



Department of Defence
Portfolio Budget Statements
2009-10

Corrections

Delete page 5
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Delete page 19
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Delete page 77
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Delete page 78
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Delete page 107
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Delete page 108
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Delete page 109
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Delete page 128
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NEW PAGE 5

Table 2 Defence and DMO Consolidated Resources

	Budget estimate 2009-10 \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	22,543.3
Appropriation - Contributed Equity (Bill 2)	4,011.5
less Returns to the OPA	-163.0
Total Cash Available	26,391.8
OPERATING ACTIVITIES	
Cash Received	
Goods and Services	547.2
Other Cash Received Including GST	1,353.4
Total cash received	1,900.6
Cash Used	
Employees	9,030.7
Suppliers	8,933.2
Other Cash Used Including GST	1,299.4
Total cash used	19,263.4
Net cash from or (used by) operating activities	-17,362.7
INVESTING ACTIVITIES	
Cash Received	
Proceeds from sales of land and buildings, infrastructure, plant and equipment	260.2
Proceeds from sales of specialist military equipment	1.2
Total cash received	261.5
Cash used	
Purchase of land and buildings, infrastructure, plant and equipment	1,517.5
Purchase of specialist military equipment	6,273.9
Purchase of inventory	1,360.9
Other	104.6
Total cash used	9,256.8
Net cash from or (used by) investing activities	-8,995.4
FINANCING ACTIVITIES	
Cash received	
	-
Cash Used	
Repayment of debt	34.7
Total cash used	34.7
Net cash from or (used by) financing activities	-34.7
Net increase or (decrease) in cash and cash equivalents held	-1.0
Cash and cash equivalents at beginning of the reporting period	62.3
Effect of exchange rate movements on cash at the beginning of the reporting period	-
Cash and cash equivalents at end of the reporting period	61.3

NEW PAGE 19

Table 5: Total Defence Resourcing

Serial No	2008-09		2009-10	2009-10	Variation	%	2010-11	2011-12	2012-13
	Estimated	Actual	Previous	Budget			Forward	Forward	Forward
	\$'000		estimate	estimate			estimate	estimate	estimate
			\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
		Defence resourcing							
1	20,268,308	Appropriation for departmental outcomes	20,993,282	21,692,203	698,921	3.3%	20,759,203	20,795,948	20,657,370
2	1,909,486	Equity injection appropriation	4,372,754	4,011,496	-361,258	-8.3%	5,309,269	5,271,614	4,808,067
3	–	Appropriation for specific purpose payments	–	–	–	0.0%	–	–	–
4	22,177,794	Current year's appropriation (1+2+3)	25,366,036	25,703,699	337,663	1.3%	26,068,472	26,067,562	25,465,437
5	114,669	Drawdown of appropriations carried forward	60,000	60,000	–	0.0%	65,000	30,389	–
6	-219,516	Return to OPA ^[1]	-93,354	-222,972	-129,618	138.8%	-82,339	-506	-132,577
7	-104,847	Funding from/to the OPA (5+6)	-33,354	-162,972	-129,618	388.6%	-17,339	29,883	-132,577
8	22,072,947	Funding from Government (4+7)	25,332,682	25,540,727	208,045	0.8%	26,051,133	26,097,445	25,332,860
9	285,178	Capital receipts	159,668	286,314	126,646	79.3%	160,705	75,075	169,669
10	811,187	Own source revenue (s31 receipts)	812,746	814,446	1,700	0.2%	816,249	829,172	835,401
11	1,096,365	Funding from Other Sources (9+10)	972,414	1,100,760	128,346	13.2%	976,954	904,247	1,005,070
12	23,169,312	Total Defence funding (8 + 11)	26,305,096	26,641,487	336,391	1.3%	27,028,087	27,001,692	26,337,930
13	23,300	Administered for specific purpose payments	–	–	–	0.0%	–	–	–
14	2,941,568	Administered special appropriations	3,056,244	3,432,834	376,590	12.3%	3,590,808	3,748,104	3,914,100
15	2,964,868	Total Administered Funding (13+14)	3,056,244	3,432,834	376,590	12.3%	3,590,808	3,748,104	3,914,100
16	26,134,180	Total Defence Resourcing (12 + 15)	29,361,340	30,074,321	712,981	2.4%	30,618,895	30,749,796	30,252,030
		Appropriation carried forward							
17	132,694	Appropriation Receivable	72,694	72,694	–	0.0%	7,694	1,305	1,305
18	–	Appropriation Receivable - Others	–	141,401	141,401	0.0%	–	–	–
19	29,223	Cash in bank	29,223	29,223	–	0.0%	29,223	29,223	29,223
20	161,917	Total appropriations carried forward (17+18+19)	101,917	243,318	141,401	138.7%	36,917	30,528	30,528
21	26,296,097	Total Defence Resourcing (16+20)^[2]	29,463,257	30,317,639	854,382	2.9%	30,655,812	30,780,324	30,282,558

NEW PAGE 77

Table 33: Significant Defence Capability Plan projects to be considered for second pass approval in 2009-10^{[1] [2]}

Project Number	Project Title
Maritime Forces Capability Goal	
JP 2070 Phase 4	AP-3C Light Weight Torpedo Integration ^[3]
SEA 1397 Phase 5A	Nulka Missile Decoy Enhancements ^[3]
Air Combat Capability Goal	
AIR 5416 Phase 4B.1	C-130J Radar Warning Receiver ^[3]
AIR 5416 Phase 4B.2	C-130J Large Aircraft Infra Red Counter Measures ^[3]
Air 5440 Phase 1	C-130J Block Upgrade Program 7.0 ^[3]
AIR 6000 Phase 2A/2B	New Air Combat Capability 3 Squadrons
AIR 9000 SCAP1	Seahawk Capability Assurance Program 1 ^[3]
Land Forces Capability Goal	
JP 154 Phase 1	Joint Counter Improvised Explosive Device ^[3]
JP 2110 Phase 1A	Chemical, Biological, Radiological, Nuclear Defence ^[3]
LAND 75 Phase 3.4	Battlefield Command Support System
LAND 125 Phase 3A	Soldier Enhancement Version 2 – Command, Control, Communications, Computing and Intelligence Component ^[4]
Land 125 Phase 3C	Soldier Enhancement Version 2 - Lethality ^[4]
Networked Information Capability Goal	
JP 2008 Phase 3H	Military Satellite Capability Ground Stations ^[3]
JP 2089 Phase 2B	Tactical Information Exchange Domain (Data Links) ^[5]

Notes

1. Project Development activities and some sensitive projects are not included in the list.
2. Defence will only progress these projects to Government approval if quality data can be provided (as required by the *Defence Procurement Review 2003* (the Kinnaird Review).
3. These are new projects that were not listed in the public *Defence Capability Plan 2006-16*.
4. These projects were listed under LAND 125 Phase 3 in the public *Defence Capability Plan 2006-16*.
5. This project was listed under JP 2089 Phase 2 in the public *Defence Capability Plan 2006-16*.

NEW PAGE 78

Table 34: Significant Defence Capability Plan projects to be considered for first pass approval in 2009-10^{[1] [2]}

Project Number	Project Title
Maritime Forces Capability Goal	
SEA 1439 Phase 6	Collins Sonar Replacement
SEA 1448 Phase 4A	ANZAC Air Search and Further Capability Enhancements
AIR 9000 Phase 8	Future Naval Aviation Combat System
AIR 5276 CAP 2	AP-3C Capability Assurance Program 2
Air Combat Capability Goal	
AIR 5438 Phase 1A	Lead-in-Fighter Capability Assurance Program ^[4]
Land Forces Capability Goal	
JP 2097 Phase 1B	REDFIN – Enhancements to Special Operations Capability ^[5]
Networked Information Capability Goal	
JP 2044 Phase 3A.1	Project Eagleye (Defence GEOINT Capability) ^[3]
JP 2044 Phase 4	Digital Topographical Systems Upgrade (Defence GEOINT Capability) ^[3]
JP 2065 Phase 2	Integrated Broadcast System
JP 2072 Phase 2A	Battlespace Communications System ^[6]
JP 2080 Phase 3	Defence Management Systems Improvement
JP 2090 Phase 1C	Combined Information Environment
SEA 1442 Phase 4	Maritime Communication Modernisations – Tranche 1
Across All Capability Goal	
AIR 8000 Phase 1	Battlefield Airlift – Additional C-130J
JP 2085 Phase 2/3	Explosive Ordnance Warstock

Notes

1. Capability and Technology Demonstrator projects, Project Development activities and some sensitive projects are not included in the list.
2. Defence will only progress these projects to Government approval if quality data can be provided (as required by the *Defence Procurement Review 2003* (the Kinnaird Review)).
3. These are new projects that were not listed in the public *Defence Capability Plan 2006-16*.
4. This project was listed under AIR 5438 Phase 1 in the public *Defence Capability Plan 2006-16*.
5. This project was listed under JP 2097 Phase 1 in the public *Defence Capability Plan 2006-16*.
6. This project was listed under JP 2072 Phase 2 in the public *Defence Capability Plan 2006-16*.

THE APPROVED MAJOR CAPITAL INVESTMENT PROGRAM

The Approved Major Capital Investment Program comprises those projects, usually costing \$20m or more, which are funded from the Unapproved Major Capital Investment Program and which, following approval, are transferred to the DMO for the acquisition phase.

Funding for approved major capital investment projects, including project management and overhead costs, is provided by Defence to the DMO under separate Materiel Acquisition Agreements for each project.

As an enabling organisation to Defence, the DMO contributes to Defence's outputs. The DMO budget is detailed separately in the DMO's Section Two – Planned Outcome Performance, including an overview of the top 30 projects.

NEW PAGE 107

Table 49: Variation in Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2009-10 Previous estimate \$'000	2009-10 Budget estimate \$'000	Variation \$'000	%
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	13	2,646	2,633	20,253.8
Dividends	42,800	42,800	-	-
Military superannuation contributions	760,000	819,033	59,033	7.8
License fees	12,775	5,469	-7,306	-57.2
Other	3	3	-	-
Total non-taxation	815,591	869,951	54,360	20,204
Total revenues administered on behalf of Government	815,591	869,951	54,360	6.7
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	50,868	79,834	28,966	56.9
Aircraft leasing costs	-	-	-	-
Grants	23,300	75,000	51,700	-
Military retention benefits	42,000	40,000	-2,000	-4.8
Military superannuation benefits	2,848,700	3,313,000	464,300	16.3
Total expenses administered on behalf of Government	2,964,868	3,507,834	542,966	18.3

NEW PAGE 108

Table 50: Variation in Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2009-10 Previous estimate \$'000	2009-10 Budget estimate \$'000	Variation \$'000	%
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	–	–	–	–
Receivables	51,721	92,201	40,480	78.3
Investments	1,069,443	1,230,443	161,000	15.1
Total financial assets	1,121,164	1,322,644	201,480	18.0
Non-financial assets				
Prepayments	85,506	85,506	–	–
Total non-financial assets	85,506	85,506	–	–
Total assets administered on behalf of Government	1,206,670	1,408,150	201,480	16.7
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Interest bearing liabilities				
Loans	–	40,480	40,480	–
Total Interest bearing liabilities	–	40,480	40,480	–
Provisions				
Superannuation - DFRDB	24,041,400	25,424,000	1,382,600	5.8
Superannuation - MSBS	12,896,200	15,713,000	2,816,800	21.8
Total provisions	36,937,600	41,137,000	4,199,400	11.4
Payables				
Grants and Subsidies	898	–	-898	-100.0
Other payables	17,469	25,242	7,773	44.5
Total Payables	18,367	25,242	6,875	37.4
Total liabilities administered on behalf of Government	36,955,967	41,202,722	4,246,755	11.5

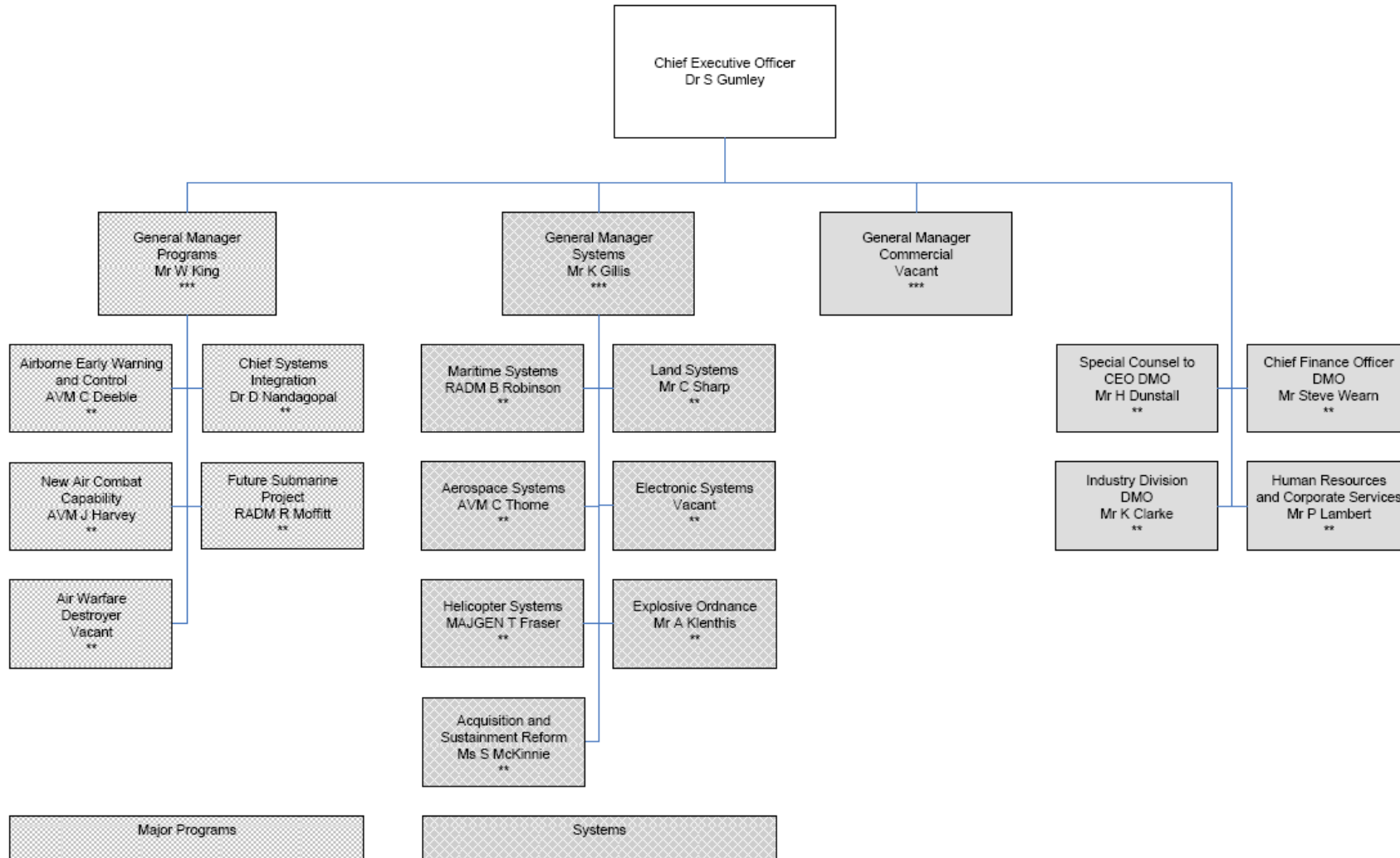
NEW PAGE 109

Table 51: Variation in Schedule of budgeted administered cash flows (for the period ended 30 June)

	2009-10 Previous estimate \$'000	2009-10 Budget estimate \$'000	Variation \$'000	%
OPERATING ACTIVITIES				
Cash Received				
Interest	13	2,646	2,633	20,253.8
Military superannuation contributions	731,000	819,036	88,036	12.0
License fee	4,711	5,469	758	16.1
Net GST received from ATO	-	-	-	-
Other	569	-	-569	-100.0
Total operating cash received	736,293	827,151	90,858	12.3
Cash Used				
Military benefits	1,672,100	1,784,740	112,640	6.7
Aircraft leasing costs	-	-	-	-
Subsidies	52,638	79,834	27,196	51.7
Grants	23,300	75,000	51,700	221.9
Total operating cash used	1,748,038	1,939,574	191,536	11.0
Net cash from or (used by) operating activities	-1,011,745	1,112,423	-100,678	10.0
INVESTING ACTIVITIES				
Cash Received				
Dividends	60,448	42,800	-17,648	-29.2
Total investing cash received	60,448	42,800	-17,648	-29.2
Cash Used				
Loans	-	40,480	40,480	100.0
Administered Investment	-	161,000	161,000	100.0
Total investing cash used	-	201,480	201,480	100
Net cash from or (used by) investing activities	60,448	-158,680	-219,128	-362.5
Net increase (decrease) in cash held	-951,297	1,271,103	-319,806	33.6
Cash at the beginning of reporting period	39	-	-39	-100.0
Cash from the Official Public Account for appropriations	1,748,038	2,143,364	395,326	22.6
Cash to the Official Public Account	-796,741	-872,261	-75,520	9.5
Effect of exchange rate movements on cash at the beginning of the reporting period	-	-	-	-
Cash at end of reporting period	39	-	-39	-100.0

NEW PAGE 128

Figure 4: The DMO organisational structure at 11 May 2009



Stars refer to Australian Defence Force Star Rank or SES Band Levels