

DEFENCE MATERIEL ORGANISATION RESOURCES AND PLANNED PERFORMANCE

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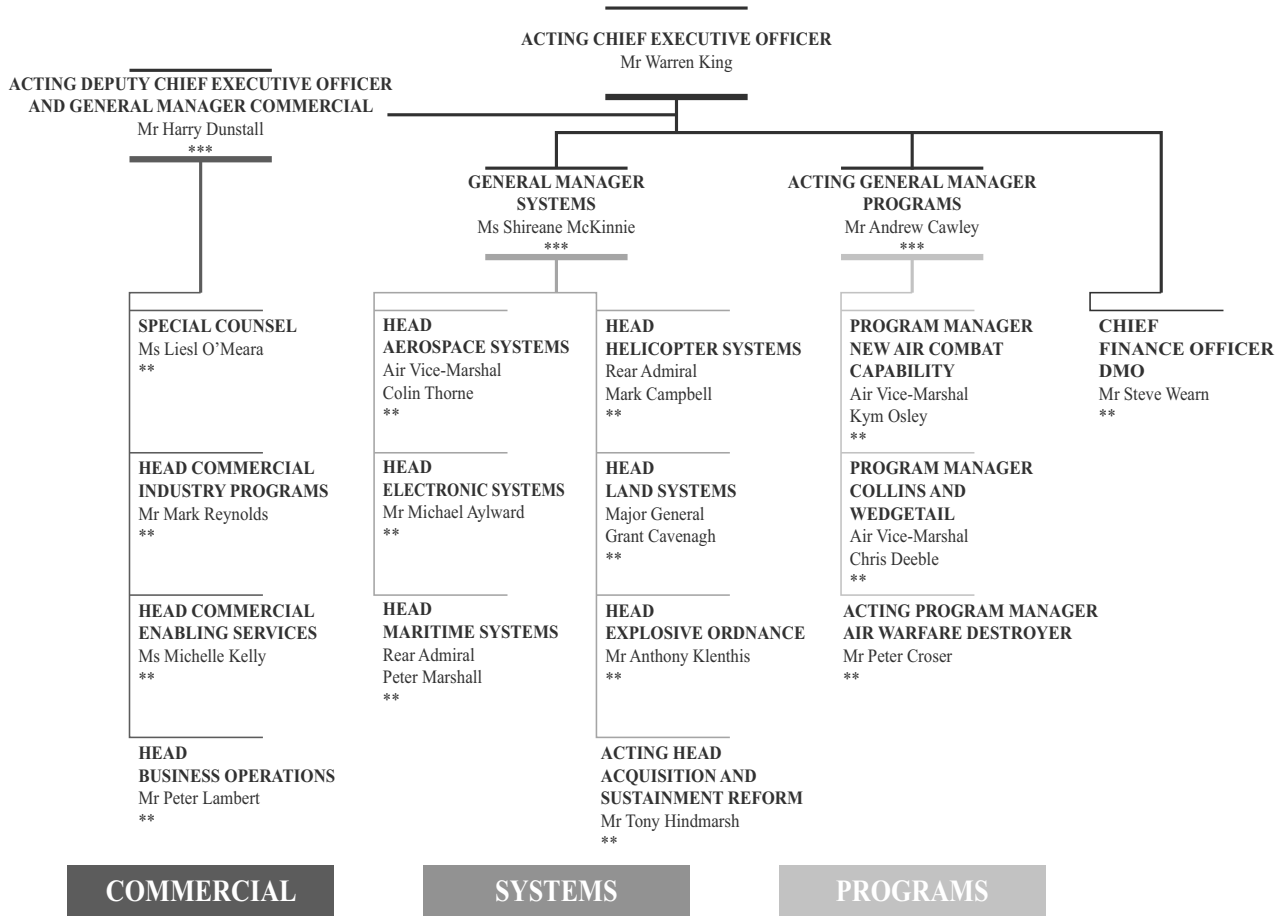
DEFENCE MATERIEL ORGANISATION

Section 1: DMO Overview and Resources

1.1 Strategic Direction

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

Figure 4: The DMO organisational structure as at 18 January 2012



SENIOR EXECUTIVE CHANGES

The following changes have occurred to the DMO senior leadership group since 1 July 2011:

- In July 2011, Dr Stephen Gumley retired from the position of Chief Executive Officer of the Defence Materiel Organisation.
- In July 2011, Mr Warren King commenced acting in the position of Chief Executive Officer of the Defence Materiel Organisation.
- In July 2011, Mr Harry Dunstall commenced acting in the position of Deputy Chief Executive Officer whilst continuing as General Manager Commercial.
- In July 2011, Mr Andrew Cawley commenced acting in the position of General Manager Programs.
- In July 2011, Mr Peter Croser commenced acting in the position of Program Manager Air Warfare Destroyer.
- In July 2011, Ms Liesl O'Meara was appointed to the position of Special Counsel.
- In July 2011, Ms Jane Wolfe transferred to the Strategic Reform and Governance Executive within Defence.
- In July 2011, Acquisition and Sustainment Reform Division was relocated within the DMO to General Manager Systems.
- In July 2011, Mr Ian Donoghue ceased acting in the position of Head Acquisition and Sustainment Reform.
- In August 2011, Mr Tony Hindmarsh commenced acting in the position of Head Acquisition and Sustainment Reform.
- In November 2011, Ms Michelle Kelly was appointed to the position of Head Commercial Enabling Services.
- In December 2011, the position of Head Human Resources and Corporate Services, occupied by Mr Peter Lambert, was re-titled to Head Business Operations.

1.2 DMO Resource Statement

The Resource Statement details the resourcing for the DMO at Additional Estimates. Table 76 outlines the total resourcing available from all sources for the 2011-12 Budget year, including variations through *Appropriation Bill (No.3) 2011-12* and special accounts.

Table 76: The DMO Resource Statement – for the 2011-12 additional estimates

	Estimate as at Budget +	Proposed Additional Estimate	Total estimate at Additional Estimates	Total available appropriation
	2011-12 \$'000	2011-12 \$'000	2011-12 \$'000	2010-11 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental appropriation ¹	660,931	-110,480	550,451	501,559
Departmental appropriation ²	929,201	2,069	931,270	847,282
Total	1,590,132	-108,411	1,481,721	1,348,841
Total ordinary annual services A	1,590,132	-108,411	1,481,721	1,348,841
Total available annual appropriations	1,590,132	-108,411	1,481,721	1,348,841
Special Accounts				
Opening balance ³	660,931	-110,480	550,451	501,559
Appropriation receipts ⁴	929,201	2,069	931,270	847,282
Appropriation receipts - other agencies ⁵	1,099,491	-214,536	9,884,955	9,170,022
Non-appropriation receipts to Special Accounts	56,012	-	56,012	205,013
Total Special Account B	11,745,635	-322,947	11,422,688	10,723,876
Total resourcing				
A+B	13,335,767	-431,358	12,904,409	12,072,717
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	1,590,132	-108,411	1,481,721	1,348,841
Total net resourcing for DMO	11,745,635	-322,947	11,422,688	10,723,876

Notes

1. Estimated adjusted balance carried forward from previous year for annual appropriations.
2. Appropriation Bill (No.1 & 3) 2011-12.
3. Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Monies Special accounts (SOETM)). For further information on special accounts see Table 94.
4. Direct appropriation for Workforce and Operating Expenses.
5. Appropriation receipts from Defence credited to DMO's special accounts.

Reader note: All figures are GST exclusive

Table 77: Third party payments for and on behalf of other agencies

	Estimate at Budget	Estimate at Additional Estimates
	2011-12 \$'000	2011-12 \$'000
Receipts received from Defence for the provision of services	1,099,491	9,884,955
Payments made to other agencies for the provision of services (disclosed above) ¹	440,329	448,940

Note

1. Primarily relates to the payment of military staff posted to the DMO and services provided by Defence to the DMO in accordance with the Defence Services Agreement.

1.3 Agency Measures Table

Table 78 summarises new Government measures taken since the 2011-12 Budget. The DMO has one expense measure, with the affected program identified.

Table 78: DMO 2011-12 Measures since Budget^[1]

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measure					
Reducing the cost of Government					
administration - one-off efficiency					
dividend					
Departmental expenses	1.3	-	-2,533	-2,631	-2,621
Total		-	-2,533	-2,631	-2,621

Note

1. Prepared on a Government Financial Statistics (fiscal) basis.

1.4 Additional Estimates and Variations

The following tables detail the changes to the resourcing for the DMO at Additional Estimates by outcome. Table 79 details the Additional Estimates and variations resulting from new measures since the 2011-12 Budget in Appropriation Bill No.3. Table 80 details Additional Estimates or variations through other factors.

Table 79: Additional estimates and variations to outcomes from measures since 2011-12 Budget

	Program impacted	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Outcome 1					
Decrease in estimates (departmental)					
Reducing the cost of Government					
administration - one-off efficiency					
dividend	1.3	-	2,533	2,631	2,621
Net impact on estimates					
for Outcome 1 (departmental)		-	-2,533	-2,631	-2,621

Table 80: Additional estimates and variations to outcomes from other variations

	Program impacted	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Outcome 1					
Increase in estimates (departmental) All					
Adjustments to agreed level of activity		2,069	-	-	-
Decrease in estimates (departmental) All					
Adjustments to agreed level of activity		-	30,764	39,940	40,644
Net impact on estimates					
for Outcome 1 (departmental)		2,069	-30,764	-39,940	-40,644

1.5 Breakdown of Additional Estimates by Appropriation Bill

The following table details the Additional Estimates sought for the DMO through Appropriation Bill No.3.

Table 81: Appropriation Bill (No 3) 2011-12

	2010-11 Available \$'000	2011-12 Budget \$'000	2011-12 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
DEPARTMENTAL PROGRAMS					
Outcome 1					
Contributing to the preparedness of Australian Defence Organisation through acquisition and through-life support of military equipment and supplies	847,282	929,201	931,270	2,069	-
Total departmental	847,282	929,201	931,270	2,069	-

The net additional estimates of \$2.069m identified above reflect price supplementation for DMO program delivery offset by agreed workforce and operating transfers to and from Defence.

1.6 People

WORKFORCE SUMMARY

The DMO combined APS, ADF and Contractor workforce forecast is 7,439. This is a decrease of 49 below 7,488. The DMO manages its workforce under a combined ADF, APS and contractor model. Through this arrangement, the DMO can use funding from unfilled ADF positions to fill and resource positions with APS staff. The increase in the estimated APS workforce broadly represents the number of positions that the Services have been unable to fill (409) and have instead been filled by APS staff. The forecast DMO workforce is shown in Table 82.

Table 82: DMO Consolidated workforce statement

		2011-12 Budget Estimate	2011-12 Revised Estimate	Variation	2012-13 Forward Estimate	2013-14 Forward Estimate	2014-15 Forward Estimate
	Navy	361	295	-66	368	373	377
	Army	474	381	-93	485	497	507
	Air Force	955	705	-250	940	958	971
1	Total Permanent Force ^[1]	1,790	1,381	-409	1,793	1,828	1,855
	Navy	49	63	14	49	49	49
	Army	34	22	-12	34	34	34
	Air Force	35	29	-6	35	35	35
2	Total Reserve Force ^[2]	118	114	-4	118	118	118
3	Total DMO - APS	5,647	6,015	368	5,746	5,876	6,098
4	Total - DMO Contractor ^[3]	51	43	-8	48	48	48
Total Workforce excluding Reserves (1+3+4)		7,488	7,439	-49	7,587	7,752	8,001
Total Workforce Strength (1+2+3+4)		7,606	7,553	-53	7,705	7,870	8,119

Notes

1. Numbers for ADF Permanent Force include the DMO ADF Permanent Force and Reservists on full-time service.
2. Reservist figures represent numbers of active Reservists (excluding Reservists undertaking full-time service and Foreign Service Reservists) who are rendering service during 2011-12.
3. Contractors are individuals under contract performing agency roles. Contractors are not APS Employees.

Table 83: Planned workforce allocation for 2011-12 at additional estimates

	Budget Estimate 2011-12	Revised Estimate 2011-12	Variation	Variation %
Navy				
One Star and above	9	9	-	-
Senior Officers ^[1]	63	49	-14	-22%
Officers	144	122	-22	-15%
Other Ranks	145	115	-30	-21%
Sub-total : Permanent Navy ^{[2][3]}	361	295	-66	-18%
Army				
One Star and above	7	7	-	-
Senior Officers ^[1]	61	60	-1	-2%
Officers	214	173	-41	-19%
Other Ranks	192	141	-51	-27%
Sub-total : Permanent Army ^{[2][3]}	474	381	-93	-20%
Air Force				
One Star and above	9	9	-	-
Senior Officers ^[1]	88	87	-1	-2%
Officers	469	326	-143	-30%
Other Ranks	389	283	-106	-27%
Sub-total : Permanent Air Force ^{[2][3]}	955	705	-250	-26%
APS				
Senior Executives	36	36	-	-
Senior Officers ^[1]	1,788	1,925	137	8%
Other APS Staff	3,823	4,054	231	6%
Sub-total : APS	5,647	6,015	368	7%
Contractors ^[4]	51	43	-8	-16%
Sub-total civilian workforce	5,698	6,058	360	6%
Sub-total ADF permanent workforce	1,790	1,381	-409	-23%
Total DMO Workforce	7,488	7,439	-49	-1%

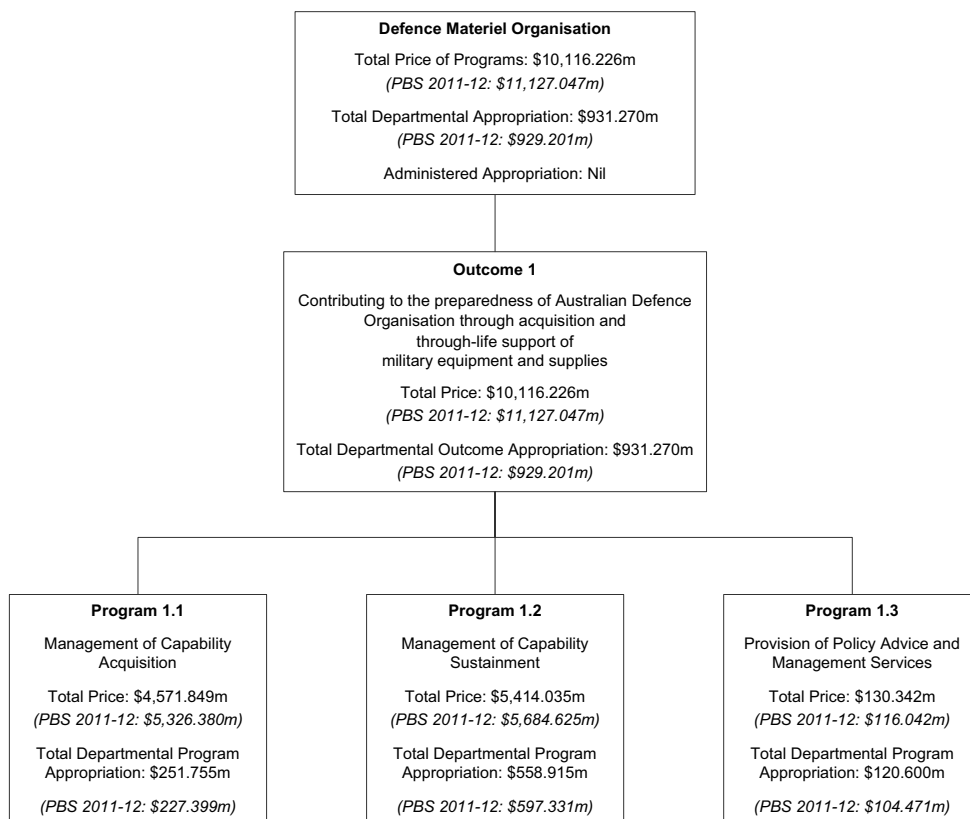
Notes

1. Senior Officers are of Colonel and Lieutenant Colonel rank equivalent and substantive Executive Level 1 and 2.
2. ADF rank distribution will be finalised in the Military Workforce Agreement with the Services.
3. Reflects the ADF Permanent forces and includes Reservists undertaking continuous full-time service.
4. Contractors are individuals under contract performing agency roles. Contractors are not APS Employees.

Section 2: Outcomes and Planned Performance

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

Figure 5: Contribution to Outcome and Programs



2.1 DMO Outcome and Performance Information

Outcome 1: Contributing to the preparedness of Australian Defence Organisation through acquisition and through-life support of military equipment and supplies

OUTCOME 1 STRATEGY

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

Table 84: Budgeted Expenses and Resources for Outcome 1

Outcome 1: Contributing to the preparedness of Australian Defence Organisation through acquisition and through-life support of military equipment and supplies	2010-11 Actual expenses \$'000	2011-12 Revised estimated expenses \$'000
Program 1.1: Management of Capability Acquisition		
Departmental expenses		
Departmental appropriation ¹	195,169	251,755
Special Accounts	5,590,282	4,311,512
Expenses not requiring appropriation in the Budget year ²	8,373	8,582
Total for Program 1.1	5,793,824	4,571,849
Program 1.2: Management of Capability Sustainment		
Departmental expenses		
Departmental appropriation ¹	521,230	558,915
Special Accounts	4,213,204	4,835,094
Expenses not requiring appropriation in the Budget year ²	19,538	20,026
Total for Program 1.2	4,753,972	5,414,035
Program 1.3: Provision of Policy Advice and Management		
Departmental expenses		
Departmental appropriation ¹	76,962	120,600
Special Accounts	-	1,015
Expenses not requiring appropriation in the Budget year ²	8,562	8,727
Total for Program 1.3	85,524	130,342
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ¹	793,361	931,270
Special Accounts	9,803,486	9,147,621
Expenses not requiring appropriation in the Budget year ²	36,473	37,335
Total expenses for Outcome 1	10,633,321	10,116,226
	2010-11	2011-12
Average Staffing Level (number)	5,533	6,015

Notes

1. Departmental Appropriation combines "Ordinary annual services (Appropriation Bills No. 1 & 3)" and "Revenue from independent sources (s31)".
2. Expenses not requiring appropriation in the Budget year is made up of resources provided free of charge.

CONTRIBUTIONS TO OUTCOME 1

Program 1.1: Management of Capability Acquisition

Program 1.1 Objective

There has been no change to the Program 1.1 Objective since the *Portfolio Budget Statements 2011-12*. Refer to Page 157 of the *Portfolio Budget Statements 2011-12* for current Program 1.1 Objective information.

Program 1.1 Expenses

The nature of the costs of Program 1.1 remains as described in the *Portfolio Budget Statements 2011-12*.

Table 86 Top 30 Projects by 2011-12 forecast expenditure reflects an adjusted payment required from Defence for Approved Projects of \$478m. A significant element of this adjustment reflects the strengthening of the Australian dollar against foreign currencies since the publication of the *Portfolio Budget Statements 2011-12* (\$101m), resulting in adjusted payments required of \$377m.

As reported in the *Defence Annual Report 2010-11*, the DMO achieved accelerated expense outcomes for major projects in that year over and above final budget estimates. This positive outcome achieved in 2010-11 is a significant driver for the reduction in expenses expected in 2011-12.

The revised planned resource use for Program 1.1 is \$4,571.8m in 2011-12 which now represents approximately 45 per cent of the DMO's total expenses. The revised planned resource use for Program 1.1 includes:

- direct appropriation of \$251.8m relating to Acquisition workforce and operating expenses
- the DMO major capital equipment program of \$4,186.0m which comprises of \$3,850.6m of the approved major capital investment program and a further \$335.4m of work planned to be transferred to the DMO during 2011-12 from Defence
- the DMO minor capital investment program of \$125.5m, which comprises of the approved minor program of \$72.7m and \$52.8m of work planned to be transferred to the DMO during 2011-12
- resources received free of charge from Defence of \$8.6m.

Table 85: Program 1.1 Management of Capability Acquisition

	2010-11 Actual \$'000	2011-12 Revised budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special Account Expenses:					
Defence Materiel Special Account	5,590,282	4,311,512	4,137,219	5,124,523	6,081,314
Annual departmental expenses:					
Ordinary Annual Services (Appropriation Bill No.1 and No. 3)	195,169	251,755	266,028	293,155	327,987
Departmental item					
Expenses not requiring appropriation in the Budget year ¹	8,373	8,582	8,797	9,017	9,242
Total program expenses	5,793,824	4,571,849	4,412,044	5,426,695	6,418,543

Note

1. Expenses not requiring appropriation in the Budget year is made up of resources provided free of charge.

Program 1.1 Deliverables

The changes to the detailed descriptions of deliverables for the Top 30 DMO projects is contained in Table 86 Top 30 projects by expenditure. A status update on other major projects included in the previous five years is provided at Table 87.

Information relating to the DMO's Program 1.1 Deliverables remains as reported in the *Portfolio Budget Statements 2011-12*, except for the following.

As at January 2012, the DMO was managing over 180 major projects.

Program 1.1 Key Performance Indicators

There have been no changes to the Program 1.1 Key Performance Indicators since the *Portfolio Budget Statements 2011-12*. Refer to page 158 of the *Portfolio Budget Statements 2011-12* for current Program 1.1 Key Performance Indicators information.

Table 86: Top 30 projects by 2011-12 forecast expenditure

Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation	
		2011 \$m	2011-12 \$m	2011-12 \$m			
General Manager Systems							
Aerospace Systems							
Air to Air Refuelling Capability	AIR 5402	1,805	1,328	235	151	-84	The first two KC-30A aircraft were accepted and handed over to the RAAF on 1 June and 22 June 2011 respectively. The third aircraft was accepted and handed over on 7 November 2011, and the fourth aircraft was accepted on 29 December 2011. The variation is primarily due to a favourable US to Australian dollar exchange rate, shortfalls in delivery of initial stocks of spares and test equipment, and reduced demand from Air Force for hire of tankers to support exercise and training commitments, pending commissioning of the KC-30A aircraft.
Bridging Air Combat Capability	AIR 5349 Phase 1	3,274	2,590	177	108	-69	The 24 Super Hornets have been delivered progressively to RAAF Base Amberley since March 2010, with the final four aircraft arriving on 21 October 2011. This project is working to accelerate delivery of outstanding support equipment and spares in support of Final Materiel Release milestone. The variation is the result of a favourable US to Australian dollar exchange rate. Additionally, the contract for procurement of the Air Combat Manoeuvrability Instrumentation pods was not awarded by the US Air Force as initially planned.
F/A-18 Hornet Upgrade	AIR 5376 Phase 2	1,876	1,541	90	73	-17	The first countermeasure pods have been delivered and are being tested. This, together with the mitigation of technical risks, has cleared the way for full delivery of the electronic warfare capability by December 2012. The variation is primarily due to delays in deliveries of the Electronic Countermeasure Pods by up to six months. A favourable US to Australian dollar exchange rate has also contributed to the variation.
C-17 Globemaster III	AIR 8000 Phase 3	1,846	1,318	49	16	-33	This project has delivered all equipment and facilities required to support the achievement of Final Materiel Release on schedule. The variation is due to a favourable US to Australian dollar exchange rate, slower than anticipated financial disbursement action by the US Government against C-17 acquisition deliveries, and a decision to standardise materiel handling equipment across the Royal Australian Air Force fleet.

	Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation
			2011 \$m	2011-12 \$m	2011-12 \$m		
Airborne Surveillance for Land Operations	JP 129 Phase 2	92	27	34	5	-30	The US Army agreed to accelerate delivery of one of the two Shadow 200 Tactical Unmanned Aerial Vehicle (TUAV) systems which was delivered in Australia in August 2011, 18 months ahead of schedule. The expedited delivery of the second TUAV did not occur but is likely to occur in 2013 as per the original plan.
Electronic Systems							
Next Generation Satellite Communications System	JP 2008 Phase 4	864	387	135	98	-38	The US reforecast more than \$30m in scheduled payments to now occur later in the program due to changes with US contracting mechanisms.
Battlespace Communications Systems (LAND)	JP 2072 Phase 1	256	103	109	94	-15	The project achieved Initial Operational Capability status for the radio systems on 29 August 2011. Delivery of major equipment is well under way and will be complete in mid-2012. The variation is a result of improved production lead times and early delivery of Tactical Data Radios (reported as a positive variance last financial year).
Battle Management System	LAND 75 Phase 3.4	322	83	101	61	-40	Initial Materiel Release, consisting of the mounted components of a motorised infantry company in 7 Brigade in Brisbane, was achieved in June 2011. Final Materiel Release is now planned for the second half of 2013 to align with the planned availability of Army units for activities such as training. Also, elements of the vehicle integration design work has been delayed due to a lack of available vehicles allocated from Army fleet stocks as well as issues associated with International Trafficking of Arms Regulations.
Ultra High Frequency Satellite Communications	JP 2008 Phase 5A	402	247	84	35	-49	The variation is due to prime contract payment being slipped from 2011-12 to 2012-13 due to an increased risk of launch delay. In-orbit acceptance and the associated test activities of the IS-22 satellite should also slip to 2012-13.
Dismounted Battlegroup and Below Command, Control Communication System	LAND 125 Phase 3A	108	28	53	46	-7	Initial Materiel Release, consisting of the dismantled components of a motorised infantry company in 7 Brigade in Brisbane, was achieved in June 2011. Final Materiel Release is planned for the second half of 2013. Contractor performance on related tasks has led to schedule delay against milestones, such as training, and production.

	Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation
			2011 \$m	2011-12 \$m	2011-12 \$m		
Joint Command Support Environment	JP 2030 Phase 8	147	83	30	32	1	Hardware and software delivery and development work is ahead of forecast schedule. Final payment for Infrastructure Update has been brought forward to this Financial Year.
New Air Defence Command and Control Systems for Control Units 2 & 3	AIR 5333	274	230	30	16	-14	The major activities remaining for 2011-12 will be the final remediation of a series of important but not critical issues identified during Eastern Region Operations Centre acceptance testing. The Vigilare system will continue to be used for operations. Upgrades to software and minor hardware changes will be installed in one Regional Operations Centre first, then the other. Once the remaining upgrades are installed and tested, the Vigilare system will be set for Final Materiel Release at the end of the first quarter 2012. Vigilare was removed from the Projects of Concern list by the Minister for Defence Materiel in June 2011. The variation is primarily due to work planned to be completed in 2011-12 occurring two months early, in 2010-11.
ADF Deployment Logistics System	JP 2077 Phase 2B.2	134	14	29	9	-20	The Solution Design Stage (Stage 1) of the project has been delayed. Defence is reviewing the way forward for the project.
Explosive Ordnance							
Follow-On Stand Off Weapon	AIR 5418 Phase 1	341	245	43	33	-10	In February 2011, the US Navy issued a certification letter for the F/A-18A/B Joint Air-to-Surface Standoff Missile (JASSM) aircraft software. Further testing of the updated software was completed in May 2011 and the US Navy issued a certification letter for the updated software in June 2011. RAAF operational test and evaluation was completed in July 2011 with two successful JASSM live warhead firings by a RAAF F/A-18A/B at the Woomera Test Range. The variation is primarily due to changes to missile deliveries and cost savings against missile purchases.
Lightweight Torpedo Replacement	JP 2070 Phase 3	302	243	29	19	-11	The production and delivery of MU90 lightweight torpedoes has continued during 2011. Quality assurance issues identified during 2011 have been resolved satisfactorily by the contractor. The variation is primarily due to early achievement of torpedo and inventory deliveries and rescheduling of Alliance milestones to reflect revised delivery of other torpedo batches and safety reports.

Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation	
		2011 \$m	2011-12 \$m	2011-12 \$m			
Bridging Air Combat Capability	AIR 5349 Phase 2	272	103	29	20	-9	Procurement of the latest Advanced Medium Range Air-to-Air Missile variant (AIM-120 C-7) was initiated with the US Government in October 2011, with deliveries to commence in 2014. Support of the previously delivered Joint Stand-Off Weapon and AIM-9X missiles has been transitioned to in-service. The variation is primarily due to changes to missile deliveries.
Helicopter Systems							
Multi Role Helicopter	AIR 9000 Phase 2	3694	1838	393	265	-128	The objectives for 2011-12 continue to be the satisfactory resolution of deficiencies identified with the aircraft, consequently this project was added to the Projects of Concern list on 28 November 2011. Acceptance of aircraft was stopped in November 2010 and did not resume until November 2011 when a partial settlement was reached on recertification of aircraft deficiencies.
Armed Reconnaissance Helicopter	AIR 87 Phase 2	2035	1733	118	87	-31	The Commonwealth has now accepted all 22 aircraft for service in Army. A further delay is anticipated for the delivery of three previously accepted aircraft undergoing retrofit to the mature configuration. The final retrofit of aircraft is scheduled for completion in July 2012. Good progress has been made on meeting this year's objectives of maturing the support arrangements, however, Aircrew training has been affected by low ARH availability. Additional effort is being directed towards improving ARH availability. The variation is due to contractor delays to the delivery of the retrofit of aircraft and modification work. The development of agreed requirements for training systems has also been delayed.
Land Systems							
Field Vehicles and Trailers	LAND 121 Phase 3	3238	105	136	113	-23	Light/Lightweight capability: Prototype trailers were received in mid-2011, and production commenced in late 2011 with the trailers due to enter into service in June 2012. Medium/Heavy capability: The Minister for Defence announced on 12 December 2011 that Rheinmetall MAN Military Vehicles Australia and Haulmark Trailers have been selected as the preferred tenderers for the Medium Heavy truck component of LAND 121. Negotiations to provide approximately 2,700 protected and unprotected medium and heavy vehicles are expected to commence in the first half 2012. The variation has been driven primarily by changes to the Light/Lightweight Mercedes G Wagon vehicle delivery schedule to manufacture less complex vehicles first which resulted in lower cost vehicle types being delivered in place of higher cost vehicles, delays in the delivery of G Wagon support system spares, price escalation and foreign exchange adjustments and rescheduling of contract negotiations for the Medium Heavy vehicle component.

Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation	
		2011 \$m	2011-12 \$m	2011-12 \$m			
Artillery Replacement 155mm Howitzer	LAND 17 Phase 1A	321	89	111	33	-78	The Initial Materiel Release milestone was achieved in December 2011. As at November 2011, 17 Lightweight 155mm Towed Howitzers have been delivered, and the remaining 18 are scheduled for delivery between November 2011 and February 2012. The final version of the Battle Management System-Fires software will be delivered in February 2012. For the Lightweight 155mm Towed Howitzer, seven operator and three maintainer courses have been completed. For the Battle Management System-Fires, three conversion courses and one full training course have been completed. The variation is primarily due to the reprogramming of Foreign Military Sales (FMS) payments to more accurately reflect the likely disbursements. A substantial proportion of expenditure was brought forward into 2010-2011 for payment against the deliveries of the lightweight Howitzers and tactical data system ahead of the schedule presented at second pass approval. Residual FMS payments were also reprogrammed to later financial years.
Upgrade of M-113 Armoured Vehicles	LAND 106	884	698	100	66	-33	Designs for all seven variants (personnel, fitters, recovery, command, ambulance, logistics and mortar) are now complete. Initial Production Vehicles for each design (prototypes) have passed through the Design Test & Evaluation phase and all designs have now been cleared for production. The variation is primarily due to a renegotiated schedule to allow for contractor and Commonwealth delays. Final vehicle delivery is contracted to December 2012.
Counter Rocket, Artillery and Mortar (C-RAM)	LAND 19 Phase 7A	255	96	85	52	-33	All of the Australian operating bases that were required to be equipped with a C-RAM capability were equipped and operational by 15 July 2011, ahead of schedule. An in-theatre stock holding has also supported surge deployment of C-RAM systems to address emerging threats. The Saab production contract to deliver three Giraffe radars in 2012 remains on schedule. The variation primarily resulted from a substantial proportion of expenditure being brought forward into 2010-2011 as a result of early delivery of key systems and the subsequent reprogramming of FMS payments from 2011-12 to 2012-13 to better reflect planned deliveries.
Bushmaster Protected Mobility Vehicle	LAND 116 Phase 3	1033	684	67	87	21	This project is now acquiring 838 vehicles in seven variants (troop, command, mortar, assault pioneer, direct fire weapon, ambulance and Air Defence). Government approved the acquisition of an additional 70 Protected Mobility Variant Troop Variants and Middle East Area of Operations Upgrade Kits under this project and 31 vehicles to replace damaged vehicles. The project will commence acquisition of an additional 101 Production Period 4 Bushmaster vehicles this financial year.

Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June	Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation	
		2011 \$m	2011-12 \$m	2011-12 \$m			
Australian Light Armoured Vehicle - Additional	LAND 112 Phase 3	690	601	34	9	-25	Initial Materiel Release of the Multi Spectral Surveillance Suites is scheduled for early 2013 and Final Materiel Release later that year. The variation primarily reflects the value of funding allocated for transfer from this phase of the project into LAND 112 Phase 4. Following the cancellation of LAND 112 Phase 4 in December 2011, this funding was reallocated to LAND 121. The variance was partially offset by ASLAV Multi-Spectral Surveillance Suite milestone payments that were achieved ahead of contract schedule.
Maritime Systems							
Standard Missile Replacement	SEA 1390 Phase 4B	618	295	90	27	-63	The variation is due to costs being less than project estimates. Savings from this project will be used to fund the upgrade of SM2 Missiles to transition to the Air Warfare Destroyer.
Anzac Ship Anti-Ship Missile Defence	SEA 1448 Phase 2B	462	283	59	65	6	The variation is primarily due to an increase in planned work and rescheduling of activity with Government approval to proceed with Ships 2-8.
Deputy Chief Executive Officer							
Air Warfare Destroyer							
Air Warfare Destroyer Build	SEA 4000 Phase 3	7883	3038	841	701	-139	All 31 blocks for AWD01, HMAS <i>Hobart</i> , are in production and three blocks from the BAE Systems shipyard in Melbourne for AWD01 were sent to ASC in Adelaide. The first arrived in August 2011 and the other two in September 2011. To balance capacity across shipyards and limit delays to the program schedule, hull construction has been reallocated between the three Australian shipyards (ASC, BAE Systems and Forgacs in Newcastle) and Navantia in Ferrol, Spain. Eleven blocks for AWD02 are under construction at ASC, Forgacs and Navantia. Two blocks for AWD02 will be constructed at BAE Systems. The third and final of the three shipsets of AWD Aegis Combat System equipment was formally accepted by the US Navy in July 2011. The variation is due to schedule slippage of 12 months (as advised in the <i>Defence Annual Report 2010-11</i> Volume 2), a reduction in forecast payments for Financial Military Sales and reprogrammed phasings aligning payment schedule for SM2 and Harpoon contracts expenditure.

Project number/ phase	Approved project expenditure	Cumulative expenditure to 30 June		Budget estimate	Revised estimate	Variation	Project performance update and explanation of variation
		2011 \$m	2011-12 \$m	2011-12 \$m	2011-12 \$m	\$m	
Amphibious Deployment and Sustainment							
Amphibious Deployment and Sustainment	JP 2048 Phase 4A/4B	3,088	1,569	707	636	-72	LHD02 keel was laid on 18 February 2011. Erection of the hull is well advanced. Lessons learned during the construction of LHD01 have been effectively applied to the construction of LHD02, resulting in reduced levels of re-work and greater production efficiencies. LHD01 superstructure production at the BAE Systems Williamstown dockyard is underway, as is the commencement of integration testing of the Combat and Communications Systems. The LHD hulls will be transported to Australia by Heavy Lift Ship and are scheduled to arrive in August 2012 and February 2014 respectively. The variation is primarily due to the program exercising an opportunity to achieve production milestones early, resulting in expenses being brought forward from 2011-12 to 2010-11. Foreign Exchange gains have also contributed significantly to the revised estimate.
Collins and Wedgetail							
Airborne Early Warning and Control Aircraft	AIR 5077 Phase 3	3,836	2,972	401	313	-88	Acceptance of the next increment of aircraft capability, planned for June 2011, did not occur until August 2011. Ongoing issues with the Electronic Support Measures subsystem, system integration, and close-out of open Test Problem Reports will result in final acceptance of all aircraft hardware and software components, planned for December 2011 and March 2012 respectively, not occurring until July 2012. Acceptance of the first fully configured aircraft in July 2012 will represent a 68 month delay against the original contract baseline. Incremental delivery of the associated ground support systems was planned for completion by March 2012. Initial acceptance should be completed by early 2012, with final acceptance anticipated by November 2012. The variation is driven primarily by further slippage in the System Acquisition Contract schedule.
New Air Combat Capability							
Joint Strike Fighter Aircraft	AIR 6000 Phase 2A/2B	2,579	71	65	58	-7	The outcomes of the Integrated Baseline Review and the revised US Joint Strike Fighter Program Plan are now not expected to be known until the US budgetary review activity is finalised in early 2012. The variation is primarily due to an adjustment to the timing of shared payment contributions Australia is required to make as a partner in the Joint Strike Fighter program.
Total -Top 30 Projects (Gross Plan)							
		42,932	22,640	4,465	3,328	-1,137	

Table 87: Major Capital Investment Program by 2011-12 forecast expenditure

		Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m
Top 30 Projects Gross Plans	A	4,465	3,328	-1,137
Other Approved Project Gross Plans	B	649	816	167
Total Gross Plan Project Estimates	C = A+B	5,114	4,144	-970
Management Margin: Slippage ^[1]	D	-785	-293	492
Payments Required from Defence for Approved Programs^[2]	E = C+D	4,329	3,851	-478
Projects Planned for Government Consideration and Transfer to the DMO	F	647	335	-312
Total Estimated Funds Available	G = E+F	4,976	4,186	-790

Notes

1. Management margin is an estimate of possible overall approved capital program expenditure slippage that may accrue as the 2011-12 financial year progresses.
2. Refer to Table 11: Total Planned Payments to the DMO, on page 19.

Table 88: Current status of previously reported Top 30 projects (projects reported in the last five financial years)

Project number/phase	Last financial year reported in Top 30	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Status report	
General Manager Systems								
Aerospace Systems								
Hornet Structural Refurbishment Program Stage 2	AIR 5376 Phase 3.2	2009-10	952	319	16	-	-16	AIR 5376 Phase 3 project was formally closed on 5 November 2011. The remaining activities associated with Structural Refurbishment Program are to be completed under the Government approved Hornet Structural Assurance Consolidation Program (HSACP). The HSACP has been established to complete the remaining Structural Refurbishment Program Phase 1D program, remediate a number of known ageing aircraft issues and investigate other potential ageing aircraft risks to achieving the fleet planned withdrawal date. Some of the savings made in AIR 5376 Phase 3 were reinvested as part of the HSACP approval. The HSACP was established within the F/A-18 A/B Hornet in-service sustainment program.
Hornet Upgrade Project Target Designation System	AIR 5376 Phase 2.4	2006-07	152	116	12	..	-12	All 41 Litening pods have been delivered, providing an enhanced day and night laser and precision targeting capability for the F/A-18 A/B Hornet. The project expects Final Operating Capability to be declared in early 2012, with project closure to occur in mid-2012.
Maritime Patrol and Response Aircraft System	AIR 7000 Phase 2	2008-09	126	51	27	27	..	The DMO has finalised the Production, Sustainment, and Follow-on Development Memorandum of Understanding with the US Navy, which was subsequently agreed by Government at Intermediate Consideration in December 2011. Signature is planned for March 2012.
AP-3C Electronic Support Measure Upgrade	AIR 5276 Phase 8B	2009-10	130	62	18	13	-5	AIR 5276 Phase 8B remains on the Projects of Concern list, due to poor contractor performance against the project schedule. A revised contract baseline for a March 2013 delivery was approved in November 2011. Taking into consideration the ongoing risk of further delay, Defence has committed to deliver by December 2013. The prototype aircraft is expected to enter modification in early 2012.

	Project number/ phase	Last financial year reported in Top 30	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Status report
AP-3C Capability Assurance Program	AIR 5276 CAP 1	2009-10	88	56	9	9	..	The project suffered delays of 13 months to the contracted In-Service Date of April 2010 as a result of subcontractor performance. The last remaining impediments to progressing to flight test and subsequent delivery of the capability have been resolved. The forecast In-Service Date is May 2012.
Electronic Systems								
Tactical information Exchange Domain	JP 2089 Phase 2A	2010-11	104	45	13	15	2	Work on SHIP 01 has progressed ahead of schedule.
High Frequency Modernisation	JP 2043 Phase 3A	2010-11	671	431	15	6	-9	Delay in approval of a proposed change of scope to the Mobile upgrade program has delayed work and expenditure against platforms affected by the changes.
Jindalee Radar Network	JP 2025 Phase 3&4	2006-07	1249	1239	-	Project is undertaking project closure activities.
Electronic Warfare Self Protection for Selected Aircraft	AIR 5416 Phase 2	2009-10	292	274	3	2	-1	Project is in final closure following de-scope by government. All activities are to be completed by mid-2012.
Improvements to the Logistics Information Systems	JP 2077 Phase 2B	2009-10	103	98	-	-	-	Target date for Final Operational Capability of 29 June 2012 has been identified. Outstanding issues are being managed through the Military Integrated Logistics Information System (MILIS) Inventory Assurance Program (MIAP) with targeted resolution/prioritisation of effort towards improving MILIS and logistics performance.
MILSATCOM Terrestrial Infrastructure	JP 2008 Phase 3E	2007-08	208	206	-	1	1	Project Closure has been delayed from last financial year to May 2012. The activity to be completed prior to closure is the acquisition of radio frequency Barriers for DSTO.
Explosive Ordnance								
Lightweight Torpedo Replacement	JP 2070 Phase 2	2010-11	337	228	19	21	2	Shipboard integration issues identified during acceptance testing have now been resolved satisfactorily. Operational test and evaluation will commence in 2012 with Initial Operational Capability also expected in 2012.

	Project number/ phase	Last financial year reported in Top 30	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Status report
Explosive Ordnance Reserve Stocks	JP 2085 Phase 1B	2008-09	235	204	9	1	-7	A partial delivery of Excalibur precision guided munitions and control systems is expected in early 2012 with remaining deliveries to be delivered in late 2012.
Mulwala Redevelopment Project	JP 2086 Phase 1	2010-11	369	277	25	45	19	Final Acceptance is scheduled to occur in February 2013, 20 months behind the original contract schedule.
Evolved Sea Sparrow Missiles	SEA 1428 Phase 4	2009-10	89	78	..	6	6	Follow on procurements of Evolved Sea Sparrow Missiles / canisters for the ANZAC/FFG Frigates are planned with the project to be completed in 2016 upon staggered delivery of missiles/canisters.
Land Systems								
Direct Fire Support Weapons	LAND 40 Phase 2	2010-11	145	34	6	4	-3	Delivery of Light Weight Automatic Grenade Launcher has been delayed due to rejection of the preferred supplier's offer following negotiations.
Tank Replacement Project	LAND 907 Phase 1	2007-08	559	441	23	6	-17	This project achieved Final Operational Capability in August 2011.
Maritime Systems								
Anzac Ship Project	SEA 1348 Phase 2	2007-08	5381	5366	6	7	1	Contractor warranty work and essential safety upgrade of ships to contemporary standards continues prior to commencement of the project closure process.
Guided Missile Frigate Upgrade Implementation	SEA 1390 Phase 2.1	2010-11	1450	1347	15	9	-6	Delivery of the upgraded FFG materiel capability is achievable within the current approved Project Cost. Variation is attributable to a reduced requirement for upgraded Underwater Warfare Systems components and the land based combat system facility.
Armidale Class Patrol Boat	SEA 1444 Phase 1	2007-08	537	485	5	4	-1	All 14 patrol boats are in operational service. The work to improve engineering and habitability features is now complete.

	Project number/ phase	Last financial year reported in Top 30	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Status report
Anzac Ship Anti-Ship Missile Defence	SEA 1448 Phase 2A	2007-08	388	237	23	43	19	Government approved the ASMD upgrade for Ships 2-8 in December 2011 following successful trials of the ASMD solution.
Ships Self Defence Capability	SEA 1779 Phase 1	2007-08	53	44	-	-	-	Project is technically complete.
General Manager Programs								
Amphibious Deployment and Sustainment								
Maritime Operations Support Capability	SEA 1654 Phase 2A	2006-07	139	138	-	Project is complete and is being closed.
Collins and Wedgetail								
Collins Replacement Combat System	SEA 1439 Phase 4A	2007-08	450	426	7	5	-2	Combat System installations continue. However, as each installation is dependent on the Full Cycle Docking program completion dates may vary according to changes with the Integrated Master Schedule. The final two systems are planned for installation in HMAS <i>Rankin</i> during the docking that commenced in 2011 and in HMAS <i>Collins</i> during a docking commencing in 2012. The project will complete in 2015.
Collins Class Submarine Reliability and Sustainability	SEA 1439 Phase 3	2008-09	411	313	13	13	..	Major modifications to fire fighting safety, sewage system safety, submerged signal ejector, diesel safety modifications, training systems and a Special Forces capability continue. However, as each installation is dependent on the Full Cycle Docking program completion dates may vary according to changes with the Integrated Master Schedule.

	Project number/ phase	Last financial year reported in Top 30	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Status report
New Heavyweight Torpedo	SEA 1429 Phase 2	2009-10	426	285	15	12	-3	Heavyweight torpedo modifications continue. However, as each modification is dependent on the Full Cycle Docking program completion dates may vary according to changes with the Integrated Master Schedule. Platform modifications in HMAS <i>Rankin</i> are being made during the docking that commenced in 2011. Modifications in HMAS <i>Collins</i> will be made during a docking commencing in 2012. Torpedo deliveries from the US are being received in accordance with the agreed schedule.
New Air Combat Capability								
Detailed Analysis and Acquisition Planning	AIR 6000 Phase 1B	2009-10	153	152	-	1	1	All elements of this phase of the project are complete. The New Air Combat Capability is to be delivered under AIR 6000 Phase 2A/B (Stage 1 Approved) and 2C.
			15,199	12,951	279	248	-31	

TOP 10 MINOR CAPITAL INVESTMENT PROJECTS BY 2011-12 FORECAST EXPENDITURE

The following table lists the Top 10 approved Minor Capital Investment Projects by forecast expenditure for 2011-12. Schedules for delivery of the capability are included in the descriptions of the Top 10 minor projects.

Table 89: Top 10 approved Minor Capital Investment Projects by forecast expenditure for 2011-12. .

	Project number/ phase	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Project performance update and explanation of variation
Navy							
Digital Voice Recording Equipment	NMP1822	21	3	3	3	..	Design issues were rectified and factory acceptance tests were completed in November 2011.
Army							
Field Refrigeration Storage and Distribution	AMP081.0 3	22	8	6	3	-3	During 2011, the project completed acquisition and commenced transition into service. Key activities included final deliveries of all hardware and introduction into service training. Unit issue, achievement of Final Operational Capability and project closure are expected by July 2012. The financial variation is a result of deliverables scheduled for acceptance in 2011-12 being delivered earlier than originally planned and paid for in 2010-11.
Light Tracked Bulldozer (RPT)	AMP007.2 5	7	..	5	4	-1	Variance attributable to reprogramming of expenditure based on the risk of final delivery of vehicles occurring in July 2012, rather than June 2012. The contractor forecasts delivery in June 2012 and is currently working to schedule.
Replacement Fire Fighting Truck Rural	AMP085.0 6	12	4	5	5	..	No significant variation.
Enhanced Land Force (ELF) Weapons Training Simulator System (WTSS)	AMP029.4 4	26	..	4	..	-3	Delays in the solicitation stage of the project have caused the financial variation. Contract signature is planned for late January 2012 with opportunities to compress the delivery and project schedule.
Bullet Trap Blank Firing Attachment	AMP048.4 2	11	3	4	3	-1	In August 2011, Government approved the removal of the requirement for Bullet Trap Blank Firing Attachments for the F89 Minimi family of weapons was removed from the project. Consequently, this project will deliver over 46,000 Bullet Trap Blank Firing Attachments for the F88 Austeyr family of weapons and M4A1 Carbine Modular Weapon System. The F88 variant is currently being delivered to units with the manufacture of the F88 Carbine variant completed in October 2011. By the end of July 2012, it is anticipated all Bullet Trap Blank Firing Attachments for the Austeyr family of weapons and M4A1 Carbine Modular Weapon System will have been delivered to the ADF. F88 Carbine bullet trap blank firing attachment delivery achieved early; late in 2010-11 rather than 2011-12.

	Project number/ phase	Approved project expenditure \$m	Cumulative expenditure to 30 June 2011 \$m	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m	Project performance update and explanation of variation
Australian Light Armoured Vehicle Crew Procedural Trainers	AMP002.1 2	44	3	3	6	3	This project entered a contract with Thales Australia in May 2011, four months ahead of schedule. The variation resulted from an early contract signature, with a milestone payment profile different to that assumed prior to contract negotiations.
Air Force							
Traffic Alert and Collision Avoidance System (TCAS)	AFM0100 1	25	5	10	11	1	The prototype aircraft was modified in the final quarter of 2011. Acceptance Testing and Evaluation is forecast for the first quarter of 2012 with an anticipated In-Service Date of May 2012. Modification of the Flight Simulator to represent the new configuration is forecast to occur in the third quarter of 2012. The increase is to cover additional cost to integrate the TCAS system in the aircraft.
Tactical Communications Router	AFM0093 5	3	..	3	..	-3	Source evaluation and selection of a preferred supplier was completed in November 2011. The key risk related to the project is obtaining Third Party Re-transfer approvals from the US Department of State to allow timely provision of government furnished equipment interface control documents to the contractor. Delays have occurred in undertaking the solicitation process resulting in planned spend for 2011-12 being rescheduled to 2012-13.
462SQN Electronic Combat and Monitoring System	AFM0097 7	3	..	3	..	-2	A Restricted Tender will now be released in January 2012 with responses due in March 2012. Delivery of the capability is now planned for the first of quarter of 2014. Delays in defining requirements have caused a schedule slip.
Total -Top 10 Minor Projects		175	27	44	35	-9	

Note

1. The Top 10 Minor Projects are based on a review of expenditure plans for 2011-12 and the following years conducted in December 2011.

Table 90: Minor Capital Investment Program by 2011-12 forecast expenditure

	Budget estimate 2011-12 \$m	Revised estimate 2011-12 \$m	Variation \$m
Top 10 Projects Gross Plans	44	35	-9
Other Approved Project Gross Plans	36	47	11
Total Gross Plan Project Estimates	81	82	1
Management Margin: Slippage ^[1]	-7	-9	-3
Payments Required from Defence for Approved Programs^[2]	74	73	-1
Projects Planned for Consideration and Transfer to the DMO ^[2]	39	53	13
Total Estimated Funds Available	113	125	12

Notes

1. Management margin is an estimate of possible overall approved capital program expenditure slippage that may accrue as the 2011-12 year progresses.
2. Refer to Table 11: Total Planned Payments to the DMO, on page 19.

Program 1.2 Management of Capability Sustainment

Program 1.2 Objective

There has been no change to the Program 1.2 Objective since the *Portfolio Budget Statements 2011-12*. Refer to Page 185 of the *Portfolio Budget Statements 2011-12* for current Program 1.2 Objectives information.

Program 1.2 Expenses

The nature of the costs of Program 1.2 remains as described in the *Portfolio Budget Statements 2011-12*. The revised planned resource use for Program 1.2 is \$5,414.0m in 2011-12 which now represents approximately 54 per cent of the DMO's total expenses. The revised planned resource use for Program 1.2 includes:

- direct appropriation of \$558.9m relating to Sustainment workforce and operating expenses
- the cost of contracted services to Defence of \$4,203.3m
- support for current operations of \$590.5m
- the DMO's element of Net Operating Costs of \$41.3m in support of new capabilities expected to enter service
- resources received free of charge from Defence of \$20.0m.

Table 91: Program 1.2 Management of Capability Sustainment

	2010-11 Actual \$'000	2011-12 Revised budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special Account Expenses:					
Defence Materiel Special Account	4,213,204	4,835,094	4,615,935	4,922,962	5,252,189
Annual departmental expenses:					
Ordinary Annual Services (Appropriation Bill No.1 and No. 3)	521,230	558,915	561,090	575,164	601,662
Departmental item					
Expenses not requiring appropriation in the Budget year ¹	19,538	20,026	20,527	21,040	21,566
Total program expenses	4,753,972	5,414,035	5,197,552	5,519,166	5,875,417

Note

1. Expenses not requiring appropriation in the Budget year is made up of resources provided free of charge.

Program 1.2 Deliverables

The changes to the detailed descriptions of deliverables for the Top 20 DMO sustainment products are contained in Table 92.

Program 1.2 Key Performance Indicators

There have been no changes to the Program 1.2 Key Performance Indicators since the *Portfolio Budget Statements 2011-12*. Refer to Page 186 of the *Portfolio Budget Statements 2011-12* for current Program 1.2 Key Performance Indicators information.

TOP 20 SUSTAINMENT PRODUCTS BY 2011-12 FORECAST EXPENDITURE

Table 92 lists the Top 20 sustainment products by forecast expenditure for 2011-12. The key objective of sustaining the ADF and its capabilities to meet operational requirements through support to platforms, equipment and services of the Top 20 products are included in the descriptions that follow the table.

Table 92: Top 20 sustainment products by forecast expenditure in 2011-12

	Budget estimate	Revised estimate	Variation	Product performance update and explanation of variation
	2011-12 \$m	2011-12 \$m		
General Manager Systems				
Aerospace Systems				
Airborne Early Warning & Control	171	153	-18	Sustainment of the AEW&C capability is progressing as planned. Owing to delays in the acquisition project, Initial Materiel Release is now expected during 2012. Delays in standing up contractor staff, delivery of the Electronic Surveillance Measures system, and reduced ability of new supply chains to deliver and repair spares has resulted in lower than planned expenditure.
F/A-18 Hornet Weapons System	187	151	-36	During 2011, aircraft serviceability rates have generally been slightly below in-year targets due to a fleet-wide inspection and subsequent rectification actions, following the failure of a non-critical nose landing gear component on an aircraft in February 2011. Plans to minimise the impact of this ageing aircraft issue were developed and successfully implemented by the DMO and Air Force such that aircraft serviceability levels were still sufficient to meet training and operational requirements. Notwithstanding this issue, serviceability levels during 2011 remained above historical levels. An Ageing Aircraft Systems Audit commenced in September 2011 with an interim report completed at the end of 2011 and the final report by mid-2012. This audit is aimed at identifying risks that will need management/treatment for the fleet to achieve the fleet planned withdrawal date of 2020. The variation is primarily due to delays in initiating the Hornet Structural Assurance Consolidation Program.
P-3C/AP-3C Orion Weapons System	111	136	25	During 2011, two aircraft have completed the safety-by-inspection program and a further aircraft is planned by June 2012. Additionally, the Capability Assurance Program Phase 1 and Radar Processor - Advanced major upgrades, along with the Traffic Collision Avoidance System minor project, will enter modification incorporation phase. To mitigate the pressures on operational aircraft availability for the upgrades, a substantial maintenance program re-engineering effort is planned for completion by the first quarter of 2012. This re-engineering will optimise aircraft deep maintenance while preserving safety and capability consistent with Strategic Reform Program objectives. The variation is primarily due to an increase in funding to alleviate pressures with sonobuoys, a number of essential avionics systems, facility requirements, hydraulics, and landing gear. There is also a small addition attributed to the increase in net personnel and operating costs associated with the delivery of the Capability Assurance Program (Project AIR 5276 CAP1).

	Budget estimate	Revised estimate		
	2011-12	2011-12	Variation	
	\$m	\$m	\$m	Product performance update and explanation of variation
F/A-18F Block II Super Hornet Weapons System	110	86	-24	The full fleet of 24 F/A-18F Block II Super Hornet aircraft has been progressively introduced into service over the period March 2010 to October 2011. Foreign Military Sales programs and commercial contracts have been established to provide the required logistics support. Aircrew and maintenance training is now being carried out in Australia with the commissioning of simulators and maintenance training aids. Spares and support equipment continue to be delivered in the lead-up to declaration of Final Materiel Release in December 2012. The focus for 2012 will be achieving fleet availability and serviceability targets, as flying rate of effort increases and the sustainment support system matures. As the Super Hornet is a new fleet, gauging the required support and commensurate funding has been problematic and, coupled with a favourable exchange rate, has resulted in a variation to the original forecast.
Lead-in Fighter Hawk 127 Weapons System	89	79	-10	The performance-based in-service support contract was extended for two years in July 2011. Primary focus for 2012 is to tender for the long-term in-service support, and to remediate an engine low pressure turbine blade defect, with minimal impact to capability. This low pressure turbine blade defect is affecting all Rolls-Royce Adour engines fitted to Hawk and Hawk-variant aircraft across the globe. The variation is primarily due to delays in the commencement of the fleet repaint program, the long lead time for the procurement of the Head-Down Flight Displays, and a favourable exchange rate.
C-130J-30 Weapons System	78	74	-4	The variation is primarily due to a favourable exchange rate.
C-17 Heavy Air Lift	57	38	-19	The fifth C-17 aircraft was received into the fleet in September 2011 and represents a significant enhancement to the ADF's heavy air lift capability. The variation is primarily due to re-apportionment of US Air Force contract costs at the end of the US financial year. Reduced costs arise from reduced hours flown in the Australian fleet as a proportion of the world-wide fleet (which has flown more hours than planned). Sustainment funding for the Large Aircraft Infra-red Countermeasures System was also transferred from the C-17 budget for cross-platform amalgamation.
C-130H Weapons System	57	57	-	No variation.
Electronic Systems				
Wide Area Surveillance Capability	88	87	-1	The first phase of the program to achieve cost savings was completed in May 2011, achieving 80 per cent of the Wide Area Surveillance Strategic Reform Program target. A change in planned support effort for the current year has resulted in a reduced budget requirement.

	Budget estimate	Revised estimate		
	2011-12	2011-12	Variation	
	\$m	\$m	\$m	Product performance update and explanation of variation
Explosive Ordnance				
Explosive Ordnance - Navy, Army, Air Force	308	291	-17	The Domestic Munitions Manufacturing Arrangements Project was launched and an Invitation to Register was released to the global munitions market. The Invitation to Register responses were submitted and evaluations have been completed, with shortlisted respondents notified in October 2011. An increase in Army requirements for munitions has been offset by funding transfers to Defence Support Group for Mulwala facilities work and deferral of planned work to remediate guided weapons maintenance facilities.
Helicopter Systems				
Multi Role Helicopter	104	89	-15	The variation is primarily due to a lower than planned number of aircraft in service and a lower than planned rate of effort due to technical and support issues.
S70A-9 Black Hawk Weapons System	96	95	-1	The variation is primarily due to the foreign favourable exchange rates.
Armed Reconnaissance Helicopter Weapons System	96	96	-	As at January 2012, all 22 aircraft have been accepted and flown in excess of 9,300 hours. Thirteen of the mature configuration aircraft have been fielded in Army's 1st Aviation Regiment, Darwin. The technical issues with the helmet mounted sight and displays have now been resolved and a night capability is now under development.
S70B-2 Seahawk Weapons System	63	64	1	The variation is due to Seahawk Capability Assurance Program activities being transferred from Program 1.1 to Sustainment.
Land Systems				
General Service B Vehicle Fleet	79	84	5	Additional funding was allocated by Army for the maintenance of the B Vehicle fleet to include additional maintenance liability arising from the commencement of the Enhanced Equipment Pools trial. This trial explores efficiencies through the pooling of vehicles and the associated maintenance management activities.
ADO Commercial Vehicle Fleet	62	54	-8	The procurement of 960 vehicles and trailers is planned for 2011-12. The number of vehicles planned for replacement in 2011-12 has been reduced by 186 after the implementation of several Strategic Reform Program initiatives. The variation is primarily attributed to the implementation of a number of Strategic Reform Program initiatives for the management and replacement of the commercial vehicle fleet. In particular the implementation of extended life of type of vehicles which reduced the number of vehicles being replaced in 2011-12.
Maritime Systems				
Fuels and Lubricants - Navy, Army, Air Force	478	419	-59	Navy and Air Force reallocated funding to higher priority activities. Fuel holdings at commencement of year were higher than average and fuel prices have decreased. Navy and Air Force have had no negative impact on capability.

	Budget estimate	Revised estimate		
	2011-12	2011-12	Variation	
	\$m	\$m	\$m	Product performance update and explanation of variation
Anzac Class Frigate	211	189	-22	The variation is due to delays in awarding a number of ANZAC Alliance Program contracts and reallocation of funds by Navy to higher priority sustainment activities.
Adelaide Class Frigate	106	127	21	The variation is due to the draw down of net personnel and operating costs associated with the upgrade program.
General Manager Programs				
Collins Class Submarines	443	479	36	Additional funding for maintenance, obsolescence remediation and purchase of critical spares.
Total -Top 20 Products				
	2,994	2,848	-146	
Other approved Sustainment Product estimates	1,293	1,355	62	
Total Sustainment Product Funds Available				
	4,287	4,203	-84	
Support to Operations	599	591	-8	
Total Sustainment and Operations Funding				
	4,886	4,794	-92	

Program 1.3 Provision of Policy Advice and Management Services

Program 1.3 Objective

Information relating to the Program 1.3 Objectives remains as reported in the *Portfolio Budget Statements 2011-12*, except for the following.

The National Partnership on the School Pathways Program will now provide \$5.8m from 2011-12 over four years to South Australia and Western Australia.

Program 1.3 Expenses

The nature of the costs of Program 1.3 remains as described in the *Portfolio Budget Statements 2011-12*.

The revised planned resources use for Program 1.3 is \$130.3m in 2011-12 which now represents approximately one per cent of the DMO's total expenses. The planned resource use for Program 1.3 includes:

- direct appropriation of \$120.6m for policy advice and management services
- resources received free of charge from Defence and ANAO of \$8.7m
- other revenue of \$1.0m.

Table 93: Program 1.3 Provision of Policy Advice and Management Services

	2010-11 Actual \$'000	2011-12 Revised budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special Account Expenses:					
Defence Materiel Special Account	-	1,015	1,021	1,025	1,031
Annual departmental expenses:					
Ordinary Annual Services (Appropriation Bill No.1 and No. 3)	76,962	120,600	121,971	120,381	111,338
Departmental item					
Expenses not requiring appropriation in the Budget year ¹	8,562	8,727	8,896	9,070	9,248
Total program expenses	85,524	130,342	131,888	130,476	121,617

Note

1. Expenses not requiring appropriation in the Budget year is made up of resources provided free of charge.

Program 1.3 Deliverables

There have been no changes to Program 1.3 deliverables since the *Portfolio Budget Statements 2011-12*. Refer to Page 197 of the *Portfolio Budget Statements 2011-12* for current Program 1.3 Deliverables information.

Program 1.3 Key Performance Indicators

Information relating to the Program 1.3 Key Performance Indicators remains as reported in the *Portfolio Budget Statements 2011-12*, except for the following.

For the purpose of maximising the use of cost-effective Australian industry in Defence procurement, the Australian Industry Capability program, that requires an 'Australian Industry Capability Plan' for all Defence contracts, is now valued at \$20m or greater or where there is an identified Priority Industry Capabilities.

The ongoing promotion of Australian-based companies through the expansion of the DMO's ePortal that allows industry to register their capabilities; more than 1600 local companies have taken up this opportunity to date.

Section 3: DMO Explanatory Tables and Budgeted Financial Statements

3.1 DMO Explanatory Tables

3.1.1 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes.

Table 94 shows the expected additions (receipts) and reductions (payments) for each account used by DMO. The corresponding table in the *Portfolio Budget Statements 2011-12* is Table 93.

Table 94: Estimates of Special Account Flows and Balances

	Outcome	Opening balance 2011-12 2010-11 \$'000	Receipts 2011-12 2010-11 \$'000	Payments 2011-12 2010-11 \$'000	Closing balance 2011-12 2010-11 \$'000
Defence Materiel Special Account (A & D)	1	550,451 501,559	11,569,838 10,912,670	11,704,803 10,863,778	415,486 550,451
Services for Other Entities and Trust Moneys - Defence Materiel Organisation (S)	1	-	-	-	-
Total Special Accounts 2011-12 Budget estimate		550,451	11,569,838	11,704,803	415,486
<i>Total Special Accounts 2010-11 actual</i>		<i>501,559</i>	<i>10,912,670</i>	<i>10,863,778</i>	<i>550,451</i>

Notes

- (A) = Administered
- (D) = Departmental
- (S) = Special Public

3.2 DMO Budgeted Financial Statements

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

Table 95: Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	531,619	591,329	575,124	608,959	661,740
Supplier expenses	10,089,825	9,493,762	9,134,057	10,438,258	11,723,095
Grants	9,126	28,670	29,776	26,530	28,088
Depreciation and amortisation	1,706	2,465	2,527	2,590	2,654
Write-down and impairment of assets	1,020	-	-	-	-
Other	25	-	-	-	-
Total expenses	10,633,321	10,116,226	9,741,484	11,076,337	12,415,577
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	9,736,088	9,147,621	8,754,175	10,048,510	11,334,534
Other	2,557	-	-	-	-
Total own-source revenue	9,738,645	9,147,621	8,754,175	10,048,510	11,334,534
Gains					
Foreign Exchange Gains	67,398	-	-	-	-
Other	36,473	37,335	38,220	39,127	40,056
Total gains	103,871	37,335	38,220	39,127	40,056
Total own-source income	9,842,516	9,184,956	8,792,395	10,087,637	11,374,590
Net cost of (contribution by) services	790,805	931,270	949,089	988,700	1,040,987
Revenue from Government	847,282	931,270	949,089	988,700	1,040,987
Surplus (Deficit)	56,477	-	-	-	-

Table 96: Budgeted departmental balance sheet (as at 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	43,027	43,027	43,027	43,027	43,027
Trade and other receivables	1,368,529	495,215	505,568	508,635	512,290
Total financial assets	1,411,556	538,242	548,595	551,662	555,317
Non-financial assets					
Property, plant and equipment	6,669	6,989	7,317	7,653	7,998
Intangibles	239	320	403	488	576
Other	985,147	1,385,147	1,385,147	1,385,147	1,385,147
Total non-financial assets	992,055	1,392,456	1,392,867	1,393,288	1,393,721
Total assets	2,403,611	1,930,698	1,941,462	1,944,950	1,949,038
LIABILITIES					
Payables					
Suppliers	1,679,384	1,293,416	1,293,416	1,293,416	1,293,416
Grants	4,809	4,809	4,809	4,809	4,809
Other	149,366	54,475	55,256	57,700	60,168
Total payables	1,833,559	1,352,700	1,353,481	1,355,925	1,358,393
Provisions					
Employee provisions	176,341	184,287	194,270	195,314	196,934
Other	3,189	3,189	3,189	3,189	3,189
Total provisions	179,530	187,476	197,459	198,503	200,123
Total liabilities	2,013,089	1,540,176	1,550,940	1,554,428	1,558,516
Net assets	390,522	390,522	390,522	390,522	390,522
EQUITY					
Parent entity interest					
Contributed equity	155,368	155,368	155,368	155,368	155,368
Reserves					
Retained surplus (accumulated deficit)	235,154	235,154	235,154	235,154	235,154
Total parent entity interest	390,522	390,522	390,522	390,522	390,522
Total Equity	390,522	390,522	390,522	390,522	390,522

Table 97: Departmental statement of changes in equity — summary of movement (Budget year 2011-12)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	235,154	-	-	155,368	390,522
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	235,154	-	-	155,368	390,522
Surplus (deficit) for the period	-	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Departmental Capital Budget (DCBs)	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2012	235,154	-	-	155,368	390,522

Table 98: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	9,312,982	10,030,221	8,753,154	10,047,485	11,333,503
Appropriations	778,293	920,969	938,736	985,633	1,037,332
Net GST received	690,356	688,201	606,238	692,168	777,137
Other	32,736	56,012	57,668	59,145	60,662
Total cash received	10,814,367	11,695,403	10,355,796	11,784,431	13,208,634
Cash used					
Employees	521,142	580,627	564,360	605,471	657,652
Suppliers	9,700,945	10,395,039	9,152,484	10,457,251	11,742,670
Grants	8,865	28,670	29,776	26,530	28,088
Net GST paid	631,930	688,201	606,238	692,168	777,137
Other	59	-	-	-	-
Total cash used	10,862,941	11,692,537	10,352,858	11,781,420	13,205,547
Net cash from (used by) operating activities	-48,574	2,866	2,938	3,011	3,087
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	839	2,866	2,938	3,011	3,087
Total cash used	839	2,866	2,938	3,011	3,087
Net cash from (used by) investing activities	-839	-2,866	-2,938	-3,011	-3,087
Net increase (decrease) in cash held	-49,413	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	92,440	43,027	43,027	43,027	43,027
Cash and cash equivalents at the end of the reporting period	43,027	43,027	43,027	43,027	43,027

Table 99: Departmental Capital Budget Statement

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from					
departmental resources ¹	839	2,866	2,938	3,011	3,087
TOTAL	839	2,866	2,938	3,011	3,087
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	839	2,866	2,938	3,011	3,087
Total cash used to acquire assets	839	2,866	2,938	3,011	3,087

Note

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

Table 100: Statement of Asset Movements (2011-12)

	Asset Category		Total
	Other property, plant and equipment \$'000	Intangibles \$'000	
As at 1 July 2011			
Gross book value	10,677	11,943	22,620
Accumulated depreciation/amortisation and impairment	4,008	11,704	15,712
Opening net book balance	6,669	239	6,908
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase - internal sources	2,312	554	2,866
Total additions	2,312	554	2,866
Other movements			
Depreciation/amortisation expense	1,992	473	2,465
As at 30 June 2012			
Gross book value	12,989	12,497	25,486
Accumulated depreciation/amortisation and impairment	6,000	12,177	18,177
Closing net book balance	6,989	320	7,309

3.2.2 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Revisions to the budgeted financial statements for the DMO since the *Portfolio Budget Statements 2011-12* are presented in this section.

Income Statement

As reported in the *Defence Annual Report 2010-11*, the DMO achieved accelerated expense outcomes for major projects in 2010-11 over and above final budget estimates. Analysis of the comprehensive income statement (Table 95) reflects this accelerated 2010-11 outcome, with expenses of \$10,633m, compared to the revised estimate for 2011-12 of \$10,116m.

Total cash flow as at the revised estimates of \$11,695m as reported in Table 98, remains consistent with the total cash reported in the *Portfolio Budget Statements 2011-12* of \$11,769m, reflecting a small reduction for the strengthening of the Australian dollar since the original budget estimates.

A decrease in the DMO's estimated income and expenditure for 2011-12 of \$1,010.8m since the original budget is largely as a result of the following:

- reduction in payments required from Defence for approved major projects of \$376.7m, in large part reflecting the accelerated outcome achieved in 2010-11
- a reduction by Defence of the estimated value of projects to be approved and transferred to DMO for delivery during the remainder of 2011-12 of \$311.6m
- a decrease in estimates due to the strengthening of the Australian dollar against foreign currencies since the publication of the *Portfolio Budget Statements 2011-12* of \$143.4m for both acquisition and sustainment activity
- a decrease in sustainment funding of \$53.5m reflecting customer demand and requirements
- a reduction by Defence to the provision for personnel and operating costs of \$81.4m anticipated to be transferred to DMO
- the removal of estimates relating to activities performed on behalf of the foreign governments of \$55.0m as a result of the change in accounting treatment.

Balance Sheet

The balance sheet has been updated to reflect the 2010-11 audited financial statements and adjustments to the income statement as described above.

Whereas the receivables and creditors are anticipated to reduce from the 30 June 2011 balances, the prepayments to suppliers are expected to increase.

Statement of Cash Flows

The estimated cash flow has been updated to reflect the changes in the income statement and balance sheet as noted above.

3.2.3 ADMINISTERED BUDGETED FINANCIAL STATEMENTS TABLES

Table 101: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation revenue					
Interest	2,285	1,000	1,000	1,000	1,000
Total non-taxation revenue	2,285	1,000	1,000	1,000	1,000
Total revenues administered on behalf of Government	2,382	1,000	1,000	1,000	1,000
Gains					
Other	97	-	-	-	-
Total gains administered on behalf of Government	97	-	-	-	-
Total income administered on behalf of Government	2,382	1,000	1,000	1,000	1,000

Table 102: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	12,618	4,217	4,217	4,217	4,217
Total financial assets	12,618	4,217	4,217	4,217	4,217
Total assets administered on behalf of Government	12,618	4,217	4,217	4,217	4,217

Table 103: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,058	9,400	1,000	1,000	1,000
Total cash received	1,058	9,400	1,000	1,000	1,000
Net cash from (used by) operating activities	1,058	9,400	1,000	1,000	1,000
Net increase (decrease) in cash held	1,058	9,400	1,000	1,000	1,000
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for: - Transfers to other entities (Finance - Whole of Government)	1,058	9,400	1,000	1,000	1,000
Cash and cash equivalents at end of reporting period	-	-	-	-	-

DMO NOTES TO THE 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*.

