

DEPARTMENT OF DEFENCE

RESOURCES AND PLANNED PERFORMANCE

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DEPARTMENT OF DEFENCE

Section 1: Defence Overview and Resources

1.1 Strategic Direction

The overview and strategic direction for the Department of Defence remains as reported in the *Portfolio Budget Statements 2011-12*.

STRATEGIC REFORM PROGRAM

Information is as reported in the *Portfolio Budget Statements 2011-12*.

DEFENCE ACCOUNTABILITY AND PROJECT MANAGEMENT REFORM

Information is as reported in the *Portfolio Budget Statements 2011-12*.

CULTURAL REVIEWS

Defence will commence implementation of the recommendations emanating from a series of reviews into various aspects of Australian Defence Force (ADF) and Department of Defence culture. Defence is developing a response to the outcomes of the culture reviews, which is integrated with the broader Defence reform agenda. Based on a theme of cultural change and reinforcement, the initial priority will include implementation of findings from the review into the treatment of women at the Australian Defence Force Academy (ADFA), submitted by the Federal Sex Discrimination Commissioner and tabled in Parliament on 3 November 2011.

DEFENCE MATERIEL ORGANISATION

There has been no change to the DMO's strategic direction since the *Portfolio Budget Statements 2011-12*.

ORGANISATIONAL STRUCTURE

The following changes have taken place since the *Portfolio Budget Statements 2011-12*.

Senior Executive changes

Changes below reflect senior level movements that have occurred since the publication of the *Defence Annual Report 2010-11*.

- With effect 5 September 2011, Ms Jane Wolfe (Special Advisor Strategic Reform and Governance) transferred from the Defence Materiel Organisation to Strategic Reform and Governance.
- With effect 5 December 2011, Air Marshal John Harvey ceased as the Chief of Capability Development Group.
- With effect 6 December 2011, Rear Admiral Peter Jones was promoted to Vice Admiral, Chief of Capability Development Group, replacing Air Marshal John Harvey.
- With effect 7 October 2011, Professor Robert G. Clark ceased as the Chief Defence Scientist.
- From 10 October 2011 to 1 February 2012, Dr Ian Sare acted in the position of Chief Defence Scientist.
- With effect 1 February 2012, Dr Warren Harch commenced acting in the position of Chief Defence Scientist.
- With effect 28 October 2011, Mr Stephen Merchant ceased as the Deputy Secretary Intelligence and Security.
- Mr Stephen Meekin, Director Defence Imagery and Geospatial Organisation, commenced acting in the position of Deputy Secretary Intelligence and Security for the period 31 October 2011 until 6 November 2011 and 6 December 2011 until 3 January 2012.
- Mr Ian McKenzie, Director Defence Signals Directorate, commenced acting in the position of Deputy Secretary Intelligence and Security for the period 7 November 2011 until 5 December 2011 and 4 January 2012 until 4 March 2012.
- With effect 3 February 2012, Mr Phil Minns ceased as the Deputy Secretary People Strategies and Policy Group.
- With effect 6 February 2012, MAJGEN Gerard Fogarty commenced acting in the position of Deputy Secretary People Strategies and Policy Group.

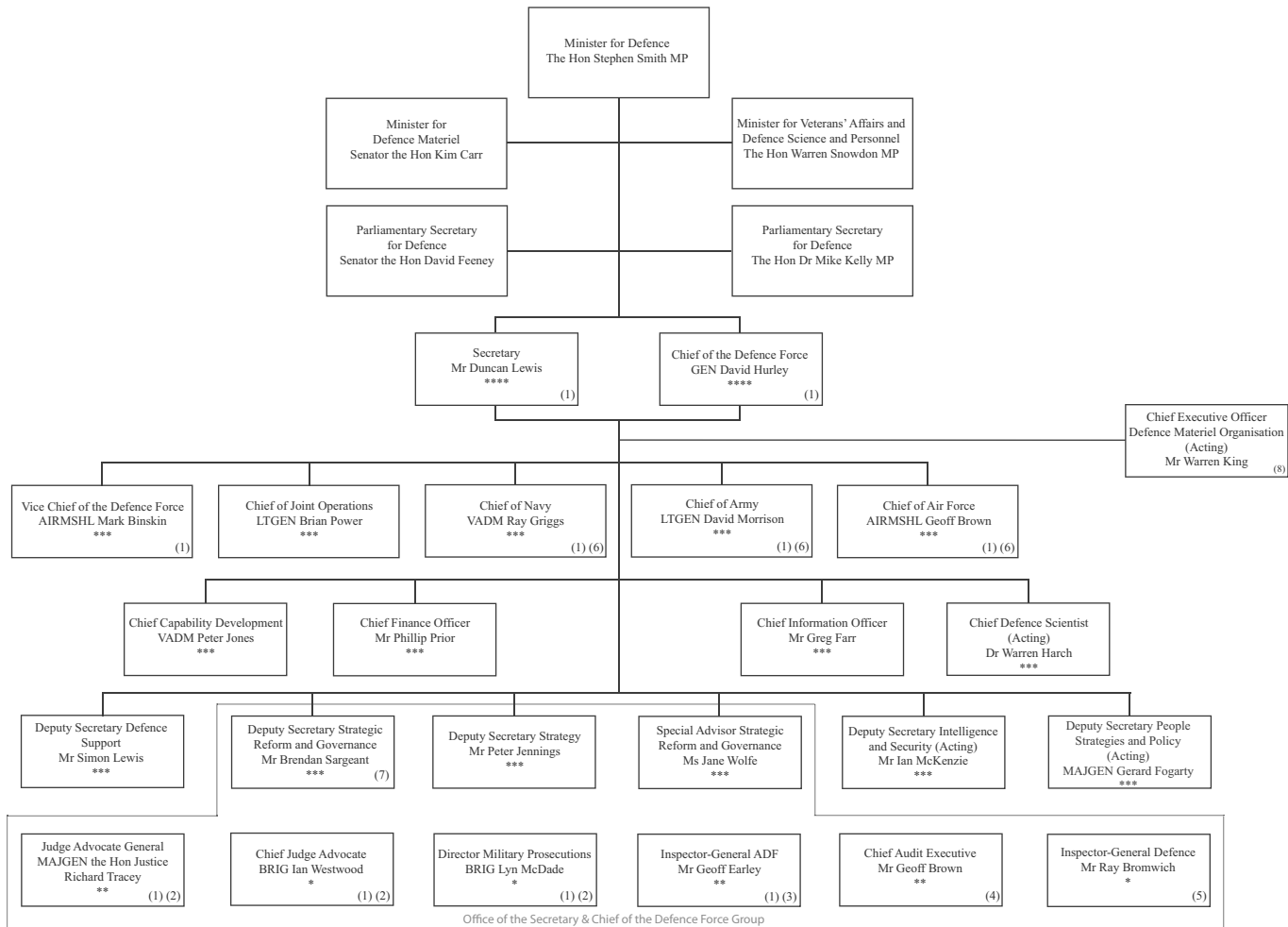
Organisational Structure

The Defence Organisational Structure remains as reported in the *Portfolio Budget Statements 2011-12*.

DMO Senior Executive changes

- With effect 7 July 2011, Dr Stephen Gumley ceased as the Chief Executive Officer of the Defence Materiel Organisation.
- With effect 7 July 2011, Mr Warren King commenced acting in the position of Chief Executive Officer Defence Materiel Organisation.

Figure 2: Defence Organisational Chart



(1) Statutory appointment.
 (2) Reports directly to the Minister for Defence in accordance with Section 196A of the *Defence Force Discipline Act 1982*.
 (3) The Inspector-General ADF is directly responsible to the Chief of the Defence Force (CDF).
 (4) Chief Audit Executive reports directly to the Secretary and CDF.
 (5) The Inspector-General Defence reports directly to the Secretary and CDF, and CEO DMO on investigative matters.
 (6) Section 9(3) of the *Defence Act 1903* requires the Service Chiefs to advise the Minister on matters relating to their command.
 (7) Deputy Secretary Strategic Reform and Governance is appointed as the Group Head for Office of the Secretary and Chief of the Defence Force Group to perform all the duties and exercise all the relevant delegations of that role.
 (8) 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.

Stars (*) refer to ADF Star rank or SES Band levels

1.2 Portfolio Resource Statement

Departmental funding is presented in serial 14 of Table 4. The total level of departmental funding in 2011-12 has decreased by \$199.4m to \$26,360.4m compared with \$26,559.8m in the 2011-12 Budget. The revised total Defence funding is comprised of:

- an appropriation for departmental outputs (\$22,634.2m)
- an equity injection (\$2,773.8m)
- drawdown of appropriations carried forward from previous years (\$6.4m)
- other appropriation receivable movement (-\$83.5m)
- return of equity to government (-\$79.2m)
- net capital receipts (\$133.6m)
- own source revenue (\$891.5m)
- prior year receipts (\$83.5m).

There are several measures and adjustments that have affected Defence's funding. These are:

- a decrease of \$150.1m in departmental appropriations resulting from:
 - an increase of \$2.2m associated with departmental budget measures
 - a net decrease of \$152.3m for other budget adjustments
- a transfer of funding of \$83.5m into the appropriation receivable related to the return of a prior year service fee from DMO
- a decrease in funding as a result of an increase of \$21.1m in return of equity to the Government, related to the revised housing and property disposal programs
- an increase of \$15.8m in capital receipts
- a decrease of \$44.0m in own source revenue
- an increase of \$83.5m in prior year receipts.

SAVINGS AND INITIATIVES

Since the 2011-12 Budget a one-off increase in the efficiency dividend of 2.5 per cent in 2012-13 has been applied which resulted in a reduction in funding from government of \$190.5m across the forward estimates.

Table 4: Total Defence Resourcing

Serial No	2010-11 Actual \$'000		2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Defence resourcing									
1	21,190,716	Appropriation for departmental outcomes	22,640,794	22,626,192	-14,602	-0.1	21,789,694	23,180,966	24,056,541
2	2,755,907	Equity injection appropriation	2,909,317	2,773,786	-135,531	-4.7	1,506,506	1,748,976	2,131,990
3	-	Prior Year Appropriation ^[1]	8,000	8,000	-	-	-	-	-
4	23,946,623	Current year's appropriation (1+2+3)	25,558,111	25,407,978	-150,133	-0.6	23,296,200	24,929,942	26,188,531
5	89,746	Draw down of appropriations carried forward	6,389	6,389	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-83,484	-83,484	-	-	-	-
7	-470,251	Return to OPA	-58,026	-79,166	-21,140	36.4	-136,792	-18,459	-12,960
8	-380,505	Funding from/to the OPA (5+6+7)	-51,637	-156,261	-104,624	202.6	-136,792	-18,459	-12,960
9	23,566,118	Funding from Government (4+8)	25,506,474	25,251,717	-254,757	-1.0	23,159,408	24,911,483	26,175,571
10	138,458	Capital receipts	117,827	133,634	15,807	13.4	172,262	65,066	125,592
11	945,204	Own source revenue (s31 receipts) ^[2]	935,515	891,548	-43,967	-4.7	895,727	936,666	975,213
12	-	Prior Year Receipts	-	83,484	83,484	-	-	-	-
13	1,083,662	Funding from Other Sources (10+11+12)	1,053,342	1,108,666	55,324	5.3	1,067,989	1,001,732	1,100,805
14	24,649,780	Total Defence funding (9+13)	26,559,816	26,360,383	-199,433	-0.8	24,227,397	25,913,215	27,276,376
Administered									
15	4,013,166	Administered special appropriations ^[3]	3,928,923	4,188,144	259,221	6.6	4,090,624	4,278,987	4,475,857
16	1,392,762	Own source revenue	1,264,020	1,335,326	71,306	5.6	1,346,134	1,398,169	1,458,209
17	-1,392,762	Returns to the OPA	-1,292,077	-1,335,326	-43,249	3.3	-1,346,134	-1,398,169	-1,458,209
18	-	Interest earned for DHA loans ^[4]	28,057	-	-28,057	-100.0	-	-	-
19	44,100	Administered Payments to CAC Act bodies	-	-	-	-	-	-	-
20	4,057,266	Total Administered Funding (15+16+17+18+19)	3,928,923	4,188,144	259,221	6.6	4,090,624	4,278,987	4,475,857
21	28,707,046	Total Defence Resourcing (14+20)	30,488,739	30,548,527	59,788	0.2	28,318,021	30,192,202	31,752,233
Appropriation carried forward									
22	50,122	Appropriation Receivable including previous year's outputs	20,457	121,517	101,060	494.0	121,517	121,517	121,517
23	64,871	Cash in bank	52,226	72,871	20,645	39.5	72,871	72,871	72,871
24	114,993	Total appropriations carried forward (22+23)	72,683	194,388	121,705	167.4	194,388	194,388	194,388
25	28,822,039	Total Defence Resourcing (21+24)	30,561,422	30,742,915	181,493	0.6	28,512,409	30,386,590	31,946,621

Notes

1. Prior Year Appropriation in 2011-12 is related to Operation no-win no-loss expenditure drawn in 2010-11 and appropriated in 2011-12.
2. All figures are net of GST.
3. The 2010-11 Actual excludes \$0.841m of foreign exchange and impairment reported in the *Defence Annual Report 2010-11*.
4. Interest earned on DHA loans now recorded in own source revenue.

Table 5: Defence Resource Statement

Serial No.		Estimate	Proposed	Total	
		as at Budget 2011-12 \$'000	+ Estimates 2011-12 \$'000	= Estimate at Additional Estimates 2011-12 \$'000	Total Appropriation Actual 2010-11 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	21,052,011	34,537 ⁽¹⁾	21,086,548	19,987,888
	Outcome 2	1,578,954	-49,139	1,529,815	1,070,894
	Outcome 3	9,829	-	9,829	10,762
1	Total Departmental outputs	22,640,794	-14,602	22,626,192	21,069,544
2	Total Ordinary Annual Services	22,640,794	-14,602	22,626,192	21,069,544
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	2,909,317	-135,531	2,773,786	2,755,907
3	Total Departmental non-operating	2,909,317	-135,531	2,773,786	2,755,907
	Administered non-operating				
	Payments to CAC Act bodies	-	-	-	44,100
4	Total Administered non-operating	-	-	-	44,100
5	Total Other Services (3+4)	2,909,317	-135,531	2,773,786	2,800,007
6	Total Available Annual Appropriation (2+5)	25,550,111	-150,133	25,399,978	23,869,551
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948</i> Part 1, s.15D and VIC, s.82ZJ	30,000	-2,000	28,000	29,400
	<i>Defence Force Retirement and Death Benefits Act, 1973</i> Part XII, s.125	1,591,000	-28,000	1,563,000	1,593,000
	<i>Military Superannuation and Benefits Act, 1991</i> Part V, s.17	2,194,443	301,000	2,495,443	2,305,525
	<i>Defence Force (Home Loan Assistance) Act, 1990</i> Part IV, s.38	3,547	-	3,547	4,293
	<i>Defence Home Ownership Assistance Scheme Act 2008</i> Part VI, s.84	109,933	-11,779	98,154	80,948
7	Total Special Appropriations	3,928,923	259,221	4,188,144	4,013,166
8	Total Appropriations (6+7)	29,479,034	109,088	29,588,122	27,882,717
	Funding from other sources	2,297,826	93,787	2,391,613	2,341,758
	Returns from the OPA	-1,343,714	-147,873	-1,491,587	1,863,013
	Previous year's outputs (appropriation receivable)	20,457	101,060 ⁽¹⁾	121,517	50,122
	Cash Available	52,226	20,645	72,871	64,871
	Dividends	47,593	4,786	52,379	52,700
9	Total Other Available Resources	1,074,388	72,405	1,146,793	4,372,464
10	Total Resourcing (8+9)	30,553,422	181,493	30,734,915	32,255,181
	Special Accounts				
	Opening Balance	78,306	38,225	116,531	-
	Appropriation Receipts	-	-	-	-
	Appropriation Receipts - other agencies	-	-	-	-
	Non-Appropriation Receipts to Special Accounts	62,355	-875	61,480	-
11	Total Special Accounts	140,661	37,350	178,011	-

Note

- Includes a s32 transfer totalling \$4.533m for the transfer of NSST Branch from PM&C to DSTO under the Administrative Arrangements Order (dated 14 December 2011). The transfer is comprised of \$2.233m under Outcome 1 and a \$2.3m increase in Appropriation Receivable.

ANNUAL APPROPRIATIONS

Defence's annual appropriations will decrease by a net \$150.133m to \$25,407.978m. This decrease is related to a net reduction of \$14.602m for Departmental outcomes and a reduction of \$135.531m in equity injection. The net reduction of \$14.602m for Departmental outcomes is comprised of an increase of \$34.537m in Outcome 1 offset by a reduction of \$49.139m in Outcome 2. Defence will seek a determination by the Minister for Finance and Deregulation, under section 10 of the *Appropriation Act (No 1) 2011-12*, to decrease its Departmental appropriation by a net \$14.602m. Defence will also seek a determination by the Minister for Finance and Deregulation, under section 13 of the *Appropriation Act (No 2) 2011-12*, to decrease its Departmental Equity Injection by \$135.531m.

Table 6: Appropriation Bill (No 3) 2011-12^[1]

	2010-11 Actual \$'000	2011-12 Budget \$'000 ^[2]	2011-12 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental Outputs					
Outcome 1					
Australia's national interests are protected and advanced through the provision of military capabilities and the promotion of security and stability	20,109,060	21,052,011	21,086,548	34,537	-
Outcome 2					
Military operations and other tasks directed by the Government to achieve the desired results	1,070,894	1,578,954	1,529,815	-	49,139
Outcome 3					
Defence's support to the Australian community and civilian authorities to achieve the desired results	10,762	9,829	9,829	-	-
Total	21,190,716	22,640,794	22,626,192	34,537	49,139

Notes

- No additional appropriation is provided in Appropriation Bill 3 as the net funding change is negative.
- The Budget amounts for Outcome 1 include a s32 appropriation transfer from PM&C for a Machinery of Government change.

Table 7: Appropriation Bill (No 4) 2011-12^[1]

	2010-11 Actual \$'000	2011-12 Budget \$'000	2011-12 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	2,755,907	2,909,317	2,773,786	-	135,531
Total non-operating	2,755,907	2,909,317	2,773,786	-	135,531

Note

- No additional appropriation is provided in Appropriation Bill 4 as the total adjustment is a reduction in the current Bill 2 Appropriation.

DRAWDOWN OF APPROPRIATIONS CARRIED FORWARD

Table 8: Revised Appropriation Receivable

	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Previous estimate^[1]	20,457	20,457	20,457	20,457
Appropriation carried forward (from 2010-11)	15,276	15,276	15,276	15,276
DMO prior year service fee return	83,484	83,484	83,484	83,484
NSST Branch transfer from PM&C to DSTO ^[2]	2,300	2,300	2,300	2,300
Closing balance appropriation receivable	121,517	121,517	121,517	121,517

Notes

- As published in Table 7 of the *Portfolio Budget Statements 2011-12*.
- The transfer from PM&C is comprised of \$2.233m under Outcome 1 and a \$2.3m increase in Appropriation Receivable.

FUNDING FROM OTHER SOURCES

Own Source Revenue

Table 9: Variation in Own Source Revenue

	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Previous Estimate ⁽¹⁾	935,515	925,354	967,089	1,008,364
Variation in own source revenue	-43,967	-29,627	-30,423	-33,151
Own source revenue revised estimates	891,548	895,727	936,666	975,213
Prior year receipts	83,484	-	-	-
Total	975,032	895,727	936,666	975,213

Note

1. As published in Table 8 of the *Portfolio Budget Statements 2011-12*.

Table 10: Variation in Estimates of Net Capital Receipts

	2011-12 Revised Estimate \$m	2012-13 Forward Estimate \$m	2013-14 Forward Estimate \$m	2014-15 Forward Estimate \$m
Portfolio Budget Statements 2011-12 Estimates ⁽¹⁾	60.7	43.4	64.7	71.9
Movement in capital withdrawal associated with capital disposals program	-21.1	-23.8	4.0	9.8
Movement in proceeds from sales associated with the capital disposals program	15.8	16.8	-21.1	31.8
Variation in Net Capital Receipts	-5.3	-7.0	-17.1	41.6
Total Net Capital Receipts	55.4	36.4	47.6	113.5

Note

1. As published in Table 9 of the *Portfolio Budget Statements 2011-12*.

PURCHASER-PROVIDER ARRANGEMENTS

Payments to the DMO

Table 11: Total Planned Payments to the DMO

Serial No.		2011-12	2011-12	Variation
		Budget Estimate \$m	Revised Estimate \$m	
	Planned Defence Capability Plan (DCP) approvals	647.1	335.4	-311.6
	Approved Major Capital Investment Projects (AMCIP) delivered by the DMO	4,329.1	3,850.6	-478.5 ^[1]
1	Total Major Capital Investment Projects	4,976.1	4,186.0	-790.1
	Approved Navy minor projects	5.4	5.4	-
	Approved Army minor projects	48.5	46.2	-2.3
	Approved Air Force minor projects	15.5	16.8	1.3
	Approved Chief Information Officer minor projects	4.1	4.1	-0.1
	Approved Office of the Secretary and CDF minor projects	0.2	0.2	-
2	Sub-total approved Minor program delivered by the DMO	73.9	72.7	-1.2
	Unapproved Navy minor projects	22.2	22.2	-
	Unapproved Army minor projects	14.9	13.8	-1.2
	Unapproved Air Force minor projects	-	16.8	16.8
	Unapproved Joint Logistics Command minor projects	2.4	-	-2.4
3	Sub-total unapproved Minor program planned for transfer to the DMO	39.5	52.8	13.3
4	Total Minor program (2+3) to be delivered by the DMO	113.4	125.5	12.1
5	Total Acquisition (DMO Program 1.1) (1+4)	5,089.5	4,311.5	-778.0
	Navy sustainment	1,435.7	1,460.5	24.7
	Army sustainment	1,614.0	1,569.9	-44.1
	Air Force sustainment	1,657.7	1,589.9	-67.8
	Chief Information Officer sustainment	43.6	42.2	-1.3
	Vice Chief of the Defence Force sustainment	81.4	78.7	-2.7
	Office of the Secretary and CDF sustainment	22.7	19.7	-3.0
	Joint Operations Command sustainment	5.2	5.9	0.7
	Defence Support Group sustainment	27.0	27.0	-
	Future sustainment costs associated with AMCIP	122.7	41.3	-81.4
6	Total Sustainment (DMO Program 1.2)	5,010.0	4,835.1	-174.9
7	Total Planned Payments to DMO (5+6)	10,099.5	9,146.6	-952.9

Note

1. This variation is comprised of an increase in project approvals of \$304.1m from the DCP, a reduction of \$101.7m for foreign exchange and a reduction of \$680.9m for the AMCIP component of the 2010-11 payable to DMO as referenced on page 407 of the *Defence Annual Report 2010-11* (Related Entities settled within 12 months).

PAYMENTS TO DEFENCE HOUSING AUSTRALIA

Information is as reported in the *Portfolio Budget Statements 2011-12*.

1.3 Funding from Government

2011-12 BUDGET MEASURES AND OTHER BUDGET ADJUSTMENTS

Table 12: Variations to Defence Funding

	Program	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	Total FE \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	TOTAL \$m
Budget measures													
Expenditure Measures													
Afghanistan – Enhanced Detainee Management Framework	2.2	2.2	-	-	-	2.2	-	-	-	-	-	-	2.2
AE1	various	-	-0.8	-0.8	-0.8	-2.4	-	-	-	-	-	-	-2.4
Total Budget Measures		2.2	-0.8	-0.8	-0.8	-0.2	-	-	-	-	-	-	-0.2
Other Budget Adjustments													
DMO Direct Appropriation Adjustment	various	2.6	35.5	44.8	45.5	128.4	48.3	49.5	51.7	54.2	56.5	58.9	447.3
Out Year Rollover Adjustment	various	-	-	-	-	-	-	-	-	-	-	-50.3	-50.3
s32 NSST Branch to DSTO	1.7	2.2	0.3	0.3	0.3	3.1	0.3	0.3	0.3	0.3	0.3	0.3	4.9
Single LEAP	1.6	-	-402.9	-461.2	10.1	-854.0	10.8	11.5	12.3	13.1	13.9	14.8	-777.7
One-off 2.5% Efficiency Dividend	various	-	-60.4	-64.0	-66.0	-190.5	-71.6	-73.8	-78.8	-81.7	-84.4	-89.6	-670.3
Foreign Exchange Movements	various	-157.1	-133.8	-145.3	-157.9	-594.1	-143.0	-155.2	-172.9	-167.8	-195.1	-236.7	-1,664.8
Total Other Budget Adjustments		-152.3	-561.4	-625.4	-168.0	-1,507.1	-155.2	-167.7	-187.5	-182.0	-208.9	-302.6	-2,710.8
Variation to Defence Funding		-150.1	-562.2	-626.2	-168.8	-1,507.3	-155.2	-167.7	-187.5	-182.0	-208.9	-302.6	-2,711.0
Non-appropriation Adjustments													
Housing and Property Disposals	1.6	-21.1	-23.8	4.0	9.8	-31.2	9.6	9.5	9.3	9.1	9.1	9.0	24.3
DMO Prior Year Service Fee Return ⁽¹⁾	various	-83.5	-	-	-	-83.5	-	-	-	-	-	-	-83.5
Total Non-appropriation Adjustments		-104.6	-23.8	4.0	9.8	-114.7	9.6	9.5	9.3	9.1	9.1	9.0	-59.1

Note

1. This receipt from DMO is the return of unused prior year appropriations which, following return to the OPA, is deposited into Defence's Appropriation Receivable account.

2011-12 Budget Expenditure Measures

Afghanistan - Enhanced Detainee Management Framework

The Government will provide \$2.2m in 2011-12 to enhance detainee management in Afghanistan.

The measure will fund the upgrading of the Initial Screening Area and the deployment of an interrogation capability to Multi-National Base Tarin Kot. This will increase the ADF's capacity to detain and screen suspected insurgents until their release or transfer to Afghan or US authorities.

AE1

The Government has approved AE1 Incorporated as a deductible gift recipient (DGR) from 26 September 2011 to 26 September 2014.

AE1 Incorporated will continue the search for the World War 1 Submarine AE1. The AE1 did not return to Rabaul harbour from patrol in September 1914. The organisation is seeking to raise funds to meet the cost of a vessel to conduct a deep sea search off the Papua New Guinean coast and to contribute towards commemoration expenses.

The estimated cost of this measure (\$2.4m over the forward estimates) will be offset from within the existing resourcing of the Department of Defence.

Other Budget Adjustments

DMO Direct Appropriation Adjustments

Due to movements of staff between DMO and Defence, the DMO will return \$2.6m in the budget year, with a net result of DMO transferring \$128.4m to Defence across the forward estimates.

Out Year Rollover Adjustment

This adjustment corrects a calculation error when Defence transitioned from a 10 year to a 15 year budget in the Central Budget Management System. The correction results in a handback of \$50.3m in 2020-21.

Section 32 Transfer of National Security Science and Technology Branch from the Department of the Prime Minister and Cabinet to the Defence Science and Technology Organisation

Machinery of Government changes resulted in the transfer of the National Security Science and Technology Branch from the Department of the Prime Minister and Cabinet to the Defence Science and Technology Organisation. This transferred funds of \$2.2m in 2011-12 and a total of \$3.1m across the forward estimates. This change also results in an increase in the appropriation receivable of \$2.3m.

Single Living Environment and Accommodation Precinct

An adjustment to recognise a finance lease and reprogram the principal payments over the life of the lease for Single Living Environment and Accommodation Precinct. This results in a hand back to government of \$854.0m across the forward estimates with a zero impact across the life of the lease.

One-off 2.5 per cent Efficiency Dividend

A one-off increase in the efficiency dividend of 2.5 per cent in 2012-13 has been applied which resulted in a reduction in funding from government of \$190.5m across the forward estimates.

Foreign Exchange Movements

Under no-win/no-loss arrangements, Defence is required to return to the Government any surplus foreign exchange supplementation for an appreciation of the Australian dollar relative to other currencies as part of the Budget process. Conversely, where the Australian dollar depreciates relative to other currencies, the exchange rate set for Defence is supplemented under these arrangements. Defence will return \$157.1m in 2011-12, as a result of movements in exchange rates since the 2011-12 Budget. Over the forward estimates a total of \$594.1m will be returned.

Non-appropriation Adjustments

Housing and Property Disposals

Adjustments have been made to the Housing and Property Disposal Programs since the 2011-12 Budget that have resulted in Defence returning an additional \$21.1m in 2011-12 and \$31.2m over the forward estimates.

DMO Prior Year Service Fee Return

DMO has returned \$83.5m relating to unspent prior year service fee. This return of unused prior year appropriations will flow through the Return to OPA to be deposited into Defence's Appropriation Receivable account.

Table 13: Net Additional Cost of Operations from 1999-00 to 2014-15

	1999-00 to 2006-07 Actual Result \$m	2007-08 Actual Result \$m	2008-09 Actual Result \$m	2009-10 Actual Result \$m	2010-11 Actual Result \$m	2011-12 Revised Estimate \$m	2012-13 Forward Estimate \$m	2013-14 Forward Estimate \$m	2014-15 Forward Estimate \$m	Total \$m
Operation Astute	3,405.5	205.6	164.7	144.9	155.7	160.2	10.7	0.9	-	4,248.2
Operation Bel Isi	47.7	-	-	-	-	-	-	-	-	47.7
Operation Slipper ^[1]	805.3	394.9	701.9	1,125.3	1,088.9	1,224.0	299.6	139.2	-	5,779.1
Operation Resolute ^[2]	96.9	7.0	10.0	10.3	8.2	9.8	-	-	-	142.2
Operation Catalyst	1,560.7	501.5	290.9	11.4	-	-	-	-	-	2,364.5
Operation Anode	148.2	23.7	25.1	27.9	35.7	43.5	1.4	0.2	-	305.6
Operation Sumatra Assist	44.5	-	-	-	-	-	-	-	-	44.5
Operation Acolyte	10.5	-	-	-	-	-	-	-	-	10.5
Operation Deluge	2.7	4.0	-	-	-	-	-	-	-	6.7
Operation Pakistan Assist	9.8	-	-	-	-	-	-	-	-	9.8
Operation Outreach	-	12.3	2.3	-	-	-	-	-	-	14.6
Operation Kruger ^[3]	-	-	-	29.8	13.8	2.1	1.9	-	-	47.5
Enhanced Force Protection in Afghanistan ^{[4][5]}	-	-	-	80.3	196.0	487.1	190.6	-	-	954.0
Total Net Additional Costs	6,131.8	1,149.1	1,194.9	1,429.8	1,498.2	1,926.7	504.2	140.3	-	13,974.9
Sources of Funding for Operations										
Government Supplementation	6,122.0	1,127.5	112.5	1,386.7	1,320.1	1,554.1	311.7	140.3	-	12,075.0
Department of Foreign Affairs and Trade	9.1	-	-	-	-	-	-	-	-	9.1
Department of Defence (Absorbed)	0.7	21.6	1,082.4	43.1	178.1	372.6	192.5	-	-	1,890.8
Total Cost	6,131.8	1,149.1	1,194.9	1,429.8	1,498.2	1,926.7	504.2	140.3	-	13,974.9

Notes

1. The Government approved \$2.2m in 2011-12 to enhance detainee management in Afghanistan.
2. For 2011-12 Defence will absorb the cost of Operation Resolute.
3. For 2011-12 and 2012-13 Defence will absorb the cost of Operation Kruger, which includes costs associated with the transition to a fully contracted security arrangement in 2011 as well as return of equipment to Australia and its remediation.
4. An amount of \$4.715m has been re-programmed from 2010-11 to 2011-12 to align acquisition funding with revised acquisition schedules.
5. Government supplementation for Enhanced Force Protection in Afghanistan costs are captured against Operation Slipper.

OPERATIONS SUMMARY

The ADF is involved in a number of deployments around the world, including United Nations peacekeeping and regional assistance missions, and border protection and domestic security operations. Defence plans to spend \$1,926.7m on the net additional costs of its operational deployments in 2011-12, or \$6.9m more than the budget estimate. This represents a \$2.2m increase for detainee management and an additional \$4.7m for Defence funded enhanced force protection measures in 2011-12. The revised estimates for all operations are shown in Table 13.

Afghanistan - Enhancement of Force Protection Measures for Australian Troops

Defence funded enhanced force protection measures have been adjusted to reflect the reprogramming of sustainment funds (\$4.7m) from 2010-11 to 2011-12 to align funding with revised acquisition schedules.

Afghanistan - Enhanced Detainee Management Framework

The Government will provide \$2.2m in 2011-12 to enhance detainee management in Afghanistan.

The measure will fund the upgrading of the Initial Screening Area and the deployment of an interrogation capability to Multi-National Base Tarin Kot. This will increase the ADF's capacity to detain and screen suspected insurgents until their release or transfer to Afghan or US authorities.

1.4 Capital Investment Program

The Capital Investment Program comprises the Defence Capability Plan, the Approved Major Capital Investment Program, the Capital Facilities Program, Other Capital Purchases, and Retained Capital Receipts.

Table 14: Total Capital Investment Program

Serial No.		2011-12	2011-12	Variation
		Budget Estimate	Revised Estimate	
		\$m	\$m	\$m
	Defence Capability Plan			
	Planned payment to DMO for projects awaiting Government approval ^[1]	647.1	335.4	-311.6
	Other Defence groups	71.9	37.3	-34.6
1	Total Defence Capability Plan	718.9	372.7	-346.2
2	Approved Major Capital Investment Program ^[2]	4,409.6	4,009.2	-400.4
3	Major Capital Investment Program (1+2)	5,128.6	4,382.0	-746.6
	Capital Facilities			
	Approved Capital Facilities Projects ^[3]	829.9	780.3	-49.6
	Unapproved Capital Facilities Projects	350.4	221.3	-129.1
4	Total Capital Facilities Program^[4]	1,180.3	1,001.6	-178.7
5	Other Investment ^[5]	739.8	1,475.9	736.1
6	Total Capital Investment Program (3+4+5)^[6]	7,048.6	6,859.5	-189.1
	<i>Capital component</i>	6,665.9	6,304.1	-361.8
	<i>Operating component</i>	382.8	555.4	172.7

Notes

1. Cross reference with Table 11, Total Planned Payments to the DMO.
2. Includes projects delivered by the DMO and Defence Groups.
3. Includes both Major and Medium Capital Facilities Program.
4. In the 2011-12 PBS, the split between the Approved and Unapproved Capital Facilities Projects was incorrect by \$10.8m. The 2011-12 Budget Estimate split has been amended to align with the detailed project breakdown in Tables 34 and 37 of the 2011-12 PBS. The total shown remains unchanged.
5. This includes plant and equipment, Minor Capital Investment projects, infrastructure costs, non-capital facilities building projects, intangibles and purchase of repairable items.
6. The Capital Investment Program funding includes \$60.7m (Budget Estimate) and \$55.4m (Revised Estimate) in retained capital receipts. Cross reference with Table 15, Retained Capital Receipts.

MAJOR CAPITAL INVESTMENT PROGRAM

The \$746.6m decrease in the Major Capital Investment Program is comprised of a \$346.2m decrease in the Defence Capability Plan (DCP) and a \$400.4m decrease in the Approved Major Capital Investment Program (AMCIP).

The \$346.2m decrease in the DCP relates to transfers to the AMCIP of \$334.7m following project approval, \$9.3m in foreign exchange movements and \$2.2m transfer to the DMO through their Direct Appropriation.

The \$400.4m decrease in the AMCIP relates to \$101.7m decrease for foreign exchange, a \$680.9m decrease for the 2010-11 payable to the DMO (refer note 1, Table 11), a transfer of \$3.0m to the Sustainment Program, offset by a \$334.7m increase due to transfers from the DCP and a \$50.5m increase as a result of projects funded outside of the DCP.

CAPITAL FACILITIES PROGRAM

The Capital Facilities Program net variance of -\$178.7m is comprised of:

- a \$49.6m reduction in the Approved Capital Facilities Projects due to:
 - \$63.3m reduction as identified in Table 30
 - \$13.6m increase as identified in Table 32
- a \$129.1m reduction in the Unapproved Capital Facilities Projects due to slippage in development and approval of various not yet approved projects.

OTHER INVESTMENT

The Other Investment variance of a net \$736.1m is comprised of a \$176.2m increase for the purchase of Buildings, a \$662.1m increase in Specialist Military Equipment (SME), a \$58.0m decrease in Other Plant and Equipment purchases, a \$25.3m decrease in Infrastructure purchases, a \$20.4m decrease in purchases of Repairable Items and a number of other smaller movements totalling \$1.5m.

The \$662.1m increase in SME includes a \$680.9m payment (refer note 1, Table 11) to the DMO (to extinguish the capital component of the \$738.0m payable recognised in 2010-11), offset by decreases in SME in Defence Groups totalling \$18.8m.

RETAINED CAPITAL RECEIPTS

The Retained Capital Receipts form part of the Total Capital Investment Program at Table 14: Total Capital Investment Program.

Retained Capital Receipts comprises the net proceeds from property sales which are returned to Government. It also includes proceeds from sale of specialist military equipment, commercial vehicles and other plant and equipment. Adjustments have been made to the property sales program since the 2011-12 Budget that have resulted in Defence retaining \$5.3m less Capital Receipts.

Table 15: Retained Capital Receipts

Serial No.		2011-12 Budget Estimate \$m	2011-12 Revised Estimate \$m	Variation \$m
	Property Sales			
	Proceeds from the sale of land and buildings	68.8	95.0	26.3
	Proceeds from the sale of housing	20.3	9.9	-10.5
	Less capital return to Government	-57.1	-78.3	-21.1
1	Proceeds retained by Defence	32.0	26.6	-5.3
2	Proceeds from sale of specialist military equipment	-	-	-
3	Proceeds from sale of infrastructure, plant and equipment	28.7	28.7	-
4	Retained Capital Receipts (1+2+3)	60.7	55.4	-5.3

1.5 People

WORKFORCE OVERVIEW

Defence's workforce priorities remain as published in the *Portfolio Budget Statements 2011-12*.

Workforce Summary

The revised strength of the total Defence workforce (including the DMO) is shown in Table 16. The revised strength of the total workforce in 2011-12 is forecast to be 1,050 less than the 2011-12 Budget Estimate of 103,695, including ADF Permanent Forces (-796), Reserve Forces (-597), APS staff (+341), and Contractors (+2).

The reduction in the estimate for Permanent Forces is largely due to the success of measures introduced to return the ADF to its budgeted strength, combined with changes in labour market conditions leading to increased separations. The reduction in the estimate for High Readiness Reserve (HRR) Forces is mostly due to the temporary suspension of new HRR contracts by Army pending a review of the HRR.

Over the forward estimates period, the total workforce is funded to grow by 2,320 from the revised estimate of 102,645 in 2011-12 to 104,965 in 2014-15. This consists of a decrease of -432 in the civilian workforce and an increase of +2,752 in the military workforce.

Table 16: Planned Workforce Allocation for the 2011-12 Budget and Forward Estimates

	2011-12 Budget estimate	2011-12 Revised estimate	Variation	2012-13 Forward estimate	2013-14 Forward estimate	2014-15 Forward estimate
ADF Permanent Force^[1]						
Navy	14,220	14,218	-2	14,260	14,314	14,338
Army	30,617	30,003	-614	29,665	30,111	30,408
Air Force	14,216	14,036	-180	14,106	14,164	14,126
1 Total Permanent Force	59,053	58,257	-796	58,031	58,589	58,872
Active Reserve Force						
Navy	2,200	2,100	-100	2,200	2,200	2,200
Army	16,250	16,000	-250	17,050	17,350	17,350
Air Force	2,300	2,334	34	2,400	2,500	2,500
2 Sub-total Active Reserve Force	20,750	20,434	-316	21,650	22,050	22,050
High Readiness Reserve						
Navy	-	-	-	-	-	-
Army	1,000	700	-300	1,150	1,240	1,240
Air Force	600	619	19	600	600	600
3 Sub-total High Readiness Reserve Force	1,600	1,319	-281	1,750	1,840	1,840
4 Total Reserves (2 + 3)	22,350	21,753	-597	23,400	23,890	23,890
5 Total ADF Employees (1 + 4)	81,403	80,010	-1,393	81,431	82,479	82,762
Civilian Employees						
APS - Defence	16,001	15,974	-27	16,140	15,973	15,612
APS - DMO	5,647	6,015	368	5,719	5,874	6,096
6 Total APS	21,648	21,989	341	21,859	21,847	21,708
Contractors - Defence	593	621	28	488	450	447
Contractors - DMO	51	25	-26	48	48	48
7 Total Contractors^[2]	644	646	2	536	498	495
8 Total Civilian Employees (6 + 7)	22,292	22,635	343	22,395	22,345	22,203
Total Workforce Strength (5 + 8)	103,695	102,645	-1,050	103,826	104,824	104,965

Notes

- Numbers for ADF Permanent Force include ADF members in the DMO and Reservists on full-time service.
- Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

Table 17: Breakdown of Personnel Numbers by Service and Rank

	2011-12 Budget Estimate	2011-12 Revised Estimate
Navy^[1]		
One Star and above	52	52
Senior Officers ^[2]	529	517
Officers	2,798	2,780
Other Ranks	10,793	10,822
Gap Year Participants ^[3]	48	47
Sub-total: Permanent Navy	14,220	14,218
Reserve Forces ^[4]	2,200	2,100
Total Navy	16,420	16,318
Army^[1]		
One Star and above	80	77
Senior Officers ^[2]	789	761
Officers	5,484	5,381
Other Ranks	24,063	23,536
Gap Year Participants ^[3]	201	248
Sub-total: Permanent Army	30,617	30,003
Reserve Forces ^[4]	17,250	16,700
Total Army	47,867	46,703
Air Force^[1]		
One Star and above	51	52
Senior Officers ^[2]	574	572
Officers	3,895	3,914
Other Ranks	9,696	9,498
Gap Year Participants ^[3]	-	-
Sub-total: Permanent Air Force	14,216	14,036
Reserve Forces ^[4]	2,900	2,953
Total Air Force	17,116	16,989
APS^[1]		
Senior Executives ^[5]	165	168
Senior Officers ^[2]	6,416	6,786
Other APS Staff	15,067	15,035
Total APS	21,648	21,989
Contractors ^[6]	644	646
Total Workforce	103,695	102,645

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2011-12.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. ADF Recruitment and Retention Initiative.
4. Reserve figures represent the actual numbers of Active and High Readiness Reservists who render service. Reservists on full-time service are reported in the Permanent Force.
5. The figures for Senior Executive Service include the Secretary of the Department of Defence.
6. Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

WORKFORCE EXPENSES

The revised estimate for employee expenses in 2011-12 is \$10,332.0m representing an increase of \$162.6m from the 2011-12 Budget Estimate of \$10,169.4m. Details are shown in Table 18.

Table 18: Workforce Expenses for the Department of Defence (including DMO)

	2011-12 Budget Estimate \$m	2011-12 Revised Estimate \$m	Variation \$m	2012-13 Forward Estimate \$m	2013-14 Forward Estimate \$m	2014-15 Forward Estimate \$m
Military employees						
Salary, allowances, superannuation and leave ⁽¹⁾	6,645.4	6,767.8	122.4	6,572.6	6,862.0	7,145.0
Housing	696.6	747.2	50.6	713.0	745.9	719.2
Health services	330.9	287.2	-43.7	361.5	381.0	401.7
Fringe Benefits Tax	348.3	349.0	0.7	345.7	359.5	367.4
Total military employee expense	8,021.2	8,151.1	129.9	7,992.8	8,348.4	8,633.4
Civilian employees						
Salary, allowances, superannuation and leave	2,135.5	2,166.4	30.9	2,200.2	2,257.5	2,353.0
Other expenses including Fringe Benefits Tax	12.7	14.4	1.7	13.8	14.0	14.5
Total civilian employee expenses	2,148.2	2,180.8	32.6	2,214.0	2,271.5	2,367.5
Total employee expenses	10,169.4	10,332.0	162.6	10,206.8	10,619.9	11,000.9

Note

1. This includes estimates for Reservists.

Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

Defence’s outcomes structure remains as reported in the *Portfolio Budget Statements 2011-12*.

Figure 3: Structure of Defence’s Outcomes



Outcome 1: The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability

OUTCOME 1 STRATEGY

There has been no change to the Strategy of Outcome 1 since the *Portfolio Budget Statements 2011-12*.

Outcome Expense Statement

Table 19: Total Budgeted Resources Available for Outcome 1

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Program 1.1 Office of the Secretary and CDF						
Revenues from other sources	1,462	2,562	1,100	1,389	1,407	1,427
Departmental outputs	172,623	173,886	1,263	173,753	165,529	167,688
Program 1.2 Navy Capabilities						
Revenues from other sources	171,647	163,022	-8,625	166,110	171,700	175,256
Departmental outputs	4,051,659	4,117,215	65,556	4,202,139	4,188,682	4,206,309
Program 1.3 Army Capabilities						
Revenues from other sources	165,222	138,663	-26,559	148,131	164,474	172,844
Departmental outputs	4,926,814	4,903,290	-23,524	5,006,655	5,215,111	5,507,576
Program 1.4 Air Force Capabilities						
Revenues from other sources	263,414	227,346	-36,068	262,928	273,686	283,101
Departmental outputs	4,007,321	4,086,908	79,587	4,276,074	4,349,833	4,490,667
Program 1.5 Intelligence Capabilities						
Revenues from other sources	15,833	13,933	-1,900	12,813	13,030	12,079
Departmental outputs	530,650	515,857	-14,793	504,884	525,012	549,491
Program 1.6 Defence Support						
Revenues from other sources	284,803	283,633	-1,170	298,044	322,476	405,473
Departmental outputs	3,528,819	3,795,444	266,625	3,534,414	3,611,848	3,560,012
Program 1.7 Defence Science and Technology						
Revenues from other sources	33,668	42,939	9,271	33,869	34,578	35,485
Departmental outputs	433,695	465,694	31,999	456,720	433,823	440,534
Program 1.8 Chief Information Officer						
Revenues from other sources	9,886	9,203	-683	8,026	7,721	8,082
Departmental outputs	779,918	880,153	100,235	763,424	690,584	639,348
Program 1.9 Vice Chief of the Defence Force						
Revenues from other sources	435,497	292,154	-143,343	279,006	279,414	277,853
Departmental outputs	855,607	1,036,306	180,699	1,057,388	1,114,816	1,078,614
Program 1.10 Joint Operations Command						
Revenues from other sources	380	368	-12	375	384	395
Departmental outputs	46,328	47,566	1,238	48,657	47,924	51,244
Program 1.11 Capability Development						
Revenues from other sources	105,821	73,248	-32,573	90,053	110,377	133,944
Departmental outputs	747,849	461,346	-286,503	762,647	1,649,366	2,265,746
Program 1.12 Chief Finance Officer						
Revenues from other sources	21,491	148,241	126,750	151,734	155,129	158,907
Departmental outputs	644,488	299,779	-344,709	354,969	669,169	709,474
Program 1.13 People Strategies and Policy						
Revenues from other sources	-	120	120	-	-	-
Departmental outputs	326,240	303,104	-23,136	336,248	378,955	389,838

Table 19 (cont): Total Budgeted Resources Available for Outcome 1

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Program 1.14 Defence Force Superannuation Benefits and 1.15 Defence Force Superannuation Nominal Interest						
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	30,000	28,000	-2,000	29,000	27,000	26,000
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,591,000	1,563,000	-28,000	1,584,000	1,566,000	1,551,000
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,194,443	2,495,443	301,000	2,365,223	2,566,103	2,775,883
Total Administered Expenses	3,815,443	4,086,443	271,000	3,978,223	4,159,103	4,352,883
Administered Revenues from other sources	1,165,332	1,180,774	15,442	1,209,374	1,256,628	1,309,561
Total Program 1.14 & 1.15	2,650,111	2,905,669	255,558	2,768,849	2,902,475	3,043,322
Program 1.16 Housing Assistance						
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s 38[1]</i>	3,547	3,547	-	2,871	2,253	1,768
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s 84</i>	109,933	98,154	-11,779	109,530	117,631	121,206
Total Administered Expenses	113,480	101,701	-11,779	112,401	119,884	122,974
Administered Revenues from other sources	9,811	9,811	-	10,349	10,808	11,266
Total Program 1.16	103,669	91,890	-11,779	102,052	109,076	111,708
Program 1.17 Other Administered						
Administered Revenues from other sources	91,351	137,502	46,151	129,329	133,811	138,255
Total Program 1.17	-91,351	-137,502	-46,151	-129,329	-133,811	-138,255
Total resourcing						
Total Departmental outputs	21,052,011	21,086,548	34,537	21,477,972	23,040,652	24,056,541
Total Administered	2,662,429	2,860,057	197,628	2,741,572	2,877,740	3,016,775
Total Departmental revenue from other sources	1,509,124	1,395,432	-113,692	1,452,478	1,534,376	1,664,846
Total Administered revenue from other sources	1,266,494	1,328,087	61,593	1,349,052	1,401,247	1,459,082
Equity Injection	2,909,317	2,773,786	-135,531	1,506,506	1,748,976	2,131,990
Total resources for Outcome 1	29,399,375	29,443,910	44,535	28,527,580	30,602,991	32,329,234

CONTRIBUTIONS TO OUTCOME 1

Program 1.1: Office of the Secretary and CDF

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Program 1.1 Deliverables

- In late December 2011 the Woomera Prohibited Area Coordination Office, which is responsible for the implementation of the recommendations of the Woomera Prohibited Area Review, transferred from the Intelligence and Security Group to Strategy Executive within the Office of the Secretary and CDF Group.

Table 20: Cost Summary for Program 1.1 Office of the Secretary and CDF

	2011-12 Budget Estimate	2011-12 Revised Estimate	Variation	2012-13 Forward Estimate	2013-14 Forward Estimate	2014-15 Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employees	60,318	61,977	1,659	62,139	59,100	61,176
Suppliers	108,873	105,782	-3,091	107,618	102,583	102,719
Grants	3,617	7,248	3,631	3,957	4,057	4,160
Depreciation and amortisation	1,277	1,441	164	1,428	1,196	1,060
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	174,085	176,448	2,363	175,142	166,936	169,115
Income						
Revenues						
Goods and services	1,462	2,562	1,100	1,389	1,407	1,427
Other revenue	-	-	-	-	-	-
Total Revenue	1,462	2,562	1,100	1,389	1,407	1,427
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	1,462	2,562	1,100	1,389	1,407	1,427
Program 1.1 Office of the Secretary and CDF	172,623	173,886	1,263	173,753	165,529	167,688

Defence Cooperation Program

Information is as reported in the *Portfolio Budget Statements 2011-12*.

Program 1.2: Navy Capabilities

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 1.2 Deliverables

Table 21: Navy Deliverables (Unit Ready Days)^[1]

Deliverables		2011-12 Budget Estimate	2011-12 Revised Budget
18	Major combatants	3,771	3,329 ^[2]
10	Amphibious and Afloat Support	2,008 ^[3]	2,190 ^[4]

Notes

- Unit Ready Days (URD) are the aggregate number of days that constituent force elements are available for tasking.
- Major Combatants include the Adelaide class frigates, Anzac class frigates, and submarines. The decrease in the URD target is due to a combination of changes in scheduled major maintenance periods for Adelaide class frigates, Anzac class frigates and submarines.
- The URD figure for Amphibious and Afloat Support was erroneously reported in the *Portfolio Budget Statements 2011-12* as 2,908.
- Amphibious and Afloat Support comprises the oil tanker, replenishment ship, landing ship dock, heavy landing ship, and heavy landing craft. The increase in the URD target is due to a combination of changes in the scheduled major maintenance periods for the heavy landing ship, HMAS *Tobruk*, and the replenishment ship, HMAS *Success*; three heavy landing craft due to decommission in 2011 have been retained and the landing ship dock, HMAS *Choules*, became available for tasking in December 2011. The amphibious landing ships HMA Ships *Manoora* and *Kanimbla* were decommissioned on 27 May 2011 and 25 November 2011, respectively.

Table 22: Navy deliverables (flying hours)

Deliverables		2011-12 Budget Estimate	2011-12 Revised Budget
1	Laser airborne depth sounder aircraft	1,120	980 ^[1]

Notes

- The laser airborne depth sounder aircraft is contracted for 980 flying hours with the latitude to achieve beyond this figure. In November 2011 the decision was made that the aircraft would be limited to contracted flying hours only.

Table 23: Cost Summary for Program 1.2 Navy Capabilities

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	1,671,314	1,686,537	15,223	1,739,029	1,805,767	1,884,142
Suppliers	1,422,620	1,425,836	3,216	1,506,856	1,432,727	1,443,765
Grants	-	-	-	-	-	-
Depreciation and amortisation	919,197	960,742	41,545	903,193	894,777	821,626
Finance Cost	14,320	10,685	-3,635	12,715	14,439	15,024
Write-down of assets and impairment of assets	195,855	196,437	582	206,456	212,672	217,008
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	4,223,306	4,280,237	56,931	4,368,249	4,360,382	4,381,565
Income						
Revenues						
Goods and services	50,561	53,061	2,500	52,770	56,459	58,974
Other revenue	88	88	-	77	92	82
Total Revenue	50,649	53,149	2,500	52,847	56,551	59,056
Gains						
Reversals of previous asset write-downs	120,998	109,873	-11,125	113,263	115,149	116,200
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	120,998	109,873	-11,125	113,263	115,149	116,200
Total income	171,647	163,022	-8,625	166,110	171,700	175,256
Program 1.2 Navy Capabilities	4,051,659	4,117,215	65,556	4,202,139	4,188,682	4,206,309

Program 1.3: Army Capabilities

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 1.3 Deliverables

Table 24: Army Deliverables (Rate of Effort (ROE) – flying hours)

Deliverables		2011-12 Budget	2011-12 Revised Budget	2012-13 Forward Year 1	2013-14 Forward Year 2	2014-15 Forward Year 3
6	CH-47D Chinook ^{[1][2]}	1,570	1,570	2,000	2,000	2,000
34	S-70A-9 Black Hawk ^[3]	8,600	7,500	7,500	7,500	7,100
41	B-206 Kiowa ^[4]	7,360	8,500	8,500	6,360	6,360
22	Armed Reconnaissance Helicopter (ARH) Tiger ^[5]	4,150	3,400	7,147 ^[6]	7,147	7,147
46	Multi Role Helicopter (MRH-90) ^{[7][8]}	1,500	2,000	3,020	5,280	8,190

Notes

1. The seven aircraft CH-47D fleet will be withdrawn and progressively replaced by seven CH-47F in the 2014-16 timeframe. CH47 ROE is planned to remain constant during the transition.
2. ROE is planned to progressively grow from the historical 1570 baseline as the Deep Maintenance regime is adjusted to a revised cycle.
3. Black Hawk sustainment has been extended by a further two years.
4. Kiowa hours are reduced due to lower utilisation by 173 Squadron and restrictions on IFR operations.
5. ARH ROE less than predicted due to maintenance support network limitations.
6. Contracted ROE figure. Achievable ROE may be less due to maintenance support network limitations.
7. Final figure may vary due to number of airframes accepted.
8. MRH-90 ROE includes hours flown on MRH-90 operated by the Navy.

Table 25: Cost Summary for Program 1.3 Army Capabilities

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	3,257,357	3,325,964	68,607	3,301,327	3,478,795	3,632,423
Suppliers	1,249,172	1,113,910	-135,262	1,253,994	1,291,464	1,432,743
Grants	80	80	-	82	284	84
Depreciation and amortisation	435,664	465,749	30,085	445,636	441,934	437,337
Finance Cost ⁽¹⁾	820	-391	-1,211	410	1,054	1,323
Write-down of assets and impairment of assets	148,943	136,641	-12,302	153,337	166,054	176,510
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	5,092,036	5,041,953	-50,083	5,154,786	5,379,585	5,680,420
Income						
Revenues						
Goods and services	67,930	67,930	-	71,235	75,378	79,652
Other revenue	15,637	-	-15,637	-	-	-
Total Revenue	83,567	67,930	-15,637	71,235	75,378	79,652
Gains						
Reversals of previous asset write-downs	86,406	75,484	-10,922	81,015	85,189	88,472
Net gains from sale of assets ⁽²⁾	-4,751	-4,751	-	-4,119	3,907	4,720
Other gains	-	-	-	-	-	-
Total gains	81,655	70,733	-10,922	76,896	89,096	93,192
Total income	165,222	138,663	-26,559	148,131	164,474	172,844
Program 1.3 Army Capabilities	4,926,814	4,903,290	-23,524	5,006,655	5,215,111	5,507,576

Note

1. The reduction in Finance Costs reflects the outcome of the annual reassessment of the net present value, at the required discount rate, of the required provision for the future restoration, decontamination and decommissioning of Specialist Military Equipment in Army. The current assessment of the required provision has resulted in the budgeted provision in Army reducing by \$0.4m (-0.9%) from \$42.1m to \$41.7m.
2. At the Portfolio level Defence has budgeted for a total net gain from sale of assets. Whilst amounts shown in 2011-12 and 2012-13 represent a loss for this Program, the overall Portfolio budgeted outcome is for a gain.

Program 1.4: Air Force Capabilities

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 1.4 Deliverables

Table 26: Air Force Deliverables (flying hours)

Deliverables		2011-12 Budget	2011-12 Revised Budget	2012-13 Forward Year 1	2013-14 Forward Year 2	2014-15 Forward Year 3
33	Hawk Lead-in Fighter ^[1]	7,500	7,000	7,500	7,500	7,500

Notes

- 2011-12 Rate of Effort reduction is due to reduced postgraduate pilot throughput. Rate of Effort will return to 7,500 hours in 2012-13 and the forward years.

Table 27: Cost Summary for Program 1.4 Air Force Capabilities

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	1,684,470	1,723,924	39,454	1,781,853	1,827,594	1,887,137
Suppliers	1,602,870	1,453,228	-149,642	1,629,601	1,690,276	1,777,905
Grants	-	-	-	-	-	-
Depreciation and amortisation	745,124	908,865	163,741	880,381	844,754	839,226
Finance Cost ^[1]	3,281	-1,566	-4,847	1,640	4,217	5,294
Write-down of assets and impairment of assets	234,990	229,803	-5,187	245,527	256,678	264,206
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	4,270,735	4,314,254	43,519	4,539,002	4,623,519	4,773,768
Income						
Revenues						
Goods and services	121,226	97,884	-23,342	128,088	135,387	142,929
Other revenue	-	-	-	-	-	-
Total Revenue	121,226	97,884	-23,342	128,088	135,387	142,929
Gains						
Reversals of previous asset write-downs	142,188	129,462	-12,726	134,840	138,299	140,172
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	142,188	129,462	-12,726	134,840	138,299	140,172
Total income	263,414	227,346	-36,068	262,928	273,686	283,101
Program 1.4 Air Force Capabilities	4,007,321	4,086,908	79,587	4,276,074	4,349,833	4,490,667

Note

- The reduction in Finance Costs reflects the outcome of the annual reassessment of the net present value, at the required discount rate, of the required provision for the future restoration, decontamination and decommissioning of Specialist Military Equipment in Air Force. The current assessment of the required provision has resulted in the budgeted provision in Air Force reducing by \$1.6m (-1.2%) from \$134.6m to \$133.0m.

Program 1.5: Intelligence Capabilities

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 1.5 Deliverables

- In late December 2011 the Woomera Prohibited Area Coordination Office, which is responsible for the implementation of the recommendations of the Woomera Prohibited Area Review, transferred from the Intelligence and Security Group to Strategy Executive within the Office of the Secretary and CDF Group.

Program 1.5 Key Performance Indicators

- deliver intelligence and security services to meet Defence and Government requirements
- develop next generation intelligence, geospatial and security assessment capabilities, including Geoint, Sigint, and Cyber
- strengthen the approach to security across Defence and Government
- achieve best practice in governance and compliance
- ensure that the intelligence and security workforce is developed and skilled
- deliver enhanced intelligence capability through international and national partnerships.

Table 28: Cost Summary for Program 1.5 Intelligence Capabilities

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	253,962	259,784	5,822	264,221	273,614	288,957
Suppliers	252,188	222,146	-30,042	213,540	229,241	235,560
Grants	-	-	-	-	-	-
Depreciation and amortisation	34,975	44,313	9,338	36,990	32,593	34,230
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	5,358	3,547	-1,811	2,946	2,594	2,823
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	546,483	529,790	-16,693	517,697	538,042	561,570
Income						
Revenues						
Goods and services	11,490	11,490	-	10,784	11,243	10,134
Other revenue	-	-	-	-	-	-
Total Revenue	11,490	11,490	-	10,784	11,243	10,134
Gains						
Reversals of previous asset write-downs	4,343	2,443	-1,900	2,029	1,787	1,945
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	4,343	2,443	-1,900	2,029	1,787	1,945
Total income	15,833	13,933	-1,900	12,813	13,030	12,079
Program 1.5 Intelligence Capabilities	530,650	515,857	-14,793	504,884	525,012	549,491

Program 1.6: Defence Support

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 1.6 Deliverables

Defence Support Group's core responsibilities focus on day-to-day support to Defence to enable Defence capability. Particular deliverables for 2011-12 and the forward estimate years include:

- provision of medical/rehabilitation and redeployment/redundancy product management, conduct, performance and probation support and continued expansion of opportunities through the Defence Work Experience Program.

Program 1.6 Key Performance Indicators

- deliver products and services on time and within budget to support the development and delivery of Defence capability.

Table 29: Cost Summary for Program 1.6 Defence Support

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	990,944	1,048,988	58,044	1,010,498	1,043,860	1,000,626
Suppliers	1,849,146	1,981,124	131,978	1,789,864	1,801,719	1,732,489
Grants	1,440	1,428	-12	1,473	1,509	1,548
Depreciation and amortisation	822,400	843,755	21,355	891,601	938,430	960,621
Finance Cost	69,554	46,379	-23,175	52,740	57,164	56,811
Write-down of assets and impairment of assets	73,229	56,342	-16,887	65,131	72,569	77,061
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	6,909	101,061	94,152	21,151	19,073	136,329
Total expenses	3,813,622	4,079,077	265,455	3,832,458	3,934,324	3,965,485
Income						
Revenues						
Goods and services	266,702	259,187	-7,515	279,991	296,274	312,460
Other revenue	6,373	6,573	200	6,535	6,715	6,902
Total Revenue	273,075	265,760	-7,315	286,526	302,989	319,362
Gains						
Reversals of previous asset write-downs	4,395	3,633	-762	7,118	9,487	9,624
Net gains from sale of assets	7,333	14,240	6,907	4,400	10,000	76,487
Other gains	-	-	-	-	-	-
Total gains	11,728	17,873	6,145	11,518	19,487	86,111
Total income	284,803	283,633	-1,170	298,044	322,476	405,473
Program 1.6 Defence Support	3,528,819	3,795,444	266,625	3,534,414	3,611,848	3,560,012

CAPITAL FACILITIES PROGRAM

Approved Major Capital Facilities Projects

Table 30 and the following descriptions provide details on progress and expenditure during 2011-12 on major capital facilities projects.

Table 30: Approved Major Capital Facilities Projects by State and Federal Electorate

	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2011 \$m	2011-12 Budget Estimate \$m	2011-12 Revised Estimate \$m	Variation \$m
NEW SOUTH WALES					
Gilmore					
HMAS Albatross					
Aircraft Pavements and Airfield Lighting ^{[1][2]}	-	4.5	0.6	0.6	-
Hunter					
Singleton					
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	49.9	7.2	8.5	1.3
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	34.9	46.3	46.3	-
MacKellar					
Pittwater Annexe					
HMAS Penguin and Pittwater Annexe Redevelopment ^{[1][5]}	-	-	5.0	3.5	-1.5
Riverina					
Kapooka					
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	91.5	18.9	11.5	-7.4
Warringah					
HMAS Penguin					
HMAS Penguin and Pittwater Annexe Redevelopment ^{[1][5]}	-	0.7	21.0	21.6	0.6
Total New South Wales	-	181.5	99.0	92.0	-7.0
VICTORIA					
Corangamite					
Defence Facilities at HMAS Harman and Other Locations ^{[1][6]}					
	-	26.7	0.8	2.8	2.0
Indi					
Bandiana					
Joint Logistics Unit Victoria Warehousing	36.4	30.1	2.2	2.5	0.3
Gaza Ridge Barracks					
Facilities for Project Overlander (LAND 121) ^{[1][7]}	-	-	16.4	8.0	-8.4
Jagajaga					
Watsonia					
Defence Force School of Signals	101.3	89.3	9.9	2.1	-7.8
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	7.2	7.9	7.9	-
McEwen					
Puckapunyal					
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	35.4	31.3	21.5	-9.8
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	-	10.8	0.7	-10.1
Total Victoria	137.7	188.7	79.3	45.5	-33.8

	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2011 \$m	2011-12 Budget Estimate \$m	2011-12 Revised Estimate \$m	Variation \$m
QUEENSLAND					
Blair					
Amberley					
RAAF Base Amberley Redevelopment Stage 3	331.5	286.1	39.1	9.0	-30.1
Australian Super Hornet Facilities ^[8]	110.1	99.2	7.4	8.5	1.1
Heavy Airlift Capability – Permanent Facilities ^{[1][9]}	-	138.3	12.0	12.3	0.3
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	92.8	7.0	9.7	2.7
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	0.9	6.9	6.9	-
Facilities for Project Overlander (LAND 121) ^{[1][7]}	-	-	12.0	8.1	-3.9
Brisbane					
Enoggera					
Base Redevelopment Stage 1 ^[10]	80.2	74.7	1.9	2.4	0.5
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	155.0	100.0	179.7	79.7
Forde					
Canungra					
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	2.0	32.5	32.5	-
Groom					
Oakey					
Aircraft Pavements and Airfield Lighting ^{[1][2]}	-	0.7	0.7	0.7	-
Herbert					
Townsville					
Lavarack Barracks Redevelopment Stage 4	207.2	204.8	3.6	2.0	-1.6
Multi Role Helicopter Facilities ^{[1][10]}	-	24.9	1.6	5.9	4.3
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	159.1	50.8	15.9	-34.9
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	32.4	23.3	23.3	-
Kennedy					
Townsville Field Training Area (High Range)					
Enhanced Land Force Stage 2 Work ^{[1][4]}	-	2.6	1.3	1.3	-
Lilley					
Damascus Barracks					
Facilities for Project Overlander (LAND 121) ^{[1][7]}	-	-	18.2	12.5	-5.7
Rankin					
Greenbank Training Area					
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	3.3	40.4	5.8	-34.6
Wide Bay					
Wide Bay Training Area					
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	24.3	37.0	37.0	-
Total Queensland	729.0	1,301.1	395.7	373.5	-22.2
SOUTH AUSTRALIA					
Barker					
Murray Bridge Training Area					
Hardened and Networked Army Facilities ^{[1][11][12]}	-	16.5	1.0	5.0	4.0
Wakefield					

	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2011 \$m	2011–12 Budget Estimate \$m	2011–12 Revised Estimate \$m	Variation \$m
Edinburgh Defence Precinct					
Hardened and Networked Army Facilities ^{[1][1][12]}	-	529.8	46.0	14.3	-31.7
RAAF Base Edinburgh					
Redevelopment Stage 2	99.6	44.2	37.0	37.9	0.9
Enhanced Land Force Stage 1 Works ^{[1][3]}	-	17.6	10.5	1.6	-8.9
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	-	18.2	18.2	-
Total South Australia	99.6	608.1	112.7	77.0	-35.7
WESTERN AUSTRALIA					
Hasluck					
RAAF Gin Gin					
Aircraft Pavements and Airfield Lighting ^{[1][2]}	-	2.5	0.8	0.8	-
Pearce					
RAAF Base Pearce					
Redevelopment Stage 1	142.2	125.3	10.0	11.8	1.8
Aircraft Pavements and Airfield Lighting ^{[1][2]}	-	2.8	0.6	0.6	-
Total Western Australia	142.2	130.6	11.4	13.2	1.8
NORTHERN TERRITORY					
Solomon					
Darwin					
Robertson Barracks Redevelopment	72.1	8.1	36.3	39.7	3.4
Robertson Barracks Electrical Reticulation System Upgrade ^[13]	43.4	-	-	4.9	4.9
RAAF Base Darwin Redevelopment Stage 2	49.8	26.4	16.4	18.8	2.4
Heavy Airlift Capability – Permanent Facilities ^{[1][9]}	-	40.3	1.7	4.0	2.3
Total Northern Territory	165.3	74.8	54.4	67.4	13.0
TASMANIA					
Bass					
Scottsdale Specific Nutritional Capability ^[14]	18.7	-	-	3.7	3.7
Total Tasmania	18.7	-	-	3.7	3.7
AUSTRALIAN CAPITAL TERRITORY					
Canberra					
Defence Facilities at HMAS Harman and Other Locations ^{[1][6]}	-	6.4	49.0	49.0	-
Australian Defence Force Academy: Living-In Accommodation Refurbishment	34.7	8.1	9.1	10.3	1.2
Australian Defence Force Academy Redevelopment ^[15]	98.5	-	-	13.3	13.3
Fraser					
HMAS Creswell					
Redevelopment	83.6	77.5	3.6	6.0	2.4
Majura Field Training Area					
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	12.9	0.5	0.5	-
Royal Military College					
Enhanced Land Force Stage 2 Works ^{[1][4]}	-	5.7	3.3	3.3	-
Total Australian Capital Territory	216.8	110.6	65.5	82.4	16.9

	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2011 \$m	2011-12 Budget Estimate \$m	2011-12 Revised Estimate \$m	Variation \$m
VARIOUS LOCATIONS ^[1]					
Aircraft Pavements and Airfield Lighting ^{[1][2]}	32.2	-	-	-	-
Enhanced Land Force – Facilities Stage 1 ^{[1][3]}	793.1	-	-	-	-
Enhanced Land Force – Facilities Stage 2 ^{[1][4]}	1457.8	-	-	-	-
HMAS Penguin and Pittwater Annexe Redevelopment ^{[1][5]}	63.3	-	-	-	-
Defence Facilities at HMAS Harman and Other Locations ^{[1][6]}	134.7	-	-	-	-
Facilities for Project Overlander (LAND 121) ^{[1][7]}	50.3	-	-	-	-
Multi Role Helicopter Facilities ^{[1][10]}	137.2	-	-	-	-
Heavy Airlift Capability – Permanent Facilities ^{[1][9]}	268.2	-	-	-	-
Hardened and Networked Army Facilities ^{[1][11][12]}	597.4	-	-	-	-
Total Various	3,534.2	-	-	-	-
TOTAL	5,043.5	2,595.4	818.0	754.7	-63.3

Notes

- These projects cross state boundaries. Cumulative expenditure and expenditure estimates for 2011-12 are provided in the table per location.
- Aircraft Pavements and Airfield Lighting has an approved budget of \$32.2m covering four locations: HMAS Albatross, Army Aviation Centre Oakey, RAAF Base Pearce and RAAF Gin Gin. HMAS Albatross, Army Aviation Centre Oakey and RAAF Gin Gin are complete.
- Enhanced Land Force Stage 1 has an approved budget of \$793.1m covering the following locations: RAAF Base Richmond (construction completed), Holsworthy, Singleton, Kapooka, Puckapunyal, RAAF Base Amberley, Lavarack Barracks, Townsville High Range Training Area, RAAF Base Edinburgh and Campbell Barracks.
- Enhanced Land Force Stage 2 has an approved budget of \$1,457.8m covering the following locations: Singleton, Garden Island (completed), HMAS Penguin (completed), Watsonia, Puckapunyal, RAAF Base Amberley, Enoggera, Canungra, Lavarack Barracks, Townsville Field Training Area, Greenbank Training Area, Wide Bay Training Area, Cultana Training Area, RAAF Base Edinburgh, Majura Field Training Area and Royal Military College Duntroon.
- HMAS Penguin and Pittwater Annexe Redevelopment has an approved budget of \$63.3m covering two locations: HMAS Penguin and the Pittwater Annexe. The HMAS Penguin and Pittwater Annexe Redevelopment Cumulative Expenditure to 30 June 2011 for the Warringah site was incorrectly reported in the 2010-11 Defence Annual Report and should have read \$0.7m as shown in the table above.
- Defence Facilities at HMAS Harman and Other Locations has an approved budget increase to \$134.7m. This project covers two locations: Army facilities in Victoria and Defence facilities at HMAS Harman, Australian Capital Territory.
- Facilities for Project Overlander (LAND 121) has an approved budget of \$50.3m. This project covers three locations: Gaza Ridge Barracks North Bandiana, Damascus Barracks Meeandah and RAAF Base Amberley.
- The \$117.1m budget for Australian Super Hornet Facilities includes both the development and delivery phase budgets leaving a delivery budget of \$110.1m.
- Heavy Airlift Capability - Permanent Facilities has an approved budget of \$268.2m covering five locations: RAAF Base Amberley, RAAF Base Edinburgh, RAAF Base Darwin, RAAF Base Townsville and RAAF Base Pearce. C-17 Construction works at RAAF Bases Amberley, Townsville, Edinburgh and Darwin are complete. Outstanding Defects Liability works remain to be completed at RAAF Base Darwin. The Cargo Compartment Trainer is an approved additional scope item being delivered at RAAF Base Amberley.
- Multi Role Helicopter Facilities has an approved budget of \$168.7m covering four locations: HMAS Albatross Nowra, RAAF Base Townsville, the Army Aviation Centre (Oakey) and Gallipoli Barracks, Enoggera. The budget includes \$31.5m for simulation facilities being delivered and reported by the Defence Materiel Organisation. Construction works at HMAS Albatross, Army Aviation Centre Oakey and Gallipoli Barracks, Enoggera are complete.
- The \$623.7m budget for Hardened and Networked Army Facilities includes the development and delivery phase budgets leaving a delivery phase budget of \$597.4m.
- Hardened and Networked Army Facilities project covers two locations: Edinburgh Defence Precinct and Murray Bridge Training Area. The project does not include similarly named works at Robertson Barracks.
- Robertson Barracks Electrical Reticulation System Upgrade was approved subsequent to the publication of the *Defence Annual Report 2010-11*.
- Scottsdale Specific Nutritional Capability was approved subsequent to the publication of the *Defence Annual Report 2010-11*.
- Australian Defence Force Academy Redevelopment was approved subsequent to the publication of the *Defence Annual Report 2010-11*.

Victoria

Bandiana - Joint Logistics Unit Victoria Warehousing

This project will provide new and upgraded warehousing, storage and ancillary support facilities at Bandiana. A variation in scope has resulted in an increase in estimated expenditure in 2011-12. Key facilities have been completed with demolition of redundant facilities scheduled to be completed in early 2012.

Watsonia - Defence Force School of Signals

This project will provide new working accommodation, improved security arrangements and upgraded living-in accommodation for the Defence Force School of Signals at Simpson Barracks. Construction commenced in October 2008. The living-in accommodation component is now complete. Completion of the refurbishment elements is currently being assessed in relation to remaining funds available to the project. This has caused a slippage to the program.

Queensland

Amberley - RAAF Base Amberley Redevelopment Stage 3

This project will provide new trainee living-in accommodation and messing facilities, physical fitness facilities, office, medical and working accommodation, consolidation of maintenance facilities, construction of a new fuel farm and a base security upgrade. Construction commenced in 2008. Some key facilities were completed in 2009 and works will continue to be completed progressively through to early 2013.

Amberley - Australian Super Hornet Facilities

This project will provide new, expanded and modified facilities and infrastructure at RAAF Base Amberley to support the introduction of the Super Hornet aircraft. Key facilities have been progressively completed from late 2009. Construction is scheduled to be completed in early 2012. Variation to user requirements have resulted in an increase in estimates for 2011-12

Enoggera Redevelopment Stage 1

This project will provide new working accommodation for Headquarters 7th Brigade, upgrade base engineering services, and upgrade messing facilities. Potential contamination has resulted in an increase in the additional estimate. Major elements are now complete with only demolition works outstanding these are scheduled to be completed by late 2012.

Townsville Lavarack Barracks Redevelopment Stage 4

This project will provide upgraded working accommodation for Army elements located at Lavarack Barracks. Construction commenced in 2007 with the final elements 4th Field Regiment and 3rd Combat Engineer Regiment facilities being completed in late 2010. The project is due for completion in late 2012.

South Australia

RAAF Base Edinburgh - Redevelopment Stage 2

This project will provide new working accommodation and upgrades to engineering services. The project has achieved a substantial portion of the scope of work since construction commenced in late 2010, including a highly complex Information and Communications Technology fitout to multiple buildings. There was a substantial delay to the construction commencement of the two new Ordnance Loading Areas due to technical design and potential licensing issues. The Ordnance Loading Areas commenced construction in November 2010. The project will be complete by late 2012.

Western Australia

RAAF Base Pearce - Redevelopment Stage 1

This project will provide new and refurbished operational, training, domestic support and aircraft maintenance facilities, improvements and upgrading of engineering services and demolition of redundant facilities. Construction commenced in 2008, with completion scheduled in late 2012.

Northern Territory

Darwin - Robertson Barracks Redevelopment

This project comprises three individual project elements: the Robertson Barracks redevelopment project; LAND 907 facilities project; and the Hardened and Networked Army facilities project (which is separately funded and distinct from the Hardened and Networked Army facilities project supporting the hardened and networked capability). The Robertson Barracks redevelopment project will provide new and upgraded facilities for training, emergency response, working accommodation and equipment support. The LAND 907 facilities project will provide parking and working accommodation for heavy tank transport vehicles and other tank support services. The Hardened and Networked Army Facilities project will provide additional working accommodation and other support facilities. The LAND 907 component is complete. Construction commenced in 2009, with completion scheduled in late 2012.

Darwin - Robertson Barracks Electrical Reticulation System Upgrade

This project will provide Robertson Barracks with a reliable high voltage electrical distribution system that rectifies identified deficiencies and is capable of meeting current and future demands. Works include the installation of a new intake switching station, upgrade of existing intake stations and intake switching stations, an upgrade of the network of interconnecting high voltage ring mains to distribute the power supply around the base, installation of new substations and the upgrade of existing substations to meet localised power distribution requirements, construction of a new central emergency power station to provide Robertson Barracks with an upgraded back-up power supply to critical facilities and the provision of integrated power control and monitoring systems for the electrical network and the emergency power supply. The project received Parliamentary approval in July 2011. Construction commenced in late 2011 with completion scheduled in mid 2013.

Darwin - RAAF Base Darwin Redevelopment Stage 2

This project will provide new and upgrade existing facilities including fuel farms and workshops. Protracted negotiations with the specialist construction contractor, which caused delays in 2010-11, have resulted in an increased estimate this financial year. Construction commenced in late 2010, with completion scheduled in mid 2012.

Tasmania

Scottsdale: Specific Nutritional Capability

This project provides a reinvestment in the existing Defence Science and Technology Organisation nutritional capability at Scottsdale through the construction of replacement food technology laboratories and working facilities. The project received expediency in October 2011. Construction is to commence in early 2012, with completion scheduled in late 2013.

Australian Capital Territory

Australian Defence Force Academy: Living-In Accommodation Refurbishment

This project will refurbish existing living-in accommodation for the Australian Defence Force Academy (ADFA) cadets. Some elements have been accelerated and as a result the expenditure forecast for this year has increased. Construction commenced in late 2010, with completion scheduled in late 2013.

Australian Defence Force Academy Redevelopment

This project aims to address the functional deficiencies of the teaching, training, office and living-in accommodation and mess facilities at ADFA to meet current and future academic and military training needs for the next 20 to 30 years. Construction commenced in November 2011 and is scheduled for completion in mid 2015.

HMAS Creswell

This project will provide new and upgraded facilities for the training of Navy officers upon initial entry and senior sailors in the areas of leadership, management and personal development. The works include upgrades to base engineering services and infrastructure, new and refurbished classrooms, office and living-in accommodation and specialised training facilities. Construction commenced in 2009, with completion scheduled in mid 2012.

Various Locations

Aircraft Pavements and Airfield Lighting

This project will involve the resurfacing of asphalt pavement and replacement of airfield lighting at RAAF Base Pearce, RAAF Gin Gin, HMAS Albatross and the Army Aviation Training Centre (Oakey). Public Works Committee exemption granted November 2010. Construction is expected to commence in March 2011, with completion scheduled in early 2012.

Enhanced Land Force - Facilities Stage 1

This project will provide modern, purpose-built facilities and supporting infrastructure for the relocation of the 3rd Battalion of the Royal Australian Regiment from Sydney to Townsville. The works involve the construction of new and refurbished accommodation and training facilities, as well as the construction of common use facilities and site infrastructure upgrades at Townsville and other Defence sites across five states.

Facilities at Kapooka, Singleton, Holsworthy and Puckapunyal will provide modern accommodation and supporting infrastructure for increased Army initial employment training. At RAAF Bases Amberley, Edinburgh and Richmond, new facilities will be provided for joint enabling elements supporting the enhanced land force capabilities. Key facilities at RAAF Base Richmond, Campbell Barracks Perth, Holsworthy and 21 Construction Squadron at Amberley were completed in 2010. Construction commenced in mid-2009 and completion of the remaining elements is scheduled by late 2012. Some minor delays are being experienced due to linkages to other defence reviews and land acquisitions. As a result Enhanced Land Force - Facilities Stage 1 is slightly behind schedule.

Enhanced Land Force - Facilities Stage 2

This project will provide modern purpose-built facilities and supporting infrastructure for the 8th/9th Battalion of the Royal Australian Regiment and supporting elements of the Army's 7th Brigade at Gallipoli Barracks in Enoggera, Brisbane. The project will involve the construction of new and refurbished accommodation and training facilities, as well as common use facilities and site infrastructure upgrades at Enoggera and other Defence sites across four states and both mainland territories.

Facilities at Townsville, Singleton, Duntroon and Watsonia will provide modern accommodation and supporting infrastructure for increased Army career training. In Sydney and at RAAF Bases Amberley and Edinburgh and at nine Defence Training Areas, new and refurbished facilities and site infrastructure upgrades will be provided for Army and joint enabling elements supporting the enhanced land force capabilities. Works at Garden Island and Balmoral were completed in 2010. Construction at Greenbank site has been delayed due to environmental clearances, tender releases and wet weather. Some elements of the project have been accelerated and as a result the expenditure forecast for 2011-12 has increased. Construction commenced in mid 2010 and is scheduled to be completed by late 2014.

HMAS Penguin and Pittwater Annexe Redevelopment

This project will provide a comprehensive upgrade of base wide engineering services infrastructure, security works and working accommodation for training and support functions. Construction commenced in mid 2011 and is scheduled to be completed in late 2013. A delay in establishing the Delivery Phase contract has resulted in minor slippage to the program.

Defence Facilities at HMAS Harman and Other Locations

This project will provide an extension to the existing Defence Network Operation Centre that controls and monitors communication activities within Defence, as well as providing new data storage facilities for other capability projects and additional support facilities for the Army. The expenditure forecast for the facilities at HMAS Harman has been revised to reflect an extension to the design phase of the project and the consequent revision to the current construction schedule. Completion is now scheduled for late 2012. Due to delays in achieving approvals from Regional Statutory Authorities the Army Facilities will be completed in early 2012.

Facilities for Project Overlander (LAND 121)

This project will provide the facilities to enable vehicle and conversion training for drivers and vehicle maintainers. Construction is expected to start in 2012 with completion scheduled for 2013. A delay in procurement activities has resulted in a slippage to the program.

Multi Role Helicopter Facilities

This project will provide a range of helicopter shelters, maintenance and operational facilities, simulator buildings and deeper maintenance facilities to support the introduction of the Multi Role Helicopter aircraft. The works involve new facilities and refurbishment of existing facilities. The proposed facilities and infrastructure will be located at HMAS Albatross (Nowra), Gallipoli Barracks, Enoggera (Brisbane), RAAF Base Townsville and the Army Aviation Centre (Oakey). The works at Enoggera are now complete. Expenditure this financial year will be higher than originally forecast due to latent conditions at Nowra and Townsville. The remaining works are scheduled to be completed in 2012.

Heavy Airlift Capability - Permanent Facilities

This project will provide new facilities for the C-17 Globemaster III aircraft. The works include a headquarters, maintenance facilities, air movements and cargo facilities, a simulator, warehousing and support facilities and airfield pavement works at the Amberley home base. The upgrading of airfield pavements, movements and cargo facilities and supporting infrastructure at RAAF Bases Edinburgh, Townsville, Darwin and Pearce will also be included. Construction commenced in 2008. The C-17 works at RAAF Bases Amberley, Townsville, Edinburgh and Darwin were completed in late 2009. The works at RAAF Base Pearce were completed in late 2010. The Cargo Compartment Trainer has been approved as an additional scope item at RAAF Base Amberley and this has resulted in an increase in expenditure. Under Defects Liability, Defence is expending funds on defects that have been identified after handover on RAAF Base Darwin. Project completion is scheduled in late 2012.

Hardened and Networked Army Facilities

This project will provide facilities and infrastructure to support the establishment of a mechanised battle group in the Edinburgh Defence Precinct. Some additional infrastructure will also be provided at Murray Bridge. Construction commenced in late 2008. While the project is not planned to be complete until 2012, progressive occupation of facilities commenced in December 2010. Anticipated additional works have not yet been approved resulting in some program slippage.

Status of Major Projects Foreshadowed For Government and Parliamentary Standing Committee on Public Works (PWC) Consideration in 2011-12

During 2011-12, Defence expects to present a number of facilities proposals to the Government and the Public Works Committee. Table 31 provides details of the proposed major capital projects expected to be referred to the Public Works Committee in 2011-12. In some cases, the projects may require the Government's approval before referral to the committee.

Table 31: Program of Major Works by State, Federal Electorate and Locality

	Actual/ Indicative Referral Date	Actual/ Indicative Hearing Date ^[1]	Current Status
NEW SOUTH WALES			
Gilmore			
HMAS Albatross Redevelopment Stage 3	22 September 2011	6 December 2011	Under Committee consideration
VICTORIA			
Gippsland			
RAAF Base East Sale Redevelopment	22 September 2011	Early 2012	In development
TASMANIA			
Bass			
Scottsdale Specific Nutritional Capability	16 June 2011	27 July 2011	Approved
NORTHERN TERRITORY			
Solomon			
Robertson Barracks Electrical Reticulation and Supply Upgrade	23 March 2011	4 May 2011	Approved
Larrakeyah Barracks NORFORCE Redevelopment	Early 2012	Mid 2012	In development
AUSTRALIAN CAPITAL TERRITORY			
Fraser			
Australian Defence Force Academy Redevelopment	23 March 2011	3 June 2011	Approved
VARIOUS LOCATIONS			
Aircraft Pavements and Airfield Lighting at RAAF Base Amberley, RAAF Base Darwin and RAAF Base Townsville ^[2]	Mid 2012	Mid 2012	In development
Facilities for Replacement Towed Artillery (LAND 17)	12 October 2011	7 December 2011	Under Committee consideration
Facilities for Chinook Helicopter (AIR 9000 Phases 5B and 5C)	Early 2012	Mid 2012	In development
Facilities for Force Protection Research and Training (JP154)	Early 2012	Mid 2012	In development
Facilities for Air Warfare Destroyer (SEA 4000)	Early 2012	Mid 2012	In development
Facilities for Amphibious Deployment and Sustainment Facilities (JP 2048)	Early 2012	Mid 2012	In development
Facilities for Future Naval Aviation Combat System Support (AIR 9000 Phase 8)	Mid 2012	Late 2012	In development

Notes

- Hearing dates will be subject to the committee's consideration and agreement.
- Defence proposes to seek exemption from the Public Works Committee scrutiny of this project on the grounds that the work is declared repetitive in accordance with Section 18(8A) of the *Public Works Act 1969*.

New South Wales

HMAS Albatross Redevelopment Stage 3

This project will replace ageing and out-dated engineering services infrastructure and provide a combination of new and refurbished facilities to support operational and training outcomes as well as enabling functions. Subject to Government approval and Parliamentary clearance, construction is expected to commence in early 2012, with completion expected in mid 2015.

Victoria

RAAF Base East Sale Redevelopment

This project will provide in-ground engineering services upgrades, new working accommodation, new training and maintenance facilities, security upgrades, new air traffic control complex, new commercial and community facilities, a new chapel, new firing range, new living-in accommodation and demolition of redundant facilities. Subject to Government approval and Parliamentary clearance construction is expected to commence in mid 2012, with completion expected in mid 2015.

Northern Territory

Larrakeyah Barracks NORFORCE Redevelopment

The project will provide replacement facilities in response to the poor conditions, Occupational Health and Safety deficiencies and the numerous functional and operational constraints imposed by the existing facilities. Subject to Government approval and Parliamentary clearance, construction is expected to commence in late 2012, with completion expected in late 2014.

Various Locations

Aircraft Pavements and Aircraft Lighting at RAAF Base Amberley, RAAF Base Darwin and RAAF Base Townsville

This project will involve the resurfacing of asphalt pavement and the replacement of airfield lighting at RAAF Bases Amberley, Darwin and Townsville.

Facilities for Replacement Towed Artillery (LAND 17)

The project will provide new and upgraded facilities to support the introduction into service of the new towed artillery. The works will be at three sites: Gallipoli Barracks, Enoggera, Bridges Barracks Puckapunyal and Gaza Ridge Barracks Bandiana. Subject to Government approval and Parliamentary clearance, construction is expected to commence in early 2012, with completion expected in early 2013.

Facilities for Chinook Helicopter (AIR 9000 Phases 5B and 5C)

The project will provide new and upgraded facilities to support the introduction into service of the Chinook Helicopter. The works will be at two sites: RAAF Base Townsville and Gallipoli Barracks Enoggera. Subject to Government approval and Parliamentary clearance, construction is expected to commence in mid 2012, with completion expected in late 2013.

Facilities for Force Protection Research and Training (JP 154)

This project will provide test and evaluation facilities at Nurrungar (Woomera, South Australia) and Edinburgh (Adelaide, South, Australia), plus storage and training facilities at 14 other sites across Australia. Subject to Government and Parliamentary approval, construction is expected to commence in late 2012, with completion expected in mid 2013.

Facilities for Air Warfare Destroyer (SEA 4000)

This project will provide new and upgraded wharf side facilities to support berthing and sustainment at Garden Island, Sydney, for the new Hobart Class Air Warfare Destroyer. The works also include the provision of training facilities at HMAS Watson and Randwick Barracks. Subject to Government approval and Parliamentary clearance, construction is expected to commence in late 2012, with completion expected in mid 2014.

Facilities for Amphibious Deployment and Sustainment (JP 2048)

This project will provide new and upgraded wharf side facilities to support berthing, and sustainment at Garden Island, Sydney, for the new Canberra Class Landing Helicopter Dock Ship. The works also include the provision of training facilities at HMAS Watson. Subject to Government approval and Parliamentary clearance, construction is expected to commence in late 2012, with completion expected in mid 2014.

Facilities for Future Naval Aviation Combat System Support (AIR 9000 Phase 8)

This project will provide new and upgraded facilities for operational maritime helicopter squadrons at HMAS Stirling and HMAS Albatross. The works include the provision of facilities for explosive ordnance storage, aircraft hangars, aircraft workshops, synthetic training, and working accommodation. Subject to Government approval and Parliamentary clearance, construction is expected to commence in early 2013, with completion expected in late 2014.

Approved Medium Capital Facilities Projects

Table 32: Spending in 2011-12 for Medium Facilities Projects

	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2011 \$'000	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000
NEW SOUTH WALES					
Hughes					
Holsworthy					
Countermine Capability Facilities (LAND 144) ^{[1][2]}	-	1	135	255	120
6 th Aviation Regiment – Expanded 171 Aviation Squadron Facilities ^[3]	12,684	-	-	4,445	4,445
Newcastle					
RAAF Base Williamtown Additional Working Accommodation Tactical Fighter Systems Program Office	1,199 ^[4]	178	500	860	360
Riverina					
RAAF Base Wagga					
Headquarters Ground Training Wing	1,255 ^[4]	1,129	200	16	-184
Wentworth					
Victoria Barracks					
Military Law Centre/Asia Pacific Centre for Military Law	7,825	2,155	2,400	3,222	822
Total New South Wales	22,963	3,463	3,235	8,798	5,563
VICTORIA					
RAAF Williams					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	200	200
Total Victoria	-	-	-	200	200
QUEENSLAND					
Blair					
Amberley					
Head Quarters 82 Wing Security Upgrade	1,150	-	-	1,150	1,150
Capricornia					
Shoalwater Bay Training Area					
Camp Growl Stage 2	7,977	7,957	300	16	-284
Groom					
Oakey					
Fuel Farm Upgrade	9,257	8,724	150	1,803	1,653
Herbert					
Lavarack Barracks					
Countermine Capability Facilities (LAND 144) ^{[1][2]}	-	-	189	237	48
RAAF Townsville					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	900	900
Rankin					
Greenbank Training Area					
Countermine Capability Facilities (LAND 144) ^{[1][2]}	-	1	496	376	-120

	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2011 \$'000	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000
Ryan					
Enoggera					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	200	200
Countermine Capability Facilities (LAND 144) ^{[1][2]}	-	9,503	22	-	-22
Total Queensland	18,384	26,185	1,157	4,682	3,525
SOUTH AUSTRALIA					
Wakefield					
RAAF Edinburgh					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	300	300
Total South Australia	-	-	-	300	300
WESTERN AUSTRALIA					
Curtin					
Campbell Barracks					
Helicopter Underwater Escape Training Facility	9,723	8,622	504	339	-165
Pearce					
RAAF Base Pearce					
Potable Water Supply Upgrade	3,144	243	2,500	1,569	-931
Total Western Australia	12,867	8,865	3,004	1,908	-1,096
TASMANIA					
Denison					
Derwent Barrack					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	300	300
Total Tasmania	-	-	-	300	300
NORTHERN TERRITORY					
Lingiari					
RAAF Base Tindal					
Mount Bunday Training Area - Medical Facility	4,260	-	3,725	1,583	-2,142
Corrosion Control Facility	3,565	-	-	890	890
Solomon					
Darwin					
Australian Operational Concept Special Operation Contingency Vehicles & Stores ^{[1][5][6]}	-	-	-	1,000	1,000
Naval Fuel Installation Rectification	10,690	5,345	200	4,900	4,700
Robertson Barracks					
Countermine Capability Facilities (LAND 144) ^{[1][2]}	-	1	370	-	-370
1st Aviation Regiment Facilities Upgrade ^[7]	2,250	829	249	1,007	758
Total Northern Territory	20,765	6,175	4,544	9,380	4,836

	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2011 \$'000	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000
VARIOUS LOCATIONS ^[1]					
Australian Operational Concept Special Operation Contingency	7,900	-	-	-	-
Vehicles & Stores ^{[1][5][6]}					
Countermine Capability Facilities (LAND 144) ^{[1][2]}	1,420	-	-	-	-
Total Various	9,320	-	-	-	-
TOTAL	84,299	44,688	11,940	25,568	13,628

Notes

1. This project crosses state and electoral boundaries.
2. Countermine Capabilities Facilities (LAND 144) has a budget of \$1,420m covering five locations: Holsworthy Barracks; Lavarack Barracks; Greenbank Training Area; Gallipoli Barracks, Enoggera; and Robertson Barracks. Construction works at Holsworthy and Enoggera are complete.
3. The Holsworthy 6th Aviation Regiment project has been approved subsequent to the publication of the *Defence Annual Report 2010-11*.
4. Budget increase approved in February 2011.
5. Special Operations: National Storage Facilities has a budget of \$7,900m covering six locations; RAAF Bases Williams, Darwin, Townsville, Edinburgh, and Gallipoli and Derwent Barracks.
6. Special Operations: National Storage Facilities was approved subsequent to the publication of the *Portfolio Budget Statements 2011-12*.
7. Robertson Barracks 1st Aviation Regiment Facilities Upgrade was omitted from the *Defence Annual Report 2010-11*.

Proposed Medium Capital Projects for Consideration in 2011-12

Table 33 lists new medium capital facilities projects foreshadowed for consideration in 2011-12.

Table 33: Proposed Medium Capital Projects for Consideration in 2011-12

State	Federal Electorate	Locality	Status
New South Wales	Calare	Bathurst Regional Airport: Australian Air Force Cadets	In development
	Hughes	Holsworthy HQ6 Aviation Regiment Facilities	Approved
	Newcastle	RAAF Base Williamtown: Corrosion Control Facility Upgrade	In development
	Warringah	HMAS Penguin – ADF Centre for Mental Health Facility	In development
Queensland	Blair	RAAF Base Amberley: C-17A Cargo Compartment Trainer Facility ^[1]	Approved
	Capricornia	Shoalwater Bay Training Area: Maritime Warfare Facilities (Triangular Island)	In development
	Ryan	Enoggera: Training Facilities (LAND 200)	Complete
South Australia	Grey	Woomera Prohibited Area: Disposal Explosive Ordnance Storage Facilities	In development
	Wakefield	Port Wakefield: Vibration Test Facility	In development
Northern Territory	Lingiari	RAAF Base Tindal: Corrosion Control Facility Remediation	Approved
	Solomon	RAAF Base Darwin: Flood Mitigation Works	In development
Various		Special Operations: National Storage Facilities	In development
		ASLAV Additional Facilities	In development

Note

1. This project will now be delivered as a component of the Heavy Airlift Capability.

Approved Projects Being Developed for Private Financing Arrangements

Project Single Living Environment and Accommodation Precinct (Single LEAP) Phase 2

Project Single LEAP Phase 2 is an extension of the delivery of new single living-in accommodation facilities at various sites around Australia. Due to changes in Defence strategic priorities, the scope of Phase 2 was amended in October 2009 and will now deliver a further 3,015 units at 14 bases around mainland Australia. Table 34 provides details of the 1 element of Phase 2 which was amended.

Table 34: Single LEAP Phase 2^{[1][2]} by State, Federal Electorate and Locality

State	Electorate	Locality
NORTHERN TERRITORY	Solomon	Darwin: Robertson Barracks Darwin: HMAS Coonawarra (Larrakeyah Barracks)

Notes

1. The original scope of Single LEAP Phase 2 was 3,535 units at 17 locations. Randwick Barracks, RAAF Base Pearce and RAAF Base Laverton have been removed from the scope, and the number of units at the Edinburgh Defence Precinct increased.
2. Work commenced during September 2011 at Lavarack Barracks, RAAF Base Edinburgh, Larrakeyah Barracks, Robertson Barracks and HMAS Stirling. Work will commence at the remaining sites in 2012, with the last site due for completion by February 2014. Under the Public Private Partnership arrangement, annual payments to the Strategic Partner will commence after Commercial Acceptance of each site.

Program 1.7: Defence Science and Technology
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Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 35: Cost Summary for Program 1.7 Defence Science and Technology

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	304,728	313,009	8,281	315,506	316,315	333,994
Suppliers	140,652	167,887	27,235	150,085	127,896	118,452
Grants ⁽¹⁾	-	2,108	2,108	-	-	-
Depreciation and amortisation	19,054	22,772	3,718	22,665	22,200	21,483
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	2,929	2,857	-72	2,333	1,990	2,090
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	467,363	508,633	41,270	490,589	468,401	476,019
Income						
Revenues						
Goods and services	31,293	40,971	9,678	32,262	33,207	34,046
Other revenue	-	-	-	-	-	-
Total Revenue	31,293	40,971	9,678	32,262	33,207	34,046
Gains						
Reversals of previous asset write-downs	2,375	1,968	-407	1,607	1,371	1,439
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	2,375	1,968	-407	1,607	1,371	1,439
Total income	33,668	42,939	9,271	33,869	34,578	35,485
Program 1.7 Defence Science and Technology	433,695	465,694	31,999	456,720	433,823	440,534

Note

1. This increase in Grants budget relates to the s32 transfer from PM&C of the NSST Branch.

Program 1.8: Chief Information Officer

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 36: Cost Summary for Program 1.8 Chief Information Officer

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	113,844	122,420	8,576	113,231	102,719	110,806
Suppliers	533,669	614,311	80,642	511,111	513,813	452,062
Grants	-	-	-	-	-	-
Depreciation and amortisation	129,834	139,648	9,814	138,164	75,164	77,604
Finance Cost	3,907	3,907	-	1,725	-	-
Write-down of assets and impairment of assets	8,550	9,070	520	7,219	6,609	6,958
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	789,804	889,356	99,552	771,450	698,305	647,430
Income						
Revenues						
Goods and services	2,955	2,955	-	3,053	3,169	3,289
Other revenue	-	-	-	-	-	-
Total Revenue	2,955	2,955	-	3,053	3,169	3,289
Gains						
Reversals of previous asset write-downs	6,931	6,248	-683	4,973	4,552	4,793
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	6,931	6,248	-683	4,973	4,552	4,793
Total income	9,886	9,203	-683	8,026	7,721	8,082
Program 1.8 Chief Information Officer	779,918	880,153	100,235	763,424	690,584	639,348

Program 1.9: Vice Chief of the Defence Force

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 37: Cost Summary for Program 1.9 Vice Chief of the Defence Force

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	458,181	435,647	-22,534	520,994	542,685	566,252
Suppliers	569,544	600,984	31,440	546,056	597,962	550,915
Grants	-	-	-	-	-	-
Depreciation and amortisation	15,892	19,954	4,062	29,148	36,819	41,134
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	247,487	271,875	24,388	240,196	216,764	198,166
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	1,291,104	1,328,460	37,356	1,336,394	1,394,230	1,356,467
Income						
Revenues						
Goods and services	292,525	199,484	-93,041	197,107	205,490	210,225
Other revenue	50,432	-	-50,432	-	-	-
Total Revenue	342,957	199,484	-143,473	197,107	205,490	210,225
Gains						
Reversals of previous asset write-downs	92,540	92,670	130	81,899	73,924	67,628
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	92,540	92,670	130	81,899	73,924	67,628
Total income	435,497	292,154	-143,343	279,006	279,414	277,853
Program 1.9 Vice Chief of the Defence Force	855,607	1,036,306	180,699	1,057,388	1,114,816	1,078,614

Program 1.10: Joint Operations Command

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 38: Cost Summary for Program 1.10 Joint Operations Command

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	8,013	8,348	335	8,504	8,850	8,967
Suppliers	37,143	37,535	392	38,012	36,594	38,790
Grants	-	-	-	-	-	-
Depreciation and amortisation	1,552	2,051	499	2,516	2,864	3,882
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	46,708	47,934	1,226	49,032	48,308	51,639
Income						
Revenues						
Goods and services	380	368	-12	375	384	395
Other revenue	-	-	-	-	-	-
Total Revenue	380	368	-12	375	384	395
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	380	368	-12	375	384	395
Program 1.10 Joint Operations Command	46,328	47,566	1,238	48,657	47,924	51,244

Program 1.11: Capability Development

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Since release of the 2009 Defence White Paper, 78 major projects, phases and supporting studies have been approved with an all-up cost of approximately \$12.3b. Further projects will be considered for approval in 2011-12.

Major Projects Recently Approved By Government

Tables 39 and 40 provide details for the following major projects that have been approved since publication of the *Portfolio Budget Statements 2011-12* and significantly contribute to the variance in the Defence Capability Plan for the period.

Table 39: Significant Defence Capability Plan Projects with Second-Pass Approval [1]

Project Number	Project Title	Second Pass Approval
AIR 9000 Ph SCAP1	Seahawk Capability Assurance Program	Approved
AIR 9000 Phase 5D	Additional Chinooks [2]	Approved
AIR 9000 Phase 8	Future Navy Aviation Combat System	Approved
JP 2030 Phase 8	Joint Command Environment – Evolution 2 [2]	Approved
JP 2048 Phase 3	Amphibious Watercraft Replacement	Approved
JP 2069 Phase 2	High Grade Cryptographic Equipment	Approved
JP 2072 Phase 2A	Battlespace Communications Systems (LAND)	Approved
JP 3027 Phase 1	JDAM Enhancements	Approved
LAND 116 Phase 3.1	Additional Bushmasters [2]	Approved
LAND 121 Phase 5A	Overlander – Field Vehicles and Trailers	Approved
SEA 1352 Phase 1	Evolved Sea Sparrow Missiles (ESSM) upgrade	Approved
SEA 4000 Phase 3.2	SM2 Conversion and Upgrade [2]	Approved

Notes

1. Project Development activities and some sensitive projects are not included in this list.
2. Additional projects not listed for Second-Pass approval in the *Portfolio Budget Statements 2011-12*.

Table 40: Significant Defence Capability Plan Projects with First-Pass Approval [1]

Project Number	Project Title	Second Pass Approval
AIR 5431 Phase 2/3	Fixed Base Air Traffic Management and Control Systems	Approved
AIR 5438 Phase 1A	Lead In Fighter Capability Assurance Program	Approved
JP 2008 Phase 3H	Military Satellite Capability – Wideband Terrestrial Terminals	Approved
JP 2008 Phase 5B	Military Satellite Capability – Wideband Terrestrial Terminals	Approved

Note

1. Project Development activities and some sensitive projects are not included in this list.

Table 41: Cost Summary for Program 1.11 Capability Development

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	17,430	19,680	2,250	21,269	15,844	16,487
Suppliers	369,435	298,847	-70,588	416,342	1,114,173	1,493,090
Grants	-	-	-	-	-	-
Depreciation and amortisation	303,736	90,182	-213,554	259,990	438,653	657,345
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	163,069	125,885	-37,184	155,099	191,073	232,768
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	853,670	534,594	-319,076	852,700	1,759,743	2,399,690
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Gains						
Reversals of previous asset write-downs	105,821	73,248	-32,573	90,053	110,377	133,944
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	105,821	73,248	-32,573	90,053	110,377	133,944
Total income	105,821	73,248	-32,573	90,053	110,377	133,944
Program 1.11 Capability Development	747,849	461,346	-286,503	762,647	1,649,366	2,265,746

Program 1.12: Chief Finance Officer
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Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 42: Cost Summary for Program 1.12 Chief Finance Officer

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	412,968	375,405	-37,563	395,944	410,041	412,062
Suppliers	228,852	63,365	-165,487	97,166	398,819	441,303
Grants	-	-	-	-	-	-
Depreciation and amortisation	12,441	4,063	-8,378	8,093	10,462	10,148
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	11,718	5,187	-6,531	5,500	4,976	4,868
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	665,979	448,020	-217,959	506,703	824,298	868,381
Income						
Revenues						
Goods and services	-	79,381	79,381	81,127	83,155	85,234
Other revenue	12,534	60,688	48,154	62,104	63,710	65,351
Total Revenue	12,534	140,069	127,535	143,231	146,865	150,585
Gains						
Reversals of previous asset write-downs	8,957	3,293	-5,664	3,502	3,138	3,068
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	4,879	4,879	5,001	5,126	5,254
Total gains	8,957	8,172	-785	8,503	8,264	8,322
Total income	21,491	148,241	126,750	151,734	155,129	158,907
Program 1.12 Chief Finance Officer	644,488	299,779	-344,709	354,969	669,169	709,474

Program 1.13: People Strategies and Policy

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 43: Cost Summary for Program 1.13 People Strategies and Policy

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	87,825	55,872	-31,953	97,163	125,783	136,148
Suppliers	238,306	238,114	-192	237,465	251,471	252,498
Grants	-	8,000	8,000	-	-	-
Depreciation and amortisation	109	1,238	1,129	1,620	1,701	1,192
Finance Cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	326,240	303,224	-23,016	336,248	378,955	389,838
Income						
Revenues						
Goods and services	-	120	120	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	-	120	120	-	-	-
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	120	120	-	-	-
Program 1.13 People Strategies and Policy	326,240	303,104	-23,136	336,248	378,955	389,838

Administered Program 1.14: Defence Force Superannuation Benefits Administered Program 1.15: Defence Force Superannuation Nominal Interest
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Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 44: Cost Summary for Program 1.14: Defence Force Superannuation Benefits and 1.15 Defence Force Superannuation Nominal Interest

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Retention benefits	52,443	52,443	-	64,223	77,103	95,883
Military superannuation benefits	3,763,000	4,034,000	271,000	3,914,000	4,082,000	4,257,000
Total expenses	3,815,443	4,086,443	271,000	3,978,223	4,159,103	4,352,883
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-	-
Military superannuation contributions	1,165,332	1,180,774	15,442	1,209,374	1,256,628	1,309,561
Total income	1,165,332	1,180,774	15,442	1,209,374	1,256,628	1,309,561
Program 1.14 Defence Force Superannuation Benefits and 1.15 Defence Force Superannuation Nominal Interest	2,650,111	2,905,669	255,558	2,768,849	2,902,475	3,043,322

Administered Program 1.16: Housing Assistance

Performance information is as reported in the *Portfolio Budget Statements 2011-12*.

Table 45: Cost Summary for Program 1.16 Housing Assistance

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Housing subsidies	113,480	101,701	-11,779	112,401	119,884	122,974
Total expenses	113,480	101,701	-11,779	112,401	119,884	122,974
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
License fees	9,811	9,811	-	10,349	10,808	11,266
Other	-	-	-	-	-	-
Total income	9,811	9,811	-	10,349	10,808	11,266
Program 1.16 Housing Assistance	103,669	91,890	-11,779	102,052	109,076	111,708

Administered Program 1.17: Other Administered

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Administered Program 1.17 Objective

Other administered comprises four elements:

- interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements and project payments in foreign currency
- Defence Housing Australia (DHA) dividends, tax equivalent payments and interest on Government loans used by DHA to fund the building of new accommodation
- revenue received from special public monies for unmatched Comcare receipts
- departmental returns to the Official Public Account arising from sale of assets with an original purchase price in excess of \$10m and receipts from foreign governments who have received services provided by Defence during shared deployments.

Table 46: Cost Summary for Program 1.17 Other Administered

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-
Income						
Revenues						
Interest	5,299	33,123	27,824	33,123	33,123	33,123
Dividends	50,067	49,105	-962	51,967	54,989	55,806
Other	35,985	55,274	19,289	44,239	45,699	49,326
Total income	91,351	137,502	46,151	129,329	133,811	138,255
Program 1.17 Other Administered	-91,351	-137,502	-46,151	-129,329	-133,811	-138,255

Outcome 2: The advancement of Australia's strategic interests through the conduct of military operations and other tasks as directed by Government

OUTCOME 2 STRATEGY

There has been no change to the Outcome 2 Strategy since the *Portfolio Budget Statements 2011-12*.

OUTCOME 2 RESOURCES

Table 47: Total Budgeted Resources Available for Outcome 2

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Program 2.1 - Operations Contributing to the Security of the Immediate Neighbourhood						
Revenue from other sources	5,500	5,500	-	-	-	-
Departmental outputs	203,669	203,669	-	12,117	1,114	-
Program 2.2 - Operations Supporting Wider Interests						
Revenue from other sources	40,891	40,891	-	-	-	-
Departmental outputs	1,375,285	1,326,146	-49,139	299,605	139,200	-
Total resourcing						
Total Departmental outputs	1,578,954	1,529,815	-49,139	311,722	140,314	-
Total Departmental revenue from other sources	46,391	46,391	-	-	-	-
Total resources for Outcome 2	1,625,345	1,576,206	-49,139	311,722	140,314	-

CONTRIBUTIONS TO OUTCOME 2

Program 2.1: Operations Contributing to the Security of the Immediate Neighbourhood

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 2.1 Deliverables		
Operation	Commenced	Objective
Christchurch Assist	2011 (now ceased)	Provide assistance in support of the Government of New Zealand in the aftermath of the Christchurch earthquake.
Pacific Assist	2011 (now ceased)	Contribute to the Government of Japan response to the earthquake and tsunami crisis.

Table 48: Cost Summary for Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	63,038	63,038	-	-	-	-
Suppliers	146,131	146,131	-	12,117	1,114	-
Grants	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	209,169	209,169	-	12,117	1,114	-
Income						
Revenues						
Goods and services	5,500	5,500	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	5,500	5,500	-	-	-	-
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	5,500	5,500	-	-	-	-
Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood	203,669	203,669	-	12,117	1,114	-

Program 2.2: Operations Supporting Wider Interests

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 2.2 Deliverables		
Operation	Commenced	Objective
Kruger	2009 (ceased 2011)	Support Australian Government relations with Iraq through the delivery of tailored security support to the diplomatic mission.
Aslan	2011	Contribute to the United Nations Mission in South Sudan in order to support United Nations Security Council Resolution 1996 and Australian interests.
Azure	2005 (expected to cease March 2012)	Contribute to the United Nations mission in Sudan.

Table 49: Cost Summary for Program 2.2 Operations Supporting Wider Interests

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	211,431	238,804	27,373	-	-	-
Suppliers	1,009,317	987,339	-21,978	256,103	95,698	-
Grants	43,502	43,502	-	43,502	43,502	-
Depreciation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write down of assets and impairment of assets	151,926	97,392	-54,534	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	1,416,176	1,367,037	-49,139	299,605	139,200	-
Income						
Revenues						
Goods and services	40,891	40,891	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	40,891	40,891	-	-	-	-
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	40,891	40,891	-	-	-	-
Program 2.2 Operations Supporting Wider Interests	1,375,285	1,326,146	-49,139	299,605	139,200	-

Outcome 3: Support for the Australian community and civilian authorities as requested by Government

OUTCOME 3 STRATEGY

Defence can be called upon to provide emergency and non-emergency assistance to the Government and the Australian community in non-combat related roles. The tasks Defence may be requested to undertake could include emergency assistance, search and rescue, disaster recovery, surveillance, security or non-emergency law enforcement roles. Tasks may be directed by the Government or requested by other civil authorities, government departments or agencies, for example Emergency Management Australia. The Government may also require Defence to support significant international events being conducted in Australia.

OUTCOME 3 RESOURCES

Table 50: Total Budgeted Resources Available for Outcome 3

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Program 3.1 - Defence Contribution to National Support Tasks in Australia						
Revenues from other sources	-	-	-	-	-	-
Departmental outputs	9,829	9,829	-	-	-	-
Total resourcing	9,829	9,829	-	-	-	-
Total Departmental outputs	9,829	9,829	-	-	-	-
Total Departmental revenue from other sources	-	-	-	-	-	-
Total resources for Outcome 3	9,829	9,829	-	-	-	-

CONTRIBUTIONS TO OUTCOME 3

Program 3.1: Defence Contributions to National Support Tasks in Australia

Performance information is as reported in the *Portfolio Budget Statements 2011-12*, except for the following revisions.

Program 3.1 Objective

National support tasks undertaken by Defence may include the security of the Australian coastline from illegal immigration, smuggling, quarantine evasion and other intrusions to Australian sovereignty, counter-terrorism responses, search and rescue and natural disaster relief. Defence contributes to the Coastwatch civil surveillance program and Border Protection Command tasking, providing maritime surveillance assets that are tasked routinely in accordance with the Government's direction.

Defence also supports tasks of national significance through the Defence Assistance to the Civil Community program. This includes emergency and non-emergency tasks and events of public significance as requested by federal and state authorities, and the general public.

Table 51: Cost Summary for Program 3.1 Defence Contributions to National Support Tasks in Australia

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Expenses						
Employees	1,269	1,269	-	-	-	-
Suppliers	8,560	8,560	-	-	-	-
Grants	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
Write down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	9,829	9,829	-	-	-	-
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Gains						
Reversals of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 3.1 Defence Contribution to National Support Tasks in Australia	9,829	9,829	-	-	-	-

Program 3.1 Deliverables		
Operation	Commenced	Objective
Amulet	2011 (now ceased)	Contribution to the whole-of-government security framework to maintain a secure environment and support the conduct of the Commonwealth Heads of Government Meeting 2011 and associated VIP visits.
Norwich	2011 (now ceased)	Contribute to the whole-of-government security operation for the President of the United States visit to Australia.
Victorian Flood Assist	2011 (now ceased)	Support to the Government of Australia contribution to the flood crisis in Victoria.
Queensland Flood Assist	2011 (now ceased)	Support to the Government of Australia contribution to the flood crisis in Queensland and Northern New South Wales.
Yasi Assist	2011 (now ceased)	Contribution to the preparation and post impact disaster relief and recovery activities associated in response to tropical cyclone Yasi.

Section 3: Explanatory Tables and Budgeted Financial Statements

3.1 Explanatory Tables

Table 52: Summary of Estimated Special Account Balances^{[1][2][3][4][5]}

Outcome		Opening	Receipts	Payments	Adjustments	Closing
		2011-12 2010-11	2011-12 2010-11	2011-12 2010-11	2011-12 2010-11	Balance 2011-12 2010-11
		\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Defence Special Account – <i>Financial Management and Accountability Act 1997</i>	1	114,880 <i>118,830</i>	61,391 <i>73,240</i>	-94,632 <i>-77,190</i>	- -	81,639 <i>114,880</i>
Defence Endowments Special Account – <i>Financial Management and Accountability Act 1997^{[4][5]}</i>	1	322 <i>322</i>	29 <i>25</i>	-43 <i>-25</i>	- -	308 <i>322</i>
Fedorczenko Legacy Special Account – <i>Financial Management and Accountability Act 1997^{[4][5]}</i>	1	162 <i>156</i>	7 <i>6</i>	-6 <i>-</i>	- -	163 <i>162</i>
Young Endeavour Youth Program Special Account – <i>Financial Management and Accountability Act 1997^{[4][5]}</i>	1	1,167 <i>997</i>	53 <i>221</i>	-15 <i>-51</i>	- -	1,205 <i>1,167</i>
Total Special Accounts 2011-12		116,531	61,480	-94,696	-	83,315
<i>2010-11 actual</i>		<i>120,305</i>	<i>73,492</i>	<i>-77,266</i>	-	<i>116,531</i>

Notes

1. 2011-12 estimates in bold.
2. 2010-11 actuals in italics.
3. These are all Special Public Monies.
4. The 2011-12 figures include \$71,219 for interest earned on the Official Public Account (OPA).
5. The 2010-11 figures include \$48,969 for interest earned on the OPA.

AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 53: Australian Government Indigenous Expenditure

	Program	Bill No. 1 \$'000
Outcome 1		
Defence Indigenous Employment Strategy	1.13	
Departmental 2011-12 Revised Estimate		2,102
<i>Departmental 2011-12 Budget Estimate</i>		2,702
Defence Indigenous Development Program	1.13	
Departmental 2011-12 Revised Estimate		5,994
<i>Departmental 2011-12 Budget Estimate</i>		5,994
Army Community Assistance Project⁽¹⁾	1.3	
Departmental 2011-12 Revised Estimate		3,270
<i>Departmental 2011-12 Budget Estimate</i>		3,270
Indigenous Liaison Officers	1.6	
Departmental 2011-12 Revised Estimate		400
<i>Departmental 2011-12 Budget Estimate</i>		720
Total 2011-12 Revised Estimate		11,766
<i>Total 2011-12 Budget Estimate</i>		<i>12,686</i>

Note

- The majority of costs are subsequently recovered from Department of Families, Housing, Community Services and Indigenous Affairs.

Defence Indigenous Employment Strategy

The Directorate of Indigenous Affairs within the Fairness and Resolution Branch has been established to provide a single point of contact for Defence Indigenous Employment matters, and is responsible for implementation of the Defence Reconciliation Action Plan across Defence. The Directorate of Indigenous Affairs develops and manages Defence Indigenous policy in line with the Commonwealth's Indigenous agenda, and is responsible for the implementation of the Defence Indigenous Employment Strategy. This strategy addresses the recruitment of Indigenous Australians to the ADF and to the Defence APS workforce. It also focuses on retention strategies for Indigenous ADF members and APS employees, ensuring that strong support mechanisms are in place.

Defence Indigenous Development Program

Aligned to the Government's Closing the Gap Program, the Defence Indigenous Development Program is a whole-of-government initiative that will provide the opportunity for Indigenous people from remote communities to acquire skills that are transferable back to their community. An increase in the recruitment of Indigenous people from remote communities into the ADF is an additional benefit of the program. Currently, the Department of Education, Employment and Workplace Relations and the Department of Defence are engaged in the ongoing development and implementation of the program.

Army Aboriginal Community Assistance Program

The Army Community Assistance Program is a cooperative initiative between the Department of Families, Housing, Community Services and Indigenous Affairs and the Army to improve environmental health conditions within remote Aboriginal communities. The program seeks to maximise the benefits to Indigenous communities by focusing on projects that allow the Army to make best use of its construction expertise and capability, by capitalising on the Army's ability to holistically deliver a range of services to remote Indigenous communities that would not normally be available in a single project.

Indigenous Liaison Officers

Indigenous Liaison Officers develop and maintain links with local Indigenous communities and are responsible for consulting with Indigenous Groups on issues relating to the use and upkeep of Defence training areas on heritage land as part of the Defence Heritage Management Plans and Indigenous Land Use Agreements.

3.1.2 GRANTS

New grants since the publishing of the *Portfolio Budget Statements 2011-12* total \$92,317.0m, with two grants programs and 15 grants approved. Two additional grants were approved and paid in 2010-11. Grants were made to the Afghan National Army Trust Fund and to Chartis Australia Insurance Limited.

Table 54: Grants Approved Since the 2011-12 Budget

	Total Approvals \$'000	2011-12 Payments \$'000
Afghan National Army Trust Fund ^[1]	38,369	-
Afghan National Army Trust Fund ^[2]	38,692	38,692
United Nations Trust Fund for the African Union Mission in Somalia	2,000	2,000
Army Military History Research Grants Scheme	72	72
ANU Centre for International Governance and Justice	235	80
ANU School of Regulation Justice and Diplomacy	292	146
Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP)	157	50
Centre for Research and Security Studies, Islamabad (Pakistan)	191	125
Chartis Australia Insurance Limited ^[1]	1,935	-
Commando Welfare Trust Fund	8,000	8,000
Defence Family Support Funding Program	1,146	1,146
Kokoda Foundation	95	95
Indigenous Australians And Torres Strait Islanders Defence Service History	300	300
International Institute for Strategic Studies (IISS) – for 2012 Shangri-La Dialogue	82	82
Low y Institute	225	225
Oxfam Australia	200	100
Royal Melbourne Institute of Technology (RMIT)	101	101
University of NSW	225	132
Total additional grants	92,317	51,346

Notes

1. Payment was approved and paid in the 2010-11 Financial Year.
2. Payment was approved in the 2011-12 Financial Year.

Afghan National Army Trust Fund

A grant of \$38,369,000 was approved for the Afghan National Army Trust Fund during the 2010-11 financial year. A further grant of \$38,692,000 was approved during the 2011-12 financial year for the Trust Fund. The grants were made to the Afghanistan government for long-term Afghanistan National Army sustainment.

United Nations Trust Fund for the African Union Mission in Somalia

A grant of \$2,000,000 was approved for the United Nations Trust Fund for the African Union Mission in Somalia. The payment will be used by the United Nations to help address humanitarian, security, piracy and terrorism challenges in Somalia.

Army Military History Research Grants Scheme

A grant of \$72,000 was approved for the Army Military History Research Grants Scheme. The purpose of the scheme is to support and encourages research into the role and involvement of the Army in the development of the nation. The scheme has been in operation since 1992.

Australian National University Centre for International Governance and Justice

A grant of \$235,000, with a payment of \$80,000 in 2011-12 was awarded to the Australian National University (ANU) Centre for International Governance and Justice for the ANU ARC Linkage Research Project: Strengthening the Rule of Law through the United Nations Security Council (UNSC).

ANU School of Regulation Justice and Diplomacy

A grant of \$292,000, with a payment of \$146,000 in 2011-12 was awarded to the ANU School of Regulation, Justice and Diplomacy for a project: 'Effective rule of law promotion in civil-military interventions'.

Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP)

A grant of \$157,000, with a payment of \$50,000 in 2011-12 was awarded to AUS-CSCAP to facilitate and promote dialogue on security issues in the Asia-Pacific. This grant is for administration and publication costs.

Centre for Research and Security Studies, Islamabad (Pakistan)

A grant of \$191,000, with a payment of \$125,000 in 2011-12 was awarded to the Centre for Research and Security Studies, based in Islamabad, Pakistan for the project: Counterinsurgency Under Customary Law.

Chartis Australia Insurance Limited

A grant of \$1,935,000 was awarded to Chartis Insurance Australia Limited to ensure that currently deployed members and those with notice to deploy would continue to be covered by death and invalidity insurance coverage for the following 12 months.

Commando Welfare Trust

A grant of \$8,000,000 was approved to the Commando Welfare Trust for its continued financial support to the families of serving and ex-serving members of the Special Operations Command East Coast Units who have been killed or injured in the course of their duties and are facing financial hardship.

Defence Family Support Funding Program

A grant of \$1,146,000 was awarded to the Defence Family Support Funding Program, which provides funds to support projects and services initiated by Defence families. The program is also available to existing groups in the community composed of, or benefiting, Defence families.

Kokoda Foundation

A grant of \$65,000 was awarded to the Kokoda Foundation to support the Australia-United States Trilogy Dialogue 2011 titled Asian Security in 2020-30: Challenges and Opportunities. A further grant of \$30,000 was also awarded for two weekend congresses of the Kokoda Foundation Young Strategic Leaders program. The Kokoda Foundation is a not-for profit organisation that focuses on issues relating to national security and whole-of-nation responses to crises and threats, and fosters research and innovative thinking on Australia's future security challenges.

Indigenous Australians and Torres Strait Islanders Defence Service History Project

A grant of \$300,000 was awarded to Professor Dodson, Chair of the ANU - National Centre for Indigenous Studies, for research into the contribution made by Indigenous Australians in the ADF.

International Institute for Strategic Studies (IISS) - Shangri-La Dialogue

A grant of \$82,000 was awarded to the IISS for the 2012 Shangri-La Dialogue, which is a major annual Ministerial level meeting of defence and security officials from the Asia-Pacific and wider region, providing an opportunity for regional states' defence establishments to exchange views on security in the region. IISS is a registered charity based in London and is a leading authority on political-military conflict and an independent source of objective information on international strategic issues.

Lowy Institute

A grant of \$225,000 was awarded to the Lowy Institute for the project: Privateers in Australia's Conflict and Disaster Zones.

Oxfam Australia

A grant of \$200,000, with a payment of \$100,000 in 2011-12 was awarded to Oxfam Australia for the project: Better understanding of Point of Contact Language and Practice for Civil-Military Practitioners. The project involves identification of the relevant mechanisms, methodologies and guidelines used by different actors in pursuit of their protection of civilian objectives; analysis of areas of convergence and divergence.

Royal Melbourne Institute of Technology (RMIT)

A grant of \$101,000 was awarded to RMIT for the project: The NGO-military interface in post-conflict and post-disaster contexts.

University of New South Wales

A grant of \$225,000, with a payment of \$132,000 in 2011-12 was awarded to Dr Scott Flower, who is based at the Australian Defence Force Academy (ADFA) for the project: Anthropology, Counterinsurgency and Civil-Military Relations for Stabilisation, Peace-building and Conflict Prevention.

3.2 Budgeted Financial Statements

3.2.1 ANALYSIS OF DEPARTMENTAL BUDGETED FINANCIAL STATEMENTS

Revised Income Statement

Since the 2011-12 Budget, net cost of services has decreased by \$14.6m. Details are shown in Table 55 and an explanation of the financial variations follow.

Table 55: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	9,597,092	9,740,666	143,574	1.5
Supplier expenses	9,766,478	9,465,099	-301,379	-3.1
Grants	48,639	62,366	13,727	28.2
Depreciation and amortisation	3,441,255	3,504,773	63,518	1.8
Finance costs	91,882	59,014	-32,868	-35.8
Write-down of assets and impairment of assets	1,244,054	1,135,036	-109,018	-8.8
Other	6,909	101,061	94,152	1,362.7
Total expenses	24,196,309	24,068,015	-128,294	-0.5
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	892,915	861,784	-31,131	-3.5
Rental income	6,373	6,373	-	-
Other revenue	78,691	60,976	-17,715	-22.5
Total own-source revenue	977,979	929,133	-48,846	-5.0
Gains				
Reversals of previous asset write-downs	574,954	498,322	-76,632	-13.3
Sale of assets	2,582	9,489	6,907	267.5
Other gains	-	4,879	4,879	-
Total gains	577,536	512,690	-64,846	-11.2
Total own-source income	1,555,515	1,441,823	-113,692	-7.3
Net cost of (contribution by) services	22,640,794	22,626,192	-14,602	-0.1
Revenue from Government	22,640,794	22,626,192	-14,602	-0.1
Surplus (Deficit) attributable to the Australian Government	-	-	-	-
OTHER COMPREHENSIVE INCOME				
Changes in asset revaluation reserves	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Expenses

Total expenses in 2011-12 are estimated to decrease by \$128.3m due to:

- an increase in employee expenses of \$143.6m including:
 - revised accrual calculations for employee provisions (\$44.3m)
 - movements in foreign exchange parameters (-\$0.7m)
 - re-allocation between categories to better reflect spending activities predominately driven by AFS overachievement (\$99.9m)
 - transfer from Prime Minister and Cabinet (PM&C) National Security Science and Technology (NSST) Branch (\$0.1m)
- a decrease in supplier expenses of \$301.4m including:
 - re-allocation across categories to better reflect estimated expenditure (-\$25.8m)
 - movements in foreign exchange parameters (-\$38.0m)
 - revised accrual calculations for supplier payables (-\$1,013.3m)
 - a decrease in the expected rate of inventory consumption (-\$24.4m)
 - adjustment to the DCP Capital/Operating Split (\$100.0m)
 - adjustment to opening balances resulting in a reallocation from Suppliers to SME for a DMO Payable (\$700.1m)
- an increase in grants of \$13.7m including:
 - s32 transfer of NSST Branch Grants from PM&C to DSTO (\$2.1m)
 - grant for Commando Welfare Trust (\$8.0m)
 - other miscellaneous grants movements (\$3.6m)
- an increase in the estimated depreciation and amortisation of \$63.5m due to revised estimates of Defence's asset purchases, asset values and useful lives
- a decrease in finance costs of \$32.9m due to:
 - adjustments to the restoration and decontamination provision (-\$24.3m)
 - DHA Annuity payout (-\$8.6m)
- a decrease in the estimate of write-downs and impairment of assets of \$109.0m following a review of Defence's assets and historical write-downs
- an increase in other expenses of \$94.1m due to:
 - an increase in property disposals costs (\$8.2m)
 - re-classification from Suppliers into Decontamination costs (\$85.9m).

Income

Total own-source income in 2011-12 is estimated to decrease by \$113.7m due to:

- a decrease in sales of goods and services of \$31.1m due to re-classification from other categories to better reflect estimated receipts
- a decrease in other revenue by \$17.7m due to:
 - re-allocation to Other Gains to better reflect the nature of receipts (-\$4.8m)
 - FMS refund remediation (-\$13.0m)
 - other adjustments (\$0.1m)
- a decrease in the reversal of previous asset write-downs of \$76.6m following a review of Defence's assets and historical achievement
- an increase in the sale of assets of \$6.9m due to revised property and commercial vehicle disposal programs
- an increase in Other Gains from Other Revenue to better reflect the nature of receipts \$4.9m.

Revenue from Government in 2011-12 is estimated to decrease by \$14.6m due to:

- return of appropriations from the DMO (\$2.6m)
- transfers from PM&C for NSST Branch (\$2.2m)
- movements in foreign exchange parameters (-\$38.7m)
- Detainee Management budget measure (\$2.2m)
- re-allocation between outcome appropriation and equity injections to reflect category transfers from operating to capital (\$17.1m).

Table 56: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	52,226	72,871	20,645	39.5
Trade and other receivables	202,926	128,552	-74,374	-36.7
Tax assets	45,573	112,449	66,876	146.7
Appropriation receivable	20,457	121,517	101,060	494.0
Other receivables	200,568	263,757	63,189	31.5
Total financial assets	521,751	699,146	177,395	34.0
Non-financial assets				
Land and buildings	15,834,983	15,813,241	-21,742	-0.1
Infrastructure, plant and equipment	6,037,291	6,406,397	369,106	6.1
Specialist military equipment	41,366,780	40,189,679	-1,177,101	-2.8
Intangibles	494,619	516,442	21,823	4.4
Heritage and cultural	900,600	965,943	65,343	7.3
Inventories	5,466,811	5,552,216	85,405	1.6
Prepayments	164,021	154,845	-9,176	-5.6
Total non-financial assets	70,265,105	69,598,763	-666,342	-0.9
Assets held for sale	28,465	53,512	25,047	88.0
Total assets	70,815,320	70,351,421	-463,899	-0.7
LIABILITIES				
Payables				
Suppliers	801,641	831,537	29,896	3.7
Other	321,501	364,414	42,913	13.3
Total payables	1,123,142	1,195,951	72,809	6.5
Interest bearing liabilities				
Leases	826,250	691,063	-135,187	-16.4
Total interest bearing liabilities	826,250	691,063	-135,187	-16.4
Provisions				
Employee provisions	2,316,090	2,258,393	-57,697	-2.5
Restoration, decontamination and decommissioning	787,509	833,178	45,669	5.8
Other	14,834	6,358	-8,476	-57.1
Total provisions	3,118,432	3,097,929	-20,503	-0.7
Total liabilities	5,067,824	4,984,943	-82,881	-1.6
NET ASSETS	65,747,496	65,366,478	-381,018	-0.6
EQUITY				
Contributed equity	17,225,661	17,164,559	-61,102	-0.4
Reserves	14,042,887	14,565,011	522,124	3.7
Retained surplus (accumulated deficit)	34,478,948	33,636,908	-842,040	-2.4
Total equity	65,747,496	65,366,478	-381,018	-0.6

Assets

Total assets in 2011-12 are estimated to decrease by \$463.9m due to:

- total financial assets being \$177.4m higher than projected in the *Portfolio Budget Statements 2011-12* resulting from:
 - an increase in cash and cash equivalents of \$20.6m from the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based
 - a decrease in trade and other receivables of \$74.4m from the flow-on effect of the actual opening balance being lower than the projected 2010-11 result, on which the previous budget estimate was based
 - an increase in the budgeted value of tax assets of \$66.9m due to the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based
 - an increase in appropriation receivable of \$101.1m resulting from:
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (\$15.3m)
 - > an increase due to transfer of the NSST Branch from PM&C to DSTO (\$2.3m)
 - > an increase due to a return of prior year service fees from DMO (\$83.5m)
 - an increase in other receivables of \$63.2m resulting from:
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result on which the previous budget estimate was based (\$150.4m)
 - > a decrease due to an adjustment in the property disposals program (-\$3.7m)
 - > a decrease due to the settlement of a receivable with DMO (-\$83.5m)
- total non-financial assets being \$666.3m lower than projected in the *Portfolio Budget Statements 2011-12* resulting from:
 - a decrease in the budgeted value of land and buildings of \$21.7m due to:
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (\$156.2m)
 - > revised asset values following a review of historical write downs, impairment and useful life (\$17.9m)
 - > reduced purchases due to the re-allocation to other categories to better reflect estimated expenditure (-\$167.7m)
 - > a reduction due to property disposals (-\$28.1m)
 - an increase in the budgeted value of infrastructure, plant and equipment of \$369.1m including:
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (\$425.0m)
 - > reduced purchases due to the re-allocation across categories to better reflect estimated expenditure (-\$18.2m)
 - > revised asset values following a review of historical write downs, impairment and useful life (-\$37.7m)
 - a decrease in the budgeted value of specialist military equipment of \$1,177.1m due to:
 - > the flow-on effect of the actual opening balance being lower than the projected 2010-11 result, on which the previous budget estimate was based (-\$310.1m)
 - > decrease in purchases due to the re-allocation across categories to better reflect estimated expenditure (-\$55.2m)
 - > decrease due to a reallocation from a DMO Suppliers Payable (-\$700.1m)
 - > decrease due to FOREX exchange movements (-\$111.2m)
 - > revised asset values following a review of historical write downs, impairment and useful life (-\$0.5m)

- an increase in the budgeted value of intangible assets of \$21.8m due to:
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (\$41.1m)
 - > increased purchases due to re-allocation across categories to better reflect estimated expenditure (\$0.1m)
 - > revised asset values following a review of historical write downs, impairment and useful life (-\$19.4m)
- the budgeted value of heritage and cultural assets will increase by \$65.3m due to the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based
- an increase in the budgeted value of inventory of \$85.4m due to:
 - > decreased purchases due to re-allocation across categories to better reflect estimated expenditure (-\$44.8m)
 - > a decrease in the expected rate of inventory consumption (\$24.4m)
 - > the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (\$104.6m)
 - > revised asset values following a review of historical write downs and impairment (\$8.4m)
 - > a decrease due to FOREX (-\$7.2m)
- the budgeted value of prepayments decreasing by \$9.2m due to the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based
- assets held for sale increasing by \$25.0m due to the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based.

Liabilities

Total liabilities in 2011-12 are estimated to decrease by \$82.9m due to:

- total payables are \$72.8m higher than projected in the *Portfolio Budget Statements 2011-12* due to an increase in supplier payables (\$29.9m) and other payables (\$42.9m) following a review of historical achievement
- total interest bearing liabilities are \$135.2m lower than projected in the *Portfolio Budget Statements 2011-12* resulting from:
 - the flow-on effect of the actual opening balance being higher than the projected 2010-11 result, on which the previous budget estimate was based (-\$142.0m)
 - an increase due to the DHA annuity payout (\$6.8m)
- total provisions are \$20.5m lower than projected in the *Portfolio Budget Statements 2011-12*. The variation consists of a decrease in employee provisions (\$57.7m), an increase in the restoration, decontamination and decommissioning provision (\$45.7m), and a decrease in other provisions (\$8.5m). The variation in the total provision is due to:
 - the flow-on effect of the actual opening balance being lower than the projected 2010-11 result, on which the previous budget estimate was based (-\$39.1m)
 - an increase in provision accrual balances (\$18.6m).

Equity

Total equity in 2011-12 is estimated to decrease by \$381.0m. The variation consists of a decrease in contributed equity (\$61.1m), an increase in reserves (\$522.1m) and a decrease in retained surplus (\$842.0m). The variation in total equity is due to:

- the flow-on effect of the actual opening balance being lower than the projected 2010-11 result, on which the previous budget estimate was based (-\$226.7m)
- foreign exchange adjustments (-\$118.4m)
- NSST Branch Transfer from PM&C (\$2.3m)
- Housing and Property Disposals (-\$21.1m)
- re-allocation between outcome appropriation and equity injection to reflect transfers between operating and capital (-\$17.1m).

Table 57: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Goods and services	855,330	824,199	-31,131	-3.6
Appropriations	22,648,794	22,634,192	-14,602	-0.1
Net GST received	568,476	590,171	21,695	3.8
Other cash received	80,185	150,833	70,648	88.1
Cash transfer from the Official Public Account (receivables)	6,389	6,389	-	-
Total cash received	24,159,174	24,205,784	46,610	0.2
Cash used				
Employees	9,543,130	9,642,391	99,261	1.0
Suppliers	8,855,448	8,983,566	128,118	1.4
Net GST paid	568,476	590,171	21,695	3.8
Grants	48,639	62,366	13,727	28.2
Other cash used	6,909	9,240	2,331	33.7
Cash transfer to the Official Public Account (receivables)	58,026	162,650	104,624	180.3
Total cash used	19,080,628	19,450,384	369,756	1.9
Net cash from (used by) operating activities	5,078,546	4,755,400	-323,146	-6.4
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	89,088	104,895	15,807	17.7
Proceeds from sales of infrastructure, plant and equipment	28,739	28,739	-	-
Total cash received	117,827	133,634	15,807	13.4
Cash used				
Purchase of land and buildings	1,116,415	939,304	-177,111	-15.9
Purchase of infrastructure, plant and equipment	324,313	306,112	-18,201	-5.6
Purchase of specialist military equipment	5,193,700	5,027,106	-166,594	-3.2
Purchase of intangibles	31,446	31,546	100	0.3
Purchase of inventory	1,253,513	1,201,416	-52,097	-4.2
Selling costs on sale of assets	25,952	12,379	-13,573	-52.3
Finance costs	75,478	66,842	-8,636	-11.4
Total cash used	8,020,817	7,584,705	-436,112	-5.4
Net cash from (used by) investing activities	-7,902,990	-7,451,071	451,919	-5.7
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	2,909,317	2,773,786	-135,531	-4.7
Total cash received	2,909,317	2,773,786	-135,531	-4.7
Cash used				
Repayment of debt	76,873	70,115	-6,758	-8.8
Cash to the Official Public Account	-	-	-	-
Total cash used	76,873	70,115	-6,758	-8.8
Net cash from (used by) financing activities	2,832,444	2,703,671	-128,773	-4.5
Net increase (decrease) in cash and cash equivalents held	8,000	8,000	-	-
Cash and cash equivalents at the beginning of the reporting period	44,226	64,871	20,645	46.7
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	-	-	-	-
Cash and cash equivalents at the end of the reporting period	52,226	72,871	20,645	39.5

Operating Activities

Net cash from Operating Activities will decrease by \$323.1m.

Operating Cash Received will increase by \$46.6m due to:

- a decrease in sales of goods of and services of \$31.1m due to re-classification from other categories to better reflect estimates receipts
- a decrease in 'appropriation revenue' of \$14.6m due to:
 - return of appropriations from the DMO (\$2.6m)
 - transfers from PM&C for NSST Branch (\$2.2m)
 - movements in foreign exchange parameters (-\$38.7m)
 - Detainee Management budget measure (\$2.2m)
 - re-allocation between outcome appropriation and equity injections to reflect category transfers from capital to operating (\$17.1m)
- an increase in net GST received of \$21.7m based on an increase in suppliers
- an increase in other cash received of \$70.6m primarily due to the settlement of a receivable with DMO (\$83.5m) offset by \$12.9m of other adjustments.

Operating Cash Used will increase by \$369.8m resulting from:

- an increase in employees of \$99.3m due to:
 - DMO direct appropriation adjustment (\$1.1m)
 - movements in foreign exchange parameters (-\$0.7m)
 - re-allocation between categories (\$98.8m)
 - transfer from PM&C NSST Branch (\$0.1m)
- an increase in suppliers of \$128.1m due to:
 - re-allocation across categories to better reflect estimated expenditure (\$166.1m)
 - movements in foreign exchange parameters (-\$38.0m)
- an increase in net GST payments of \$21.7m due to increased supplier payments
- an increase in grants of \$13.7m due to:
 - Commando Welfare trust (\$8.0m)
 - s32 NSST Branch Transfer (\$2.1m)
 - recategorisation to improve estimates (\$3.6m)
- an increase in other cash used of \$2.3m due to an adjustment to act of grace payments
- an increase in transfers to the OPA of \$104.6m due to:
 - the revised housing and property disposals programs (\$21.1m)
 - a transfer to appropriation receivable of a return of a prior year service fee from DMO (\$83.5m).

Investing Activities

Net cash used by Investing Activities will decrease by \$451.9m due to:

- investing cash received will increase by \$15.8m due to the revised housing and property disposals programs.

Investing cash used will decrease by \$436.1m resulting from:

- a decrease in purchase of land and buildings relating to the re-allocation across categories to better reflect estimated expenditure \$177.1m
- a decrease in purchase of infrastructure, plant and equipment of \$18.2m due to the re-allocation to suppliers and specialist military equipment to better reflect estimated expenditure

- a decrease in purchase of specialist military equipment of \$166.6m resulting from:
 - adjustment to the funding profile of the Logistics Stream of the SRP resulting in a category reclassification (\$115.8m)
 - re-allocation across categories to better reflect estimated expenditure (\$-171.2m)
 - movements in foreign exchange parameters (\$-111.2m)
- an increase in intangibles of \$0.1m due to re-allocation from specialist military equipment to better reflect anticipated expenditure
- a decrease in purchasing of inventory of \$52.1m due to:
 - the re-allocation from suppliers to better reflect estimated expenditure (\$-44.9m)
 - movements in foreign exchange parameters of (\$-7.2m)
- a decrease in selling costs on sale of assets of \$13.6m due to the revised housing and property disposals program
- a decrease in finance costs of \$8.6m due to DHA Annuity Payout.

Financing Activities

Net cash from Financing Activities will decrease by \$128.8m due to:

- equity injections will decrease by \$135.5m due to:
 - a foreign exchange reduction (\$-118.4m)
 - re-allocation between outcome appropriation and equity injections to reflect category transfers from capital to operating (\$-17.1m)
- repayment of debt will decrease by \$6.8m due to reduced finance costs related to a DHA Annuity pay out.

3.2.2 DEPARTMENTAL BUDGETED FINANCIAL STATEMENTS

Table 58: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
EXPENSES					
Employee benefits	9,538,241	9,740,666	9,631,678	10,010,967	10,339,177
Supplier expenses	9,520,250	9,465,099	8,765,930	9,685,550	10,072,291
Grants	45,181	62,366	49,014	49,352	5,792
Depreciation and amortisation	3,796,572	3,504,773	3,621,425	3,741,547	3,906,888
Finance costs	96,545	59,014	69,230	76,874	78,452
Write-down of assets and impairment of assets	861,880	1,135,036	1,083,744	1,131,979	1,182,458
Losses from sale of assets	30,205	-	-	-	-
Other	197,252	101,061	21,151	19,073	136,329
Total expenses	24,086,126	24,068,015	23,242,172	24,715,342	25,721,387
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	739,709	861,784	858,181	901,553	938,765
Rental income	9,240	6,373	6,535	6,715	6,902
Other revenue	860,924	60,976	62,181	63,802	65,433
Total own-source revenue	1,609,873	929,133	926,897	972,070	1,011,100
Gains					
Foreign exchange	7,464	-	-	-	-
Reversals of previous asset write-downs	377,567	498,322	520,299	543,273	567,285
Sale of assets	-	9,489	281	13,907	81,207
Other gains	50,937	4,879	5,001	5,126	5,254
Total gains	435,968	512,690	525,581	562,306	653,746
Total own-source income	2,045,841	1,441,823	1,452,478	1,534,376	1,664,846
Net cost of (contribution by) services	22,040,285	22,626,192	21,789,694	23,180,966	24,056,541
Revenue from Government	21,069,544	22,626,192	21,789,694	23,180,966	24,056,541
Surplus (Deficit) attributable to the Australian Government	-970,741	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	522,124	-	-	-	-
Total other comprehensive income	522,124	-	-	-	-
Total comprehensive income attributable to the Australian Government	-448,617	-	-	-	-

Table 59: Budgeted Departmental Balance Sheet (as at 30 June)

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	64,871	72,871	72,871	72,871	72,871
Trade and other receivables	90,967	128,552	159,722	195,126	231,013
Tax assets	112,449	112,449	112,449	112,449	112,449
Appropriation receivable	50,122	121,517	121,517	121,517	121,517
Other receivables	315,991	263,757	232,507	232,507	232,507
Total financial assets	634,400	699,146	699,066	734,470	770,357
Non-financial assets					
Land and buildings	15,569,795	15,813,241	16,126,359	16,286,660	16,135,415
Infrastructure, plant and equipment	6,505,246	6,406,397	6,613,128	6,871,664	6,636,240
Specialist military equipment	38,638,060	40,189,679	41,330,123	43,128,376	45,571,685
Intangibles	575,391	516,442	443,578	386,456	333,906
Heritage and cultural	965,944	965,943	965,942	965,941	965,940
Inventories	5,422,087	5,552,216	5,667,955	5,780,263	5,900,635
Prepayments	154,845	154,845	154,845	154,845	154,845
Total non-financial assets	67,831,368	69,598,763	71,301,930	73,574,205	75,698,666
Assets held for sale	53,512	53,512	53,512	53,512	53,512
Total assets	68,519,280	70,351,421	72,054,508	74,362,187	76,522,535
LIABILITIES					
Payables					
Suppliers	1,812,211	831,537	777,907	841,073	846,721
Other	379,394	364,414	363,000	366,808	370,081
Total payables	2,191,605	1,195,951	1,140,907	1,207,881	1,216,802
Interest bearing liabilities					
Leases	648,238	691,063	1,015,758	1,430,410	1,353,873
Total interest bearing liabilities	648,238	691,063	1,015,758	1,430,410	1,353,873
Provisions					
Employee provisions	2,162,515	2,258,393	2,313,914	2,388,367	2,470,832
Restoration, decontamination and decommissioning	841,006	833,178	841,379	862,462	888,931
Other	6,358	6,358	6,358	6,358	6,358
Total provisions	3,009,879	3,097,929	3,161,651	3,257,187	3,366,121
Total liabilities	5,849,722	4,984,943	5,318,316	5,895,478	5,936,796
NET ASSETS	62,669,558	65,366,478	66,736,192	68,466,709	70,585,739
EQUITY					
Contributed equity	14,467,639	17,164,559	18,534,273	20,264,790	22,383,820
Reserves	14,565,011	14,565,011	14,565,011	14,565,011	14,565,011
Retained surplus (accumulated deficit)	33,636,908	33,636,908	33,636,908	33,636,908	33,636,908
Total equity	62,669,558	65,366,478	66,736,192	68,466,709	70,585,739

Table 60: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	732,688	824,199	827,011	866,149	902,878
Appropriations	21,190,716	22,634,192	21,789,694	23,180,966	24,056,541
Net GST received	634,572	590,171	529,501	582,053	608,889
Other cash received	212,516	150,833	68,716	70,517	72,335
Cash transfer from the Official Public Account (receivables)	559,504	6,389	-	-	-
Total cash received	23,329,996	24,205,784	23,214,922	24,699,685	25,640,643
Cash used					
Employees	9,363,834	9,642,391	9,577,571	9,932,706	10,253,439
Suppliers	7,827,935	8,983,566	7,993,488	8,777,556	9,179,108
Net GST paid	560,332	590,171	529,501	582,053	608,889
Grants	44,911	62,366	49,014	49,352	5,792
Other cash used	84,617	9,240	5,335	10,957	130,979
Cash transfer to the Official Public Account (receivables)	470,251	162,650	136,792	18,459	12,960
Total cash used	18,351,880	19,450,384	18,291,701	19,371,083	20,191,167
Net cash from (used by) operating activities	4,978,116	4,755,400	4,923,221	5,328,602	5,449,476
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	87,332	104,895	143,515	28,906	89,221
Proceeds from sales of infrastructure, plant and equipment	24,373	28,739	28,747	36,160	36,371
Proceeds from sales of specialist military equipment	26,676	-	-	-	-
Other cash received	77	-	-	-	-
Total cash received	138,458	133,634	172,262	65,066	125,592
Cash used					
Purchase of land and buildings	1,042,035	939,304	1,055,520	868,210	578,291
Purchase of infrastructure, plant and equipment	472,583	306,112	311,451	279,893	259,981
Purchase of specialist military equipment	4,808,075	5,027,106	3,901,782	4,688,078	5,488,138
Purchase of intangibles	60,678	31,546	11,306	1,913	2,002
Purchase of inventory	1,217,893	1,201,416	1,178,064	1,193,454	1,249,499
Purchase of heritage and cultural assets	5	-	-	-	-
Selling costs on sale of assets	23,176	12,379	3,245	1,405	627
Finance costs	61,175	66,842	61,029	55,791	51,983
Total cash used	7,685,620	7,584,705	6,522,397	7,088,744	7,630,521
Net cash from (used by) investing activities	-7,547,162	-7,451,071	-6,350,135	-7,023,678	-7,504,929
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Total cash received	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Cash used					
Repayment of debt	171,669	70,115	79,592	53,900	76,537
Cash to the Official Public Account	-	-	-	-	-
Total cash used	171,669	70,115	79,592	53,900	76,537
Net cash from (used by) financing activities	2,584,238	2,703,671	1,426,914	1,695,076	2,055,453
Net increase (decrease) in cash and cash equivalents held					
Cash and cash equivalents at the beginning of the reporting period	52,226	64,871	72,871	72,871	72,871
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-2,547	-	-	-	-
Cash and cash equivalents at the end of the reporting period	64,871	72,871	72,871	72,871	72,871

Table 61: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2011-12)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2011				
Balance carried forward from previous period	33,636,908	14,565,011	14,467,639	62,669,558
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	33,636,908	14,565,011	14,467,639	62,669,558
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Subtotal comprehensive income	-	-	-	-
Surplus (Deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-79,166	-79,166
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,773,786	2,773,786
Other	-	-	2,300	2,300
Sub-total transaction with owners	-	-	2,696,920	2,696,920
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2012	33,636,908	14,565,011	17,164,559	65,366,478

Table 62: Departmental Capital Budget Statement

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity Injections - Bill 2	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Total capital appropriations	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Represented by:					
Purchase of non-financial assets	2,584,238	2,703,671	1,426,914	1,695,076	2,055,453
Annual finance lease costs	171,669	70,115	79,592	53,900	76,537
Other items	-	-	-	-	-
Total Items	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Funded by finance lease costs	-	100,000	404,287	468,552	-
Funded internally from departmental resources ⁽¹⁾	4,135,108	3,530,282	3,773,553	4,089,118	4,196,422
Total	6,891,015	6,404,068	5,684,346	6,306,646	6,328,412
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	6,891,015	5,703,956	5,684,346	6,306,646	6,328,412
less additions by finance lease	-	100,000	404,287	468,552	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrow ing/finance costs	61,175	66,842	61,029	55,791	51,983
plus Annual finance lease costs	171,669	70,115	79,592	53,900	76,537
less Gifted assets	3,205	-	-	-	-
less s32/restructuring	-	-	-	-	-
Total cash used to acquire assets	7,120,654	5,740,913	5,420,680	5,947,785	6,456,932

Note

- Includes the following sources of funding:
 - annual and prior year appropriations
 - donations and contributions
 - gifts
 - internally developed assets
 - s31 relevant agency receipts
 - proceeds from the sale of assets.

Table 63: Statement of Departmental Asset Movements (2011-12)

	Land and Buildings \$'000	Specialist Military Equipment \$'000	Infrastructure, Plant and Equipment \$'000	Intangibles \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2011						
Gross book value	15,864,737	72,948,275	6,833,558	1,043,418	965,944	97,655,932
Accumulated depreciation/amortisation and impairment	294,942	34,310,215	328,312	468,027	-	35,401,496
Opening net book balance	15,569,795	38,638,060	6,505,246	575,391	965,944	62,254,436
CAPITAL ASSET ADDITIONS						
Estimated expenditure on new or replacement assets						
By purchase - appropriation equity	939,304	4,326,994	306,112	31,546	-	5,603,956
By purchase - donated funds	-	-	-	-	-	-
By finance lease	-	-	100,000	-	-	100,000
Total Additions	939,304	4,326,994	406,112	31,546	-	5,703,956
Other Movements						
Assets held for sale	44,111	7,618	347	-	1,436	53,512
Reclassifications ^[1]	-	365,260	20,815	-	-	386,075
Depreciation and amortisation	535,263	2,416,944	462,070	90,495	1	3,504,773
Disposal of entities or other operations (including restructuring)	109,526	-	33,490	-	-	143,016
Other disposals ^[2]	51,069	723,691	30,216	-	-	804,976
As at 30 June 2012						
Gross book value	16,643,446	76,916,838	7,196,779	1,074,964	965,944	102,797,971
Accumulated depreciation/amortisation and impairment	830,205	36,727,159	790,382	558,522	1	38,906,269
Closing net book value	15,813,241	40,189,679	6,406,397	516,442	965,943	63,891,702

Notes

1. Reclassification include assets first found.
2. Other disposals includes write-offs.

ANALYSIS OF ADMINISTERED ACTIVITY

Defence administers and pays entitlements funded from special appropriations included in specific Acts through four programs on behalf of the Government as follows:

- Program 1.14: Defence Force Superannuation Benefits
- Program 1.15: Defence Force Superannuation Nominal Interest
- Program 1.16: Housing Assistance
- Program 1.17: Other Administered

Administered Income and Expenses

In 2011-12, Defence is budgeting to receive \$1,328.1m of administered income and incur expenses of \$4,188.1m. Details supported by an explanation of key variances are shown in Table 64.

Table 64: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	5,299	33,123	27,824	525.1
Dividends	50,067	49,105	-962	-1.9
Military superannuation contributions	1,165,332	1,180,774	15,442	1.3
Fees	9,811	9,811	-	-
Other	35,985	55,274	19,289	53.6
Total non-taxation	1,266,494	1,328,087	61,593	4.9
Total revenues administered on behalf of Government	1,266,494	1,328,087	61,593	4.9
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	113,480	101,701	-11,779	-10.4
Military retention benefits	52,443	52,443	-	-
Military superannuation benefits	3,763,000	4,034,000	271,000	7.2
Total expenses administered on behalf of Government	3,928,923	4,188,144	259,221	6.6

Income

Total income administered on behalf of Government will increase by \$61.6m due to:

- an increase in interest on DHA loans taken out prior to 30 June 2008 previously only reported in the cash flow of \$27.8m
- a reduction of \$0.9m in the dividend received from DHA
- an increase in military superannuation contributions due to additional MSBS member contributions received from departmental of \$15.4m
- an increase in other of \$19.3m due to:
 - revenue from the sale of an investment (\$9.5m) and
 - net proceeds from Defence property disposals returned to the Official Public Account (\$9.8m).

Expenses

Expenses administered on behalf of the Government will increase by \$259.2m due to:

- an increase in military superannuation accrual expense as a result of applying a lower discount rate (2011-12 Additional Estimates 5.3%, 2011-12 Portfolio Budget Statement 6.0%) to the first year of the expenses (\$271.0m) offset by:
 - a reduction in subsidies paid through the Defence Home Ownership Assistance Scheme due to fewer members taking up the benefit (-\$11.8m).

Table 65: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Receivables	63,906	68,711	4,805	7.5
Investments accounted for using the equity method	2,174,330	2,309,853	135,523	6.2
Loans	84,580	509,580	425,000	502.5
Total financial assets	2,322,816	2,888,144	565,328	24.3
Non-financial assets				
Prepayments	170,549	170,791	242	0.1
Total non-financial assets	170,549	170,791	242	0.1
Total assets administered on behalf of Government	2,493,365	3,058,935	565,570	22.7
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	40,970	-	-40,970	-100.0
Total payables	40,970	-	-40,970	-100.0
Provisions				
Superannuation - DFRDB ¹	25,970,000	26,036,000	66,000	0.3
Superannuation - MSBS ²	20,023,000	20,128,000	105,000	0.5
Total provisions	45,993,000	46,164,000	171,000	0.4
Total liabilities administered on behalf of Government	46,033,970	46,164,000	130,030	0.3

Notes

1. Defence Force Retirement and Death Benefits.
2. Military Superannuation and Benefits Scheme.

Assets

Total assets administered on behalf of Government are estimated to be \$3,058.9m reflecting an increase of \$565.6m due to:

- an increase in receivables of \$4.8m occurred due to:
 - change in DHA's competitive neutrality payment (\$6.4m) offset by
 - DHA dividend (-\$1.0m) and
 - other items (-\$0.6m)
- an increase in investments of \$135.5m arose due to:
 - a change in accounting policy to reflect recognition of small portfolio agencies (\$77.2m)
 - an adjustment to fair value of DHA investment (\$58.3m) as a result of adjusting for the 2010-11 financial statement result
- an increase in loans of \$425.0m due to the recognition of DHA loans provided by the Commonwealth prior to June 2008 previously not reported by Defence in the statement of assets and liabilities
- an increase in prepayment of \$0.2m due to a recalculation of retention benefits with updated assumptions.

Liabilities

Liabilities administered on behalf of Government are estimated to be \$46,164.0m reflecting an increase in the budget estimate of \$130.0m due to:

- a reduction in other payables now included in the Actuarial assessment of superannuation provisions (-\$41.0m)
- an increase in provisions due to the combined effect of adjusting for actual 2011 opening balance and change resulting from adjustment of discount rate (5.3% versus 6.0%) (DFRDB \$66.0m and MSBS \$105.0m).

Table 66: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2011-12 Budget Estimate \$'000	2011-12 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	5,299	33,123	27,824	525.1
Military superannuation contributions	1,165,332	1,180,662	15,330	1.3
Fees	9,811	9,811	-	0.0
Other	64,042	59,351	-4,691	-7.3
Total cash received	1,244,484	1,282,947	38,463	3.1
Cash used				
Subsidies paid	113,480	101,701	-11,779	-10.4
Military benefits	1,987,100	2,053,100	66,000	3.3
Total cash used	2,100,580	2,154,801	54,221	2.6
Net cash from or (used by) operating activities	-856,096	-871,854	-15,758	1.8
INVESTING ACTIVITIES				
Cash received				
Dividends	47,593	52,379	4,786	10.1
Total cash received	47,593	52,379	4,786	10.1
Net cash from or (used by) investing activities	47,593	52,379	4,786	10.1
Net increase (decrease) in cash held	-808,503	-819,475	-10,972	1.4
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,100,580	2,154,801	54,221	2.6
Cash to the Official Public Account	-1,292,077	-1,335,326	-43,249	3.3
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	-	-	-	-
Cash and cash equivalents at end the of the reporting period	-	-	-	-

Operating Activities

Net cash used by operating activities will increase by \$15.8m due to:

- an increase in interest of \$27.8m due to:
 - a transfer of interest from other (\$28.1m)
 - an estimate adjustment (-\$0.3m)
- an increase in military superannuation contributions of \$15.3m due to:
 - adjustment to contributions received from departmental (\$15.4m) offset by
 - other movements (\$0.1m)
- a decrease in other of \$4.7m as a result of:
 - expected receipts from sale of an investment (\$9.5m)
 - net proceeds from property disposals (\$9.6m)
 - refund of FBT paid in 2010-11 (\$4.0m)
 - transfer of interest in DHA loans to interest (-\$28.1m)
 - other (\$0.3m)
- a decrease in subsidies paid due to re-estimate of costs paid through the Defence Home Ownership Assistance Scheme of \$11.8m
- an increase in the military benefits of \$66.0m arising from revised actuarial calculations.

Investing Activities

Net cash from investing activities increased by \$4.8m as a result of a planned increase in the DHA dividend.

Table 67: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	31,122	33,123	33,123	33,123	33,123
Dividends	52,379	49,105	51,967	54,989	55,806
Military superannuation contributions	1,135,592	1,180,774	1,209,374	1,256,628	1,309,561
Fees	7,833	9,811	10,349	10,808	11,266
Other	127,464	55,274	44,239	45,699	49,326
Total Non-taxation	1,354,390	1,328,087	1,349,052	1,401,247	1,459,082
Total revenues administered on behalf of Government	1,354,390	1,328,087	1,349,052	1,401,247	1,459,082
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	85,241	101,701	112,401	119,884	122,974
Military retention benefits	44,517	52,443	64,223	77,103	95,883
Military superannuation benefits	3,883,408	4,034,000	3,914,000	4,082,000	4,257,000
Other	841	-	-	-	-
Total expenses administered on behalf of Government	4,014,007	4,188,144	4,090,624	4,278,987	4,475,857

**Table 68: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government
(as at 30 June)**

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Trade and other receivables	75,997	68,711	71,629	74,707	75,580
Investments accounted for using the equity method	2,307,972	2,309,853	2,310,760	2,311,522	2,311,514
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	2,893,549	2,888,144	2,891,969	2,895,809	2,896,674
Non-financial assets					
Prepayments	157,134	170,791	165,468	152,765	150,782
Total non-financial assets	157,134	170,791	165,468	152,765	150,782
Total assets administered on behalf of Government	3,050,683	3,058,935	3,057,437	3,048,574	3,047,456
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	47	-	-	-	-
Total payables	47	-	-	-	-
Provisions					
Superannuation - DFRDB	28,587,200	26,036,000	26,025,000	25,988,000	25,916,000
Superannuation - MSBS	21,531,000	20,128,000	22,069,000	24,155,000	26,384,000
Total provisions	50,118,200	46,164,000	48,094,000	50,143,000	52,300,000
Total liabilities administered on behalf of Government	50,118,247	46,164,000	48,094,000	50,143,000	52,300,000

Table 69: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	31,122	33,123	33,123	33,123	33,123
Military superannuation contributions	1,179,662	1,180,662	1,209,318	1,256,572	1,309,505
Fees	7,742	9,811	10,349	10,808	11,266
Other	121,534	59,351	44,239	45,699	49,326
Total cash received	1,340,060	1,282,947	1,297,029	1,346,202	1,403,220
Cash used					
Subsidies paid	89,814	101,701	112,401	119,884	122,974
Military benefits	1,875,206	2,053,100	2,040,900	2,099,400	2,190,900
Total cash used	1,965,020	2,154,801	2,153,301	2,219,284	2,313,874
Net cash from or (used by) operating activities	-624,960	-871,854	-856,272	-873,082	-910,654
INVESTING ACTIVITIES					
Cash received					
Dividends	52,700	52,379	49,105	51,967	54,989
Total cash received	52,700	52,379	49,105	51,967	54,989
Cash used					
Loans	44,100	-	-	-	-
Total cash used	44,100	-	-	-	-
Net cash from (used by) investing activities	8,600	52,379	49,105	51,967	54,989
Net increase (decrease) in cash held and cash equivalents held	-616,360	-819,475	-807,167	-821,115	-855,665
Cash at the beginning of reporting period	1	-	-	-	-
Cash from the Official Public Account for appropriations	2,009,121	2,154,801	2,153,301	2,219,284	2,313,874
Cash to the Official Public Account	-1,392,762	-1,335,326	-1,346,134	-1,398,169	-1,458,209
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at end of reporting period	-	-	-	-	-

3.2.3 NOTES TO THE BUDGETED FINANCIAL STATEMENTS

The notes on the budgeted financial statements (income, balance sheet, cash flows and capital budget statement) remain as reported in the Portfolio Budget Statements 2011-12 except for a change in accounting policy to reflect recognition of small portfolio agencies; and DHA loans provided by the Commonwealth prior to June 2008 previously not reported by Defence.

3.3.3 CONSOLIDATED DEFENCE/DMO BUDGETED FINANCIAL STATEMENTS

Table 70: Consolidated Comprehensive Departmental Income Statement (showing net cost of services) for the Department of Defence (including DMO) for the period ending 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
EXPENSES					
Employee benefits	10,069,859	10,331,995	10,206,802	10,619,926	11,000,917
Supplier expenses	8,753,284	9,327,930	8,647,231	9,558,443	9,923,176
Grants	54,307	91,036	78,790	75,882	33,880
Depreciation and amortisation	3,798,278	3,507,238	3,623,952	3,744,137	3,909,542
Finance costs	96,545	59,014	69,230	76,874	78,452
Write-down of assets and impairment of assets	862,900	1,135,036	1,083,744	1,131,979	1,182,458
Losses from sale of assets	30,205	-	-	-	-
Other	197,277	101,061	21,151	19,073	136,329
Total expenses	23,862,655	24,553,310	23,730,900	25,226,314	26,264,754
LESS					
OWN-SOURCE INCOME					
Own-source Revenue					
Sales of goods and rendering of services	396,237	413,859	395,870	421,875	439,195
Rental Income	9,240	6,373	6,535	6,715	6,902
Other revenue	117,231	60,976	62,181	63,802	65,433
Total own-source revenue	522,708	481,208	464,586	492,392	511,530
Gains					
Foreign exchange	74,862	-	-	-	-
Reversals of previous asset write-downs	377,567	498,322	520,299	543,273	567,285
Sale of assets	-	9,489	281	13,907	81,207
Other gains	52,891	6,829	6,951	7,076	7,204
Total gains	505,320	514,640	527,531	564,256	655,696
Total own-source income	1,028,028	995,848	992,117	1,056,648	1,167,226
Net cost of (contribution by) services	22,834,627	23,557,462	22,738,783	24,169,666	25,097,528
Revenue from Government	21,916,826	23,557,462	22,738,783	24,169,666	25,097,528
Surplus (Deficit) attributable to the Australian Government	-917,801	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	522,124	-	-	-	-
Total Other comprehensive income	522,124	-	-	-	-
Total Comprehensive income attributable to the Australian Government	-395,677	-	-	-	-

Table 71: Consolidated Budgeted Departmental Balance Sheet for the Department of Defence (including DMO) as at 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	107,898	115,898	115,898	115,898	115,898
Trade and other receivables	82,765	138,049	169,219	204,623	240,510
Tax assets	215,496	215,496	215,496	215,496	215,496
Appropriation receivable	557,546	493,976	504,329	507,396	511,051
Other receivables	68,751	273,969	242,719	242,719	242,719
Total financial assets	1,032,456	1,237,388	1,247,661	1,286,132	1,325,674
Non-financial assets					
Land and buildings	15,569,795	15,813,241	16,126,359	16,286,660	16,135,415
Infrastructure, plant and equipment	6,511,915	6,413,386	6,620,445	6,879,317	6,644,238
Specialist military equipment	38,638,060	40,189,679	41,330,123	43,128,376	45,571,685
Intangibles	575,630	516,762	443,981	386,944	334,482
Heritage and cultural	965,944	965,943	965,942	965,941	965,940
Inventories	5,422,087	5,552,216	5,667,955	5,780,263	5,900,635
Prepayments	1,139,992	1,539,992	1,539,992	1,539,992	1,539,992
Total non-financial assets	68,823,423	70,991,219	72,694,797	74,967,493	77,092,387
Assets held for sale	53,512	53,512	53,512	53,512	53,512
Total Assets	69,909,391	72,282,119	73,995,970	76,307,137	78,471,573
LIABILITIES					
Payables					
Suppliers	2,579,279	2,124,953	2,071,323	2,134,489	2,140,137
Other	435,922	423,698	423,065	429,317	435,058
Total payables	3,015,201	2,548,651	2,494,388	2,563,806	2,575,195
Interest bearing liabilities					
Leases	648,238	691,063	1,015,758	1,430,410	1,353,873
Total interest bearing liabilities	648,238	691,063	1,015,758	1,430,410	1,353,873
Provisions					
Employee provisions	2,338,856	2,442,680	2,508,184	2,583,681	2,667,766
Restoration, decontamination and decommissioning	841,006	833,178	841,379	862,462	888,931
Other provisions	9,547	9,547	9,547	9,547	9,547
Total provisions	3,189,409	3,285,405	3,359,110	3,455,690	3,566,244
Total Liabilities	6,852,848	6,525,119	6,869,256	7,449,906	7,495,312
NET ASSETS	63,056,543	65,757,000	67,126,714	68,857,231	70,976,261
EQUITY					
Contributed equity	14,623,007	17,319,927	18,689,641	20,420,158	22,539,188
Reserves	14,565,011	14,565,011	14,565,011	14,565,011	14,565,011
Retained surplus (accumulated deficits)	33,868,525	33,872,062	33,872,062	33,872,062	33,872,062
Total Equity	63,056,543	65,757,000	67,126,714	68,857,231	70,976,261

Table 72: Consolidated Budgeted Departmental Statement of Cash Flows for the Department of Defence (including DMO) for the period ended 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	499,504	520,525	363,679	385,446	402,277
Appropriations	21,969,009	23,555,161	22,728,430	24,166,599	25,093,873
Net GST received	1,324,928	1,278,372	1,135,739	1,274,221	1,386,026
Other cash received	245,252	123,361	126,384	129,662	132,997
Cash transfer from the Official Public Account (receivables)	559,504	6,389	-	-	-
Total cash received	24,598,197	25,483,808	24,354,232	25,955,928	27,015,173
Cash used					
Employees	9,884,976	10,223,018	10,141,931	10,538,177	10,911,091
Suppliers	7,982,714	8,961,226	7,929,486	8,706,619	9,087,674
Net GST paid	1,192,261	1,278,372	1,135,739	1,274,221	1,386,026
Grants	53,776	91,036	78,790	75,882	33,880
Other cash used	84,676	9,240	5,335	10,957	130,979
Cash transfer to the Official Public Account (receivables)	470,251	162,650	136,792	18,459	12,960
Total Cash used	19,668,654	20,725,542	19,428,073	20,624,315	21,562,610
Net cash from or (used by) operating activities	4,929,543	4,758,266	4,926,159	5,331,613	5,452,563
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	87,332	104,895	143,515	28,906	89,221
Proceeds from sales of infrastructure, plant and equipment	24,373	28,739	28,747	36,160	36,371
Proceeds from sales of specialist military equipment	26,676	-	-	-	-
Other cash received	77	-	-	-	-
Total Cash received	138,458	133,634	172,262	65,066	125,592
Cash used					
Purchase of land and buildings	1,042,035	939,304	1,055,520	868,210	578,291
Purchase of infrastructure, plant and equipment	473,422	308,978	314,389	282,904	263,068
Purchase of specialist military equipment	4,808,076	5,027,106	3,901,782	4,688,078	5,488,138
Purchase of intangibles	60,678	31,546	11,306	1,913	2,002
Purchase of inventory	1,217,893	1,201,416	1,178,064	1,193,454	1,249,499
Purchase of heritage and cultural assets	5	-	-	-	-
Selling costs on sale of assets	23,176	12,379	3,245	1,405	627
Finance costs	61,175	66,842	61,029	55,791	51,983
Total Cash used	7,686,460	7,587,571	6,525,335	7,091,755	7,633,608
Net cash from or (used by) investing activities	-7,548,002	-7,453,937	-6,353,073	-7,026,689	-7,508,016
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Total Cash received	2,755,907	2,773,786	1,506,506	1,748,976	2,131,990
Cash used					
Repayment of debt	171,669	70,115	79,592	53,900	76,537
Cash to the Official Public Account	-	-	-	-	-
Total Cash used	171,669	70,115	79,592	53,900	76,537
Net cash from or (used by) financing activities	2,584,238	2,703,671	1,426,914	1,695,076	2,055,453
Net increase or (decrease) in cash and cash equivalents held	-34,221	8,000	-	-	-
Cash and cash equivalents at the beginning of the reporting period	144,666	107,898	115,898	115,898	115,898
Effect of exchange rate movements on cash and cash equivalents	-2,547	-	-	-	-
Cash and cash equivalents at the end of the reporting period	107,898	115,898	115,898	115,898	115,898

Table 73: Consolidated Budgeted Income and Expenses Administered on Behalf of the Government for the Department of Defence (including DMO) for the period ended 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	33,407	34,123	34,123	34,123	34,123
Dividends	52,379	49,105	51,967	54,989	55,806
Military superannuation contributions	1,135,592	1,180,774	1,209,374	1,256,628	1,309,561
Fees	7,833	9,811	10,349	10,808	11,266
Other	127,561	55,274	44,239	45,699	49,326
Total non-taxation	1,356,772	1,329,087	1,350,052	1,402,247	1,460,082
Total revenues administered on behalf of Government	1,356,772	1,329,087	1,350,052	1,402,247	1,460,082
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	85,241	101,701	112,401	119,884	122,974
Military retention benefits	44,517	52,443	64,223	77,103	95,883
Military superannuation benefits	3,883,408	4,034,000	3,914,000	4,082,000	4,257,000
Other	841	-	-	-	-
Total expenses administered on behalf of Government	4,014,007	4,188,144	4,090,624	4,278,987	4,475,857

Table 74: Consolidated Budgeted Assets and liabilities Administered on behalf of the Government for the Department of Defence (including DMO) as at 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	88,615	72,928	75,846	78,924	79,797
Investments accounted for using the equity method	2,307,972	2,309,853	2,310,760	2,311,522	2,311,514
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	2,906,167	2,892,361	2,896,186	2,900,026	2,900,891
Non-financial assets					
Prepayments	157,134	170,791	165,468	152,765	150,782
Total non-financial assets	157,134	170,791	165,468	152,765	150,782
Total assets administered on behalf of Government	3,063,301	3,063,152	3,061,654	3,052,791	3,051,673
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	47	-	-	-	-
Total payables	47	-	-	-	-
Provisions					
Superannuation - DFRDB ^[1]	28,587,200	26,036,000	26,025,000	25,988,000	25,916,000
Superannuation - MSBS ^[2]	21,531,000	20,128,000	22,069,000	24,155,000	26,384,000
Total provisions	50,118,200	46,164,000	48,094,000	50,143,000	52,300,000
Total liabilities administered on behalf of Government	50,118,247	46,164,000	48,094,000	50,143,000	52,300,000

Notes

1. Defence Force Retirement and Death Benefits.
2. Military Superannuation and Benefits Scheme.

Table 75: Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) for the period ended 30 June

	2010-11 Actual Result \$'000	2011-12 Revised Budget \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash Received					
Interest	32,180	42,523	34,123	34,123	34,123
Military superannuation contributions	1,179,662	1,180,662	1,209,318	1,256,572	1,309,505
Fees	7,742	9,811	10,349	10,808	11,266
Other	121,534	59,351	44,239	45,699	49,326
Total Cash received	1,341,118	1,292,347	1,298,029	1,347,202	1,404,220
Cash used					
Subsidies paid	89,814	101,701	112,401	119,884	122,974
Military benefits	1,875,206	2,053,100	2,040,900	2,099,400	2,190,900
Total Cash used	1,965,020	2,154,801	2,153,301	2,219,284	2,313,874
Net cash from or (used by) operating activities	-623,902	-862,454	-855,272	-872,082	-909,654
INVESTING ACTIVITIES					
Cash received					
Dividends	52,700	52,379	49,105	51,967	54,989
Total Cash received	52,700	52,379	49,105	51,967	54,989
Cash used					
Loans	44,100	-	-	-	-
Total Cash used	44,100	-	-	-	-
Net cash from (used by) investing activities	8,600	52,379	49,105	51,967	54,989
Net increase (decrease) in cash held	-615,302	-810,075	-806,167	-820,115	-854,665
Cash at the beginning of the reporting period	1	-	-	-	-
Cash from the Official Public Account for appropriations	2,009,121	2,154,801	2,153,301	2,219,284	2,313,874
Cash to the Official Public Account	-1,393,820	-1,344,726	-1,347,134	-1,399,169	-1,459,209
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

