

**PORTFOLIO SUPPLEMENTARY  
ADDITIONAL ESTIMATES  
STATEMENTS 2013-14**

**APPROPRIATION BILL (NO. 5) 2013-14**

**APPROPRIATION BILL (NO. 6) 2013-14**

**DEFENCE PORTFOLIO**

**EXPLANATIONS OF SUPPLEMENTARY  
ADDITIONAL ESTIMATES 2013-14**



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

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 these Portfolio Supplementary Additional Estimates Statements in support of the additional appropriations sought for the Defence Portfolio, through Appropriation Bill (No. 5) 2013-14 and Appropriation Bill (No. 6) 2013-14.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the Parliament and, through it, the public.

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nfp	not for publication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.

## Enquiries

Should you have any enquiries regarding this publication please contact Director Financial Policy, Chief Financial Officer Group, Department of Defence on (02) 6265 3899.

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



## USER GUIDE

The purpose of the 2013-14 Portfolio Supplementary Additional Estimates Statements (SAES), is to inform Senators, Members of Parliament and the public of the proposed allocation of additional resources to Government outcomes by agencies within the portfolio.

The SAES facilitate understanding of the proposed appropriations in Appropriation Bill (No. 5) 2013-14 and Appropriation Bill (No. 6) 2013-14. In this sense the SAES is declared by the Appropriation Acts to be a 'relevant document' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

Appropriation Bill (No. 5), which follows on from Appropriation Bill (No. 1) tabled at Budget and Appropriation Bill (No. 3) tabled at Additional Estimates, will provide additional expenditure authority for the ordinary annual services of government in respect of the 2013-14 financial year. Appropriation Bill (No. 6), which follows on from Appropriation Bill (No. 2) tabled at Budget and Appropriation Bill (No. 4) tabled at Additional Estimates, will provide additional expenditure authority in respect of the 2013-14 financial year for capital works and services, payments to or for the States, Territories and local government authorities, and new administered outcomes not authorised by specific legislation.



**AGENCY SUPPLEMENTARY  
ADDITIONAL ESTIMATES  
STATEMENTS**

**DEPARTMENT OF DEFENCE**

## **DEPARTMENT OF DEFENCE**

### **Overview of additional appropriations**

Since the 2013-14 Portfolio Additional Estimates, the Government has made a number of decisions impacting on Defence's 2013-14 Departmental appropriation.

The Government has agreed to supplement Defence for the net additional cost of the search for Malaysian Airlines Flight MH370, comprising \$25.0m in financial year 2013-14 and a further \$3.0m in financial year 2014-15.

Defence will also receive an additional \$500m in 2013-14 as a part of a broader Defence funding profile budget measure to better align Defence's funding with its capital investment requirements. The additional \$500m in 2013-14 will assist Defence in meeting its financial obligations in respect of Foreign Military Sales acquisitions.

Government has also decided that Defence will retain the proceeds, net of sales costs, from the sale of Defence estate for reinvestment into Defence capability. This results in additional funding for Defence of \$47.8m in 2013-14.

Defence funding has also been updated to reflect movements in foreign exchange which are funded on a no-win no-loss basis.

## AGENCY MEASURES TABLE

Table 1 summarises, by programme, new Government measures taken since the 2013-14 Additional Estimates.

Table 1 Defence 2013-14 Supplementary Additional Estimates Measures<sup>1)</sup>

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	Total FE \$'000
<b>Departmental expense measures</b>						
Malaysia Airlines Flight MH370 - search	2.1	24,956	2,954	-	-	27,910
Defence funding profile	Various	500,000	300,000	550,000	150,000	1,500,000
Defence real estate sales - direction of proceeds towards Defence projects	1.6	45,542	37,880	45,167	13,452	142,041
<b>Total Departmental expense measures</b>		<b>570,498</b>	<b>340,834</b>	<b>595,167</b>	<b>163,452</b>	<b>1,669,951</b>
<b>Other Departmental budget adjustments</b>						
Housing disposals adjustment	1.6	2,271	-	-	-	2,271
Foreign exchange	Various	91,100	223,856	125,700	117,396	558,052
<b>Total other Departmental budget adjustments</b>		<b>93,371</b>	<b>223,856</b>	<b>125,700</b>	<b>117,396</b>	<b>560,323</b>
<b>Variation to Defence funding</b>		<b>663,869</b>	<b>564,690</b>	<b>720,867</b>	<b>280,848</b>	<b>2,230,274</b>

### Note

1. The measures/other budget adjustments have also been included in the Portfolio Budget Statements 2014-15.

## ADDITIONAL ESTIMATES AND VARIATIONS

The following table details the changes to the resourcing for Defence at Supplementary Additional Estimates, by outcome. The table also details the Additional Estimates and variations resulting from new measures and any other variations since the 2013-14 Additional Estimates in Appropriation Bills (No. 5 and No. 6).

Table 2 Supplementary additional estimates and variations to outcomes from measures and other variations<sup>(1)</sup>

	Programme Impacted	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	Total FE \$'000
<b>Outcome 1</b>						
<b>Increase in estimates (Departmental)</b>						
Defence funding profile	Various	500,000	300,000	550,000	150,000	1,500,000
Defence real estate sales - direction of proceeds towards Defence projects	1 6	45,542	37,880	45,167	13,452	142,041
Housing disposals adjustment	1 6	2,271	-	-	-	2,271
Foreign exchange	Various	91,009	223,903	125,700	117,396	558,008
<b>Net impact on estimates for Outcome 1 (Departmental)</b>		<b>638,822</b>	<b>561,783</b>	<b>720,867</b>	<b>280,848</b>	<b>2,202,320</b>
<b>Outcome 2</b>						
<b>Increase in estimates (Departmental)</b>						
Malaysia Airlines Flight MH370 - search	2.1	24,956	2,954	-	-	27,910
Foreign exchange	2 2	91	-	-	-	91
<b>Decrease in estimates (Departmental)</b>						
Foreign exchange	2 2	-	47	-	-	47
<b>Net impact on estimates for Outcome 2 (Departmental)</b>		<b>25,047</b>	<b>2,907</b>	<b>-</b>	<b>-</b>	<b>27,954</b>

**Note**

1. The measures/other budget adjustments have also been included in the Portfolio Budget Statements 2014-15.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for Defence through Appropriation Bills (No. 5 and No. 6).

**Table 3: Appropriation Bill (No. 5) 2013-14**

	Total available appropriation 2012-13 \$'000	Budget and Additional estimates 2013-14 \$'000	Revised 2013-14 \$'000	Supplementary Additional Estimates 2013-14 \$'000
<b>DEPARTMENTAL PROGRAMMES</b>				
<b>Outcome 1</b>				
Australia's national interests are protected and advanced through the provision of military capabilities and the promotion of security and stability	21,491,302	23,406,633	23,440,073	33,440
<b>Outcome 2</b>				
Military operations and other tasks directed by the Government to achieve the desired results	1,394,539	997,772	1,022,827	25,055
<b>Outcome 3</b>				
Defence's support to the Australian community and civilian authorities to achieve the desired results	9,500	54,097	54,097	-
<b>Total</b>	<b>22,895,341</b>	<b>24,458,502</b>	<b>24,516,997</b>	<b>58,495</b>

**Table 4: Appropriation Bill (No. 6) 2013-14**

	Total available appropriations 2012-13 \$'000	Budget and Additional Estimates 2013-14 \$'000	Revised 2013-14 \$'000	Supplementary Additional Estimates 2013-14 \$'000
<b>Non-operating</b>				
Equity injections	456,289	918,385	1,521,488	603,103
<b>Total non-operating</b>	<b>456,289</b>	<b>918,385</b>	<b>1,521,488</b>	<b>603,103</b>