

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive overview of agency finances for the 2016-17 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

Table 43: Summary of Estimated Special Account Balances^{[1][2][3]}

		Opening 2016-17	Receipts 2016-17	Payments 2016-17	Adjustments 2016-17	Closing Balance 2016-17
		<i>2015-16</i>	<i>2015-16</i>	<i>2015-16</i>	<i>2015-16</i>	<i>2015-16</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Defence Special Account– <i>Public Governance, Performance and Accountability Act 2013</i>	1	43,153	27,693	-22,746	-	48,100
		<i>64,827</i>	<i>34,671</i>	<i>-56,345</i>	-	<i>43,153</i>
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	49	4	-3	-	50
		<i>48</i>	<i>4</i>	<i>-3</i>	-	<i>49</i>
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	168	6	-6	-	168
		<i>167</i>	<i>5</i>	<i>-4</i>	-	<i>168</i>
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	1	1,412	221	-112	-	1,521
		<i>1,375</i>	<i>309</i>	<i>-272</i>	-	<i>1,412</i>
Total Special Accounts 2016-17		44,782	27,924	-22,867	-	49,839
<i>2015-16 estimated actual</i>		<i>66,417</i>	<i>34,989</i>	<i>-56,624</i>	-	<i>44,782</i>

Notes

1. 2016-17 estimates in bold.
2. 2015-16 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 44: Australian Government Indigenous Expenditure

	Program	Bill No. 1 \$'000
Outcome 1		
Defence Indigenous Employment Strategy^{[1][2]}	1.11	
Departmental 2016-17 Budget Estimate		3,619
Departmental 2015-16 Estimated Actual		4,079
Army Aboriginal Community Assistance Program^{[1][3]}	1.3	
Departmental 2016-17 Budget Estimate		5,700
Departmental 2015-16 Estimated Actual		5,700
Total 2016-17 Revised Estimate		9,319
Total 2015-16 Budget Estimate		9,779

Notes

1. All amounts are GST exclusive. Revised Estimate and Budget Estimate are direct costs.
2. The Defence Indigenous Development Program, as previously disclosed, has been subsumed into the Defence Indigenous Employment Strategy.
3. The majority of costs are subsequently recovered from Department of Prime Minister and Cabinet under 2.5 Remote Australian Strategy 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 programs such as the Defence Indigenous Development Program - Navy, Army Indigenous Development Program, Indigenous Pre-Recruitment Courses and Defence participation in the APSC Indigenous Pathways Program. All activities are being implemented through a whole-of-Defence approach, collaboration with other APS agencies and partnerships with external organisations. A number of programs 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 Program

The Army Aboriginal Community Assistance Program (AACAP) is a collaborative partnership between the Department of the Prime Minister and Cabinet (PM&C) and the Australian Army which aims to improve environmental health and living conditions in remote Indigenous communities. One project is undertaken each calendar year targeting improvements in housing and essential services including water, power, sewerage and health. Community selection capitalises on Army's ability to deploy and sustain a construction camp for a prolonged period in a remote area of Australia, to holistically deliver a range of services to Indigenous communities which would not normally be available through other project means. The 2016 Project is being delivered in Laura, Far North Queensland with planning for the 2017 Project in Toomelah, northern New South Wales underway.

3.1.2 Grants

Table 45: Approved Grants

	2015-16 Estimated Actual \$'000 ^[1]	Total Grant Amount Approved \$'000 ^[1]	2016-17 Budget Estimate \$'000 ^[1]
Approved since 2015-16 PAES			
Skilling Australia's Defence Industry (SADI)	1,625	1,625	-
Institute for Regional Security (IFRS)	176	176	-
Total grants approved since 2015-16 PAES	1,801	1,801	-
Previously approved grants			
Defence Science and Technology Group (DSTG) Industry Placement Program 2015	237	535	-
Family Support Funding Program	1,474	2,317	404
Skilling Australia's Defence Industry (SADI)	3,365	3,365	-
Industry Skilling Program - Enhancement School Pathways Program	563	563	-
Australian Army History Research Grant Scheme	59	59	-
New Air Combat Capability Industry Support Program (NACC ISP) ^[2]	2,300	5,075	528
Multinational Force and Observers ^[3]	939	2,805	935
The Sir Richard Williams Foundation	50	150	50
Australian War Memorial	2,727	8,181	2,727
University of Melbourne	19	62	-
Royal Melbourne Institute of Technology	46	131	-
Fisher House Foundation	25	225	-
The Australian Sailor Pty Ltd	250	400	-
Australian Strategic Policy Institute (ASPI)	3,358	10,328	3,442
Royal United Services Institute (RUSI) ^[4]	101	297	-
The ANU - Shedden Professorial Chair ^[5]	248	731	-
The ANU - Post Doctoral Fellow ^[6]	153	434	-
China Matters	100	100	-
Australian Peacekeeping Memorial Project	2,000	2,000	-
National Boer War Memorial Association	1,450	1,450	-
Stand Tall for PTS	150	150	-
Total previously approved grants	19,614	39,358	8,086
Total grants	21,415	41,159	8,086

Notes

1. Figures are GST exclusive.
2. Total grant approved amount includes \$1 million for a grant which has payments scheduled for 2017-18.
3. Total grant amount is reflective of USD figures converted into AUD.
4. This grant was approved in June 2013.
5. This grant was approved in June 2012.
6. This grant was approved in June 2013.

The following are grants that have been approved since the *2015-16 Portfolio Additional Estimates Statements*.

Skilling Australia's Defence Industry

Since the publication of the PAES 2015-16, the Skilling Australia's Defence Industry Program has approved grants to the total of \$1,625,147 (GST exclusive). This program provides financial support for training and skilling activities in trade, technical or professional skill sets that are required to meet a current or future Defence Capability need.

Institute for Regional Security

Two grants to the total value of \$176,000 (GST exclusive) have been approved to support the IFRS Annual Dinner at the National Gallery of Australia and the Strategic Dialogue between Australia, the United States and Japan at the Gibraltar Hotel in Bowral NSW; and two Future Strategic Leaders (FSL) Congresses at the ANU Kioloa Coastal Campus NSW.

3.2 RESOURCE SUMMARY

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

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	11,698,635	11,570,112	11,692,955	11,920,209	12,322,508
Supplier payments	11,077,833	11,520,104	12,053,095	12,852,919	13,855,734
Purchase of specialist military equipment	6,679,099	6,097,456	8,053,766	9,098,896	9,662,542
Purchase of inventory	1,330,920	1,491,637	1,366,348	1,392,070	1,563,022
Purchase of other property, plant and equipment	1,432,043	1,941,243	1,761,736	1,902,541	2,229,552
Net cash to / (from) the Official Public Account	-133,829	897	919	942	966
Other cash used	1,830,982	1,881,400	1,904,863	2,067,192	2,213,242
Total cash used	33,915,683	34,502,849	36,833,682	39,234,769	41,847,566
Own source receipts	2,167,590	2,164,997	2,283,002	2,458,768	2,621,850
Total cash received	2,167,590	2,164,997	2,283,002	2,458,768	2,621,850
Net cost of service (cash)	31,748,093	32,337,852	34,550,680	36,776,001	39,225,716
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	29,212,545	30,016,525	30,692,324	32,109,205	34,150,568
Appropriation carried forward from previous year	-	-	-	-	-
Appropriation Bill 2/4 (equity injection)	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Total funding source	31,748,093	32,337,852	34,550,680	36,776,001	39,225,716
Change in cash	-	-	-	-	-

Table 47: Total Departmental and Administered Consolidated Cash Budget for the Department of Defence^[1]

	2016-17 Budget Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	30,016.5
Appropriation - Contributed Equity (Bill 2)	2,321.3
Appropriations for military superannuation ^[2]	2,467.4
less Returns to the OPA	-1,489.7
Total cash available	33,315.6
OPERATING ACTIVITIES	
Cash received	
Goods and services	451.2
Net GST received	1,619.9
Interest	28.0
Other cash	74.9
Fees	15.6
Total cash received	2,189.6
Cash used	
Employees	10,211.2
Suppliers	11,520.1
Net GST paid	1,619.9
Grants	106.8
Other cash	6.0
Subsidies paid	111.6
Military benefits	2,355.8
Total cash used	25,931.4
Net cash from or (used by) operating activities	-23,741.8
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	14.1
Proceeds from sales of infrastructure, plant and equipment	23.3
Proceeds from sales of specialist military equipment	7.5
Proceeds from sales of heritage and cultural assets	-
Dividends	60.2
Other	-
Total cash received	105.2
Cash used	
Purchase of land and buildings	865.6
Purchase of infrastructure, plant and equipment	970.1
Purchase of specialist military equipment	6,097.5
Purchase of heritage and cultural assets	-
Purchase of intangibles	105.5
Purchase of inventory	1,491.6
Selling costs on sale of assets	5.0
Finance costs	111.2
Total cash used	9,646.6
Net cash from or (used by) investing activities	-9,541.3
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	32.5
Total cash used	32.5
Net cash from or (used by) financing activities	-32.5
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at the beginning of the reporting period	11.5
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	11.5

Notes

- Figures shown eliminate transactions flowing between Departmental and Administered funding.
- Cross reference with Table 64 Budgeted Administered Statement of Cash Flows for the Department of Defence for the period ended 30 June.

Table 48: Defence Resource Statement – Budget Estimates for 2016-17 as at Budget May 2016

Serial No.		Estimate of prior year amounts available in 2016-17 \$'000	+ Proposed at Budget 2016-17 \$'000	= Total Estimate 2016-17 \$'000	Total available Appropriation 2015-16 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	29,256,090	29,256,090	28,300,010
	Outcome 2	-	737,973	737,973	863,834
	Outcome 3	-	22,462	22,462	48,701
1	Total Departmental outputs	-	30,016,525	30,016,525	29,212,545
2	Total ordinary annual services (1)	-	30,016,525	30,016,525	29,212,545
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	-	2,321,327	2,321,327	2,535,548
3	Total Departmental non-operating	-	2,321,327	2,321,327	2,535,548
4	Total other services (3)	-	2,321,327	2,321,327	2,535,548
5	Total available annual appropriation (2+4)	-	32,337,852	32,337,852	31,748,093
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC, s.82ZJ</i>	-	23,601	23,601	19,021
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,834,881	1,834,881	1,697,896
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	3,371,554	3,371,554	4,337,115
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	775	775	917
	<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	-	110,852	110,852	102,339
6	Total special appropriations	-	5,341,663	5,341,663	6,157,288
7	Total appropriations (5+6)	-	37,679,515	37,679,515	37,905,381
	Other available resources				
	Funding from other sources	-	2,033,882	2,033,882	2,209,913
	Returns to the OPA (net)	-	-1,489,693	-1,489,693	-1,463,796
	Previous years' outputs (appropriation receivable)	10,166	-	10,166	10,166
	Cash available	11,530	-	11,530	11,530
8	Total other available resources	21,696	544,189	565,885	767,813
9	Total resourcing (7+8)	21,696	38,223,704	38,245,400	38,673,194
	Special Accounts				
	Opening Balance	44,782	-	44,782	66,417
	Appropriation Receipts	-	-	-	-
	Appropriation Receipts - other agencies	-	-	-	-
	Non-Appropriation Receipts to Special Accounts	-	27,924	27,924	34,989
10	Total special accounts	44,782	27,924	72,706	101,406

Table 49: Third Party Payments to and from other Agencies^[1]

	Estimated Actual 2015-16 \$'000	Budget Estimate 2016-17 \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	111,373	113,569
Payments made to Defence Housing Australia for the provision of services (Departmental)	580,819	657,094
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	23,247	23,855
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	34,611	39,930
Payments made to the Attorney-General's Department for the provision of services (Departmental)	13,188	-
Payments made to the Department of Finance for the provision of services (Departmental)	107,307	66,462
Payments made to Comcare for workers compensation premiums (Departmental)	39,164	48,696
Payments made to the Australian Federal Police for the provision of services (Departmental)	42,032	43,654
Payments made to the Department of Human Services for the provision of services (Departmental)	2,568	2,156

Note

1. Third party payments to and from other Agencies include:

- Inter-agency transactions in excess of \$20m per annum;
- Inter-agency transactions that were in excess of \$20m in the previous year's annual statements; and
- Inter-agency transactions relating to Budget Measures as disclosed in Table 2 Defence 2016-17 Budget Measures.

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 50: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	11,275,594	11,636,412	360,818	3.2
Supplier expenses	12,241,657	13,041,999	800,342	6.5
Grants	106,833	106,833	-	-
Depreciation and amortisation	4,760,197	4,893,340	133,143	2.8
Finance costs	149,961	152,971	3,010	2.0
Write-down of assets and impairment of assets	947,457	991,461	44,004	4.6
Losses from sale of assets	-	-	-	-
Other	5,985	5,985	-	-
Total expenses	29,487,684	30,829,001	1,341,317	4.5
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	445,841	451,204	5,363	1.2
Other revenue	48,894	48,894	-	-
Total own-source revenue	494,735	500,098	5,363	1.1
Gains				
Reversals of previous asset write-downs	336,212	304,308	-31,904	-9.5
Sale of assets	3,248	3,252	4	0.1
Other gains	4,818	4,818	-1	-
Total gains	344,278	312,378	-31,901	-9.3
Total own-source income	839,013	812,476	-26,538	-3.2
Net cost of (contribution by) services	28,648,671	30,016,525	1,367,854	4.8
Revenue from Government	28,648,671	30,016,525	1,367,854	4.8
Surplus (Deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Table 51: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	11,530	11,530	-	-
Trade and other receivables	96,714	96,714	-	-
Tax assets	106,002	106,002	-	-
Appropriation receivable	10,166	10,166	-	-
Other receivables	382,304	382,304	-	-
Total financial assets	606,716	606,716	-	-
Non-financial assets				
Land and buildings	18,558,751	18,275,135	-283,616	-1.5
Infrastructure, plant and equipment	7,942,408	7,909,483	-32,925	-0.4
Specialist military equipment	47,846,249	47,848,649	2,400	-
Intangibles	670,778	722,199	51,421	7.7
Heritage and cultural	1,006,955	907,345	-99,610	-9.9
Inventories	6,275,517	6,107,144	-168,373	-2.7
Prepayments	3,203,867	3,203,904	37	0.0
Total non-financial assets	85,504,525	84,973,859	-530,666	-0.6
Assets held for sale	37,684	37,684	-	-
Total assets	86,148,925	85,618,259	-530,666	-0.6
LIABILITIES				
Payables				
Suppliers	2,247,410	2,412,367	164,957	7.3
Other	280,087	347,522	67,435	24.1
Total payables	2,527,497	2,759,889	232,392	9.2
Interest bearing liabilities				
Leases	1,373,301	1,390,347	17,046	1.2
Total interest bearing liabilities	1,373,301	1,390,347	17,046	1.2
Provisions				
Employee provisions	2,580,195	2,589,834	9,639	0.4
Restoration, decontamination and decommissioning	1,045,677	1,048,168	2,491	0.2
Other	290	290	-	-
Total provisions	3,626,162	3,638,292	12,130	0.3
Total liabilities	7,526,960	7,788,528	261,568	3.5
NET ASSETS	78,621,965	77,829,731	-792,234	-1.0
EQUITY				
Contributed equity	28,055,377	27,218,461	-836,916	-3.0
Reserves	15,299,751	15,299,751	-	-
Retained surplus (accumulated deficit)	35,266,837	35,311,519	44,682	0.1
Total equity	78,621,965	77,829,731	-792,234	-1.0

Table 52: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	28,648,671	30,016,525	1,367,854	4.8
Goods and services	445,841	451,204	5,363	1.2
Net GST received	1,425,573	1,619,911	194,338	13.6
Other cash received	48,894	48,894	-	-
Total cash received	30,568,979	32,136,534	1,567,555	5.1
Cash used				
Employees	11,214,815	11,570,112	355,297	3.2
Suppliers	10,982,155	11,520,104	537,949	4.9
Net GST paid	1,425,573	1,619,911	194,338	13.6
Grants	106,833	106,833	-	-
Other cash used	5,985	5,985	-	-
Cash transfer to the Official Public Account (receivables)	897	897	-	-
Total cash used	23,736,258	24,823,842	1,087,584	4.6
Net cash from (used by) operating activities	6,832,721	7,312,692	479,971	7.0
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	14,127	14,127	-	-
Proceeds from sales of infrastructure, plant and equipment	23,308	23,312	4	0.0
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Total cash received	44,984	44,988	4	0.0
Cash used				
Purchase of land and buildings	1,050,865	865,627	-185,238	-17.6
Purchase of infrastructure, plant and equipment	971,287	970,081	-1,206	-0.1
Purchase of specialist military equipment	5,997,362	6,097,456	100,094	1.7
Purchase of intangibles	65,942	105,535	39,593	60.0
Purchase of inventory	1,387,033	1,491,637	104,604	7.5
Selling costs on sale of assets	4,982	4,982	-	-
Finance costs	111,233	111,233	-	-
Total cash used	9,588,704	9,646,551	57,847	0.6
Net cash from (used by) investing activities	-9,543,720	-9,601,563	-57,843	0.6
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	2,750,832	2,321,327	-429,505	-15.6
Total cash received	2,750,832	2,321,327	-429,505	-15.6
Cash used				
Repayment of debt	39,833	32,456	-7,377	-18.5
Total cash used	39,833	32,456	-7,377	-18.5
Net cash from (used by) financing activities	2,710,999	2,288,871	-422,128	-15.6
Net increase (decrease) in cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	11,530	11,530	-	-
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	11,530	11,530	-	-

Table 53: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
EXPENSES					
Employee benefits	11,711,000	11,636,412	11,749,165	11,974,439	12,376,421
Supplier expenses	12,426,160	13,041,999	13,503,292	14,265,779	15,372,511
Grants	104,835	106,833	14,759	15,138	15,531
Depreciation and amortisation	4,540,570	4,893,340	5,058,580	5,470,835	5,989,538
Finance costs	106,152	152,971	156,916	166,513	169,555
Write-down of assets and impairment of assets	954,417	991,461	1,029,403	1,067,961	1,107,930
Foreign exchange losses					
Losses from sale of assets	91,710	-	-	-	-
Other	35,303	5,985	14,587	2,616	2,681
Total expenses	29,970,147	30,829,001	31,526,702	32,963,281	35,034,167
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	447,832	451,204	447,407	464,725	479,447
Other revenue	57,474	48,894	50,467	52,052	53,609
Total own-source revenue	505,306	500,098	497,874	516,777	533,056
Gains					
Reversals of previous asset write-downs	292,278	304,308	316,720	329,469	342,727
Sale of assets	-	3,252	14,846	2,769	2,628
Other gains	4,700	4,818	4,938	5,061	5,188
Total gains	296,978	312,378	336,504	337,299	350,543
Total own-source income	802,284	812,476	834,378	854,076	883,599
Net cost of (contribution by) services	29,167,863	30,016,525	30,692,324	32,109,205	34,150,568
Revenue from Government	29,212,545	30,016,525	30,692,324	32,109,205	34,150,568
Surplus (Deficit) attributable to the Australian Government	44,682	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	44,682	-	-	-	-

Table 54: Budgeted Departmental Balance Sheet (as at 30 June)

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11,530	11,530	11,530	11,530	11,530
Trade and other receivables	96,714	96,714	96,714	96,714	96,714
Tax assets	106,002	106,002	106,002	106,002	106,002
Appropriation receivable	10,166	10,166	10,166	10,166	10,166
Other receivables	423,485	382,304	358,674	354,829	350,984
Total financial assets	647,897	606,716	583,086	579,241	575,396
Non-financial assets					
Land and buildings	18,011,287	18,275,135	18,401,780	18,870,559	19,560,243
Infrastructure, plant and equipment	7,530,191	7,909,483	8,323,052	8,341,951	8,450,734
Specialist military equipment	45,720,502	47,848,649	51,749,972	56,276,269	60,808,288
Intangibles	753,616	722,199	599,130	661,917	763,320
Heritage and cultural	955,856	907,345	858,834	810,323	761,812
Inventories	6,288,745	6,107,144	5,912,350	5,705,825	5,497,151
Prepayments	3,203,904	3,203,904	3,203,904	3,203,904	3,203,904
Total non-financial assets	82,464,101	84,973,859	89,049,022	93,870,748	99,045,452
Assets held for sale	37,684	37,684	37,684	37,684	37,684
Total assets	83,149,682	85,618,259	89,669,792	94,487,673	99,658,532
LIABILITIES					
Payables					
Suppliers	2,339,802	2,412,367	2,536,280	2,611,897	2,630,315
Other	344,798	347,522	349,731	352,547	355,821
Total payables	2,684,600	2,759,889	2,886,011	2,964,444	2,986,136
Interest bearing liabilities					
Leases	1,422,803	1,390,347	1,357,564	1,322,159	1,284,504
Total interest bearing liabilities	1,422,803	1,390,347	1,357,564	1,322,159	1,284,504
Provisions					
Employee provisions	2,526,258	2,589,834	2,643,835	2,695,249	2,745,888
Restoration, decontamination and decommissioning	1,006,430	1,048,168	1,094,924	1,152,509	1,214,510
Other	290	290	290	290	290
Total provisions	3,532,978	3,638,292	3,739,049	3,848,048	3,960,688
Total liabilities	7,640,381	7,788,528	7,982,624	8,134,651	8,231,328
NET ASSETS	75,509,301	77,829,731	81,687,168	86,353,022	91,427,204
EQUITY					
Contributed equity	24,898,031	27,218,461	31,075,898	35,741,752	40,815,934
Reserves	15,299,751	15,299,751	15,299,751	15,299,751	15,299,751
Retained surplus (accumulated deficit)	35,311,519	35,311,519	35,311,519	35,311,519	35,311,519
Total equity	75,509,301	77,829,731	81,687,168	86,353,022	91,427,204

Table 55: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	29,212,545	30,016,525	30,692,324	32,109,205	34,150,568
Goods and services	447,832	451,204	447,407	464,725	479,447
Net GST received	1,555,302	1,619,911	1,727,490	1,899,934	2,044,489
Other cash received	57,474	48,894	50,467	52,052	53,609
Cash transfer from the Official Public Account (receivables)	134,704	-	-	-	-
Total cash received	31,407,857	32,136,534	32,917,688	34,525,916	36,728,113
Cash used					
Employees	11,698,635	11,570,112	11,692,955	11,920,209	12,322,508
Suppliers	11,077,833	11,520,104	12,053,095	12,852,919	13,855,734
Net GST paid	1,555,302	1,619,911	1,727,490	1,899,934	2,044,489
Grants	104,835	106,833	14,759	15,138	15,531
Other cash used	35,303	5,985	14,587	2,616	2,681
Cash transfer to the Official Public Account (receivables)	875	897	919	942	966
Total cash used	24,472,783	24,823,842	25,503,805	26,691,758	28,241,909
Net cash from (used by) operating activities	6,935,074	7,312,692	7,413,883	7,834,158	8,486,204
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	76,361	14,127	26,495	15,176	15,866
Proceeds from sales of infrastructure, plant and equipment	23,072	23,312	23,594	19,332	20,890
Proceeds from sales of specialist military equipment	7,549	7,549	7,549	7,549	7,549
Total cash received	106,982	44,988	57,638	42,057	44,305
Cash used					
Purchase of land and buildings	587,238	865,627	739,816	1,101,293	1,345,864
Purchase of infrastructure, plant and equipment	772,059	970,081	1,011,330	615,710	702,394
Purchase of specialist military equipment	6,679,099	6,097,456	8,053,766	9,098,896	9,662,542
Purchase of intangibles	72,746	105,535	10,590	185,538	181,294
Purchase of inventory	1,330,920	1,491,637	1,366,348	1,392,070	1,563,022
Selling costs on sale of assets	5,697	4,982	5,084	5,171	5,332
Finance costs	100,916	111,233	110,160	108,928	107,554
Total cash used	9,548,675	9,646,551	11,297,094	12,507,606	13,568,002
Net cash from (used by) investing activities	-9,441,693	-9,601,563	-11,239,456	-12,465,549	-13,523,697
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Total cash received	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Cash used					
Repayment of debt	28,929	32,456	32,783	35,405	37,655
Total cash used	28,929	32,456	32,783	35,405	37,655
Net cash from (used by) financing activities	2,506,619	2,288,871	3,825,573	4,631,391	5,037,493
Net increase (decrease) in cash and cash equivalents held					
Cash and cash equivalents at the beginning of the reporting period	11,530	11,530	11,530	11,530	11,530
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	11,530	11,530	11,530	11,530	11,530

Table 56: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2016-17)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	35,311,519	15,299,751	24,898,031	75,509,301
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	35,311,519	15,299,751	24,898,031	75,509,301
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	-	-	-897	-897
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,321,327	2,321,327
Other	-	-	-	-
Sub-total transaction with owners	-	-	2,320,430	2,320,430
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2017	35,311,519	15,299,751	27,218,461	77,829,731

Table 57: Departmental Capital Budget Statement

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Total capital appropriations	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Represented by:					
Purchase of non-financial assets	2,506,619	2,288,871	3,825,573	4,631,391	5,037,493
Annual finance lease costs	28,929	32,456	32,783	35,405	37,655
Other items	-	-	-	-	-
Total Items	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	2,535,548	2,321,327	3,858,356	4,666,796	5,075,148
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[1]	5,575,594	5,717,372	5,957,146	6,334,641	6,816,946
Total	8,111,142	8,038,699	9,815,502	11,001,437	11,892,094
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	8,111,142	8,038,699	9,815,502	11,001,437	11,892,094
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	100,916	111,233	110,160	108,928	107,554
plus annual finance lease costs	28,929	32,456	32,783	35,405	37,655
less gifted assets	-	-	-	-	-
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	8,240,987	8,182,388	9,958,445	11,145,770	12,037,303

Notes

1. Includes the following sources of funding:

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

Table 58: Statement of Departmental Asset Movements (2016-17)

	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 2016								
Gross book value	4,982,286	13,946,451	87,418,234	8,448,447	1,714,155	1,060,343	37,684	117,607,600
Accumulated depreciation/amortisation and impairment	-	917,450	41,697,732	918,256	960,539	104,487	-	44,598,464
Opening net book balance	4,982,286	13,029,001	45,720,502	7,530,191	753,616	955,856	37,684	73,009,136
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	-	865,627	6,189,760	970,040	105,136	-	-	8,130,563
By transfer from another agency	-	-	-	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	-	865,627	6,189,760	970,040	105,136	-	-	8,130,563
Other movements								
Assets held for sale	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-	41,607	6,629	-	-	-	48,236
Depreciation and amortisation	-	568,827	3,587,402	552,047	136,553	48,511	-	4,893,340
Disposal of entities or other operations (including restructuring)	-	13,452	-	23,302	-	-	-	36,754
Other disposals ^[2]	-	19,500	515,818	22,028	-	-	-	557,346
Total other movements	-	601,779	4,061,613	590,748	136,553	48,511	-	5,439,204
As at 30 June 2017								
Gross book value	4,982,286	14,779,126	93,133,783	9,379,786	1,819,291	1,060,343	37,684	125,192,299
Accumulated depreciation/amortisation and impairment	-	1,486,277	45,285,134	1,470,303	1,097,092	152,998	-	49,491,804
Closing net book value	4,982,286	13,292,849	47,848,649	7,909,483	722,199	907,345	37,684	75,700,495

Notes

1. Reclassification include assets first found.
2. Other disposals includes write-offs.

Table 59: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	28,027	28,027	-	-
Dividends	50,767	50,767	-	-
Military superannuation contributions	1,221,423	1,358,948	137,525	11.3
License Fees	15,644	15,644	-	-
Other	27,271	27,253	-18	-0.1
Total non-taxation	1,343,132	1,480,639	137,507	10.2
Total revenues administered on behalf of Government	1,343,132	1,480,639	137,507	10.2
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	111,627	111,627	-	-
Military retention benefits	79,985	79,985	-	-
Military superannuation benefits	5,140,411	5,150,051	9,640	0.2
Total expenses administered on behalf of Government	5,332,023	5,341,663	9,640	0.2

Table 60: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	69,837	59,571	-10,266	-14.7
Investments accounted for using the equity method	2,450,631	2,459,537	8,906	0.4
Loans	509,580	509,580	-	-
Total financial assets	3,030,048	3,028,688	-1,360	-
Non-financial assets				
Prepayments	271,556	271,556	-	-
Total non-financial assets	271,556	271,556	-	-
Total assets administered on behalf of Government	3,301,604	3,300,244	-1,360	-
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	5,502	5,502	-	-
Total payables	5,502	5,502	-	-
Provisions				
Superannuation - DFRB ^[1]	404,918	394,220	-10,698	-2.6
Superannuation - DFRDB ^[2]	30,819,863	30,082,945	-736,918	-2.4
Superannuation - MSBS ^[3]	34,194,273	33,960,822	-233,451	-0.7
Total provisions	65,419,054	64,437,987	-981,067	-1.5
Total liabilities administered on behalf of Government	65,424,556	64,443,489	-981,067	-1.5

Notes

1. Defence Force Retirement Benefits.
2. Defence Force Retirement and Death Benefits.
3. Military Superannuation and Benefits Scheme.

Table 61: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2016-17 Previous Estimate \$'000	2016-17 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	28,027	28,027	-	-
Military superannuation contributions	1,221,423	1,358,948	137,525	11.3
Fees	15,644	15,644	-	-
Other	25,980	25,962	-18	-0.1
Total cash received	1,291,074	1,428,581	137,507	10.7
Cash used				
Subsidies paid	111,627	111,627	-	-
Military benefits	2,362,707	2,355,778	-6,929	-0.3
Total cash used	2,474,334	2,467,405	-6,929	-0.3
Net cash from or (used by) operating activities	-1,183,260	-1,038,824	144,436	-12.2
INVESTING ACTIVITIES				
Cash received				
Dividends	60,215	60,215	-	-
Total cash received	60,215	60,215	-	-
Cash used				
Loans	-	-	-	-
Total cash used	-	-	-	-
Net cash from or (used by) investing activities	60,215	60,215	-	-
Net increase (decrease) in cash held	-1,123,045	-978,609	144,436	-12.9
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,474,334	2,467,405	-6,929	-0.3
Cash to the Official Public Account	-1,351,289	-1,488,796	-137,507	10.2
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

**Table 62: Schedule of Budgeted Income and Expenses Administered on Behalf of Government
(for the period ended 30 June)**

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	28,027	28,027	28,027	28,027	28,027
Dividends	63,049	50,767	49,952	59,318	41,974
Military superannuation contributions	1,470,576	1,358,948	1,292,637	1,227,879	1,167,434
Fees	13,871	15,644	16,440	17,236	18,038
Other	50,730	27,253	19,110	21,678	21,925
Total non-taxation	1,626,253	1,480,639	1,406,166	1,354,138	1,277,398
Total revenues administered on behalf of Government	1,626,253	1,480,639	1,406,166	1,354,138	1,277,398
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	103,256	111,627	118,275	127,202	136,701
Military retention benefits	69,798	79,985	93,548	107,299	120,288
Military superannuation benefits	5,984,234	5,150,051	5,330,659	5,512,355	5,695,865
Total expenses administered on behalf of Government	6,157,288	5,341,663	5,542,482	5,746,856	5,952,854

**Table 63: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government
(as at 30 June)**

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	71,571	59,571	59,045	68,707	51,690
Investments accounted for using the equity method	2,413,445	2,459,537	2,526,650	2,598,068	2,694,499
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	2,994,596	3,028,688	3,095,275	3,176,355	3,255,769
Non-financial assets					
Prepayments	210,141	271,556	299,608	328,609	342,221
Total non-financial assets	210,141	271,556	299,608	328,609	342,221
Total assets administered on behalf of Government	3,204,737	3,300,244	3,394,883	3,504,964	3,597,990
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,502	5,502	5,502	5,502	5,502
Total payables	5,502	5,502	5,502	5,502	5,502
Provisions					
Superannuation - DFRB ^[1]	415,437	394,220	373,442	353,158	333,423
Superannuation - DFRDB ^[2]	29,838,660	30,082,945	30,281,459	30,433,152	30,538,126
Superannuation - MSBS ^[3]	31,260,629	33,960,822	36,774,137	39,697,046	42,736,988
Total provisions	61,514,726	64,437,987	67,429,038	70,483,356	73,608,537
Total liabilities administered on behalf of Government	61,520,228	64,443,489	67,434,540	70,488,858	73,614,039

Notes

1. Defence Force Retirement Benefits.
2. Defence Force Retirement and Death Benefits.
3. Military Superannuation and Benefits Scheme.

Table 64: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2015-16 Estimated Actual \$'000	2016-17 Budget Estimate \$'000	2017-18 Forward Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	28,027	28,027	28,027	28,027	28,027
Military superannuation contributions	1,470,576	1,358,948	1,292,637	1,227,879	1,167,434
Fees	13,871	15,644	16,440	17,236	18,038
Other	30,514	25,962	25,521	27,092	28,925
Total cash received	1,542,988	1,428,581	1,362,625	1,300,234	1,242,424
Cash used					
Subsidies paid	103,256	111,627	118,275	127,202	136,701
Military benefits	2,182,538	2,355,778	2,450,343	2,584,954	2,696,599
Total cash used	2,285,794	2,467,405	2,568,618	2,712,156	2,833,300
Net cash from or (used by) operating activities	-742,806	-1,038,824	-1,205,993	-1,411,922	-1,590,876
INVESTING ACTIVITIES					
Cash received					
Dividends	54,637	60,215	50,767	49,952	59,318
Total cash received	54,637	60,215	50,767	49,952	59,318
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	54,637	60,215	50,767	49,952	59,318
Net increase (decrease) in cash held	-688,169	-978,609	-1,155,226	-1,361,970	-1,531,558
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,285,794	2,467,405	2,568,618	2,712,156	2,833,300
Cash to the Official Public Account	-1,597,625	-1,488,796	-1,413,392	-1,350,186	-1,301,742
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

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)*.