

Portfolio Additional Estimates Statements 2016-17

Defence Portfolio

Explanations of Additional Estimates 2016-17

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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 2016-17 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 to provide accountability to the Parliament, and through it, the public.

Yours sincerely

A handwritten signature in cursive script that reads 'Marise Payne'. The signature is written in black ink and has a long, horizontal flourish at the end.

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nfp	not for publication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
ESTIMATES STATEMENTS**

USER GUIDE

The purpose of the 2016-17 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 agency, 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 programs supporting those outcomes.

The PAES facilitate understanding of the proposed appropriations in *Appropriation Bills (No. 3 and No. 4)* and *Appropriation (Parliamentary Departments) Bill (No. 2) 2016-17*. 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) 2016-17* 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 updates the most recent budget appropriations for agencies within the portfolio.

PORTFOLIO OVERVIEW

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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; and
- 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.

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 *2016-17 Portfolio Budget Statements*.

Ministers and their Portfolio Responsibilities

CHANGES AFFECTING THE PORTFOLIO

On 19 July 2016, the new ministry was sworn in following the federal election held on 2 July 2016. Senator the Hon Marise Payne continues as the Minister for Defence. New ministerial appointments were made, with the Hon Christopher Pyne MP sworn in as the Minister for Defence Industry and the Hon Dan Tehan MP sworn in as the Minister for Defence Personnel. The new appointments replace the roles of the Assistant Minister for Defence, the Hon Michael McCormack MP and the Minister for Defence Materiel, the Hon Dan Tehan MP.

The Ministers and their portfolio responsibilities are as follows:

Senator the Hon Marise Payne, Minister for Defence

- Strategic policy
- ADF Operations
- International Engagement
- Budget
- Defence White Paper implementation
- Force Structure
- Development of capability requirements
- Capability/cost trade off during capability life cycle
- Intelligence and Security
- ICT
- Science and Technology policy and support to operations

The Hon Christopher Pyne MP, Minister for Defence Industry

- Delivery of capability acquisition and sustainment projects
- Development of Australian industry involvement during capability life cycle
- Deliver Defence Industry agenda
- Support and develop Australian Defence Industry
- Encourage Australian Defence Industry involvement in global supply chains
- Implementation of Naval Shipbuilding Plan
- Centre for Defence Industry Capability
- Defence Innovation Hub
- Science and Technology engagement with Australian industry
- Next Generation Technology Fund

The Hon Dan Tehan MP, Minister for Defence Personnel

- Estate
- Garrison and Personnel support
- Estate and equipment disposals
- Military justice
- Honours and Awards
- ADF Cadets
- Reserves
- Parliamentary exchange program

PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes

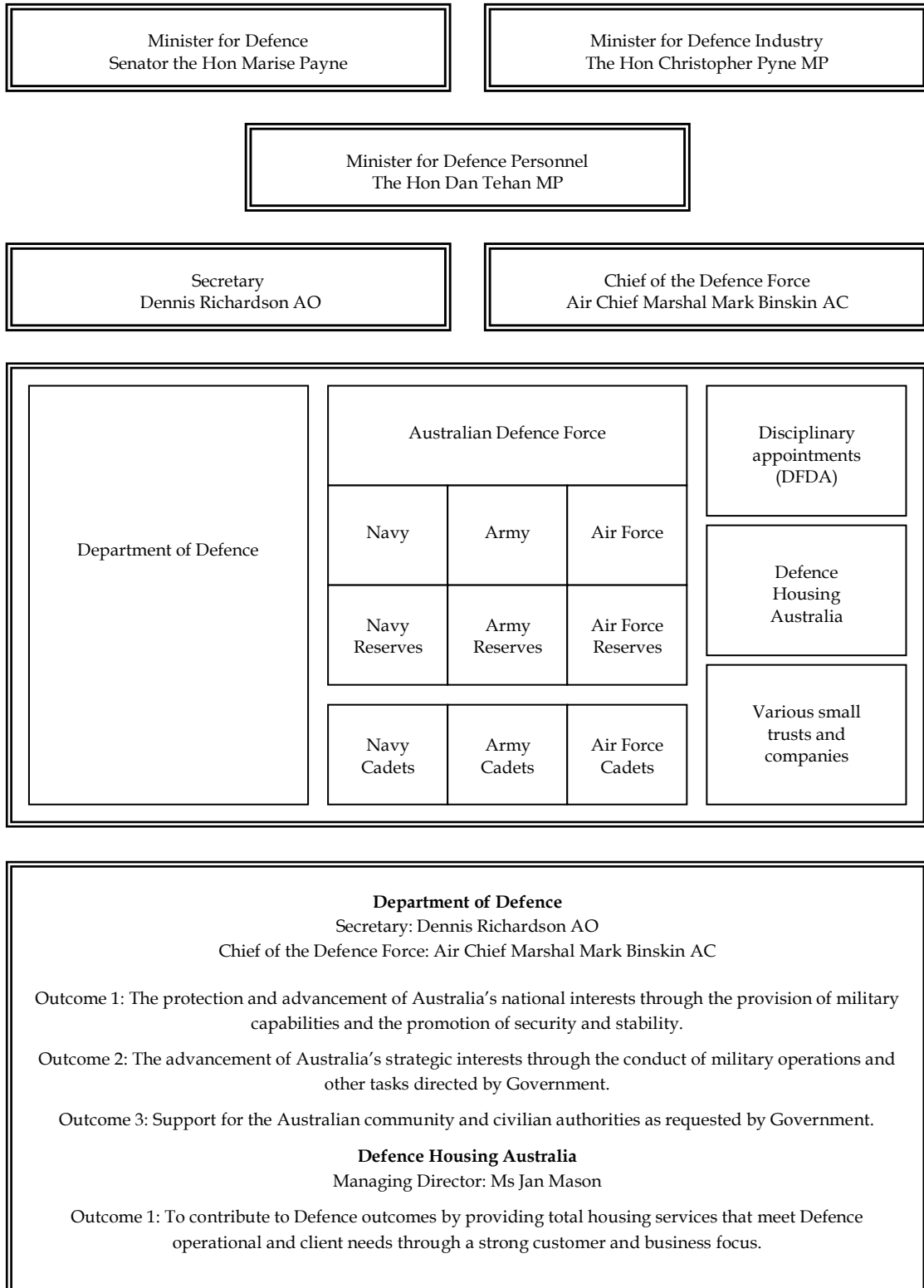
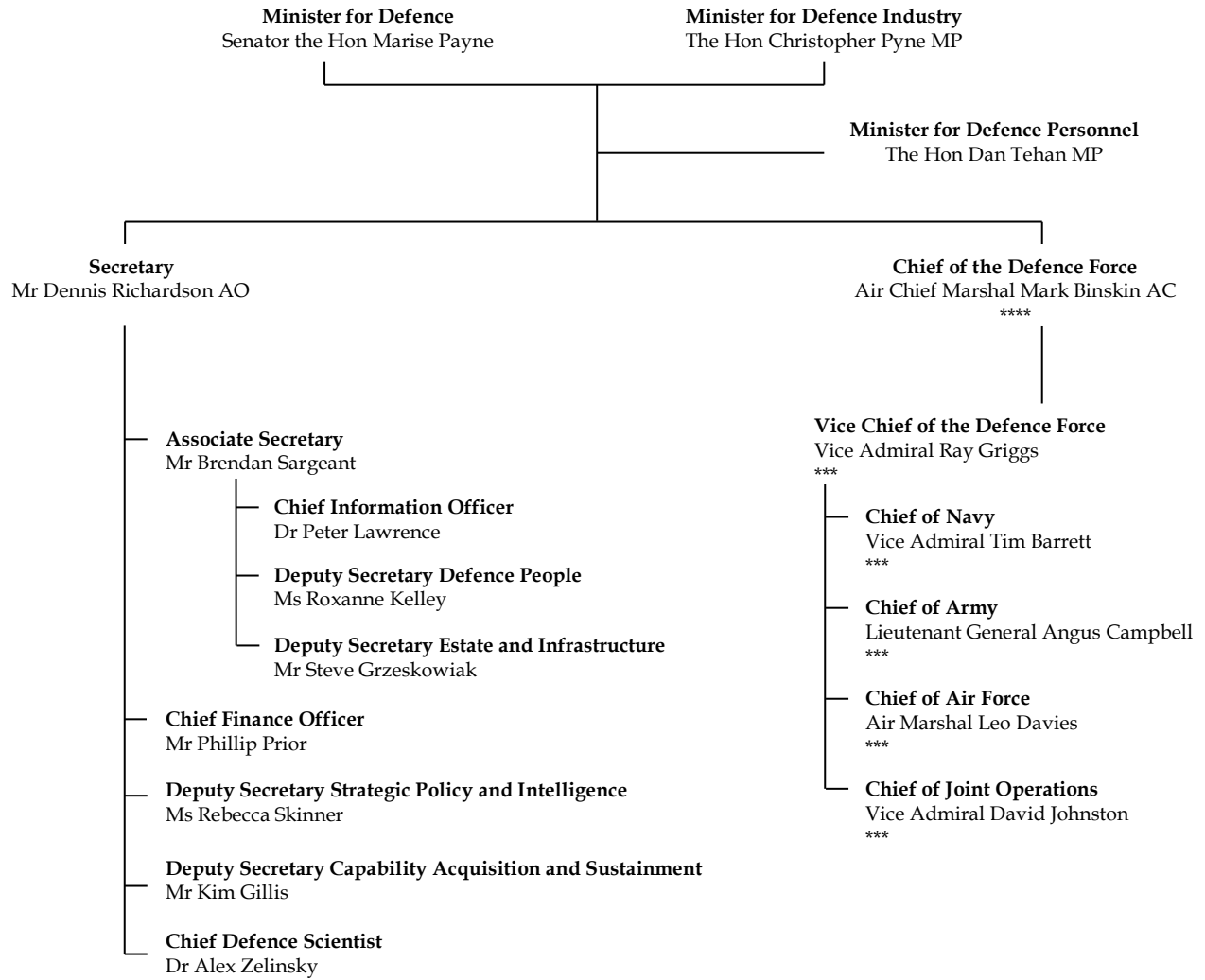


Figure 2: Defence Organisational Chart



Stars (*) refer to ADF Star Rank

Senior Executive Changes

The following changes have taken place since the *2016-17 Portfolio Budget Statements (2016-17 PBS)*:

- On 13 July 2016, Mr Stephen Meekin, the previous Deputy Secretary Intelligence and Security, retired.
- On 12 September 2016, Ms Rebecca Skinner transferred from the position of Deputy Secretary Defence People to the position of Deputy Secretary Strategic Policy and Intelligence.
- On 14 November 2016, Mr Peter Baxter, the previous Deputy Secretary Strategic Policy and Intelligence, retired.
- On 21 November 2016, Ms Roxanne Kelley was promoted to the position of Deputy Secretary Defence People.

Organisational Structure

The following changes have taken place since the 2016-17 PBS:

- Hydrography, Meteorology and Oceanography Branch (which incorporates the Australian Hydrographic Office) transferred from the Royal Australian Navy to Strategic Policy and Intelligence Group on 1 July 2016. Full integration of the branch into the Australian Geospatial-Intelligence Organisation is dependant on Parliament approving amendments to the Intelligence Services Act 2001 (currently scheduled for the Autumn 2017 sitting of Parliament as part of a Defence Omnibus Bill).
- On 4 July 2016, Ministerial and Executive Coordination and Communication transferred from Program 1.1 Strategic Policy and Intelligence to Program 1.8 Defence Executive Support.

Defence Portfolio Bodies

The following changes have taken place since the 2016-17 PBS:

Royal Australian Navy Central Canteens Board

Chairperson: Commodore Michael Miko

Australian Strategic Policy Institute Limited

Chairperson: Lt Gen (Rtd) Ken Gillespie, AC DSC CSM was appointed Chairman in December 2016.