



Department of Defence

Portfolio Budget Statements 2007-08

Corrigendum

Delete page 7.
Insert new page 7.

[Replace \$4,111 billion with \$4,127 billion; and \$18,154 billion with \$18,171 billion at lines 3 and 5 of the penultimate paragraph].

Delete page 9.
Insert new page 9.

[Total FE column: replace 93.9 with 109.9; and 7,772.2 with 7,788.3; and Total column 4,111.1 with 4,127.2 and 18,154.6 with 18,170.7 – last two rows refer].

Delete page 12.
Insert new page 12.

[Chief Executive Officer DMO is a SES Band 3 – equivalent position, and thus should be represented by three stars, rather than two stars as currently shown].

Delete page 45.
Insert new page 45.

[2010-11 Forward Estimates column: insert a minus sign before 65,000; and replace 163,802 with 33,802 in closing balance row].

- \$51.6m over four years for the continued surveillance of Australia's northern approaches as part of Operation Resolute.
- A strengthening of Australia's Defence intelligence and security capabilities to better protect Australia and advance its national interests (\$382.2m).
- The acquisition of 24 F/A-18F Block II Super Hornet multi role aircraft to ensure that Australia maintains its air combat capability edge during its transition to the F-35 Joint Strike Fighters over the next decade (around \$6 billion over 10 years).
- Additional logistics sustainment funding to ensure that the ADF continues to be well prepared and able to respond to contingencies (\$1.8 billion).
- The personnel and operating costs of the four C-17 heavy lift airlift that the Government agreed to acquire in the 2006-07 Budget (\$1.3 billion).
- Investment in security measures to protect Defence personnel, key assets, facilities and infrastructure at Defence bases (\$135.4m).
- Additional funding to ensure that Defence Housing Australia meets competitive neutrality requirements with this measure budget-neutral at the whole-of-government level (\$953.8m).
- A contribution of \$20.5m to help establish the Jezzine Barracks Community Trust.

This is the seventh consecutive budget in which the Government has met or exceeded its Defence White Paper funding commitment. The current status of the White Paper funding commitment is detailed in Chapter Two – Resourcing.

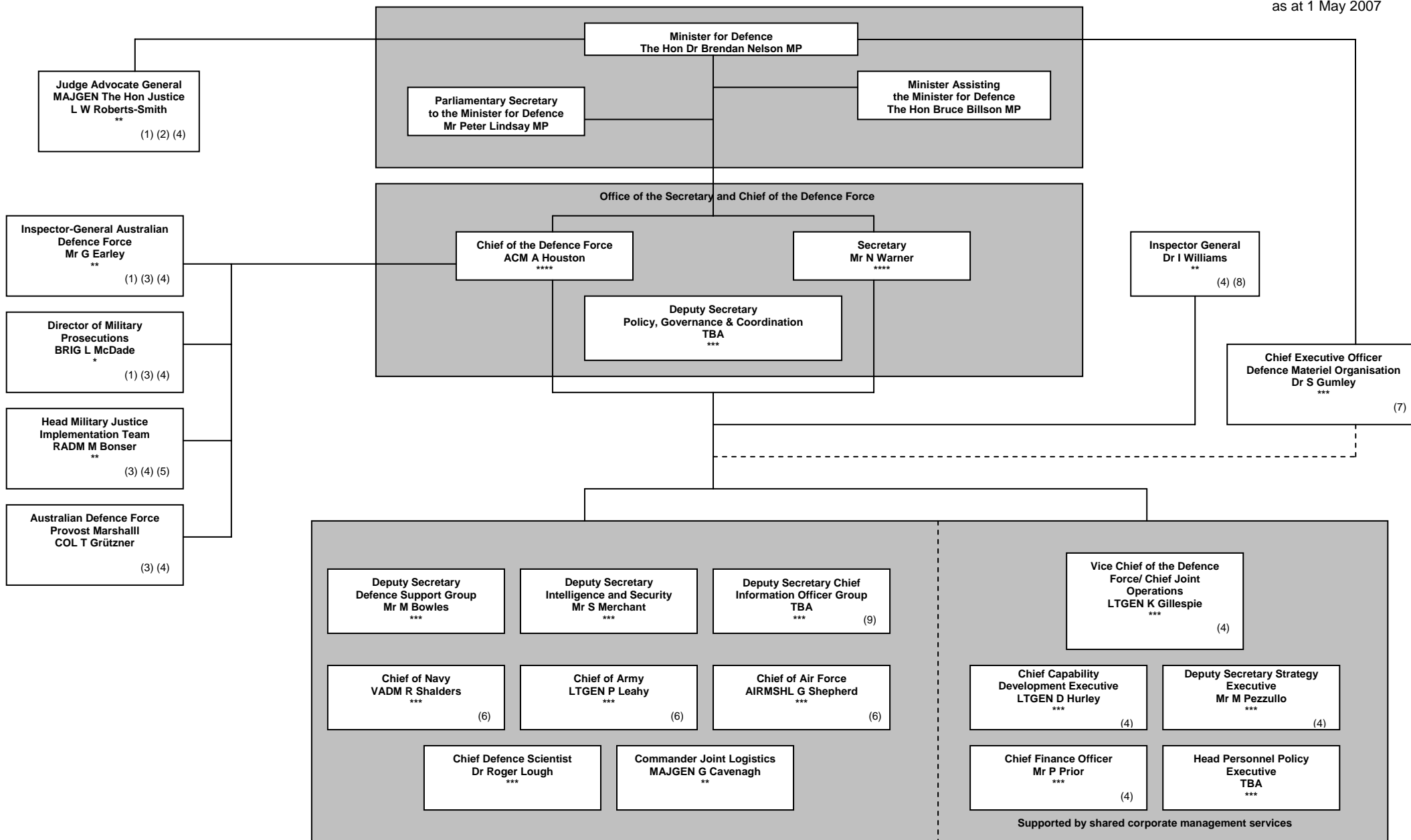
A number of budget adjustments have also been agreed by Government including the reprogramming of the capital investment program, and price and exchange rate variations. These total \$4.127 billion over 10 years and together with the \$14.043 billion provided in new budget measures, means that an additional \$18.171 billion has been added to Defence's budget allocations over the next 10 years. These are detailed in Table 1.1.

Excluding the administered appropriations of \$2,802m, Defence's total Departmental funding for 2007-08 is \$21,999m, which is 9.3 per cent of Australian Government outlays and 2 per cent of Gross Domestic Product (GDP). Further details on budget allocations are contained in Chapter Two – Resourcing.

	2007-08 (\$m)	2008-09 (\$m)	2009-10 (\$m)	2010-11 (\$m)	Total FE (\$m)	2011-12 (\$m)	2012-13 (\$m)	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	TOTAL (\$m)
Strengthening National Security - enhanced protective security	33.1	33.5	34.0	34.8	135.4	-	-	-	-	-	-	135.4
Defence housing - supplementation for competitive neutrality policy	87.4	88.5	89.7	91.7	357.3	93.8	96.0	98.2	100.5	102.8	105.2	953.8
Jezzine Barracks - gift to the Townsville City Council	20.5	-	-	-	20.5	-	-	-	-	-	-	20.5
4. Sub-Total Other Budget Measures	869.8	1,477.8	1,758.4	1,574.6	5,680.7	1,069.6	831.5	722.6	692.2	639.1	675.7	10,311.4
Total Defence 2007-08 Budget Outcome (1+2+3+4)	1,843.5	1,967.9	2,045.3	1,821.6	7,678.3	1,309.0	1,094.6	1,027.3	1,005.2	946.4	982.7	14,043.5
Reprogramming of approved capital investment program	-615.0	-	631.0	-	16.1	-	-	-	-	-	-	16.1
Further reprogramming of the approved capital investment program	-378.0	-230.0	-559.3	37.8	-1,129.4	193.3	542.7	382.1	-	-	120.3	109.0
Update of price indexation	380.0	419.1	458.6	516.9	1,774.6	567.8	625.8	697.0	787.7	880.7	655.0	5,988.7
Foreign exchange movements	-78.6	-102.2	-110.3	-107.9	-399.0	-116.8	-124.0	-150.5	-153.4	-168.6	-118.3	-1,230.7
Transfer from Department of Foreign Affairs and Trade for relocation of overseas missions	0.025	-	-	-	0.025	-	-	-	-	-	-	0.025
Transfer to Department of Veterans' Affairs for F-111 Deseal/Reseal health costs	-0.8	-0.7	-0.4	-0.4	-2.2	-	-	-	-	-	-	-2.2
Transfer to Defence Materiel Organisation for Skilling Australia's Defence Industry	-20.5	-20.8	-21.0	-21.5	-83.8	-22.0	-22.5	-23.0	-23.6	-24.1	-	-199.1
Transfer to Defence Materiel Organisation for Defence Industry Policy	-26.3	-25.7	-24.7	-21.3	-98.1	-21.3	-10.5	-10.6	-7.3	-7.5	-8.4	-163.7
Special Account interest	0.028	-	-	-	0.028	-	-	-	-	-	-	0.028
Reimbursement of 2006-07 operations expenditure - Afghanistan	27.3	-	-	-	27.3	-	-	-	-	-	-	27.3
Reimbursement of 2006-07 operations expenditure - Iraq	4.4	-	-	-	4.4	-	-	-	-	-	-	4.4
Adjustment to funding beyond 2010-11 to correct error in original calculations	-	-	-	-	-	-90.2	-83.0	-83.2	-83.2	-83.2	-	-422.8
5. Sub-Total Other Budget Adjustments	-707.4	39.8	373.9	403.6	109.9	510.8	928.5	811.8	520.2	597.3	648.7	4,127.2
Total variation to Defence funding	1,136.1	2,007.7	2,419.2	2,225.3	7,788.3	1,819.8	2,023.1	1,839.1	1,525.4	1,543.7	1,631.4	18,170.7

Note.

Defence will contribute \$103m from existing funding to this measure over the Budget and Forward Estimates period



(1) Statutory appointment.

(2) The Judge Advocate General reports directly to the Minister for Defence in accordance with Section 196A of the Defence Force Discipline Act 1982.

(3) Directly responsible to the Chief of the Defence Force.

(4) Supported by shared corporate management services.

(5) Position will exist to end of 2007.

(6) Section 9(3) of the Defence Act, 1903 requires the Service Chiefs to advise the Minister on matters relating to their command.

(7) Under the agreed business model for DMO as a prescribed agency, the CEO DMO Ministerial Directive identifies that the CEO DMO is directly accountable to the Minister for DMO's performance but remains accountable to the Secretary and CDF.

(8) The Inspector-General reports directly to the Secretary and Chief of the Defence Force.

(9) New position

USE OF CASH RESERVES

Defence has progressively reduced the level of funds held in the Appropriation Receivable in recent years as shown in Table 2.12.

Table 2.12: Rundown in Appropriation Receivable 2007-08

	2002-03 Actual \$'000	2003-04 Actual \$'000	2004-05 Actual \$'000	2005-06 Actual \$'000	2006-07 Planned \$'000	2007-08 Planned \$'000
End of year Appropriation Receivable	870,201	537,660	538,609	348,614	199,628	213,802

The planned movements in the Appropriation Receivable are shown in Table 2.13 below.

Table 2.13: Movements in Defence's Appropriation Receivable

2006-07 Planned result \$'000		2007-08 Previous Estimate \$'000	2007-08 Budget Estimate \$'000	2008-09 Forward Estimate \$'000	2009-10 Forward Estimate \$'000	2010-11 Forward Estimate \$'000
348,614	Opening balance of Appropriation Receivable	263,802	199,628	213,802	158,802	98,802
-43,643	Cash used to reduce employee liabilities	-50,000	-50,000	-55,000	-60,000	-65,000
-17,200	Operation Slipper 2005-06 rephasing					
-38,916	Carry forward of Operation Catalyst funds to 2006-07					
-3,653	Carry forward of Operation Slipper funds to 2006-07					
18,600	Reimbursement for expenditure in 2005-06 for Operation Astute					
-10,294	Operation Slipper 2006-07 expenditure for International Campaign Allowance		10,294			
-17,044	Operation Slipper 2006-07 expenditure for increased deployed ADF numbers		17,044			
-4,388	Operation Catalyst 2006-07 expenditure for increased deployed ADF numbers		4,388			
-32,448	Operation Slipper 2006-07 expenditure for expansion of ADF deployment		32,448			
	Relocation of overseas missions: <i>transfer from DFAT</i>		243			
	<i>drawdown</i>		-243			
199,628	Closing balance of Appropriation Receivable	213,802	213,802	158,802	98,802	33,802