

Department of Defence

Agency Resources and Planned Performance

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DEPARTMENT OF DEFENCE

Section 1: Defence Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

Defence's primary focus continues to be to protect and advance Australia's strategic interests through the provision of appropriately prepared and equipped armed forces. To achieve this, Defence prepares for and conducts military operations and other tasks as directed by the Government.

Defence is transitioning from more than a decade focused on major operations in the Middle East and the South Pacific. The need to retain lessons-learned from this experience, prepare for the opportunities and challenges of strategic transformation in our region, and maximise Defence capability within fiscal guidance, are some of the key elements driving Defence strategy and activities.

The development of a new Defence White Paper has commenced and will be finalised by mid 2015. The White Paper will set out the Government's strategic direction and plan for Defence, and will be accompanied by a ten-year Defence Capability Plan.

Enhancing Defence engagement with allies and security partners in the Indo-Pacific region will remain a priority this year. Over 2014-15, the ADF will also continue to contribute to security in the Middle East and Afghanistan, including through the tasking of a major fleet unit to counter-piracy efforts in the Arabian Gulf and through assistance to the Afghan National Security Forces.

Defence will continue to build capacity to protect Australia's interests through the introduction of new capabilities such as the NUSHIP Canberra, expected to be commissioned into service in the first quarter of 2015 as the first of two Landing Helicopter Docks for the Navy. Australia's first two F-35 aircraft will also be completed in the third quarter of 2014 with an acceptance into service process in late 2014. Army's Plan BEERSHEEBA is continuing to maximise Army's capabilities, to best posture Army to respond to the full spectrum of possible operational commitments.

Australia continues to enhance cooperation with the United States, with 1150 US Marines expected to rotate into Northern Australia for training and other engagement activity this year. Defence will also continue to enhance its presence in Northern Australia, and the visibility of Defence activity in the region.

1.2 DEFENCE RESOURCE STATEMENT

Table 2: Total Defence Resourcing

Serial No.	2013-14 Estimated Actual \$'000		2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Defence resourcing								
1	24,516,997	Appropriation for departmental outcomes	25,631,057	25,882,986	251,929	26,998,653	27,323,446	29,141,201
2	1,521,488	Equity injection appropriation	1,963,011	2,463,678	500,667	2,350,830	2,079,013	2,796,576
3	-	Prior year appropriation	-	-	-	-	-	-
4	26,038,485	Current year's appropriation (1 + 2 + 3)	27,594,068	28,346,664	752,596	29,349,483	29,402,459	31,937,777
5	67,349	Draw down of appropriations carried forward	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-
7	-46,500	Return to the Official Public Account ^[1]	-38,733	-853	37,880	-875	-897	-919
8	20,849	Funding from / to the OPA (5 + 6 + 7)	-38,733	-853	37,880	-875	-897	-919
9	26,059,334	Funding from Government (4 + 8)	27,555,335	28,345,811	790,476	29,348,608	29,401,562	31,936,858
10	98,695	Capital receipts	95,524	97,224	1,700	170,234	113,846	61,196
11	952,408	Own source revenue (s31 receipts) ^[2]	848,306	859,673	11,367	873,367	893,714	929,612
12	-	Prior year receipts	-	-	-	-	-	-
13	1,051,103	Funding from other sources (10 + 11 + 12)	943,830	956,897	13,067	1,043,601	1,007,560	990,808
14	27,110,437	Total Defence funding (9 + 13)	28,499,165	29,302,708	803,543	30,392,209	30,409,122	32,927,666
Administered								
15	5,199,908	Administered special appropriations	4,602,100	4,916,602	314,502	5,120,736	5,209,255	5,346,538
16	1,464,570	Own source revenue	1,481,715	1,474,120	-7,595	1,520,752	1,438,508	1,367,633
17	-1,464,570	Returns to the Official Public Account	-1,481,715	-1,474,120	7,595	-1,520,752	-1,438,508	-1,367,633
18	5,199,908	Total Administered funding (15 + 16 + 17)	4,602,100	4,916,602	314,502	5,120,736	5,209,255	5,346,538
19	32,310,345	Total Defence resourcing (14 + 18)	33,101,265	34,219,310	1,118,045	35,512,945	35,618,377	38,274,204
Appropriation carried forward								
20	67,349	Appropriation receivable including previous year's outputs	-	-	-	-	-	-
21	68,460	Cash in bank	466	466	-	466	466	466
22	135,809	Total appropriations carried forward (20 + 21)	466	466	-	466	466	466

Notes

1. Represents net transfers to and from the Official Public Account.
2. All figures are net of GST.

1.3 BUDGET MEASURES

2014-15 Budget Measures and Other Budget Adjustments

Table 3: Defence 2014-15 Budget Measures

Programme	2013-14 Estimated Actual \$m	2014-15 Budget Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m	Total Forward Estimates \$m	
Departmental Budget Measures							
Expenditure Measures							
Middle East Area of Operations – continuation of Australia's military contribution	2.2	-	128.1	-33.7	18.5	-	112.9
Operation Resolute - extension	3.1	-	59.7	0.6	-	-	60.3
Australian Defence Force Support to the G20 Summit ^[1]	3.1	-	-	-	-	-	-
Malaysia Airlines Flight MH370 - search ^[2]	2.1	25.0	3.0	-	-	-	3.0
Defence funding profile ^[2]	various	500.0	300.0	550.0	150.0	-2,020.0	-1,020.0
Australian Defence Force Gap Year Programme - re-establishment	various	-	18.3	37.5	57.5	78.5	191.8
Savings and efficiencies ^[3]	various	-	-	-	-	-	-
Defence real estate sales - direction of proceeds towards Defence projects ^[2]	1.6	45.5	37.9	45.2	13.5	14.1	110.6
Defence Forces Retirement Benefits and Defence Force Retirement and Death Benefits superannuation payments - indexation ^[4]	various	-	-2.3	-4.3	-8.5	-12.0	-27.1
Military Superannuation - establish new accumulation arrangements	various	-	-	-	-87.6	-143.1	-230.7
United States Force Posture Initiative ^[1]	1.6	-	-	-	-	-	-
Efficiency Dividend .25 per cent increase	various	-	-7.4	-16.5	-24.8	-27.0	-75.8
Total Departmental Budget Measures		570.5	537.2	578.8	118.5	-2,109.5	-875.0
Other Departmental Budget Adjustments							
DMO direct appropriation adjustments ^[5]	various	-	29.4	32.1	33.2	34.6	129.4
Housing disposals adjustment ^[2]	1.6	2.3	-	-	-	-	-
Foreign exchange ^[2]	various	91.1	223.9	125.7	117.4	162.6	629.6
Total Other Departmental Budget Adjustments		93.4	253.3	157.8	150.6	197.2	759.0
Variation to Defence Departmental Funding		663.9	790.5	736.6	269.1	-1,912.2	-116.1
Administered Budget Measures							
Expenditure Measures							
Defence Forces Retirement Benefits and Defence Force Retirement and Death Benefits superannuation payments - indexation ^[4]	various	-	320.4	336.5	352.6	368.7	1,378.2
Military Superannuation - establish new accumulation arrangements	various	-	-	-	-156.9	-269.5	-426.4
Total Administered Budget Measures		-	320.4	336.5	195.7	99.2	951.8

Notes

1. The cost of this measure will be met from within the existing resourcing of the Department of Defence.
2. This expenditure measure/other budget adjustment has also been included in the 2013-14 Portfolio Supplementary Additional Estimates.
3. Amounts relating to the Savings and Efficiencies budget measure have been harvested from the Department of Defence and reinvested in capability programmes.
4. The costs of the Administered budget measure have been partially offset by the Departmental budget measure.
5. This budget adjustment relates to DMO direct appropriation transfers relating to reduced operating costs.

Operations Summary

Table 4: Net Additional Cost of Operations from 1999-00 to 2017-18

	1999-00 to 2012-13 Actual Result \$m	2013-14 Estimated Actual \$m	2014-15 Budget Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m
Operation Astute	4,308.1	5.4	-	-	-	-
Operation Bel Isi	47.7	-	-	-	-	-
Operation Slipper	6,189.5	970.9	240.8	121.9	103.9	-
Operation Manitou	-	-	52.0	2.9	1.7	-
Operation Accordion	-	-	57.0	1.7	-	-
Operation Resolute	150.0	41.4	59.7	0.6	-	-
Operation Catalyst	2,364.5	-	-	-	-	-
Operation Anode	346.4	11.3	0.1	-	-	-
Operation Southern Indian Ocean	-	25.0	3.0	-	-	-
Operation Sumatra Assist	44.5	-	-	-	-	-
Operation Acolyte	10.5	-	-	-	-	-
Operation Deluge	6.7	-	-	-	-	-
Operation Pakistan Assist	9.8	-	-	-	-	-
Operation Outreach	14.6	-	-	-	-	-
Operation Kruger	45.3	-	-	-	-	-
Enhanced Force Protection in Afghanistan	530.0	10.0	16.2	-	-	-
Defence Support to 2014 G20 Summit	-	7.1	8.0	-	-	-
Total Net Additional Costs	14,067.7	1,071.0	436.8	127.0	105.6	-
Sources of Funding for Operations:						
Government Supplementation	12,459.7	1,038.7	412.4	127.0	105.6	-
Department of Foreign Affairs and Trade	9.1	-	-	-	-	-
Department of Defence (Absorbed)	1,599.0	32.3	24.3	-	-	-
Total Cost	14,067.7	1,071.0	436.8	127.0	105.6	-

1.4 CAPITAL INVESTMENT PROGRAMME

Table 5: Capital Investment Programme

Serial No.		2014-15 Budget Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m	Total \$m
Defence Capability Plan (DCP)						
1	DMO delivered	770.8	1,762.2	2,731.7	3,545.6	8,810.3
2	Group and Services delivered	85.6	195.8	303.5	394.0	978.9
3	Total Defence Capability Plan (1+2)^[1]	856.4	1,958.0	3,035.3	3,939.5	9,789.2
4	Remaining DCP approvals in 2013-14	274.2	429.9	230.5	162.2	1,096.9
5	DCP available from 1 July 2014	397.3	1,149.0	2,293.1	2,886.2	6,725.5
6	Total Unapproved DCP (4+5)	671.5	1,578.9	2,523.6	3,048.4	7,822.4
Approved Major Capital Investment Programme						
7	DMO delivered	5,108.6	4,666.0	3,104.0	3,452.4	16,330.9
8	Group and Services delivered ^[2]	95.0	127.7	206.9	145.7	575.3
9	Government approved DCP projects yet to be allocated to Groups, Services or the DMO	184.9	379.1	511.7	891.1	1,966.9
10	Total Approved Major Capital Investment Programme (7+8+9)	5,388.5	5,172.8	3,822.6	4,489.2	18,873.1
Capital Facilities						
11	Approved capital facilities projects	935.3	189.1	167.2	16.9	1,308.5
12	Unapproved capital facilities projects	254.6	326.6	585.8	1,161.6	2,328.6
13	Total Capital Facilities Programme (11+12)	1,189.9	515.7	753.0	1,178.5	3,637.1
14	ICT Integrated Plan of Work^[3]	375.6	201.1	34.9	0.8	612.4
Minor Programme						
15	Approved DMO delivered	23.3	7.7	1.6	0.9	33.6
16	Approved Group and Services delivered	7.6	0.6	0.0	0.0	8.1
17	Unapproved DMO delivered	112.8	140.4	142.1	134.4	529.7
18	Unapproved Group and Services delivered	5.7	12.9	13.2	13.5	45.2
19	Total Minors Programme (15+16+17+18)	149.4	161.6	156.9	148.8	616.6
20	Other Investment^[4]	809.9	1,025.4	963.6	847.7	3,646.5
21	Total Capital Investment Programme (6+10+13+14+19+20)	8,584.8	8,655.4	8,254.5	9,713.4	35,208.2
	<i>Capital component</i>	7,496.2	7,667.5	7,321.3	8,735.7	31,220.7
	<i>Operating component</i>	1,088.7	987.9	933.2	977.6	3,987.4

Notes

- Total unapproved DCP (serial 6) and Government approved DCP projects yet to be allocated to Groups, Services or the DMO (serial 9) equal Total Defence Capability Plan (serial 3).
- The Capital Facilities and ICT components of the Approved Major Capital Investment Programme are included within serials 11 and 14 respectively.
- Only includes activities delivered by the Chief Information Officer Group.
- Includes the capital component of Repairable Items within the Capability Sustainment Programme.

Table 6: Capability Sustainment Programme

Serial No.		2014-15 Budget Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m	Total \$m
Current Sustainment						
1	Navy sustainment	1,969.7	1,999.7	1,996.0	2,009.0	7,974.4
2	Army sustainment	1,511.0	1,527.2	1,553.1	1,516.3	6,107.5
3	Air Force sustainment	1,855.0	1,936.9	1,855.0	1,963.7	7,610.6
4	Chief Information Officer sustainment	488.6	572.9	574.3	703.6	2,339.5
5	Vice Chief of the Defence Force sustainment	43.5	52.0	49.2	51.6	196.3
6	Office of the Secretary and CDF sustainment	20.3	19.0	16.2	15.7	71.2
7	Joint Operations Command sustainment	5.6	5.7	6.0	6.3	23.6
8	Defence Support and Reform Group sustainment	784.6	731.7	549.7	976.3	3,042.2
Future Sustainment (NPOC)						
9	Future sustainment costs associated with AMC P, ICT and facilities	164.4	440.1	895.5	1,181.4	2,681.4
10	Total Sustainment	6,842.8	7,285.2	7,494.9	8,423.8	30,046.7

Table 7: Retained Net Capital Receipts

Serial No.		2014-15 Budget Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m	Total \$m
Property Sales						
	Proceeds from the sale of land and buildings	49.3	123.6	70.7	-	243.5
	Proceeds from the sale of housing	12.4	13.1	13.8	14.5	53.8
	Total proceeds from the sale of property	61.7	136.7	84.5	14.5	297.3
	Costs from the sale of property	-23.8	-91.5	-91.1	-0.4	-206.8
1	Net property proceeds retained by Defence	37.9	45.2	-6.6	14.1	90.5
2	Proceeds from sale of specialist military equipment	7.5	7.5	7.5	7.5	30.2
3	Proceeds from sale of infrastructure, plant and equipment	28.0	26.0	21.8	39.2	115.0
4	Retained Net Capital Receipts (1+2+3)	73.4	78.7	22.7	60.8	235.7

1.5 PEOPLE

Workforce Overview

ADF Workforce

The ADF is forecast to achieve an Average Funded Strength of 56,395 in 2013-14. After reaching a peak in 2010-11, the permanent force strength began to slowly decrease, but has stabilised in early 2014. It is forecast that the ADF permanent strength will steadily grow towards approximately 59,500 over the forward estimate period. Drivers for this growth include the Hardened and Networked Army and a range of initiatives arising from White Papers and the Defence Capability Plan. Significantly, a major growth factor is the progressive re-introduction of the ADF Gap Year which will ultimately employ up to 1,000 participants per year.

The ADF permanent force grew significantly over the period 2007-11; this growth was supported by the Recruitment and Retention Program, and in response to requirements such as the Hardened and Networked Army, the Enhanced Land Force, the Defence Capability Plan and initiatives from the 2009 Defence White Paper. Towards the end of this growth period, recruiting targets were reduced in order to prevent the ADF workforce exceeding funding limits; Navy recruiting targets were also reduced due to training capacity limitations. At approximately the same time as recruiting targets were reduced, ADF separation rates started to increase, particularly within Army. This combination of reduced recruiting targets and increased separation rates led to a period of slowly reducing ADF permanent force strength.

A mix of internal and external factors contributed to the increase in the ADF separation rates. While it is difficult to distinguish the many influences, one clear factor that has impacted on Army and hence the ADF is the 2007-10 recruiting surge; many of the soldiers recruited during that surge are now separating because they have reached the end of their initial minimum period of service, which corresponds to a time in service where there is a higher propensity to leave.

Defence has developed the Defence Employment Offer framework to ensure that the Department maintains a compelling offer to join and stay with Defence. Differentiated offers can be made to deal with retention issues in specific parts of the workforce.

Navy has addressed many of the training pipeline issues that were preventing workforce growth. Recruiting targets are being increased for Navy and Army, which will aid in the growth towards a permanent workforce strength of around 59,500.

Civilian Workforce

In accordance with Government commitments, the Australian Public Service is reducing in size through natural attrition and a tightening of recruitment practices. As a result, Defence is also reducing its APS workforce, while ensuring that there is no reduction in standards of service in priority areas especially support to operations.

In 2014-15 Defence's APS workforce will reduce from an estimated 20,300 full time equivalents at the beginning of the financial year to 19,700 – a reduction of some 600, as illustrated in the table below. The estimated 20,300 full time equivalents at 01 July 2014 represent a reduction of almost 700 since 1 July 2013. The savings have been made possible by continuing reforms to Defence's business practices, including through the progress of Shared Services reform.

It is important to note that the figures in all the following tables for the DMO's APS workforce for 2013-14 and 2014-15 (but not subsequent years) include estimates of the impact of its combined workforce management model, under which the DMO can utilise funding from military positions that cannot be filled, to hire civilian staff to fill the gaps. This is illustrated in Table 8 below, and has the effect of increasing Defence's APS workforce at a Portfolio level as well as within DMO.

Table 8: End of Financial Year Full Time Equivalent (FTE) Estimates for 2013-14 and the Forward Estimates

	2013-14 Estimated Actual FTE	2014-15 Estimated Actual FTE	2015-16 Forward Estimate	2016-17 Forward Estimate	2017-18 Forward Estimate
Total APS	20,300	19,700	18,868	18,455	18,105

Defence’s contractor workforce shows an increase of 125 in average terms from 2013-14 to 2014-15. This is due to low contractor engagement in 2013-14 compared to forecasts.

In addition, service providers working under outcomes-based contracts employ their own workforces to support Defence capabilities. These service providers undertake activities such as garrison support, information and communications technology functions and maintenance activities. The size of this workforce cannot be quantified as it is employed by third party organisations which have no obligation to report workforce numbers or arrangements to Defence.

Workforce Summary

The total full time Defence workforce, including the DMO, is forecast to be 79,734 in 2014-15, comprising:

- Permanent Forces (74 per cent) of:
 - 14,318 Navy Personnel
 - 30,383 Army Personnel
 - 14,138 Air Force Personnel
- 20,092 APS staff (25 per cent) – including 432 for ADF backfill under the DMO workforce management model
- 493 Contractors (less than 1 per cent).

The forecast for the total of Active and High Readiness Reserves in 2014-15 is 20,500.

Over the forward estimates period, the total Permanent ADF and Civilian workforce will reduce by 1,248 from the forecast of 79,424 in 2014-15 to 78,176 in 2017-18.

The total planned strength of the Defence workforce is shown in Tables 9 and 10, while a breakdown by Service and rank or level appears at Table 11.

Defence People

Defence people play an essential role in delivering capability and meeting Defence outcomes. There will be significant effort in support of the development of the Defence White Paper in 2014-15. Defence will continue with its reforms to deliver a more flexible ADF workforce model, that encompasses all ADF members' ability to serve. These activities will enable the planning and delivery of a more sustainable people capability aligned with broader Defence requirements, now and into the future.

To support the capability needs of Defence, enhancing workforce flexibility, retaining essential skills, and achieving cultural reform will remain a high priority for the coming year, and will require sustained effort over several years to effect lasting change. The focus in 2014-15 will be to continue the implementation of *Pathway to Change* through a range of key actions and review recommendations, as well as monitoring and measuring Defence's success in achieving its cultural intent.

The Sexual Misconduct Prevention and Response Office (SeMPRO) will continue operations throughout 2014-15 to provide support to ADF members who report sexual misconduct. A key focus in 2014-15 will be on prevention and education, including the development of through-career Sexual Ethics Education packages. SeMPRO will continue to visit Defence locations around Australia to raise awareness and, where necessary, provide an outreach service.

Increased effort in creating and sustaining an inclusive and diverse workforce remains a key component of cultural reform. In particular, measures are being taken to increase the representation and employment opportunities for women and Indigenous Australians in Defence. These reforms include greater access to flexible workplace arrangements, mentoring programs and increased effort to recruit, support and retain these groups in Defence. A pilot to provide increased APS employment opportunities for people with an intellectual disability will continue in 2014-15.

Defence will continue developing new approaches to differentiating the employment offer at both a group and individual level, so that the retention of those who are critical to capability, and actively being sought for civilian employment, can be assured. Critical employment areas will be addressed through a well-targeted package of cost-effective measures embracing both financial and non-financial elements of the employment offer and taking into account the tight fiscal environment.

Table 9: Planned Workforce Allocation for the 2014-15 Budget and Forward Estimates—Average Fulltime^[1]

	2013-14 Estimated Actual	2014-15 Budget Estimate ^[2]	2015-16 Forward estimate ^[2]	2016-17 Forward estimate ^[2]	2017-18 Forward estimate ^[2]
ADF Permanent Force^[3]					
Navy	13,839	14,318	14,385	14,374	14,422
Army	28,580	30,383	30,464	30,768	31,027
Air Force	13,976	14,138	14,216	14,235	14,125
1 Total Permanent Force	56,395	58,839	59,065	59,377	59,574
Civilian Employees					
APS – Defence	15,268	14,883	13,962	13,314	13,007
APS – DMO	4,815	4,777	5,106	5,141	5,098
APS – DMO – ADF backfill	428	432	–	–	–
2 Total APS^[4]	20,511	20,092	19,068	18,455	18,105
Contractors – Defence	346	445	447	453	453
Contractors – DMO	22	48	46	46	44
3 Total Contractors^[5]	368	493	493	499	497
4 Total Civilian Employees (2 + 3)	20,879	20,585	19,561	18,954	18,602
Total Workforce Strength (1 + 4)	77,274	79,424	78,626	78,331	78,176

Table 10: Planned Workforce Allocation for the 2014-15 Budget and Forward Estimates—Reserve^[1]

	2013-14 Estimated Actual	2014-15 Budget Estimate ^[2]	2015-16 Forward Estimate ^[2]	2016-17 Forward Estimate ^[2]	2017-18 Forward Estimate ^[2]
Active Reserve Force					
Navy	2,100	2,150	2,175	2,210	2,175
Army	14,750	15,000	15,250	15,500	15,750
Air Force	2,800	2,800	2,760	2,720	2,680
1 Sub-total Active Reserve Force	19,650	19,950	20,185	20,430	20,605
High Readiness Reserve					
Navy	–	–	–	–	–
Army	250	250	250	250	250
Air Force	300	300	340	380	420
2 Sub-total High Readiness Reserve Force	550	550	590	630	670
Total Reserves (1 + 2)	20,200	20,500	20,775	21,060	21,275

Notes to Tables 9 and 10

1. All numbers for the fulltime workforce elements represent average fulltime equivalents. Due to the nature of Reserve service, numbers for the Reserve Force represent paid headcounts.
2. Budget Estimates and Forward Estimates for the fulltime workforce elements represent the Government approved strength for each year.
3. Numbers for ADF Permanent Force include ADF members in the DMO and Reservists on full-time service.
4. Defence's approved APS allocation for 2014-15 is 19,970. The figure of 20,092 includes an allowance of 432 for additional APS members employed under the DMO's combined workforce management model.
5. Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

Table 11: Breakdown of Average Personnel Numbers by Service and Rank

	2013-14 Estimated Actual	2014-15 Budget Estimate
Navy^[1]		
One Star and above	58	55
Senior Officers ^[2]	611	620
Officers	2,851	2,930
Other Ranks	10,319	10,713
Total Navy	13,839	14,318
Army^[1]		
One Star and above	78	82
Senior Officers ^[2]	809	851
Officers	5,433	5,716
Other Ranks	22,260	23,734
Total Army	28,580	30,383
Air Force^[1]		
One Star and above	53	52
Senior Officers ^[2]	681	655
Officers	4,025	4,216
Other Ranks	9,217	9,215
Total Air Force	13,976	14,138
APS^[1]		
Senior Executives ^[3]	168	171
Senior Officers ^[2]	6,524	6,489
Other APS Staff	13,819	13,432
Total APS	20,511	20,092
Contractors ^[4]	368	493
Total Workforce	77,274	79,424

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2014-15. Numbers for the APS and Contractors include the DMO.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The figures for Senior Executive Service include the Secretary of the Department of Defence, 16 Chiefs of Division and 2 Medical Officers Grade 6.
4. Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

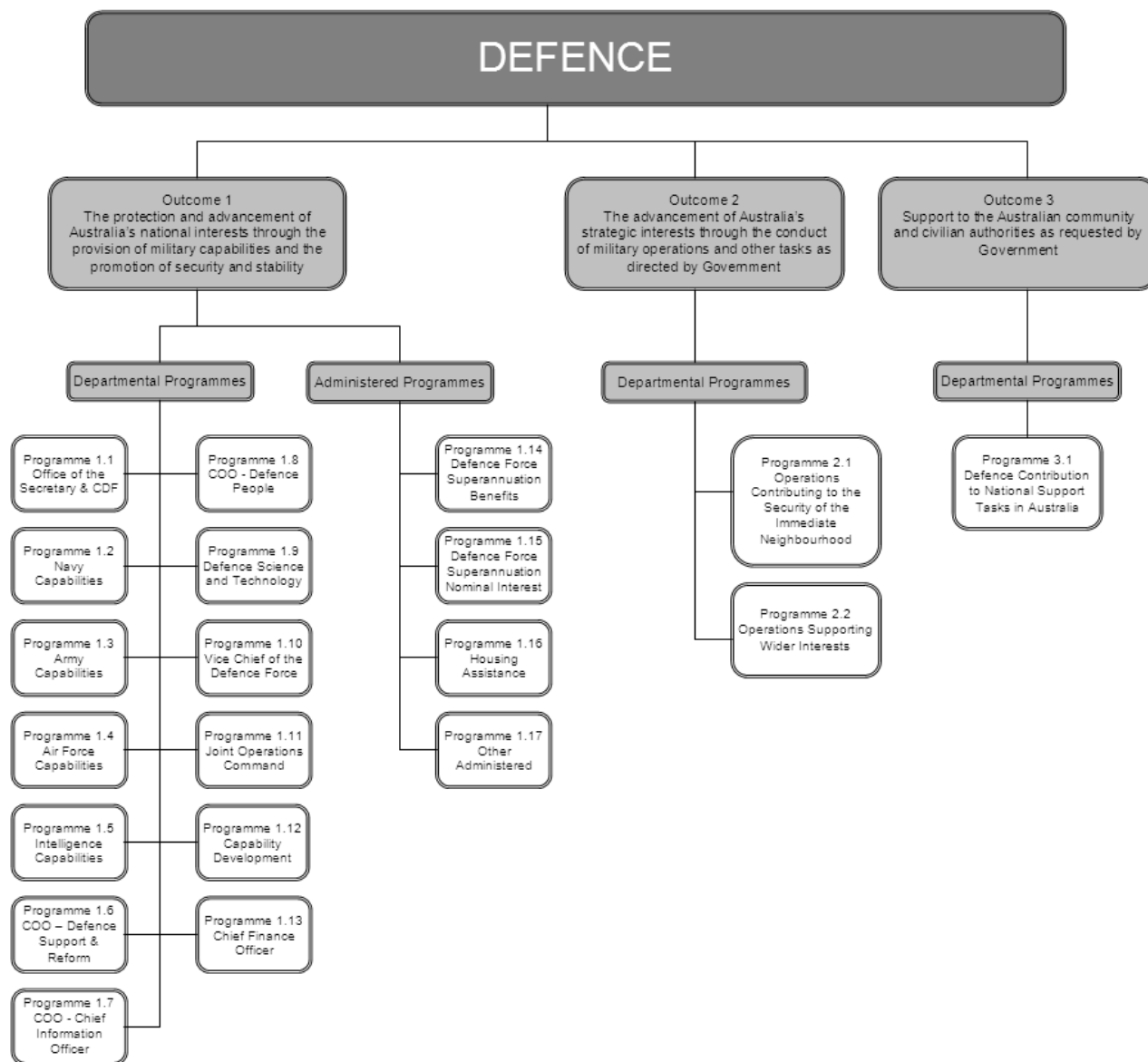
Section 2: Defence Outcomes and Planned Performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Defence in achieving Government outcomes.

Figure 3: Structure of Defence’s Outcomes



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

Outcome 1 Strategy

Outcome 1 addresses the following strategic objectives:

- maintaining and building a defence capability that underpins Australia's security and prosperity and provides options for a credible response wherever Australia's security interests are engaged
- strengthening Australia's defence partnerships with our allies and regional partners and globally.

Defence strategy guides the Department in developing and maintaining the capacity to deter and defeat attacks on Australia, and defend our interests elsewhere in the world.

Increasingly, this is not just a function of the military capabilities Australia has at its disposal, but also the quality of our international relationships with both our long-term security partners and with emerging powers in the region. It is important to build bilateral and multilateral defence and security relationships to enable regional defence and security forces to develop habits of cooperation with Australia and each other.

A critical challenge under Outcome 1 lies in finding the balance between our priority of effort on supporting current operations, and the need to position the Department for long-term success with the strategy and capability to manage a rapidly-changing strategic environment.

The primary focus of Outcome 1 is on maintaining the capacity to support current commitments and provide strategic response options to the Government to meet the range of potential future security contingencies. It also covers working collaboratively with our neighbours and the broader international defence community, and contributing to coalition operations in support of Australia's national interests. As well as the provision of military capabilities, this outcome encompasses all of the policy, command and support functions undertaken by the organisation.

Defence's administered appropriations relating to superannuation, housing support services for current and retired Defence personnel and Other Administered are covered by Outcome 1. Apart from supporting current operations, which are described in detail under Outcomes 2 and 3, the priorities that will be progressed under Outcome 1 in 2014-15 are:

- to increase the professional and personal accountability of Defence personnel, and to improve Defence management and decision-making processes
- delivering on the Government's commitment to release a 2015 Defence White Paper
- implementing the recommendations of the Cultural Reviews under the *Pathway to Change*
- supporting the programme of efficiency and economy measures to ensure that all areas of Defence are best able to support and deliver future military capability requirements
- continuing the commitment to the recruitment and retention of ADF personnel.

Outcome 1 Resources

Table 12: Total Budgeted Resources Available for Outcome 1

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Programme 1.1 Office of the Secretary and CDF					
Revenues from other sources	539	538	540	534	531
Departmental outputs	164,146	160,008	189,059	185,317	199,476
Programme 1.2 Navy Capabilities					
Revenues from other sources	164,756	128,840	133,804	137,745	142,752
Departmental outputs	4,585,977	4,797,105	4,920,583	4,821,999	4,823,609
Programme 1.3 Army Capabilities					
Revenues from other sources	101,736	108,015	110,890	108,039	130,867
Departmental outputs	5,729,352	5,986,472	6,279,144	6,202,393	6,254,202
Programme 1.4 Air Force Capabilities					
Revenues from other sources	218,148	194,350	202,389	211,064	220,261
Departmental outputs	4,564,679	4,761,993	5,001,470	4,879,689	5,000,247
Programme 1.5 Intelligence Capabilities					
Revenues from other sources	12,276	11,478	12,017	12,238	12,288
Departmental outputs	518,654	537,966	589,395	578,462	616,794
Chief Operating Officer (COO)					
Revenues from other sources	333,096	356,600	439,984	424,266	367,121
Departmental outputs	5,279,776	5,548,196	5,580,332	5,505,047	6,497,796
Programme 1.6 Chief Operating Officer - Defence Support and Reform					
Revenues from other sources	324,849	351,297	437,397	421,545	364,567
Departmental outputs	3,729,187	4,085,667	4,052,837	4,004,696	4,844,815
Programme 1.7 Chief Operating Officer - Chief Information Officer					
Revenues from other sources	8,247	5,303	2,587	2,721	2,554
Departmental outputs	1,089,636	979,344	1,058,183	1,022,266	1,174,751
Programme 1.8 Chief Operating Officer - Defence People					
Revenues from other sources	-	-	-	-	-
Departmental outputs	460,953	483,185	469,312	478,085	478,230
Programme 1.9 Defence Science and Technology					
Revenues from other sources	32,112	35,159	36,035	37,003	38,043
Departmental outputs	421,217	408,191	423,613	409,871	407,197
Programme 1.10 Vice Chief of the Defence Force					
Revenues from other sources	329,338	346,506	335,162	346,515	360,012
Departmental outputs	1,196,585	1,230,805	1,255,736	1,280,858	1,356,475
Programme 1.11 Joint Operations Command					
Revenues from other sources	334	336	360	363	364
Departmental outputs	48,259	52,168	52,912	54,915	59,708
Programme 1.12 Capability Development					
Revenues from other sources	20,208	26,224	32,292	37,863	44,215
Departmental outputs	344,979	1,423,081	2,050,603	2,747,015	3,324,800
Programme 1.13 Chief Finance Officer					
Revenues from other sources	794,797	805,333	841,652	884,979	910,439
Departmental outputs	586,449	556,532	528,760	552,268	600,897

Table 12 (Continued): Total Budgeted Resources Available for Outcome 1

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Programme 1.14 Defence Force Superannuation Benefits					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	-	-	-	-	-
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	124,657	105,382	92,819	81,150	70,712
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,020,000	1,318,868	1,367,676	1,305,468	1,285,518
Total Administered Expenses	2,144,657	1,424,250	1,460,495	1,386,618	1,356,230
Administered revenues from other sources	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Total Programme 1.14	864,755	100,156	94,160	123,472	146,842
Programme 1.15 Defence Force Superannuation Nominal Interest					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	21,954	28,598	27,203	25,858	24,565
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,345,795	1,782,778	1,801,001	1,817,114	1,829,951
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	1,584,493	1,567,812	1,710,208	1,850,688	2,000,140
Total Administered Expenses	2,952,242	3,379,188	3,538,412	3,693,660	3,854,656
Administered revenues from other sources	-	-	-	-	-
Total Programme 1.15	2,952,242	3,379,188	3,538,412	3,693,660	3,854,656
Programme 1.16 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	1,817	1,511	1,256	1,042	863
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	101,192	111,653	120,573	127,935	134,789
Total Administered Expenses	103,009	113,164	121,829	128,977	135,652
Administered revenues from other sources	12,727	13,335	13,973	14,384	14,710
Total Programme 1.16	90,282	99,829	107,856	114,593	120,942
Programme 1.17 Other Administered					
Administered revenues from other sources	168,761	133,463	150,033	161,587	160,441
Total Programme 1.17	-168,761	-133,463	-150,033	-161,587	-160,441
Total resourcing					
Total Departmental outputs	23,440,073	25,462,517	26,871,607	27,217,834	29,141,201
Total Administered	3,738,518	3,445,710	3,590,395	3,770,138	3,961,999
Total Departmental revenue from other sources	2,007,340	2,013,379	2,145,125	2,200,609	2,226,893
Total Administered revenue from other sources	1,461,390	1,470,892	1,530,341	1,439,117	1,384,539
Equity injection	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Total resources for Outcome 1	32,168,809	34,856,176	36,488,298	36,706,711	39,511,208

Contributions to Outcome 1

Programme 1.1: Office of the Secretary and CDF

Programme 1.1 Objective

The Office of the Secretary and CDF (OSCDF) Group's primary objective in delivering Programme 1.1 is to support the Secretary and CDF so they can deliver high quality policy advice to the Government, drive organisational reform and exercise strategic leadership.

The OSCDF Group manages the vast array of operational, policy, commercial, regulatory, risk and other matters associated with the Defence mission of defending Australia and its national interests.

During 2014-15, the Group will continue to drive implementation of the strategic reforms across Defence. It will implement new measures to align Defence's corporate functions with strategic planning and lead the development of the *2015 Defence White Paper*.

The Group comprises the small personal offices of the Secretary and CDF, the Strategy Executive, the Audit and Fraud Control Division and a number of Military Justice agencies.

Table 13: Cost Summary for Programme 1.1 Office of the Secretary and CDF

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	36,601	36,078	39,414	38,892	39,852
Suppliers	121,923	118,534	144,921	141,911	155,384
Grants	4,667	4,759	4,308	4,417	4,482
Depreciation and amortisation	1,494	1,175	956	631	289
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	164,685	160,546	189,599	185,851	200,007
Income					
Revenues					
Goods and services	439	435	434	426	420
Other revenue	100	103	106	108	111
Total revenue	539	538	540	534	531
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	539	538	540	534	531
Programme 1.1 Office of the Secretary and CDF	164,146	160,008	189,059	185,317	199,476

Programme 1.1 Deliverables

- Provide direction for the contribution of Defence to operations as directed by Government.
- Ensure delivery of the Defence Cooperation Programme within available resources.
- Lead the development of the 2015 Defence White Paper.
- Ensure Defence strategic policy objectives align with Government direction and priorities, including fiscal policy.
- Ensure Defence's international relationships promote security and enhance productive Defence partnerships, particularly regionally, consistent with broader foreign policy goals including through practical engagement conducted under the Defence Cooperation Programme as discussed in Appendix A.
- Provide policy advice on strategic issues including strategic risks and core Defence strategy settings, arms control, counter-proliferation, counter-terrorism, international engagement, cyber, space and ballistic missile defence policy, major capability acquisitions, industry and innovation policy.
- Improve the management of export control of defence and strategic goods.
- Administer use of the Australia-United States Defence Trade Cooperation Treaty by Australian Government agencies and defence industry.
- Implementation of the recommendations of the Review into the Woomera Prohibited Area.
- On behalf of the Secretary and CDF undertake independent audits of Defence activities, and coordinate Australian National Audit Office activity in Defence.
- On behalf of the Secretary and CDF, take a leading role in the prevention and detection of fraud, undertake fraud investigations, and produce the Defence Fraud Control Plan.

Programme 1.1 Key Performance Indicators

- Staff skills are developed and personnel management practices successfully balance competing priorities.
- Policy guidance is forward-looking, timely, innovative and practical.

Programme 1.2: Navy Capabilities

Programme 1.2 Objective

The Navy's primary objective in delivering Programme 1.2 is to provide maritime forces that contribute to the ADF's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect our national interests. This is achieved by providing maritime patrol and response, interdiction and strategic strike, amphibious warfare capabilities, protection of shipping and offshore territories and resources, maritime intelligence collection and evaluation, hydrographic and oceanographic operations, and escort duties. Peacetime activities include maritime surveillance and response within Australia's offshore maritime zones, hydrographic, oceanographic and meteorological support operations, humanitarian assistance, disaster relief and maritime search and rescue.

In 2014-15, the Navy will continue to maintain sufficient combatant forces to deploy on operations as directed by the CDF, while managing the ongoing challenges and capability risks associated with the sustainment of the fleet and aviation forces, shortages in trained personnel and upgrades to a number of fleet units.

The year will mark the arrival of significant new capability with the introduction into service of the first Landing Helicopter Dock (LHD) and the first Seahawk Romeo flight, but will also see the decommissioning of the frigate HMAS *Sydney*, the Landing Ship Heavy (LSH) HMAS *Tobruk* and the Heavy Landing Craft (LCH) HMA Ships *Brunei*, *Labuan* and *Tarakan*, as they reach their end-of-life.

Navy will contribute to the 100th anniversary of the Gallipoli campaign with the deployment of two ships to the Mediterranean to participate in memorial services during April 2015.

The *Rizzo Plan to Reform Support Ship Repair and Management Practices*, established in July 2011, will continue to be implemented in 2014-15, including further change activities aimed at improving sustainment business practices, enhancement of Navy-DMO working arrangements and introduction of more effective seaworthiness governance. The programme will also persist with its important work aimed at rebuilding engineering capability in Navy.

Navy will continue dealing with workforce challenges in 2014-15, principally skills and number shortages, which will be addressed through a number of strategies including lateral recruitment of foreign service personnel and financial incentives to reduce separation rates. Transition to new platforms and technologies has also necessitated workforce restructure in some areas and this work will be ongoing.

Navy remains committed to the *Defence Pathway to Change*, underpinned by the New Generation Navy programme which is driving cultural change and entrenching values and behaviors consistent with modern community standards and attitudes.

Table 14: Cost Summary for Programme 1.2 Navy Capabilities

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	1,790,245	1,866,271	1,985,944	1,937,677	1,986,478
Suppliers	1,963,950	2,117,819	2,204,059	2,177,991	2,214,871
Grants	400	-	-	-	-
Depreciation and amortisation	889,323	824,934	745,846	726,561	646,265
Finance cost	17,539	28,584	31,120	30,152	31,138
Write-down of assets and impairment of assets	89,276	88,337	87,418	87,363	87,609
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	4,750,733	4,925,945	5,054,387	4,959,744	4,966,361
Income					
Revenues					
Goods and services	91,790	67,162	71,258	74,624	78,294
Other revenue	42,520	31,241	32,034	32,216	33,023
Total revenue	134,310	98,403	103,292	106,840	111,317
Gains					
Reversal of previous asset write-downs	30,446	30,437	30,512	30,905	31,435
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	30,446	30,437	30,512	30,905	31,435
Total income	164,756	128,840	133,804	137,745	142,752
Programme 1.2 Navy Capabilities	4,585,977	4,797,105	4,920,583	4,821,999	4,823,609

Programme 1.2 Deliverables

- Provide assigned forces and maintain preparedness to deliver capability to meet Government requirements.
- Undertake joint collective training to ensure force elements are prepared for deployment and operations.
- In consultation with the Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Navy capabilities to the Government, the CDF and the Secretary.
- Deliver reform and savings without compromising agreed levels of Navy capability and safety.
- Meet national hydrographic survey and charting obligations.

Table 15: Navy Deliverables (Unit Ready Days)[1]

Deliverables		2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
20	Major Combatants ^[2]	3,522	2,986	3,499	3,758	4,334
20	Minor Combatants ^[3]	4,477	4,837	4,672	4,555	4,607
9	Amphibious and Afloat Support ^[4]	2,047	1,508	965	1,487	1,521
7	Maritime Teams ^[5]	2,555	2,555	2,562	2,555	2,555
9	Hydrographic Force ^[6]	3,035	2,810	3,172	2,935	2,989

Notes

1. Unit Ready Days (URD) are the aggregate number of days that constituent force elements are available for tasking.
2. Major Combatants comprises Adelaide class frigates, Anzac class frigates, Hobart class air warfare destroyers (from 2016-17) and submarines. Two Adelaide class frigates are to be withdrawn from service, HMAS *Sydney* in December 2014 and HMAS *Darwin* in March 2017. HMAS *Waller* will undergo repairs for whole of 2014-15.
3. Minor Combatants comprises Armidale class patrol boats and coastal mine hunters (MHC). MHCs *Hawkesbury* and *Norman* were placed in extended readiness in 2009.
4. Amphibious and Afloat Support comprises oil tanker, replenishment ship, landing ship dock, heavy landing ship, heavy landing craft and Canberra class landing helicopter dock (from Initial Operating Capability 2015-16). The three remaining heavy landing craft are due to decommission November 2014, and HMAS *Tobruk* is due to decommission December 2014.
5. Maritime Teams comprises clearance diving teams, the deployable geospatial support team and mobile meteorological and oceanographic teams.
6. Hydrographic Force comprises hydrographic ships, survey motor launches, chart production office and meteorological and oceanographic centres.

Table 16: Navy Deliverables (Unit Availability Days)^{[1] [2]}

Deliverables		2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
20	Major Combatants ^[3]	-	2,830	3,234	3,473	3,833
20	Minor Combatants ^[4]	-	4,273	4,299	4,181	4,149
9	Amphibious and Afloat Support ^[5]	-	1,298	908	1,402	1,372
7	Maritime Teams ^[6]	-	2,555	2,562	2,555	2,555
9	Hydrographic Force ^[7]	-	2,352	2,523	2,459	2,464

Notes

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately. UAD differs from URD in that for UAD minor maintenance periods, defects, training and personnel state of a unit are taken into account.
2. UAD is intended to replace URD as the Navy statutory reporting measure. Both URD and UAD will be reported for a transition period of two years (2014-15 and 2015-16).
3. Major Combatants comprises Adelaide class frigates, Anzac class frigates, Hobart class air warfare destroyers (from 2016-17) and submarines. Two Adelaide class frigates are to be withdrawn from service, HMAS *Sydney* December 2014 and HMAS *Darwin* March 2017. HMAS *Waller* will undergo repairs for whole of 2014-15.
4. Minor Combatants comprises Armidale class patrol boats and coastal mine hunters (MHC). MHCs *Hawkesbury* and *Norman* were placed in extended readiness in 2009.
5. Amphibious and Afloat Support comprises oil tanker, replenishment ship, landing ship dock, heavy landing ship, heavy landing craft and Canberra class landing helicopter dock (from Initial Operating Capability 2015-16). The three remaining heavy landing craft are due to decommission November 2014, and HMAS *Tobruk* is due to decommission December 2014.
6. Maritime Teams comprises clearance diving teams, the deployable geospatial support team and mobile meteorological and oceanographic teams.
7. Hydrographic Force comprises hydrographic ships, survey motor launches, chart production office and meteorological and oceanographic centres.

Table 17: Navy Deliverables (Products)

Deliverables	2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Maritime Safety Updates ^[1]	1,100	1,100	1,200	1,200	1,200
Charting Projects ^[2]	-	20	20	20	20
Nautical Publications ^[3]	30	30	31	30	29

Notes

1. A Maritime Safety Update is an urgent safety-critical revision to a published Electronic Navigational Chart (ENC), distributed to the nautical community on a fortnightly cycle.
2. A Charting Project includes all priority elements involved in producing paper and electronic charts for particular geographic area projects. This deliverable was previously reported as number of individual nautical charts produced, and has been consolidated into the number of Charting Projects to better align with the *Hydroscheme* structure.
3. Nautical publications include four annual publications: Hydroscheme, Australian Tide Tables, Annual Notices to Mariners and AusTides, 25 fortnightly Notices to Mariners, and selected additional publications each year.

Table 18: Navy Deliverables (Flying Hours)

Deliverables	2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
16 S-70B-2 (Seahawk) ^[1]	3,600	2,800	2,000	1,200	300
13 AS350BA (Squirrel) ^[2]	4,000	3,600	3,600	3,600	3,600
13 MH-60R	600	2,400	3,400	4,800	6,050
- MRH90 ^[3]	-	-	-	-	-
1 Laser airborne depth sounder aircraft	980	980	980	980	980

Notes

1. Seahawk hours are being reduced in parallel with the introduction of its replacement, the MH-60R.
2. Squirrel hours reduced by 400 as one aircraft is to be designated as a full-time static training aid to progress maintainer training.
3. Navy is operating MRH90s; however, their flying hours have been included under Army Aviation deliverables, as Army is joint capability manager for the aircraft. Navy has six aircraft and approximately 1,500 hours per annum in the mature state.

Programme 1.2 Key Performance Indicators

- Achieve levels of preparedness as directed by CDF.
- Generate and sustain forces to meet the Government’s operational requirements.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Navy capabilities to the Government, the CDF and the Secretary.
- Achieve Hydroscheme 2013-16 data and surveying tasking requirements to meet national hydrographic surveying and charting obligations.

Programme 1.3: Army Capabilities

Programme 1.3 Objective

Army's primary objective in delivering Programme 1.3 is to contribute to the achievement of the Government's defence objectives through the provision of capabilities for land and special operations. Army is to prepare forces for Joint Force-In-Being contributions to understanding and shaping the strategic environment; assisting civil authorities in Australia and abroad; and, deterring, denying and/or defeating adversaries the opportunity to attack or threaten Australia, or its strategic interests.

Army's first priority is to continue to support forces and individuals deployed on operations. During 2014-15 Army will remain committed across a spectrum of operations at the domestic, regional and global level. Army will continue to sustain and preserve the ability to deploy and sustain a brigade group and a battalion group, in different areas of operation, for a prolonged period of time in our primary operational environment.

Army will further develop and refine the Army Sustainment Campaign Plan and Force Generation Cycle to ensure Army is capable of supporting current operations while concurrently posturing to meet the challenges of future operations. During 2014-15, the implementation of Multi-role Combat Brigade and Army Reserve reform under Plan BEERSHEBA will see increased commonality of structures and capability across Army. These changes will optimise Army's Force Generation Cycle and achieve efficiencies in personnel management, resource usage and equipment required to sustain operational missions and readiness for potential contingencies. Army will continue to deliver Plan BEERSHEBA within extant resources, utilising Army's Unapproved Minor Programme budget.

Army will build on its existing cultural strengths through the implementation of a range of initiatives to ensure the organisation excels in preparing for and conducting operations to win the land battle, while reflecting modern community standards and attitudes. Some of these initiatives include: increasing the availability and take-up rate of Flexible Workplace Arrangements; including Respect as the fourth of Army's Values; increasing the participation rates of females and indigenous personnel; and, enhancing mentoring programmes across Army.

Table 19: Cost Summary for Programme 1.3 Army Capabilities

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	3,354,349	3,563,631	3,892,209	3,816,986	3,922,322
Suppliers	1,518,584	1,779,241	1,814,539	1,823,157	1,873,164
Grants	252	84	88	90	93
Depreciation and amortisation	892,040	684,735	615,649	601,584	519,474
Finance cost	2,554	3,554	4,116	3,972	4,228
Write-down of assets and impairment of assets	63,309	63,242	63,433	64,643	65,788
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	5,831,088	6,094,487	6,390,034	6,310,432	6,385,069
Income					
Revenues					
Goods and services	72,024	78,065	82,375	86,244	90,821
Other revenue	4,689	3,953	4,052	617	633
Total revenue	76,713	82,018	86,427	86,861	91,454
Gains					
Reversal of previous asset write-downs	21,816	22,099	22,565	23,480	24,354
Net gains from sale of assets ^[1]	3,207	3,898	1,898	-2,302	15,059
Other gains	-	-	-	-	-
Total gains	25,023	25,997	24,463	21,178	39,413
Total income	101,736	108,015	110,890	108,039	130,867
Programme 1.3 Army Capabilities	5,729,352	5,986,472	6,279,144	6,202,393	6,254,202

Note:

1. At the Portfolio level Defence has budgeted for a total net gain from the sale of assets. Whilst the amount shown in the 2016-17 forward estimate represents a loss for this Programme, the overall Portfolio budget outcome is for a gain.

Programme 1.3 Deliverables

- Prepare, sustain and lead assigned forces to deliver capability to meet Government requirements.
- Conduct force generation and force preparation and maintain preparedness of capability as directed by the CDF.
- Continue to contribute to domestic security operations.
- In consultation with Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Army capabilities to the Government, the CDF and the Secretary.
- Develop programmes to increase diversity within Army's workforce including clear milestones for improving female and indigenous participation by December 2015.
- Continue to strengthen and improve programmes that provide support for Army's seriously wounded and ill personnel.
- Undertake joint collective training to ensure force elements are prepared for deployment.
- Deliver force generation, namely a training continuum that unifies individual and collective training to ensure Defence Elements are prepared for Joint Force-In-Being contributions, including joint enabling activities supporting other Services/Groups.
- Implement reform through the Adaptive Army framework, Army Continuous Modernisation Plan and the Army Plan while continuing preparation of Force Elements for operational commitments and contingencies (this includes the Plan BEERSHEBA initiatives such as the forming of Multi-role Combat Brigades, an amphibious capability and reform of the Army Reserve).
- Deliver Group specific reform and savings without compromising agreed levels of Army capability, including the revamping of Army's governance, risk, and budgeting and performance achievement management.

Table 20: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables		2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
6	CH-47D Chinook	1,850 ^[1]	1,700	380	-	-
7	CH-47F Chinook	-	-	1,320	1,700	1,700
34	S-70A Black Hawk ^[2]	6,500	5,090	4,230	3,730	2,000
41	B-206 Kiowa ^[3]	6,400	6,150	6,150	6,150	6,150
22	ARH Tiger ^[4]	3,100	4,726	5,846	6,277	6,277
47	MRH90 Taipan ^[5]	4,000	5,400	7,100	8,400	9,300

Notes

1. The Chinook 2013-14 Rate of Effort comprised 1700 hours Baseline plus 150 hours Operational Supplement. The Chinook has been split into two lines to reflect transition of six CH-47D to seven CH-47F in 2015-16. (New commissioning commences July 2015).
2. Rate of Effort requirements for S-70A are based on the current MRH90 Acceptance into Operational Service (AIOS) schedule. The Planned Withdrawal Date is June 2018.
3. The Kiowa Planned Withdrawal Date (PWD) has been extended to December 2019 due to delays in the Helicopter Aircrew Training System (HATS) project.
4. ARH Rate of Effort continues to be impacted by poor sustainment support resulting in reduced aircraft availability and aircrew numbers at 1 Aviation Regiment.
5. A recent Deed of Agreement (Deed 2) between Australian Aerospace and the Commonwealth of Australia has revised the aircraft delivery and retrofit schedule, reducing fleet numbers and projected growth rates.

Programme 1.3 Key Performance Indicators

- Achieve levels of preparedness as directed by the CDF.
- Meet the Government's operational requirements.
- Generate and sustain forces for each current operation.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Army capabilities to the Government, CDF and the Secretary.

Programme 1.4: Air Force Capabilities

Programme 1.4 Objective

Air Force prepares forces to contribute to joint efforts of:

- understanding and shaping the strategic environment
- assisting civil authorities in Australia and abroad
- deterring, denying and/or defeating adversaries the opportunity to attack or threaten Australia or its strategic interests.

Air Force contributes to the achievement of Government's defence objectives by providing immediate and responsive military options as part of a whole-of-government, joint or coalition response, either from Australia or when deployed overseas. Air Force's objective is achieved through our core air power roles – control of the air; strike; air mobility; and intelligence, surveillance and reconnaissance – which are supported by our enabling air powers roles – command and control; force protection; and force generation and sustainment.

Capabilities provided by Air Force offer a unique combination of perspective, speed, reach, flexibility, precision and payload; and the ability to generate integrated kinetic and non-kinetic effects across the air, maritime, land, space and cyber operating domains. Frequently, the options and capabilities provided by Air Force are also employed by the Government in a range of non-military activities such as search and rescue, disaster relief, humanitarian assistance, coastal and maritime surveillance, evacuation of civilians from trouble spots, and other protective functions.

Table 21: Cost Summary for Programme 1.4 Air Force Capabilities

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	1,803,454	1,866,901	2,000,514	1,963,326	2,012,445
Suppliers	1,825,718	2,041,211	2,158,797	2,089,813	2,214,032
Grants	50	-	-	-	-
Depreciation and amortisation	1,034,371	926,454	922,046	915,827	871,043
Finance cost	8,987	12,506	14,483	13,978	14,877
Write-down of assets and impairment of assets	110,247	109,271	108,019	107,809	108,111
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	4,782,827	4,956,343	5,203,859	5,090,753	5,220,508
Income					
Revenues					
Goods and services	173,965	151,537	159,395	167,508	175,893
Other revenue	6,552	5,086	5,213	5,333	5,465
Total revenue	180,517	156,623	164,608	172,841	181,358
Gains					
Reversal of previous asset write-downs	37,631	37,727	37,781	38,223	38,903
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	37,631	37,727	37,781	38,223	38,903
Total income	218,148	194,350	202,389	211,064	220,261
Programme 1.4 Air Force Capabilities	4,564,679	4,761,993	5,001,470	4,879,689	5,000,247

Programme 1.4 Deliverables

- Prepare, sustain and lead assigned forces in operations to deliver capability to meet Government requirements.
- Provide air power options for Government by meeting directed preparedness requirements while minimising resource expenditure.
- In consultation with the Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Air Force capabilities to the Government, the CDF and the Secretary.
- Engage with Government, the public, international partners, Defence groups, industry, other stakeholders and Air Force members to maximise achievement of all outputs.
- Deliver reform, including resource management and cultural change, without compromising capability, safety or airworthiness.

Table 22: Air Force Deliverables (Flying Hours)

Deliverables		2013-14 Estimated Actual	2014-15 Budget Estimate	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
63	PC-9 ^[1]	15,112	17,852	17,852	17,852	17,852
16	B300 King Air 350	10,300	11,400	11,400	11,400	11,400
12	C-130J Hercules	7,350	7,350	7,350	8,250	8,250
6	C-17A Globemaster III	5,200	5,200	5,200	5,200	5,200
10	C-27J Spartan	-	1,000	2,500	5,000	7,500
5	KC-30A MRTT ^[2]	2,200	3,100	3,100	3,100	3,100
2	B737 BBJ ^[3]	1,500	1,600	1,600	1,600	-
3	CL604 Challenger	2,200	2,403	2,403	2,403	-
18	AP-3C Orion ^[4]	7,800	7,900	6,770	6,465	4,660
6	E-7A Wedgetail	3,000	3,600	3,600	3,600	3,600
71	F/A-18A/B Hornet	11,600	13,000	13,000	13,000	12,000
24	F/A-18F Super Hornet ^[5]	4,600	5,050	5,200	4,000	4,000
8	P-8A Poseidon	-	-	-	450	2,762
33	Hawk 127	6,700	7,500	7,500	7,500	7,500
12	E/A-18G Growler	-	-	-	800	1,600

Notes

1. Planned Withdrawal Date extended to Dec 2019.
2. Rate of Effort not achieved due to extension of boom remediation plan by deploying a second KC-30A to Spain.
3. BBJ and Challenger contract extended to 2017.
4. Rate of effort revised to reflect AP-3C drawdown.
5. Rate of effort revised to reflect introduction of EA-18G Growler.

Programme 1.4 Key Performance Indicators

- Achieve levels of preparedness as directed by the CDF.
- Meet the Government's operational requirements.
- Generate and sustain forces for each current operation.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Air Force capabilities to the Government, the CDF and the Secretary.

Programme 1.5: Intelligence Capabilities

Programme 1.5 Objective

Intelligence and Security Group delivers Programme 1.5 through the two main objectives of delivering intelligence capability for Defence and Government; and leads the development of security policy, standards and plans to meet Defence's protective security requirements and provide information security services to Government.

As Defence's ability to preserve its intelligence capability edge is critically dependent on the availability of skilled and experienced ADF and civilian personnel, the Group has broadened its recruitment and retention strategies through programmes, such as targeted university recruitment drives, incentives for staff with specific language and technical talents, and enhanced use of online recruitment tools. These initiatives will continue in 2014-15.

The Defence Security Authority leads the Defence security community in minimising the security risks to Defence's people, information and material. The Authority is responsible for developing security policy, reporting on security performance, investigating serious security incidents, producing security intelligence and threat assessments, developing and delivering specialist security training, and undertaking personnel security vetting for the majority of Commonwealth agencies and related industry.

Table 23: Cost Summary for Programme 1.5 Intelligence Capabilities

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	262,905	260,009	281,575	281,021	291,171
Suppliers	222,039	241,111	266,663	249,512	270,377
Grants	-	-	-	-	-
Depreciation and amortisation	43,678	45,320	49,865	56,622	63,698
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	2,308	3,004	3,309	3,545	3,836
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	530,930	549,444	601,412	590,700	629,082
Income					
Revenues					
Goods and services	11,243	10,134	10,536	10,652	10,572
Other revenue	-	-	-	-	-
Total revenue	11,243	10,134	10,536	10,652	10,572
Gains					
Reversal of previous asset write-downs	1,033	1,344	1,481	1,586	1,716
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	1,033	1,344	1,481	1,586	1,716
Total income	12,276	11,478	12,017	12,238	12,288
Programme 1.5 Intelligence Capabilities	518,654	537,966	589,395	578,462	616,794

Programme 1.5 Deliverables

- Provide timely, accurate and high quality intelligence and security support in accordance with Government priorities to support the ADF, policy and wider security operations.
- Deliver enhanced capabilities to better exploit next generation technologies, improve intelligence assessment, and enhance the security of the Government's information.
- Provide advice and assistance to the Government on the security and integrity of electronic information, cryptography and communications technology.
- Meet the Australian Government Security Vetting Agency's key performance results as specified in the agency's Service Level Charter.
- Strengthen the management framework of the Australian Government Security Vetting Agency.
- Provide management and strategic direction for Defence's foreign language capability.
- Ensure the effectiveness of the intelligence and security governance and compliance framework.
- Strengthen the workforce through targeted recruitment, retention and training initiatives.
- Ensure effective and efficient transfer of expertise, capabilities and intelligence across key international partnerships, and strengthen collaboration with national agencies.
- Contribute to reform outcomes.

Programme 1.5 Key Performance Indicators

- Deliver intelligence and security services to meet Defence and Government requirements.
- Develop next generation intelligence, geospatial and security assessment capabilities; including Geoint, Sigint and Cyber.
- Strengthen the approach to security across Defence and Government.
- Deliver strategic guidance and management support to meet Defence's foreign language requirements.
- Achieve best practice in governance and compliance.
- Ensure that the intelligence and security workforce is developed and skilled.
- Deliver intelligence capability dividends through international and national partnerships.

Chief Operating Officer

COO Objective

The core purpose of the Chief Operating Officer (COO) Domain is to orchestrate service delivery outcomes for the Defence organisation as a whole. This mandate is focused on ensuring the Australian Defence Organisation can deliver its required outcomes. It is exercised through the:

- Provision of effective and efficient enabling services (including policy services)
- Establishment of standards and monitoring of service delivery performance in Defence
- Management of the Corporate Plan, Annual Plan, Strategic Risk Framework, and the organisational performance reporting system
- Provision of coordinated and substantive advice to the Defence Ministers, Secretary and the Chief of Defence Force, offering practical, cost-effective approaches to fulfil the Government's Defence responsibilities.

Delivering on the core purpose requires strong partnering arrangements with all Groups and Services.

The COO domain incorporates three Programmes: Programme 1.6 COO-Defence Support and Reform, Programme 1.7 COO-Chief Information Officer, and Programme 1.8 COO-Defence People.

Table 24: Cost Summary for Chief Operating Officer

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	1,348,512	1,410,334	1,458,362	1,475,279	1,523,922
Suppliers	2,960,847	3,161,384	3,158,334	3,031,321	3,997,328
Grants	1,342	1,614	1,521	1,553	1,586
Depreciation and amortisation	1,085,767	1,105,452	1,111,602	1,119,617	1,126,488
Finance cost	97,501	102,000	102,619	106,482	104,964
Write-down of assets and impairment of assets	74,530	79,129	82,811	85,072	87,081
Net losses from sale of assets	-	-	-	-	-
Other expenses	44,373	44,883	105,067	109,989	23,548
Total expenses	5,612,872	5,904,796	6,020,316	5,929,313	6,864,917
Income					
Revenues					
Goods and services	304,783	315,964	334,750	338,500	350,877
Other revenue	9,757	9,508	8,771	9,209	9,670
Total revenue	314,540	325,472	343,521	347,709	360,547
Gains					
Reversal of previous asset write-downs	8,827	10,120	10,980	11,174	11,226
Net gains from sale of assets ^[1]	9,729	21,008	85,483	65,383	-4,652
Other gains	-	-	-	-	-
Total gains	18,556	31,128	96,463	76,557	6,574
Total income	333,096	356,600	439,984	424,266	367,121
Chief Operating Officer (COO)	5,279,776	5,548,196	5,580,332	5,505,047	6,497,796

Note:

1. At the Portfolio level Defence has budgeted for a total net gain from the sale of assets. Whilst the amount shown in the 2017-18 forward estimate represents a loss for the Chief Operating Officer, the overall Portfolio budget outcome is for a gain.

Programme 1.6: Chief Operating Officer – Defence Support and Reform
Programme 1.6 Objective

This programme contributes to the outcome through:

- Efficient and responsive delivery of an agreed range of services that support the Australian Defence Organisation, and are fundamental to generating Defence capability and preparedness.
- Managing, developing and sustaining the Defence estate to support current and future Defence capability.
- Developing and delivering corporate services that best support Defence's ability to effect necessary reforms.

Table 25: Cost Summary for Programme 1.6 Chief Operating Officer – Defence Support and Reform

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	1,033,563	1,118,399	1,174,982	1,202,031	1,244,047
Suppliers	1,899,326	2,196,114	2,138,266	2,031,614	2,846,567
Grants	-	-	-	-	-
Depreciation and amortisation	917,299	911,667	903,448	908,269	920,290
Finance cost	97,445	101,956	102,609	106,482	104,964
Write-down of assets and impairment of assets	62,030	63,945	65,862	67,856	69,966
Net losses from sale of assets	-	-	-	-	-
Other expenses	44,373	44,883	105,067	109,989	23,548
Total expenses	4,054,036	4,436,964	4,490,234	4,426,241	5,209,382
Income					
Revenues					
Goods and services	301,614	315,964	334,750	338,500	350,877
Other revenue	9,757	9,508	8,771	9,209	9,670
Total revenue	311,371	325,472	343,521	347,709	360,547
Gains					
Reversal of previous asset write-downs	3,749	3,825	3,876	3,936	4,020
Net gains from sale of assets	9,729	22,000	90,000	69,900	-
Other gains	-	-	-	-	-
Total gains	13,478	25,825	93,876	73,836	4,020
Total income	324,849	351,297	437,397	421,545	364,567
Programme 1.6 Chief Operating Officer - Defence Support and Reform	3,729,187	4,085,667	4,052,837	4,004,696	4,844,815

Programme 1.6 Deliverables

- Provide accurate, timely, high quality advice and support to the Defence Ministers, CDF, Secretary and the Government to support effective risk management, decision making and policy engagement.
- Provide high-level integration, coordination, reporting and oversight of Defence strategic reform programmes.
- Provide specialist legal advice and support to Defence Ministers, the Secretary, CDF, Defence and the Government, and legal advice and support for ADF operations.
- Continue to implement reforms to the Military Justice System.
- Formulation of concept, policy, legislation and procedure for the Defence legislative programme.
- Deliver base support services and other services to Defence.
- Maintain single service, joint, combined and coalition capability by providing training area and range management, estate development services, and coordinating support to major domestic operations and exercises.
- Manage and sustain the Defence estate to meet Government and Defence requirements by developing and delivering major infrastructure, property, base security improvement, and environment plans and programmes. The approved 2014-15 Major Capital Facilities Programme is outlined at Appendix C.
- Increase public awareness of Defence activities and achievements and strengthen Defence capabilities in media-related activities to promote Defence's reputation.

Programme 1.6 Key Performance Indicators

- Timeliness and quality of advice, including Cabinet documentation, provided by the Department meets requirements.
- Business outcomes are improved as part of broader Defence reform.
- Agreed support services are delivered to support Defence capability requirements.
- The Defence estate is managed and maintained to meet current and future Defence capability and Government priorities.
- Approved Major Capital Facilities Projects are delivered within budget and schedule, compliant with legislative and other statutory requirements, standards and policies.
- Defence meets its legislative and regulatory obligations.
- Defence legal support, including specialist legal advice, is provided to Defence Ministers, the Secretary, CDF and the Government in support of effective decision making and policy engagement.
- ADF operational capability is supported, including through the deployment of ADF lawyers to provide access to relevant and timely legal support.

Programme 1.7: Chief Operating Officer – Chief Information Officer

Programme 1.7 Objective

The Chief Information Officer Group's (CIOG) objective in delivering Programme 1.7 is to provide Defence with dependable, secure and integrated ICT capabilities to support the conduct of ADF operations and Defence business.

The 2009 Defence ICT Strategy identified five clear objectives for Defence's future ICT environment:

- greater ICT scalability, flexibility and adaptability
- improved information speed and accuracy
- continued technological capability edge
- enhanced interoperability
- improved business support.

CIOG is focussed on implementing a number of initiatives that are fundamental to the realisation of the Defence ICT Strategy and essential to delivering capability to support the ADF. This will result in the simplification, consolidation and standardisation of the Defence platform. The delivery of these initiatives, as well as several other large programmes of work, will assist other Defence reform.

Table 26: Cost Summary for Programme 1.7 Chief Operating Officer - Chief Information Officer

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	127,837	123,267	103,922	95,392	97,447
Suppliers	790,742	654,918	734,992	704,547	860,327
Grants	-	-	-	-	-
Depreciation and amortisation	166,748	191,234	204,897	207,832	202,416
Finance cost	56	44	10	-	-
Write-down of assets and impairment of assets	12,500	15,184	16,949	17,216	17,115
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,097,883	984,647	1,060,770	1,024,987	1,177,305
Income					
Revenues					
Goods and services	3,169	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	3,169	-	-	-	-
Gains					
Reversal of previous asset write-downs	5,078	6,295	7,104	7,238	7,206
Net gains from sale of assets ^[1]	-	-992	-4,517	-4,517	-4,652
Other gains	-	-	-	-	-
Total gains	5,078	5,303	2,587	2,721	2,554
Total income	8,247	5,303	2,587	2,721	2,554
Programme 1.7 Chief Operating Officer - Chief Information Officer	1,089,636	979,344	1,058,183	1,022,266	1,174,751

Note:

1. At the Portfolio level Defence has budgeted for a total net gain from the sale of assets. Whilst the amount shown in the budget estimate and forward estimates represents a loss for this Programme, the overall Portfolio budget outcome is for a gain.

Programme 1.7 Deliverables

The priorities for the FY14/15 budget allocation will continue to be:

- Support to Military Operations:
 - Maintain support to ADF operations through the provision of agreed Information and Communication Technology support, the delivery of network defensive operations, and the maintenance of a disaster recovery capability.
- The Information and Communications Technology (ICT) Reform projects including security and the realisation of the Single Information Environment (SIE):
 - The Defence ICT Reform Projects are the principle vehicle for the management and delivery of the Defence ICT Strategy. The ICT Reform Programme is building an improved SIE and governance framework that can effectively support Defence war fighting and business reform objectives through to 2030. The reform projects including centralised processing Terrestrial Communications, Next Generation Desktop and Defence's new People system (JP2080 2B.1) will ensure Defence Information and Communication Technology support for military and civilian customers now, and into the future.
- Maintenance of essential Business as Usual (BAU) Information and Communications Technology (ICT) operations and services; and
 - Maintain and support the BAU ICT operations and services which include communication lines, data centres, software licences, provision of work stations, help desk services, printers, faxes and phones
 - Continue to plan and implement ICT shared services
 - Deliver ICT services in accordance with the Defence ICT Services Delivery Charter and maintain the integrity and security of the Defence SIE.
- Approved Defence Capability Plan (DCP), Major Capital Facilities (MCF), other approved projects and system enhancements.
- To deliver the ICT elements of endorsed projects and system enhancements in the DCP, MCF and ICT work plans developed through regular engagement with customer representatives.

Programme 1.7 Key Performance Indicators

- ICT Capabilities are developed and sustained in accordance with agreed stakeholder priorities.
- Strategic investment in consolidated networks, infrastructure, service orientated architecture, applications and information management enables transition to a Single Information Environment.
- ICT security is maintained to an appropriate level.
- ICT shared services reforms are effective in reducing costs and increasing productivity across Defence.
- ICT services and service support are delivered in accordance with the Defence ICT Services Delivery Charter and the Defence ICT Services Catalogue.

Programme 1.8: Chief Operating Officer – Defence People

Programme 1.8 Objective

The Defence People Group's (DPG's) primary objectives in delivering Programme 1.8 are to deliver sustainable People Capability to support the achievement of Defence outcomes. This includes a range of deliverables and initiatives in support of the following key areas:

- **Culture:** Defence has a fair, inclusive and respectful environment.
- **Numbers:** There are sufficient numbers of people to achieve the Defence mission for the current and future force.
- **Skills:** Our people have the required skills to achieve the Defence mission for the current and future force.
- **Commitment:** Defence people are committed to delivering the required capability now and for the future force.
- **System:** The Defence people system is agile, effective and efficient.
- **Safety:** The health, safety and welfare of our people is paramount.

DPG will be reviewing delivery of sustainable People Capability in support of the development of the next White Paper. The progress to date in implementing cultural reform through *Pathway to Change* along with continuous improvement in the delivery of Human Resources Shared Services (HRSS) will continue to be an area of focus.

Table 27: Cost Summary for Programme 1.8 Chief Operating Officer – Defence People

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	187,112	168,668	179,458	177,856	182,428
Suppliers	270,779	310,352	285,076	295,160	290,434
Grants	1,342	1,614	1,521	1,553	1,586
Depreciation and amortisation	1,720	2,551	3,257	3,516	3,782
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	460,953	483,185	469,312	478,085	478,230
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Programme 1.8 Chief Operating Officer - Defence People	460,953	483,185	469,312	478,085	478,230

Programme 1.8 Deliverables

- Provide timely, accurate and high-quality advice on key People issues to the Secretary, CDF and Government.
- Continued coordination and facilitation of the Defence-wide implementation of *Pathway to Change*, ongoing cultural reform and sustaining the momentum of our diversity agenda.
- Facilitate access by the Defence Abuse Response Taskforce to information and records held by Defence.
- Process applications for Defence medals that reward excellence, achievement and outstanding service.
- In conjunction with Department of Veterans' Affairs coordinate the measures to provide seamless support to wounded, ill and injured members of the ADF.
- Continue support to Defence members and families through a national service delivery model.
- Coordinate and facilitate the implementation of the Defence Work Health and Safety Strategy in 2012-17.
- Conduct ADF recruiting.
- Sustaining improvements in APS workforce management including talent management and professionalisation.

Programme 1.8 Key Performance Indicators

- Advice to the Secretary, CDF and Government on People issues is timely and of a high quality.
- Implementation of *Pathway to Change* across Defence, consistent with the timeframes outlined in supporting implementation strategies.
- Timely and responsive facilitation of access to Defence information and records by the Defence Abuse Response Taskforce.
- Ensure timely recognition of ADF members, ex-serving members and APS employees in accordance with the Australian and Imperial Honours and Awards systems, and civilian long service recognition and commendation schemes.
- Seamless support to wounded, ill and injured members of the ADF is provided in conjunction with Department of Veterans' Affairs.
- Provide professional support services to ADF members and families, including delivery of family support programmes and bereavement support in the event of death and serious casualties.
- Implementation milestones are achieved on schedule for the Defence Work Health and Safety Strategy 2012-17 and the Diversity and Inclusion Strategy.
- ADF recruiting achievement.
- Projects and initiatives described in the People chapter of the *Defence Annual Plan*, which are aimed at delivering a sustainable People capability in Defence, are completed in a timely manner and achieve the desired outcomes.

Programme 1.9: Defence Science and Technology

Programme 1.9 Objective

The Defence Science and Technology Organisation's (DSTO) principal objective in delivering Programme 1.9 is to provide valued scientific advice and innovative technology solutions to the Government, Defence and Australia's national security agencies to support the conduct of Defence operations, the provision of Defence capabilities and the promotion of security and stability. DSTO also has whole-of-government responsibility for coordinating science and technology (S&T) support to national security.

This objective is achieved through applied research focussed on supporting Defence and national security operations, sustaining and enhancing current capability, and supporting the development and acquisition of future capability. The organisation also has a future-proofing role for Defence by investigating client-focussed future concepts, contexts and capabilities.

DSTO's strategic research programme is future-focussed, aimed at providing game changing capability for Defence and national security in the longer term by responding to emerging threats and opportunities.

In achieving its objectives, DSTO draws upon the world class scientific ability of its staff and research facilities, and extensive networks and partnerships with external organisations such as international research agencies, industry and academia. These networks support DSTO's role as a knowledge and innovation integrator for Defence and promote defence science and education in the broader Australian community.

Table 28: Cost Summary for Programme 1.9 Defence Science and Technology

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	299,168	293,746	311,371	306,946	303,378
Suppliers	127,398	123,099	122,740	114,094	116,785
Grants	-	-	-	-	-
Depreciation and amortisation	24,625	24,190	23,003	23,076	22,094
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	2,138	2,315	2,534	2,758	2,983
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	453,329	443,350	459,648	446,874	445,240
Income					
Revenues					
Goods and services	31,155	34,123	34,901	35,769	36,708
Other revenue	-	-	-	-	-
Total revenue	31,155	34,123	34,901	35,769	36,708
Gains					
Reversal of previous asset write-downs	957	1,036	1,134	1,234	1,335
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	957	1,036	1,134	1,234	1,335
Total income	32,112	35,159	36,035	37,003	38,043
Programme 1.9 Defence Science and Technology	421,217	408,191	423,613	409,871	407,197

Programme 1.9 Deliverables

- Provide timely, accurate and expert science and technology (S&T) advice on Defence and national security related matters to the Secretary, CDF and Government.
- Provide effective, relevant and timely:
 - S&T solutions and technical support to Defence operations, to the current force and to national security agencies' operations and capabilities
 - S&T support to capability development and acquisition decision making, including technical risk assessment and certification for Defence Capability Plan projects.
- Deliver a programme of strategic research aimed at enhancing future Defence and national security capabilities and maintaining the organisation's world-class research expertise and facilities.
- Further develop strategic partnerships with external organisations, in particular international partners, local industry and academia; promote defence science and related education in the broader Australian community.
- Contribute to Defence reform outcomes by continuing to seek and implement improvements to DSTO leadership, business and culture, including fostering diversity and gender equality.

Programme 1.9 Key Performance Indicators

- Advice to Defence and the Government on science and technology (S&T) matters is valued through its contribution to improved Defence and national security outcomes.
- The applied research programme is strategically balanced and aligned with the needs of Defence in support of operations, the current force, capability development and acquisition, and the needs of national security agencies.
- Research programme outputs enable enhanced Defence and national security capability, treat risks and save resources.
- Strategic research is focussed on supporting future Defence capability; it enables game-changing capability in the longer term, to both prevent and create strategic surprise.
- Programme outcomes are delivered on time, in scope and within agreed resources.
- DSTO's S&T capability is contributed to by:
 - a workforce with world-class expertise and facilities, measured through benchmarking and client feedback.
- Appropriately leveraged S&T engagement and partnerships with international research organisations, industry and academia.

Programme 1.10: Vice Chief of the Defence Force

Programme 1.10 Objective

Vice Chief of the Defence Force Group's mission is to develop, deliver, enable and ensure Defence joint capability in order to protect and advance Australia's national and strategic interests. The Group enables Defence to meet its objectives through the provision of military strategic effects and commitments advice and planning, the development and delivery of joint, common and APS education and training, logistics support, health support, ADF Cadet and Reserve policy, joint capability coordination, preparedness management, joint and combined ADF doctrine.

The VCDF Group has responsibility for the Australian Civil-Military Centre, which was established by the Government in 2008 with the role of supporting the development of national civil-military capabilities to prevent, prepare and respond more effectively to conflicts and disasters overseas.

In addition, the Group has responsibility for the ADF Parliamentary Programme, the Federation Guard, ADF ceremonial activities, the ADF Investigative Service, Strategic Communications Branch and the Counter Improvised Explosive Device Task Force.

VCDF Group is committed to drive cultural reform in line with Defence's *Pathway to Change* Programme.

Table 29: Cost Summary for Programme 1.10 Vice Chief of the Defence Force

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	545,167	543,809	609,468	606,739	648,853
Suppliers	566,982	602,881	534,407	555,445	581,367
Grants	25	25	25	-	-
Depreciation and amortisation	27,915	28,269	28,169	29,533	32,817
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	385,834	402,327	418,829	435,656	453,450
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,525,923	1,577,311	1,590,898	1,627,373	1,716,487
Income					
Revenues					
Goods and services	128,952	137,560	117,651	120,270	124,531
Other revenue	-	-	-	-	-
Total revenue	128,952	137,560	117,651	120,270	124,531
Gains					
Reversal of previous asset write-downs	200,386	208,946	217,511	226,245	235,481
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	200,386	208,946	217,511	226,245	235,481
Total income	329,338	346,506	335,162	346,515	360,012
Programme 1.10 Vice Chief of the Defence Force	1,196,585	1,230,805	1,255,736	1,280,858	1,356,475

Programme 1.10 Deliverables

- Lead the preparation of departmental military strategic advice to Government via Ministerial Submissions, Ministerial Representations, Question Time Briefs and Cabinet Submissions.
- Provide military strategic planning and communication expertise to CDF in order to prepare direction from CDF to subordinate headquarters.
- Provide investigative and policing advice and deliver investigative services to maintain discipline within the ADF.
- Deliver agreed savings and reforms within the VCDF Group including in the areas of logistics, reserves, and preparedness and personnel and operating costs.
- Deliver coordinated logistic advice and services to the ADF, and provide oversight and assurance of the Defence logistic capability.
- Provide policy advice and deliver services to optimise the health of ADF personnel.
- Provide Defence, inter-agency, combined and joint capability coordination and preparedness management.
- Build and sustain a learning environment that links education, training and skilling to Defence capability.
- Enhance capacity of Reserves to support Defence capability.
- Provide a coordinated, coherent and well-governed approach to youth development programmes in the Australian Defence Organisation in order to provide a positive youth development experience.
- Promote best-practice civil-military engagement through the Australian Civil-Military Centre.

Programme 1.10 Key Performance Indicators

- Timely, accurate and widely consulted advice provided to Government.
- High level of engagement with Joint Operations Command, International Policy Division, Strategic Policy Division, Australian Civil-Military Centre, and other Government agencies, for operational matters.
- Advice is readily sourced and made available to the Offices of CDF and VDCF to support strategic decision making.
- ADF operational tempo is managed within concurrency constraints.
- Group-specific reform and savings have been achieved.
- ADF operations and exercises receive effective and efficient logistics and health support and services.
- ADF joint and combined operational capability is enhanced.
- Delivery of learning outcomes that deliver the skills required for defence capability.
- Planning and policy frameworks for the contribution of the Reserves to Defence and the wider community are enhanced.
- Governance and accountability frameworks enhance the youth development experience within the ADF Cadets and the Defence Work Experience Programme.
- Australian Civil-Military Centre delivers its goals effectively and efficiently in accordance with Government instructions.
- Timely, accurate and widely consulted advice on nature of service classifications.
- Timely and accurate advice on strategic communications.
- Delivery of Australian best practice policing and investigative support to the ADF.
- Group-specific outcomes and programmes are delivered on time and within agreed resources.

Programme 1.11: Joint Operations Command

Programme 1.11 Objective

Joint Operations Command (JOC) is the ADF joint integrated operational level headquarters (HQ) responsible for ADF contributions to combined and interagency operations and international engagement activities, both domestically and internationally, in order to achieve Government and CDF's strategic priorities and direction.

Chief of Joint Operations (CJOPS), as the commander of JOC, commands Headquarters Joint Operations Command (HQJOC), Northern Command (NORCOM), 1st Joint Movements Group and Joint Task Forces established for operations and major exercises. CJOPS is supported by Liaison Officers assigned to HQJOC from the Australian Federal Police, Defence International Policy Division and the Department of Foreign Affairs and Trade.

CJOPS is the CDF's principal adviser on operational matters and is responsible to the CDF for the conduct of military operational planning and the development and maintenance of Regional Campaign Plans through which Defence activities by JOC assigned assets can be synchronised and coordinated with the wider ADO, other government agencies and Australia's alliance partners. CJOPS exercises command over assigned deployed combined (coalition and multilateral, military and interagency) and joint task forces and the Australian contingents to United Nations operations.

CJOPS is the ADF Search and Rescue (SAR) authority and also is responsible for coordinating Defence Assistance to the Civil Community (DACC) and Defence Force Aid to the Civil Authority (DFACA). In addition, and on behalf of the CDF, CJOPS is responsible for the ADF's commitment to protecting Australia's borders, through the provision of ADF resources to the Border Protection Command for border protection tasks.

As the Capability Coordinator for joint collective training, CJOPS is responsible for the coordination and management of ADF joint collective training across three core functions of the joint collective training management framework. This includes joint training management, joint knowledge management and joint evaluation and support.

VCDF has delegated Defence wide simulation coordination responsibility to CJOPS. As such CJOPS is responsible for coordinating the ADO wide enterprise governance of the Defence Synthetic Environment.

The Border Protection Command programme is listed and reported in the Customs and Border Protection Service section of the Attorney-General Portfolio Budget Statements (PBS).

Table 30: Cost Summary for Programme 1.11 Joint Operations Command

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	6,083	6,577	6,567	6,218	6,509
Suppliers	40,449	42,357	41,616	42,539	45,823
Grants	-	-	-	-	-
Depreciation and amortisation	2,061	3,570	5,089	6,521	7,740
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	48,593	52,504	53,272	55,278	60,072
Income					
Revenues					
Goods and services	334	336	360	363	364
Other revenue	-	-	-	-	-
Total revenue	334	336	360	363	364
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	334	336	360	363	364
Programme 1.11 Joint Operations Command	48,259	52,168	52,912	54,915	59,708

Programme 1.11 Deliverables

- Provide input, in the form of reporting, analysis, plans and preparedness requirements, to the strategic level ADFHQ and Commonwealth national security decision-making committees on military options and operational matters associated with current operational commitments and future directed contingencies.
- Plan, control, conduct and evaluate the ADF's, and where applicable the whole of government and/or coalition, contributions to Government directed operational commitments.
- Plan, control, conduct and evaluate the ADF's contributions to DACC and DFACA, and plan for and coordinate Search and Rescue (SAR) for military purposes.
- Plan, control, conduct and evaluate the ADF's participation in non-operational domestic and international joint, interagency and bilateral and multilateral exercises and engagement activities scheduled in the endorsed Programme of Major Service Activities (PMSA). This includes certification of force elements capable of conducting joint operations across the spectrum of defined joint collective training levels.
- Strengthen Australia's regional influence by deepening defence partnerships with the US and with select regional powers and the evolution of a campaign approach to coordinate Defence activities across the region.
- Maintain ongoing partnerships, collaboration and effective information sharing related to operational matters at the national level and effective engagement at the international level.
- Provide advice to Service Headquarters, other Defence Groups and other Government Departments as necessary to support the development of policy and capability in relation to current, planned and anticipated operations.
- Contribute to Group specific reforms and cost reductions.

Programme 1.11 Key Performance Indicators

- Input to strategic level decision making committees on military options and operational matters and other advice on the development of capability, is timely and accurate.
- Operations achieve the Government's direction and intent and/or where applicable, the whole-of-government strategy.
- Forces are prepared, certified, deployed, and sustained efficiently and effectively, and in accordance with agreed timeframes.
- Operational options and plans are identified as innovative solutions that align with strategic guidance and contribute to meeting Government direction, reduce risk, conserve resources and reduce adverse effects on directed ADF preparedness levels.
- ADF operations and non-operational activities are planned, controlled and conducted in accordance with the promulgated Rules of Engagement (ROE) and operational governance requirements in the areas of medical administration and clinical governance, and personnel, logistics, financial and contract management.

Programme 1.12: Capability Development

Programme 1.12 Objective

Capability Development Group (CDG) develops and manages the Defence Capability Plan (DCP) and prepares Defence capability investment approval proposals for Government consideration. This objective is delivered through both Capability Systems Division and Capability Investment and Resources Division (CIR).

CIR Division also provides analysis and contestability of capability proposals.

The Group maintains a sponsor role up to Second Pass Approval and maintains close relationships with a range of stakeholders including the DMO and Capability Managers.

CDG will continue to refine the capability development process through the Capability Development Improvement Programme (CDIP) and ensure that it is well documented and applied uniformly across Defence. It will also seek to ensure capability development in Defence meets the expectations of external stakeholders.

CDG will continue to build on its relationship with stakeholders, industry and capability development organisations in other countries.

CDG is also responsible for Defence Test and Evaluation advice and policy as well as conducting Joint and Army trials. These duties are carried out by the Australian Defence Test and Evaluation Office.

Table 31: Cost Summary for Programme 1.12 Capability Development

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	19,752	70,076	101,916	132,037	162,318
Suppliers	284,655	776,948	1,075,411	1,433,342	1,657,696
Grants	-	-	-	-	-
Depreciation and amortisation	751	524,380	809,642	1,107,044	1,417,690
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	60,029	77,901	95,926	112,455	131,311
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	365,187	1,449,305	2,082,895	2,784,878	3,369,015
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	20,208	26,224	32,292	37,863	44,215
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	20,208	26,224	32,292	37,863	44,215
Total income	20,208	26,224	32,292	37,863	44,215
Programme 1.12 Capability Development	344,979	1,423,081	2,050,603	2,747,015	3,324,800

Programme 1.12 Deliverables

- The provision of timely, accurate and high quality advice on all aspects of capability development to the Secretary, CDF and Government.
- The provision of independent analysis and contestability of capability proposals.
- The development and management of an affordable and executable DCP.
- The development of Defence capability investment proposals for consideration by the Government.
- The publication of the public version of the DCP.
- The management of the Key Defence Assets Register.
- Complete a policy framework (Defence Instruction (General)) on the roles and responsibilities of Groups/Services for activities in the Capability Systems Life Cycle.
- Transition the Defence Capability Development Handbook to an authorised Manual under the Defence Administrative Policy Framework.
- Develop and approve the improvement initiatives under Tranche 2 of the CDIP.
- Under the Rapid Prototyping Development and Evaluation programme, work collaboratively with Australia's Defence industry to develop innovative solutions to complex issues affecting capability and operations.
- Deliver independent Test and Evaluation advice, planning, support, trials and demonstrations to Defence throughout the capability systems life-cycle.

Programme 1.12 Key Performance Indicators

- Ensure capability investment proposals have realistic schedules and costs projections, comprehensive risk assessments and mitigation.
- Improve the corporate information management systems that support end-to-end visibility, planning, management and reporting of capability development.
- Progressively implement Tranche 2 CDIP initiatives to improve the timeliness and quality of capability submissions and reflect these improvements in extant and future Capability Development guidance and/or policy.
- Provide objective advice to the Secretary and CDF.
- Submit timely proposals that are coherent, compelling and consistent with strategic guidance and affordable within the DCP.

Programme 1.13: Chief Finance Officer
Programme 1.13 Objective

The Chief Finance Officer Group (CFOG) is responsible for providing strategic financial advice and information to Ministers, the Secretary, the CDF and Defence Senior Leaders. It provides a whole-of-Defence focus for planning, management, monitoring and reporting of key deliverables to the Government, including Defence's outputs.

The CFOG is responsible for Defence's financial governance and assurance and manages Defence's budget and its financial policies, principles and practices in accordance with the *Financial Management and Accountability Act 1997* (to be replaced on 1 July 2014 by the *Public Governance, Performance and Accountability Act 2013*).

The CFOG drives Defence's financial management and improvement programmes through uniform financial management approaches and a streamlined accountability structure.

Portfolio budget pressures and risks are managed through a strong culture of prioritising resource management.

The CFOG works with all Services and Groups to identify costs drivers for all key business elements.

To streamline, standardise and professionalise the delivery of financial services across Defence the CFOG leads the reform programme to deliver Finance as a Shared Service.

Table 32: Cost Summary for Programme 1.13 Chief Finance Officer

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	533,458	550,476	494,556	480,449	503,994
Suppliers	797,535	798,647	835,037	874,161	905,077
Grants	-	-	-	-	-
Depreciation and amortisation	2,375	9,671	35,585	75,356	95,188
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	2,336	3,071	5,234	7,281	7,077
Net losses from sale of assets	-	-	-	-	-
Other expenses	45,542	-	-	-	-
Total expenses	1,381,246	1,361,865	1,370,412	1,437,247	1,511,336
Income					
Revenues					
Goods and services	2,204	-	-	-	-
Other revenue	786,556	798,921	834,380	876,884	902,275
Total revenue	788,760	798,921	834,380	876,884	902,275
Gains					
Reversal of previous asset write-downs	911	1,158	1,886	2,575	2,506
Net gains from sale of assets	-	-	-	-	-
Other gains	5,126	5,254	5,386	5,520	5,658
Total gains	6,037	6,412	7,272	8,095	8,164
Total income	794,797	805,333	841,652	884,979	910,439
Programme 1.13 Chief Finance Officer	586,449	556,532	528,760	552,268	600,897

Programme 1.13 Deliverables

- Defence Financial Statements.
- Defence Portfolio Budget Statements.
- Defence Portfolio Additional Estimates Statements.
- Defence Chief Executive's Instructions.
- Monthly/Annual input to whole-of-government reporting.

Programme 1.13 Key Performance Indicators

- Provide timely and high quality financial advice to the Minister, the Secretary and CDF.
- Produce Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan within agreed statutory timeframes.
- Maintain un-qualified Financial Statements.

Administered Programme 1.14: Defence Force Superannuation Benefits

Administered Programme 1.14 Objective

The objective of Programme 1.14 is to administer and report member and employer contributions paid during the year to the Defence Force Retirement and Death Benefits Scheme (DFRDB) and the Military Superannuation and Benefits Scheme (MSBS). It accounts for the liability for these schemes plus the Defence Force Retirement Benefits (DFRB) scheme. This programme includes payment of the MSBS Retention Benefit.

The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members.

The DFRDB was closed to new participants in 1991.

The MSBS commenced in 1991 and is available to all full-time members of the ADF.

All three schemes are managed on Defence's behalf by ComSuper.

Since 1991, Defence has paid the MSBS Retention Benefit to eligible MSBS members after 15 years of continuous eligible service. The purpose of the Retention Benefit is to encourage members to serve until they have completed 20 years of service. Due to legislative amendments passed in 2005, the Retention Benefit is not available to members who enlisted after 6 October 2005.

Table 33: Cost Summary for Administered Programme 1.14 Defence Force Superannuation Benefits

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	77,103	95,883	77,940	93,000	105,540
Military superannuation benefits	2,067,554	1,328,367	1,382,555	1,293,618	1,250,690
Total expenses	2,144,657	1,424,250	1,460,495	1,386,618	1,356,230
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-
Military superannuation contributions	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Total income	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Programme 1.14 Defence Force Superannuation Benefits	864,755	100,156	94,160	123,472	146,842

Administered Programme 1.14 Deliverables

- Report on superannuation contributions and the movement in liabilities associated with the three military superannuation schemes.

Administered Programme 1.14 Key Performance Indicators

- Provision of timely payments to ComSuper and quality administration of DFRB, DFRDB and MSBS employer and member contributions.

Administered Programme 1.15: Defence Force Superannuation Nominal Interest

Administered Programme 1.15 Objective

The objective of Programme 1.15 is to administer nominal interest for the three military superannuation schemes: the Defence Force Retirement Benefits (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB); and, the Military Superannuation and Benefits Scheme (MSBS).

The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members.

The DFRDB was closed to new participants in 1991.

The MSBS commenced in 1991 and is available to all full-time members of the ADF.

All three schemes are managed on Defence's behalf by ComSuper.

Table 34: Cost Summary for Administered Programme 1.15 Defence Force Superannuation Nominal Interest

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	-	-	-	-	-
Military superannuation benefits	2,952,242	3,379,188	3,538,412	3,693,660	3,854,656
Total expenses	2,952,242	3,379,188	3,538,412	3,693,660	3,854,656
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-
Total income	-	-	-	-	-
Programme 1.15 Defence Force Superannuation Nominal Interest	2,952,242	3,379,188	3,538,412	3,693,660	3,854,656

Administered Programme 1.15 Deliverables

- Report on superannuation nominal interest associated with the three military superannuation schemes.

Administered Programme 1.15 Key Performance Indicators

- Provide quality administration services for DFRB, DFRDB and MSBS nominal interest transactions.

Administered Programme 1.16: Housing Assistance

Administered Programme 1.16 Objective

The Defence Home Ownership Assistance Scheme was established in order to support the Government's retention and recruitment initiatives and influence ADF members' decision to stay beyond critical career points. The scheme came into effect on 1 July 2008.

The Scheme provides eligible ADF members and ex-serving members with assistance to either purchase a home, purchase land for the purpose of building a home, or to renovate or extend an existing home.

The Scheme contains a three-tiered subsidised loan limit structure that provides increasing entitlements as members serve beyond key exit points.

Following a competitive tendering process the Department of Veterans' Affairs was appointed Scheme Administrator and a panel of three Home Loan Providers was established: National Australia Bank, Australian Defence Credit Union and the Defence Bank.

Table 35: Cost Summary for Administered Programme 1.16 Housing Assistance

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	103,009	113,164	121,829	128,977	135,652
Total expenses	103,009	113,164	121,829	128,977	135,652
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	12,727	13,335	13,973	14,384	14,710
Other	-	-	-	-	-
Total income	12,727	13,335	13,973	14,384	14,710
Programme 1.16 Housing Assistance	90,282	99,829	107,856	114,593	120,942

Administered Programme 1.16 Deliverables

- Provide ADF members with assistance to achieve home ownership that reflects the contemporary housing and home finance markets.
- Provide progressively higher levels of assistance for eligible members serving beyond the critical career points of four, eight and twelve years of service.
- Provision of quality services for the administration of the Scheme, including the accurate and timely processing of member applications and issuing of Subsidy Certificates.

Administered Programme 1.16 Key Performance Indicators

- Members respond to and take up the scheme.
- Ensure that interest rates provided to ADF members by the Home Loan Providers are competitive with other interest rates in the market.

Administered Programme 1.17: Other Administered

Administered Programme 1.17 Objective

Other Administered comprises four elements:

- Interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements.
- Interest on Government loans to fund the building of new accommodation, dividends and tax equivalent payments received from the DHA.
- Revenue received from special public monies for unidentified Comcare receipts.
- Departmental returns to the Official Public Account arising from sale of assets with an original purchase price in excess of \$10m.

Table 36: Cost Summary for Administered Programme 1.17 Other Administered

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Total expenses	-	-	-	-	-
Income					
Revenues					
Interest	29,807	34,791	37,161	37,682	37,682
Dividends	50,525	47,795	57,539	56,861	73,588
Other	88,429	50,877	55,333	67,044	49,171
Total income	168,761	133,463	150,033	161,587	160,441
Programme 1.17 Other Administered	-168,761	-133,463	-150,033	-161,587	-160,441

Administered Programme 1.17 Deliverables

- Report on interest and other receipts transferred to the Official Public Account.

Administered Programme 1.17 Key Performance Indicators

- Accurate accounting and reporting of 'Other Administered'.

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

Outcome 2 Strategy

The ADF is required to undertake a wide range of military and humanitarian assistance operations as directed by the Government to ensure the defence of Australia and its national interests. The ADF's military operations and other tasks contribute to the achievement of the Government's strategic objectives, defined as defending Australia, contributing to the security of the immediate neighbourhood and supporting wider interests, in line with the Defence White Paper 2013.

Outcome 2 Resources

Table 37: Total Budgeted Resources Available for Outcome 2

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Programme 2.1 - Operations Contributing to the Security of the Immediate Neighbourhood					
Revenue from other sources	-	-	-	-	-
Departmental outputs	41,641	3,008	-	-	-
Programme 2.2 - Operations Supporting Wider Interests					
Revenue from other sources	10,785	3,269	-	-	-
Departmental outputs	981,186	349,721	126,472	105,612	-
Total resourcing					
Total Departmental outputs	1,022,827	352,729	126,472	105,612	-
Total Departmental revenue from other sources	10,785	3,269	-	-	-
Total resources for Outcome 2	1,033,612	355,998	126,472	105,612	-

Contributions to Outcome 2

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

Programme 2.1 Objective

Ensure that the Government, through the ADF, has an active and effective role in promoting regional stability, integrity and cohesion.

Australia shares the immediate neighbourhood with Indonesia, New Zealand, Papua New Guinea, East Timor, South East Asian countries and the island countries of the South West Pacific.

Table 38: Cost Summary for Programme 2.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	4,175	-	-	-	-
Suppliers	37,466	3,008	-	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	41,641	3,008	-	-	-
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Programme 2.1 Operations Contributing to the Security of the Immediate Neighbourhood	41,641	3,008	-	-	-

Programme 2.1 Deliverables		
Operation	Commenced	Objective
Gateway	1981	Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
Solania	1988	Conduct South West Pacific maritime surveillance patrols.
Render Safe	2011	Provide enduring explosive ordnance disposal support to the nations of the South West Pacific.

Programme 2.1 Key Performance Indicators
<ul style="list-style-type: none"> • ADF operations meet their stated objective within the Government’s guidance. • ADF forces are effectively deployed and sustained. • ADF forces are withdrawn for reconstitution when they are no longer required.

Programme 2.2: Operations Supporting Wider Interests

Programme 2.2 Objective

Operations supporting wider interests are designed to contribute to United Nations' and international efforts to uphold global security.

Table 39: Cost Summary for Programme 2.2 Operations Supporting Wider Interests

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	174,835	43,814	-	-	-
Suppliers	768,043	223,551	39,911	17,545	-
Grants	39,093	85,079	86,561	88,067	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	10,000	40	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	506	-	-	-
Total expenses	991,971	352,990	126,472	105,612	-
Income					
Revenues					
Goods and services	10,785	3,269	-	-	-
Other revenue	-	-	-	-	-
Total revenue	10,785	3,269	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	10,785	3,269	-	-	-
Programme 2.2 Operations Supporting Wider Interests	981,186	349,721	126,472	105,612	-

Programme 2.2 Deliverables		
Operation	Commenced	Objective
Paladin	1956	Contribute to the United Nations Truce Supervision Organization in the Middle East.
Mazurka	1982	Contribute to the Multinational Force and Observers in the Sinai.
Slipper	2001	Support Afghanistan's security, development and governance, including through a contribution to the post-2014 NATO-led 'train, advise, assist' mission.
Manitou	2014	Contribute to international maritime security operations in the Middle East Area of Operations and international counter-piracy operations in the Persian Gulf, the Gulf of Aden, the Red Sea and parts of the Indian Ocean.
Accordion	2014	Provide support to Operations SLIPPER and MANITOU from within the Gulf States.
Palate II	2005	Provide a Military Liaison Officer to the United Nations Assistance Mission in Afghanistan.
Aslan	2011	Contribute to the United Nations mission to the Republic of South Sudan.

Programme 2.2 Key Performance Indicators

- ADF operations meet their stated objective within the Government's guidance.
- ADF forces are effectively deployed and sustained.
- ADF forces are withdrawn for reconstitution when they are no longer required.

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

Outcome 3 Strategy

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

Outcome 3 Resources

Table 40: Total Budgeted Resources Available for Outcome 3

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Programme 3.1 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Departmental outputs	54,097	67,740	574	-	-
Total resourcing					
Total Departmental outputs	54,097	67,740	574	-	-
Total Departmental revenue from other sources	-	-	-	-	-
Total resources for Outcome 3	54,097	67,740	574	-	-

Contributions to Outcome 3

Programme 3.1: Defence Contribution to National Support Tasks in Australia

Programme 3.1 Objective

Undertake tasks that include: planning and conduct of operations to provide security of the Australian coastline from unauthorised maritime arrivals, smuggling, quarantine evasion and other intrusions to Australian sovereignty; counter-terrorism responses; search and rescue; and natural disaster relief. Defence contributes to the Australian Customs and Border Protection Service civil surveillance programme and Border Protection Command tasking, providing maritime surveillance assets that are tasked routinely in accordance with the Government's direction.

Defence, through the Defence Assistance to the Civil Community programme, supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by relevant authorities and the general public.

Table 41: Cost Summary for Programme 3.1 Defence Contribution to National Support Tasks in Australia

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
Expenses					
Employees	13,631	22,856	-	-	-
Suppliers	40,466	44,884	574	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	54,097	67,740	574	-	-
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Programme 3.1 Defence Contribution to National Support Tasks in Australia	54,097	67,740	574	-	-

Programme 3.1 Deliverables		
Operation	Commenced	Objective
Resolute	2006	Contribute to the whole-of-government maritime surveillance and response.
G20	2013	Contribute security assistance to the whole-of government effort as host of the G20 Summit in 2014.

Programme 3.1 Key Performance Indicators
<ul style="list-style-type: none"> • Defence’s contribution to national support tasks in Australia meets Government directives. • Defence’s response to requests for Defence Force Aid to the Civil Authority is effectively managed, sustained and reported. • Defence’s response to requests for Defence Assistance to the Civil Community is effectively managed, sustained and reported.

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014-15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

Table 42: Summary of Estimated Special Account Balances^{[1][2][3]}

		Opening 2014-15 2013-14 \$'000	Receipts 2014-15 2013-14 \$'000	Payments 2014-15 2013-14 \$'000	Adjustments 2014-15 2013-14 \$'000	Closing Balance 2014-15 2013-14 \$'000
	Outcome					
Services for Other Entities and Trust Moneys - Defence Special Account- <i>Financial Management and Accountability Act 1997</i>	1	71,257 <i>73,363</i>	26,840 <i>38,440</i>	-28,842 <i>-40,546</i>	- -	69,255 <i>71,257</i>
Defence Endowments Special Account – <i>Financial Management and Accountability Act 1997</i>	1	328 <i>322</i>	27 <i>36</i>	-22 <i>-30</i>	- -	333 <i>328</i>
Fedorczenko Legacy Special Account – <i>Financial Management and Accountability Act 1997</i>	1	169 <i>166</i>	6 <i>8</i>	-4 <i>-5</i>	- -	171 <i>169</i>
Young Endeavour Youth Program Special Account – <i>Financial Management and Accountability Act 1997</i>	1	1,317 <i>1,274</i>	68 <i>45</i>	-15 <i>-2</i>	- -	1,370 <i>1,317</i>
Total Special Accounts 2014-15		73,071	26,941	-28,883	-	71,129
<i>2013-14 estimated actual</i>		<i>75,125</i>	<i>38,529</i>	<i>-40,583</i>	-	<i>73,071</i>

Notes

1. 2014-15 estimates in bold.
2. 2013-14 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 43: Australian Government Indigenous Expenditure

	Programme	Bill No. 1 \$'000
Outcome 1		
Defence Indigenous Employment Strategy^{[1][2]}	1.8	
Departmental 2014-15 Budget Estimate		3,878
<i>Departmental 2013-14 Estimated Actual</i>		4,462
Army Aboriginal Community Assistance Programme^{[1][3]}	1.3	
Departmental 2014-15 Budget Estimate		5,750
<i>Departmental 2013-14 Estimated Actual</i>		5,949
Total 2014-15 Budget Estimate		9,628
<i>Total 2013-14 Estimated Actual</i>		<i>10,411</i>

Notes

1. All amounts are GST exclusive. Budget Estimate and Estimated Actuals are direct costs.
2. The Defence Indigenous Development Programme, as previously disclosed, has been subsumed into the Defence Indigenous Employment Strategy.
3. The majority of project costs are subsequently recovered from Department of Prime Minister and Cabinet under Outcome 2.2.1 Indigenous Housing and Infrastructure Appropriation.

Defence Indigenous Employment Strategy

The Defence Indigenous Employment Strategy (IES) was recently updated to reflect the changing priorities and focus of Indigenous Affairs across Defence. The Defence IES is our roadmap until 2017 to increasing the recruitment and retention of more Aboriginal and Torres Strait Islander ADF (military) and APS (public servant) members. The IES is guided by the Defence Reconciliation Action Plan, which provides the directive to develop practical employment opportunities for Aboriginal and Torres Strait Islander people and identifies the mechanisms to do so.

The IES plan has 6 strategic imperatives for increasing Indigenous representation in the Defence workforce:

1. Improving the understanding in Defence, at all levels, of why Indigenous employment is important to Defence.
2. Establishing specific targets for Indigenous employment in Defence.
3. Increasing annually the number of Indigenous Australians who are attracted to, and apply for, a Defence career.
4. Implementing specific recruitment activities to maximise Indigenous employment opportunities.
5. Enhanced retention of Indigenous personnel through the application of specifically designed initiatives.
6. Improved Indigenous workforce research to inform future strategies that will inform ongoing development of the Defence IES and measure success.

The IES implementation plan includes new activities, but also reflects existing programmes such as the Defence Indigenous Development Programme, and increases in the number of Indigenous Pre-Recruitment Courses being conducted. The new activities range from improved workforce reporting including increased self-identification of Aboriginal and Torres Strait Islanders, through to a 'Recruit to Area' model.

Army Aboriginal Community Assistance Programme

The Army Aboriginal Community Assistance Programme (AACAP) is a cooperative initiative between Army and the Department of the Prime Minister and Cabinet to improve environmental health conditions within remote Aboriginal communities. The programme seeks to maximise the benefits to Indigenous communities by focusing on projects that allow the Army to make best use of its construction expertise and capability, by capitalising on the Army's ability to holistically deliver a range of services to remote Indigenous communities that would not normally be available in a single project. The 2014 project is within the Wutunugurra and Canteen Creek Communities in the Northern Territory. Planning for the 2015 AACAP works is underway with the Titjikala community, also in the Northern Territory.

3.1.2 Grants

Table 44: Approved Grants

	2013-14 Estimated Actual \$'000 ^[1]	Total Grant Amount Approved \$'000 ^[1]	2014-15 Budget Estimate \$'000 ^[1]
Approved since 2013-14 PAES			
United Nations - Peace Operations Training Institute e-Learning for African Peace Keepers	44	175	44
Professor Peter Stanley of the University of New South Wales - Indians and ANZACs on Gallipoli Project	18	18	-
Total grants approved since 2013-14 PAES	62	193	44
Previously approved grants			
Army History Research Grants Scheme	52	-	-
Family Support Funding Program	1,304	-	-
Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP)	55	-	-
Australian National University	238	-	245
Australian Strategic Policy Institute (ASPI)	3,196	-	-
Fisher House Foundation	25	-	25
International Institute for Strategic Studies (IISS) for 2014 Shangri-La Dialogue	90	-	-
Kokoda Foundation - 2013 Australia-United States Trilogy Dialogue	130	-	-
Kokoda Foundation - Young Leaders Strategic Forum	30	-	-
Royal United Services Institute (RUSI) of Australia	97	-	99
Strategic and Defence Studies Centre (SDSC) at the Australian National University (ANU) for the Post Doctoral Fellowship Program	138	-	143
The Sir Richard Williams Foundation	50	-	-
Australian Sailor Pty Ltd	400	-	-
Multinational Force and Observers	544	-	544
Total previously approved grants	6,348	-	1,057
Total grants	6,410	193	1,100

Note

1. Figures are GST exclusive.

The following are grants that have been approved since the *Additional Estimates Statements 2013-14*:

United Nations - Peace Operations Training Institute e-Learning for African Peace Keepers

A multi year grant (2013-14 to 2016-17) of US\$160,000 (US\$40,00 per year) was approved to assist the Peace Operations Training Institute (POTI) with the costs of the E-Learning for African Peacekeepers (ELAP) program. The overall aim of ELAP is to strengthen global capacities by providing UN electronic learning courses, free of charge through the provision of distance training at no cost to peacekeepers from African nations. This project also provides funding to support an open enrolment environment for Australian Government sponsored personnel to participate in POTI e-learning courses.

Professor Peter Stanley of the University of New South Wales - Indians and ANZACs on Gallipoli Project

A grant of \$18,100 was approved to support Professor Peter Stanley's research for a book and complementary website commemorating Australian and Indian forces' joint contribution to the Gallipoli campaign during World War I in line with broader Australian Whole-of-Government efforts to commemorate the centenary of ANZAC Day on 25 April 2015.

3.2 RESOURCE SUMMARY

Table 45: Budgeted Departmental Net Cost of Service (cash) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	10,120,793	10,491,430	11,140,934	11,001,156	11,332,041
Supplier payments	9,614,890	10,090,184	10,281,049	10,414,806	11,691,054
Purchase of specialist military equipment	4,559,211	5,677,403	6,541,804	6,344,605	6,769,246
Purchase of inventory	1,069,130	1,161,511	1,316,982	1,409,002	1,377,736
Purchase of other property, plant and equipment	1,563,983	1,555,374	758,723	875,720	1,570,761
Other cash used	912,765	1,023,954	1,063,916	1,084,882	996,166
Total cash used	27,840,772	29,999,856	31,103,408	31,130,171	33,737,004
Own source receipts	1,713,444	1,654,045	1,754,800	1,728,609	1,800,146
Total cash received	1,713,444	1,654,045	1,754,800	1,728,609	1,800,146
Net cost of service (cash)	26,127,328	28,345,811	29,348,608	29,401,562	31,936,858
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	24,516,997	25,882,986	26,998,653	27,323,446	29,141,201
Appropriation carried forward from previous year	67,349	-	-	-	-
Appropriation Bill 2/4 (equity injection)	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Net cash to the Official Public Account	-46,500	-853	-875	-897	-919
Total funding source	26,059,334	28,345,811	29,348,608	29,401,562	31,936,858
Change in cash	-67,994	-	-	-	-

Portfolio Resource Statement

Table 46: Portfolio Resources^[1]

	Departmental Bill No. 1	Appropriation Bill No. 2	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
Department of Defence								
Administered appropriations	-	-	-1,474.1	4,916.6	3,442.5	1,474.1	-	4,916.6
Departmental appropriations	25,883.0	2,463.7	-0.9	-	28,345.8	956.9	-	29,302.7
Total Department of Defence	25,883.0	2,463.7	-1,475.0	4,916.6	31,788.3	2,431.0	-	34,219.3
Defence Materiel Organisation								
Administered appropriations	-	-	-	-	-	-	-	-
Departmental appropriations	881.0	-	-	-	881.0	11,725.0	-	12,606.0
Total Defence Materiel Organisation	881.0	-	-	-	881.0	11,725.0	-	12,606.0
Defence Housing Australia								
Administered appropriations	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-	-	-	1,144.1	-	1,144.1
Total Defence Housing Australia	-	-	-	-	-	1,144.1	-	1,144.1

Notes

1. Figures shown include inter-agency transactions.

Table 47: Total Departmental and Administered Consolidated Cash Budget for the Department of Defence (including DMO)^[1]

	2014-15 Budget Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1) ^[2]	26,759.9
Appropriation - Contributed Equity (Bill 2)	2,463.7
Appropriations for military superannuation ^[3]	2,318.6
less Returns to the OPA	-1,475.2
Total cash available	30,067.0
OPERATING ACTIVITIES	
Cash received	
Goods and services	525.5
Net GST received	1,537.5
Interest	35.0
Other cash	173.0
Fees	13.3
Total cash received	2,284.4
Cash used	
Employees	9,762.5
Suppliers	10,147.6
Net GST paid	1,537.5
Grants	102.0
Other cash	45.4
Subsidies paid	113.2
Military benefits	2,120.4
Total cash used	23,828.6
Net cash from or (used by) operating activities	-21,544.2
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	61.7
Proceeds from sales of infrastructure, plant and equipment	28.0
Proceeds from sales of specialist military equipment	7.5
Dividends	50.5
Total cash received	147.7
Cash used	
Purchase of land and buildings	961.5
Purchase of infrastructure, plant and equipment	520.0
Purchase of specialist military equipment	5,677.4
Purchase of intangibles	75.2
Purchase of inventory	1,161.5
Selling costs on sale of assets	2.8
Finance costs	110.5
Loans	85.0
Total cash used	8,593.9
Net cash from or (used by) investing activities	-8,446.2
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	76.5
Total cash used	76.5
Net cash from or (used by) financing activities	-76.5
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at the beginning of the reporting period	130.5
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	130.5

Notes

- Figures shown eliminate interagency transactions and transactions flowing between Departmental and Administered funding.
- Includes \$876.9m of appropriation planned to be drawn down by DMO.
- Cross reference with Table 72 Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) for the period ended 30 June.

Table 48: Defence Resource Statement – Budget Estimates for 2014-15 as at May 2014

Serial No.		Estimate of	Proposed at	Total Estimate	Total Available
		prior year amounts available in 2014-15 \$'000	Budget + 2014-15 \$'000		
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	25,462,517	25,462,517	23,440,073
	Outcome 2	-	352,729	352,729	1,022,827
	Outcome 3	-	67,740	67,740	54,097
1	Total Departmental outputs	-	25,882,986	25,882,986	24,516,997
2	Total ordinary annual services (1)	-	25,882,986	25,882,986	24,516,997
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	-	2,463,678	2,463,678	1,521,488
3	Total Departmental non-operating	-	2,463,678	2,463,678	1,521,488
4	Total other services (3)	-	2,463,678	2,463,678	1,521,488
5	Total available annual appropriation (2+4)	-	28,346,664	28,346,664	26,038,485
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC , s.82ZJ</i>	-	28,598	28,598	21,954
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,888,160	1,888,160	1,470,452
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	2,886,680	2,886,680	3,604,493
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	1,511	1,511	1,817
	<i>Defence Home Ownership Assistance Scheme Act, 2008 Part VI, s.84</i>	-	111,653	111,653	101,192
6	Total special appropriations	-	4,916,602	4,916,602	5,199,908
7	Total appropriations (5+6)	-	33,263,266	33,263,266	31,238,393
	Funding from other sources	-	2,431,017	2,431,017	2,515,673
	Returns from the OPA (net)	-	-1,474,973	-1,474,973	-1,511,070
	Previous years' outputs (appropriation receivable)	-	-	-	67,349
	Cash available	466	-	466	68,460
8	Total other available resources	466	956,044	956,510	1,140,412
9	Total resourcing (7+8)	466	34,219,310	34,219,776	32,378,805
	Special Accounts				
	Opening balance	73,071	-	73,071	75,125
	Appropriation receipts	-	-	-	-
	Appropriation receipts - other agencies	-	-	-	-
	Non-appropriation receipts to special accounts	-	26,941	26,941	38,529
10	Total special accounts	73,071	26,941	100,012	113,654

Table 49: Third Party Payments to and from other Agencies

	2013-14	2014-15
	\$'000	\$'000
Revenue received from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	125,007	135,945
Payments made to Defence Housing Australia for the provision of services (Departmental)	592,871	561,491
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	21,461	21,713
Payments made to Comsuper for the provision of services (Departmental)	33,308	32,150
Payments made to the Attorney-General's Department for the provision of services (Departmental)	21,765	23,337
Payments made to the Department of Finance for the provision of services (Departmental)	64,153	64,095
Payments made to the Australian Federal Police for the provision of services (Departmental)	55,192	41,299

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 50: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	10,531,466	10,534,578	3,112	-
Supplier expenses	11,899,015	12,074,675	175,660	1.5
Grants	85,293	91,561	6,268	7.3
Depreciation and amortisation	4,124,836	4,178,150	53,314	1.3
Finance costs	149,428	146,644	-2,784	-1.9
Write-down of assets and impairment of assets	829,889	828,637	-1,252	-0.2
Losses from sale of assets	-	-	-	-
Other	77,094	45,389	-31,705	-41.1
Total expenses	27,697,021	27,899,634	202,613	0.7
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	792,657	798,585	5,928	0.7
Other revenue	904,605	848,812	-55,793	-6.2
Total own-source revenue	1,697,262	1,647,397	-49,865	-2.9
Gains				
Reversals of previous asset write-downs	339,250	339,091	-159	-
Sale of assets	24,198	24,906	708	2.9
Other gains	5,254	5,254	-	-
Total gains	368,702	369,251	549	0.1
Total own-source income	2,065,964	2,016,648	-49,316	-2.4
Net cost of (contribution by) services	25,631,057	25,882,986	251,929	1.0
Revenue from Government	25,631,057	25,882,986	251,929	1.0
Surplus (deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Table 51: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	466	466	-	-
Trade and other receivables	110,402	110,402	-	-
Tax assets	58,205	58,205	-	-
Appropriation receivable	-	-	-	-
Other receivables	608,146	422,986	-185,160	-30.4
Total financial assets	777,219	592,059	-185,160	-23.8
Non-financial assets				
Land and buildings	16,137,832	16,282,730	144,898	0.9
Infrastructure, plant and equipment	7,636,869	7,377,422	-259,447	-3.4
Specialist military equipment	42,495,546	43,842,701	1,347,155	3.2
Intangibles	496,854	553,916	57,062	11.5
Heritage and cultural	1,023,969	1,023,969	-	-
Inventories	5,942,556	5,941,559	-997	-
Prepayments	148,105	148,105	-	-
Total non-financial assets	73,881,731	75,170,402	1,288,671	1.7
Assets held for sale	52,399	52,399	-	-
Total assets	74,711,349	75,814,860	1,103,511	1.5
LIABILITIES				
Payables				
Suppliers	1,022,385	1,027,328	4,943	0.5
Other	463,057	463,067	10	-
Total payables	1,485,442	1,490,395	4,953	0.3
Interest bearing liabilities				
Leases	1,321,565	1,321,565	-	-
Total interest bearing liabilities	1,321,565	1,321,565	-	-
Provisions				
Employee provisions	2,346,820	2,332,987	-13,833	-0.6
Restoration, decontamination and decommissioning	925,810	934,431	8,621	0.9
Other	3,014	3,014	-	-
Total provisions	3,275,644	3,270,432	-5,212	-0.2
Total liabilities	6,082,651	6,082,392	-259	-
NET ASSETS	68,628,698	69,732,468	1,103,770	1.6
EQUITY				
Contributed equity	20,599,296	21,703,066	1,103,770	5.4
Reserves	14,729,722	14,729,722	-	-
Retained surplus (accumulated deficit)	33,299,680	33,299,680	-	-
Total equity	68,628,698	69,732,468	1,103,770	1.6

Table 52: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	25,631,057	25,882,986	251,929	1.0
Goods and services	792,657	798,585	5,928	0.7
Net GST received	685,807	697,148	11,341	1.7
Other cash received	55,649	61,088	5,439	9.8
Cash transfer from the Official Public Account (receivables)	-	-	-	-
Total cash received	27,165,170	27,439,807	274,637	1.0
Cash used				
Employees	10,474,757	10,491,430	16,673	0.2
Suppliers	9,928,914	10,090,184	161,270	1.6
Net GST paid	685,807	697,148	11,341	1.7
Grants	85,293	91,561	6,268	7.3
Other cash used	39,214	45,389	6,175	15.7
Cash transfer to the Official Public Account (receivables)	38,733	853	-37,880	-97.8
Total cash used	21,252,718	21,416,565	163,847	0.8
Net cash from (used by) operating activities	5,912,452	6,023,242	110,790	1.9
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	61,675	61,675	-	-
Proceeds from sales of infrastructure, plant and equipment	26,300	28,000	1,700	6.5
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Other cash received	-	-	-	-
Total cash received	95,524	97,224	1,700	1.8
Cash used				
Purchase of land and buildings	804,610	961,469	156,859	19.5
Purchase of infrastructure, plant and equipment	759,036	518,695	-240,341	-31.7
Purchase of specialist military equipment	5,022,274	5,677,403	655,129	13.0
Purchase of intangibles	17,403	75,210	57,807	332.2
Purchase of inventory	1,172,120	1,161,511	-10,609	-0.9
Selling costs on sale of assets	1,795	2,787	992	55.3
Finance costs	117,212	110,532	-6,680	-5.7
Total cash used	7,894,450	8,507,607	613,157	7.8
Net cash from (used by) investing activities	-7,798,926	-8,410,383	-611,457	7.8
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	1,963,011	2,463,678	500,667	25.5
Total cash received	1,963,011	2,463,678	500,667	25.5
Cash used				
Repayment of debt	76,537	76,537	-	-
Cash to the Official Public Account	-	-	-	-
Total cash used	76,537	76,537	-	-
Net cash from (used by) financing activities	1,886,474	2,387,141	500,667	26.5
Net increase (decrease) in cash and cash equivalents held				
Cash and cash equivalents at the beginning of the reporting period	466	466	-	-
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	-	-	-	-
Cash and cash equivalents at the end of the reporting period	466	466	-	-

Table 53: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
EXPENSES					
Employee benefits	10,192,335	10,534,578	11,181,896	11,045,570	11,401,242
Supplier expenses	11,276,055	12,074,675	12,397,009	12,550,831	14,031,904
Grants	45,829	91,561	92,503	94,127	6,161
Depreciation and amortisation	4,004,400	4,178,150	4,347,452	4,662,372	4,802,786
Finance costs	126,581	146,644	152,338	154,584	155,207
Write-down of assets and impairment of assets	800,007	828,637	867,513	906,582	947,246
Losses from sale of assets	-	-	-	-	-
Other	89,915	45,389	105,067	109,989	23,548
Total expenses	26,535,122	27,899,634	29,143,778	29,524,055	31,368,094
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	827,674	798,585	811,660	834,356	868,480
Other revenue	850,174	848,812	884,556	924,367	951,177
Total own-source revenue	1,677,848	1,647,397	1,696,216	1,758,723	1,819,657
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	322,215	339,091	356,142	373,285	391,171
Sale of assets	12,936	24,906	87,381	63,081	10,407
Other gains	5,126	5,254	5,386	5,520	5,658
Total gains	340,277	369,251	448,909	441,886	407,236
Total own-source income	2,018,125	2,016,648	2,145,125	2,200,609	2,226,893
Net cost of (contribution by) services	24,516,997	25,882,986	26,998,653	27,323,446	29,141,201
Revenue from Government	24,516,997	25,882,986	26,998,653	27,323,446	29,141,201
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Table 54: Budgeted Departmental Balance Sheet (as at 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	466	466	466	466	466
Trade and other receivables	110,402	110,402	110,402	110,402	110,402
Tax assets	58,205	58,205	58,205	58,205	58,205
Appropriation receivable	-	-	-	-	-
Other receivables	517,033	422,986	307,047	215,986	161,288
Total financial assets	686,106	592,059	476,120	385,059	330,361
Non-financial assets					
Land and buildings	15,986,117	16,282,730	16,482,652	16,428,320	17,019,414
Infrastructure, plant and equipment	7,441,822	7,377,422	7,128,060	6,757,827	6,443,883
Specialist military equipment	41,358,182	43,842,701	47,061,209	49,749,887	52,682,234
Intangibles	562,663	553,916	540,939	527,747	501,185
Heritage and cultural	1,023,969	1,023,969	1,023,969	1,023,969	1,023,969
Inventories	6,052,786	5,941,559	5,830,744	5,714,945	5,584,235
Prepayments	148,123	148,105	148,087	148,068	148,049
Total non-financial assets	72,573,662	75,170,402	78,215,660	80,350,763	83,402,969
Assets held for sale	52,399	52,399	52,399	52,399	52,399
Total assets	73,312,167	75,814,860	78,744,179	80,788,221	83,785,729
LIABILITIES					
Payables					
Suppliers	990,183	1,027,328	1,045,358	1,033,644	1,201,444
Other	452,076	463,067	465,845	402,483	365,184
Total payables	1,442,259	1,490,395	1,511,203	1,436,127	1,566,628
Interest bearing liabilities					
Leases	1,398,102	1,321,565	1,282,967	1,243,134	1,203,276
Total interest bearing liabilities	1,398,102	1,321,565	1,282,967	1,243,134	1,203,276
Provisions					
Employee provisions	2,300,830	2,332,987	2,371,171	2,411,644	2,479,892
Restoration, decontamination and decommissioning	898,319	934,431	976,255	1,016,617	1,059,577
Other	3,014	3,014	3,014	3,014	3,014
Total provisions	3,202,163	3,270,432	3,350,440	3,431,275	3,542,483
Total liabilities	6,042,524	6,082,392	6,144,610	6,110,536	6,312,387
NET ASSETS	67,269,643	69,732,468	72,599,569	74,677,685	77,473,342
EQUITY					
Contributed equity	19,240,241	21,703,066	24,053,021	26,131,137	28,926,794
Reserves	14,729,722	14,729,722	14,729,722	14,729,722	14,729,722
Retained surplus (accumulated deficit)	33,299,680	33,299,680	33,816,826	33,816,826	33,816,826
Total equity	67,269,643	69,732,468	72,599,569	74,677,685	77,473,342

Table 55: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	24,584,346	25,882,986	26,998,653	27,323,446	29,141,201
Goods and services	827,674	798,585	811,660	834,356	868,480
Net GST received	662,341	697,148	711,199	721,049	809,338
Other cash received	124,734	61,088	61,707	59,358	61,132
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	26,199,095	27,439,807	28,583,219	28,938,209	30,880,151
Cash used					
Employees	10,120,793	10,491,430	11,140,934	11,001,156	11,332,041
Suppliers	9,614,890	10,090,184	10,281,049	10,414,806	11,691,054
Net GST paid	662,341	697,148	711,199	721,049	809,338
Grants	45,829	91,561	92,503	94,127	6,161
Other cash used	44,373	45,389	105,067	109,989	23,548
Cash transfer to the Official Public Account (receivables)	46,500	853	875	897	919
Total cash used	20,534,726	21,416,565	22,331,627	22,342,024	23,863,061
Net cash from (used by) operating activities	5,664,369	6,023,242	6,251,592	6,596,185	7,017,090
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	63,235	61,675	136,685	84,497	14,486
Proceeds from sales of infrastructure, plant and equipment	24,219	28,000	26,000	21,800	39,161
Proceeds from sales of specialist military equipment	11,241	7,549	7,549	7,549	7,549
Total cash received	98,695	97,224	170,234	113,846	61,196
Cash used					
Purchase of land and buildings	737,193	961,469	353,804	593,848	1,256,488
Purchase of infrastructure, plant and equipment	787,736	518,695	331,013	203,082	242,786
Purchase of specialist military equipment	4,559,211	5,677,403	6,541,804	6,344,605	6,769,246
Purchase of intangibles	39,054	75,210	73,906	78,790	71,487
Purchase of inventory	1,069,130	1,161,511	1,316,982	1,409,002	1,377,736
Selling costs on sale of assets	5,693	2,787	6,035	5,662	5,014
Finance costs	100,629	110,532	110,514	114,222	112,247
Total cash used	7,298,646	8,507,607	8,734,058	8,749,211	9,835,004
Net cash from (used by) investing activities	-7,199,951	-8,410,383	-8,563,824	-8,635,365	-9,773,808
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Total cash received	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Cash used					
Repayment of debt	53,900	76,537	38,598	39,833	39,858
Cash to the Official Public Account	-	-	-	-	-
Total cash used	53,900	76,537	38,598	39,833	39,858
Net cash from (used by) financing activities	1,467,588	2,387,141	2,312,232	2,039,180	2,756,718
Net increase (decrease) in cash and cash equivalents held	-67,994	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	68,460	466	466	466	466
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	466	466	466	466	466

Table 56: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2014-15)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	33,299,680	14,729,722	19,240,241	67,269,643
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	33,299,680	14,729,722	19,240,241	67,269,643
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Subtotal comprehensive income	-	-	-	-
Surplus (deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-853	-853
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,463,678	2,463,678
Other	-	-	-	-
Sub-total transaction with owners	-	-	2,462,825	2,462,825
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2015	33,299,680	14,729,722	21,703,066	69,732,468

Table 57: Departmental Capital Budget Statement

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Total capital appropriations	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Represented by:					
Purchase of non-financial assets	1,467,588	2,387,141	2,312,232	2,039,180	2,756,718
Annual finance lease costs	53,900	76,537	38,598	39,833	39,858
Other items	-	-	-	-	-
Total items	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Funded by finance lease costs	468,552	-	-	-	-
Funded internally from departmental resources ^[1]	4,601,706	4,769,099	4,949,697	5,141,312	5,543,431
Total	6,591,746	7,232,777	7,300,527	7,220,325	8,340,007
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	6,591,746	7,232,777	7,300,527	7,220,325	8,340,007
less additions by finance lease	468,552	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	100,629	110,532	110,514	114,222	112,247
plus annual finance lease costs	53,900	76,537	38,598	39,833	39,858
less gifted assets	-	-	-	-	-
less s32/restructuring	-	-	-	-	-
Total cash used to acquire assets	6,277,723	7,419,846	7,449,639	7,374,380	8,492,112

Note

1. Includes the following sources of funding:

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

Table 58: Statement of Departmental Asset Movements (2014-15)

	Land \$'000	Buildings \$'000	Specialist Military Equipment \$'000	Infrastructure, Plant and Equipment \$'000	Intangibles \$'000	Heritage and Cultural Assets \$'000	Assets Held for Sale \$'000	Total \$'000
As at 1 July 2014								
Gross book value	4,611,316	12,295,254	78,826,254	8,450,034	1,246,723	1,023,969	52,399	106,505,949
Accumulated depreciation/amortisation and impairment	-	920,453	37,468,072	1,008,212	684,060	-	-	40,080,797
Opening net book balance	4,611,316	11,374,801	41,358,182	7,441,822	562,663	1,023,969	52,399	66,425,152
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	-	961,469	5,677,403	518,695	75,210	-	-	7,232,777
By settlement of receivable	-	-	13,636	-	-	-	-	13,636
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	-	961,469	5,691,039	518,695	75,210	-	-	7,246,413
Other movements								
Reclassifications ¹	-	-	111,099	13,722	-	-	-	124,821
Depreciation and amortisation	-	572,137	2,987,596	534,460	83,957	-	-	4,178,150
Disposal of entities or other operations (including restructuring)	25,215	12,107	-	31,651	-	-	-	68,973
Other disposals ²	-	55,397	330,023	30,706	-	-	-	416,126
Total other movements	25,215	639,641	3,206,520	583,095	83,957	-	-	4,538,428
As at 30 June 2015								
Gross book value	4,586,101	13,189,219	84,298,369	8,920,094	1,321,933	1,023,969	52,399	113,392,084
Accumulated depreciation/amortisation and impairment	-	1,492,590	40,455,668	1,542,672	768,017	-	-	44,258,947
Closing net book value	4,586,101	11,696,629	43,842,701	7,377,422	553,916	1,023,969	52,399	69,133,137

Notes

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

Table 59: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	34,791	34,791	-	-
Dividends	47,795	47,795	-	-
Military superannuation contributions	1,324,094	1,324,094	-	-
Fees	13,335	13,335	-	-
Other	58,472	50,877	-7,595	-13.0
Total non-taxation	1,478,487	1,470,892	-7,595	-0.5
Total revenues administered on behalf of Government	1,478,487	1,470,892	-7,595	-0.5
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	113,164	113,164	-	-
Military retention benefits	95,883	95,883	-	-
Military superannuation benefits	4,393,053	4,707,555	314,502	7.2
Total expenses administered on behalf of Government	4,602,100	4,916,602	314,502	6.8

Table 60: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	64,709	64,709	-	-
Investments accounted for using the equity method	2,269,712	2,270,046	334	-
Loans	594,580	594,580	-	-
Total financial assets	2,929,001	2,929,335	334	-
Non-financial assets				
Prepayments	153,890	153,890	-	-
Total non-financial assets	153,890	153,890	-	-
Total assets administered on behalf of Government	3,082,891	3,083,225	334	-
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	5,543	5,543	-	-
Total payables	5,543	5,543	-	-
Provisions				
Superannuation - DFRB ^[1]	421,758	477,100	55,342	13.1
Superannuation - DFRDB ^[2]	25,468,585	30,756,000	5,287,415	20.8
Superannuation - MSBS ^[3]	27,879,102	28,101,878	222,776	0.8
Total provisions	53,769,445	59,334,978	5,565,533	10.4
Total liabilities administered on behalf of Government	53,774,988	59,340,521	5,565,533	10.3

Notes

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

Table 61: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2014-15 Previous Estimate \$'000	2014-15 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	34,791	34,791	-	-
Military superannuation contributions	1,324,094	1,324,094	-	-
Fees	13,335	13,335	-	-
Other	58,970	51,375	-7,595	-12.9
Total cash received	1,431,190	1,423,595	-7,595	-0.5
Cash used				
Subsidies paid	113,164	113,164	-	-
Military benefits	2,101,173	2,120,422	19,249	0.9
Total cash used	2,214,337	2,233,586	19,249	0.9
Net cash from or (used by) operating activities	-783,147	-809,991	-26,844	3.4
INVESTING ACTIVITIES				
Cash received				
Dividends	50,525	50,525	-	-
Total cash received	50,525	50,525	-	-
Cash used				
Loans	85,000	85,000	-	-
Total cash used	85,000	85,000	-	-
Net cash from or (used by) investing activities	-34,475	-34,475	-	-
Net increase (decrease) in cash held	-817,622	-844,466	-26,844	3.3
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,299,337	2,318,586	19,249	0.8
Cash to the Official Public Account	-1,481,715	-1,474,120	7,595	-0.5
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

**Table 62: Schedule of Budgeted Income and Expenses Administered on Behalf of Government
(for the period ended 30 June)**

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	29,807	34,791	37,161	37,682	37,682
Dividends	50,525	47,795	57,539	56,861	73,588
Military superannuation contributions	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Fees	12,727	13,335	13,973	14,384	14,710
Other	88,429	50,877	55,333	67,044	49,171
Total non-taxation	1,461,390	1,470,892	1,530,341	1,439,117	1,384,539
Total revenues administered on behalf of Government	1,461,390	1,470,892	1,530,341	1,439,117	1,384,539
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	103,009	113,164	121,829	128,977	135,652
Military retention benefits	77,103	95,883	77,940	93,000	105,540
Military superannuation benefits	5,019,796	4,707,555	4,920,967	4,987,278	5,105,346
Total expenses administered on behalf of Government	5,199,908	4,916,602	5,120,736	5,209,255	5,346,538

Table 63: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	67,937	64,709	74,298	74,907	91,813
Investments accounted for using the equity method	2,219,189	2,270,046	2,324,899	2,380,259	2,433,945
Loans	509,580	594,580	594,580	634,580	634,580
Total financial assets	2,796,706	2,929,335	2,993,777	3,089,746	3,160,338
Non-financial assets					
Prepayments	155,873	153,890	182,350	230,750	246,810
Total non-financial assets	155,873	153,890	182,350	230,750	246,810
Total assets administered on behalf of Government	2,952,579	3,083,225	3,176,127	3,320,496	3,407,148
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,543	5,543	5,543	5,543	5,543
Total payables	5,543	5,543	5,543	5,543	5,543
Provisions					
Superannuation - DFRB ^[1]	501,521	477,100	454,200	431,600	409,500
Superannuation - DFRDB ^[2]	30,434,102	30,756,000	31,048,000	31,300,000	31,507,000
Superannuation - MSBS ^[3]	25,579,757	28,101,878	30,627,149	33,043,115	35,637,000
Total provisions	56,515,380	59,334,978	62,129,349	64,774,715	67,553,500
Total liabilities administered on behalf of Government	56,520,923	59,340,521	62,134,892	64,780,258	67,559,043

Notes

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

Table 64: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	29,807	34,791	37,161	37,682	37,682
Military superannuation contributions	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Fees	12,727	13,335	13,973	14,384	14,710
Other	91,061	51,375	55,488	65,757	48,992
Total cash received	1,413,497	1,423,595	1,472,957	1,380,969	1,310,772
Cash used					
Subsidies paid	103,009	113,164	121,829	128,977	135,652
Military benefits	1,947,625	2,120,422	2,222,044	2,354,750	2,439,598
Total cash used	2,050,634	2,233,586	2,343,873	2,483,727	2,575,250
Net cash from or (used by) operating activities	-637,137	-809,991	-870,916	-1,102,758	-1,264,478
INVESTING ACTIVITIES					
Cash received					
Dividends	51,073	50,525	47,795	57,539	56,861
Total cash received	51,073	50,525	47,795	57,539	56,861
Cash used					
Loans	-	85,000	-	40,000	-
Total cash used	-	85,000	-	40,000	-
Net cash from (used by) investing activities	51,073	-34,475	47,795	17,539	56,861
Net increase (decrease) in cash held	-586,064	-844,466	-823,121	-1,085,219	-1,207,617
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,050,634	2,318,586	2,343,873	2,523,727	2,575,250
Cash to the Official Public Account	-1,464,570	-1,474,120	-1,520,752	-1,438,508	-1,367,633
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

3.3.2 Notes to the Financial Statements

The financial statements have been prepared in accordance with the Australian Accounting Standards and the Finance Minister's Orders.

3.4 CONSOLIDATED BUDGETED FINANCIAL STATEMENTS FOR THE DEPARTMENT OF DEFENCE (INCLUDING DMO)

Table 65: Consolidated Budgeted Departmental Net Cost of Service (cash) for the Department of Defence (including DMO) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	10,669,824	11,086,613	11,725,651	11,585,294	11,931,034
Supplier payments	9,716,335	10,147,584	10,332,942	10,410,481	11,728,681
Purchase of specialist military equipment	4,559,211	5,677,403	6,541,804	6,344,605	6,769,246
Purchase of inventory	1,069,130	1,161,511	1,316,982	1,409,002	1,377,736
Purchase of other property, plant and equipment	1,565,264	1,556,687	760,069	877,100	1,572,176
Other cash used	1,627,624	1,874,804	1,979,395	1,981,032	1,994,894
Total cash used	29,207,388	31,504,602	32,656,843	32,607,514	35,373,767
Own source receipts	2,204,890	2,281,848	2,382,352	2,326,068	2,491,926
Total cash received	2,204,890	2,281,848	2,382,352	2,326,068	2,491,926
Net cost of service (cash)	27,002,498	29,222,754	30,274,491	30,281,446	32,881,841
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	25,453,711	26,759,929	27,924,536	28,270,633	30,124,421
Appropriation Bill 2/4 (equity injection)	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Net cash to the Official Public Account	-46,500	-853	-875	-68,200	-39,156
Total funding source	26,928,699	29,222,754	30,274,491	30,281,446	32,881,841
Change in cash	-73,799	-	-	-	-

Table 66: Consolidated Comprehensive Departmental Income Statement (Showing Net Cost of Services) for the Department of Defence (including DMO) (for the period ending 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
EXPENSES					
Employee benefits	10,744,854	11,133,849	11,753,921	11,638,854	12,007,134
Supplier expenses	10,538,992	11,285,820	11,565,971	11,687,128	13,154,419
Grants	63,520	102,031	101,102	103,997	14,759
Depreciation and amortisation	4,005,260	4,179,463	4,348,798	4,663,752	4,804,201
Finance costs	126,581	146,644	152,338	154,584	155,207
Write-down of assets and impairment of assets	800,007	828,637	867,513	906,582	947,246
Losses from sale of assets	-	-	-	-	-
Other	89,915	45,389	105,067	109,989	23,548
Total expenses	26,369,129	27,721,833	28,894,710	29,264,886	31,106,514
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	561,383	525,483	470,233	480,167	504,763
Other revenue	76,940	61,982	62,624	61,954	62,095
Total own-source revenue	638,323	587,465	532,857	542,121	566,858
Gains					
Reversals of previous asset write-downs	322,215	339,091	356,142	373,285	391,171
Sale of assets	12,936	24,906	87,381	63,081	10,407
Other gains	6,226	6,354	6,486	6,620	6,758
Total gains	341,377	370,351	450,009	442,986	408,336
Total own-source income	979,700	957,816	982,866	985,107	975,194
Net cost of (contribution by) services	25,389,429	26,764,017	27,911,844	28,279,779	30,131,320
Revenue from Government	25,389,429	26,764,017	27,911,844	28,279,779	30,131,320
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Table 67: Consolidated Budgeted Departmental Balance Sheet for the Department of Defence (including DMO) (as at 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	130,466	130,466	130,466	130,466	130,466
Trade and other receivables	113,147	113,147	113,147	113,147	113,147
Tax assets	151,041	151,041	151,041	151,041	151,041
Appropriation receivable	120,203	124,291	111,599	188,048	233,184
Other receivables	471,514	377,467	261,528	162,962	102,679
Total financial assets	986,371	896,412	767,781	745,664	730,517
Non-financial assets					
Land and buildings	15,986,117	16,282,730	16,482,652	16,428,320	17,019,414
Infrastructure, plant and equipment	7,447,831	7,383,431	7,134,069	6,763,836	6,449,892
Specialist military equipment	41,358,182	43,842,701	47,061,209	49,749,887	52,682,234
Intangibles	562,663	553,916	540,939	527,747	501,185
Heritage and cultural	1,023,969	1,023,969	1,023,969	1,023,969	1,023,969
Inventories	6,052,786	5,941,559	5,830,744	5,714,945	5,584,235
Prepayments	1,582,770	1,582,752	1,582,734	1,582,715	1,582,696
Total non-financial assets	74,014,318	76,611,058	79,656,316	81,791,419	84,843,625
Assets held for sale	52,399	52,399	52,399	52,399	52,399
Total assets	75,053,088	77,559,869	80,476,496	82,589,482	85,626,541
LIABILITIES					
Payables					
Suppliers	2,182,702	2,219,847	2,237,877	2,226,163	2,393,963
Other	415,898	429,357	413,127	412,187	407,705
Total payables	2,598,600	2,649,204	2,651,004	2,638,350	2,801,668
Interest bearing liabilities					
Leases	1,398,102	1,321,565	1,282,967	1,243,134	1,203,276
Total interest bearing liabilities	1,398,102	1,321,565	1,282,967	1,243,134	1,203,276
Provisions					
Employee provisions	2,476,855	2,510,632	2,555,132	2,602,127	2,677,109
Restoration, decontamination and decommissioning	898,319	934,431	976,255	1,016,617	1,059,577
Other	8,895	8,895	8,895	8,895	8,895
Total provisions	3,384,069	3,453,958	3,540,282	3,627,639	3,745,581
Total liabilities	7,380,771	7,424,727	7,474,253	7,509,123	7,750,525
NET ASSETS	67,672,317	70,135,142	73,002,243	75,080,359	77,876,016
EQUITY					
Contributed equity	19,395,609	21,858,434	24,208,389	26,286,505	29,082,162
Reserves	14,729,974	14,729,974	14,729,974	14,729,974	14,729,974
Retained surplus (accumulated deficit)	33,546,734	33,546,734	34,063,880	34,063,880	34,063,880
Total equity	67,672,317	70,135,142	73,002,243	75,080,359	77,876,016

Table 68: Consolidated Budgeted Departmental Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	25,453,711	26,759,929	27,924,536	28,270,633	30,124,421
Goods and services	561,383	525,483	470,233	480,167	504,763
Net GST received	1,359,509	1,537,528	1,618,079	1,607,329	1,799,468
Other cash received	185,303	121,613	123,806	124,726	126,499
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	27,559,906	28,944,553	30,136,654	30,482,855	32,555,151
Cash used					
Employees	10,669,824	11,086,613	11,725,651	11,585,294	11,931,034
Suppliers	9,716,335	10,147,584	10,332,942	10,410,481	11,728,681
Net GST paid	1,359,509	1,537,528	1,618,079	1,607,329	1,799,468
Grants	63,520	102,031	101,102	103,997	14,759
Other cash used	44,373	45,389	105,067	109,989	23,548
Cash transfer to the Official Public Account (receivables)	46,500	853	875	68,200	39,156
Total cash used	21,900,061	22,919,998	23,883,716	23,885,290	25,536,646
Net cash from (used by) operating activities	5,659,845	6,024,555	6,252,938	6,597,565	7,018,505
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	63,235	61,675	136,685	84,497	14,486
Proceeds from sales of infrastructure, plant and equipment	24,219	28,000	26,000	21,800	39,161
Proceeds from sales of specialist military equipment	11,241	7,549	7,549	7,549	7,549
Total cash received	98,695	97,224	170,234	113,846	61,196
Cash used					
Purchase of land and buildings	737,193	961,469	353,804	593,848	1,256,488
Purchase of infrastructure, plant and equipment	789,017	520,008	332,359	204,462	244,201
Purchase of specialist military equipment	4,559,211	5,677,403	6,541,804	6,344,605	6,769,246
Purchase of intangibles	39,054	75,210	73,906	78,790	71,487
Purchase of inventory	1,069,130	1,161,511	1,316,982	1,409,002	1,377,736
Selling costs on sale of assets	5,693	2,787	6,035	5,662	5,014
Finance costs	100,629	110,532	110,514	114,222	112,247
Total cash used	7,299,927	8,508,920	8,735,404	8,750,591	9,836,419
Net cash from (used by) investing activities	-7,201,232	-8,411,696	-8,565,170	-8,636,745	-9,775,223
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Total cash received	1,521,488	2,463,678	2,350,830	2,079,013	2,796,576
Cash used					
Repayment of debt	53,900	76,537	38,598	39,833	39,858
Cash to the Official Public Account	-	-	-	-	-
Total cash used	53,900	76,537	38,598	39,833	39,858
Net cash from (used by) financing activities	1,467,588	2,387,141	2,312,232	2,039,180	2,756,718
Net increase (decrease) in cash and cash equivalents held	-73,799	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	204,265	130,466	130,466	130,466	130,466
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	130,466	130,466	130,466	130,466	130,466

Table 69: Consolidated Budgeted Income and Expenses Administered on Behalf of Government for the Department of Defence (including DMO) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	30,057	35,041	37,411	37,932	37,932
Dividends	50,525	47,795	57,539	56,861	73,588
Military superannuation contributions	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Fees	12,727	13,335	13,973	14,384	14,710
Other	88,429	50,877	55,333	67,044	49,171
Total non-taxation	1,461,640	1,471,142	1,530,591	1,439,367	1,384,789
Total revenues administered on behalf of Government	1,461,640	1,471,142	1,530,591	1,439,367	1,384,789
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	103,009	113,164	121,829	128,977	135,652
Military retention benefits	77,103	95,883	77,940	93,000	105,540
Military superannuation benefits	5,019,796	4,707,555	4,920,967	4,987,278	5,105,346
Total expenses administered on behalf of Government	5,199,908	4,916,602	5,120,736	5,209,255	5,346,538

Table 70: Consolidated Budgeted Assets and Liabilities Administered on Behalf of Government for the Department of Defence (including DMO) (as at 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	69,996	66,768	76,357	76,966	93,872
Investments accounted for using the equity method	2,219,189	2,270,046	2,324,899	2,380,259	2,433,945
Loans	509,580	594,580	594,580	634,580	634,580
Total financial assets	2,798,765	2,931,394	2,995,836	3,091,805	3,162,397
Non-financial assets					
Prepayments	155,873	153,890	182,350	230,750	246,810
Total non-financial assets	155,873	153,890	182,350	230,750	246,810
Total assets administered on behalf of Government	2,954,638	3,085,284	3,178,186	3,322,555	3,409,207
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,543	5,543	5,543	5,543	5,543
Total payables	5,543	5,543	5,543	5,543	5,543
Provisions					
Superannuation - DFRB ^[1]	501,521	477,100	454,200	431,600	409,500
Superannuation - DFRDB ^[2]	30,434,102	30,756,000	31,048,000	31,300,000	31,507,000
Superannuation - MSBS ^[3]	25,579,757	28,101,878	30,627,149	33,043,115	35,637,000
Total provisions	56,515,380	59,334,978	62,129,349	64,774,715	67,553,500
Total liabilities administered on behalf of Government	56,520,923	59,340,521	62,134,892	64,780,258	67,559,043

Notes

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

Table 71: Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)

	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	30,057	35,041	37,411	37,932	37,932
Military superannuation contributions	1,279,902	1,324,094	1,366,335	1,263,146	1,209,388
Fees	12,727	13,335	13,973	14,384	14,710
Other	91,061	51,375	55,488	65,757	48,992
Total cash received	1,413,747	1,423,845	1,473,207	1,381,219	1,311,022
Cash used					
Subsidies paid	103,009	113,164	121,829	128,977	135,652
Military benefits	1,947,625	2,120,422	2,222,044	2,354,750	2,439,598
Total cash used	2,050,634	2,233,586	2,343,873	2,483,727	2,575,250
Net cash from or (used by) operating activities	-636,887	-809,741	-870,666	-1,102,508	-1,264,228
INVESTING ACTIVITIES					
Cash received					
Dividends	51,073	50,525	47,795	57,539	56,861
Total cash received	51,073	50,525	47,795	57,539	56,861
Cash used					
Loans	-	85,000	-	40,000	-
Total Cash used	-	85,000	-	40,000	-
Net cash from (used by) investing activities	51,073	-34,475	47,795	17,539	56,861
Net increase (decrease) in cash held	-585,814	-844,216	-822,871	-1,084,969	-1,207,367
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,050,634	2,318,586	2,343,873	2,523,727	2,575,250
Cash to the Official Public Account	-1,464,820	-1,474,370	-1,521,002	-1,438,758	-1,367,883
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

APPENDICES

- Appendix A Defence Cooperation Programme
- Appendix B The Unapproved Major Capital Investment Programme (also known as the Defence Capability Plan)
- Appendix C Major Capital Facilities Programme
- Appendix D Approved Projects Being Developed for Private Financing Arrangements
- Appendix E Status of Major Projects Foreshadowed for Government and Parliamentary Standing Committee on Public Works Consideration (PWC) in 2014-15

APPENDIX A: DEFENCE COOPERATION PROGRAMME

The Defence Cooperation Programme supports Australia's network of bilateral and multilateral relationships by engaging selected international partners, with a focus on practical engagement to help build capacity and professionalism, foster transparency and mutual understanding, and improve the ability of regional defence and security forces to work with Australia and each other.

The aims and objectives of the DCP are to:

- support regional security
- work with regional partners and others to shape a stable environment
- consolidate Australia's position as a key partner on regional security issues
- encourage and assist the development of defence self-reliance within regional countries.

These objectives are enhanced by assisting regional security forces in the areas of:

- defence reform and governance
- strategic planning
- analysis
- counter terrorism
- maritime security
- peacekeeping
- humanitarian assistance and disaster relief
- communications
- logistic support
- education and training
- countering the threat of improvised explosive devices and unexploded ordnance
- preparedness for chemical, biological, radiological and explosive incidents and pandemics.

By assisting the development of professional and sustainable defence forces and Pacific police forces in the region, the DCP is improving the ability of our partners to contribute to national and regional security objectives. Australian assistance includes ADF and civilian advisers, a range of training initiatives and bilateral exercises, capacity building initiatives, and equipment and infrastructure projects.

A key element of the DCP is the Pacific Patrol Boat Programme, through which Australia has provided 22 Patrol Boats (with associated personnel and technical assistance) to 12 countries. The Programme engages Pacific navies and police maritime wings and is designed to help Pacific island countries improve their ability to independently police their maritime zones. Other important areas of focus are the continued development of Timor Leste's Defence Force and Secretariat of Defence, as well as our support to the reinvigoration of Papua New Guinea's Defence Force.

Table 72: Defence Cooperation Programme budget 2014-15

	2012-13 Actual \$'000	2013-14 Budget Estimate \$'000	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000
Defence Cooperation Programme Budget				
Papua New Guinea	20,043	27,096	25,508	25,917
South Pacific Region	31,288	37,122	34,998	37,553
South-East Asia	16,952	17,049	15,548	15,822
Other regional activities	5,885	7,121	6,006	6,807
Defence International Training Centre ⁽¹⁾	5,066	5,498	5,151	5,855
Total	79,234	93,886	87,211	91,954

Note

1. The Defence International Training Centre (DITC) provides training in Australia to the defence forces of South-East Asia and South Pacific nations and to other selected overseas personnel. The DITC is managed by VCDF Group.

Table 73: South Pacific region budget 2014-15

	2012-13 Actual \$'000	2013-14 Budget Estimate \$'000	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000
South Pacific				
Timor Leste	4,241	3,740	3,599	3,717
Vanuatu	1,112	986	580	878
Solomon Islands	893	924	756	851
Tonga ⁽¹⁾	2,728	3,841	3,793	4,863
Samoa	202	108	166	116
Cook Islands	151	134	33	98
Republic of the Marshall Islands	142	190	169	171
Federates States of Micronesia	94	161	229	112
Tuvalu	329	243	132	237
Kiribati	360	171	152	166
Palau	284	235	299	376
DCP Scheduled Support	2,731	5,500	4,114	4,263
Pacific Patrol Boat Programme	18,021	20,889	20,976	21,705
Total	31,288	37,122	34,998	37,553

Note

1. The increased budget for Tonga reflects additional costs in 2014-15 for the Tongan Landing Craft acquisition.

Table 74: South-East Asia region budget 2014-15

	2012-13 Actual \$'000	2013-14 Budget Estimate \$'000	2013-14 Estimated Actual \$'000	2014-15 Budget Estimate \$'000
South-East Asia				
Singapore	70	82	111	72
Philippines	3,574	3,229	3,214	2,743
Thailand	3,160	2,913	2,344	2,640
Malaysia	3,599	3,721	3,234	3,176
Indonesia	3,419	3,730	3,298	3,796
Vietnam	1,837	1,904	2,218	1,977
Cambodia and Laos	1,291	1,277	1,095	1,240
Brunei	2	21	6	11
Myanmar		172	28	167
Total	16,952	17,049	15,548	15,822
Note				
1. The decreased budget for Phillipines in 2014-15 reflects the closure of the Phillipines Watercraft Project.				
Other regional activities				
	5,885	7,121	6,006	6,807

APPENDIX B: THE UNAPPROVED MAJOR CAPITAL INVESTMENT PROGRAMME (ALSO KNOWN AS THE DEFENCE CAPABILITY PLAN)

The Defence Capability Plan (DCP) is intended to be a costed, detailed development plan for Australia's future military capabilities. The plan is intended to be reviewed regularly to take account of changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget. Due to the upcoming White Paper and the significant disconnect between the plan the Government inherited and the available budget, projects to be brought forward this year are still under review. Depending on a range of factors projects listed below may be taken off this list and other projects may be added.

The information below details the projects that may be considered for approval by Government in Financial Year 2014-15.

Defence has adopted the Joint Capability Authority (JCA) framework which assigns a single senior officer responsible for capability realisation. To align with this framework project prefixes have been amended to align with Project Realisation Manager (PRM) – for example, Army helicopter projects are now LAND rather than AIR. The CORP (Corporate) prefix has been established to cover projects that deliver enterprise support functions (such as personnel and financial systems). However, project numbers have not changed.

Defence Capability Plan projects in development for possible First Pass approval that may be considered within the Financial Year 2014-15 include:

- AIR 2025 Phase 6 - Jindalee Operational Radar Network (JORN)
- LAND 154 Phase 2 - Joint Counter Improvised Explosive Device Capability (CIED)
- LAND 400 Phase 2 - Cavalry Reconnaissance Vehicle System (ASLAV Replacement)
- SEA 1354 Phase 1 - Submarine Escape Rescue and Abandonment Systems (SERAS)
- SEA 1448 Phase 4B - ANZAC Air Search Radar Replacement.

Defence Capability Plan projects in development for possible Second Pass approval that may be considered within the Financial Year 2014-15 include:

- AIR 5349 Phase 3 - EA-18G Growler Airborne Electronic Enabling Capabilities
- AIR 5431 Phase 1 - Deployable Defence Air Traffic Management and Control System
- AIR 5431 Phase 2 - Fixed Base Defence Air Traffic Management and Control System
- AIR 5431 Phase 3 - Fixed Base Defence Air Traffic Management
- JP 2008 Phase 5B.1 - Military Satellite Capability - Wideband Terrestrial Infrastructure
- JP 2068 Phase 2B.2 - Computer Network Defence
- JP 5408 Phase 3 - ADF Navigation Warfare (NAVWAR) Capability
- JP 9000 Phase 7 - Helicopter Aircrew Training System
- LAND 19 Phase 7A - Counter-Rocket, Artillery and Mortar/Missile (C-RAM) NPOC ONLY
- LAND 136 Phase 1 - Land Force Mortar Replacement
- LAND 2072 Phase 2B - Battlespace Communications System (Land)
- LAND 2089 Phase 3B - Tactical Information Exchange Domain (Data Links) - Armed Reconnaissance Helicopter.

Defence Capability Plan Projects in Development for possible Other Approval Consideration that may be considered within the Financial Year 2014-15 include:

- SEA 1000 - Future Submarine Program.

APPENDIX C: MAJOR CAPITAL FACILITIES PROGRAMME

The Facilities Programme comprises approved and unapproved major and medium projects.

Major capital facilities projects are defined as having expenditure over \$15m and are subject to Government approval and formal review by the Parliamentary Standing Committee on Public Works (PWC). Medium facilities projects have an expenditure of between \$500,000 and \$15m. Projects valued over \$8m are subject to Government approval. Projects valued between \$2m and \$15m are required to be notified to and agreed by the PWC but may not be formally reviewed by the Committee. Projects over \$15m require referral to and full consideration by the PWC, with approval granted by the Parliament. Details of these projects are provided in this Appendix.

The Major Capital Facilities Programme gives priority to projects that support and sustain current and future capability requirements, other government initiatives, meet legislative obligations and assist towards the provision of basic engineering and infrastructure services, in support of new projects and upgrades to existing facilities.

Approved Major Capital Facilities Projects

The table below and the following descriptions provide details on the progress and expenditure during 2014-15 on major capital facilities projects.

Table 75: Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2014 \$m	2014-15 Budget Estimate \$m
Enhanced Land Force Stage 2 Works ^[1]				
Lone Pine Barracks	NSW - Hunter	-	111.6	9.9
Puckapunyal Training Area	VIC - McEwan	-	0.0	7.9
Simpson Barracks, Watsonia	VIC - Jagajaga	-	21.2	-
RAAF Amberley	QLD - Blair	-	9.6	-
Lavarack Barracks, Townsville	QLD - Herbert	-	65.1	-
Townsville Training Area	QLD - Kennedy	-	3.9	-
Greenbank Training Area	QLD - Rankin	-	119.3	2.1
Gallipoli Barracks, Enoggera	QLD - Ryan	-	794.6	22.1
Wide Bay Training Area	QLD - Wide Bay	-	68.6	18.8
Kokoda Barracks, Canungra	QLD - Wright	-	67.1	0.0
Cultana Training Area	SA - Grey	-	0.3	0.8
RAAF Edinburgh	SA - Wakefield	-	35.3	-
Majura Field Training Area	ACT - Fraser	-	22.4	-
Total		1,457.8	1,319.1	61.7
Defence Logistics Transformation Programme ^[1]				
Defence National Storage & Distribution Centre, Moorebank	NSW - Hughes	-	188.8	27.7
Wadsworth Barracks, Bandiana	VIC - Indi	-	21.5	43.2
RAAF Amberley	QLD - Blair	-	89.8	59.9
Townsville	QLD - Herbert	-	35.1	59.0
RAAF Edinburgh	SA - Wakefield	-	0.5	16.2
Robertson Barracks	NT - Solomon	-	109.6	27.1
Total		752.7	445.3	233.1

Table 75 (Continued): Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2014 \$m	2014-15 Budget Estimate \$m
Moorebank Units Relocation ^[2]				
Steele Barracks, Moorebank	NSW - Hughes	352.9	163.0	121.7
Albatross Redevelopment Stage 3				
HMAS A batross, Nowra	NSW - Gilmore	192.0	22.7	62.6
Facilities for MH-60R Seahawk Maritime Combat Helicopters ^[1]				
HMAS A batross, Nowra	NSW - Gilmore	-	71.4	73.5
HMAS Stirling, Rockingham	WA - Brand	-	5.2	5.8
Total		189.0	76.6	79.3
East Sale Redevelopment				
RAAF East Sale	VIC - Gippsland	185.6	65.3	102.1
Facilities for Air Warfare Destroyer (SEA 4000)				
Garden Island	NSW - Wentworth	109.9	16.0	79.9
Defence Force School of Signals				
Simpson Barracks, Watsonia	VIC - Jagajaga	101.3	92.3	8.9
ADFA Redevelopment				
ADFA	ACT - Fraser	98.5	73.0	20.9
Airfield Capital Works ^[1]				
RAAF Base Edinburgh	SA - Wakefield	-	-	25.0
RAAF Base Williams	VIC - Lalor	-	-	14.0
Woomera Aerodrome	SA - Grey	-	-	27.0
Total		66.0	-	66.0

Table 75 (Continued): Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2014 \$m	2014-15 Budget Estimate \$m
Facilities for Landing Helicopter Dock ships (JP2048)				
Garden Island	NSW - Wentworth	60.3	5.0	39.6
Liverpool Military Area High Voltage Reticulation Systems Upgrade				
Liverpool Military Area	NSW - Hughes	19.6	16.6	2.1
JP 154 Facilities for Joint Counter Improvised Explosive Device Capability Stage 2 - Other Sites ^[1]				
Defence National Storage & Distribution Centre, Moorebank	NSW - Hughes	-	-	1.3
Singleton Training Area	NSW - Hunter	-	-	0.5
Wadsworth Barracks, Bandiana	VIC - Indi	-	-	0.5
Simpson Barracks, Watsonia	VIC - Jagajaga	-	1.5	0.8
Kokoda Baracks, Canungra	QLD - Forde	-	-	0.8
Townsville Training Area	QLD - Herbert	-	-	0.9
Cultana Training Area	SA - Grey	-	-	0.7
Edinburgh Defence Precinct	SA - Wakefield	-	1.8	0.8
Campbell Barracks, Perth	WA - Curtin	-	-	0.7
RAAF Darwin	NT - Solomon	-	-	1.0
Total		13.4	3.3	8.0

Table 75 (Continued): Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2014 \$m	2014-15 Budget Estimate \$m
Low Level Bridge Repair				
Fleet Base West	WA- Brand	12.8	-	8.1
Thermal Test Facility				
Fishermans Bend	VIC - Melbourne Ports	9.2	0.3	8.4
Australian Operational Concept Contingency and Stores ^[1]				
RAAF Williams	VIC - Lalor	-	-	0.8
RAAF Amberley	QLD - Blair	-	0.1	0.9
RAAF Townsville	QLD - Herbert	-	0.2	1.5
RAAF Edinburgh	SA - Wakefield	-	0.1	0.9
Derwent Barracks, Glenorchy	TAS - Denison	-	0.8	0.6
RAAF Darwin	NT - Solomon	-	-	2.0
Total		7.9	1.2	6.7
Flood Mitigation				
RAAF Darwin	NT - Solomon	7.3	0.1	2.5
AIR 8000 Battelfield Airlifter Interim Facilities				
RAAF Base Richmond	NSW - Greenway	6.1	0.2	5.4
Potable Water Supply Upgrade				
RAAF Pearce	WA - Pearce	4.6	0.8	2.2
Support Facilities Landing Helicopter Dock (LHD) Landing Crafts				
	NSW - Wentworth	3.9	1.2	2.5
Projects in or about to enter Defects Liability Period ^[3]				
				13.8
Total		3,650.8	2,301.9	935.3

Notes

1. These projects cross state and electoral boundaries. Estimated cumulative expenditure to 30 June 2014 and expenditure estimates for 2014-15 are provided in the table per location.

2. This amount represents the Defence funded element of the Moorebank Units Relocation Project. The Department of Finance are funding the remaining element of \$517.1m with a total approved project value of \$870.0m.

3. This amount represents the expenditure estimates for contract administration of 22 completed projects during their first year in-use and construction completion of two medium works projects that are under the \$2m reporting threshold to the Public Works Committee.

New South Wales

Moorebank - Units Relocation (MUR)

The project supports the Government's proposed Moorebank Intermodal Freight Terminal on Commonwealth owned-Defence occupied land at Moorebank. The project is delivering new facilities at Holsworthy Barracks to relocate affected Defence units and facilities from the proposed Moorebank Intermodal Terminal site, including the School of Military Engineering. The project is scheduled for completion by late 2015.

Liverpool Military Area (LMA) High Voltage Reticulation Systems Upgrade

The project will provide improved energy supply and distribution to the Liverpool Military Area, primarily at Holsworthy Barracks. This project will provide a necessary increase in electrical supply to the Liverpool Military Area and improved electrical reticulation within Holsworthy Barracks. The project is scheduled for completion by late 2015.

HMAS Albatross Redevelopment Stage 3

The project will replace ageing and obsolete engineering services and infrastructure at HMAS Albatross. It will also provide a combination of new and refurbished facilities to support operational and training outcomes as well as enabling functions. The project is scheduled for completion by mid 2017.

Facilities for Air Warfare Destroyer (SEA 4000)

This project will provide new and upgraded wharf-side facilities to support berthing and sustainment at Garden Island (Sydney, NSW) for the new Hobart Class Air Warfare Destroyers. The works also include the provision of training facilities at HMAS Watson and Randwick Barracks in Sydney. Construction commenced in mid 2013 and is scheduled for completion by late 2015.

Facilities for the Landing Helicopter Dock Ships (JP 2048)

This project will provide new and upgraded wharf-side facilities to support berthing and sustainment at Garden Island (Sydney, NSW) for the new Canberra Class Landing Helicopter Dock Ship. The works also include the provision of training facilities at Randwick Barracks in Sydney and at the Multi-user wharf at Eden NSW. Construction commenced in mid 2013 and is scheduled for completion by late 2015.

Victoria

RAAF Base East Sale Redevelopment Stage 2

This project will provide in-ground engineering services upgrades, new working accommodation, new training and maintenance facilities, security upgrades, new air traffic control complex, new commercial and community facilities, a new chapel, new firing range, new living-in accommodation and demolition of redundant facilities. Project is scheduled for completion by mid 2015.

Watsonia - Defence Force School of Signals

This project will provide new working accommodation, improved security arrangements and upgraded living-in accommodation for the Defence Force School of Signals at Simpson Barracks. Construction commenced in October 2008. The Living-In Accommodation and other major components of the project are now complete. Remaining scope elements are scheduled for completion by early 2015.

Australian Capital Territory

ADFA Redevelopment

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

VARIOUS Locations

Enhanced Land Force (ELF) Stage 2

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

Facilities at Townsville, Singleton, Duntroon and Watsonia will provide modern accommodation and supporting infrastructure for increased Army career training. In Sydney, at RAAF Bases Amberley, at Edinburgh and at nine Defence Training Areas, new and refurbished facilities with site infrastructure upgrades will be provided for Army and joint enabling elements supporting the Enhanced Land force capabilities. Works at Garden Island and Balmoral were completed in 2010. Facilities at Garden Island, HMAS Penguin, Watsonia, Puckapunyal, RAAF Base Amberley, Townsville Field Training Area, Majura Field Training Area and Royal Military College Duntroon have been completed. The project is scheduled for completion by early 2015.

Defence Logistics Transformation Programme (DLTP) - Formerly DLSP

The project will modernise and enhance the wholesale storage, distribution and land materiel functions of Joint Logistic Command units nationally to provide optimum support to Defence operations. The facilities component of the programme will provide enhanced logistics facilities at Moorebank New South Wales, Bandiana Victoria, Amberley and Townsville Queensland, Palmerston Northern Territory, Edinburgh South Australia and Guilford and Garden Island Western Australia. The project scheduled for completion by mid 2016.

Airfield Capital Works (Edinburgh, Woomera, Point Cook)

The project will resurface asphalt pavement and replace airfield lighting at RAAF Base Edinburgh, Woomera Aerodrome and RAAF Base Williams. Construction is scheduled to commence in mid 2014, programmed to be completed by mid 2015.

JP 154 Facilities for Joint Counter Improvised Explosive Device Capability – Phase 1 Stage 2 - Other sites

The project will provide test and evaluation facilities at Edinburgh (Adelaide, South Australia), plus storage and training facilities at 14 other sites across Australia in support of the ADF's counter IED capability. Project is programmed to be completed by mid to late 2015.

Facilities for the MH-60R Seahawk Maritime Combat Helicopters (AIR 9000 Phase 8) (previously reported as Facilities for Future Naval Aviation Combat System Support Air 9000 Phase 8)

The project will provide new and upgraded facilities for maritime helicopter operations at HMAS Albatross (Nowra, NSW) and HMAS Stirling (Fremantle, WA) and at Eden NSW. The works include the provision of facilities for aircraft hangars and workshops, synthetic training and working accommodation primarily at Nowra as well as additional explosive ordnance facilities at Fremantle and Eden. Construction commenced in late 2013 and is scheduled for completion by mid 2017.

APPENDIX D: APPROVED PROJECTS BEING DEVELOPED FOR PRIVATE FINANCING ARRANGEMENTS

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

The Single LEAP project was substantially completed in 2013-14. No other Infrastructure Division projects fit into this category.

APPENDIX E: STATUS OF MAJOR PROJECTS FORESHADOWED FOR GOVERNMENT AND PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS CONSIDERATION (PWC) IN 2014-15

During 2014-15, Defence expects to present a number of facilities proposals to the Government and the Parliamentary Standing Committee on Public Works (PWC). The table below provides details of the fifteen proposed major and medium capital projects expected to be referred to the PWC in 2014-15 or seek Government approval in 2014-15. In some cases, the projects may require the Government's approval before referral to the PWC.

Table 76: Programme of Works Foreshadowed for Consideration and Approval

	State/Electorate	Actual/Indicative PWC Referral Date	Actual/Indicative PWC Hearing Date ^[1]	Current Status
Capital Facilities Projects Foreshadowed for PWC Consideration in 2014-15				
RAAF Base Williamtown Redevelopment Stage 2	NSW - Newcastle	Early 2015	Mid 2015	In development
Facilities for Chinook Helicopter (Air 9000 Phases 5B and 5C)	QLD - Herbert	Early 2014	Mid 2014	In development
AIR 6000 New Air Combat Capability (NACC)	Multiple	Mid 2014	Mid 2014	In development
Defence Terrestrial Communications Network Upgrade (Joint Project (JP) 2047)	Multiple	Mid 2014	Mid 2014	In development
Facilities for Joint Counter Improvised Explosive Device Capability - Phase 1 Stage 1 - Nurrungar (Joint Project (JP) 154)	SA - Grey	Mid 2014	Mid 2014	In development
Space Telescope (Joint Project (JP) 3029)	Multiple	Late 2014	Late 2014	In development
AIR 9000 Helicopter Aircrew Training System	Multiple	Late 2014	Late 2014	In development
AIR 7000 Phase Maritime Patrol Aircraft	Multiple	Late 2014	Late 2014	In development
Medium Projects Foreshadowed to Seek Approval in 2014-15				
Army Emergency Response Facilities, Luscombe Airfield - Holsworthy	NSW - Hughes			In development
Samford Road - Gallipoli Barracks Enoggera	QLD - Ryan			In development
Cyber Security Operational Centre (COSC) Refurbishment - Russell Offices	ACT - Fraser			In development
Proof & Experimental Establishment (P&EE) Road and Car Park Upgrade - Graytown	VIC - Murray			In development
Proof & Experimental Establishment (P&EE) Vibration Test Facility - Port Wakefield	SA - Wakefield			In development
Joint Project (JP) 154 Phase 3A (Project Nigai) Australian Protected Route Clearance Capability	Multiple			In development

Note

1. Hearing dates will be subject to the Committee's consideration and agreement.

RAAF Base Williamtown Redevelopment Stage 2

The project will sustain and improve the functionality and capability of RAAF Base Williamtown (Newcastle, NSW) including upgrades or replacement of critical ageing infrastructure to meet future requirements. Subject to Government approval and Parliamentary clearance, construction is scheduled to commence in late 2015 and be completed by mid 2019.

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

The project aims to provide new and upgraded facilities to support the introduction into service of the new CH47 F Chinook helicopter. The project will provide working accommodation, simulator facilities, aircraft hangars and workshops, storage facilities and supporting infrastructure for the Army's 5th Aviation Regiment at RAAF Base Townsville, QLD. Subject to Parliamentary approval, construction is planned to commence in late 2014 and be completed in mid 2017.

AIR 6000 New Air Combat Capability (NAAC)

This project will provide new and upgraded facilities and infrastructure to support the introduction of the joint strike fighter at RAAF Base Williamtown (Newcastle, NSW), and RAAF Base Tindal (Katherine, NT) with support facilities and infrastructure provided at Defence Establishment Myambat and seven forward operating bases. Subject to Government and Parliamentary clearance construction is planned to commence in early 2015 and be completed by late 2022.

Defence Terrestrial Communications Network Facilities Upgrade (Joint Project (JP) 2047)

The project will provide upgraded and new communications infrastructure and supporting facilities at multiple Defence owned and leased sites across Australia. The project will support the introduction into service of the new Defence Terrestrial Communications Network. Subject to Parliamentary approval, construction is planned to commence in late 2014 and be completed by mid 2016.

JP 154 Facilities for Joint Counter Improvised Explosive Device Capability – Phase 1 Stage 1 - Nurrungar

The project will provide test and evaluation facilities at Nurrungar (Woomera, SA). Subject to Government and Parliamentary approval, construction is planned to commence in mid 2015 and be completed by mid 2016.

Joint Project (JP) 3029 Phase 2 Space Telescope

The project will provide new facilities and infrastructure at the Harold E. Holt Naval Communications Station to house a space surveillance telescope which is being provided by the US. Subject to Government and Parliamentary approval, construction is planned to commence in mid 2015 and be completed by mid 2016.

AIR 9000 Helicopter Aircrew Training System

The project will provide new and upgraded training facilities to support the introduction of the new joint Navy and Army Helicopter Aircrew Training System. The project will provide working accommodation, simulation facilities, training facilities and aircraft hangars at HMAS Albatross, Nowra NSW as well as communication rooms and helicopter operation areas at Jervis Bay Air field, NSW and training facilities at Army Aviation Centre Oakey, QLD. Subject to Government approval and Parliamentary clearance, construction is scheduled to commence in mid 2015 and be completed in mid 2016.

AIR 7000 Maritime Patrol Aircraft Phase 2B

The project aims to provide new and upgraded facilities and infrastructure to support the introduction of the P-8A aircraft at RAAF Base Edinburgh, RAAF Base Townsville, RAAF Base Pearce and RAAF Base Darwin. Subject to Government and Parliamentary approval, construction is planned to commence in mid 2016 and be completed by mid 2019.

