

PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS 2013-14

DEFENCE PORTFOLIO

EXPLANATIONS OF ADDITIONAL ESTIMATES 2013-14

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ISBN 978-0-9874959-1-4

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**Senator the Hon David Johnston
Minister for Defence**

MA13-003499

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Madam Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2013-14 Additional Estimates for the Defence Portfolio.

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

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

Yours sincerely

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

David Johnston

Abbreviations and Conventions

The following notations may be used:

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nfp	not for publication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

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

Table of Contents

USER GUIDE	XI
DEFENCE PORTFOLIO OVERVIEW	3
Ministers and their Portfolio Responsibilities	4
Changes affecting the Portfolio	4
Portfolio Structure and Outcomes	5
DEPARTMENT OF DEFENCE	11
Section 1: Defence Overview and Resources	11
1.1 Strategic Direction Statement	11
1.2 Defence Resource Statement.....	12
1.3 Budget Measures	15
1.4 Capital Investment Program.....	17
1.5 People.....	20
Section 2: Defence Outcomes and Planned Performance	24
2.1 Outcomes and Performance Information.....	24
Section 3: Defence Explanatory Tables and Budgeted Financial Statements	56
3.1 Explanatory Tables.....	56
3.2 Resource Summary	60
3.3 Budgeted Financial Statements	65
3.4 Consolidated Budgeted Financial Statements for the Department of Defence (including DMO)	81
APPENDICES	88
Appendix A: Defence Cooperation Program	89
Appendix B: The Unapproved Major Capital Investment Program (also known as the Defence Capability Plan).....	90
Appendix C: Major Capital Facilities Program	91
Appendix D: Approved Projects Being Developed for Private Financing Arrangements.....	102
Appendix E: Status of Major Projects Foreshadowed for Government and Parliamentary Standing Committee on Public Works Consideration (PWC) in 2013-14.....	103

DEFENCE MATERIEL ORGANISATION	109
Section 1: DMO Overview and Resources.....	109
1.1 Strategic Direction Statement	109
1.2 DMO Resource Statement	112
1.3 DMO Measures Table and Other Adjustments.....	113
1.4 Breakdown of Additional Estimates by Appropriation Bill.....	114
1.5 People.....	115
Section 2: DMO Outcomes and Planned Performance.....	116
2.1 Outcomes and Performance Information.....	117
Section 3: DMO Explanatory Tables and Budgeted Financial Statements.....	143
3.1 Explanatory Tables.....	143
3.2 DMO Budgeted Financial Statements.....	145
3.2.1 Budgeted Financial Statements Tables	145
DEFENCE HOUSING AUSTRALIA	155
Section 1: DHA Overview and Resources	155
1.1 Strategic Direction Statement	155
1.2 DHA Resource Statement.....	157
1.3 Budget Measures	158
1.4 Additional Estimates and Variations.....	159
1.5 Breakdown of Additional Estimates by Appropriation Bill.....	160
Section 2: DHA Outcomes and Planned Performance	161
2.1 Outcome and Performance Information	161
Section 3: DHA Explanatory Tables and Budgeted Financial Statements	164
3.1 Explanatory Tables.....	164
3.2 Budgeted Financial Statements	165
GLOSSARY	170
ACRONYMS	176

**USER GUIDE
TO THE
PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS**

User Guide

The purpose of the Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements (PB Statements), is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. The focus of the PAES differs from the PB Statements in one important aspect. While the PAES include an Agency Resource Statement to inform Parliament of the Revised Estimate of the total resources available to an agency, the focus of the PAES is on explaining the changes in resourcing by outcome(s) since the Budget. As such, the PAES provides information on new measures and their impact on the financial and/or non-financial planned performance of programs supporting those outcomes.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (No. 3 and No. 4) 2013-14. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid Year Economic and Fiscal Outlook 2013-14* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

PORTFOLIO OVERVIEW

Defence Portfolio Overview

The Defence Portfolio consists of a number of component organisations that together are responsible for supporting the defence of Australia and its national interests. The three most significant bodies are:

- the Department of Defence – a department of state, headed by the Secretary of the Department of Defence
- the Australian Defence Force (ADF) – which consists of the three Services, Navy, Army and the Air Force (including Reserves) commanded by the Chief of the Defence Force (CDF). Each Service Chief also administers their respective Cadet service, although the Cadet service is not a component of the parent Service
- the Defence Materiel Organisation (DMO) – a prescribed agency within the Department of Defence, headed by its Chief Executive Officer (CEO) DMO.

In practice, these bodies have to work together closely and are broadly regarded as one organisation known simply as Defence.

The Portfolio also contains some smaller entities, including a number of statutory offices created by the *Defence Force Discipline Act 1982* which are independent but reside administratively within Defence and various trusts and companies such as Defence Housing Australia (DHA) and the Australian Strategic Policy Institute.

The Minister for Defence's Portfolio also contains the Department of Veterans' Affairs and associated bodies, as it is designated as part of the Defence Portfolio in the Administrative Arrangements Order. The Department of Veterans' Affairs is administered separately to Defence.

Ministers and their Portfolio Responsibilities

Changes affecting the Portfolio

On 18 September 2013, the new Coalition Government was sworn in with the following Ministers in the Defence Portfolio:

- Minister for Defence – Senator the Hon David Johnston
- Assistant Minister for Defence – The Hon Stuart Robert MP
- Parliamentary Secretary to the Minister for Defence – The Hon Darren Chester MP

The Minister for Veterans' Affairs, Senator the Hon Michael Ronaldson, is in the Defence Portfolio but reported separately in the Department of Veterans' Affairs budget statements.

Details of the allocation of portfolio responsibilities for Defence can be found online at:

<http://www.minister.defence.gov.au/allocation-of-portfolio-responsibilities/>

Portfolio Structure and Outcomes

Figure 1: Defence Portfolio Structure and Outcomes

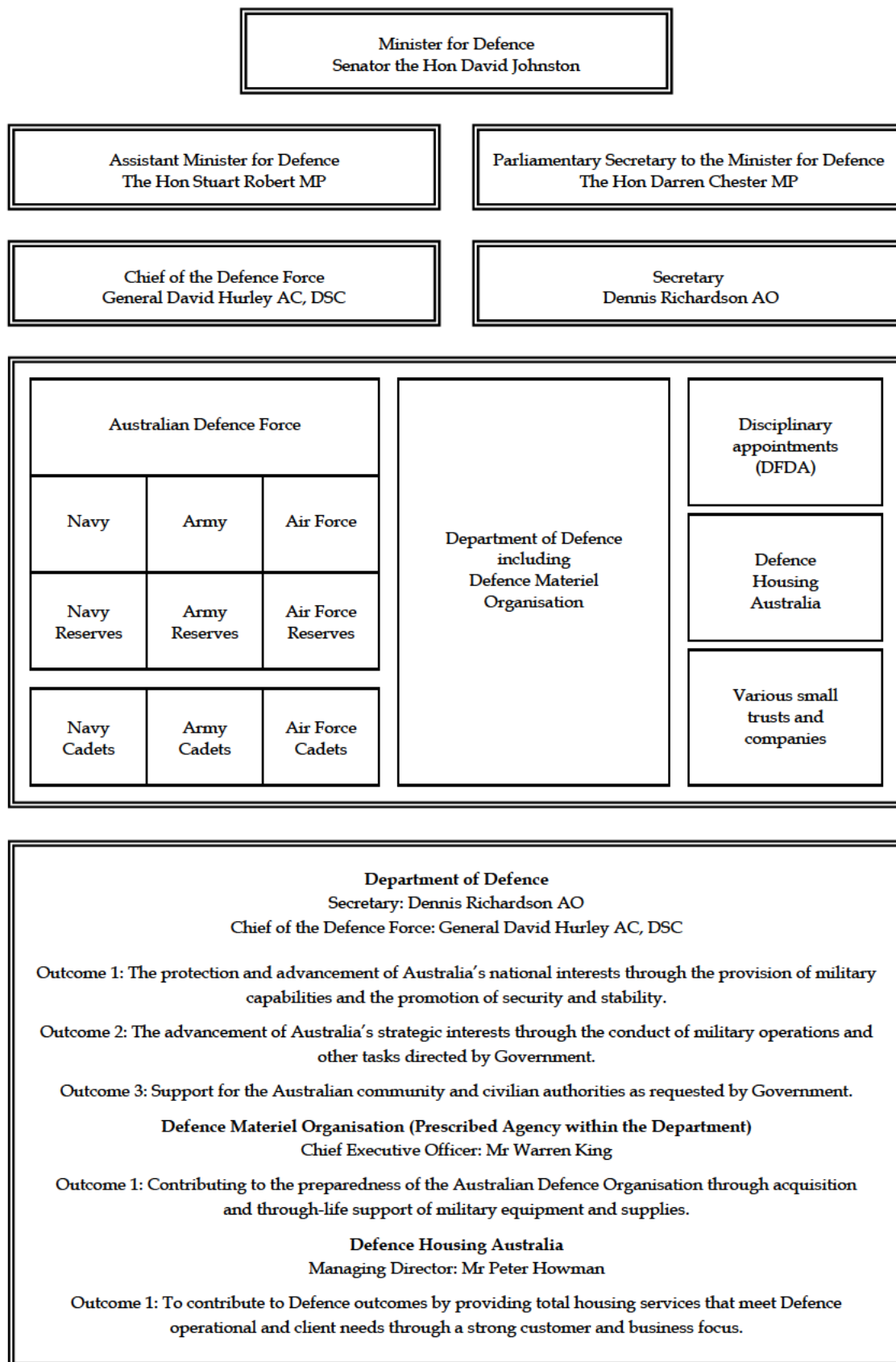
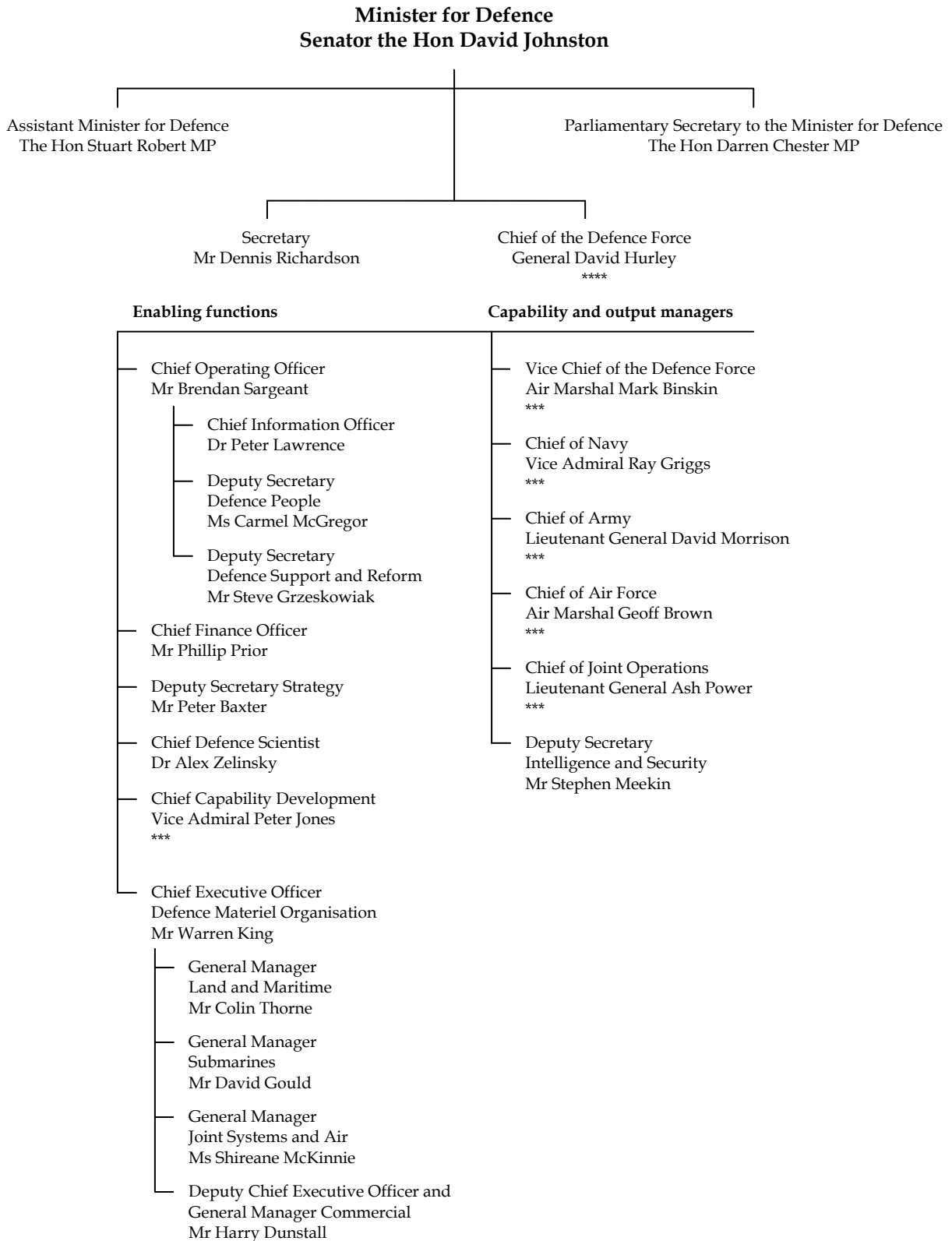


Figure 2: Defence Organisational Chart



Stars (-) refer to ADF Star Rank

Senior Executive Changes

The following changes have taken place since the *Portfolio Budget Statements (PBS) 2013-14*:

- With effect 9 September 2013, Mr Colin Thorne was appointed to the position of General Manager Land and Maritime within the Defence Materiel Organisation.
- With effect 12 September 2013, Mr Brendan Sargeant was appointed to the position of Associate Secretary Chief Operating Officer.
- With effect 28 January 2014, Mr Peter Baxter was appointed to the position of Deputy Secretary Strategy.

Organisational Structure

The following changes have taken place since the PBS 2013-14:

- The Australian Defence Simulation and Training Centre has been established following transfer of responsibility for Defence Simulation from Vice Chief of the Defence Force Group to Joint Operations Command (JOC).
- Responsibility for Forces Entertainment has transferred from Defence Support and Reform Group (DSRG) to JOC.
- Recommendations from a Unit Establishment Review have been implemented since publication of the PBS 2013-14. There has been no increase in liability to the Services and AFS guidance remains static.
- Enterprise Planning and Reporting Branch moved from Strategy Group to DSRG on 1 October 2013.

Defence Portfolio Bodies

The following changes have taken place since the PBS 2013-14:

Army and Air Force Canteen Service

Mr E Moore has moved from the position of Chair and become a Director. Mr A Tregaskis has moved from the position of Director and become the Chair.

The Army and Air Force Canteen Service (AAFCANS) has ceased trading as Frontline and is now trading as AAFCANS.

Royal Australian Navy Central Canteens Board

The Royal Australian Navy Central Canteens Board has rebranded itself and commenced trading as Navy Canteens.

Royal Australian Navy Relief Trust Fund

A new Charity, called Keeping Watch (KW) has been established as part of this Trust.

Portfolio Resource Statement

Table 1: Portfolio Resource Statement^[1]

	Departmental Bill No. 3	Appropriation Bill No. 4	Section 10 Appropriation Act (No.1) 2013-14	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Department of Defence									
Administered appropriations	-	-	-	16.9	-3.6	13.3	-16.9	-	-3.6
Departmental appropriations	662.4	235.4	-	67.3	-	965.1	47.5	-	1,012.7
Total Department of Defence	662.4	235.4	-	84.2	-3.6	978.5	30.6	-	1,009.1
	Departmental Bill No. 3	Departmental Bill No. 4	Section 10 Appropriation Act (No.1) 2013-14	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Defence Materiel Organisation									
Administered appropriations ^[2]	-	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-35.4	-	-	-35.4	754.4	-	719.0
Total Defence Materiel Organisation	-	-	-35.4	-	-	-35.4	754.4	-	719.0
	Departmental Bill No. 3	Departmental Bill No. 4	Section 10 Appropriation Act (No.1) 2013-14	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Defence Housing Australia									
Administered appropriations	-	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-	-	-	-	27.7	-	27.7
Total Defence Housing Australia	-	-	-	-	-	-	27.7	-	27.7
Total Portfolio	662.4	235.4	-35.4	84.2	-3.6	943.0	812.7	-	1,755.8

Notes

1. Figures shown include inter-agency transactions.

2. DMO receives interest receipts from overseas bank accounts which are returned to the OPA and do not form part of DMO's resources. The revised estimate for 2013-14 is \$0.3m.