



# BUDGET

**PORTFOLIO BUDGET STATEMENTS 2008-09**  
BUDGET RELATED PAPERS NO. 1.4A AND 1.4C

DEFENCE PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS  
APPROPRIATIONS SPECIFIED BY OUTCOMES  
AND OUTPUTS BY AGENCY





**MINISTER FOR DEFENCE**  
**THE HON JOEL FITZGIBBON MP**

Senator the Hon Alan Ferguson  
President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

**9 MAY 2008**

Mr Harry Jenkins MP  
Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President and Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2008-09 Budget for the Department of Defence, the Defence Materiel Organisation and Defence Housing Australia.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the Defence portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Joel Fitzgibbon', written in a cursive style.

Joel Fitzgibbon  
Minister for Defence



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## USER GUIDE

The purpose of the 2008-09 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2008-09 (or Appropriation Bill [Parliamentary Departments] No. 1 2008-09 for the parliamentary departments). In this sense, the PBS are Budget-related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PBS provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and, accordingly, these entities are not reported in the PBS.

### Structure of the Portfolio Budget Statements

The Portfolio Budget Statements have been revised for the 2008-09 Budget, with significant changes made to reduce the work load on agencies and to provide Parliament with more targeted and comprehensive information on government expenditure.

The Defence Portfolio Budget Statements are divided into three parts; Defence, the Defence Materiel Organisation (DMO) and Defence Housing Australia (DHA). The sections of each part are outlined in the following table.

<b>PORTFOLIO OVERVIEW</b>	
The portfolio overview outlines the responsibilities of the portfolio, list the relevant agencies and Ministers and the resources available.	
<b>PART ONE: DEFENCE</b>	
<b>Section One: Defence overview and resources</b>	Section One provides the strategic direction for Defence, the functions and responsibilities of Defence, its organisational structure, as well as information about its contribution towards its outcomes for the budget year and the resources available. This section also provides information about Defence management reforms, its capital budget and workforce.
<b>Section Two: Outcomes and Planned Performance</b>	Section Two provides a brief overview of Defence's outcomes and output groups for 2008-09. A list of descriptions for each output is also included. Each outcome has an outcome resource statement which provides resourcing information by output group. The performance indicator information for each output group is before each outcome resource statement is.
<b>Section Three: Explanatory tables and financial statements</b>	This section includes explanatory tables and budgeted financial statements. The explanatory tables include: <ul style="list-style-type: none"> <li>an explanation of any differences between the information included in the Budget Papers and the PBS arising from the use of the GFS and AAS accounting methodologies; and</li> <li>supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure.</li> </ul>

<b>PART TWO: DEFENCE MATERIEL ORGANISATION</b>	
<b>Section One: DMO Overview and resources</b>	Section One provides an overview of the DMO's functions and responsibilities, including the strategic priorities for 2008-09 and organisational structure, as well as information about its contribution towards its outcomes for the budget year and the resources available. This section also provides summaries of the DMO's reform initiatives and governance activities, and the DMO workforce.
<b>Section Two: DMO Outcomes and Planned Performance</b>	Section Two provides an overview of the DMO's outcome and outputs, including the Top 30 Projects.
<b>Section Three: DMO Explanatory tables and financial statements</b>	This section includes explanatory tables and budgeted financial statements. The explanatory tables include: <ul style="list-style-type: none"> <li>• an explanation of any differences between the information included in the Budget Papers and the PBS arising from the use of the GFS and AAS accounting methodologies; and</li> <li>• supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure.</li> </ul>
<b>PART THREE: DEFENCE HOUSING AUSTRALIA</b>	
	This part provides an overview of Defence Housing Australia (DHA), including performance forecasts for 2008-09, DHA's outcome and output, and its 2008-09 budgeted financial statements.
<b>APPENDICES</b>	A glossary and list of acronyms and abbreviations.

## Abbreviations and Conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

### Naming convention for tables

Tables throughout this document are numbered using a naming convention of *Part.Chapter.Table*. For example, Table 15 in Part 1 (Defence) Chapter 5 would be labeled 1.5.15 and Table 5 in Part 2 (DMO) Chapter 2 would be labeled 2.2.5.

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A copy of this document can be located on the Australian Government Budget website at [www.budget.gov.au](http://www.budget.gov.au) and the Defence website at [www.defence.gov.au/budget](http://www.defence.gov.au/budget).

## References

Previous years' Defence Portfolio Budget Statements, Portfolio Additional Estimates Statements and Annual Reports can be found at: [www.defence.gov.au/budget](http://www.defence.gov.au/budget).

The Defence Update 2007 can be found at: [www.defence.gov.au/ans/2007/default.htm](http://www.defence.gov.au/ans/2007/default.htm).

