

Department of Defence

Entity Resources and Planned Performance

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DEPARTMENT OF DEFENCE

Section 1: Defence Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

No changes have been made to the Defence Strategic Direction Statement since the *PBS 2017-18*.

1.2 DEFENCE RESOURCE STATEMENT

Table 1: Total Defence Resourcing

Serial No.	2016-17 Actual \$'000		2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Defence resourcing									
1	30,837,008	Appropriation for departmental outcomes	32,205,226	32,224,574	19,348	0.1	32,042,395	33,176,081	35,423,790
2	1,064,704	Equity injection appropriation	2,365,307	2,299,567	-65,740	-2.8	3,570,643	4,936,690	5,908,843
3	97,000	Prior year appropriation	-	-	-	-	-	-	-
4	31,998,712	Current year's appropriation (1 + 2 + 3)	34,570,533	34,524,141	-46,392	-0.1	35,613,038	38,112,771	41,332,632
5	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-	-
7	-6,497	Return to the Official Public Account ⁽¹⁾	-919	-919	-	-	-942	-966	-990
8	-6,497	Funding from / to the OPA (5 + 6 + 7)	-919	-919	-	-	-942	-966	-990
9	31,992,215	Funding from Government (4 + 8)	34,569,614	34,523,222	-46,392	-0.1	35,612,096	38,111,805	41,331,642
10	116,523	Capital receipts	117,282	93,423	-23,859	-20.3	106,051	84,477	71,466
11	623,828	Own source revenue (s74 receipts) ⁽²⁾	503,986	505,543	1,557	0.3	511,738	527,486	551,258
12	-	Prior year receipts	-	-	-	-	-	-	-
13	740,351	Funding from other sources (10 + 11 + 12)	621,268	598,966	-22,302	-3.6	617,789	611,963	622,724
14	32,732,566	Total Defence funding (9 + 13)	35,190,882	35,122,188	-68,694	-0.2	36,229,885	38,723,768	41,954,366
Administered									
15	7,968,613	Administered special appropriations	5,550,242	6,900,598	1,350,356	24.3	5,752,657	5,957,446	6,149,725
16	1,713,749	Own source revenue	1,470,206	1,349,960	-120,246	-8.2	1,300,373	1,236,555	1,181,496
17	-1,713,749	Returns to the Official Public Account	-1,470,206	-1,349,960	120,246	-8.2	-1,300,373	-1,236,555	-1,181,496
18	7,968,613	Total Administered funding (15 + 16 + 17)	5,550,242	6,900,598	1,350,356	24.3	5,752,657	5,957,446	6,149,725
19	40,701,179	Total Defence resourcing (14 + 18)	40,741,124	42,022,786	1,281,662	3.1	41,982,542	44,681,214	48,104,091
Appropriation carried forward									
20	425,991	Appropriation receivable including previous year's outputs	687,345	425,991	-261,354	-38.0	425,991	425,991	425,991
21	88,823	Cash in bank	47,597	88,823	41,226	86.6	88,823	88,823	88,823
22	514,814	Total appropriations carried forward (20 + 21)	734,942	514,814	-220,128	-30.0	514,814	514,814	514,814

Notes

1. Represents net transfers to and from the Official Public Account.
2. All figures are net of GST.

Annual Appropriations

Table 2: Appropriation Bill (No 3) 2017–18

	2016-17 Available \$'000	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Increase in Estimates \$'000	Decrease in Estimates \$'000
Departmental Outputs					
Outcome 1	30,020,611	1,010,331	944,489	-	65,842
Outcome 2	774,101	31,194,895	31,280,085	85,190	-
Outcome 3	22,462	-	-		
Total	30,817,174	32,205,226	32,224,574	85,190	65,842

Table 3: Appropriation Bill (No 4) 2017–18

	2016-17 Available \$'000	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Increase in Estimates \$'000	Decrease in Estimates \$'000
Non-operating					
Equity injections ^[1]	1,064,704	2,365,307	2,299,567	-	65,740
Total non-operating	1,064,704	2,365,307	2,299,567	-	65,740

Note

1. No additional appropriation is provided in Appropriation Bill (No. 4) as the net funding change is negative with \$65.7m to be extinguished against Appropriation Bill (No. 2).

Drawdown of Appropriations Carried Forward

Table 4: Revised Appropriation Receivable

	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Portfolio Budget Statements 2017-18 Estimates	687,345	687,345	687,345	687,345
Net movement	-261,354	-261,354	-261,354	-261,354
Closing balance appropriation receivable	425,991	425,991	425,991	425,991

Funding from Other Sources

Own Source Revenue

Table 5: Variation in Own Source Revenue

	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Portfolio Budget Statements 2017-18 Estimates	503,986	515,381	531,229	555,538
Variation in own source revenue	1,557	-3,643	-3,743	-4,280
Own source revenue revised estimates	505,543	511,738	527,486	551,258
Prior year receipts	-	-	-	-
Total	505,543	511,738	527,486	551,258

1.3 BUDGET MEASURES

2017–18 Budget Measures and Other Budget Adjustments

Table 6: Variation to Defence Funding

	Program	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
Departmental Budget Measures					
Expenditure Measures					
National Security — Enhancing Australia's Regional Counter-Terrorism Assistance ^[1]	1.1	nfp	nfp	nfp	nfp
Management of Per- and Poly-Fluorinated Alkyl Substances — community support package for RAAF Base Tindal	2.10	-1.8	-2.1	-1.1	-0.7
Naval Shipbuilding College - establishment ^[2]	2.5	-	-	-	-
Naval Shipbuilding Workforce ^[3]	2.5	-	-	-	-
Total Departmental Budget Measures		-1.8	-2.1	-1.1	-0.7
Other Budget Adjustments					
Foreign Exchange	Various	-89.9	-141.5	-232.9	-312.5
School Pathways Program	2.1	-1.2	-1.2	-1.2	-
Per-and Poly-Fluorinated Alkyl Substances - National Health Research Program	2.10	-12.0	-0.1	-0.1	-0.1
Per-and Poly-Fluorinated Alkyl Substances - Australian Research Council	2.1	-13.0	-	-	-
Other Budget Adjustments ^[4]	Various	nfp	nfp	nfp	nfp
Total Other Departmental Budget Adjustments		-116.1	-142.8	-234.2	-312.6
Variation to Defence Departmental Funding		-117.9	-144.9	-235.4	-313.3

Notes

1. The expenditure for this measure is not for publication (nfp) due to national security reasons.
2. Defence will be absorbing the cost of the specific initiatives relating to this measure. The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence considerations.
3. Defence will be absorbing the cost (\$29.4m) of the specific initiatives relating to this measure, being \$8.6m in 2017-18; \$14.6m in 2018-19; \$6.2m in 2019-20.
4. The expenditure for this adjustment is not for publication (nfp) due to either national security or commercial-in-confidence considerations.

Operations Summary

Table 7: Net Additional Cost of Operations to 2020-21^[1]

	Actual Result to 2016-17 \$m	2017-18 Revised Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total \$m
Operation Slipper	7,312.0	-	-	-	-	7,312.0
Operation Manitou ^[2]	117.9	54.2	10.0	..	-	182.1
Operation Accordion	463.2	222.2	27.7	23.1	-	736.2
Operation Highroad	357.3	83.5	2.7	1.8	-	445.3
Operation Resolute ^{[3][4]}	281.7	55.6	..	-	-	337.3
Operation Okra	814.4	453.4	64.2	29.8	-	1,361.8
Operation Augury - Philippines ^[5]	-	nfp	nfp	nfp	nfp	nfp
Defence Support to the 2018 Commonwealth Games ^[6]	..	33.9	0.3	-	-	34.2
Total Net Additional Costs	9,346.5	902.8	104.9	54.7	-	10,408.9
Sources of Funding for Operations						
Government Supplementation	9,346.5	902.8	104.9	54.7	-	10,408.9
Total Cost	9,346.5	902.8	104.9	54.7	-	10,408.9

Notes

1. This table reflects on-going and new Operations funded under No Win/No Loss arrangements.
2. The value of this Operation Manitou in 2019-20 is \$0.001m.
3. Includes funding for expanded activities under Operation Sovereign Borders.
4. The value of this Operation Resolute in 2018-19 is \$0.047m.
5. The expenditure for Operation Augury - Philippines is not for publication (nfp) due to national security reasons.
6. The value of this Defence Support to the 2018 Commonwealth Games 2016-17 actual result is \$0.004m.

1.4 CAPITAL INVESTMENT PROGRAM

Table 8: Capital Investment Program^[1]

Serial No.		2017-18	2017-18	Variation
		Budget Estimate \$m	Revised Estimate \$m	
1	Major Capital Investment Program	7,426.4	7,288.7	-137.7
2	Capital Facilities Program	2,025.6	2,137.1	111.5
3	ICT Investment Plan	889.0	245.1	-643.9
4	Minors Program	75.0	61.7	-13.3
5	Other Investment ^[2]	1,185.7	1,057.6	-128.1
6	Total Capital Investment Program	11,601.7	10,790.2	-811.5

Notes

1. Since 2017-18 PBS, the Department has reclassified budget previously recorded within the operating budget which relates to capital investment activities to better reflect the nature of these cost.
2. Includes purchases of plant and equipment, and the capital component of repairable items within the capability sustainment program.

Table 9: Capability Sustainment Program^[1]

Serial No.		2017-18	2017-18	Variation
		Budget Estimate \$m	Revised Estimate \$m	
1	Navy Sustainment	2,092.4	2,400.4	308.0
2	Army Sustainment	1,523.6	1,581.5	57.9
3	Air Force Sustainment	2,396.1	2,645.4	249.3
4	Chief Information Officer Sustainment ^[2]	971.1	1,402.9	431.8
5	Vice Chief of the Defence Force Sustainment	85.9	278.9	193.0
6	Strategic Policy and Intelligence Sustainment	21.3	138.4	117.1
7	Australian Defence Force Headquarters Sustainment	7.2	13.7	6.5
8	Estate and Infrastructure Group Sustainment ^[3]	2,007.8	2,539.1	531.3
9	Other Minor Sustainment	-	21.6	21.6
10	Future Sustainment Costs associated with AMCIP, ICT and Facilities (NPOC)	369.0	38.6	-330.4
11	Total Sustainment	9,474.2	11,060.4	1,586.1

Notes

1. Since 2017-18 PBS, the Department has reclassified budget previously recorded within the operating budget which relates to sustainment activities to better reflect the nature of these cost.
2. Chief Information Officer Sustainment includes all ICT sustainment for the Department.
3. Estate and Infrastructure Group Sustainment includes all estate maintenance, garrison support and associated costs for the Department.

Table 10: Retained Net Capital Receipts

Serial No.		2017-18	2017-18	2018-19	2019-20	2020-21	Variation
		Budget Estimate \$m	Revised Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
	Property Sales						
	Proceeds from the sale of land and buildings	71.7	47.8	64.0	40.2	28.2	-23.9
	Proceeds from the sale of housing	14.5	14.5	15.2	15.9	16.6	-
	Total proceeds from the sale of property	86.2	62.3	79.2	56.0	44.7	-23.9
	Costs from the sale of property ⁽¹⁾	-44.3	-11.6	-9.9	-6.2	-4.2	32.7
1	Net property proceeds retained by Defence	41.9	50.8	69.3	49.9	40.6	8.9
2	Proceeds from sale of specialist military equipment	7.5	7.5	7.5	7.5	7.5	-
3	Proceeds from sale of infrastructure, plant and equipment	23.3	23.6	19.3	20.9	19.2	0.3
4	Retained Capital Receipts (1+2+3)	72.6	81.7	96.0	78.1	67.1	9.1

Note

1. Costs from the sale of property include remediation works.

Table 11: Variation in Estimates of Net Capital Receipts

	2017-18 Revised Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m
Portfolio Budget Statements 2017-18 Estimates	72.6	170.6	353.3	42.8
Movement in net proceeds from sales associated with the capital disposal program	9.1	-74.5	-275.1	24.4
Variation in Net Capital Receipts	9.1	-74.5	-275.1	24.4
Total Net Capital Receipts	81.7	96.0	78.1	67.1

1.5 PEOPLE

Workforce Overview

ADF Workforce

No significant change from *PBS 2017–18*.

Civilian Workforce

The Civilian Workforce has continued to reduce during 2017-18 due to ongoing reforms and the requirement to reshape the workforce associated with the First Principles Review. The civilian workforce is expected to stabilise by the end of 2017-18 and then grow during 2018-19 to reflect priorities outlined in the 2016 Defence White Paper. These include enhancements to intelligence, space and cyber security capabilities.

The table below estimates the APS workforce reaching 17,800 by the end of 2017-18 and increasing to 18,170 from 2018-19.

Table 12: End of Financial Year Full Time Equivalent (FTE) Estimates for 2017–18 and the Forward Estimates

	2017-18 EOFY FTE Budget Estimate	FTE Forecast Outcome	Forecast Annual Change	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
Total APS	18,170	17,800	-370	18,170	18,170	18,170

Workforce Summary

The total full-time Defence workforce average is now forecast to be 76,185 in 2017-18, comprising:

- Permanent Forces (77 per cent) of:
 - 13,807 Navy Personnel
 - 30,568 Army Personnel
 - 14,310 Air Force Personnel
- 17,500 APS staff (23 per cent)

Over the forward estimates period, the total full-time workforce will grow by 2,570 from the forecast of 76,185 in 2017-18 to 78,755 in 2020-21.

The revised forecast for the Reserve Forces in 2017-18 is 989,000 days of service provided by 19,600 members. This represents a reduction of 25,000 days of service rendered and a decrease in headcount of 100. The number of days served by the Reserve workforce will increase by 55,000 from 989,000 to 1,044,000 over the forward estimates.

The total planned strength of the Defence workforce is shown in Tables 13 and 14, while a breakdown by Service and rank or level appears at Table 15.

Defence People

Pathway to Change continues as Defence's strategic cultural reform program. Initially launched in March 2012, the first iteration had an initial implementation period of five years. Although much has been done since 2012 to strengthen the best in Defence culture, there is more work to be done. With the initial five year implementation period of *Pathway to Change* now complete, the next iteration, *Pathway to Change: Evolving Defence Culture 2017-22* was launched internally by Secretary, Mr Greg Moriarty and Chief of the Defence Force, Air Chief Marshal Mark Binskin AC on 20 November 2017.

Pathway to Change: Evolving Defence Culture 2017-22 includes a refreshed Cultural Intent Statement underpinned by specific priorities to take culture reform forward over the next five years. The refreshed statement of cultural intent demonstrates a repositioning of Defence's cultural journey. This statement articulates what Defence represents as an organisation, and how our Defence people behave and work. The six cultural reform priorities for 2017-22 are:

1. Leadership accountability
2. Capability through inclusion
3. Ethics and workplace behaviours
4. Health, wellness and safety
5. Workplace agility and flexibility
6. Leading and developing integrated teams.

A staggered series of in-depth reviews commenced in 2017-18 in support of the ongoing evaluation of Defence's cultural reform progress. The first of these in-depth reviews focuses on Priority 3: Ethics and Workplace Behaviours, and will complement current and future efforts of the First Principles Review Behaviours Stream, as well as the need for a continued attention on addressing unacceptable behaviour.

Defence continues to work with the Department of Veterans' Affairs, industry and ex-Service organisations to support Australian Defence Force members through the transition process and to ensure a successful transition to civilian life and employment where applicable. As part of the ADF transition transformation program, Defence has improved the transition process through implementation of a new coaching and mentoring business model. This includes the introduction of the Job Search Preparation workshops for all members who have served a minimum of one day full-time continuous service and ensuring all transitioning members have access to their documentation before they leave.

Additionally, the reintroduction of post separation surveys assists Defence to stay connected with transitioned members and identify those who may require further support, noting that transition support is available for up to twelve months after a member has transitioned. Defence has also begun a review of the Career Transition Assistance Scheme, which provides training and financial support, to ensure it is flexible, equitable and accessible by all transitioning ADF members.

Table 13: Planned Workforce Allocation for the 2017–18 Budget and Forward Estimates — Average Fulltime^[1]

	2017-18 Budget Estimate	2017-18 Revised Estimate ^[2]	Variation	2018-19 Forward Estimate ^[2]	2019-20 Forward Estimate ^[2]	2020-21 Forward Estimate ^[2]
ADF Permanent Force^[3]						
Navy	14,123	13,807	-316	14,690	14,726	14,772
Army	30,672	30,568	-104	30,809	30,871	31,050
Air Force	14,399	14,310	-89	14,295	14,493	14,763
1 Total Permanent Force	59,194	58,685	-509	59,794	60,090	60,585
Civilian Employees						
APS	17,970	17,500	-470	18,170	18,170	18,170
2 Total Civilian Employees	17,970	17,500	-470	18,170	18,170	18,170
Total Workforce Strength (1 + 2)	77,164	76,185	-979	77,964	78,260	78,755

Notes

1. All numbers for the full-time workforce elements represent average full-time equivalents.
2. Revised Estimates figures represent forecast 2017-18 achievement for each element of the full-time workforce, while Forward Estimates figures represent the Government approved strength for each year.
3. Numbers for ADF Permanent Force include full-time and part-time members and reservists undertaking Continuous Full Time Service.

Table 14: Planned Workforce Allocation for the 2017–18 Budget and Forward Estimates — Reserve^{[1][4]}

	2017-18 Budget Estimate: days served (members paid)	2017-18 Revised Estimate: days served (members paid)	Variation	2018-19 Forward Estimate: days served (members paid)	2019-20 Forward Estimate: days served (members paid)	2020-21 Forward Estimate: days served (members paid)
Active Reserve Force^[2]						
Navy	100,000 (1,850)	95,000 (1,750)	-5,000 (-100)	100,000 (1,850)	100,000 (1,850)	100,000 (1,850)
Army	690,000 (14,750)	670,000 (14,750)	-20,000 (0)	700,000 (15,000)	700,000 (15,000)	700,000 (15,000)
Air Force	210,000 (2,870)	213,800 (2,930)	3,800 (60)	220,000 (2,870)	225,000 (2,870)	230,000 (2,870)
1 Sub-total Active Reserve Force	1,000,000 (19,470)	978,800 (19,430)	-21,200 (-40)	1,020,000 (19,720)	1,025,000 (19,720)	1,030,000 (19,720)
High Readiness Reserve^[3]						
Air Force	14,000 (230)	10,200 (170)	-3,800 (-60)	14,000 (230)	14,000 (230)	14,000 (230)
2 Sub-total High Readiness Reserve Force	14,000 (230)	10,200 (170)	-3,800 (-60)	14,000 (230)	14,000 (230)	14,000 (230)
Total Reserves (1 + 2)	1,014,000 (19,700)	989,000 (19,600)	-25,000 (-100)	1,034,000 (19,950)	1,039,000 (19,950)	1,044,000 (19,950)

Notes

1. As the number of days or hours worked by Reserve members can vary greatly, figures in Table 14 show the total number of days rendered, with a headcount of members rendering paid service in brackets.
2. The Active Reserve Force includes personnel available for voluntary service or rendering service and those who are rendering a specified pattern of service.
3. The High Readiness Reserve includes personnel who are available for voluntary service at short notice with the level and pattern applied at the Service's discretion.
4. Reservists on full-time service in the Permanent Forces are not included in Table 14, only in Table 13.

Table 15: Breakdown of Average Personnel Numbers by Service and Rank

	2017-18 Budget Estimate	2017-18 Revised Estimate
Navy^[1]		
One Star and above	53	53
Senior Officers ^[2]	601	597
Officers	2,870	2,853
Other Ranks	10,599	10,304
Total Navy	14,123	13,807
Army^[1]		
One Star and above	77	78
Senior Officers ^[2]	877	884
Officers	5,580	5,592
Other Ranks	24,138	24,014
Total Army	30,672	30,568
Air Force^[1]		
One Star and above	60	57
Senior Officers ^[2]	708	653
Officers	4,299	4,353
Other Ranks	9,332	9,247
Total Air Force	14,399	14,310
APS^[1]		
Senior Executives ^[3]	154	156
Senior Officers ^[2]	5,670	5,620
Other APS Staff	12,146	11,724
Total APS	17,970	17,500
Total Workforce	77,164	76,185

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2017-18.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. Revised Estimate figure for the Senior Executive Service includes the Secretary of the Department of Defence, 13 Chiefs of Division and 2 Medical Officers.

Section 2: Defence Outcomes and Planned Performance

2.1 CHANGES TO OUTCOME AND PROGRAM STRUCTURES

Table 16: Changes to Outcome and Program structures since the last portfolio statement

Program No.	Program Title	Description of Change
2.4	Joint Capabilities Group ^[1]	Renamed from Vice Chief Defence Force
2.8	Australian Defence Force Headquarters ^[1]	Renamed from Joint Operations Command

Note

1. Programs 2.4 and 2.8 have been changed since the *PBS 2017–18* to reflect the establishment of the Joint Capabilities Group and the Australian Defence Force Headquarters, and the disestablishment of the Vice Chief of the Defence Force Group as part of the First Principles Review implementation. Some delivery elements have been transferred between Programs 2.4 and 2.8, with Program 2.8 including the budget for Joint Operations Command.

2.2 OUTCOMES AND PERFORMANCE INFORMATION

Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction

Outcome 1 Strategy

No changes have been made to the Defence Strategic Direction Statement since the *PBS 2017-18*, with the exception of the following inclusion of operations:

- ATLAS - Provide support to the whole of government assistance to the conduct of the Commonwealth Games 2018.
- AUGURY - PHILIPPINES - Conduct exercise and peer participation activities with the Armed Forces of the Philippines focused on regional counter-terrorism.
- SPATE - Provide support to the whole of government assistance to the conduct of the ASEAN - Australia Special Summit.

Linked Programs

No changes have been made to Linked Programs since the *PBS 2017-18*.

Outcome 1 Resources

Table 17: Total Budgeted Resources Available for Outcome 1

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood						
Revenues from other sources	-	-	-	-	-	-
Departmental outputs	792	39,754	38,962	-	-	-
Program 1.2 - Operations Supporting Wider Interests						
Revenues from other sources	22,809	22,809	-	-	-	-
Departmental outputs	919,986	815,182	-104,804	104,725	54,686	-
Program 1.3 - Defence Contribution to National Support Tasks in Australia						
Revenues from other sources	-	-	-	-	-	-
Departmental outputs	89,553	89,553	-	297	-	-
Total resourcing						
Total Departmental outputs	1,010,331	944,489	-65,842	105,022	54,686	-
Total Departmental revenue from other sources	22,809	22,809	-	-	-	-
Total resources for Outcome 1	1,033,140	967,298	-65,842	105,022	54,686	-

Contributions to Outcome 1

Program 1.1: Operations Contributing to the Security of the Immediate Neighbourhood

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 18: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	-	1,943	1,943	-	-	-
Suppliers	792	37,811	37,019	-	-	-
Grants	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	792	39,754	38,962	-	-	-
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood	792	39,754	38,962	-	-	-

Program 1.2: Operations Supporting Wider Interests

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 19: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	91,819	90,889	-930	-	-	-
Suppliers	746,328	747,097	769	104,725	54,686	-
Grants ⁽¹⁾	104,643	-	-104,643	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	5	5	-	-	-	-
Total expenses	942,795	837,991	-104,804	104,725	54,686	-
Income						
Revenues						
Goods and services	22,809	22,809	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	22,809	22,809	-	-	-	-
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	22,809	22,809	-	-	-	-
Program 1.2 Operations Supporting Wider Interests	919,986	815,182	-104,804	104,725	54,686	-

Note

1. Movements within Grants is reflective of the reclassification of the Afghan National Army Trust funding from Program 1.2 Operations Supporting Wider Interests to Program 2.1 Strategic Policy and Intelligence.

Program 1.3: Defence Contribution to National Support Tasks in Australia

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 20: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	9,144	11,709	2,565	47	-	-
Suppliers	80,409	77,844	-2,565	250	-	-
Grants	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	89,553	89,553	-	297	-	-
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 1.3 Defence Contribution to National Support Tasks in Australia	89,553	89,553	-	297	-	-

Outcome 2: The advancement of Australia’s strategic interests through the conduct of military operations and other tasks as directed by Government

Outcome 2 Strategy

No changes have been made to the Defence Strategic Direction Statement since the *PBS 2017-18*.

Linked Programs

No changes have been made to Linked Programs since the *PBS 2017-18*.

Outcome 2 Resources

Table 21: Total Budgeted Resources Available for Outcome 2

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Program 2.1 Strategic Policy and Intelligence						
Revenues from other sources	7,048	6,581	-467	7,085	7,527	7,871
Departmental outputs	1,031,349	1,204,116	172,767	1,243,510	1,294,955	1,326,444
Program 2.2 Defence Executive Support						
Revenues from other sources	22,568	23,425	857	23,326	23,907	24,504
Departmental outputs	212,629	245,843	33,214	210,524	195,742	196,284
Program 2.3 Chief Finance Officer						
Revenues from other sources	5,053	4,938	-115	5,061	5,188	5,318
Departmental outputs	244,128	207,949	-36,179	153,814	145,252	139,890
Program 2.4 Joint Capabilities Group						
Revenues from other sources	217,724	175,724	-42,000	182,703	186,400	190,280
Departmental outputs	1,433,960	1,518,168	84,208	1,477,297	1,561,788	1,671,921
Program 2.5 Navy Capabilities						
Revenues from other sources	72,274	59,365	-12,909	61,172	62,949	64,821
Departmental outputs	6,413,617	6,336,232	-77,385	6,457,335	6,478,468	7,246,770
Program 2.6 Army Capabilities						
Revenues from other sources	38,226	29,126	-9,100	29,671	30,216	30,732
Departmental outputs	7,325,798	7,338,202	12,404	7,322,532	7,577,449	8,246,378
Program 2.7 Air Force Capabilities						
Revenues from other sources	65,355	51,995	-13,360	54,231	56,241	58,194
Departmental outputs	6,821,824	6,692,166	-129,658	7,300,533	7,842,734	8,288,564
Program 2.8 Australian Defence Force Headquarters						
Revenues from other sources	-	-	-	422	456	490
Departmental outputs	51,330	110,923	59,593	103,290	204,343	327,703
Program 2.9 Capability Acquisition and Sustainment						
Revenues from other sources	963	963	-	2,727	1,011	2,864
Departmental outputs	653,823	644,983	-8,840	639,083	673,691	701,477
Program 2.10 Estate and Infrastructure						
Revenues from other sources	363,206	332,221	-30,985	352,118	365,506	383,236
Departmental outputs	4,546,774	4,513,781	-32,993	4,710,936	4,710,969	4,468,104
Program 2.11 Chief Information Officer						
Revenues from other sources	11,116	7,743	-3,373	9,140	14,302	18,233
Departmental outputs	1,500,627	1,445,284	-55,343	1,328,656	1,452,286	1,806,871
Program 2.12 Defence People						
Revenues from other sources	-	-	-	-	-	-
Departmental outputs	486,039	543,245	57,206	543,737	560,441	575,745
Program 2.13 Defence Science and Technology						
Revenues from other sources	4,862	4,984	122	5,217	5,464	5,716
Departmental outputs	472,997	479,192	6,195	446,126	423,277	427,639

Table 21: Total Budgeted Resources Available for Outcome 2 (Continued)

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Program 2.14 Defence Force Superannuation Benefits						
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	-	-	-	-	-	-
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	80,316	125,000	44,684	69,092	58,709	48,315
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	1,408,240	2,897,548	1,489,308	1,374,098	1,341,790	1,296,800
<i>Australian Defence Force Cover Act 2015</i>	116,675	52,300	-64,375	178,883	236,225	289,761
Total Administered expenses	1,605,231	3,074,848	1,469,617	1,622,073	1,636,724	1,634,876
Administered revenues from other sources	1,352,073	1,237,907	-114,166	1,165,712	1,102,275	1,045,995
Total Program 2.14	253,158	1,836,941	1,583,783	456,361	534,449	588,881
Program 2.15 Defence Force Superannuation Nominal Interest						
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	21,611	13,300	-8,311	20,451	19,317	18,212
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,725,008	1,437,000	-288,008	1,735,660	1,743,630	1,748,891
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,074,992	2,258,000	183,008	2,234,237	2,396,085	2,560,423
<i>Australian Defence Force Cover Act 2015</i>	5,901	1,500	-4,401	14,843	27,698	44,357
Total Administered expenses	3,827,512	3,709,800	-117,712	4,005,191	4,186,730	4,371,883
Administered revenues from other sources	-	-	-	-	-	-
Total Program 2.15	3,827,512	3,709,800	-117,712	4,005,191	4,186,730	4,371,883
Program 2.16 Housing Assistance						
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s 38</i>	484	478	-6	387	313	252
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	117,015	115,472	-1,543	125,006	133,679	142,714
Total Administered expenses	117,499	115,950	-1,549	125,393	133,992	142,966
Administered revenues from other sources	15,932	15,599	-333	16,237	16,852	17,444
Total Program 2.16	101,567	100,351	-1,216	109,156	117,140	125,522
Program 2.17 Other Administered						
Administered revenues from other sources	91,274	110,119	18,845	117,244	117,585	99,681
Total Program 2.17	-91,274	-110,119	-18,845	-117,244	-117,585	-99,681
Total resourcing						
Total Departmental outputs	31,194,895	31,280,085	85,190	31,937,373	33,121,395	35,423,790
Total Administered	4,090,963	5,536,973	1,446,010	4,453,464	4,720,734	4,986,605
Total Departmental revenue from other sources	808,395	697,065	-111,330	732,873	759,167	792,259
Total Administered revenue from other sources	1,459,279	1,363,625	-95,654	1,299,193	1,236,712	1,163,120
Equity injection	2,365,307	2,299,567	-65,740	3,570,643	4,936,690	5,908,843
Total resources for Outcome 2	39,918,839	41,177,315	1,258,476	41,993,546	44,774,698	48,274,616

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 22: Cost Summary for Program 2.1 Strategic Policy and Intelligence

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	357,314	367,021	9,707	385,278	407,754	428,892
Suppliers	609,425	674,408	64,983	678,797	697,328	800,976
Grants ⁽¹⁾	13,080	110,276	97,196	118,540	121,937	19,628
Depreciation and amortisation	57,023	53,758	-3,265	61,882	68,646	77,479
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	1,555	5,234	3,679	6,098	6,817	7,340
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	1,038,397	1,210,697	172,300	1,250,595	1,302,482	1,334,315
Income						
Revenues						
Goods and services	4,786	4,366	-420	4,504	4,641	4,762
Other revenue	-	-	-	-	-	-
Total revenue	4,786	4,366	-420	4,504	4,641	4,762
Gains						
Reversal of previous asset write-downs	2,261	2,221	-40	2,587	2,892	3,114
Net gains from sale of assets ⁽²⁾	1	-6	-7	-6	-6	-5
Other gains	-	-	-	-	-	-
Total gains	2,262	2,215	-47	2,581	2,886	3,109
Total income	7,048	6,581	-467	7,085	7,527	7,871
Program 2.1 Strategic Policy and Intelligence	1,031,349	1,204,116	172,767	1,243,510	1,294,955	1,326,444

Notes

1. Movements within Grants is reflective of the reclassification of the Afghan National Army Trust funding from Program 1.2 Operations Supporting Wider Interests to Program 2.1 Strategic Policy and Intelligence.

2. Whilst the amounts shown represent losses for this Program, at the Portfolio level, Defence has budgeted for a total net gain from the sale of assets.

Program 2.2: Defence Executive Support

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 23: Cost Summary for Program 2.2 Defence Executive Support

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	97,981	101,648	3,667	95,105	95,039	96,338
Suppliers	134,550	167,468	32,918	138,601	124,473	124,322
Grants	-	-	-	-	-	-
Depreciation and amortisation	616	152	-464	144	137	128
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	2,050	-	-2,050	-	-	-
Total expenses	235,197	269,268	34,071	233,850	219,649	220,788
Income						
Revenues						
Goods and services	22,558	23,415	857	23,202	23,780	24,374
Other revenue	10	10	-	124	127	130
Total revenue	22,568	23,425	857	23,326	23,907	24,504
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	22,568	23,425	857	23,326	23,907	24,504
Program 2.2 Defence Executive Support	212,629	245,843	33,214	210,524	195,742	196,284

Program 2.3: Chief Finance Officer

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 24: Cost Summary for Program 2.3 Chief Finance Officer

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	171,867	130,300	-41,567	103,102	115,220	110,216
Suppliers	71,128	82,554	11,426	55,768	35,215	20,622
Grants	-	-	-	-	-	-
Depreciation and amortisation	6,107	33	-6,074	5	5	14,370
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	79	-	-79	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	249,181	212,887	-36,294	158,875	150,440	145,208
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Gains						
Reversal of previous asset write-downs	115	-	-115	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	4,938	4,938	-	5,061	5,188	5,318
Total gains	5,053	4,938	-115	5,061	5,188	5,318
Total income	5,053	4,938	-115	5,061	5,188	5,318
Program 2.3 Chief Finance Officer	244,128	207,949	-36,179	153,814	145,252	139,890

Program 2.4: Joint Capabilities Group^{[1][2]}

Program 2.4 Objective

To develop and deliver joint capabilities to support the Australian Defence Force and to protect and advance Australia and its national interests.

Joint Capabilities Group develops and realises joint enabling projects, services and information warfare effects supporting implementation of the 2016 Defence White Paper. This is achieved through the acquisition and support of Joint Health Services, Joint Logistical Services, Defence Training and Education as well as the delivery of Joint Capabilities in the Information Warfare domain that support the Australian Defence Force.

Delivery	<p>This program will be achieved through:</p> <ul style="list-style-type: none"> • effective and efficient health support being provided to meet the requirements of the Australian Defence Force • effective and efficient logistics support and services being provided to meet the requirements of the Australian Defence Force • provision of joint training and education to meet the requirements of the Australian Defence Force • effective and efficient Information Warfare support that allows the Australian Defence Force to operate in contested and congested environments including the ability to undertake cyber related activities as required.
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Performance information

Year	Performance criteria	Targets
2017–18	<p><i>Chief of Defence Force preparedness levels meet Government requirements.</i></p> <p><i>Quality of health services delivered to Australian Defence Force members and families.</i></p> <p><i>Effective implementation of the 2016 Defence White Paper.</i></p>	<p><i>Chief of the Defence Force preparedness levels are achieved as agreed with Government.</i></p> <p><i>Delivery meets standards.</i></p> <p><i>The 2016 Defence White Paper implementation plan activities for 2017-21 are delivered as agreed with Government.</i></p>
2018-19 and beyond	<i>As per 2017-18</i>	<i>As per 2017-18</i>
Purposes	No change since the PBS 2017–18.	

Notes

1. Programs 2.4 and 2.8 have been changed since the PBS 2017-18 to reflect the establishment of the Joint Capabilities Group and the Australian Defence Force Headquarters, and the disestablishment of the Vice Chief of the Defence Force Group as part of the First Principles Review implementation. Some delivery elements have been transferred between Programs 2.4 and 2.8, with Program 2.8 including the budget for Joint Operations Command.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Table 25: Cost Summary for Program 2.4 Joint Capabilities Group^[1]

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	600,388	593,556	-6,832	587,673	635,071	660,600
Suppliers	535,734	552,809	17,075	512,086	533,145	589,487
Grants	5,820	-	-5,820	-	-	-
Depreciation and amortisation	52,924	4,255	-48,669	5,535	13,361	33,030
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	456,818	543,272	86,454	554,706	566,611	579,084
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	1,651,684	1,693,892	42,208	1,660,000	1,748,188	1,862,201
Income						
Revenues						
Goods and services	6,600	6,600	-	9,253	9,451	9,650
Other revenue	158	158	-	1,162	1,166	1,170
Total revenue	6,758	6,758	-	10,415	10,617	10,820
Gains						
Reversal of previous asset write-downs	210,966	168,966	-42,000	172,288	175,783	179,460
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	210,966	168,966	-42,000	172,288	175,783	179,460
Total income	217,724	175,724	-42,000	182,703	186,400	190,280
Program 2.4 Joint Capabilities Group	1,433,960	1,518,168	84,208	1,477,297	1,561,788	1,671,921

Note

1. Joint Capabilities Group has replaced the old Program 2.4 Vice Chief Defence Force, with some minor budget movements predominately to Program 2.8 Australian Defence Force Headquarters.

Program 2.5: Navy Capabilities

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 26: Cost Summary for Program 2.5 Navy Capabilities

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	2,159,475	2,150,865	-8,610	2,178,385	2,256,485	2,348,502
Suppliers	2,475,860	2,503,055	27,195	2,614,845	2,772,063	3,281,971
Grants	180	1,380	1,200	150	-	-
Depreciation and amortisation	1,804,351	1,693,698	-110,653	1,677,310	1,468,978	1,634,115
Finance cost	38,673	41,151	2,478	42,306	38,313	41,354
Write-down of assets and impairment of assets	7,352	5,448	-1,904	5,511	5,578	5,649
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	6,485,891	6,395,597	-90,294	6,518,507	6,541,417	7,311,591
Income						
Revenues						
Goods and services	21,464	21,464	-	22,119	22,807	23,518
Other revenue	32,777	32,777	-	33,699	34,541	35,404
Total revenue	54,241	54,241	-	55,818	57,348	58,922
Gains						
Reversal of previous asset write-downs	18,033	5,124	-12,909	5,354	5,601	5,899
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	18,033	5,124	-12,909	5,354	5,601	5,899
Total income	72,274	59,365	-12,909	61,172	62,949	64,821
Program 2.5 Navy Capabilities	6,413,617	6,336,232	-77,385	6,457,335	6,478,468	7,246,770

Table 27: Navy Deliverables (Unit Availability Days)^[1]

Deliverables		2017-18 Budget Estimate	2017-18 Revised Estimate
18	Major Combatants ^[2]	3,795	3,461
21	Minor Combatants ^[3]	4,542	3,880
5	Amphibious and Afloat Support ^[4]	1,315	1,179
7	Maritime Teams ^[5]	2,555	2,555
7	Hydrographic Force ^[6]	1,628	1,574

Notes

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Adelaide Class Frigates (FFG), Anzac Class Frigates (FFH), Collins Class Submarines (CCSM) and Hobart Class Air Warfare Destroyers (DDG). UAD decrease due to amendments to planned maintenance schedules and HMAS *Perth*'s early entry into an upgrade program.
3. Minor Combatants comprises Armidale Class Patrol Boats (ACPB), Cape Class Patrol Boats (CCPB) and Coastal Minehunters (MHC). UAD decrease due to extensions to planned maintenance schedules for HMA Ships *Armidale*, *Launceston*, *Glenelg* and *Bathurst* from original planned dates (170 days), with usage upkeep cycles for the rest of the ships being re-scheduled for force flow requirements; changes to planned maintenance schedules (14 days); defects across platforms (40 days); workup overruns (21 days); and loss of HMAS *Maryborough* due to engine room fire 26 May 17 (total 160 days).
4. Amphibious and Afloat Support comprises the Oil Tanker (AO), Replenishment Ship (AOR), Landing Ship Dock (LSD) and Canberra Class Landing Helicopter Dock (LHD). UAD decrease due to defects across platforms, and amendments to planned maintenance schedules.
5. Maritime Teams comprises Clearance Diving, Deployable Geospatial Support and Mobile Meteorological and Oceanographic (METOC) teams.
6. Hydrographic Force comprises the hydrographic ships, survey motor launches, chart production office and meteorological and oceanographic centres. UAD decrease due to additional maintenance periods and HMAS *Melville* being re-tasked to search for USMC MV22 Osprey.

Table 28: Navy Deliverables (Flying Hours)

Deliverables		2017-18 Budget Estimate	2017-18 Revised Estimate
4	S-70B-2 (Seahawk)	190	190
24	MH-60R	6,050	6,050
6	AS350BA (Squirrel)	450	450
-	MRH-90	-	-
1	Laser airborne depth sounder aircraft (LADS) ^[1]	1,120	1,260

Note

1. Revised figures reflect increase to sorties (maximum available contract days) for the FY.

Program 2.6: Army Capabilities

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 29: Cost Summary for Program 2.6 Army Capabilities

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	4,070,250	4,077,626	7,376	4,110,879	4,227,318	4,367,973
Suppliers	1,890,446	1,919,543	29,097	1,932,828	2,044,731	2,462,521
Grants	493	743	250	495	497	100
Depreciation and amortisation	1,388,356	1,359,617	-28,739	1,298,151	1,324,642	1,435,523
Finance cost	4,917	4,636	-281	4,919	5,768	6,564
Write-down of assets and impairment of assets	9,562	5,163	-4,399	4,931	4,708	4,429
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	7,364,024	7,367,328	3,304	7,352,203	7,607,665	8,277,110
Income						
Revenues						
Goods and services	15,857	16,807	950	17,256	17,685	18,125
Other revenue	633	633	-	649	665	682
Total revenue	16,490	17,440	950	17,905	18,350	18,807
Gains						
Reversal of previous asset write-downs	14,187	4,137	-10,050	4,217	4,317	4,376
Net gains from sale of assets	7,549	7,549	-	7,549	7,549	7,549
Other gains	-	-	-	-	-	-
Total gains	21,736	11,686	-10,050	11,766	11,866	11,925
Total income	38,226	29,126	-9,100	29,671	30,216	30,732
Program 2.6 Army Capabilities	7,325,798	7,338,202	12,404	7,322,532	7,577,449	8,246,378

Table 30: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables	2017-18 Budget Estimate	2017-18 Revised Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
7 CH-47F Chinook	2,000	2,000	2,400	2,600	2,600
34 S-70A-9 Black Hawk	4,550	4,550	4,225	3,800	2,175
41 B-206B-1 Kiowa	3,800	3,800	1,800		
22 ARH Tiger ^[1]	5,050	5,050	5,300	5,300	5,300
47 MRH 90 Taipan	7,600	7,600	8,200	9,740	10,300

Note

- Recent grounding of the ARH Tiger airframes; since re-cleared to fly on 08 Nov 17. Revised estimate remains unchanged as catchup training, qualifications and support occur.

Program 2.7: Air Force Capabilities
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Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 31: Cost Summary for Program 2.7 Air Force Capabilities

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	2,054,522	2,054,919	397	2,084,407	2,176,000	2,265,444
Suppliers	2,931,276	2,848,019	-83,257	3,220,292	3,489,541	3,753,056
Grants	1,831	1,956	125	1,831	1,831	-
Depreciation and amortisation	1,842,785	1,792,977	-49,808	1,998,098	2,174,073	2,263,911
Finance cost	43,003	30,257	-12,746	32,104	37,642	42,835
Write-down of assets and impairment of assets	13,762	16,033	2,271	18,032	19,888	21,511
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	6,887,179	6,744,161	-143,018	7,354,764	7,898,975	8,346,758
Income						
Revenues						
Goods and services	38,253	38,028	-225	39,184	40,187	41,217
Other revenue	5,465	5,465	-	5,602	5,743	5,886
Total revenue	43,718	43,493	-225	44,786	45,930	47,103
Gains						
Reversal of previous asset write-downs	21,637	8,502	-13,135	9,445	10,311	11,091
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	21,637	8,502	-13,135	9,445	10,311	11,091
Total income	65,355	51,995	-13,360	54,231	56,241	58,194
Program 2.7 Air Force Capabilities	6,821,824	6,692,166	-129,658	7,300,533	7,842,734	8,288,564

Table 32: Air Force Deliverables (Flying Hours)

Deliverables		2017-18 Budget Estimate	2017-18 Revised Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
62	PC-9/A ^[1]	17,952	16,952	16,452	3,826	-
8	PC-21 ^[2]	2,200	2,200	7,000	19,626	23,652
16	KA350 King Air	8,700	8,700	8,700	8,300	8,300
12	C-130J Hercules	7,350	7,350	7,350	7,350	7,350
8	C-17A Globemaster III ^[3]	6,200	7,000	6,200	6,200	6,200
10	C-27J Spartan	4,000	4,000	5,000	7,500	7,500
5	KC-30A MRTT ^[4]	3,700	6,000	3,900	4,700	4,700
2	737 BBJ	1,600	1,600	1,600	1,600	1,600
3	CL-604 Challenger	2,403	2,403	2,403	2,403	2,403
15	AP-3C Orion	4,660	4,660	1,600	600	300
8	P-8A Poseidon ^[5]	2,762	2,562	4,254	5,400	5,775
6	E-7A Wedgetail	3,600	3,600	3,600	3,600	3,600
71	F/A-18A/B Hornet	12,000	12,000	11,200	8,100	4,750
24	F/A-18F Super Hornet ^[6]	4,000	8,094	4,050	4,050	4,050
33	Hawk 127	6,500	6,500	6,500	6,500	6,500
12	E/A-18G Growler	1,600	1,600	1,900	2,400	2,800
2	F-35A Lightning II	752	752	2,538	4,564	8,204
2	Heron UAS ^[7]	500	0	-	-	-

Notes

1. PC-9/A hours reflect the phased withdrawal of the aircraft.
2. 8 PC-21 aircraft have been delivered to date.
3. C-17A Globemaster III hours for FY 17-18 include operational assignments.
4. KC-30A MRTT hours for FY 17-18 include operational assignments.
5. P-8A Poseidon, 200 hours were brought forward from FY17-18 to FY16-17.
6. F/A-18F Super Hornet hours for FY17-18 include operational assignments.
7. Heron flying operations ceased in June 2017.

Program 2.8: Australian Defence Force Headquarters^{[1][2]}
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Program 2.8 Objective

<i>To design, integrate and prepare military capability that meets the current and future requirements of Government, and conduct joint, combined and interagency operations as directed by Government.</i>

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • <i>Designing the future force through management of the capability lifecycle and the integrated investment program.</i> • <i>Integrating and preparing capability elements, and planning for the effective conduct of joint, combined and interagency operations.</i> • <i>Monitoring preparedness for Government-directed operations and national support tasks through the preparedness management system.</i> • <i>Effective policy and oversight of the administration of Defence's Reserve and Youth programs.</i> • <i>Effective management of the operations of the Australian Civil-Military Centre.</i>
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Performance information

Year	Performance criteria	Targets
2017-18	<p><i>Chief of the Defence Force preparedness levels meet Government Requirements.</i></p> <p><i>Effective implementation of the 2016 Defence White Paper</i></p> <p><i>Effective implementation of the Integrated Investment Program</i></p> <p><i>Operational outcomes meet the requirements of Government policy.</i></p>	<p><i>Chief of the Defence Force preparedness levels are achieved as agreed with Government.</i></p> <p><i>The 2016 Defence White Paper implementation plan activities for 2017-21 are delivered as agreed with Government</i></p> <p><i>The Integrated Investment Program is delivered as agreed with Government.</i></p> <p><i>All operational requirements are met.</i></p>
2018-19 and beyond	<i>As per 2017-18</i>	<i>As per 2017-18</i>
Purposes	No change since the <i>PBS 2017-18</i> .	

Material changes to Program 2.8 resulting from the following measures:

- | |
|---|
| <ul style="list-style-type: none"> • No change since the <i>PBS 2017-18</i>. |
|---|

Notes

- | |
|---|
| <ol style="list-style-type: none"> 1. Programs 2.4 and 2.8 have been changed since the PBS 2017-18 to reflect the establishment of the Joint Capabilities Group and the Australian Defence Force Headquarters, and the disestablishment of the Vice Chief of the Defence Force Group as part of the First Principles Review implementation. Some delivery elements have been transferred between Programs 2.4 and 2.8, with Program 2.8 including the budget for Joint Operations Command. 2. New or modified performance criteria that reflect new or materially changed programs are shown in <i>italics</i>. |
|---|

Table 33: Cost Summary for Program 2.8 Australian Defence Force Headquarters^[1]

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	7,153	25,720	18,567	31,104	30,897	32,211
Suppliers	41,289	76,794	35,505	65,884	162,522	279,293
Grants	-	5,820	5,820	-	-	-
Depreciation and amortisation	2,888	2,589	-299	6,724	11,380	16,689
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	51,330	110,923	59,593	103,712	204,799	328,193
Income						
Revenues						
Goods and services	-	-	-	422	456	490
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	422	456	490
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	-	-	422	456	490
Program 2.8 Australian Defence Force Headquarters	51,330	110,923	59,593	103,290	204,343	327,703

Note

1. Australian Defence Force Headquarters has replaced the old Program 2.8 Joint Operations Command, with some minor budget movements predominately from Program 2.4 Joint Capabilities Group.

Program 2.9: Capability Acquisition and Sustainment
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Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 34: Cost Summary for Program 2.9 Capability Acquisition and Sustainment

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	433,740	437,151	3,411	426,175	412,947	417,948
Suppliers	221,045	208,795	-12,250	215,635	261,755	286,393
Grants	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	1	-	-1	-	-	-
Total expenses	654,786	645,946	-8,840	641,810	674,702	704,341
Income						
Revenues						
Goods and services	963	963	-	2,727	1,011	2,864
Other revenue	-	-	-	-	-	-
Total revenue	963	963	-	2,727	1,011	2,864
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	963	963	-	2,727	1,011	2,864
Program 2.9 Capability Acquisition and Sustainment	653,823	644,983	-8,840	639,083	673,691	701,477

Program 2.10: Estate and Infrastructure Group

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 35: Cost Summary for Program 2.10 Estate and Infrastructure Group

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	1,178,648	1,147,566	-31,082	1,195,386	1,245,234	1,297,549
Suppliers	2,480,619	2,611,901	131,282	2,835,859	2,836,449	2,572,854
Grants	-	-	-	-	-	-
Depreciation and amortisation	1,096,705	932,114	-164,591	908,201	882,391	865,131
Finance cost	96,395	98,939	2,544	98,468	97,754	100,901
Write-down of assets and impairment of assets	26,013	13,982	-12,031	14,340	14,647	14,905
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	31,600	41,500	9,900	10,800	-	-
Total expenses	4,909,980	4,846,002	-63,978	5,063,054	5,076,475	4,851,340
Income						
Revenues						
Goods and services	323,187	323,886	699	343,675	356,829	374,376
Other revenue	5,445	4,920	-525	5,067	5,237	5,380
Total revenue	328,632	328,806	174	348,742	362,066	379,756
Gains						
Reversal of previous asset write-downs	2,948	3,289	341	3,376	3,440	3,480
Net gains from sale of assets	31,626	126	-31,500	-	-	-
Other gains	-	-	-	-	-	-
Total gains	34,574	3,415	-31,159	3,376	3,440	3,480
Total income	363,206	332,221	-30,985	352,118	365,506	383,236
Program 2.10 Estate and Infrastructure Group	4,546,774	4,513,781	-32,993	4,710,936	4,710,969	4,468,104

Program 2.11: Chief Information Officer
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Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 36: Cost Summary for Program 2.11 Chief Information Officer

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	122,088	123,980	1,892	131,228	131,938	134,469
Suppliers	1,148,507	1,297,323	148,816	1,162,769	1,255,655	1,575,281
Grants	-	-	-	-	-	-
Depreciation and amortisation	233,132	11,007	-222,125	11,264	33,936	60,664
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	8,016	20,717	12,701	32,535	45,059	54,690
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	1,511,743	1,453,027	-58,716	1,337,796	1,466,588	1,825,104
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Gains						
Reversal of previous asset write-downs	12,298	8,925	-3,373	13,932	19,237	23,316
Net gains from sale of assets ⁽¹⁾	-1,182	-1,182	-	-4,792	-4,935	-5,083
Other gains	-	-	-	-	-	-
Total gains	11,116	7,743	-3,373	9,140	14,302	18,233
Total income	11,116	7,743	-3,373	9,140	14,302	18,233
Program 2.11 Chief Information Officer	1,500,627	1,445,284	-55,343	1,328,656	1,452,286	1,806,871

Note

1. Whilst the amounts shown represent losses for this Program, at the Portfolio level, Defence has budgeted for a total net gain from the sale of assets.

Program 2.12: Defence People

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 37: Cost Summary for Program 2.12 Defence People

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	162,236	201,736	39,500	183,474	182,575	184,520
Suppliers	314,357	339,890	25,533	358,653	376,158	389,774
Grants	1,592	1,592	-	1,600	1,700	1,450
Depreciation and amortisation	7,854	27	-7,827	10	8	1
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	486,039	543,245	57,206	543,737	560,441	575,745
Income						
Revenues						
Goods and services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Gains						
Reversal of previous asset write-downs	-	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 2.12 Defence People	486,039	543,245	57,206	543,737	560,441	575,745

Program 2.13: Defence Science and Technology

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 38: Cost Summary for Program 2.13 Defence Science and Technology

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Employees	296,238	297,332	1,094	298,835	300,522	308,104
Suppliers	152,307	152,395	88	118,518	95,073	93,416
Grants	-	-	-	-	-	-
Depreciation and amortisation	28,064	29,915	1,851	29,024	27,758	26,021
Finance cost	-	-	-	-	-	-
Write-down of assets and impairment of assets	1,250	4,534	3,284	4,966	5,388	5,814
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	477,859	484,176	6,317	451,343	428,741	433,355
Income						
Revenues						
Goods and services	2,843	2,859	16	2,904	2,967	3,033
Other revenue	201	201	-	206	211	216
Total revenue	3,044	3,060	16	3,110	3,178	3,249
Gains						
Reversal of previous asset write-downs	1,818	1,924	106	2,107	2,286	2,467
Net gains from sale of assets	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total gains	1,818	1,924	106	2,107	2,286	2,467
Total income	4,862	4,984	122	5,217	5,464	5,716
Program 2.13 Defence Science and Technology	472,997	479,192	6,195	446,126	423,277	427,639

Administered Program 2.14: Defence Force Superannuation Benefits

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 39: Cost Summary for Program 2.14 Defence Force Superannuation Benefits

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Retention benefits	93,548	93,548	-	107,299	120,288	120,636
Military superannuation benefits	1,511,683	2,981,300	1,469,617	1,514,774	1,516,436	1,514,240
Total expenses	1,605,231	3,074,848	1,469,617	1,622,073	1,636,724	1,634,876
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Military superannuation contributions	1,352,073	1,237,907	-114,166	1,165,712	1,102,275	1,045,995
Total income	1,352,073	1,237,907	-114,166	1,165,712	1,102,275	1,045,995
Program 2.14 Defence Force Superannuation Benefits	253,158	1,836,941	1,583,783	456,361	534,449	588,881

Administered Program 2.15: Defence Force Superannuation Nominal Interest

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Delivery	<p>Notes about this program:</p> <ul style="list-style-type: none"> • The DFRDB was closed to new participants in 1991. Since 1 July 2016, DFRDB members who re-enter the ADF no longer re-join DFRDB as contributing members but instead join the ADF's current superannuation arrangement and become either a member of the default scheme, ADF Super, or elect to become a member of another fund of their choice. • The MSBS commenced in 1991 and is available to members who re-enter the ADF but only those with a preserved employer benefit. The MSBS closed to new participants on 1 July 2016. • ADF Cover is the statutory death and invalidity scheme and applies to all members of the ADF's current superannuation arrangement, regardless of whether they are a member of the default scheme, ADF Super, or have elected to become a member of another fund of their choice.
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Table 40: Cost Summary for Administered Program 2.15 Defence Force Superannuation Nominal Interest

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Retention benefits	-	-	-	-	-	-
Military superannuation benefits	3,827,512	3,709,800	-117,712	4,005,191	4,186,730	4,371,883
Total expenses	3,827,512	3,709,800	-117,712	4,005,191	4,186,730	4,371,883
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 2.15 Defence Force Superannuation Nominal Interest	3,827,512	3,709,800	-117,712	4,005,191	4,186,730	4,371,883

Administered Program 2.16: Housing Assistance

Performance information is as reported in the *PBS 2017–18* except for the following revisions.

Table 41: Cost Summary for Administered Program 2.16 Housing Assistance

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Housing subsidies	117,499	115,950	-1,549	125,393	133,992	142,966
Total expenses	117,499	115,950	-1,549	125,393	133,992	142,966
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
License fees	15,932	15,599	-333	16,237	16,852	17,444
Other	-	-	-	-	-	-
Total income	15,932	15,599	-333	16,237	16,852	17,444
Program 2.16 Housing Assistance	101,567	100,351	-1,216	109,156	117,140	125,522

Administered Program 2.17: Other Administered

Performance information is as reported in the *PBS 2017-18* except for the following revisions.

Table 42: Cost Summary for Administered Program 2.17 Other Administered

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses						
Total expenses	-	-	-	-	-	-
Income						
Revenues						
Interest	25,887	25,887	-	25,887	25,887	25,887
Dividends	44,780	36,280	-8,500	55,494	55,449	36,865
Other	20,607	47,952	27,345	35,863	36,249	36,929
Total income	91,274	110,119	18,845	117,244	117,585	99,681
Program 2.17 Other Administered	-91,274	-110,119	-18,845	-117,244	-117,585	-99,681

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 agency finances for the 2017–18 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 2017-18 2016-17	Receipts 2017-18 2016-17	Payments 2017-18 2016-17	Adjustments 2017-18 2016-17	Closing Balance 2017-18 2016-17
	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>	2	86,527 <i>70,953</i>	47,400 <i>53,771</i>	-42,760 <i>-38,197</i>	- -	91,167 <i>86,527</i>
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	49 <i>48</i>	1 <i>1</i>	-1 <i>-</i>	- -	49 <i>49</i>
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	168 <i>169</i>	6 <i>3</i>	-6 <i>-4</i>	- -	168 <i>168</i>
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	1,520 <i>1,491</i>	222 <i>65</i>	-174 <i>-36</i>	- -	1,568 <i>1,520</i>
Total Special Accounts 2017-18		88,264	47,629	-42,941	-	92,952
<i>2016-17 actual</i>		<i>72,661</i>	<i>53,840</i>	<i>-38,237</i>	-	<i>88,264</i>

Notes

1. 2017-18 estimates in bold.
2. 2016-17 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]}	2.12	
Departmental 2017-18 Revised Estimate		5,097
<i>Departmental 2017-18 Budget Estimate</i>		5,662
Army Aboriginal Community Assistance Program^{[1][3]}	2.6	
Departmental 2017-18 Revised Estimate		6,700
<i>Departmental 2017-18 Budget Estimate</i>		6,700
Total 2017-18 Revised Estimate		11,797
<i>Total 2017-18 Budget Estimate</i>		<i>12,362</i>

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 Outcome 2.5 Indigenous Housing and Infrastructure Appropriation.

Defence Reconciliation Action Plan

No changes have been made to the Defence Indigenous Employment Strategy since the *PBS 2017-18*.

Defence Indigenous Development Program

No changes have been made to the Defence Indigenous Employment Strategy since the *PBS 2017-18*.

Army Aboriginal Community Assistance Program

No changes have been made to the Army Aboriginal Community Assistance Program (AACAP) since the *PBS 2017-18*.

Note that the *PBS 2017-18* indicated in error that the 2017 AACAP Program was to finish in June 2017. It should have stated December 2017.

3.1.2 Grants

The following changes to the grants program since the PBS 2017–18 total \$8,529,000 (GST Exclusive), with no new grant programs and 1,478 individual grants approved under existing programs.

Table 45: Grants approved since the 2017-18 Budget

	Total Approvals \$'000 ^[1]	2017-18 Revised Estimate \$'000 ^[1]
Programs		
Family Support Funding Program	800	800
Long Tan Awards	580	580
The School Pathways Program	929	929
Centre for Defence Industry Capability Program	1,011	1,011
Individual Grants		
A.W. Bell Pty Ltd	159	159
ANU - School of Pacific & Asian Studies	300	300
Army History Unit	67	67
Australian Strategic Policy Institute	3,528	3,528
Australian Surf Rowers League Inc	180	180
Australian War Memorial	250	250
Australian Women Pilots' Association	14	14
Find AE1 Ltd	1,200	500
Kokatha Aboriginal Corporation RNTB	23	23
Lovitt Technologies Australia	11	11
Maralinga Tjarutja	9	9
PHM Technology	124	124
Salt Ash Public School Parents and Friends	44	44
Total additional grants	9,229	8,529

Note

1. Figures may vary due to rounding.

The following are grants that have been approved since the *PBS 2017-18*:

Family Support Funding Program

This is a multi-year grant that provides funding for the Family Support Funding Program. The program provides funds to support projects and services initiated by Defence families and are available to existing groups in the community composed of or benefitting Defence families.

Long Tan Awards

This is a multi-grant program which supports the ADF Long Tan Youth Leadership and Teamwork Grant Program (Long Tan Awards). These awards encourage leadership and teamwork among school age students as integral parts of their personal development and their contribution towards enhancing community spirit within their schools and the broader community.

The Long Tan Awards recognise secondary school student's achievement in teamwork, leadership and community services. Approximately 200 schools are involved in the program, with awards being presented to chosen student in Year 10 and Year 12.

The School Pathways Program

The School Pathways Program aims to increase the pool of young people with the pre-requisite subjects and knowledge to undertake and complete vocational training and higher education in pursuit of careers in defence industry. The purpose of the program is to raise students' awareness of possible career opportunities and knowledge of Defence and defence industry pathways; provide support to the development or continuation of programs that encourage the uptake of STEM subjects (Science, Technology, Engineering and Mathematics); and increase the number of student undertaking STEM subjects in participating schools.

Centre for Defence Capability Improvement Program

This grant was awarded as part of the Capability Improvement Grants (CDIC) program. The program aims to provide assistance to transform the Defence and industry relationship, and to fund defence industry development, critical skilling and export initiatives. The CDIC also facilitates access to Defence's new innovation programs in industry, academia and research. Current grants were awarded to Heat Treatment Pty Ltd, Ferra Engineering Pty Ltd, The University of Sydney and Lintek Pty Ltd.

A.W. Bell Pty Ltd

The grant provides funding and support to increase the capabilities of the Joint Strike Fighter Project supply chain A-10, including the Smart Factor.

ANU – School of Pacific & Asian Studies

The grant provides support and funding to the college, which plays a vital role in informing public policy and Australia's intellectual engagement with the societies, cultures and economies of Asia and the Pacific. The grant provides an Australian voice in the network of strategic policy institutions across Asia.

Army History Unit

Since the publication of the 2017-18 PBS, grants totalling \$67,098.50 were approved for the Army Military History Research Grants Scheme. The scheme has been in operation since 1992. These grants promote the study and understanding of Army, its history and traditions, which contributes to the achievement of Government's Defence policy objectives through the provision of capabilities for land and special operations

Australian Strategic Policy Institute

This grant is to support and funding in order to carry out activities that promote strategic policy discourse, debate and research, including by:

- a) Providing fresh ideas on Australia's defence and strategic policy choices, including the analyses of government proposals, through rigorous, accurate and well-informed research,
- b) Promoting contestability in policy advice by being an independent and non-partisan source of information for the Government,
- c) Informing and promoting discussion among the public service; academia and the wider public,
- d) Encouraging and fostering a new generation of strategic policy officers, including by developing policy skills and national security awareness across Government,
- e) Promoting an international understanding of Australia's strategic and defence policy perspectives.

Australian Surf Rowers League Inc

The grant allows the Australian Surf Rowers League and community to continue to support the local Navy and wider water community. Funding allows the League to engage with local communities, as well as provide training, support and water coaching.

Australian War Memorial

The grant provides support and funding for the restoration of the MV Krait by the Australian War Memorial and the Australian National Maritime Museum, to ensure its long-term conservation.

Australian Women Pilots' Association

The grant provides funding to the Australian Women's Pilots' Association to provide support and encourage women to become career pilots. The Association provides a range of scholarships and awards that create opportunities for all ages and levels of experience.

Find AE1 Ltd

A grant was awarded to support and assist in the ongoing search and investigation of the HMA Submarine AE1. On the 21 December 2017, the AE1 was located off the coast Duke of York island group, Papua New Guinea.

Kokatha Aboriginal Corporation RNTB

The grant provides support and funding is to enable participation by the Kokatha community in the development of a working level agreement that is intended to establish access and communication protocols between Defence and the Kokatha peoples.

Lovitt Technologies Australia

This grant was awarded as part of the New Air Combat Capability – Industry Support Program (NACC-ISP). The program provides funding to Australian companies and research organisation to support the development of new or improved capabilities that may enhance the ability to win work in the production, sustainment and modernisation phases of the Joint Strike Fighter Program.

Maralinga Tjarutja

Funding is to enable participation by the Maralinga Tjarutja in the development of a working level agreement that is intended to establish access and communication protocols between Defence and Maralinga Tjarutja when accessing the Woomera Prohibited Area (WPA).

PHM Technology

This grant provides funding in research and innovation in the Maintenance Aware Design environment (MADe) Diagnostics and Prognostics Health Manager (DPHM) Extension Projects (B-26).

Salt Ash Public School Parents and Friends

This grant provides support and assistance to the Salt Ash Public School, particularly to assist in the construction of a soft-fall playground and surrounding areas. This grant is part of Defence's ongoing commitment and support to the local Salt Ash community.

3.2 RESOURCE SUMMARY

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	11,312,760	11,703,664	11,743,345	12,152,307	12,565,407
Supplier payments	11,595,716	12,860,504	12,750,097	13,457,806	14,982,922
Purchase of specialist military equipment	5,992,262	6,144,044	7,435,314	8,710,452	9,611,077
Purchase of inventory	1,512,076	1,429,124	1,326,920	1,378,843	1,243,873
Purchase of other property, plant and equipment	1,954,448	2,666,046	2,680,361	2,748,775	3,382,742
Other cash used	1,975,960	2,018,894	2,104,912	2,240,382	2,314,918
Total cash used	34,343,222	36,822,277	38,040,949	40,688,565	44,100,938
Own source receipts	2,395,670	2,299,055	2,428,853	2,576,760	2,769,296
Total cash received	2,395,670	2,299,055	2,428,853	2,576,760	2,769,296
Net cost of service (cash)	31,947,552	34,523,222	35,612,096	38,111,805	41,331,642
FUNDED BY					
Appropriation Bill 1/3/5 (price of outcomes)	30,837,008	32,224,574	32,042,395	33,176,081	35,423,790
Appropriation carried forward from previous year	97,000	-	-	-	-
Appropriation Bill 2/4/6 (equity injection)	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Net cash to the Official Public Account	-6,497	-919	-942	-966	-990
Total funding source	31,992,215	34,523,222	35,612,096	38,111,805	41,331,642
Change in cash	44,663	-	-	-	-

Portfolio Resource Statement

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

	2017-18 Revised Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	32,205.2
Appropriation - Contributed Equity (Bill 2)	2,299.6
Appropriation (Bill 3)	19.3
Appropriation (Bill 4)	-
Appropriations for military superannuation ^[2]	2,561.6
/less Returns to the OPA	-1,350.9
Total cash available	35,734.8
OPERATING ACTIVITIES	
Cash received	
Goods and services	461.2
Net GST received	1,700.1
Interest	25.9
Other cash	76.3
Fees	15.6
Total cash received	2,279.0
Cash used	
Employees	10,465.8
Suppliers	12,860.5
Net GST paid	1,700.1
Grants	121.8
Other cash	41.5
Subsidies paid	116.0
Military benefits	2,445.6
Total cash used	27,751.2
Net cash from or (used by) operating activities	-25,472.2
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	62.3
Proceeds from sales of infrastructure, plant and equipment	23.6
Proceeds from sales of specialist military equipment	7.5
Dividends	38.7
Other	-
Total cash received	132.1
Cash used	
Purchase of land and buildings	1,593.2
Purchase of infrastructure, plant and equipment	924.8
Purchase of specialist military equipment	6,144.0
Purchase of intangibles	148.1
Purchase of inventory	1,429.1
Selling costs on sale of assets	12.7
Finance costs	110.1
Total cash used	10,362.0
Net cash from or (used by) investing activities	-10,229.8
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	32.8
Total cash used	32.8
Net cash from or (used by) financing activities	-32.8
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at the beginning of the reporting period	88.8
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	88.8

Notes

1. Figures show n eliminate interagency transactions and transactions flow ing between Departmental and Administered funding.

2. Cross reference with Table 64 Budgeted Administered Statement of Cash Flow s for the Department of Defence for the period ended 30 June.

Table 48: Defence Resource Statement

Serial No.		Estimate	Proposed	Total	Total
		as at Budget 2017-18 \$'000	+ Additional Estimates 2017-18 \$'000	= Estimate at Additional Estimates 2017-18 \$'000	Estimate at Additional Estimates 2017-18 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	1,010,331	-65,842	944,489	30,020,611
	Outcome 2	31,194,895	85,190	31,280,085	774,101
	Outcome 3	-	-	-	22,462
1	Total Departmental outputs	32,205,226	19,348	32,224,574	30,817,174
2	Total ordinary annual services (1)	32,205,226	19,348	32,224,574	30,817,174
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	2,365,307	-65,740	2,299,567	1,064,704
3	Total Departmental non-operating	2,365,307	-65,740	2,299,567	1,064,704
4	Total other services (3)	2,365,307	-65,740	2,299,567	1,064,704
5	Total available annual appropriation (2+4)	34,570,533	-46,392	34,524,141	31,881,878
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC, s.82ZJ</i>	21,611	-8,311	13,300	14,122
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	1,805,324	-243,324	1,562,000	1,504,600
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	3,483,232	1,672,316	5,155,548	6,091,696
	<i>Australian Defence Force Cover Act 2015</i>	122,576	-68,776	53,800	110,070
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	484	-6	478	618
	<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	117,015	-1,543	115,472	104,867
6	Total special appropriations	5,550,242	1,350,356	6,900,598	7,825,973
7	Total appropriations (5+6)	40,120,775	1,303,964	41,424,739	39,707,851
	Funding from other sources	2,091,474	-142,548	1,948,926	2,158,128
	Returns from the OPA (net)	-1,471,125	120,246	-1,350,879	-1,560,915
	Previous years' outputs (appropriation receivable)	687,345	-261,354	425,991	687,345
	Cash available	47,597	41,226	88,823	47,597
8	Total other available resources	1,355,291	-242,430	1,112,861	1,332,155
9	Total resourcing (7+8)	41,476,066	1,061,533	42,537,599	41,040,006
	Special Accounts				
	Opening Balance	77,718	10,546	88,264	72,661
	Appropriation Receipts	-	-	-	-
	Appropriation Receipts - other agencies	-	-	-	-
	Non-Appropriation Receipts to Special Accounts	47,629	-	47,629	27,924
10	Total special accounts	125,347	10,546	135,893	100,585

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

	Budget Estimate 2017-18 \$'000	Revised Estimate 2017-18 \$'000	Variation \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	89,784	91,729	1,945
Payments made to Defence Housing Australia for the provision of services (Departmental)	771,795	683,369	-88,426
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	24,513	24,513	-
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	38,714	38,294	-420
Payments made to the Department of Finance for the provision of services (Departmental)	67,645	67,645	-
Payments made to Comcare for workers compensation premiums (Departmental)	39,200	29,781	-9,419
Payments made to the Australian Federal Police for the provision of services (Departmental)	45,340	45,501	161
Payments made to the Department of Human Services for the provision of services (Departmental)	-	-	-

Note

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

- Inter-agency transactions in excess of \$20m per annum; and
- Inter-agency transactions that were in excess of \$20m in the previous year's annual statements.

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)

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	11,812,863	11,813,961	1,098	-
Supplier expenses	13,834,064	14,297,666	463,602	3.4
Grants	127,639	121,767	-5,872	-4.6
Depreciation and amortisation	6,520,805	5,880,142	-640,663	-9.8
Finance costs	182,988	174,983	-8,005	-4.4
Write-down of assets and impairment of assets	524,407	614,383	89,976	17.2
Losses from sale of assets	-	-	-	-
Other	33,656	41,505	7,849	23.3
Total expenses	33,036,422	32,944,408	-92,014	-0.3
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	459,315	461,159	1,844	0.4
Other revenue	44,686	44,162	-524	-1.2
Total own-source revenue	504,001	505,321	1,320	0.3
Gains				
Reversals of previous asset write-downs	284,263	203,088	-81,175	-28.6
Sale of assets	37,994	6,487	-31,507	-82.9
Other gains	4,938	4,938	-	-
Total gains	327,195	214,513	-112,682	-34.4
Total own-source income	831,196	719,834	-111,362	-13.4
Net cost of (contribution by) services	32,205,226	32,224,574	19,348	0.1
Revenue from Government	32,205,226	32,224,574	19,348	0.1
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)

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	47,597	88,823	41,226	86.6
Trade and other receivables	107,523	69,093	-38,430	-35.7
Tax assets	243,196	244,327	1,131	0.5
Appropriation receivable	687,345	425,991	-261,354	-38.0
Other receivables	304,075	243,765	-60,310	-19.8
Total financial assets	1,389,735	1,071,999	-317,736	-22.9
Non-financial assets				
Land and buildings	17,551,132	18,469,850	918,718	5.2
Infrastructure, plant and equipment	9,340,951	8,490,065	-850,886	-9.1
Specialist military equipment	58,045,460	59,693,629	1,648,169	2.8
Intangibles	712,816	848,687	135,871	19.1
Heritage and cultural	564,590	607,240	42,650	7.6
Inventories	6,381,584	6,514,600	133,016	2.1
Prepayments	2,874,690	1,909,793	-964,897	-33.6
Total non-financial assets	95,471,223	96,533,864	1,062,641	1.1
Assets held for sale	63,538	62,436	-1,102	-1.7
Total assets	96,924,496	97,668,299	743,803	0.8
LIABILITIES				
Payables				
Suppliers	2,520,860	2,411,231	-109,629	-4.3
Other	233,015	339,449	106,434	45.7
Total payables	2,753,875	2,750,680	-3,195	-0.1
Interest bearing liabilities				
Leases	1,469,184	1,516,412	47,228	3.2
Total interest bearing liabilities	1,469,184	1,516,412	47,228	3.2
Provisions				
Employee provisions	2,844,517	2,748,634	-95,883	-3.4
Restoration, decontamination and decommissioning	1,427,537	1,230,988	-196,549	-13.8
Other	29,193	51,694	22,501	77.1
Total provisions	4,301,247	4,031,316	-269,931	-6.3
Total liabilities	8,524,306	8,298,408	-225,898	-2.7
NET ASSETS	88,400,190	89,369,891	969,701	1.1
EQUITY				
Contributed equity	29,239,086	28,818,369	-420,718	-1.4
Reserves	24,303,326	24,943,519	640,193	2.6
Retained surplus (accumulated deficit)	34,857,777	35,608,003	750,226	2.2
Total equity	88,400,190	89,369,891	969,701	1.1

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

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	32,205,226	32,224,574	19,348	0.1
Goods and services	459,303	461,159	1,856	0.4
Net GST received	1,642,976	1,700,089	57,113	3.5
Other cash received	44,683	44,384	-299	-0.7
Cash transfer from the Official Public Account (receivables)	-	-	-	-
Total cash received	34,352,188	34,430,206	78,018	0.2
Cash used				
Employees	11,725,833	11,703,664	-22,169	-0.2
Suppliers	12,331,589	12,860,504	528,915	4.3
Net GST paid	1,642,976	1,700,089	57,113	3.5
Grants	127,639	121,767	-5,872	-4.6
Other cash used	33,656	41,505	7,849	23.3
Cash transfer to the Official Public Account (receivables)	919	919	-	-
Total cash used	25,862,612	26,428,449	565,837	2.2
Net cash from (used by) operating activities	8,489,576	8,001,757	-487,819	-5.7
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	86,136	62,296	-23,840	-27.7
Proceeds from sales of infrastructure, plant and equipment	23,597	23,578	-19	-0.1
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Other cash received	-	-	-	-
Total cash received	117,282	93,423	-23,859	-20.3
Cash used				
Purchase of land and buildings	1,225,924	1,593,184	367,260	30.0
Purchase of infrastructure, plant and equipment	1,462,815	924,773	-538,042	-36.8
Purchase of specialist military equipment	6,578,914	6,144,044	-434,870	-6.6
Purchase of intangibles	89,272	148,089	58,817	65.9
Purchase of inventory	1,458,529	1,429,124	-29,405	-2.0
Selling costs on sale of assets	13,877	12,699	-1,178	-8.5
Finance costs	110,051	110,051	-	-
Total cash used	10,939,382	10,361,964	-577,418	-5.3
Net cash from (used by) investing activities	-10,822,100	-10,268,541	553,559	-5.1
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	2,365,307	2,299,567	-65,740	-2.8
Total cash received	2,365,307	2,299,567	-65,740	-2.8
Cash used				
Repayment of debt	32,783	32,783	-	-
Cash to the Official Public Account	-	-	-	-
Total cash used	32,783	32,783	-	-
Net cash from (used by) financing activities	2,332,524	2,266,784	-65,740	-2.8
Net increase (decrease) in cash and cash equivalents held				
Cash and cash equivalents at the beginning of the reporting period	47,597	88,823	41,226	86.6
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	47,597	88,823	41,226	86.6

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
EXPENSES					
Employee benefits	11,393,321	11,813,961	11,811,077	12,217,000	12,652,766
Supplier expenses	13,352,279	14,297,666	14,015,509	14,738,792	16,229,963
Grants	133,651	121,767	122,616	125,965	21,178
Depreciation and amortisation	5,462,402	5,880,142	5,996,348	6,005,315	6,427,062
Finance costs	124,430	174,983	177,797	179,477	191,654
Write-down of assets and impairment of assets	909,831	614,383	641,119	668,696	693,422
Foreign exchange losses	7,826	-	-	-	-
Losses from sale of assets	15,007	-	-	-	-
Other	163,187	41,505	10,800	-	-
Total expenses	31,561,934	32,944,408	32,775,266	33,935,245	36,216,045
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	456,853	461,159	465,246	479,814	502,409
Other revenue	43,368	44,162	46,507	47,687	48,864
Total own-source revenue	500,221	505,321	511,753	527,501	551,273
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	214,703	203,088	213,306	223,867	233,203
Sale of assets	-	6,487	2,751	2,608	2,461
Other gains	146,598	4,938	5,061	5,188	5,318
Total gains	361,301	214,513	221,118	231,663	240,982
Total own-source income	861,522	719,834	732,871	759,164	792,255
Net cost of (contribution by) services	30,700,412	32,224,574	32,042,395	33,176,081	35,423,790
Revenue from Government	30,914,234	32,224,574	32,042,395	33,176,081	35,423,790
Surplus (Deficit) attributable to the Australian Government	213,822	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	492,703	-	-	-	-
Total other comprehensive income/(loss)	492,703	-	-	-	-
Total comprehensive income attributable to the Australian Government	706,525	-	-	-	-

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	88,823	88,823	88,823	88,823	88,823
Trade and other receivables	69,070	69,093	69,093	69,093	69,093
Tax assets	234,527	244,327	244,327	244,327	244,327
Appropriation receivable	425,991	425,991	425,991	425,991	425,991
Other receivables	276,331	243,765	239,924	236,080	236,082
Total financial assets	1,094,742	1,071,999	1,068,158	1,064,314	1,064,316
Non-financial assets					
Land and buildings	17,492,218	18,469,850	19,342,519	20,435,432	22,496,865
Infrastructure, plant and equipment	8,160,710	8,490,065	8,991,236	9,374,012	9,467,257
Specialist military equipment	58,572,944	59,693,629	61,936,393	65,373,982	69,261,164
Intangibles	749,190	848,687	911,019	1,006,143	1,071,899
Heritage and cultural	607,285	607,240	607,187	607,134	607,081
Inventories	6,775,387	6,514,600	6,240,379	5,956,229	5,631,238
Prepayments	1,909,787	1,909,793	1,909,793	1,909,793	1,909,793
Total non-financial assets	94,267,521	96,533,864	99,938,526	104,662,725	110,445,297
Assets held for sale	62,436	62,436	62,436	62,436	62,436
Total assets	95,424,699	97,668,299	101,069,120	105,789,475	111,572,049
LIABILITIES					
Payables					
Suppliers	2,304,285	2,411,231	2,465,680	2,484,466	2,574,278
Other	347,845	339,449	342,552	346,239	352,772
Total payables	2,652,130	2,750,680	2,808,232	2,830,705	2,927,050
Interest bearing liabilities					
Leases	1,549,237	1,516,412	1,479,358	1,438,849	1,395,547
Total interest bearing liabilities	1,549,237	1,516,412	1,479,358	1,438,849	1,395,547
Provisions					
Employee provisions	2,627,662	2,748,634	2,813,263	2,874,269	2,955,095
Restoration, decontamination and decommissioning	1,166,051	1,230,988	1,298,479	1,377,168	1,471,324
Other	51,693	51,694	51,694	51,694	51,694
Total provisions	3,845,406	4,031,316	4,163,436	4,303,131	4,478,113
Total liabilities	8,046,773	8,298,408	8,451,026	8,572,685	8,800,710
NET ASSETS	87,377,926	89,369,891	92,618,094	97,216,790	102,771,339
EQUITY					
Contributed equity	26,519,722	28,818,369	32,388,071	37,323,793	43,231,644
Reserves	25,250,201	24,943,519	24,622,020	24,284,994	23,931,692
Retained surplus (accumulated deficit)	35,608,003	35,608,003	35,608,003	35,608,003	35,608,003
Total equity	87,377,926	89,369,891	92,618,094	97,216,790	102,771,339

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	30,934,008	32,224,574	32,042,395	33,176,081	35,423,790
Goods and services	451,446	461,159	465,234	479,802	502,397
Net GST received	1,655,319	1,700,089	1,811,064	1,964,797	2,146,572
Interest	4,526	-	-	-	-
Other cash received	167,856	44,384	46,504	47,684	48,861
Cash transfer from the Official Public Account (receivables)	438,036	-	-	-	-
Total cash received	33,651,191	34,430,206	34,365,197	35,668,364	38,121,620
Cash used					
Employees	11,312,760	11,703,664	11,743,345	12,152,307	12,565,407
Suppliers	11,595,716	12,860,504	12,750,097	13,457,806	14,982,922
Net GST paid	1,695,179	1,700,089	1,811,064	1,964,797	2,146,572
Grants	128,960	121,767	122,616	125,965	21,178
Other cash used	23,893	41,505	10,800	-	-
Cash transfer to the Official Public Account (receivables)	444,533	919	942	966	990
Total cash used	25,201,041	26,428,449	26,438,864	27,701,841	29,717,069
Net cash from (used by) operating activities	8,450,150	8,001,757	7,926,333	7,966,523	8,404,551
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	73,670	62,296	79,176	56,046	44,746
Proceeds from sales of infrastructure, plant and equipment	22,142	23,578	19,326	20,882	19,171
Proceeds from sales of specialist military equipment	17,999	7,549	7,549	7,549	7,549
Proceeds from sales of heritage and cultural assets	-	-	-	-	-
Other cash received	2,712	-	-	-	-
Total cash received	116,523	93,423	106,051	84,477	71,466
Cash used					
Purchase of land and buildings	1,107,404	1,593,184	1,494,153	1,680,838	2,628,401
Purchase of infrastructure, plant and equipment	797,301	924,773	1,087,364	966,784	664,584
Purchase of specialist military equipment	5,992,262	6,144,044	7,435,314	8,710,452	9,611,077
Purchase of heritage and cultural assets	343	-	-	-	-
Purchase of intangibles	49,400	148,089	98,844	101,153	89,757
Purchase of inventory	1,512,076	1,429,124	1,326,920	1,378,843	1,243,873
Selling costs on sale of assets	6,276	12,699	14,721	11,177	9,307
Finance costs	90,952	110,051	110,306	100,788	97,498
Total cash used	9,556,014	10,361,964	11,567,622	12,950,035	14,344,497
Net cash from (used by) investing activities	-9,439,491	-10,268,541	-11,461,571	-12,865,558	-14,273,031
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Total cash received	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Cash used					
Repayment of debt	30,700	32,783	35,405	37,655	40,363
Cash to the Official Public Account	-	-	-	-	-
Total cash used	30,700	32,783	35,405	37,655	40,363
Net cash from (used by) financing activities	1,034,004	2,266,784	3,535,238	4,899,035	5,868,480
Net increase (decrease) in cash and cash equivalents held	44,663	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	47,597	88,823	88,823	88,823	88,823
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-3,437	-	-	-	-
Cash and cash equivalents at the end of the reporting period	88,823	88,823	88,823	88,823	88,823

Table 56: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2017–18)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	35,608,003	25,250,201	26,519,722	87,377,926
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	35,608,003	25,250,201	26,519,722	87,377,926
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-306,682	-	-306,682
Subtotal comprehensive income	-	-306,682	-	-306,682
Surplus (Deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-306,682	-	-306,682
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-919	-919
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,299,567	2,299,567
Other	-	-	-	-
Sub-total transaction with owners	-	-	2,298,647	2,298,647
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2018	35,608,003	24,943,519	28,818,369	89,369,891

Table 57: Departmental Capital Budget Statement

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Total capital appropriations	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Represented by:					
Purchase of non-financial assets	1,034,004	2,266,784	3,535,238	4,899,035	5,868,480
Annual finance lease costs	30,700	32,783	35,405	37,655	40,363
Other items	-	-	-	-	-
Total Items	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,064,704	2,299,567	3,570,643	4,936,690	5,908,843
Funded by finance lease costs	46,267	-	-	-	-
Funded internally from departmental resources ⁽¹⁾	6,835,739	6,510,523	6,545,032	6,522,537	7,084,976
Total	7,946,710	8,810,090	10,115,675	11,459,227	12,993,819
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	7,946,710	8,810,090	10,115,675	11,459,227	12,993,819
less additions by finance lease	46,267	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	90,952	110,051	110,306	100,788	97,498
plus annual finance lease costs	30,700	32,783	35,405	37,655	40,363
less gifted assets	-	-	-	-	-
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	8,022,095	8,952,924	10,261,386	11,597,670	13,131,680

Note

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 (2017–18)

	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 2017								
Gross book value	5,335,942	12,565,388	59,274,566	8,619,696	1,869,582	672,641	62,436	88,400,251
Accumulated depreciation/amortisation and impairment	-	409,112	701,622	458,986	1,120,392	65,356	-	2,755,468
Opening net book balance	5,335,942	12,156,276	58,572,944	8,160,710	749,190	607,285	62,436	85,644,783
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	-	1,593,190	6,151,498	921,264	148,093	-	-	8,814,045
By transfer from another agency	-	-	-	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	-	1,593,190	6,151,498	921,264	148,093	-	-	8,814,045
Other movements								
Assets held for sale	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-	11,105	22,650	-	-	-	33,755
Depreciation and amortisation (restructuring)	36,529	14,124	-	23,584	-	-	-	74,237
Other disposals ^[2]	-	6,231	306,688	53,378	-	-	-	366,297
Total other movements	36,529	579,029	5,030,813	591,909	48,596	45	-	6,286,921
As at 30 June 2018								
Gross book value	5,299,413	14,138,223	65,130,481	9,486,648	2,017,675	672,641	62,436	96,807,517
Accumulated depreciation/amortisation and impairment	-	967,786	5,436,852	996,583	1,168,988	65,401	-	8,635,610
Closing net book value	5,299,413	13,170,437	59,693,629	8,490,065	848,687	607,240	62,436	88,171,907

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)

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	25,887	25,887	-	-
Dividends	44,780	36,280	-8,500	-19.0
Military superannuation contributions	1,352,073	1,237,907	-114,166	-8.4
License fees	15,932	15,599	-333	-2.1
Other	20,607	47,952	27,345	132.7
Total non-taxation	1,459,279	1,363,625	-95,654	-6.6
Total revenues administered on behalf of Government	1,459,279	1,363,625	-95,654	-6.6
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	117,499	115,950	-1,549	-1.3
Military retention benefits	93,548	93,548	-	-
Military superannuation benefits	5,339,195	6,691,100	1,351,905	25.3
Total expenses administered on behalf of Government	5,550,242	6,900,598	1,350,356	24.3

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

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	64,670	75,897	11,227	17.4
Investments accounted for using the equity method	2,554,363	2,563,222	8,859	0.3
Loans	509,580	509,580	-	-
Total financial assets	3,128,613	3,148,699	20,086	0.6
Non-financial assets				
Prepayments	299,608	299,608	-	-
Total non-financial assets	299,608	299,608	-	-
Total assets administered on behalf of Government	3,428,221	3,448,307	20,086	0.6
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	8,262	6,427	-1,835	-22.2
Total payables	8,262	6,427	-1,835	-22.2
Provisions				
Superannuation - DFRB ^[1]	360,628	360,628	-	-
Superannuation - DFRDB ^[2]	29,704,370	29,704,370	-	-
Superannuation - MSBS ^[3]	36,979,906	36,979,906	-	-
Superannuation - ADF Super ^[4]	162,049	162,049	-	-
Total provisions	67,206,953	67,206,953	-	-
Total liabilities administered on behalf of Government	67,215,215	67,213,380	-1,835	..

Notes

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

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

	2017-18 Budget Estimate \$'000	2017-18 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	25,887	25,887	-	-
Military superannuation contributions	1,352,073	1,237,883	-114,190	-8.4
Fees	15,932	15,599	-333	-2.1
Other	37,405	31,888	-5,517	-14.7
Total cash received	1,431,297	1,311,257	-120,040	-8.4
Cash used				
Subsidies paid	117,499	115,950	-1,549	-1.3
Military benefits	2,435,121	2,445,600	10,479	0.4
Total cash used	2,552,620	2,561,550	8,930	0.3
Net cash from or (used by) operating activities	-1,121,323	-1,250,293	-128,970	11.5
INVESTING ACTIVITIES				
Cash received				
Dividends	38,909	38,703	-206	-0.5
Total cash received	38,909	38,703	-206	-0.5
Cash used				
Loans	-	-	-	-
Total cash used	-	-	-	-
Net cash from or (used by) investing activities	38,909	38,703	-206	-0.5
Net increase (decrease) in cash held	-1,082,414	-1,211,590	-129,176	11.9
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,552,620	2,561,550	8,930	0.3
Cash to the Official Public Account	-1,470,206	-1,349,960	120,246	-8.2
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)

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	25,866	25,887	25,887	25,887	25,887
Dividends	39,585	36,280	55,494	55,449	36,865
Military superannuation contributions	1,462,077	1,237,907	1,165,712	1,102,275	1,045,995
Fees	16,871	15,599	16,237	16,852	17,444
Foreign exchange	-	-	-	-	-
Other	48,655	47,952	35,863	36,249	36,929
Total non-taxation	1,593,054	1,363,625	1,299,193	1,236,712	1,163,120
Total revenues administered on behalf of Government	1,593,054	1,363,625	1,299,193	1,236,712	1,163,120
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Write-down and impairment of assets	143	-	-	-	-
Foreign exchange	154	-	-	-	-
Subsidies	98,403	115,950	125,393	133,992	142,966
Military retention benefits	78,217	93,548	107,299	120,288	120,636
Military superannuation benefits	7,791,655	6,691,100	5,519,965	5,703,166	5,886,123
Other	41	-	-	-	-
Total expenses administered on behalf of Government	7,968,613	6,900,598	5,752,657	5,957,446	6,149,725

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	62,805	75,897	74,717	74,874	56,498
Investments accounted for using the equity method	2,662,673	2,563,222	2,612,451	2,685,619	2,726,848
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	3,235,058	3,148,699	3,196,748	3,270,073	3,292,926
Non-financial assets					
Prepayments	240,452	299,608	328,609	342,221	266,285
Total non-financial assets	240,452	299,608	328,609	342,221	266,285
Total assets administered on behalf of Government	3,475,510	3,448,307	3,525,357	3,612,294	3,559,211
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	6,427	6,427	6,427	6,427	6,427
Total payables	6,427	6,427	6,427	6,427	6,427
Provisions					
Superannuation - DFRB ^[1]	-	360,628	340,933	321,724	303,033
Superannuation - DFRDB ^[2]	43,502,800	29,704,370	29,863,678	29,977,222	30,043,531
Superannuation - MSBS ^[3]	63,451,000	36,979,906	39,736,498	42,534,950	45,376,992
Superannuation - ADF Super ^[4]	18,501	162,049	350,092	604,158	922,773
Total provisions	106,972,301	67,206,953	70,291,201	73,438,054	76,646,329
Total liabilities administered on behalf of Government	106,978,728	67,213,380	70,297,628	73,444,481	76,652,756

Notes

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

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

	2016-17 Actual Result \$'000	2017-18 Revised Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	19,418	25,887	25,887	25,887	25,887
Military superannuation contributions	1,566,878	1,237,883	1,165,712	1,102,275	1,045,995
Fees	14,731	15,599	16,237	16,852	17,444
Other	50,003	31,888	56,257	36,047	36,721
Total cash received	1,651,030	1,311,257	1,264,093	1,181,061	1,126,047
Cash used					
Subsidies paid	100,238	115,950	125,393	133,992	142,966
Military benefits	2,371,235	2,445,600	2,562,354	2,682,004	2,715,719
Other	41	-	-	-	-
Total cash used	2,471,514	2,561,550	2,687,747	2,815,996	2,858,685
Net cash from or (used by) operating activities	-820,484	-1,250,293	-1,423,654	-1,634,935	-1,732,638
INVESTING ACTIVITIES					
Cash received					
Dividends	62,719	38,703	36,280	55,494	55,449
Total cash received	62,719	38,703	36,280	55,494	55,449
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	62,719	38,703	36,280	55,494	55,449
Net increase (decrease) in cash held	-757,765	-1,211,590	-1,387,374	-1,579,441	-1,677,189
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,471,514	2,561,550	2,687,747	2,815,996	2,858,685
Cash to the Official Public Account	-1,713,749	-1,349,960	-1,300,373	-1,236,555	-1,181,496
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)*.

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