command and Control Systems for 2CRU/3CRU	AIR 5333	253	95	32	10	-22	Variance is due to delays in achieving the Critical Design Review milestone, and consequently earned value and milestone payments to the Prime Contractor.
Amphibious Vessels							

	Project Number	Approved Project Expenditure	Cumulative Expenditure to 30 June 2006	2006-07 Budget Estimate	2006-07 Revised Estimate	Variation Explanation for significant variation of expenditure
Maritime Operations Support Capability	SEA 1654 Ph2A	143	104	32	26	-6 The variation relates to the rephrasing of funds into 2005-06, where the project achieved higher than forecast expenditure, and the rephrasing of the remaining funds following the reduction in estimated costs.
New Air Combat Capability						
New Air Combat Capability	AIR 6000 JSF SDD	213	147	30	28	-2 The variation reflects changes in foreign exchange rates.
Air Combat Capability						
F/A-18 Hornet Upgrade – Structural Refurbishment	AIR 5376 Ph3.2	177	41	53	44	-9 Amended payments schedules for installation contracts. Government has approved funding for up to 49 centre barrel replacements.
F/A-18 Hornet Upgrade – Target Designation System	AIR 5376 Ph2.4	147	18	50	43	-7 The variation is due to revision of project estimates after contract signature.
TOTAL TOP 30 PROJECTS		31,230	16,267	3,978	3,209	-769

Top 30 projects 2006-07

Information relating to the following projects remains as reported in the *Portfolio Budget Statements 2006-07*.

- AIR 5402 Air to Air Refuelling Capability
- AIR 5376 Ph2.4 F/A-18 Hornet Upgrade – Target Designation System
- AIR 5333 New Air Defence Command and Control Systems for 2CRU/3CRU
- SEA 4000 Ph 3.1 Air Warfare Destroyer Program Aegis Combat System
- SEA 4000 Ph 2 Air Warfare Destroyer Design Activity
- SEA 1448 Ph2A Anti-Ship Missile Defence
- SEA 1439 Ph4A Collins Replacement Combat System
- JP2085 Ph1B Explosive Ordnance Reserve Stocks
- JP 2070 Ph 2 and 3 Lightweight Torpedo Replacement
- JP 2025 Ph 3 and 4 Jindalee Operational Radar Network

Updated information on the Top 30 Projects is presented below.

AIR 8000 Ph3 Heavy Airlift Capability

Prime Contractor: The Boeing Company, under a Foreign Military Sales arrangement with the United States Government.

A Foreign Military Sales (FMS) Case was signed with the US Government to provide initial RAAF C-17 aircrew and maintenance training, which commenced on 3 April 2006 and 31 July 2007 respectively. A second FMS Case was signed on 19 May 2006 for the delivery of C-17 aircraft and associated support. The first C-17 aircraft arrived in Canberra on 4 December 2006, with follow-on deliveries in 2007-08.

This project contributes to Air Force capability.

AIR 87 Ph2 Armed Reconnaissance Helicopter

Prime Contractor: Australian Aerospace.

A total of six armed reconnaissance helicopters were delivered by 30 June 2006. Acceptance of another six is expected from the Australian production line at the Australian Aerospace facility in Brisbane during 2007. The acceptance of the seventh helicopter has been delayed due to engineering changes being incorporated above the agreed configuration, which has required supplementary flight testing. As all Tiger Helicopters are temporarily suspended from flying due to a technical difficulty experienced on a French helicopter, the supplementary flight testing has been delayed.

Limited ground crew and maintenance technician training has commenced in Australia, while aircrew training and delivery of training devices has fallen behind schedule. Full Flight Mission Simulator onsite test and evaluation has recently commenced and is to progress in a phased approach.

It is now likely that the capability will be delayed between 18-24 months.

Training of four Australian-qualified flying instructors has been completed and training of line pilots will commence in Australia during 2007.

This project contributes to Army capability.

AIR 5376 Ph2.3 F/A-18 Hornet Upgrade

Prime Contractors:

- 1) Boeing (United States) – Aircraft Cockpit Upgrade and Modification Kits;
- 2) Raytheon Australia – Hornet Aircrew Training System;
- 3) United States Navy – Radar Warning Receiver;
- 4) SAAB – Supplementary Counter-Measure Dispenser;
- 5) ELTA Systems – Electronic Warfare Jammer; and
- 6) Boeing (Australia) – Aircraft Production.

The schedule for 2006-07 includes second pass approval of the electronic warfare jammer. Cockpit upgrades commenced in 2006 and will continue through to mid 2008. A Foreign Military Sales Case for the ALR-67(V)3 Radar Warning Receiver has been signed with deliveries commencing in 2008. The supplementary counter-measures dispensing system Non-Recurring Engineering contract was signed, with a production contract signature planned for 2007 and production deliveries in 2008. The electronic warfare technical integration design has been contracted and delivery of modification kits will begin in early 2009. Two Tactical Operational Flight Trainers were delivered and accepted during 2006 as part of the new Hornet Aircrew Training System. The third and final simulator was delivered on schedule in January 2007.

This project contributes to Air Force capability

AIR 9000 Ph2 Additional Trooplift Helicopter

Prime Contractor: Australian Aerospace.

AIR 9000 is a multi-phased program to consolidate and reduce the number of helicopter fleets operated by the ADF.

Assembly of the first four aircraft commenced in Marignane, France in October 2005 and the first of the helicopters will be introduced into service from December 2007.

This project contributes to Army and Navy capability.

SEA 1411 Ph1 Anzac Ship Helicopter

Prime Contractor: Kaman Aerospace International Corporation

The remaining aircraft will be delivered in 2007-08 once the mission software testing is complete. Test flying of a limited number of aircraft will continue in Australia through 2007-08 to resolve the safety issue with the aircraft's flight control system and ultimately certify the full capability configuration.

This project contributes to Navy capability.

AIR 5376 Ph3.2B F/A-18 Hornet Upgrade – Structural Refurbishment Program (SRP)

Prime Contractors:

- 1) L-3 Communications MAS Inc (Canada) – for Non-Recurring Engineering/Modification Development;
- 2) Boeing Australia Limited (on behalf of the Hornet Industry Coalition) – for SRP1 Delta Production Installation program; and
- 3) SRP2 Production Installation Program – Contractor responsibilities yet to be confirmed.

Phase 3.2B was reviewed, with an increased scope approved to address additional Structural Refurbishment Program 2 requirements associated with a possible extension of the Hornet planned withdrawal date. Second pass approval of the re-scoped Phase 3.2B occurred in August 2006 to accommodate an increase in Centre Barrel Replacement of up to 49 aircraft.

This project contributes to Air Force capability.

AIR 5077 Ph3 Airborne Early Warning and Control

Prime Contractor: The Boeing Company (United States)

Following a detailed review of the program, Boeing has advised that significant schedule deterioration has occurred due to problems associated with sub-system integration, supplier hardware availability, radar and Electronic Support Measures maturity, and aircraft modification. Boeing is currently engaged with the Commonwealth to replan the program to ensure the successful delivery of the required operational capability. Boeing presented the results of its replan to the Commonwealth in November 2006 and further investigation is ongoing; a reworked plan is expected to be presented in March 2007. The Commonwealth anticipates that Boeing will advise significant slippage to all remaining milestones, with the planned in-service date slipping to early 2010. Boeing is now expected to deliver an initial Operational Flight Trainer and commence delivering spares and technical publications in the first half of 2007.

The project contributes to Air Force capability.

SEA 1444 Ph1 Armidale-class Patrol Boat

Prime Contractor: Defence Maritime Services

The contract will provide a 14-boat capability of 3,500 available days per year for Coastwatch and ADF support to operations, plus a surge capacity of up to 600 additional available days per year. The two additional patrol boats will provide an additional 500 available days per year - which was not reflected in the *Portfolio Budget Statements 2006-07* - and will be built after the initially contracted 12 boats, with delivery commencing in mid-2007.

Chapter Three – Planned Outcome Performance

Boats 07 to 12 are scheduled for delivery during 2006-07 with boats 13-14 scheduled for delivery 2007-08. This project will also deliver upgraded wharf facilities in Darwin and Cairns.

This project contributes to Navy capability.

SEA 1390 Ph4B Standard Missile-1 (SM-1) Replacement

Prime Contractor: The DMO is the Procurement Coordinator, supported by United States Department of Defense under Foreign Military Sales case and selected commercial contracts.

A commercial contract for the fire control system to produce the preliminary design materials and cost and schedule for the planned Procurement of SM-2 Upgrades to the MK-92 Fire Control System solid state Continuous Wave Illuminator transmitter equipment is being progressed. The critical design review for the Guided Missile Launching System occurred in Nov 2006. Design Reviews for other components at the system level are anticipated in early 2007 with the Critical Design Review at the system level later in 2007.

This project contributes to Navy capability.

SEA 1348 Ph2 Anzac Ship Project

Prime Contractor: Tenix

All ten ships have now been delivered and are in-service with the Royal Australian Navy and the Royal New Zealand Navy. Ongoing delivery of spares, documentation and other Integrated Logistics Support deliverables will continue during 2006-07.

This project contributes to Navy capability.

SEA 1390 Ph2 FFG Upgrade Implementation

Prime Contractor: ADI Limited

Some installation testing is significantly behind planned schedule. A recent Initial Operational Release Stakeholder Group meeting identified the key milestones required to achieve Provisional Acceptance for HMAS *Sydney* by 15 December 2006, which was achieved on schedule. The project authority and ADI have agreed to rationalise the requirement verification process to maximise verification of important requirements.

This project contributes to Navy capability.

SEA 1429 Ph2 New Heavyweight Torpedo

Prime Contractor: United States Department of Defense under a memorandum of understanding, with work being performed by Raytheon and the Naval Undersea Warfare Centre of the United States Navy.

Modification to HMAS *Dechaineux* by ASC Pty Ltd commenced in May 2006 after the boat entered its scheduled full-cycle docking. The first batch of new weapons arrived in Australia on 9 December 2006.

This project contributes to Navy capability.

SEA 1439 Ph3 Collins-class Reliability and Sustainability Improvements

Prime Contractor: ASC Pty Ltd

Modifications are being incorporated into HMAS *Waller* during its full-cycle docking, which is scheduled to complete in early 2007. Modifications are also being incorporated into HMAS *Dechaineux* during its full-cycle docking, which commenced in mid-2006 and will be completed in mid-2008.

This project contributes to Navy capability.

LAND 907 Ph1 Tank Replacement Project

Prime Contractor: United States Foreign Military Sales Program.

The project remains ahead of schedule to meet the required initial in-service date of one squadron by December 2007. The first 18 M1A1 AIM Tanks and five M88A2 Armoured Recovery Vehicles arrived in Australia on 21 September 2006. Two advanced gunnery training systems and tank driver trainers were officially accepted into service at the School of Armour Puckapunyal on 22 August 2006, with units also delivered to Darwin during September 2006.

This project contributes to Army capability.

LAND 106 Upgrade of M113 Armoured Vehicles

Prime Contractor: Tenix

The contractor has designed improvements to overcome the brake failures and is currently conducting their own tests. Testing was conducted by the contractor in late 2006 and the first three production vehicles are nearing completion. Initial introduction into service is to be conducted in late 2007.

This project contributes to Army capability.

LAND 116 Ph3 Bushranger Infantry Mobility Vehicles

Prime Contractor: ADI Limited.

ADI is currently in full production, with the final troop variants delivered during May 2006, and deliveries of the command variants also commencing in May 2006.

A Support Services Contract with ADI, which became effective in March 2006, provides through-life support.

This project contributes to Army and Air Force capability.

AIR 5416 Ph2 Electronic Warfare Self Protection for Selected ADF Aircraft

Phase 2A Prime Contractors: BAE Systems

The Chinook detailed design will be completed in July 2007, with modification of the first Chinook aircraft to commence in December 2007. The delay is due to aircraft unavailability associated with the current overseas deployment. The Black Hawk detailed design will be completed in March 2007, with modification of the first aircraft expected to commence in July 2007.

Phase 2B Prime Contractors: Tenix Defence

The first aircraft modification has now been completed and following flight testing was returned to the Air Force in October 2006. The anticipated in-service date for the first four C-130H aircraft is August 2007, with all 12 aircraft completed by April 2008.

This project contributes to Army and Air Force capability.

SEA 1654 Ph2A Maritime Operations Support Capability

Prime Contractor: Tenix Defence Pty Ltd

The Delos was accepted into naval service ahead of budget and schedule on 7 August 2006. The ship was commissioned as HMAS *Sirius* on 16 September 2006. In addition, contracts have been entered into for the supply of a Replenishment-at-Sea Rig at a cost of \$4.9m and for the provision of contracted support services. The rig was delivered in 2005.

This project contributes to Navy capability.

AIR 6000 SDD - New Air Combat Capability

Memorandum of Understanding: United States Government

The project received first pass approval on 10 November 2006.

Formal negotiations for the production, sustainment, and follow-on development Memorandum of Understanding concluded in June 2006, with signature occurring on 12 December 2006.

In conjunction with the first pass approval, Defence was provided approval for funding Australia's contribution under the Memorandum of Understanding for the period from December 2006 to second pass approval in 2008. The subsequent acquisition stage of the project will be conducted in a number of phases and will acquire the aircraft and associated systems, and transition the capability into service.

This project contributes to Air Force capability.

Minor Capital Investment Programs

Planned resource use for the Minor Capital Investment Program has been revised from \$153.0m to \$148.9m for 2006-07.

ACQUISITION PROJECTS NOT INCLUDED IN THE TOP 30 – CURRENT STATUS

Table 3.2 provides an update on the status of projects reported over the periods 2003-04, 2004-05 and 2005-06. The planned expenditure for these projects during 2006-07 places them outside the top 30.

There are no updates to projects of emerging interest.

PERFORMANCE TARGET FOR OUTPUT 1.2 – CAPABILITY SUSTAINMENT

Planned resource use for Output 1.2 is revised from \$3,717.8m to \$4,003.0m in 2006-07. The variation largely results from an increase in commissioned work from Defence.

PERFORMANCE TARGET FOR OUTPUT 1.3 – POLICY ADVICE AND MANAGEMENT SERVICES

Planned resource use for Output 1.3 is revised from \$47.8m to \$59.1m for 2006-07. The increase is primarily due to improved estimates of the costs of services received free of charge from Defence (\$10.6m).

Table 3.2: Current Status of Previously Reported Top 30 Projects (Financial Years 2005-06, 2004-05 and 2003-04)

Title	Project Number	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2006	2006-07 Expenditure Estimate ⁽²⁾	2006-07 Expenditure Revised Estimate ⁽¹⁾	Variation Status Report (Explanation of Variations)
		\$m	\$m	\$m	\$m	\$m
AEROSPACE						
P-3C Update Implementation	AIR 5276 Ph 2	907	846	18	15	-3 The variation is a result of 4 month schedule slippage for Stage 2 Acoustic Remediation activities.
Lead-in Fighter Capability	AIR 5367	1,024	1,000	11	16	5 Additional achievement due to portions of the final contract milestone brought forward into 2005-06 for payment.
Strategic Airlift Capability	AIR 5216 Ph 1	1,045	1,004	18	15	-3 The Operational Loads Monitoring Unit (OLMU) installation into the C130J aircraft has been delayed to improve aircraft availability for operational tasking. This delay has resulted in part of the OLMU cost (\$2.9m) moving to 2007-08. Additionally, delays in the delivery of overseas procured spares have added to the underspend in 2006-07.
MARITIME						
Underwater and Surface Warfighting Upgrade Program	SEA 1348 Ph 3	158	126	10	7	-3 Early achievement of a contract payment under the Harpoon Project Alliance Agreement reprogrammed expenditure from 2006-07 to 2005-06.
Mine Hunter Coastal Acquisition	SEA 1555 Ph 2	1,249	1,143	9	5	-4 Actions to complete project closure are continuing. The 2006-07 expenditure estimate is expected to be achieved.
Evolved SeaSparrow Missile	SEA 1428 Ph 2B/3	275	242	1	3	2 Increases in Australia's payment obligations, as well as some minor additional production activities.
Collins-class Submarine Augmentation	SEA 1446 Ph 1	235	203	4	3	-1 The variation reflects reduced start-up costs for the training simulator upgrade expected to be required in 2006-07.

Title	Project Number	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2006	2006-07 Expenditure Estimate ⁽²⁾	2006-07 Expenditure Revised Estimate ⁽¹⁾	Variation Status Report (Explanation of Variations)
		\$m	\$m	\$m	\$m	\$m
New Submarine Project	SEA 1114 Ph 3	5,123	5,072	10	8	-2 All submarines have been delivered, but several deficiencies remain, including modifications to the auxiliary sea water and potable water systems. As these modifications will not be completed for several years, it is intended to transfer the remaining SEA1114 scope and funds to SEA1439 phase 3, which is ongoing.
Amphibious Watercraft Project	JP 2048 Ph1A	55	38	1	2	1 The increased expenditure for 2006-07 is due to late delivery of items originally expected to be delivered in 2005-06.
Amphibious Watercraft Project	JP 2048 Ph4A/4B	39	17	9	6	-3 Anticipated funding requirements have not arisen, or have cost considerably less, resulting in the reduction of planned expenditure.
LAND						
Direct Fire Guided Weapon	LAND 40	148	92	20	7	-13 The variation reflects expenditure that was achieved ahead of schedule in 2005-06. All Javelin Command Launch Units and training equipments have been received and issued.
Ground Surveillance Radar	LAND 53 Ph 1E	81	80	5	1	-4 The decrease represents the transfer of funds to in-service support agencies. All deliverables received and introduction into service complete. There are still Assets Under Construction rollouts to be completed before the project can close. The project will be closed in February 2007.
General Service Field Vehicles – Overlander	LAND 121 Ph 2	89	46	12	11	-1 The variation is mainly due to a cost saving on the provision of Heavy Recovery Vehicle Spares.

Title	Project Number	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2006	2006-07 Expenditure Estimate ⁽²⁾	2006-07 Expenditure Revised Estimate ⁽¹⁾	Variation	Status Report (Explanation of Variations)
		\$m	\$m	\$m	\$m	\$m	
Australian Light Armoured Vehicle	LAND 112 Ph 3	679	562	21	18	-3	ASLAV Phase 3 has delivered 144 new Phase 3 vehicles, 113 standardised Phase 2 vehicles, and 59 remote weapon stations, all to contracted schedule. Its remaining scope includes 18 Surveillance suites and 9 Crew Procedural Trainers (CPT). 3 of the CPTs were delivered in May 2006, with the remaining 6 expected in service by early 2007. The Surveillance Project is in contract for the development of a prototype to be delivered for testing in 2007 and, pending success, deliveries will commence in 2008.
ELECTRONIC & WEAPONS SYSTEMS							
Air-to-Surface Stand-off Weapon Capability	AIR 5398 Ph 1	443	383	9	12	3	The variation is due to an unexpected delivery from the foreign military sales case, resulting in an earlier than forecast payment.
Air-to-Air Weapons Capability	AIR 5400 Ph 1	315	276	4	5	1	Acceptance of all five major deliverables is complete. Final project deliverable, the software support capability and deeper maintenance facility, is expected to transition to in-service management in the first quarter of 2007.
Air-to-Air Follow-on Buy	AIR 5400 Ph 3	177	141	7 ⁽³⁾	2	-5	Final quantity of missiles delivered. Acceptance scheduled for early 2007.
MILSATCOM – Ground Infrastructure	JP 2008 Ph3E	208	112	37	34	-3	Project remains on schedule. On 14 February 2006, the Government approved a scope extension to JP2008 Phase 3E for an additional six maritime terminals and a Maritime Training Suite, at a total cost of \$55.55m. The Materiel Acquisition Agreement was approved on 28 April and the funding transferred from SEA 1442 Phase 4.
Tactical Air Defence Radar Systems	AIR 5375 Ph 1	208	164		5	5	Project has transitioned into service. The variation is due to final acceptance carrying over into 2006-07.

Title	Project Number	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2006	2006-07 Expenditure Estimate ⁽²⁾	2006-07 Expenditure Revised Estimate ⁽¹⁾	Variation Status Report (Explanation of Variations)
		\$m	\$m	\$m	\$m	\$m
E-Defence Project	JP 2054	117	54	1	3	2 Transferred to Chief Information Officer Group.
High Frequency Modernisation – Remainder of the network	JP 2043 Ph3A	619	326	29	32	3 The detailed design review for the fixed network final system was completed in September 2006. The increase in planned expenditure is due to increased activity on mobiles upgrades in 2006-07 (includes activity brought forward).

Notes:

1. 2006-07 Additional Estimates cost indexation and exchange base.
2. 2006-07 Budget Estimates cost indexation and exchange base.
3. The value was incorrectly reported as \$40m in the *Portfolio Budget Statements 2006-07*.
4. This value was incorrectly reported as \$70m in the *Portfolio Budget Statements 2006-07*.
5. Project received scope increase.

CHAPTER FOUR – GOVERNANCE AND MATERIEL REFORM

Information remains as reported in the *Portfolio Budget Statements 2006-07*.

CHAPTER FIVE – PEOPLE

WORKFORCE SUMMARY

WORKFORCE SUMMARY

The overall DMO workforce is now estimated to be 6,892 in 2006-07, representing a net increase of 63 or one per cent from the budget estimate of 6,829. The growth for 2006-07 is made up of an increase of 386 Australian Public Servants (APS), a reduction of 244 ADF Permanent Forces due to a shortfall in staffing these positions, and a reduction of 76 Professional Service Providers (PSPs).

As the DMO is a prescribed agency, its APS and PSP workforce information has been excluded from Defence reporting. Military personnel are provided to the DMO under a 'fee for service' model and are therefore reported in both the DMO and Defence workforce numbers.

Table 5.1 DMO Workforce⁽¹⁾

	2006-07 Budget Estimate	2006-07 Revised Estimate	Variation	
				%
APS				
Senior Executives	30	30	-	-
Senior Officers ⁽²⁾	1,140	1,260	120	11
Other APS Staff	3,450	3,716	266	8
Sub-total : APS	4,620	5,006	386	8
PSP Workforce ⁽³⁾	374	298	-76	-20
Total Civilian Workforce	4,994	5,304	310	6
NAVY				
Star Ranked Officers	6	7	1	17
Senior Officers ⁽²⁾	49	46	-3	-6
Junior Officers	141	109	-32	-23
Other Ranks	156	120	-36	-23
Sub-total: Permanent Navy	352	282	-70	-20
Reserve Force	56	71	15	27
Sub-total Navy	408	353	-55	-13
ARMY				
Star Ranked Officers	7	5	-2	-29
Senior Officers ⁽²⁾	44	39	-5	-11
Junior Officers	218	166	-52	-24
Other Ranks	215	178	-37	-17
Sub-total: Permanent Army	484	388	-96	-20
Reserve Force	59	50	-9	-15
Sub-total Army	543	438	-105	-19

AIR FORCE				
Star Ranked Officers	6	7	1	17%
Senior Officers ⁽²⁾	74	68	-6	-8%
Junior Officers	413	365	-48	-12%
Other Ranks	348	323	-25	-7%
Sub-total: Permanent Air Force	841	763	-78	-9%
Reserve Force	43	34	-9	-21%
Sub-total Air Force	884	797	-87	0
Sub-total AFS (Military Workforce)	1,677	1,433	-244	-15%
Sub-total Reserve Workforce⁽⁴⁾	158	155	-3	-2%
Total DMO Workforce	6,829	6,892	63	1%

Notes:

1. Reflects the APS, PSP, ADF permanent and reserve forces for 2006-07. Numbers for APS/PSP is based on budgeted full-time equivalents (FTE), and ADF Permanent Force numbers (including Standby Reservists undertaking full-time service) are based on average funded strengths (AFS).
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and substantive APS Executive Levels 1 and 2.
3. PSPs are individuals under contract filling line positions.
4. Reserve Force figures represent estimated actual numbers of standby or active Reservists who render service during 2006-07.
5. Totals may not add due to rounding.

CIVILIAN WORKFORCE

APS WORKFORCE

The revised APS workforce full-time equivalent average funded strength for 2006-07 is 5,006, which is an overall net increase of 386 from the 2006-07 Budget estimate. While there has been a net increase in the APS workforce, this increase is compensated by decreases in the ADF and contractor workforce. This increase reflects an eight per cent growth in APS personnel associated with the following activities;

- internal review and assurance (7),
- offsetting the military shortfall (200),
- conversion of PSPs to APS positions (76),
- additional staffing for Enhanced Land Force (56)¹,
- DMO Graduate scheme recruitment (49),
- the clothing review (35),
- compliance and assurance (14),
- the information technology controls framework (8),
- F-111 Engine Business Unit outsourcing (-95),
- transfer of the Business Equipment Function from DMO to DSG (-5).

APS workforce represents 73 per cent of the DMO workforce.

¹ Funding yet to be provided.

PSP WORKFORCE

The revised PSP workforce full-time equivalent funded strength for 2006-07 is 298, which is an overall net reduction of 76 from the 2006-07 budget estimate. This reduction reflects the conversion of 76 PSPs to APS positions. PSP workforce estimates represent four per cent of the DMO workforce.

Military Workforce

ADF Permanent Force

The revised ADF Permanent Force average funded strength for 2006-07 is 1,433, which is an overall net decrease of 244 or 15 per cent. The reduction represents the estimated shortfall in the number of DMO military staff. The ADF Permanent Force estimate represents 21 per cent of the DMO workforce.

ADF Reserve Force

ADF Reserve Force numbers represent the estimated actual standby or active reserve members who render service in 2006-07. The revised ADF Reserve Force for 2006-07 is 155, which is an overall net reduction of 3 from the 2006-07 budget estimates. These figures do not include reservists undertaking full-time service, as they are included in the Permanent Force numbers (see note 4 to Table 5.1). ADF Reserve Force estimates represent two per cent of the DMO workforce.

CHAPTER SIX – BUDGETED FINANCIAL STATEMENTS

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Notes to the Financial Statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Revisions to the budgeted departmental financial statements for the DMO since the *Portfolio Budget Statements 2006-07* are presented in this section.

Budgeted Departmental Income Statement

A decrease in the DMO's income (-\$155.3m) is largely a result of movements as detailed below:

- the application of indexation and foreign exchange parameter updates for acquisition and sustainment activities (\$71.1m);
- an increase in the revenue recorded for services received free of charge primarily from Defence (\$39.5m) and a corresponding increase of expenses recorded for these services;
- an increase in the Service Fee (\$10.2m), including an increase in funding for civilian employees (\$14.1m) and suppliers (\$8.7m) and a revision for military employees funding(-\$12.6m);
- a reduction in the provision of operating costs for the Defence Capability Plan (-\$64.2m);
- a net increase in commissioned work required by Defence (\$27.7m);
- a reduction of not yet approved capital projects (-\$140.2m), due to the Government's approval of acquisition projects (-\$123.5m) and the return of unapproved capital projects provision back to Defence (-\$16.7m); and
- adjustments for changes in opening balances in accordance with the DMO's annual financial statements for 2005-06;

Movements in expenses for the DMO correspond with the above.

Budgeted Departmental Balance Sheet

The reduction in equity (-\$193.5m) is a result of refinements to the balances transferred from Defence upon prescription (-\$202.3m) and the net surplus from 2005-06 (\$8.8m).

The refinements to the balances transferred from Defence include:

- an increase in prepayments (\$104.0m);
- a reduction in receivables (-\$9.5m);
- an increase in trade creditors liability (-\$11.4m); and
- a reduction in non-financial assets (-\$285.4m), primarily in infrastructure, plant and equipment.

Budgeted Departmental Statement of Cash Flows

The DMO completed more work for Defence in 2005-06 than anticipated. This has resulted in a reduction in the estimate of cash required to be drawn in 2006-07 from funding received in the 2005-06 financial year (-\$340.3m).

As a result of the transfer of non-financial assets to Defence, the estimate for the net movement of cash for investment activities (\$65.9m) has been removed. This was comprised of \$34.4m of cash received and \$100.3m of cash used.

The corresponding net movement of cash for operating activities (-\$65.9m) represents a decrease in the cash received (-\$347.5m) and a decrease in the cash used (\$281.6m) as detailed below:

- a decrease in payments to suppliers (\$264.2m);
- an increase in appropriation receipts (\$0.7m);
- an increase in payments to employees (-\$19.5m); and
- a decrease in the sale of goods and services to Defence (-\$311.3m).

Table 6.1: Budgeted Departmental Income Statement (for the period ended 30 June 2007)

	Actual	Revised	Forward	Forward	Forward
	2005-06	budget	estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME					
Revenue					
Revenues from Government	44,257	46,120	44,716	42,645	43,072
Goods and services	7,432,989	8,507,617	8,921,571	9,004,507	9,336,831
Other	81,251	32,285	32,326	32,348	32,373
Total revenue	7,558,497	8,586,022	8,998,613	9,079,500	9,412,276
Gains					
Other	42,383	41,929	41,929	41,929	41,929
Total gains	42,383	41,929	41,929	41,929	41,929
Total income	7,600,880	8,627,951	9,040,542	9,121,429	9,454,205
EXPENSE					
Employees	353,892	380,008	381,355	382,080	385,635
Suppliers	7,221,709	8,241,014	8,653,006	8,736,017	9,065,995
Depreciation and amortisation	6,374	6,929	6,181	3,332	2,575
Net losses from sale of assets	304	-	-	-	-
Net foreign expense losses	8,365	-	-	-	-
Other expenses	1,458	-	-	-	-
Total expenses	7,592,102	8,627,951	9,040,542	9,121,429	9,454,205
Net surplus or (deficit) attributable to the Australian Government	8,778	-	-	-	-

Table 6.2: Budgeted Departmental Balance Sheet (as at 30 June 2007)

	Actual	Revised	Forward	Forward	Forward
	2005-06	budget	estimate	estimate	estimate
	\$'000	2006-07	2007-08	2008-09	2009-10
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash	23,581	23,581	23,581	23,581	23,581
Receivables	253,948	209,381	215,562	218,894	221,469
Total financial assets	277,529	232,962	239,143	242,475	245,050
Non-financial assets					
Infrastructure, plant and equipment	11,018	8,082	5,146	2,210	-
Intangibles	7,999	4,006	761	365	-
Other	898,794	898,794	898,794	898,794	898,794
Total non-financial assets	917,811	910,882	904,701	901,369	898,794
Total assets	1,195,340	1,143,844	1,143,844	1,143,844	1,143,844
LIABILITIES					
Provisions					
Employees	125,804	125,804	125,804	125,804	125,804
Total provisions	125,804	125,804	125,804	125,804	125,804
Payables					
Suppliers	740,526	740,526	740,526	740,526	740,526
Other Payables ⁽¹⁾	214,465	162,969	162,969	162,969	162,969
Total payables	954,991	903,495	903,495	903,495	903,495
Total liabilities	1,080,795	1,029,299	1,029,299	1,029,299	1,029,299
Net Assets	114,545	114,545	114,545	114,545	114,545
EQUITY					
Retained surpluses	8,778	8,778	8,778	8,778	8,778
Contributed Equity	105,767	105,767	105,767	105,767	105,767
Total parent entity interest	114,545	114,545	114,545	114,545	114,545
Total equity	114,545	114,545	114,545	114,545	114,545
Current Assets	1,091,374	1,038,668	1,044,849	1,048,181	1,050,756
Non-current Assets	103,966	105,176	98,995	95,663	93,088
Current Liabilities	1,067,752	1,016,257	1,016,257	1,016,257	1,016,257
Non-current Liabilities	13,043	13,042	13,042	13,042	13,042

Note:

1. 'Other Payables' includes unearned revenue for cash received from Defence and foreign trust activities.

Table 6.3: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June 2007)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	7,593,481	8,489,962	8,915,390	9,001,175	9,334,256
Appropriations	44,257	46,120	44,716	42,645	43,072
GST Input Credit Receipts	498,771	514,542	566,076	509,809	553,401
Cash from the Official Public Account	-	10,726	-	-	-
Interest received from overseas bank accounts	2,683	-	-	-	-
Other	190,297	32,285	32,326	32,348	32,373
Total cash received	8,329,489	9,093,635	9,558,508	9,585,977	9,963,102
Cash used					
Employees	343,499	380,008	381,355	382,080	385,635
Interest paid to the Official Public Account	2,683	-	-	-	-
Suppliers	7,949,876	8,713,627	9,177,153	9,203,897	9,577,467
Other	1,461	-	-	-	-
Total cash used	8,297,519	9,093,635	9,558,508	9,585,977	9,963,102
Net cash from or (used by) operating activities	31,970	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	6,492	-	-	-	-
Purchase of computer software	1,897	-	-	-	-
Total cash used	8,389	-	-	-	-
Net cash from or (used by) investing activities	-8,389	-	-	-	-
FINANCING ACTIVITIES					
Total cash received	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	23,581	-	-	-	-
Cash at the beginning of the reporting period		23,581	23,581	23,581	23,581
Cash at the end of the reporting period	23,581	23,581	23,581	23,581	23,581

Table 6.4: Departmental Statement of Changes in Equity — Summary of Movement (Budget Year 2006-07)

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	8,778	-	-	105,767	114,545
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	8,778			105,767	114,545
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
Distribution to owners					
Returns on capital	-	-	-	-	-
Dividends	-	-	-	-	-
Returns of capital	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
Contribution by owners					
Appropriation (equity injection)	-	-	-	-	-
Other:	-	-	-	-	-
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2007	8,778			105,767	114,545

Table 6.5: Departmental Capital Budget Statement

	Actual 2005-06	Revised Budget 2006-07	Forward Estimate 2007-08	Forward Estimate 2008-09	Forward Estimate 2009-10
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Total represented by:	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	40,225	-	-	-	-
Total	40,225	-	-	-	-

Table 6.6: Departmental Property, Plant, Equipment and Intangibles – Summary of Movement (Budget Year 2006-07)

	Land	Investment Property	Buildings	Specialist Military equipment	Other infrastructure, plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 01 July 2006	-	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	16,355	-	18,777	5,093	40,225
Accumulated depreciation	-	-	-	-	-5,337	-	-12,331	-3,540	-21,208
Opening net book value	-	-	-	-	11,018	-	6,446	1,553	19,017
Additions:	-	-	-	-	-	-	-	-	-
by purchase	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	-2,936	-	-3,597	-396	-6,929
Disposals:	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2007	-	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	16,355	-	18,777	5,093	40,225
Accumulated depreciation	-	-	-	-	-8,273	-	-15,928	-3,936	-28,137
Closing net book value	-	-	-	-	8,082	-	2,849	1,157	12,088