



Budget

2016-17

Portfolio Budget Statements 2016-17 **Budget Related Paper No. 1.4A**

Defence Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

This page intentionally left blank.

© Commonwealth of Australia 2016

ISBN 978-0-9944235-5-9

This publication is available for your use under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence, with the exception of the Commonwealth Coat of Arms, the Department of Defence and Defence Housing Australia logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of the Department of Defence's material under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence requires you to attribute the work (but not in any way that suggests that the Department of Defence endorses you or your use of the work).

Department of Defence material used 'as supplied'

Provided you have not modified or transformed the Department of Defence material in any way including, for example, by changing the Department of Defence text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Department of Defence statistics – then the Department of Defence prefers the following attribution:

Source: The Australian Government Department of Defence

Derivative material

If you have modified or transformed the Department of Defence's material, or derived new material from those of the Department of Defence in any way, then the Department of Defence prefers the following attribution:

Based on The Australian Government Department of Defence's data.

Defence Housing Australia material used 'as supplied'

Provided you have not modified or transformed the Defence Housing Australia material in any way including, for example, by changing the Defence Housing Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Defence Housing Australia statistics – then the Defence Housing Australia prefers the following attribution:

Source: The Australian Government Defence Housing Australia

Derivative material

If you have modified or transformed the Defence Housing Australia's material, or derived new material from those of the Defence Housing Australia in any way, then the Defence Housing Australia prefers the following attribution:

Based on The Australian Government Defence Housing Australia's data.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

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 Budget Statements in support of the 2016-17 Budget for the Defence portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely



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.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: www.budget.gov.au.

Table of Contents

USER GUIDE	XI
DEFENCE PORTFOLIO OVERVIEW	3
Ministers and their Portfolio Responsibilities	5
Changes affecting the Portfolio	5
Portfolio Structure and Outcomes	8
DEPARTMENT OF DEFENCE	16
Section 1: Defence Overview and Resources	16
1.1 Strategic Direction Statement	16
1.2 Defence Resource Statement.....	17
1.3 Budget Measures	18
1.4 Capital Investment Program.....	21
1.5 People.....	22
Section 2: Defence Outcomes and Planned Performance	27
2.1 Outcomes and Performance Information.....	27
Section 3: Defence Explanatory Tables and Budgeted Financial Statements	99
3.1 Explanatory Tables.....	99
3.2 Resource Summary	104
3.3 Budgeted Financial Statements	108
APPENDICES	124
Appendix A: Defence Cooperation Program	125
Appendix B: The Unapproved Major Capital Investment Program (also known as the Defence Capability Plan).....	128
Appendix C: Top 30 Acquisition Projects by 2016-17 Forecast Expenditure	130
Appendix D: Current Status of Previously Reported Top 30 Projects (Projects Reported in the Last Five Financial Years).	145
Appendix E: Top 10 Minor Capital Investment Projects by 2016-17 Forecast Expenditure	158
Appendix F: Top 30 Sustainment Products by 2016-17 Forecast Expenditure	161
Appendix G: Capital Facilities Program	175
Appendix H: Status of Major Projects Foreshadowed for Government and Parliamentary Standing Committee on Public Works Consideration (PWC) in 2016-17	184

DEFENCE HOUSING AUSTRALIA	190
Section 1: DHA Overview and Resources	190
1.1 Strategic Direction Statement	190
1.2 DHA Resource Statement.....	192
1.3 Budget Measures.....	193
Section 2: DHA Outcomes and Planned Performance	194
2.1 Outcome and Performance Information	194
Section 3: DHA Explanatory Tables and Budgeted Financial Statements	197
3.1 Explanatory Tables.....	197
3.2 Budgeted Financial Statements	198
GLOSSARY	203
ACRONYMS	209

USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS

This page intentionally left blank.

USER GUIDE

The purpose of the *2016-17 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2016-17 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2016-17 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

This page intentionally left blank.