

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 entity finances for the 2015-16 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 43: Summary of Estimated Special Account Balances ^{[1][2][3]}

		Opening 2015-16 2014-15 \$'000	Receipts 2015-16 2014-15 \$'000	Payments 2015-16 2014-15 \$'000	Adjustments 2015-16 2014-15 \$'000	Closing Balance 2015-16 2014-15 \$'000
Services for Other Entities and Trust Moneys - Defence Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	50,698 <i>66,553</i>	34,671 <i>39,873</i>	-56,345 <i>-55,728</i>	- -	29,024 <i>50,698</i>
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	324 <i>324</i>	4 <i>4</i>	-3 <i>-4</i>	- -	325 <i>324</i>
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	169 <i>167</i>	5 <i>6</i>	-4 <i>-4</i>	- -	170 <i>169</i>
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	1,391 <i>1,338</i>	309 <i>68</i>	-272 <i>-15</i>	- -	1,428 <i>1,391</i>
Total Special Accounts 2015-16		52,582	34,989	-56,624	-	30,947
<i>2014-15 estimated actual</i>		<i>68,382</i>	<i>39,951</i>	<i>-55,751</i>	-	<i>52,582</i>

Notes

1. 2015-16 estimates in bold.
2. 2014-15 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 44: Australian Government Indigenous Expenditure

	Programme	Bill No. 1 \$'000
Outcome 1		
Defence Indigenous Employment Strategy^{[1][2]}	1.11	
Departmental 2015-16 Budget Estimate		3,862
Departmental 2014-15 Estimated Actual		3,838
Army Aboriginal Community Assistance Programme^{[1][3]}	1.3	
Departmental 2015-16 Budget Estimate		5,700
Departmental 2014-15 Estimated Actual		5,700
Total 2015-16 Budget Estimate		9,562
<i>Total 2014-15 Estimated Actual</i>		<i>9,538</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 the Prime Minister and Cabinet under Outcome 2.2.1 Indigenous Housing and Infrastructure Appropriation.

Defence Indigenous Employment Strategy

Defence is committed to increasing employment opportunities for Indigenous Australians. The Defence Indigenous Employment Strategy (IES) is the roadmap to achieving this outcome in Defence. 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 includes six 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 a number of new activities, but also reflects existing programmes such as the Defence Indigenous Development Programme, Indigenous Pre-Recruitment Courses and Defence participation in the APSC Indigenous Pathways Programme. All activities are being implemented through a whole-of-Defence approach, collaboration with other APS agencies and partnerships with external organisations. A number of programmes are also being implemented to support the retention of Indigenous Defence personnel, including Indigenous Leadership training, reinvigoration of the Defence Aboriginal and Torres Strait Islander Network and ensuring that Defence is a culturally inclusive and respectful workplace through a comprehensive Cultural Awareness Learning Framework.

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 2015 project is within the Titjikala Community in the Northern Territory. Planning for the 2016 AACAP works is underway with the Laura community, in Far North Queensland.

3.1.2 Grants

Table 45: Approved Grants

	2014-15 Estimated Actual \$'000	Total Grant Amount Approved \$'000	2015-16 Budget Estimate \$'000
Approved since 2014-15 PAES			
Australian War Memorial (AWM)	3,527	8,982	2,727
Defence Science and Technology Organisation (DSTO) Industry Placement Programme 2015	206	535	329
Australian Strategic Policy Institute (ASPI)	150	150	-
United Nations - Department of Peacekeeping Operations (DPKO) (USD 80)	105	105	-
Total grants approved since 2014-15 PAES	3,988	9,772	3,056
Previously approved grants			
Army History Research Grants Scheme	66	66	-
Family Support Funding Programme	1,490	1,490	-
Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP)	59	59	-
Kokoda Foundation - Australia-United States Trilogy Dialogue	130	130	-
Kokoda Foundation - Young Leaders Strategic programme	30	30	-
Australian Strategic Policy Institute (ASPI)	3,276	3,276	-
Army and Air Force Canteen Service (AAFCAANS)	400	400	-
The Australian Sailor Pty Ltd	400	400	-
The Sir Richard Williams Foundation	50	150	100
Royal Melbourne Institute of Technology	21	131	52
University of Melbourne	40	62	22
Total previously approved grants	5,962	6,194	174
Total grants	9,950	15,966	3,231

The following are grants that have been approved since the *Portfolio Additional Estimates Statements 2014-15*:

Australian War Memorial

Two grants were approved for the Australian War Memorial.

- A grant of \$800,000 was approved to assist in completion of the remaining three volumes of a six volume Official History of Peacekeeping, Humanitarian and Post-Cold War Operations.
- A grant of \$8,181,818 (plus GST of \$818,182) was approved for an Australian War Memorial project visiting remote, regional and urban locations across Australia. Exhibitions provide an opportunity for stories to be shared of the local area's involvement in WW1 and contribution to the ANZAC legacy. This offers an opportunity to raise the profile of the three services and support recruitment initiatives, particularly in rural Australia.

Defence Science and Technology Organisation (DSTO) Industry Placement Programme 2015

A multi-year grant (2014-15 to 2016-17) of \$534,560 was approved to fund 16 students while undertaking a placement at DSTO for the purpose of meeting the work experience requirements of their university degree.

Australian Strategic Policy Institute (ASPI)

A grant of \$150,000 was approved for ASPI, to co-host the second iteration of the North East Asia Defence and Security Forum 1.5 Track Dialogue.

United Nations - Department of Peacekeeping Operations (DPKO)

A grant of USD \$80,000 was approved to contribute to the implementation of select recommendations from the UN DPKO Expert Panel's review of technologies in UN Peacekeeping Operation, aiming to improve the effectiveness of peacekeeping operations.

3.2 RESOURCE SUMMARY

As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 46: Budgeted Departmental Net Cost of Service (cash) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	10,312,603	11,664,574	11,316,436	11,398,029	11,601,575
Supplier payments	10,637,452	11,202,746	10,673,176	11,764,337	12,292,824
Purchase of specialist military equipment	6,011,568	6,556,394	6,133,138	7,239,304	8,899,257
Purchase of inventory	1,064,033	1,358,054	1,419,531	1,363,183	1,428,627
Purchase of other property, plant and equipment	1,780,084	1,622,501	1,802,750	2,232,508	2,232,448
Appropriation carried forward from previous year	71,357	-	-	-	-
Net cash to / (from) the Official Public Account	853	-11,817	77,346	46,070	8,066
Other cash used	1,056,443	1,087,923	1,050,777	1,046,542	1,070,765
Total cash used	30,934,393	33,480,375	32,473,154	35,089,973	37,533,562
Own source receipts	1,803,822	1,628,930	1,374,504	1,486,225	1,537,385
Total cash received	1,803,822	1,628,930	1,374,504	1,486,225	1,537,385
Net cost of service (cash)	29,130,571	31,851,445	31,098,650	33,603,748	35,996,177
FUNDED BY					
Appropriation Bill 1/3/5 (price of outcomes)	26,349,322	28,976,236	28,582,387	30,034,828	31,106,731
Appropriation Bill 2/4/6 (equity injection)	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Total funding source	29,107,813	31,851,445	31,098,650	33,603,748	35,996,177
Change in cash	-22,758	-	-	-	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Portfolio Resource Statement

Table 47: 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
	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
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.

Table 48: Total Departmental and Administered Cash Budget for the Department of Defence^[1]

	2015-16 Budget Estimate ^[2] \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	28,976.2
Appropriation - Contributed Equity (Bill 2)	2,875.2
Appropriations for military superannuation	2,370.7
less Returns to the OPA	-1,466.0
Total cash available	32,756.1
OPERATING ACTIVITIES	
Cash received	
Goods and services	553.0
Net GST received	796.8
Interest	30.9
Other cash	87.2
Fees	14.4
Total cash received	1,482.4
Cash used	
Employees	10,317.5
Suppliers	11,202.7
Net GST paid	796.8
Grants	104.5
Other cash	36.5
Subsidies paid	119.8
Military benefits	2,230.9
Total cash used	24,808.7
Net cash from or (used by) operating activities	-23,326.3
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	196.4
Proceeds from sales of infrastructure, plant and equipment	23.1
Proceeds from sales of specialist military equipment	7.5
Dividends	50.3
Total cash received	277.2
Cash used	
Purchase of land and buildings	974.3
Purchase of infrastructure, plant and equipment	587.8
Purchase of specialist military equipment	6,556.4
Purchase of intangibles	60.4
Purchase of inventory	1,358.1
Selling costs on sale of assets	5.7
Finance costs	105.8
Loans	20.0
Total cash used	9,668.5
Net cash from or (used by) investing activities	-9,391.2
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	38.6
Total cash used	38.6
Net cash from or (used by) financing activities	-38.6
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at the beginning of the reporting period	142.7
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	142.7

Notes

1. Figures shown eliminate interagency transactions and transactions flowing between Departmental and Administered funding.

2. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The figures presented in this table for 2015-16 represent Defence inclusive of the former Defence Materiel Organisation.

Table 49: Defence Resource Statement - Budget Estimates for 2015-16 as at May 2015^[1]

Serial No.		Estimate of	Proposed at	Total Estimate	Total Available
		prior year amounts available in 2015-16 \$'000	Budget + 2015-16 \$'000	= 2015-16 \$'000	Appropriation 2014-15 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	28,063,724	28,063,724	25,492,580
	Outcome 2	-	863,807	863,807	789,002
	Outcome 3	-	48,705	48,705	67,740
1	Total Departmental outputs	-	28,976,236	28,976,236	26,349,322
2	Total ordinary annual services (1)	-	28,976,236	28,976,236	26,349,322
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	-	2,875,209	2,875,209	2,758,491
3	Total Departmental non-operating	-	2,875,209	2,875,209	2,758,491
4	Total other services (3)	-	2,875,209	2,875,209	2,758,491
5	Total available annual appropriation (2+4)	-	31,851,445	31,851,445	29,107,813
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC , s.82ZJ</i>	-	25,542	25,542	23,000
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,872,626	1,872,626	1,794,000
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	3,212,447	3,212,447	4,080,883
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	1,116	1,116	1,357
	<i>Defence Home Ownership Assistance Scheme Act, 2008 Part VI, s.84</i>	-	118,661	118,661	103,175
6	Total special appropriations	-	5,230,392	5,230,392	6,002,415
7	Total appropriations (5+6)	-	37,081,837	37,081,837	35,110,228
	Funding from other sources	-	2,309,906	2,309,906	2,513,673
	Returns from the OPA (net)	-	-1,466,000	-1,466,000	-1,453,059
	Previous years' outputs (appropriation receivable)	171,222	-	171,222	414,742
	Cash available	142,732	-	142,732	35,490
8	Total other available resources	313,954	843,906	1,157,860	1,510,846
9	Total resourcing (7+8)	313,954	37,925,743	38,239,697	36,621,074
	Special Accounts				
	Opening balance	52,582	-	52,582	68,382
	Appropriation receipts	-	-	-	-
	Appropriation receipts - other agencies	-	-	-	-
	Non-appropriation receipts to special accounts	-	34,989	34,989	39,951
10	Total special accounts	52,582	34,989	87,571	108,333

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The figures presented in this table for 2015-16 represent Defence inclusive of the former Defence Materiel Organisation.

Table 50: Third Party Payments to and from other Agencies

	2014-15	2015-16
	\$'000	\$'000
Revenue received from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	115,815	115,359
Payments made to Defence Housing Australia for the provision of services (Departmental)	532,251	578,104
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	22,976	23,247
Payments made to Comsuper for the provision of services (Departmental)	33,215	30,549
Payments made to the Attorney-General's Department for the provision of services (Departmental)	25,000	13,188
Payments made to the Department of Finance for the provision of services (Departmental)	64,095	65,307
Payments made to the Australian Federal Police for the provision of services (Departmental)	36,657	42,032

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 51: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	10,868,445	11,667,963	799,518	7.4
Supplier expenses	12,546,188	12,531,134	-15,054	-0.1
Grants	92,554	104,465	11,911	12.9
Depreciation and amortisation	4,445,973	4,535,334	89,361	2.0
Finance costs	153,189	152,088	-1,101	-0.7
Write-down of assets and impairment of assets	916,785	916,304	-481	-0.1
Losses from sale of assets	-	-	-	-
Other	36,478	36,481	3	-
Total expenses	29,059,612	29,943,769	884,157	3.0
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	810,034	552,988	-257,046	-31.7
Other revenue	876,284	52,127	-824,157	-94.1
Total own-source revenue	1,686,318	605,115	-1,081,203	-64.1
Gains				
Reversals of previous asset write-downs	328,826	328,746	-80	-
Sale of assets	22,881	28,286	5,405	23.6
Other gains	5,386	5,386	-	-
Total gains	357,093	362,418	5,325	1.5
Total own-source income	2,043,411	967,533	-1,075,878	-52.7
Net cost of (contribution by) services	27,016,201	28,976,236	1,960,035	7.3
Revenue from Government	27,016,201	28,976,236	1,960,035	7.3
Surplus (deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 52: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	12,732	142,732	130,000	1,021.0
Trade and other receivables	82,542	91,322	8,780	10.6
Tax assets	89,757	196,637	106,880	119.1
Appropriation receivable	-	158,530	158,530	-
Other receivables	241,764	307,932	66,168	27.4
Total financial assets	426,795	897,153	470,358	110.2
Non-financial assets				
Land and buildings	18,093,955	18,099,022	5,067	-
Infrastructure, plant and equipment	7,022,391	7,141,951	119,560	1.7
Specialist military equipment	45,773,813	46,518,675	744,862	1.6
Intangibles	798,009	794,076	-3,933	-0.5
Heritage and cultural	1,002,315	1,002,315	-	-
Inventories	6,265,960	6,199,126	-66,834	-1.1
Prepayments	218,244	1,757,003	1,538,759	705.1
Total non-financial assets	79,174,687	81,512,168	2,337,481	3.0
Assets held for sale	28,693	28,693	-	-
Total assets	79,630,175	82,438,014	2,807,839	3.5
LIABILITIES				
Payables				
Suppliers	1,110,276	2,482,671	1,372,395	123.6
Other	384,019	284,419	-99,600	-25.9
Total payables	1,494,295	2,767,090	1,272,795	85.2
Interest bearing liabilities				
Leases	1,389,392	1,389,392	-	-
Total interest bearing liabilities	1,389,392	1,389,392	-	-
Provisions				
Employee provisions	2,316,431	2,536,631	220,200	9.5
Restoration, decontamination and decommissioning	997,958	1,003,971	6,013	0.6
Other	2,294	5,318	3,024	131.8
Total provisions	3,316,683	3,545,920	229,237	6.9
Total liabilities	6,200,370	7,702,402	1,502,032	24.2
NET ASSETS	73,429,805	74,735,612	1,305,807	1.8
EQUITY				
Contributed equity	24,026,731	25,028,870	1,002,139	4.2
Reserves	14,892,351	14,892,641	290	-
Retained surplus (accumulated deficit)	34,510,723	34,814,101	303,378	0.9
Total equity	73,429,805	74,735,612	1,305,807	1.8

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 53: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	27,016,201	28,976,236	1,960,035	7.3
Goods and services	810,034	552,988	-257,046	-31.7
Net GST received	730,858	796,841	65,983	9.0
Other cash received	50,024	52,127	2,103	4.2
Cash transfer from the Official Public Account (receivables)	-	12,692	12,692	-
Total cash received	28,607,117	30,390,884	1,783,767	6.2
Cash used				
Employees	10,859,765	11,664,574	804,809	7.4
Suppliers	10,472,223	11,202,746	730,523	7.0
Net GST paid	730,858	796,841	65,983	9.0
Grants	92,554	104,465	11,911	12.9
Other cash used	36,478	36,481	3	-
Cash transfer to the Official Public Account (receivables)	875	875	-	-
Total cash used	22,192,753	23,805,982	1,613,229	7.3
Net cash from (used by) operating activities	6,414,364	6,584,902	170,538	2.7
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	196,359	196,361	2	-
Proceeds from sales of infrastructure, plant and equipment	26,000	23,064	-2,936	-11.3
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Other cash received	-	-	-	-
Total cash received	229,908	226,974	-2,934	-1.3
Cash used				
Purchase of land and buildings	971,299	974,312	3,013	0.3
Purchase of infrastructure, plant and equipment	468,817	587,750	118,933	25.4
Purchase of specialist military equipment	6,079,955	6,556,394	476,439	7.8
Purchase of intangibles	73,134	60,439	-12,695	-17.4
Purchase of inventory	1,336,675	1,358,054	21,379	1.6
Selling costs on sale of assets	5,445	5,693	248	4.6
Finance costs	110,514	105,845	-4,669	-4.2
Total cash used	9,045,839	9,648,487	602,648	6.7
Net cash from (used by) investing activities	-8,815,931	-9,421,513	-605,582	6.9
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	2,440,165	2,875,209	435,044	17.8
Total cash received	2,440,165	2,875,209	435,044	17.8
Cash used				
Repayment of debt	38,598	38,598	-	-
Cash to the Official Public Account	-	-	-	-
Total cash used	38,598	38,598	-	-
Net cash from (used by) financing activities	2,401,567	2,836,611	435,044	18.1
Net increase (decrease) in cash and cash equivalents held				
Cash and cash equivalents at the beginning of the reporting period	12,732	142,732	130,000	1,021.0
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	12,732	142,732	130,000	1,021.0

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 54: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
EXPENSES					
Employee benefits	10,353,275	11,667,963	11,367,492	11,437,990	11,651,734
Supplier expenses	12,482,328	12,531,134	12,026,770	13,202,359	13,658,674
Grants	95,593	104,465	107,015	14,759	15,138
Depreciation and amortisation	4,288,756	4,535,334	4,869,123	5,160,033	5,560,729
Finance costs	150,625	152,088	154,018	161,736	171,365
Write-down of assets and impairment of assets	956,605	916,304	953,302	991,961	1,032,364
Losses from sale of assets	-	-	-	-	-
Other	25,554	36,481	14,395	28,724	17,209
Total expenses	28,352,736	29,943,769	29,492,115	30,997,562	32,107,213
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	821,135	552,988	505,023	529,498	558,108
Other revenue	854,614	52,127	51,184	51,142	54,507
Total own-source revenue	1,675,749	605,115	556,207	580,640	612,615
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	313,518	328,746	344,759	361,600	379,310
Sale of assets	8,893	28,286	3,242	14,836	2,757
Other gains	5,254	5,386	5,520	5,658	5,800
Total gains	327,665	362,418	353,521	382,094	387,867
Total own-source income	2,003,414	967,533	909,728	962,734	1,000,482
Net cost of (contribution by) services	26,349,322	28,976,236	28,582,387	30,034,828	31,106,731
Revenue from Government	26,349,322	28,976,236	28,582,387	30,034,828	31,106,731
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 55: Budgeted Departmental Balance Sheet (as at 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	12,732	142,732	142,732	142,732	142,732
Trade and other receivables	82,542	91,322	91,322	91,322	91,322
Tax assets	89,757	196,637	196,637	196,637	196,637
Appropriation receivable	-	158,530	199,620	243,408	250,532
Other receivables	346,935	307,932	266,751	243,121	239,276
Total financial assets	531,966	897,153	897,062	917,220	920,499
Non-financial assets					
Land and buildings	17,375,667	18,099,022	18,668,987	19,693,595	20,729,627
Infrastructure, plant and equipment	7,112,794	7,141,951	7,102,188	7,060,116	6,960,688
Specialist military equipment	43,661,175	46,518,675	48,639,203	51,564,524	55,765,678
Intangibles	839,298	794,076	755,259	673,072	605,921
Heritage and cultural	1,002,315	1,002,315	1,002,315	1,002,315	1,002,315
Inventories	6,297,113	6,199,126	6,095,704	5,981,030	5,856,455
Prepayments	218,262	1,757,003	1,756,984	1,756,980	1,756,960
Total non-financial assets	76,506,624	81,512,168	84,020,640	87,731,632	92,677,644
Assets held for sale	28,693	28,693	28,693	28,693	28,693
Total assets	77,067,283	82,438,014	84,946,395	88,677,545	93,626,836
LIABILITIES					
Payables					
Suppliers	1,094,064	2,482,671	2,457,037	2,569,855	2,559,640
Other	378,531	284,419	290,996	293,356	296,335
Total payables	1,472,595	2,767,090	2,748,033	2,863,211	2,855,975
Interest bearing liabilities					
Leases	1,427,990	1,389,392	1,349,559	1,309,701	1,268,107
Total interest bearing liabilities	1,427,990	1,389,392	1,349,559	1,309,701	1,268,107
Provisions					
Employee provisions	2,337,687	2,536,631	2,581,110	2,618,711	2,665,891
Restoration, decontamination and decommissioning	957,728	1,003,971	1,046,756	1,098,332	1,160,769
Other	2,294	5,318	5,318	5,318	5,318
Total provisions	3,297,709	3,545,920	3,633,184	3,722,361	3,831,978
Total liabilities	6,198,294	7,702,402	7,730,776	7,895,273	7,956,060
NET ASSETS	70,868,989	74,735,612	77,215,619	80,782,272	85,670,776
EQUITY					
Contributed equity	21,999,168	25,028,870	27,544,236	31,112,237	36,000,741
Reserves	14,892,351	14,892,641	14,892,641	14,892,641	14,892,641
Retained surplus (accumulated deficit)	33,977,470	34,814,101	34,778,742	34,777,394	34,777,394
Total equity	70,868,989	74,735,612	77,215,619	80,782,272	85,670,776

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 56: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	26,277,965	28,976,236	28,582,387	30,034,828	31,106,731
Goods and services	821,135	552,988	505,023	529,498	558,108
Net GST received	742,355	796,841	773,319	847,957	882,725
Other cash received	112,179	52,127	51,184	51,142	54,507
Cash transfer from the Official Public Account (receivables)	-	12,692	-	-	-
Total cash received	27,953,634	30,390,884	29,911,913	31,463,425	32,602,071
Cash used					
Employees	10,312,603	11,664,574	11,316,436	11,398,029	11,601,575
Suppliers	10,637,452	11,202,746	10,673,176	11,764,337	12,292,824
Net GST paid	742,355	796,841	773,319	847,957	882,725
Grants	95,593	104,465	107,015	14,759	15,138
Other cash used	25,054	36,481	14,395	28,724	17,209
Cash transfer to the Official Public Account (receivables)	853	875	77,346	46,070	8,066
Total cash used	21,813,910	23,805,982	22,961,687	24,099,876	24,817,537
Net cash from (used by) operating activities	6,139,724	6,584,902	6,950,226	7,363,549	7,784,534
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	92,317	196,361	14,127	26,495	15,176
Proceeds from sales of infrastructure, plant and equipment	28,000	23,064	23,302	23,584	19,320
Proceeds from sales of specialist military equipment	7,549	7,549	7,549	7,549	7,549
Other Cash Received	287	-	-	-	-
Total cash received	128,153	226,974	44,978	57,628	42,045
Cash used					
Purchase of land and buildings	1,083,027	974,312	1,213,967	1,699,409	1,756,146
Purchase of infrastructure, plant and equipment	578,625	587,750	528,240	520,354	458,352
Purchase of specialist military equipment	6,011,568	6,556,394	6,133,138	7,239,304	8,899,257
Purchase of intangibles	118,432	60,439	60,543	12,745	17,950
Purchase of inventory	1,064,033	1,358,054	1,419,531	1,363,183	1,428,627
Selling costs on sale of assets	6,372	5,693	4,982	5,084	5,171
Finance costs	110,532	105,845	111,233	110,160	108,928
Total cash used	8,972,589	9,648,487	9,471,634	10,950,239	12,674,431
Net cash from (used by) investing activities	-8,844,436	-9,421,513	-9,426,656	-10,892,611	-12,632,386
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Total cash received	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Cash used					
Repayment of debt	76,537	38,598	39,833	39,858	41,594
Cash to the Official Public Account	-	-	-	-	-
Total cash used	76,537	38,598	39,833	39,858	41,594
Net cash from (used by) financing activities	2,681,954	2,836,611	2,476,430	3,529,062	4,847,852
Net increase (decrease) in cash and cash equivalents held	-22,758	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period ^[2]	35,490	142,732	142,732	142,732	142,732
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	12,732	142,732	142,732	142,732	142,732

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.
2. The figures presented as the 2015-16 opening cash and cash equivalents balance represent Defence inclusive of the former Defence Materiel Organisation.

Table 57: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2015-16)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2015^[1]				
Balance carried forward from previous period	34,296,955	14,892,641	22,154,536	71,344,132
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	34,296,955	14,892,641	22,154,536	71,344,132
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	-	-	-875	-875
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,875,209	2,875,209
Other	517,146	-	-	517,146
Sub-total transaction with owners	517,146	-	2,874,334	3,391,480
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2016	34,814,101	14,892,641	25,028,870	74,735,612

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The figures presented as the 2015-16 opening balance represent Defence inclusive of the former Defence Materiel Organisation.

Table 58: Departmental Capital Budget Statement^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Total capital appropriations	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Represented by:					
Purchase of non-financial assets	2,681,954	2,836,611	2,476,430	3,529,062	4,847,852
Annual finance lease costs	76,537	38,598	39,833	39,858	41,594
Other items	-	-	-	-	-
Total items	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	2,758,491	2,875,209	2,516,263	3,568,920	4,889,446
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[2]	5,033,161	5,303,686	5,419,625	5,902,892	6,242,259
Total	7,791,652	8,178,895	7,935,888	9,471,812	11,131,705
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	7,791,652	8,178,895	7,935,888	9,471,812	11,131,705
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	110,532	105,845	111,233	110,160	108,928
plus annual finance lease costs	76,537	38,598	39,833	39,858	41,594
less gifted assets	-	-	-	-	-
less s32/restructuring	-	-	-	-	-
Total cash used to acquire assets	7,978,721	8,323,338	8,086,954	9,621,830	11,282,227

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

2. Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- internally developed assets
- s74 relevant agency receipts
- proceeds from the sale of assets.

Table 59: Statement of Departmental Asset Movements (2015-16)^[1]

	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 2015								
Gross book value	4,888,026	13,353,008	82,859,585	8,062,950	1,670,498	1,002,315	28,693	111,865,075
Accumulated depreciation/amortisation and impairment	-	865,367	39,198,410	945,095	831,200	-	-	41,840,072
Opening net book balance	4,888,026	12,487,641	43,661,175	7,117,855	839,298	1,002,315	28,693	70,025,003
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	17,617	956,695	6,580,060	587,750	60,439	-	-	8,202,561
By transfer from another agency	-	517,146	-	-	-	-	-	517,146
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	17,617	1,473,841	6,580,060	587,750	60,439	-	-	8,719,707
Other movements								
Reclassifications ^[2]	-	-	80,852	12,502	-	-	-	93,354
Depreciation and amortisation	-	581,502	3,310,847	537,324	105,661	-	-	4,535,334
Disposal of entities or other operations (including restructuring)	157,152	12,779	-	23,064	-	-	-	192,995
Other disposals ^[3]	-	16,670	492,565	15,768	-	-	-	525,003
Total other movements	157,152	610,951	3,722,560	563,654	105,661	-	-	5,159,978
As at 30 June 2016								
Gross book value	4,748,491	14,797,400	89,027,932	8,624,370	1,730,937	1,002,315	28,693	119,960,138
Accumulated depreciation/amortisation and impairment	-	1,446,869	42,509,257	1,482,419	936,861	-	-	46,375,406
Closing net book value	4,748,491	13,350,531	46,518,675	7,141,951	794,076	1,002,315	28,693	73,584,732

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The figures presented in this table, including the 2015-16 opening balance, represent Defence inclusive of the former Defence Materiel Organisation.

2. Reclassification include assets first found.

3. Other disposals includes write-offs.

Table 60: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	30,936	30,936	-	-
Dividends	50,476	50,476	-	-
Military superannuation contributions	1,331,754	1,347,113	15,359	1.2
Fees	14,511	14,416	-95	-0.7
Other	31,402	31,652	250	0.8
Total non-taxation	1,459,079	1,474,593	15,514	1.1
Total revenues administered on behalf of Government	1,459,079	1,474,593	15,514	1.1
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	121,642	119,777	-1,865	-1.5
Military retention benefits	77,940	77,940	-	-
Military superannuation benefits	4,920,967	5,032,675	111,708	2.3
Total expenses administered on behalf of Government	5,120,549	5,230,392	109,843	2.1

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 61: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	63,050	61,470	-1,580	-2.5
Investments accounted for using the equity method	2,373,768	2,395,921	22,153	0.9
Loans	529,580	529,580	-	-
Total financial assets	2,966,398	2,986,971	20,573	0.7
Non-financial assets				
Prepayments	189,496	189,496	-	-
Total non-financial assets	189,496	189,496	-	-
Total assets administered on behalf of Government	3,155,894	3,176,467	20,573	0.7
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	5,630	7,169	1,539	27.3
Total payables	5,630	7,169	1,539	27.3
Provisions				
Superannuation - DFRB ^[2]	454,200	426,910	-27,290	-6.0
Superannuation - DFRDB ^[3]	31,048,000	30,565,982	-482,018	-1.6
Superannuation - MSBS ^[4]	30,627,149	31,519,297	892,148	2.9
Total provisions	62,129,349	62,512,189	382,840	0.6
Total liabilities administered on behalf of Government	62,134,979	62,519,358	384,379	0.6

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.
2. Defence Forces Retirement Benefits.
3. Defence Force Retirement and Death Benefits.
4. Military Superannuation and Benefits Scheme.

Table 62: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2015-16 Previous Estimate \$'000	2015-16 Budget Estimate ^[1] \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	30,936	30,936	-	-
Military superannuation contributions	1,331,754	1,347,113	15,359	1.2
Fees	14,511	14,416	-95	-0.7
Other	31,746	35,078	3,332	10.5
Total cash received	1,408,947	1,427,543	18,596	1.3
Cash used				
Subsidies paid	121,642	119,777	-1,865	-1.5
Military benefits	2,222,044	2,230,885	8,841	0.4
Total cash used	2,343,686	2,350,662	6,976	0.3
Net cash from or (used by) operating activities	-934,739	-923,119	11,620	-1.2
INVESTING ACTIVITIES				
Cash received				
Dividends	50,128	50,274	146	0.3
Total cash received	50,128	50,274	146	0.3
Cash used				
Loans	20,000	20,000	-	-
Total cash used	20,000	20,000	-	-
Net cash from or (used by) investing activities	30,128	30,274	146	0.5
Net increase (decrease) in cash held	-904,611	-892,845	11,766	-1.3
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,363,686	2,370,662	6,976	0.3
Cash to the Official Public Account	-1,459,075	-1,477,817	-18,742	1.3
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The 2015-16 Budget Estimate figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 63: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	29,636	30,936	32,866	34,175	34,175
Dividends	50,274	50,476	57,390	54,331	36,308
Military superannuation contributions	1,316,539	1,347,113	1,234,075	1,166,590	1,099,694
Fees	13,953	14,416	15,268	16,127	16,993
Other	29,717	31,652	26,143	20,589	29,239
Total non-taxation	1,440,119	1,474,593	1,365,742	1,291,812	1,216,409
Total revenues administered on behalf of Government	1,440,119	1,474,593	1,365,742	1,291,812	1,216,409
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	104,532	119,777	137,633	152,345	171,097
Military retention benefits	95,883	77,940	93,000	105,540	119,920
Military superannuation benefits	5,802,000	5,032,675	5,140,411	5,259,687	5,388,696
Total expenses administered on behalf of Government	6,002,415	5,230,392	5,371,044	5,517,572	5,679,713

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

Table 64: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	63,192	61,470	68,079	67,565	49,706
Investments accounted for using the equity method	2,327,338	2,395,921	2,467,770	2,544,454	2,613,429
Loans	509,580	529,580	569,580	569,580	569,580
Total financial assets	2,900,110	2,986,971	3,105,429	3,181,599	3,232,715
Non-financial assets					
Prepayments	161,036	189,496	237,896	253,956	270,336
Total non-financial assets	161,036	189,496	237,896	253,956	270,336
Total assets administered on behalf of Government	3,061,146	3,176,467	3,343,325	3,435,555	3,503,051
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,630	7,169	7,169	7,169	7,169
Total payables	5,630	7,169	7,169	7,169	7,169
Provisions					
Superannuation - DFRB ^[2]	449,350	426,910	404,918	383,425	362,489
Superannuation - DFRDB ^[3]	30,273,280	30,565,982	30,819,863	31,027,448	31,188,073
Superannuation - MSBS ^[4]	28,895,151	31,519,297	34,194,273	36,914,423	39,697,128
Total provisions	59,617,781	62,512,189	65,419,054	68,325,296	71,247,690
Total liabilities administered on behalf of Government	59,623,411	62,519,358	65,426,223	68,332,465	71,254,859

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.
2. Defence Forces Retirement Benefits.
3. Defence Force Retirement and Death Benefits.
4. Military Superannuation and Benefits Scheme.

Table 65: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000	2015-16 Budget Estimate \$'000	2016-17 Forward Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	29,636	30,936	32,866	34,175	34,175
Military superannuation contributions	1,316,539	1,347,113	1,234,075	1,166,590	1,099,694
Fees	13,953	14,416	15,268	16,127	16,993
Other	38,087	35,078	26,448	18,044	29,075
Total cash received	1,398,215	1,427,543	1,308,657	1,234,936	1,179,937
Cash used					
Subsidies paid	104,532	119,777	137,633	152,345	171,097
Military benefits	2,137,800	2,230,885	2,362,707	2,464,317	2,593,321
Total cash used	2,242,332	2,350,662	2,500,340	2,616,662	2,764,418
Net cash from or (used by) operating activities	-844,117	-923,119	-1,191,683	-1,381,726	-1,584,481
INVESTING ACTIVITIES					
Cash received					
Dividends	53,991	50,274	50,476	57,390	54,331
Total cash received	53,991	50,274	50,476	57,390	54,331
Cash used					
Loans	-	20,000	40,000	-	-
Total cash used	-	20,000	40,000	-	-
Net cash from (used by) investing activities	53,991	30,274	10,476	57,390	54,331
Net increase (decrease) in cash held	-790,126	-892,845	-1,181,207	-1,324,336	-1,530,150
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,242,332	2,370,662	2,540,340	2,616,662	2,764,418
Cash to the Official Public Account	-1,452,206	-1,477,817	-1,359,133	-1,292,326	-1,234,268
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. From 2015-16 onwards, the figures presented represent Defence inclusive of the former Defence Materiel Organisation.

3.3.2 Notes to the Financial Statements

The financial statements have been prepared in accordance with the Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*.

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

As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this section.

Table 66: Consolidated Budgeted Departmental Net Cost of Service (cash) for the Department of Defence (including DMO) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000
NET COST OF SERVICE (CASH)	
Cost of Service	
Employee payments	10,830,533
Supplier payments	10,714,324
Purchase of specialist military equipment	6,011,568
Purchase of inventory	1,064,033
Purchase of other property, plant and equipment	1,781,397
Appropriation carried forward from previous year	71,357
Net cash to the Official Public Account	853
Other cash used	1,911,774
Total cash used	32,385,839
Own source receipts	2,387,045
Total cash received	2,387,045
Net cost of service (cash)	29,998,794
FUNDED BY	
Appropriation Bill 1/3/5 (price of outcomes)	27,224,917
Appropriation Bill 2/4/6 (equity injection)	2,758,491
Total funding source	29,983,408
Change in cash	-15,386

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.

Table 67: Consolidated Comprehensive Departmental Income Statement (Showing Net Cost of Services) for the Department of Defence (including DMO) (for the period ending 30 June)^[1]

	2014-15 Estimated Actual \$'000
EXPENSES	
Employee benefits	10,875,293
Supplier expenses	11,770,597
Grants	106,063
Depreciation and amortisation	4,290,082
Finance costs	150,625
Write-down of assets and impairment of assets	956,605
Foreign exchange	-
Losses from sale of assets	-
Other	25,554
Total Expenses	28,174,819
LESS:	
Own-source revenue	
Revenue	
Sales of goods and rendering of services	558,616
Other revenue	59,533
Total own-source revenue	618,149
Gains	
Foreign exchange	-
Reversals of previous asset write-downs	313,518
Sale of assets	8,893
Other gains	5,254
Total gains	327,665
Total own-source income	945,814
Net cost of (contribution by) services	27,229,005
Revenue from Government	27,229,005
Surplus (Deficit) attributable to the Australian Government	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.

Table 68: Consolidated Budgeted Departmental Balance Sheet for the Department of Defence (including DMO) (as at 30 June)^[1]

	2014-15 Estimated Actual \$'000
ASSETS	
Financial assets	
Cash and cash equivalents	142,732
Trade and other receivables	91,322
Tax assets	196,637
Appropriation receivable	171,222
Other receivables	346,840
Total financial assets	948,753
Non-financial assets	
Land and buildings	17,375,667
Infrastructure, plant and equipment	7,117,855
Specialist military equipment	43,661,175
Intangibles	839,298
Heritage and cultural	1,002,315
Inventories	6,297,113
Prepayments	1,757,021
Total non-financial assets	78,050,444
Assets held for sale	28,693
Total assets	79,027,890
LIABILITIES	
Payables	
Suppliers	2,475,061
Other	297,939
Total payables	2,773,000
Interest bearing liabilities	
Leases	1,427,990
Total interest bearing liabilities	1,427,990
Provisions	
Employee provisions	2,519,722
Restoration, decontamination and decommissioning	957,728
Other	5,318
Total provisions	3,482,768
Total liabilities	7,683,758
NET ASSETS	71,344,132
EQUITY	
Contributed equity	22,154,536
Reserves	14,892,641
Retained surplus (accumulated deficit)	34,296,955
Total equity	71,344,132

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.

Table 69: Consolidated Budgeted Departmental Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000
OPERATING ACTIVITIES	
Cash received	
Appropriations	27,153,560
Goods and services	558,603
Net GST received	1,587,216
Other cash received	113,073
Cash transfer from the Official Public Account (receivables)	-
Total cash received	29,412,452
Cash used	
Employees	10,830,533
Suppliers	10,714,324
Net GST paid	1,587,216
Grants	106,063
Other cash used	25,054
Cash transfer to the Official Public Account (receivables)	853
Total cash used	23,264,043
Net cash from (used by) operating activities	6,148,409
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	92,317
Proceeds from sales of infrastructure, plant and equipment	28,000
Proceeds from sales of specialist military equipment	7,549
Other cash received	287
Total cash received	128,153
Cash used	
Purchase of land and buildings	1,083,027
Purchase of infrastructure, plant and equipment	579,938
Purchase of specialist military equipment	6,011,568
Purchase of intangibles	118,432
Purchase of inventory	1,064,033
Selling costs on sale of assets	6,372
Finance costs	110,532
Total cash used	8,973,902
Net cash from (used by) investing activities	-8,845,749
FINANCING ACTIVITIES	
Cash received	
Appropriations - contributed equity	2,758,491
Total cash received	2,758,491
Cash used	
Repayment of debt	76,537
Cash to the Official Public Account	-
Total cash used	76,537
Net cash from (used by) financing activities	2,681,954
Net increase (decrease) in cash and cash equivalents held	-15,386
Cash and cash equivalents at the beginning of the reporting period	158,118
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	142,732

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.

Table 70: Consolidated Budgeted Income and Expenses Administered on Behalf of Government for the Department of Defence (including DMO) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT	
Revenue	
Non-taxation	
Interest	29,636
Dividends	50,274
Military superannuation contributions	1,316,539
Fees	13,953
Foreign exchange	-
Other	29,967
Total non-taxation	1,440,369
Total revenues administered on behalf of Government	1,440,369
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT	
Write-down and impairment of assets	-
Subsidies	104,532
Military retention benefits	95,883
Military superannuation benefits	5,802,000
Total expenses administered on behalf of Government	6,002,415

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.

Table 71: Consolidated Budgeted Assets and Liabilities Administered on Behalf of Government for the Department of Defence (including DMO) (as at 30 June)^[1]

	2014-15 Estimated Actual \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT	
Financial assets	
Cash and cash equivalents	-
Trade and other receivables	64,694
Investments accounted for using the equity method	2,327,338
Loans	509,580
Total financial assets	2,901,612
Non-financial assets	
Prepayments	161,036
Total non-financial assets	161,036
Total assets administered on behalf of Government	3,062,648
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT	
Payables	
Other	7,169
Total payables	7,169
Provisions	
Superannuation - DFRB ^[2]	449,350
Superannuation - DFRDB ^[3]	30,273,280
Superannuation - MSBS ^[4]	28,895,151
Total provisions	59,617,781
Total liabilities administered on behalf of Government	59,624,950

Notes

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.
2. Defence Forces Retirement Benefits.
3. Defence Force Retirement and Death Benefits.
4. Military Superannuation and Benefits Scheme.

Table 72: Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)^[1]

	2014-15 Estimated Actual \$'000
OPERATING ACTIVITIES	
Cash received	
Interest	29,636
Military superannuation contributions	1,316,539
Fees	13,953
Other	38,337
Total cash received	1,398,465
Cash used	
Subsidies paid	104,532
Military benefits	2,137,800
Total cash used	2,242,332
Net cash from or (used by) operating activities	-843,867
INVESTING ACTIVITIES	
Cash received	
Dividends	53,991
Total cash received	53,991
Cash used	
Loans	-
Total Cash used	-
Net cash from (used by) investing activities	53,991
Net increase (decrease) in cash held	-789,876
Cash at the beginning of reporting period	-
Cash from the Official Public Account for appropriations	2,242,332
Cash to the Official Public Account	-1,452,456
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	-

Note

1. As a result of the First Principles Review, the Defence Materiel Organisation will be disbanded and transferred into Defence. The former Defence Materiel Organisation has been included in the Defence budget from 2015-16 onwards and as a result, only the 2014-15 Estimated Actual Consolidated position is presented in this table.