

PORTFOLIO OVERVIEW

DEFENCE PORTFOLIO OVERVIEW

The Defence Portfolio consists of a number of component organisations that together are responsible for 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 and consisting of the three Services, which are commanded by Service Chiefs; and
- the Defence Materiel Organisation (DMO): a listed entity within Defence, headed by a Chief Executive Officer. From 1 July 2015, the DMO will not be a separate listed entity as it will form part of the Department of Defence.

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

For the purposes of the 2015-16 Portfolio Budget Statements, the DMO is a separate listed entity until 30 June 2015 and, accordingly, the DMO is presented as a separate entity for the 2014-15 year. From 2015-16 onwards, the tables included in the 2015-16 Portfolio Budget Statements have been dissected to clearly demonstrate that DMO forms part of Defence.

The portfolio contains some smaller entities, including a number of statutory offices, trusts and companies created by the *Public Governance, Performance and Accountability Act 2013*, *Defence Force Discipline Act 1982*, *Defence Act 1903*, *Naval Defence Act 2010* and *Air Force Act 1923*, which are independent but reside administratively within Defence. These include, amongst others, Defence Housing Australia (DHA) and the Australian Strategic Policy Institute (ASPI).

The Portfolio also contains the Department of Veterans' Affairs and associated bodies, as designated 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.

The First Principles Review was announced by the Minister for Defence on 1 April 2015. The focus of the review was on ensuring Defence is fit for purpose, its business structures support the Australian Defence Force and it can deliver on future requirements, which will be outlined in the forthcoming 2015 Defence White Paper.

The Government agreed or agreed-in-principle to 75 of the 76 recommendations. A two year implementation timeframe has been agreed. In combination, the recommendations will change the structure, governance arrangements, accountabilities, processes and systems of Defence. The combined effect will be a more unified and integrated organisation that is more consistently linked to its strategy and clearly led by its centre. It will involve:

- a stronger and more strategic centre able to provide clear direction, contestability of decision making, along with enhanced organisational control of resources and monitoring of organisational performance;
- an end-to-end approach for capability development with capability managers having clear authority and accountability as sponsors for the delivery of capability outcomes to time and budget, supported by an integrated capability delivery function and subject to stronger direction setting and contestability from the centre;

- enablers that are integrated and customer-centric with greater use of cross-functional process, particularly in regional locations; and
- a planned and professional workforce with a strong performance management culture at its core.

Ministers and their Portfolio Responsibilities

CHANGES AFFECTING THE PORTFOLIO

Following the Prime Minister's announcement on changes to the ministry on 21 December 2014, on 23 December 2014 the Hon Kevin Andrews MP was sworn in as the Minister for Defence replacing Senator the Hon David Johnston.

The Ministers and their portfolio responsibilities are as follows:

The Hon Kevin Andrews MP – 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
- Operations
- Intelligence and security
- International policy
- Force structure
- Portfolio management, finances and reform
- Defence estate policy and major projects
- The military justice system
- Defence export controls
- Defence Housing Australia (as joint shareholder Minister)
- Australian Strategic Policy Institute

Capability responsibilities:

- The Defence Capability Plan
- Defence materiel acquisition – major and minor – and sustainment
- Industry capacity, structure, policy and engagement.

The Hon Stuart Robert MP – Assistant Minister for Defence

Defence support, specifically:

- Corporate services
- Non-materiel procurement
- Corporate communications and information management
- Ministerial support

Information and communications technology, specifically:

- Corporate systems
- ICT shared services, including hardware and applications support
- The Single Information Environment
- ICT capital projects for which the Chief Information Officer is the capability manager
- ICT reform and standardisation

Personnel policy and implementation, specifically:

- Personnel policy, including workforce planning
- Recruitment and retention
- Reserves
- Pay and superannuation
- Equity and diversity
- Defence families and community organisations
- Housing policy
- Defence Housing Australia contractual matters
- Health (including Work Health and Safety)

Science and technology policy, specifically:

- Strategic direction
- External engagement
- Support to operations

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.

The Hon Darren Chester MP – Parliamentary Secretary to the Minister for Defence

Assist the Minister for Defence on:

- Defence estate policy and major projects
- Garrison support
- Skills policy
- Equipment disposal
- Military justice
- Medals and awards
- Parliamentary Exchange Programme
- Navy, Army and Air Force Cadets
- Industry engagement.

PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes

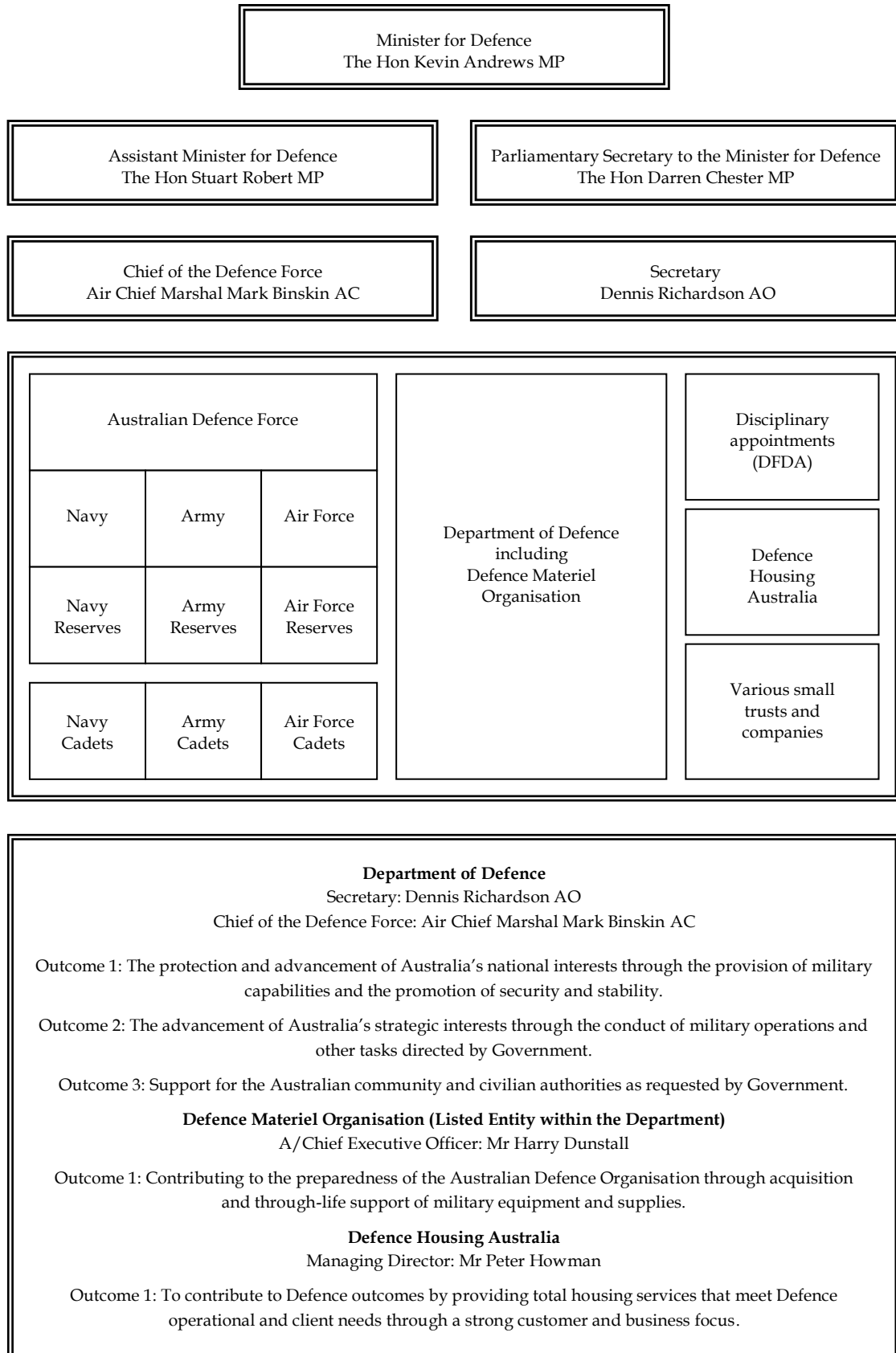
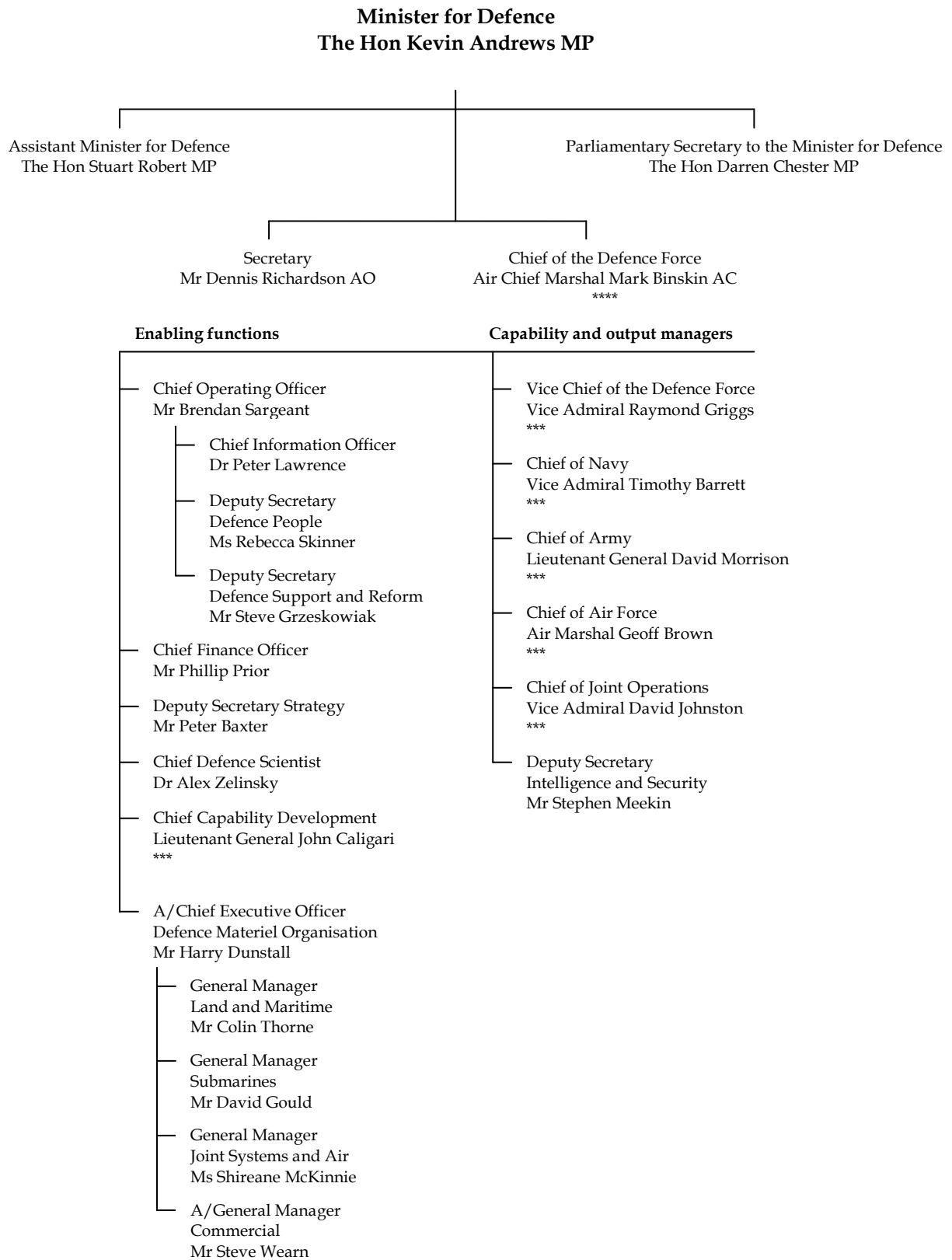


Figure 2: Defence Organisational Chart



Stars (*) refer to ADF Star Rank

Senior Executive Changes

The following changes have taken place since the *Portfolio Additional Estimates Statements 2014-15* (PAES):

- Dr Warren Harch, the previous Deputy Chief Defence Scientist (Partnerships & Outreach), retired from the Australian Public Service on 20 March 2015.
- The previous Chief Executive Officer – Defence Materiel Organisation, Mr Warren King, ceased duties in his position on 27 February 2015. Mr King will undertake duties elsewhere in the Department for a period of time before retiring from the Australian Public Service.
- Mr Harry Dunstall will act in the position of Chief Executive Officer – Defence Materiel Organisation from 2 March 2015.
- Effective as at 11 March 2015, Mr Steve Wearn is Acting General Manager Commercial.

Organisational Structure

The following changes have taken place since the PAES 2014-15:

- On 31 March 2015, the DMO Chief Finance Officer and Finance Division transferred to Defence under the CFO Group. Finance management, advice and support are now provided by CFO Defence through a shared service arrangement to the DMO.
- CIOG is part way through an Organisational Review Project to align organisational elements, reduce functional duplication and design a flexible, scalable organisation to enhance accountability and deliver more efficient and effective service delivery and management.

Programme Structure

The following changes have taken place since the PAES 2014-15 in order to better reflect the roles, organisation structure and accountabilities within Defence:

- From 2015-16, Programme 1.1 Office of the Secretary and CDF will cease with its functions being transferred into Programmes 1.1 Strategy and 1.8 Chief Operating Officer – Defence Executive Support.
- The formation of Programme 1.8 Chief Operating Officer – Defence Executive Support from 2015-16 onwards includes the transfer of relevant functions from Programme 1.1 Office of the Secretary and CDF and Programme 1.9 Chief Operating Officer – Defence Support and Reform.

Defence Portfolio Bodies

None of the portfolio bodies described below receive direct appropriations from the Commonwealth.

Army and Air Force Canteen Service

Chairman: Mr Andrew Tregaskis

The Army and Air Force Canteen Service (AAFCANS), a Commonwealth authority established under the *Army and Air Force Canteen Service Regulations 1959* supplies goods, facilities and services to, or for the entertainment and recreation of, members of the Army and the Air Force including persons employed in, or in connection with, Army or Air Force installations and dependants of those members or persons, visitors to such installations and members of the Australian Army or Air Force Cadets.

Australian Military Forces Relief Trust Fund

Chairman: Brigadier Peter Daniel, AM, CSC

The Australian Military Forces Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits to members of the ADF who have served in, or in association with, the Army and to the dependants of such members.

Royal Australian Air Force Veterans' Residences Trust

Chairman: Air Commodore D.E. Tindal AM (Retd.)

The Royal Australian Air Force Veterans' Residences Trust, a Commonwealth authority established by the *Royal Australian Air Force Veterans' Residences Act 1953*, provides residences in which eligible former members, including dependants, of the Royal Australian Air Force, Royal Australian Air Force Nursing Service and Women's Auxiliary Australian Air Force who are in necessitous circumstances and, if the Trust so approves, the dependants of such eligible persons, may be accommodated or supported.

Royal Australian Air Force Welfare Trust Fund

Chairman: Chaplain (Air Commodore) Kevin Russell

The Royal Australian Air Force Welfare Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Royal Australian Air Force and to the dependants of such members.

Royal Australian Navy Central Canteens Board

Chairman: Commodore Ian Murray

The Royal Australian Navy Central Canteens Board (RANCCB), a corporate Commonwealth entity established under the *Navy (Canteens) Regulations 1954*, administers the Royal Australian Navy Central Canteens Fund. The principal activities of the RANCCB are to provide welfare and lifestyle related benefits and services to Navy members and their families.

Royal Australian Navy Relief Trust Fund

Chairman: Commodore Brett Wolski

The Royal Australian Navy Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Navy and to the dependants of such members.

AAF Company

President: Brigadier Peter Daniel, AM, CSC

The AAF Company is a Commonwealth company that undertakes the management and trusteeship of the unincorporated funds known as the 'Army Amenities Fund' and the 'Messess Trust Fund'. The AAF Company promotes and supports the objects of the Army Amenities Fund which provides amenities for members of the Australian Army.

Australian Strategic Policy Institute Limited

Chairman: Mr Stephen Loosley

The Australian Strategic Policy Institute Limited is a Commonwealth company that provides policy-relevant research and analysis to inform Government decisions and public understanding of strategic and defence issues.

Royal Australian Air Force Welfare Recreational Company

Chairman: Air Commodore Andrew Elfverson

The Royal Australian Air Force Welfare Recreational Company is a Commonwealth company that provides access to discounted recreational accommodation and manages and promotes the Royal Australian Air Force Central Welfare Trust Fund owned recreational facilities for the Royal Australian Air Force members, their families and other eligible persons. It also provides financial support to, and assists in the provision of, recreational facilities and services to the Royal Australian Air Force members.

Portfolio Resource Statement

Table 1: Portfolio Resources^[1]

	Departmental Bill No. 1	Appropriation Bill No. 2	Return (to) / from 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	-	-	-1,477.8	5,230.4	3,752.6	1,477.8	-	5,230.4
Departmental appropriations ^[2]	28,976.2	2,875.2	11.8	-	31,863.3	832.1	-	32,695.4
Total Department of Defence	28,976.2	2,875.2	-1,466.0	5,230.4	35,615.8	2,309.9	-	37,925.7
Defence Housing Australia								
Administered appropriations	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-	-	-	1,146.4	-	1,146.4
Total Defence Housing Australia	-	-	-	-	-	1,146.4	-	1,146.4

Notes

1. Figures shown include inter-agency transactions.

2. In accordance with the First Principles Review, the Defence Materiel Organisation has transferred to the Department of Defence from 2015-16, and as a result, \$805m is included in Defence's Departmental appropriations.