

Portfolio Additional Estimates Statements 2015-16

Defence Portfolio

Explanations of Additional Estimates 2015-16

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Assistant Secretary Financial Coordination
R1-2-A087
Department of Defence
PO Box 7900 Canberra BC ACT 2610

Telephone: (02) 6265 5380
Email: financial.coordination@defence.gov.au



Senator the Hon Marise Payne Minister for Defence

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2015-16 Additional Estimates for the Defence Portfolio.

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

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

Yours sincerely

A handwritten signature in blue ink that reads 'Marise Payne'.

Marise Payne

Abbreviations and Conventions

The following notations may be used:

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nfp	not for publication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

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

Enquiries

Should you have any enquiries regarding this publication please contact Assistant Secretary Financial Coordination, Chief Finance Officer Group, Department of Defence on (02) 6265 5380.

A copy of this document can be located on the Australian Government Budget website at:
<http://www.budget.gov.au>.

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

USER GUIDE

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

The PAES facilitate understanding of the proposed appropriations in *Appropriation Bills (No. 3 and No. 4) 2015-16*. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid Year Economic and Fiscal Outlook (MYEFO) 2015-16* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

Portfolio Overview

DEFENCE PORTFOLIO OVERVIEW

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

- the Department of Defence: a department of state headed by the Secretary of the Department of Defence;
- the Australian Defence Force (ADF): commanded by the Chief of the Defence Force (CDF) and consisting of the three Services, which are commanded by Service Chiefs.

In practice, these bodies work together closely and are broadly regarded as one organisation known simply as Defence (or the Australian Defence Organisation).

As a result of the First Principles Review, the Defence Materiel Organisation (DMO) was delisted and reintegrated into the Department of Defence. To reflect this change to Defence's organisational structure and accountabilities, the Defence Outcome 1 Programme Structure has been revised, and the Capability Acquisition and Sustainment Programme established.

The portfolio administers a number of Acts and Regulations that contain small entities, including a number of statutory offices, trusts and companies which are regulated by the provisions outlined in the *Public Governance, Performance and Accountability Act 2013*. These entities are independent bodies, however the stakeholder management or administration of these bodies resides within Defence. These include, among others, the Defence Housing Australia (DHA) the Australian Strategic Policy Institute (ASPI) and a number of Services Trust Funds and Canteen services.

The Minister for Defence's Portfolio also contains the Department of Veterans' Affairs and associated bodies, as it is designated as part of the Defence Portfolio in the Administrative Arrangements Order. The Department of Veterans' Affairs is administered separately to Defence and information related to the department can be found in the Department of Veterans' Affairs Portfolio Budget and Portfolio Additional Estimate Statements.

A full outline of the Department of Defence's Portfolio Overview can be found in the 2015-16 Portfolio Budget Statement.

Ministers and their Portfolio Responsibilities

CHANGES AFFECTING THE PORTFOLIO

Following the Prime Minister's announcement on changes to his cabinet on 20 September 2015, Senator the Hon Marise Payne was sworn in as Minister for Defence, replacing the Hon Kevin Andrews MP on 21 September 2015. The Hon Mal Brough MP was sworn in as Minister for Defence Materiel and Science replacing the Hon Stuart Robert MP. On 29 December 2015, he voluntarily stood aside from his role. Senator the Hon Marise Payne, is performing the portfolio responsibilities for Defence Materiel and Science. The Hon Darren Chester MP was sworn in as Assistant Minister for Defence, having previously been designated as Parliamentary Secretary to the Minister for Defence.

The Ministers and their portfolio responsibilities are as follows:

Senator the Hon Marise Payne – Minister for Defence

Oversight of all aspects of the Defence portfolio, and lead on all Cabinet and National Security Committee submissions, with specific responsibility for:

- Strategic policy, including the Defence White Paper
- Operations
- Intelligence and security
- International policy
- Force structure
- Portfolio management, finances and reform
- Defence export controls
- Implementation of First Principles Review
- Capability responsibilities
- The Integrated Investment Programme
- Naval Shipbuilding Plan
- Major Defence Materiel projects including:
 - Air Warfare Destroyers
 - Future Frigates
 - Offshore Patrol Vessels
 - Future Submarine Programme
 - Collins Class Submarines
 - Land 400
 - Next Generation Desktop
 - JP2047 Terrestrial Communications.

Minister for Defence Materiel and Science

Specific responsibility for:

- Defence materiel acquisition and sustainment projects except for major projects listed with the Minister for Defence
- Equipment disposal
- Monitor Projects of Concern
- Defence skilling programmes to support industry
- Industry capacity, structure, policy and engagement
- Implementation of the Naval Shipbuilding Plan
- ICT elements of the Integrated Investment Programme
- Science and technology policy.

The Hon Darren Chester MP - Assistant Minister for Defence

Assist the Minister for Defence on:

- Defence estate policy and major projects
- Defence Housing Australia
- Estate disposal
- Garrison support
- Personnel policy, specifically:
 - Workforce planning
 - Recruitment and retention
 - Reserves
 - Pay and superannuation
 - Equity and Diversity
 - Defence families and community organisations
- Military justice
- Medals and awards
- Parliamentary Exchange Program
- Navy, Army and Air Force Cadets
- Young Endeavour Youth Scheme
- Commonwealth corporate entities, for the purposes of the *Public Governance, Performance and Accountability Act 2013*, other than those that are the responsibility of the Minister for Defence.

PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes

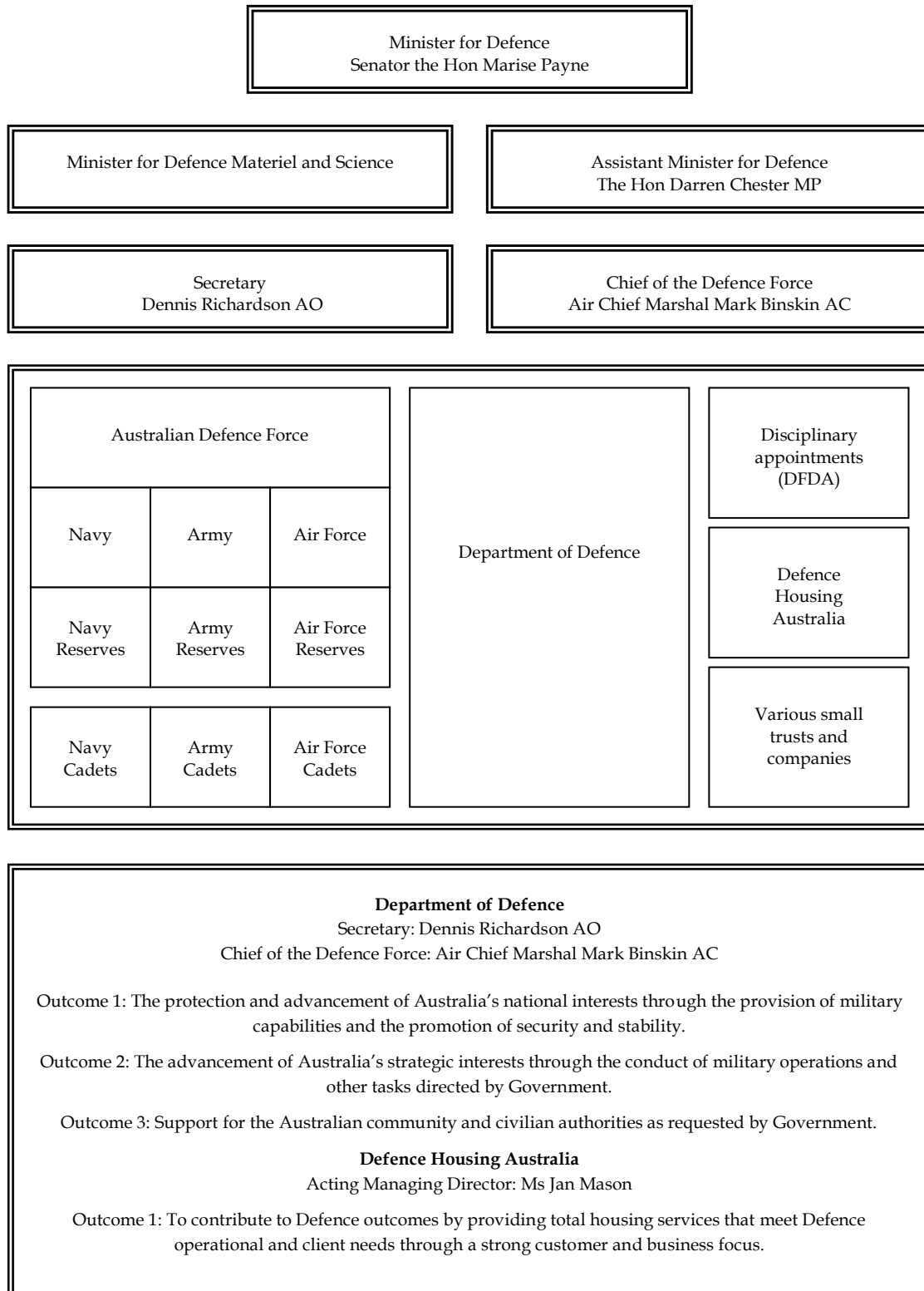
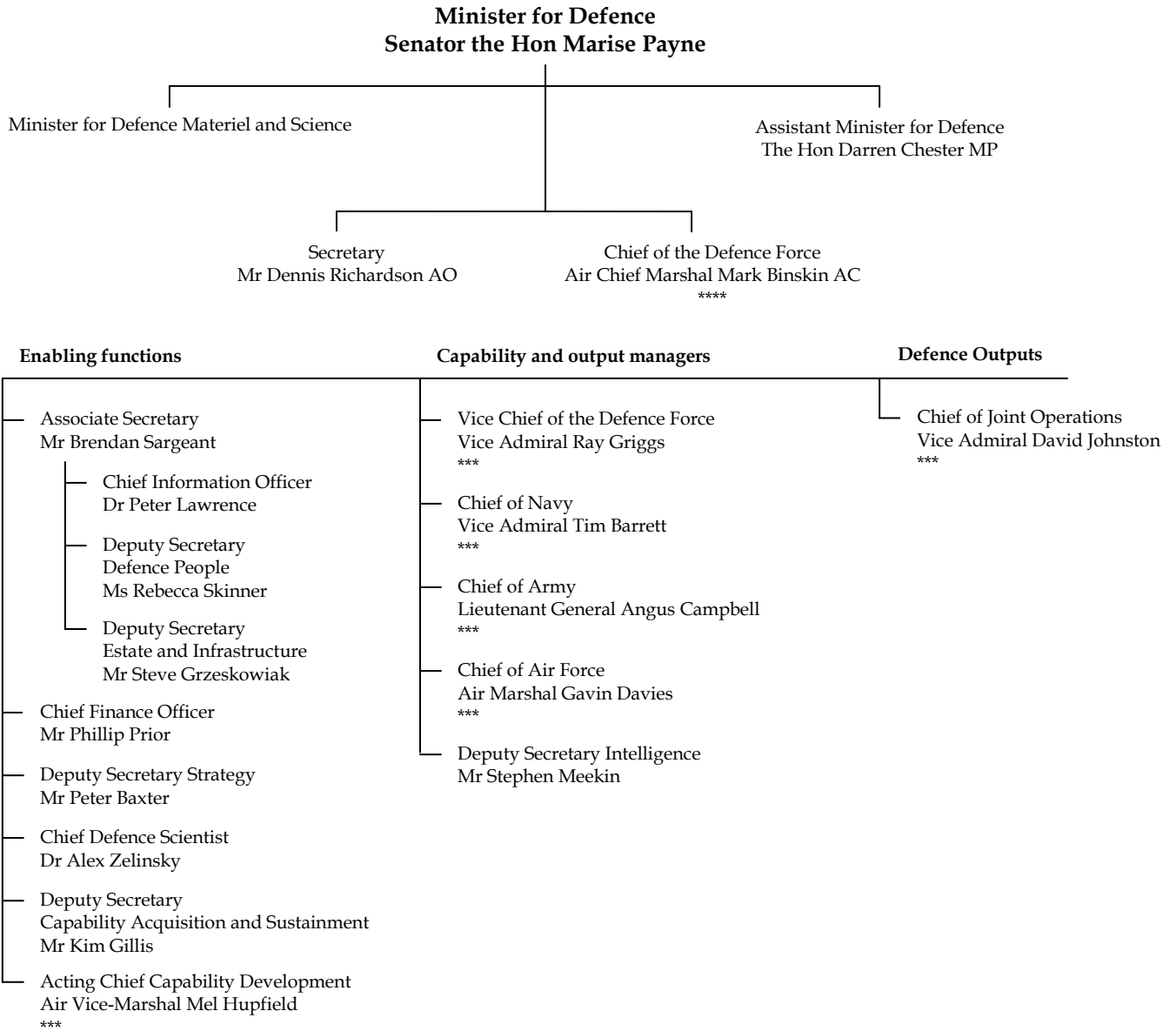


Figure 2: Defence Organisational Chart



Stars (*) refer to ADF Star Rank

Defence delivers five principal outputs to Government

The Joint Force-in-Being

The standing, prepared force that provides options to Government for future joint force operations.

Joint Force Operations

The coordinated use of the Joint Force-in-Being, often with other instruments of national power, to meet national strategic objectives.

National intelligence products

All-source intelligence assessments and other products to support Defence and national-level decision making and the planning and conduct of ADF and other operations.

Engagement and advice to Government

The suite of relationships between Defence and the Government and Parliament, with other agencies of Government, other governments and defence forces, Australian industry and the wider Australian community, as well as the provision of advice to Government on all aspects of Defence's activities.

Obligations to Government

The breadth of obligations and compliance requirements that form the basis of Defence's relationship with Government and the Australian community.

Senior Executive Changes

The following changes have taken place since the *Portfolio Budget Statements (PBS) 2015-16*:

- On 16 May 2015, Lieutenant General David Morrison AO retired as Chief of Army and was replaced by Lieutenant General Angus Campbell DSC AM.
- On 18 May 2015, Lieutenant General David Morrison AO, the previous Chief of Army, transferred to the Standby Reserves.
- On 4 July 2015, Air Marshal Gavin Davies AO CSC, was promoted and appointed to Chief of Air Force, replacing Air Marshal Geoff Brown AO, who transferred to the Royal Australian Air Force Reserve on 1 September 2015.
- On 22 July 2015, Mr David Gould, the previous General Manager Submarines, ceased his non-ongoing employment contract.
- Commencing 14 August 2015, Air Vice Marshal M.E.G. Hupfeld AO DSC, was appointed acting Chief of Capability Development Group.
- On 19 August 2015, Lieutenant General John Caligari AO DSC, the previous Chief Capability Development Group, transferred to the Standby Reserves.
- On 30 August 2015, Mr Harry Dunstall ceased duties Acting Deputy Secretary, Capability Acquisition and Sustainment Group.
- On 31 August 2015, Mr Kim Gillis was appointed to the new position of Deputy Secretary Capability Acquisition & Sustainment.
- On 25 September 2015, Mr Warren King, the previous Chief Executive Officer - Defence Materiel Organisation, resigned from the Australian Public Service.
- On 2 October 2015, Mr Colin Thorne, the previous General Manager Land and Maritime, resigned from the Australian Public Service.
- On 11 December 2015, Ms Shireane McKinnie, General Manager Joint Systems and Air, resigned from the Australian Public Service.

Organisational Structure

The following changes have taken place since the PBS 2015-16:

- Joint Enablers was established in July 2015 as an outcome of the First Principles Review. The Joint Enablers mission is to deliver joint enabling services and functions in support of Defence capability.
- The Defence Learning Branch transferred from Vice Chief of Defence Force (VCDF) Group to Defence People Group (DPG) on 1 July 2015.
- The Defence Security and Vetting Service, formerly the Defence Security Authority, transferred from Intelligence and Security Group (I&S) to Defence Executive Support (DES) on 1 July 2015.
- Effective from 1 July 2015, Defence Science and Technology Organisation (DSTO) changed its name to Defence Science and Technology Group (DST Group).
- Organisational changes to DST Group since the PBS 2015-16 relate to the First Principles Review Recommendation to rationalise SES level appointments in the Department. As a result of the recommendations DST Group removed three Deputy Chief Defence Scientist positions. The Secretary agreed to the establishment of one new position, Chief Science Strategy and Program, with Janis Cocking being appointed to the role.
- On 1 July 2015, the Programme 1.9 Chief Operating Officer - Defence Support and Reform was renamed to Programme 1.10 Estate and Infrastructure.
- On 14 December 2015, the new Industry Policy Division was established in Strategy Group, incorporating some functions previously delivered under Capability Acquisition and Sustainment Group's Industry Division, as well as Defence export and arms control responsibilities and a new Defence Capability and Innovation Branch.

Defence Portfolio Bodies

Information regarding Defence Portfolio Bodies remains as reported in the PBS 2015-16.

Portfolio Resource Statement

Table 1: Portfolio Resources ^[1]

	Departmental Bill No. 3	Departmental Bill No. 4	Appropriation Act (No.1) 2015-16	Appropriation Act (No.2) 2015-16	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Department of Defence										
Administered appropriations	-	-	-	-	15.8	-24.7	-8.9	-15.8	-	-24.7
Departmental appropriations	186.6	67.8	-	-	122.0	-	376.4	-93.2	-	283.2
Total Department of Defence	186.6	67.8	-	-	137.8	-24.7	367.5	-109.0	-	258.5
Defence Housing Australia										
Administered appropriations	-	-	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-	-	-	-	-	276.1	-	276.1
Total Defence Housing Australia	-	-	-	-	-	-	-	276.1	-	276.1
Total Portfolio	186.6	67.8	-	-	137.8	-24.7	367.5	167.1	-	534.6

Note

1. Figures shown include inter-agency transactions.