

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

The Government's Defence policy, articulated in the 2016 Defence White Paper, is to align Australia's defence strategy with capabilities and resourcing, grow our international defence partnerships and invest in the Defence-industry partnership to develop and deliver innovative, cutting-edge capabilities. Inherent in this policy is a greater focus on seizing opportunities while managing strategic risks. This will be achieved through developing Defence's ability to take a more active role in shaping regional affairs and to respond to developments that threaten our interests. Our alliance with the United States will be strengthened as will our partnerships with other countries. This is designed to ensure the Australian Defence Force is better prepared to respond to complex emerging strategic risks by providing Government with greater options and flexibility.

Emerging challenges are increasing strategic risk and uncertainty. As identified in the 2016 Defence White Paper:

We can expect greater uncertainty in Australia's strategic environment over the next two decades as a consequence of: the changes in the distribution of power in the Indo-Pacific and globally; the continuing threat of terrorism from groups like Daesh and from foreign terrorist fighters; the modernisation of regional military capabilities; the introduction of new military technologies such as cyber systems; and the proliferation of weapons of mass destruction and ballistic missile technology.¹

The White Paper sets out a new strategic framework within which all Defence activities are undertaken. This framework identified three Strategic Defence Interests linked to three equally weighted Strategic Defence Objectives:

A secure, resilient Australia, with secure northern approaches and proximate sea lines of communication.

The Strategic Defence Objective for this interest is: *Deter, deny and defeat attacks on or threats to Australia and its national interests, and northern approaches.* This objective relates to Defence Purpose 1.

A secure nearer region, encompassing maritime South East Asia and South Pacific (comprising Papua New Guinea, Timor-Leste and Pacific Island Countries).

The Strategic Defence Objective for this interest is: *Make effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security.* This objective relates to Defence Purpose 2.

A stable Indo-Pacific region and a rules-based global order.

¹ Defence White Paper 2016, p.32.

The Strategic Defence Objective for this interest is: *Contribute military capabilities to coalition operations that support Australia's interests in a rules-based global order.* This objective relates to Defence Purpose 2.

Defence undertakes a number of programs designed to achieve these objectives and manage strategic risk. The major activities to be undertaken in 2017-18 are outlined in the section on Performance.

The First Principles Review and the 2016 Defence White Paper both identified that Defence has a number of significant challenges we must overcome to develop the organisational capability we require to meet Government expectations. In addition to internal challenges, Commonwealth legislation and policy require Defence to develop the capacity to meet specific whole-of-government requirements.

For example, the Australian National Action Plan on Women, Peace and Security 2012-2018 is a whole-of-Government policy to implement the United Nations Security Council Resolution 1325 (UNSCR 1325) and other United Nations (UN) Security Council resolutions related to Women, Peace and Security. The Women, Peace and Security agenda is central to Defence's operational effectiveness and is an essential component of future planning and conduct of operations.

Defence has the most extensive land and property holdings in Australia, including large training areas and bases close to the coastline. Recognising the challenges posed by climate change, Defence is undertaking studies to determine the level of risk and implementing mitigation strategies to reduce the impact to bases and training areas.

The Government's Public Management Reform Agenda – as expressed through the PGPA Act and related legislative and policy – requires all entities to take a deliberate approach to corporate planning and performance management, supported by a stronger risk management framework that aligns to the Commonwealth Risk Management Policy 2014. Improved corporate risk management, business planning and performance management will enable Defence to focus all activities on achieving Government-directed outcomes.

The First Principles Review identified the Defence workforce as one of the most critical contributors to the delivery of the full range of capability expected by Government. The Defence Strategic Workforce Plan was delivered in 2016 and is designed to set the framework for the management of the current and future workforce. Implementation of the plan will continue in 2017-18, with workforce challenges to be monitored and actively managed through the stewardship of the Enterprise Business Committee and the Defence Committee.

Diversity and inclusion continues to be a priority for Defence as it seeks to increase the representation of the various diversity groups to better reflect the Australian community it services and remove barriers to their participation in the Defence workforce.

The Defence Diversity and Inclusion Strategy identifies the immediate priorities for Defence's plan for building a more diverse and inclusive workplace, with a particular focus on: Women, Indigenous Australians, people from culturally and linguistically diverse backgrounds and people with disability.

1.2 DEFENCE RESOURCE STATEMENT

Table 1: Total Defence Resourcing

Serial No.	2016-17 Estimated Actual \$'000		2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Defence resourcing									
1	30,817,174	Appropriation for departmental outcomes ^[1]	31,395,832	32,205,226	809,394	2.6	31,906,770	33,628,917	35,825,139
2	1,064,704	Equity injection appropriation ^[1]	2,526,250	2,365,307	-160,943	-6.4	3,842,761	4,731,123	6,142,353
3	-	Prior year appropriation	-	-	-	-	-	-	-
4	31,881,878	Current year's appropriation (1 + 2 + 3)	33,922,082	34,570,533	648,451	1.9	35,749,531	38,360,040	41,967,492
5	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-	-
7	-897	Return to the Official Public Account ^[2]	-919	-919	-	-	-942	-966	-990
8	-897	Funding from / to the OPA (5 + 6 + 7)	-919	-919	-	-	-942	-966	-990
9	31,880,981	Funding from Government (4 + 8)	33,921,163	34,569,614	648,451	1.9	35,748,589	38,359,074	41,966,502
10	113,572	Capital receipts	117,272	117,282	10	0.0	188,045	354,296	43,280
11	484,538	Own source revenue (s74 receipts) ^[3]	479,783	503,986	24,203	5.0	515,381	531,229	555,538
12	-	Prior year receipts	-	-	-	-	-	-	-
13	598,110	Funding from other sources (10 + 11 + 12)	597,055	621,268	24,213	4.1	703,426	885,525	598,818
14	32,479,091	Total Defence funding (9 + 13)	34,518,218	35,190,882	672,664	1.9	36,452,015	39,244,599	42,565,320
Administered									
15	7,825,973	Administered special appropriations	5,543,607	5,550,242	6,635	0.1	5,754,528	5,959,659	6,152,772
16	1,560,018	Own source revenue	1,470,268	1,470,206	-62	-0.0	1,418,097	1,362,112	1,321,566
17	-1,560,018	Returns to the Official Public Account	-1,470,268	-1,470,206	62	-0.0	-1,418,097	-1,362,112	-1,321,566
18	7,825,973	Total Administered funding (15 + 16 + 17)	5,543,607	5,550,242	6,635	0.1	5,754,528	5,959,659	6,152,772
19	40,305,064	Total Defence resourcing (14 + 18)	40,061,825	40,741,124	679,299	1.7	42,206,543	45,204,258	48,718,092
Appropriation carried forward									
20	687,345	Appropriation receivable including previous year's outputs	687,345	687,345	-	-	687,345	687,345	687,345
21	47,597	Cash in bank	47,597	47,597	-	-	47,597	47,597	47,597
22	734,942	Total appropriations carried forward (20 + 21)	734,942	734,942	-	-	734,942	734,942	734,942

Notes

- The Current Year's Appropriation, comprising Appropriation for Departmental Outcomes and the Equity Injection Appropriation, will provide the Department with an additional \$648m, including \$851m in funding for Operations, offset by foreign exchange movements and other budget variations. Refer to Table 2 for further detail.
- Represents net transfers to and from the Official Public Account.
- All figures are net of GST.

1.3 BUDGET MEASURES

2017-18 Budget Measures and Other Budget Adjustments

Table 2: Defence 2017-18 Budget Measures

		2017-18 Budget Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total Forward Estimates \$m
Departmental Budget measures						
Defence Force Ombudsman - continuation and expansion ^[1]	2.12	-	-	-	-	-
Department of Defence – efficiencies ^[2]	Various	-69.8	-72.3	-76.3	-85.7	-304.1
Gold Coast 2018 Commonwealth Games - additional Australian Government support	1.3	33.9	0.3	-	-	34.2
Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse	2.3	-25.8	-	-	-	-25.8
Overseas Allowances for Australian Government Employees - efficiencies	Various	-0.9	-2.2	-3.8	-6.6	-13.5
Australian Naval Infrastructure Pty Ltd - supporting shipbuilding infrastructure ^[3]	2.5	nfp	nfp	nfp	nfp	nfp
Veteran Centric Reform ^[4]	2.12	-	-	-	-	-
Per-and Poly-Fluorinated Alkyl Substances - National Health Research Program ^[5]	2.10	-	-	-	-	-
Total Departmental Budget Measures		-62.6	-74.3	-80.1	-92.2	-309.2
Other budget adjustments						
Foreign Exchange	Various	-97.2	-235.1	-4.1	374.6	38.2
Operation Okra - extension	1.2	430.0	50.3	29.8	-	510.2
Operation Accordion - extension	1.2	218.9	24.5	23.1	-	266.5
Operation Manitou - extension ^[6]	1.2	42.7	-1.9	..	-	40.8
Operation Highroad - extension	1.2	72.8	-8.8	1.8	-	65.9
Operation Resolute - extension ^[7]	1.3	52.8	..	-	-	52.9
Return of Super Governance and Admin Reform Fees	2.12	-1.5	-1.5	-1.5	-1.5	-5.8
Total Other Departmental Budget Adjustments		718.6	-172.3	49.1	373.2	968.6
Variation to Defence Departmental Funding		656.1	-246.6	-31.0	280.9	659.4

Notes

1. Defence will be absorbing the cost (\$32.1m) of the specific initiatives relating to this measure, being \$26.3m in 2017-18; \$2.9m in 2018-19; \$2.0m in 2019-20; \$1.0m in 2020-21.
2. This measure relates to a reduction in Contractors, Consultants and Business Travel.
3. The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence considerations.
4. Defence will be absorbing the cost (\$1.0m) of the specific initiatives relating to this measure in 2017-18.
5. Defence will be absorbing the cost (\$12.3m) of the specific initiatives relating to this measure, being \$12.0m in 2017-18; \$0.1m in 2018-19; \$0.1m in 2019-20; \$0.1m in 2020-21.
6. The value of this Operation Manitou measure in 2019-20 is \$0.001m.
7. The value of this Operation Resolute measure in 2018-19 is \$0.047m.

Due to a change in classification treatment of Operations spending, from 2017-18 onwards funding for continuing Operations is disclosed as an Other Budget Adjustment. Previously, this was classified as a Budget Measure. The change in classification better reflects the nature of the on-going Operations, noting that Government will continue to review on-going Operations at least annually, or as otherwise required. New Operations will continue to be classified as Budget Measures.

Operations Summary

Table 3: Net Additional Cost of Operations to 2020-21^[1]

	Actual Result to 2015-16 \$m	2016-17 Estimated Actual \$m	2017-18 Budget Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total \$m
Operation Slipper	7,202.6	103.9	-	-	-	-	7,306.5
Operation Manitou ^[2]	73.0	40.2	54.2	10.0	..	-	177.4
Operation Accordion	289.9	179.4	222.2	27.7	23.1	-	742.3
Operation Highroad	243.7	95.0	83.5	2.7	1.8	-	426.8
Operation Resolute ^[3]	251.1	22.5	55.6	..	-	-	329.2
Operation Okra	446.0	353.0	453.6	64.2	29.8	-	1,346.7
Defence Support to the 2018 Commonwealth Games	-	-	33.9	0.3	-	-	34.2
Total Net Additional Costs	8,506.3	794.0	903.1	105.0	54.7	-	10,363.1
Sources of Funding for Operations							
Government Supplementation	8,506.3	794.0	903.1	105.0	54.7	-	10,363.1
Total Cost	8,506.3	794.0	903.1	105.0	54.7	-	10,363.1

Notes

1. This table reflects the net additional cost of on-going and new Operations.
2. The value of this Operation Manitou measure in 2019-20 is \$0.001m.
3. The value of this Operation Resolute measure in 2018-19 is \$0.047m.

1.4 CAPITAL INVESTMENT PROGRAM

Table 4: Capital Investment Program

Serial No.		2017-18 Budget Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total \$m
1	Major Capital Investment Program	7,426.4	8,638.7	9,739.6	11,662.9	37,467.7
2	Capital Facilities Program	2,025.6	1,909.0	2,177.6	2,593.3	8,705.5
3	ICT Investment Plan	889.0	1,070.9	1,010.8	1,136.6	4,107.4
4	Minors Program	75.0	124.0	143.7	235.1	577.8
5	Other Investment ^[1]	1,185.7	1,169.5	961.8	356.1	3,673.1
6	Total Capital Investment Program	11,601.7	12,912.1	14,033.6	15,984.0	54,531.5

Note

1. Includes purchases of plant and equipment, and the capital component of repairable items.

Table 5: Capability Sustainment Program

Serial No.		2017-18 Budget Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total \$m
1	Navy Sustainment	2,092.4	2,077.1	2,094.2	2,175.7	8,439.3
2	Army Sustainment	1,523.6	1,544.4	1,572.8	1,704.5	6,345.3
3	Air Force Sustainment	2,396.1	2,410.8	2,551.0	2,703.5	10,061.4
4	Chief Information Officer Sustainment ^[1]	971.1	1,099.1	1,243.0	1,370.9	4,684.1
5	Vice Chief of the Defence Force Sustainment	85.9	73.0	141.2	262.2	562.3
6	Strategic Policy & Intelligence Sustainment	21.3	23.7	23.9	21.9	90.9
7	Joint Operations Command Sustainment	7.2	7.4	7.8	8.3	30.6
8	Estate & Infrastructure Group Sustainment ^[2]	2,007.8	2,097.3	2,306.0	2,212.1	8,623.2
9	Future Sustainment Costs associated with AMCP, ICT and Facilities	369.0	599.0	803.5	1,049.2	2,820.8
10	Total Sustainment	9,474.2	9,931.9	10,743.4	11,508.3	41,657.8

Notes

1. Chief Information Officer Sustainment includes all ICT sustainment for the Department.

2. Estate & Infrastructure Group Sustainment includes all estate maintenance, garrison support and associated costs for the Department.

Table 6: Retained Capital Receipts

Serial No.		2017-18 Budget Estimate \$m	2018-19 Forward Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	Total \$m
	Property Sales					
	Proceeds from the sale of land and buildings	71.7	146.0	310.0	-	527.7
	Proceeds from the sale of housing	14.5	15.2	15.9	16.6	62.1
	Total proceeds from the sale of property	86.1	161.2	325.9	16.6	589.7
	Costs from the sale of property ^[1]	44.3	17.4	0.9	0.4	63.0
1	Net property proceeds retained by Defence	130.5	178.6	326.8	17.0	652.8
2	Proceeds from sale of specialist military equipment	7.5	7.5	7.5	7.5	30.2
3	Proceeds from sale of infrastructure, plant and equipment	23.6	19.3	20.9	19.2	83.0
4	Retained Capital Receipts (1+2+3)	161.5	205.3	355.1	43.6	765.5

Note

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

1.5 PEOPLE

Workforce Overview

ADF Workforce

The Australian Defence Force (ADF) is forecast to achieve an Average Funded Strength (AFS) of 59,194 in 2017-18. The ADF has been below its approved allocations since 2011-12. Defence has been working to address this through increased recruiting for both Navy and Army, and targeted retention measures. Navy's separation rates have increased with recruiting targets being reassessed in order to grow the size of the force. Army's separation rates have decreased since late 2014-15, which is helping Army to retain more people and grow the size of the force. As a result, the permanent force strength has been increasing since January 2014 and is gradually closing towards the workforce strength approved by Government.

Building on this foundation, under the 2016 Defence White Paper the permanent ADF workforce will grow to around 62,400 over the coming decade, beginning in 2016-17 with some modest growth from the earlier planned strength. Importantly, in 2017-18 Defence will implement the recently developed 10-year Defence Strategic Workforce Plan that sets out the skills Defence needs and how Defence will attract, recruit, develop and retain its people.

The Defence Strategic Workforce Plan also outlines how Defence will address key workforce risks over the coming decade. The action areas that have been identified in the plan are designed to provide Defence with a skilled workforce that delivers the capability of the Defence White Paper and has the agility to meet emerging requirements.

Civilian Workforce

The tables below estimate the Australian Public Service (APS) workforce reaching 17,500 by the end of 2016-17 as the culmination of a conscious program of workforce reductions, before stabilising at 18,200 from 2018-19. The increase reflects priorities outlined in the 2016 Defence White Paper, including enhancements to intelligence, space and cyber security capabilities involving 800 new APS positions.

The growth of White Paper APS positions will be offset by ongoing reductions elsewhere in the APS workforce, including through the reform of service delivery areas of Defence's business, as part of the continued implementation of the 2015 First Principles Review. Implementation of the recommendations of the First Principles Review also continues to reshape Defence's structures, systems and processes to enable it to evolve into a single, integrated system. This will inform the size and shape of Defence's APS workforce in coming years.

Table 7: End of Financial Year Full Time Equivalent (FTE) Estimates for 2016-17 and the Forward Estimates

	2016-17 Estimated Actual EOFY FTE	2017-18 EOFY Full Time Equivalent Forecast Outcome	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
Total APS	17,500	18,170	18,200	18,200	18,200

Workforce Summary

The total full-time Defence workforce average is forecast to be 77,164 in 2017-18, comprising:

Permanent Forces (76.7 per cent) of:

14,123 Navy Personnel

30,672 Army Personnel

14,399 Air Force Personnel

17,970 APS staff (23.3 per cent)

The forecast for the total Active and High Readiness Reserves in 2017-18 is 1,014,000 days of service performed by an estimated 19,700 members.

Over the forward estimates period, the total workforce (excluding Reserves) will increase by 1,621 from the forecast of 77,164 in 2017-18 to 78,785 in 2020-21.

The total planned strength of the Defence workforce is shown in Tables 8 and 9, while a breakdown by Service and rank/level is at Table 10.

External Civilian Workforce

Contractors

Defence has refined its reporting process to support the First Principles Review Smart Buyer Model and to continue to reflect the Department of Finance definitions. As a result, the Defence contractor workforce is currently 2,087.

Service Providers

Service providers working under outcomes-based contracts employ their own workforces to support Defence capabilities. These service providers undertake activities such as garrison support, information and communications technology functions and maintenance activities. The size of this workforce cannot be quantified as it is employed by third party organisations that have no obligation to report workforce numbers or arrangements to Defence.

Defence People

A diverse and agile workforce remains critical to effectively enabling people capability to deliver Defence's strategic priorities as outlined in the 2016 Defence White Paper.

In 2017-18 there will be continued focus on the implementation of the 2016-2026 Defence Strategic Workforce Plan and reform in accordance with the First Principles Review. The Defence Strategic Workforce Plan has been informed by a detailed workforce analysis that has identified key enterprise-level workforce risks. Ten actions areas have been developed to address these risks and ensure Defence has an integrated, enterprise approach to recruiting, career and talent management, workforce mobility, education and training, learning and development, transition and re-engagement, and partnerships with other Government Departments, industry and academia.

A particular focus for Defence is managing job families and critical job categories. In 2017-18, Defence will improve its program of professionalisation and development to support careers in the Australian Public Service, with the implementation of Professionalisation Pathways. These Pathways are the mechanism by which formal learning will be identified for every APS occupation in each Job Family.

Defence continues to implement flexible work arrangements, including the ADF Total Workforce Model which came into effect on 1 July 2016. This model supports the White Paper and First Principles Review objectives by enabling optimal use of the whole of the ADF's workforce (Permanent and Reserve components), allowing greater strategic and organisational flexibility and agility. The model will afford ADF members increased access to flexible service arrangements, encouraging them to make service in the ADF a longer-term career.

Promoting good mental health and providing effective care, rehabilitation and support to military personnel who are wounded, injured or ill is one of Defence's highest priorities. Defence is working with the Department of Veterans' Affairs in the development of mental health awareness initiatives, research, rehabilitation and transition processes to improve early recognition of mental health problems and strengthen continuity of health and rehabilitation care arrangements where these are required. A key focus in 2017-18 is the development of a Defence Mental Health and Wellbeing Strategy 2017-2021 (inclusive of ADF and APS) and implementation of the Defence Family and Domestic Violence Strategy 2017-2022.

Defence continues to work with the Department of Veterans' Affairs, industry and ex-Service organisations to support ADF members through the transition process and to find a new career. Key priorities include the Australian Defence Force transition transformation program, comprising job search preparation, a new transition coaching model, separation with documentation and enhanced post separation support.

Defence's commitment to cultural reform through 'Pathway to Change: Evolving Defence Culture' remains a key priority, with all recommendations now finalised. To build on what has been learnt and to ensure that Pathway to Change continues to drive cultural change in Defence, key areas of focus in 2017-18 and beyond include leadership and accountability; inclusion and capability; ethics and workplace behaviours; flexibility and workforce agility; and leading and developing integrated teams.

Critical to our cultural reform work is increasing the diversity of the Defence workforce, including for women, people from culturally and linguistically diverse backgrounds, Indigenous Australians and people with a disability. Defence's Diversity and Inclusion strategy will be updated in 2017 with a continued focus on ensuring the Defence workforce reflects the community it serves and to support the Defence Strategic Workforce Plan.

To support its key people strategies, Defence is progressing its Human Resources (HR) reform work, including the development of improved payroll and HR management systems and the implementation of a customer-centric service delivery model that supports Defence capability.

Table 8: Planned Workforce Allocation for the 2017-18 Budget and Forward Estimates—Average Fulltime^[1]

	2016-17 Estimated Actual	2017-18 Budget Estimate ^[2]	2018-19 Forward Estimate ^[2]	2019-20 Forward Estimate ^[2]	2020-21 Forward Estimate ^[2]
ADF Permanent Force^[3]					
Navy	14,219	14,123	14,683	14,718	14,763
Army	30,352	30,672	30,874	30,936	31,115
Air Force	14,305	14,399	14,237	14,436	14,707
1 Total Permanent Force	58,876	59,194	59,794	60,090	60,585
Civilian Employees					
APS	17,350	17,970	18,200	18,200	18,200
2 Total Civilian Employees	17,350	17,970	18,200	18,200	18,200
Total Workforce Strength (1 + 2)	76,226	77,164	77,994	78,290	78,785

Notes

1. All numbers for the full-time workforce elements represent average full-time equivalents.
2. Forward Estimates for the full-time workforce elements represent the Government approved strength for each year.
3. Numbers for ADF Permanent Force include Reservists on full-time service.

Table 9: Planned Workforce Allocation for the 2017-18 Budget and Forward Estimates – Reserve^{[1][2]}

	2016-17 Estimated Actual: days served (members paid)	2017-18 Budget Estimate: days served (members paid)	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					
Navy	100,000 (1,800)	100,000 (1,850)	100,000 (1,850)	100,000 (1,850)	100,000 (1,850)
Army	680,000 (14,500)	690,000 (14,750)	700,000 (15,000)	700,000 (15,000)	700,000 (15,000)
Air Force	200,000 (2,870)	210,000 (2,870)	220,000 (2,870)	225,000 (2,870)	230,000 (2,870)
1 Sub-total Active Reserve Force	980,000 (19,170)	1,000,000 (19,470)	1,020,000 (19,720)	1,025,000 (19,720)	1,030,000 (19,720)
High Readiness Reserve					
Air Force	14,000 (230)	14,000 (230)	14,000 (230)	14,000 (230)	14,000 (230)
2 Sub-total high Readiness Reserve Force	14,000 (230)	14,000 (230)	14,000 (230)	14,000 (230)	14,000 (230)
Total Reserves (1 + 2)	994,000 (19,400)	1,014,000 (19,700)	1,034,000 (19,950)	1,039,000 (19,950)	1,044,000 (19,950)

Notes

- As the number of days or hours worked by Reserve members can vary greatly, figures in Table 9 show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.
- Table 9 includes the High Readiness Reserve Force, Active Reserve Force and Specialist Reserve Force. Reservists on full-time service in the Permanent Forces are not included in Table 9, only in Table 8.

Table 10: Breakdown of Average Personnel Numbers by Service and Rank

	2016-17 Estimated Actual	2017-18 Budget Estimate
Navy^[1]		
One Star and above	53	53
Senior Officers ^[2]	600	601
Officers	2,786	2,870
Other Ranks	10,780	10,599
Total Navy	14,219	14,123
Army^[1]		
One Star and above	76	77
Senior Officers ^[2]	868	877
Officers	5,522	5,580
Other Ranks	23,886	24,138
Total Army	30,352	30,672
Air Force^[1]		
One Star and above	60	60
Senior Officers ^[2]	690	708
Officers	4,264	4,299
Other Ranks	9,291	9,332
Total Air Force	14,305	14,399
APS^[1]		
Senior Executives ^[3]	159	154
Senior Officers ^[2]	5,445	5,670
Other APS Staff	11,746	12,146
Total APS	17,350	17,970
Total Workforce	76,226	77,164

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2016-17.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The 2017-18 figures for Senior Executive Service include the Secretary, 12 Chiefs of Division, 1 Medical Officer Grade 6 and 1 Medical Officer Grade 5.

Section 2: Defence Outcomes and Planned Performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for Defence can be found at:
<http://www.defence.gov.au/publications/corporateplan/>.

The most recent annual performance statements can be found at:
<http://www.defence.gov.au/AnnualReports/15-16/>.

Figure 3: Old Structure of Defence's Outcomes

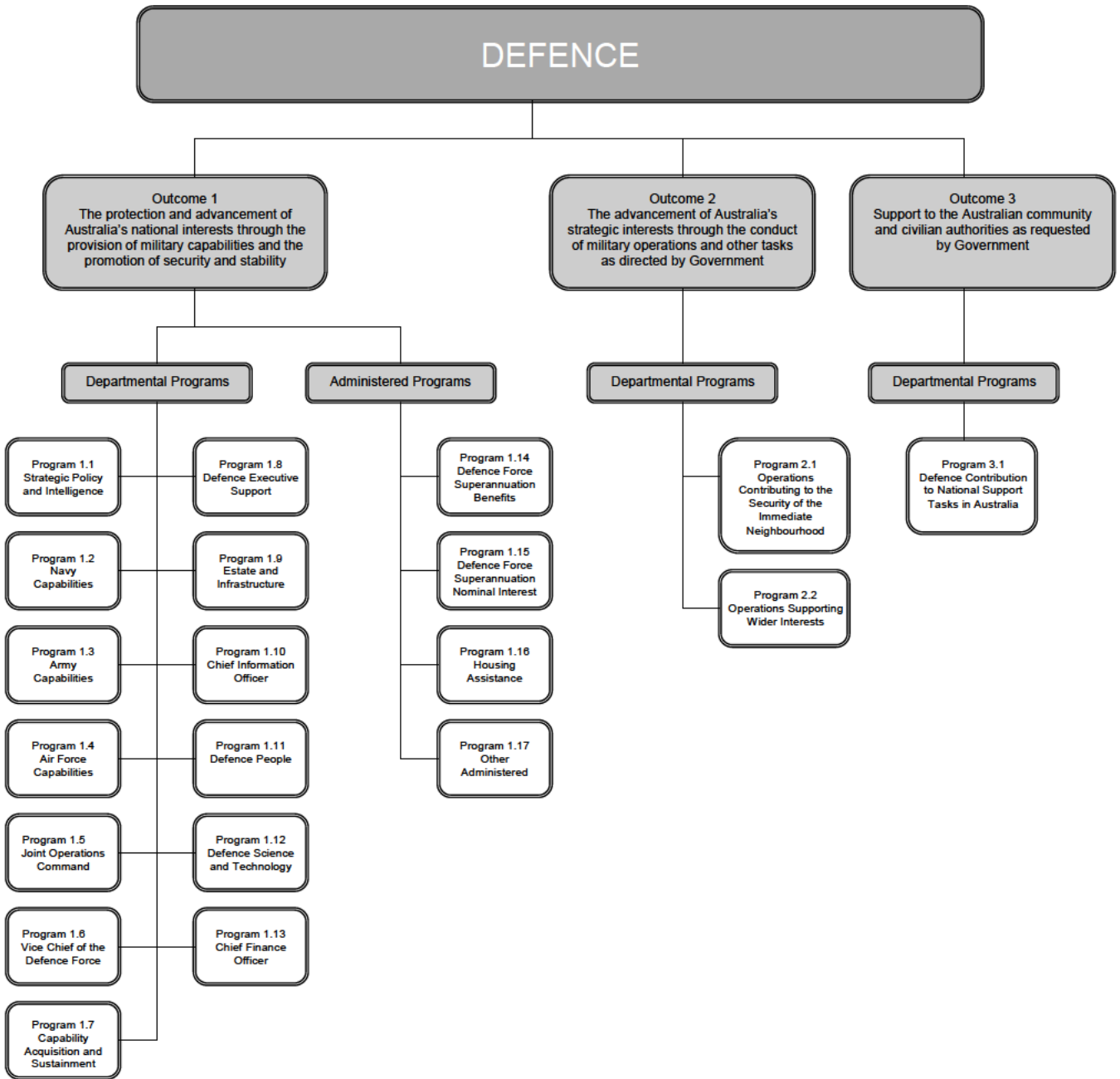
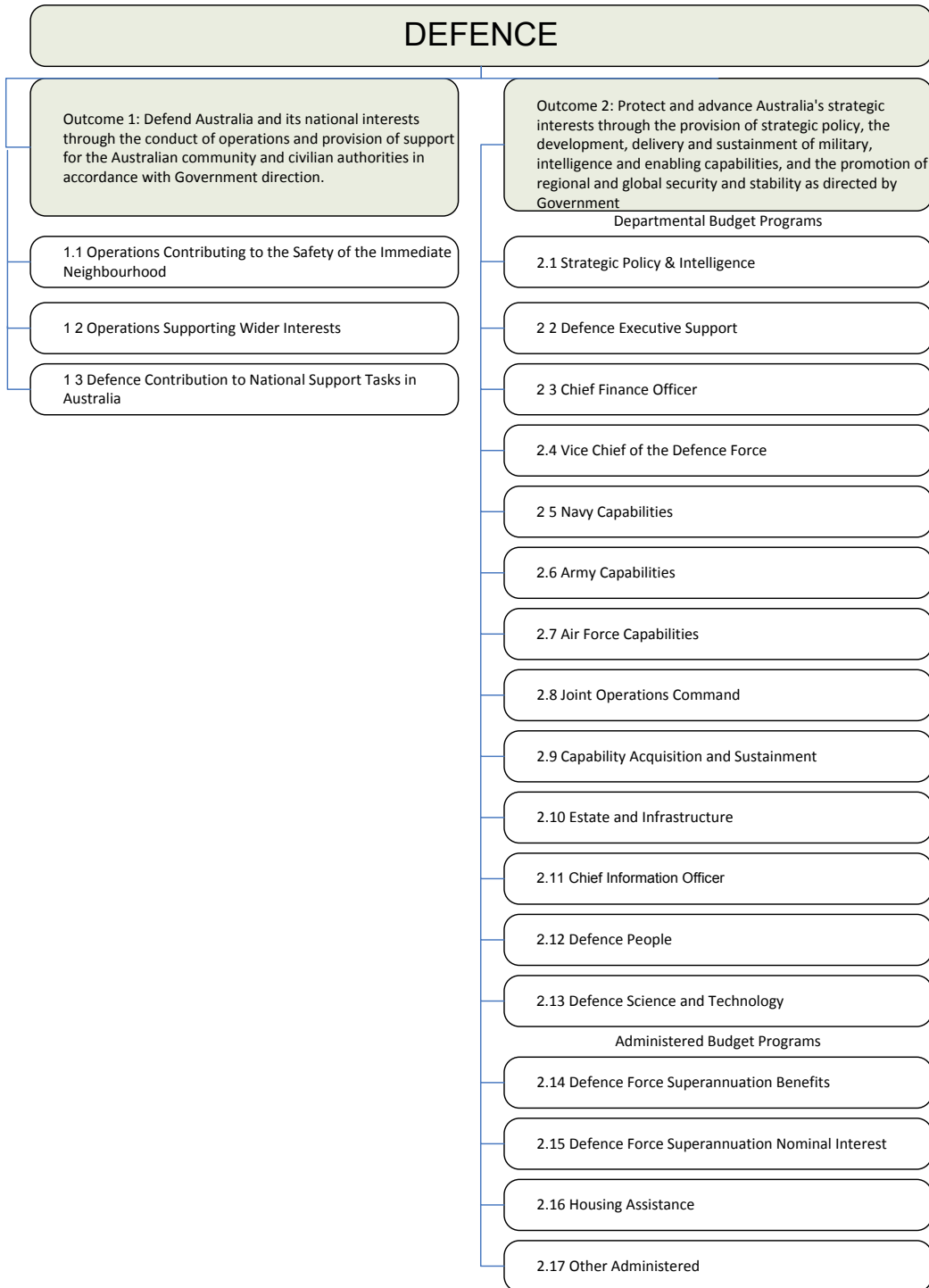


Figure 4: New Structure of Defence’s Outcomes effective as at 2017-18 PBS

Programs contribute to the achievement of the Defence Purposes and Defence Outcomes, as shown in the below mapping structure. Budget Programs have been renumbered for 2017-18, in order to reflect the strategic intent of the 2016 White Paper, First Principles Review and Corporate Plan Purposes.



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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

We plan for, develop and maintain the capability to deter and defeat armed attacks on Australia or on Australian interests. This includes planning for, conducting, controlling and evaluating Defence and/or coalition contributions to Government-directed operations.

Defence also supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by the Australian Government.

Operations include:

- ACCORDIAN – Provide support to ADF operations in the Middle East region within the Gulf States.
- ASLAN – United Nations mission in Sudan.
- Defence Assistance to the Civil Community (DACC) – Contribute to Commonwealth and State/Territory Governments with emergency and non-emergency tasks as required. On a case by case basis, support events of national significance as requested by relevant authorities.
- GATEWAY – Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
- HIGHROAD – Ongoing contribution to the NATO-led mission in Afghanistan supporting Afghanistan’s security, development and governance.
- MANITOU – Contribute to international maritime security operations in the Middle East Area of Operations and international counter-piracy operations in the Persian Gulf, the Gulf of Aden, the Red Sea and parts of the Indian Ocean.
- MAZURKA – Contribute to the Multinational Force and Observers in the Sinai.
- OKRA – Operations in support of coalition response to the Iraq crisis.
- PALADIN – Contribute to the United Nations Truce Supervision Organisation in the Middle East.
- RENDERSAFE – Provide enduring explosive remnants of war disposal support to the nations of the South West Pacific.
- RESOLUTE – Contribute to the whole-of-government maritime surveillance and response in the Australian area.
- SOLANIA – Conduct South West Pacific maritime surveillance patrols.
- SOUTHERN DISCOVERY – Provide ADF support to the Australian Antarctic Division.

Linked Programs

Department of Immigration and Border Protection
Program 1.1 Border Enforcement
Contribution to Outcome 1 by linked programs
Provides security of the Australia’s maritime borders from unauthorised maritime arrivals, prohibited imports and exports, illegal exploitation of natural resources and other maritime threats to Australian Sovereignty.

Australian Communications and Media Authority
Program 1.1 Communications regulation, planning and licensing
Contribution to Outcome 1 by linked programs
Provides support to fulfil Australia’s international obligations to manage interference through High Frequency Direction Finding as part of Project Nullarbor improvements to the Defence High Frequency Communications System.

Outcome 1 Resources

Table 11: Total Budgeted Resources Available for Outcome 1

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'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	1,050	792	-	-	-
Program 1.2 - Operations Supporting Wider Interests					
Revenues from other sources	15,644	22,809	-	-	-
Departmental outputs	773,085	919,986	209,369	163,160	-
Program 1.3 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Departmental outputs	22,462	89,553	297	-	-
Total resourcing					
Total Departmental outputs	796,597	1,010,331	209,666	163,160	-
Total Departmental revenue from other sources	15,644	22,809	-	-	-
Total resources for Outcome 1	812,241	1,033,140	209,666	163,160	-

Notes

1. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood.
2. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 2.2 Operations Supporting Wider Interests.
3. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 3.1 Defence Contribution to National Support Tasks in Australia.

Contributions to Outcome 1

Program 1.1: Operations Contributing to the Safety of the Immediate Neighbourhood^[1]

Program 1.1 Objective

To ensure that the Government, through the Australian Defence Force, has an active and effective role in promoting regional stability, integrity and cohesion.

Australia shares the immediate neighbourhood with Indonesia, New Zealand, Papua New Guinea, Timor-Leste, South East Asian countries and the island countries of the South West Pacific.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • ensuring Defence's operational capabilities are available to meet Government direction • conducting joint, combined and interagency operations as directed by Government • delivering intelligence services
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	ADF operations meet requirements.	<p>Operations meet Government's stated objective/s. <i>Expected to be met.</i></p> <p>ADF forces are effectively deployed and sustained. <i>Expected to be met.</i></p>
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met.
2018-19 and beyond	As per 2017-18.	As per 2017-18.

Purpose^[3]	Purpose 1 – Defend Australia and its national interests.
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Material changes to Program 1.1 resulting from the following measures: Nil

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in italics.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 12: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	-	-	-	-	-
Suppliers	1,050	792	-	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,050	792	-	-	-
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	1,050	792	-	-	-

Note

1. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood.

Program 1.2: Operations Supporting Wider Interests^[1]

Program 1.2 Objective

Operations supporting wider interests are designed to contribute to United Nations' and international efforts to uphold global security.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • ensuring Defence's operational capabilities are available to meet Government direction • conducting joint, combined and interagency operations as directed by Government • delivering intelligence services
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	ADF operations meet requirements.	<p>Operations meet Government's stated objective/s. <i>Expected to be met.</i></p> <p>Forces are effectively deployed and sustained. <i>Expected to be met</i></p> <p>Forces are withdrawn for reconstitution when they are no longer required. <i>Expected to be met</i></p>
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 1 – Defend Australia and its national interests.	
Material changes to Program 1.2 resulting from the following measures: Nil		

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 13: Cost Summary for Program 1.2 Operations Supporting Wider Interests^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	115,332	91,819	-	-	-
Suppliers	585,330	746,328	104,725	54,686	-
Grants	88,067	104,643	104,644	108,474	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	5	-	-	-
Total expenses	788,729	942,795	209,369	163,160	-
Income					
Revenues					
Goods and services	15,644	22,809	-	-	-
Other revenue	-	-	-	-	-
Total revenue	15,644	22,809	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	15,644	22,809	-	-	-
Interests	773,085	919,986	209,369	163,160	-

Note

1. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 2.2 Operations Supporting Wider Interests.

Outcome 1.3 Defence Contribution to National Support Tasks in Australia^[1]

Program 1.3 Objective

To undertake tasks that include: planning and conduct of operations to provide security of the Australian coastline from unauthorised maritime arrivals, smuggling, quarantine evasion and other intrusions to Australian sovereignty; counter-terrorism responses; search and rescue; humanitarian assistance and disaster relief. Defence contributes to the Department of Immigration and Border Protection civil surveillance program and Maritime Border Command tasking, providing maritime surveillance assets that are tasked routinely in accordance with the Government's direction.

Defence, through the Defence Assistance to the Civil Community (DACC) program, supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by relevant authorities and the general public.

Delivery	This program will be achieved by: <ul style="list-style-type: none"> • ensuring Defence's operational capabilities are available to meet Government direction • conducting joint, combined and interagency operations as directed by Government • delivering intelligence services
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	ADF operations meet requirements.	Operations meet Government's stated objective/s. <i>Expected to be met.</i> Forces are effectively deployed and sustained. <i>Expected to be met.</i> Forces are withdrawn for reconstitution when they are no longer required. <i>Expected to be met.</i>
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 1 – Defend Australia and its national interests.	

Material changes to Program 1.3 resulting from the following measures:

- Gold Coast 2018 Commonwealth Games - additional Australian Government support

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 14: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	8,521	9,144	47	-	-
Suppliers	13,941	80,409	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	22,462	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	22,462	89,553	297	-	-

Note

1. Budget Programs has been renumbered from 2017-18 onwards. As such, the 2016-17 Estimated Actuals relate to former Program 3.1 Defence Contribution to National Support Tasks in Australia.

Outcome 2: We protect and advance Australia’s strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.

Outcome 2 Strategy

Defence must provide high-quality, coherent and timely policy advice to Government on Defence strategy, capability and resourcing. Defence has implemented a ‘strategic centre’ model to ensure that all advice provided to Government is rigorously contested for alignment with Government strategic direction and to ensure the options being presented to Government support achievement of its Defence strategy, as described in the 2016 Defence White Paper.

The Government expects Defence to play an active role in contributing to regional security and stability, and to contribute to coalition operations around the world where our interests are engaged. Delivering on these requirements will require Australia to build on its strong network of bilateral and multilateral relationships. Through regular dialogue and practical cooperation, Defence is strengthening its engagement with partners to support shared responses to shared challenges.

Capability delivery is a core business process that enables Defence to perform its mission of defending Australia and its national interests now and into the future. Defence must procure capability efficiently and effectively. In 2017–18, Defence will continue building the new levels of capability required by Government and described in the 2016 Defence White Paper and the Integrated Investment Program. Major investments will enhance Australian Defence Force capability to conduct operations to deter and defeat threats to Australia, operate over longer distances to conduct independent combat operations in our region, and make more effective contributions to international coalitions.

Australia’s defence industry is a major partner in the Government’s plans for current and future Defence capabilities. It is vital that Australia maintains a science and technology base and defence industry capable of supporting Defence’s acquisition and sustainment requirements during peacetime and operations. A highly skilled and capable Australian defence industry is necessary for Defence to achieve its strategic objectives and deliver large-scale, complex projects and sustain military capability. Defence will work with industry to reflect a shared policy agenda that supports the growth and competitiveness of Australian businesses.

Linked Programs

Attorney General's
Program 1.2 - Attorney General's Department operating expenses - National Security and Criminal Justice
Contribution to Outcome 2 by linked programs
<p>Under a Memorandum of Understanding, the placement of Emergency Management Australia secondees at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management to promote regional and global security and stability.</p> <p>Under the Service Level Charter, Australian Government Service Vetting Agency (AGSVA) work collaboratively with Government agencies to implement, deliver and monitor security policy and procedures across the Commonwealth (excluding authorised vetting agencies) as well as provide the delivery of security vetting functions on behalf of the Commonwealth in line with Government requirements.</p>
Australian Federal Police
Program 1.1 - Federal Policing and National Security
Contribution to Outcome 2 by linked programs
<p>Under a Memorandum of Understanding there is a framework for cooperation between the participants to strengthen and consolidate sharing of information to promote security and stability within Australia.</p> <p>Under a Memorandum of Understanding, deliver agreed protective security base support services to Defence.</p> <p>Under a Memorandum of Understanding, the placement of Australian Federal Police secondees at the Australian Civil-Military Centre supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management to promote regional and global security and stability.</p>
Australian National Audit Office
Program 1.1 - Financial statements audits of Australian Government entities
Contribution to Outcome 2 by linked program
Audit Fraud and Control Division conduct internal audits as well as coordinates Australian National Audit Office performance audit activities in Defence.

Australian Security Intelligence Organisation
Program 1.1 – Security Intelligence
Contribution to Outcome 2 by linked program
Australian Security Intelligence Organisation exercises its foreign collection powers under warrant at the request of the Minister for Defence or the Minister for Foreign Affairs.

Bureau of Meteorology
Program 1.1 – Bureau of Meteorology
Contribution to Outcome 2 by linked program
Under a Memorandum of Understanding, provide weather station support to training area and range management for the support of Defence training exercises.

Comcover
Program 2.4 – Insurance and Risk Management
Contribution to Outcome 2 by linked program
Working with Department of Finance to ensure Commonwealth assets are adequately insured and where necessary claims are made in accordance with Commonwealth guidelines and policy.

Commonwealth Superannuation Corporation
Program 1.1 – Superannuation Scheme Governance
Contribution to Outcome 2 by linked programs
The Departments of Finance and Defence provide funding through third party access arrangements to the Commonwealth Superannuation Corporation for the propose of providing payments of retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force.

Defence Housing Australia
Program 1.1 – The provision of Defence housing and housing related services
Contribution to Outcome 2 by linked programs
Under a Services Agreement and in accordance with the Defence Housing Australia Act 1987, DHA provides suitable housing and housing related services in order to meet the operational needs of the Defence Force and the requirements of the Department.

Defence Force Ombudsman
Program 1.1 – Office of the Commonwealth Ombudsman
Contribution to Outcome 2 by linked programs
The Office of the Commonwealth Ombudsman ensures administrative action by Australian Government entities is fair and accountable by handling complaints, conducting investigations, performing audits and inspections, encouraging good administration, and discharging other specialist oversight tasks. The Commonwealth Ombudsman is also the Defence Force Ombudsman, who is able to accept complaints alleging that a member of Defence has perpetrated an act of sexual abuse or serious physical abuse, bullying or harassment.

Department of the Environment and Energy
Program 1.6 – Management of Hazardous Wastes, Substances and Pollutants
Contribution to Outcome 2 by linked programs
The Department of the Environment and Energy contributes to the development, delivery and sustainment of military, intelligence and enabling capability through the provision of the National Oil Supplies Emergency Committee (Department of Environment and Energy Committee). Defence, as the largest single user of fuel within Government, participates in forums and discussions and provides input to energy security policy.

Department of Foreign Affairs and Trade
Program 1.1 – Foreign Affairs and Trade Operations
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding, the placement of Department of Foreign Affairs and Trade secondees at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military interaction in conflict and disaster management and promotes regional and global security.

Department of Human Services
Program 1.1 – Services to the Community – Social Security and Welfare
Contribution to Outcome 2 by linked programs
The Department of Human Services administers claims and support services to individual and businesses affected by the closure of Hunter River and Port Stephens fisheries.

Department of Industry, Innovation and Science (through AusIndustry)
Program 1.1 – Supporting Science and Commercialisation
Contribution to Outcome 2 by linked programs
<p>The Department of Defence (Defence) contributes to growing business investment and improving business capability by collaborating with Industry through the Centre for Defence Industry Capability (CDIC). The CDIC, funded by Defence and delivered by Department of Industry, Innovation and Science, is a key initiative of the 2016 Defence Industry Policy Statement and contributes to improving business capability, productivity and global competitiveness, aligning with Defence’s capability requirements. It is a cornerstone of the government's strategy for resetting the defence-industry partnership. It will help facilitate innovation and build the capability and capacity of Australian industry to meet the Defence' s requirements, through the provision of advisory services and grants to industry. Defence is investing \$200 billion in growing Australia’s defence capability over the next decade, including through major projects such as the Future Frigate and Future Submarine Programs. The CDIC is supporting the competitiveness and growth of Australia’s defence industry to win work on these and other Defence programs, as well as connecting businesses to export opportunities.</p>

Department of Infrastructure and Regional Development
Program 1.1 – The Australian Transport Safety Bureau
Program 1.1 – The Civil Aviation Safety Authority
Contribution to Outcome 2 by linked programs
<p>The Memorandum of Understanding between Defence and the Australian Transport Safety Bureau contribute to the outcome through the sharing of expertise, training opportunities, experience and equipment in transport safety investigations and supports the adoption of a systemic approach to aviation safety. The Australian Transport Safety Bureau support to Defence Aviation Safety investigations contribute to capability through the prevention of recurrence and the mutual adoption of a systemic approach to aviation safety enhances capability through the prevention of accident and serious incidents.</p> <p>The Memorandum of Understanding between Defence and the Civil Aviation Safety Authority contributes to the outcome through a harmonisation of military and civil aviation regulation and management. This harmonisation reaches into areas such as shared use airfield, the provision of air traffic services through Airservices Australia to Defence and the use of civil registered aircraft and UAS by the Military. Agreement between civil and military regulators leads to cooperation and reduced duplication in Air Traffic Management, aviation landing and approach procedures, aviation rescue and fire-fighting services and airport infrastructure.</p>

Department of Social Services
Program 2.1 – Families and Communities
Contribution to Outcome 2 by linked programs
Defence will contribute to the establishment by the Australian Government of a Commonwealth Redress Scheme for survivors of institutional childhood sexual abuse.

Department of Veterans' Affairs
Program 1.1 – Veterans' Income Support and Allowances
Program 1.2 – Veterans' Disability Support
Program 1.6 – Military Rehabilitation and Compensation Acts Payment – Income Support and Compensation
Contribution to Outcome 2 by linked programs
<p>Defence and the Department of Veterans' Affairs work collaboratively on areas of research, mental health, rehabilitation and looking at medical aspects of transition. Defence is also engaged with the Department of Veterans' Affairs for the future contracting of health care arrangements.</p> <p>This is supported through Schedule 6 of the Agreement between Defence and Veterans' Affairs for the Provision of Mental Health Support Services by the Veterans and Veterans Families Counselling Service to ADF Personnel (Agreement for Services).</p> <p>Under a Memorandum of Understanding, Department of Veterans' Affairs provides services for the administration of the Defence Homeowners Assistance Scheme and the Defence Homeowners Scheme, including the accurate and timely processing of subsidy payments, member applications and issuing of Subsidy Certificates.</p>

Outcome 2 Resources

Table 15: Total Budgeted Resources Available for Outcome 2^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'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	6,758	7,048	7,579	8,064	8,465
Departmental outputs	909,177	1,031,349	1,106,838	1,190,236	1,333,307
Program 2.2 Defence Executive Support					
Revenues from other sources	10,837	22,568	23,295	23,876	24,473
Departmental outputs	204,608	212,629	209,136	196,703	200,189
Program 2.3 Chief Finance Officer					
Revenues from other sources	4,933	5,053	5,176	5,303	5,433
Departmental outputs	286,696	244,128	209,007	274,444	308,863
Program 2.4 Vice Chief of the Defence Force					
Revenues from other sources	218,584	217,724	226,949	233,057	239,915
Departmental outputs	1,344,496	1,433,960	1,453,456	1,657,573	1,913,916
Program 2.5 Navy Capabilities					
Revenues from other sources	69,369	72,274	75,274	78,117	80,865
Departmental outputs	6,144,236	6,413,617	6,114,393	6,359,531	7,084,086
Program 2.6 Army Capabilities					
Revenues from other sources	35,712	38,226	40,787	43,648	46,387
Departmental outputs	7,876,185	7,325,798	7,372,985	7,735,724	8,382,243
Program 2.7 Air Force Capabilities					
Revenues from other sources	62,060	65,355	68,500	71,652	74,840
Departmental outputs	6,270,942	6,821,824	7,430,056	7,899,171	8,365,454
Program 2.8 Joint Operations Command					
Revenues from other sources	-	-	458	498	543
Departmental outputs	44,640	51,330	49,914	76,123	77,943
Program 2.9 Capability Acquisition and Sustainment					
Revenues from other sources	2,596	963	2,727	1,011	2,864
Departmental outputs	614,095	653,823	650,072	688,918	717,456
Program 2.10 Estate and Infrastructure					
Revenues from other sources	338,855	363,206	366,777	369,535	387,900
Departmental outputs	4,148,791	4,546,774	4,571,241	4,772,254	4,655,282
Program 2.11 Chief Information Officer					
Revenues from other sources	4,546	11,116	11,065	14,218	17,450
Departmental outputs	1,246,811	1,500,627	1,553,345	1,692,388	1,842,368
Program 2.12 Defence People					
Revenues from other sources	-	-	-	-	-
Departmental outputs	481,197	486,039	502,106	516,853	523,817
Program 2.13 Defence Science and Technology					
Revenues from other sources	4,607	4,862	5,091	5,317	5,547
Departmental outputs	447,468	472,997	474,555	405,839	420,215

Table 15: Total Budgeted Resources Available for Outcome 2 (Continued)^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'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>	177,952	80,316	69,092	58,709	48,315
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	4,038,303	1,408,240	1,374,098	1,341,790	1,296,800
<i>Australian Defence Force Cover Act 2015</i>	108,614	116,675	178,883	236,225	289,761
Total Administered expenses	4,324,869	1,605,231	1,622,073	1,636,724	1,634,876
Administered revenues from other sources	1,416,269	1,352,073	1,293,092	1,242,547	1,199,048
Total Program 2.14	2,908,600	253,158	328,981	394,177	435,828
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>	14,122	21,611	20,451	19,317	18,212
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,326,648	1,725,008	1,735,660	1,743,630	1,748,891
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,053,393	2,074,992	2,234,237	2,396,085	2,560,423
<i>Australian Defence Force Cover Act 2015</i>	1,456	5,901	14,843	27,698	44,357
Total Administered expenses	3,395,619	3,827,512	4,005,191	4,186,730	4,371,883
Administered revenues from other sources	-	-	-	-	-
Total Program 2.15	3,395,619	3,827,512	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>	618	484	379	296	232
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	104,867	117,015	126,885	135,909	145,781
Total Administered expenses	105,485	117,499	127,264	136,205	146,013
Administered revenues from other sources	15,178	15,932	16,658	17,358	18,118
Total Program 2.16	90,307	101,567	110,606	118,847	127,895
Program 2.17 Other Administered					
Administered revenues from other sources	106,059	91,274	82,269	85,182	84,945
Total Program 2.17	-106,059	-91,274	-82,269	-85,182	-84,945
Total resourcing					
Total Departmental outputs	30,019,342	31,194,895	31,697,104	33,465,757	35,825,139
Total Administered	6,288,467	4,090,963	4,362,509	4,614,572	4,850,661
Total Departmental revenue from other sources	758,857	808,395	833,678	854,296	894,682
Total Administered revenue from other sources	1,537,506	1,459,279	1,392,019	1,345,087	1,302,111
Equity injection	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Total resources for Outcome 2	39,668,876	39,918,839	42,128,071	45,010,835	49,014,946

Note

1. 2016-17 Estimated Actuals reflect the old Program structure of Defence's outcomes.

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence^[1]

Program 2.1 Objective

To deliver high-quality policy advice to Government, the Secretary and Chief of the Defence Force to protect and advance Australia’s strategic interests.

Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • The Minister receives policy advice that is clear, accurate and timely to support effective decision-making • Defence strengthens its engagement with other national security agencies and stakeholders to ensure that the policy development process incorporates wide-ranging inputs and is tested through • A competitive Australian industrial base is able to engage through the Centre for Defence Industry Capability and the Defence Innovation Hub to enhance and sustain Defence capability • Defence intelligence agencies enable efficient operations across national security agencies through the delivery of intelligence services and capabilities
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Government has confidence in the relevance and quality of Defence advice.	Minister expresses high to very high confidence in defence advice. <i>Expected to be met.</i>
	Defence intelligence outputs align with Government intelligence priorities.	Whole-of-Government and Australian Defence Force intelligence requirements are met. <i>Expected to be met.</i>
2017-18	Government has confidence in the relevance and quality of Defence policy advice.	Minister expresses high to very high confidence in Defence advice.
	<i>Proposals presented to Government for decision incorporate all relevant considerations.</i>	<i>Stakeholders express high confidence in Defence engagement.</i>
	<i>The intent of the Defence Industry Policy Statement is met.</i>	<i>The Centre for Defence Industry Capability and the Defence Innovation Hub operate in accordance with the Defence Industry Policy Statement.</i>
	Defence intelligence outputs align with Government intelligence priorities.	Whole-of-Government and Australian Defence Force intelligence requirements are met.
2018-19 and beyond	As per 2017-18	As per 2017-18
Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.	

Material changes to Program 2.1 resulting from the following measures:

- Department of Defence – efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 16: Cost Summary for Program 2.1 Strategic Policy and Intelligence^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	300,462	357,314	388,955	413,010	436,738
Suppliers	559,421	609,425	642,116	685,181	791,861
Grants	12,144	13,080	13,420	13,768	14,128
Depreciation and amortisation	42,674	57,023	68,107	84,293	96,819
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	1,234	1,555	1,819	2,048	2,226
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	915,935	1,038,397	1,114,417	1,198,300	1,341,772
Income					
Revenues					
Goods and services	4,961	4,786	4,934	5,081	5,213
Other revenue	-	-	-	-	5
Total revenue	4,961	4,786	4,934	5,081	5,218
Gains					
Reversal of previous asset write-downs	1,794	2,261	2,645	2,978	3,236
Net gains from sale of assets	3	1	-	5	11
Other gains	-	-	-	-	-
Total gains	1,797	2,262	2,645	2,983	3,247
Total income	6,758	7,048	7,579	8,064	8,465
Program 2.1 Strategic Policy and Intelligence	909,177	1,031,349	1,106,838	1,190,236	1,333,307

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.1 Strategic Policy and Intelligence.

Table 17: Strategic Policy and Intelligence Deliverables (Hydrographic Products and Services)^[1]

Deliverables	2016-17 Estimated Actual^[2]	2017-18 Budget Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
Maritime Safety Updates ^[3]	1,100	1,100	1,100	1,100	1,100
Charting Projects ^[4]	15	15	15	15	15
Nautical Publications ^[5]	29	29	30	29	29
Survey Projects ^[6]	N/A	15	15	15	15
AHO Availability ^[7]	249	249	249	250	249

Notes

1. In accordance with First Principles Review recommendations, the functions of the Australian Hydrographic Office (AHO) transferred from Navy to the Strategic Policy and Intelligence Group in 2016-17. Information relating to HydroScheme Products and the Chart Production Office component of Hydrographic Force Unit Availability Days are now included in this table. Full details of hydrographic products and services are contained in HydroScheme.
2. The 2016-17 Estimated Actual figure represents the Portfolio Budget Statements (PBS) 2016-17 target. No changes were made at Portfolio Additional Estimates Statements (PAES).
3. A Maritime Safety Update is an urgent safety-critical revision to nautical charts and publications or other hydrographic products and services.
4. A Charting Project includes all charting activities involved in compiling and publishing all paper and electronic charts, or other charting services, for a particular geographic area.
5. Nautical Publications include three annual publications – HydroScheme, Australian National Tide Tables and AusTides; 25 fortnightly Notices to Mariners; and selected additional publications each year.
6. A Survey Project is a major hydrographic survey activity within a particular geographic area.
7. AHO Availability is when the AHO, as a Defence capability, is materially ready and its personnel state and level of competence enables the AHO to provide hydrographic products and services in accordance with the Navigation Act 2012 (Cth), immediately.

Program 2.2: Defence Executive Support^[1]

Program 2.2 Objective

To integrate parts of Defence to deliver more effective and efficient outcomes, particularly in the areas of service delivery. The Associate Secretary operates the One Defence Business Framework on behalf of the Secretary and Chief of the Defence Force.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • developing and implementing a One Defence Business Framework that guides how Defence does business in accordance with the requirements of relevant legislative and policy guidance, including the First Principles Review • managers across Defence having a view of organisational performance within their work area which is based on true information and assured data, incorporates an understanding of risk, and is legally compliant, enabling them to make effective and robust decisions
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Enterprise planning and performance monitoring processes are delivered in line with the requirements of the <i>Public Governance, Performance and Accountability Act 2013</i> .	Defence meets its non-financial performance management and risk management obligations under the <i>Public Governance, Performance and Accountability Act 2013</i> . <i>Expected to be met.</i>
	Business outcomes are improved as part of broader Defence reform.	Defence reform is achieved as agreed with Government and in accordance with the First Principles Review implementation plan. <i>Expected to be met.</i>
	Security and vetting services are delivered to Defence, whole-of-Government and industry customers. <i>Expected to be partially met. Performance is expected to improve in 2017-18.</i>	Security services are delivered in accordance with the security and vetting services Service Offer. <i>Expected to be met.</i> The Australian Government Security Vetting Agency meets its Charter. <i>Expected to be met.</i>
2017-18	Enterprise planning and performance monitoring processes are delivered in line with the requirements of the <i>Public Governance, Performance and Accountability Act 2013</i> . <i>The Service Delivery System enables Australian Defence Force operations.</i>	Defence meets its non-financial performance management and risk management obligations under the <i>Public Governance, Performance and Accountability Act 2013</i> . <i>Enabling services are delivered in accordance with agreed requirements.</i>
	<i>Performance information uses validated information to support decision-making.</i>	<i>All performance information is supported by a reliable and validated data source.</i>

Year	Performance criteria ^[2]	Targets
2018-19 and beyond	As per 2017-18	As per 2017-18
Purpose ^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.2 resulting from the following measures:		
<ul style="list-style-type: none"> Department of Defence – efficiencies 		

Notes

- Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
- New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
- Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 18: Cost Summary for Program 2.2 Defence Executive Support^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	88,220	97,981	95,963	95,851	97,941
Suppliers	122,907	134,550	134,174	122,383	124,412
Grants	-	-	-	-	-
Depreciation and amortisation	1,843	616	192	191	101
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	2,475	2,050	2,102	2,154	2,208
Total expenses	215,445	235,197	232,431	220,579	224,662
Income					
Revenues					
Goods and services	10,719	22,558	23,171	23,749	24,343
Other revenue	118	10	124	127	130
Total revenue	10,837	22,568	23,295	23,876	24,473
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	10,837	22,568	23,295	23,876	24,473
Program 2.2 Defence Executive Support	204,608	212,629	209,136	196,703	200,189

Note

- Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.8 Defence Executive Support.

Program 2.3: Chief Finance Officer^[1]**Program 2.3 Objective**

To deliver enterprise resource planning and budget management in accordance with Commonwealth legislation and policy frameworks.

Delivery	<p>The program is achieved by:</p> <ul style="list-style-type: none"> • driving Defence's financial management and improvement programs through uniform financial management approaches and a streamlined accountability structure. • working with all Services and Groups to identify costs drivers for all key business elements.
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Quality and timeliness of financial advice to the Minister, the Secretary and Chief of the Defence Force.	Financial advice meets the Minister, Secretary and Chief of the Defence Force's requirements. <i>Expected to be met.</i>
	Production of Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan.	Produced in accordance within agreed statutory timeframes. <i>Expected to be met.</i>
	Status of Financial Statements.	Financial Statements are unqualified. <i>Expected to be met.</i>
2017-18	Quality and timeliness of financial advice to the Minister, the Secretary and Chief of the Defence Force.	Financial advice meets the Minister, Secretary and Chief of the Defence Force's requirements.
	Production of Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan.	Produced in accordance within agreed statutory timeframes.
	Status of Financial Statements.	Financial Statements are unqualified.
2018-19 and beyond	As per 2017-18	As per 2017-18
Purpose^[3]	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.3 resulting from the following measures:

- Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse
- Department of Defence – efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 19: Cost Summary for Program 2.3 Chief Finance Officer^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees ^[2]	221,448	171,867	122,178	163,816	171,896
Suppliers	66,958	71,128	75,022	77,220	79,264
Grants	-	-	-	-	-
Depreciation and amortisation	3,144	6,107	16,904	38,632	63,057
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	79	79	79	79	79
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	291,629	249,181	214,183	279,747	314,296
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	115	115	115	115	115
Net gains from sale of assets	-	-	-	-	-
Other gains	4,818	4,938	5,061	5,188	5,318
Total gains	4,933	5,053	5,176	5,303	5,433
Total income	4,933	5,053	5,176	5,303	5,433
Program 2.3 Chief Finance Officer	286,696	244,128	209,007	274,444	308,863

Notes

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.13 Chief Finance Officer.
2. Full time equivalent headcount is held in this Program from time to time for future prioritisation.

Program 2.4: Vice Chief of the Defence Force^[1]

Program 2.4 Objective
 To develop and deliver Defence joint capability and military enabling services in order to protect and advance Australia and its national interests. This program manages the Defence Preparedness Management System and operates the Capability Life Cycle. The program also includes the operations of the Australian Civil-Military Centre.

Delivery	This program will be achieved by: <ul style="list-style-type: none"> • Government being able to deploy defence capability to support Government policy objectives that ensure Defence’s operational capabilities are available to meet government direction • effective and efficient health support and welfare services being provided to deliver health and welfare services to meet the requirements of the Australian Defence Force • implementing policy direction to meet Government’s requirements now and into the future by achieving Government’s strategic policy requirements as set out in the 2016 Defence White Paper • developing the capability needed to meet Governments requirements now and into the future through delivery of the capability set out in the 2016 Defence White Paper
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Required preparedness levels are achieved and maintained.	Preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
	Strategic military advice supports Government-decision making.	Government expresses a high level of confidence in strategic military advice. <i>Expected to be met.</i>
	Integrity of the Integrated Investment Program.	Integrated Investment Program is delivered as agreed with Government. <i>Expected to be met.</i>
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government.
	Quality of health and welfare services delivered to Australian Defence Force members and families.	Delivery meets agreed standards.
	Effective implementation of the 2016 Defence White Paper.	The 2016 Defence White Paper implementation plan activities for 2017-21 are delivered as agreed with Government.
	Effective implementation of the Integrated Investment Program.	The Integrated Investment Program is delivered as agreed with Government.

Year	Performance criteria ^[2]	Targets
2018-19 and beyond	As per 2017-18	As per 2017-18
Purpose ^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.4 resulting from the following measures:		
<ul style="list-style-type: none"> Department of Defence – efficiencies 		

Notes

- Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
- New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
- Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 20: Cost Summary for Program 2.4 Vice Chief of the Defence Force^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	592,136	600,388	610,934	659,863	684,298
Suppliers	489,933	535,734	521,668	632,548	808,771
Grants ^[2]	4,814	5,820	-	-	-
Depreciation and amortisation	32,772	52,924	76,911	112,779	159,066
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	443,425	456,818	470,892	485,440	501,696
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,563,080	1,651,684	1,680,405	1,890,630	2,153,831
Income					
Revenues					
Goods and services	12,715	6,600	9,253	9,451	9,650
Other revenue	154	158	1,162	1,166	1,170
Total revenue	12,869	6,758	10,415	10,617	10,820
Gains					
Reversal of previous asset write-downs	205,715	210,966	216,534	222,440	229,095
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	205,715	210,966	216,534	222,440	229,095
Total income	218,584	217,724	226,949	233,057	239,915
Program 2.4 Vice Chief of the Defence Force	1,344,496	1,433,960	1,453,456	1,657,573	1,913,916

Notes

- Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.6 Vice Chief of the Defence Force.
- Grants expense predominately relates to a grant for the Australian International Military Games of \$7m from 2016-17 to 2017-18.

Program 2.5: Navy Capabilities^[1]

Program 2.5 Objective

To provide maritime capabilities that contribute to the Australian Defence Force’s capacity to defend Australia, contribute to regional security, support Australia’s global interests, shape the strategic environment and protect national interests.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • conducting raise, train and sustain activities to ensure maritime forces are available to meet Government direction • contributing maritime forces to joint, combined and interagency operations as directed by Government • contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of maritime capability • conducting international engagement activities in support of the Defence International Engagement Strategy implementation
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Required preparedness levels are achieved and maintained.	As agreed with the Chief of the Defence Force. <i>Expected to be met.</i>
	Operational outcomes met the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government.
2018-19 and beyond	As per 2017-18	As per 2017-18

Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.
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<p>Material changes to Program 2.5 resulting from the following measures:</p> <ul style="list-style-type: none"> • Australian Naval Infrastructure Pty Ltd - supporting shipbuilding infrastructure • Department of Defence – efficiencies • Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 21: Cost Summary for Program 2.5 Navy Capabilities^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	2,049,156	2,159,475	2,197,461	2,255,840	2,347,569
Suppliers	2,452,258	2,475,860	2,579,923	2,722,435	3,223,986
Grants	200	180	150	-	-
Depreciation and amortisation	1,674,951	1,804,351	1,361,691	1,411,884	1,541,414
Finance cost	31,205	38,673	41,302	36,457	40,058
Write-down of assets and impairment of assets	5,835	7,352	9,140	11,032	11,924
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	6,213,605	6,485,891	6,189,667	6,437,648	7,164,951
Income					
Revenues					
Goods and services	20,820	21,464	22,119	22,807	23,518
Other revenue	31,839	32,777	33,699	34,541	35,404
Total revenue	52,659	54,241	55,818	57,348	58,922
Gains					
Reversal of previous asset write-downs	16,710	18,033	19,456	20,769	21,943
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	16,710	18,033	19,456	20,769	21,943
Total income	69,369	72,274	75,274	78,117	80,865
Program 2.5 Navy Capabilities	6,144,236	6,413,617	6,114,393	6,359,531	7,084,086

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.2 Navy Capabilities.

Table 22: Navy Deliverables (Unit Availability Days)^[1]

		2016-17	2017-18	2018-19	2019-20	2020-21
Deliverables		Estimated Actual	Budget Estimate	Forward Year 1	Forward Year 2	Forward Year 3
20	Major Combatants ^[2]	3,498	3,795	3,553	3,531	3,725
21	Minor Combatants ^[3]	4,085	4,542	4,438	4,544	4,624
5	Amphibious and Afloat Support ^[4]	1,498	1,315	1,378	1,152	1,053
7	Maritime Teams ^[5]	2,527	2,555	2,555	2,560	2,555
9	Hydrographic Force ^[6]	2,276	1,628	1,661	1,700	1,480

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 destroyers (DDG) and submarines. Adelaide class frigates are to be withdrawn from service over the forward estimates period; HMAS *Darwin* December 2017, HMAS *Melbourne* September 2019 and HMAS *Newcastle* June 2019. Hobart class destroyers, HMA Ships *Hobart*, *Brisbane* and *Sydney* will begin to accrue UAD in 2018/19, 2019/20, and 2020/21 respectively.

3. Minor Combatants comprises Armadale class patrol boats (ACPB), Cape class patrol boats (CCPB) and coastal mine hunters (MHC). MHCs *Hawkesbury* and *Norman* were placed in extended readiness in 2009. Significant increase in UAD target from 2016-17 to 2017-18 is due to CCPB contributing to UAD.

4. Amphibious and Afloat Support comprises oil tanker (AO), replenishment ship (AOR), landing ship dock (LSD), and Canberra class landing helicopter dock (LHD). The decrease in UAD is attributed to the planned withdrawal of HMA Ships *Success* (AOR) and *Sirius* (AO) in 2018/19 and 2019/20 respectively. Replacement vessels will be introduced into service from 2019/20. Emergent repair work for LHDs may see a decrease in UAD. Updated figures to be provided in 2017-18 PAES.

5. Maritime Teams comprise clearance diving teams, the deployable geospatial support team and mobile meteorological and oceanographic team.

6. Hydrographic Force comprises hydrographic ships, survey motor launches, and the Naval Air Station Weather and Oceanographic Centre. In accordance with the First Principles Review recommendations, the chart production office and meteorological and oceanographic centre has now transitioned to Strategic Policy and Intelligence Group. This accounts for the decrease in UAD. Hydroscheme products, previously reported by Navy in Table 3, have also transitioned to Strategic Policy and Intelligence Group. These products comprise Maritime Safety Updates, Charting Projects, and Nautical Publications.

Table 23: Navy Deliverables (Hydroscheme Products)

Hydroscheme products, previously reported by Navy, have transitioned to Strategic Policy and Intelligence Group. These products comprise Maritime Safety Updates, Charting Projects, and Nautical Publications.

Table 24: Navy Deliverables (Flying Hours)

Deliverables		2016-17 Estimated Actual	2017-18 Budget Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
4	S-70B-2 (Seahawk) ^[1]	1,200	190	0	0	0
24	MH-60R	4,800	6,050	7,200	7,200	7,200
6	AS350BA (Squirrel) ^[2]	2,000	450	0	0	0
-	MRH-90 ^[3]	-	-	-	-	-
1	Laser airborne depth sounder aircraft (LADS) ^[4]	980	1,120	1,120	490	0

Notes

1. At March 2017 there are four S-70B-2. These will be progressively withdrawn in 2017, with the S-70B-2 Seahawk to be fully withdrawn from service in December 2017 following introduction of the MH-60R.
2. At March 2017 there are six AS350BA. These will be progressively withdrawn in 2017, with the AS350BA to be fully withdrawn from service in December 2017.
3. Navy is operating MRH-90s; however, their flying hours have been included under Army Aviation, as Army is joint capability manager for the aircraft. Navy have seven aircraft and approximately 1,500 hours per annum in the mature state.
4. Laser airborne depth sounder aircraft (LADS) capability due to be retired in December 2019.

Program 2.6: Army Capabilities^[1]

Program 2.6: Objective

To provide land and special operations capabilities that contribute to the Australian Defence Force's capacity to defend Australia; contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> conducting raise, train and sustain activities to ensure land forces are available to meet Government direction contributing land forces to joint, combined and interagency operations as directed by Government contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of land capability conducting international engagement activities in support of the Defence International Engagement Strategy implementation
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Required preparedness levels are achieved and maintained.	As agreed with the Chief of the Defence Force. <i>Expected to be met.</i>
	Operational outcomes met the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government.
2018-19 and beyond	As per 2017-18	As per 2017-18
Purpose^[3]	Purpose 2 – Protect and advance Australia's strategic interest.	

Material changes to Program 2.6 resulting from the following measures:

- Department of Defence – efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

- Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
- New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
- Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 25: Cost Summary for Program 2.6 Army Capabilities^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	4,058,569	4,070,250	4,101,194	4,209,472	4,340,548
Suppliers	1,907,928	1,890,446	1,983,775	2,151,688	2,540,618
Grants ^[2]	3,617	493	495	497	100
Depreciation and amortisation	1,930,731	1,388,356	1,309,652	1,394,576	1,519,374
Finance cost	4,832	4,917	5,681	6,468	7,592
Write-down of assets and impairment of assets	6,220	9,562	12,975	16,671	20,398
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	7,911,897	7,364,024	7,413,772	7,779,372	8,428,630
Income					
Revenues					
Goods and services	15,428	15,857	16,306	16,735	17,175
Other revenue	617	633	649	665	682
Total revenue	16,045	16,490	16,955	17,400	17,857
Gains					
Reversal of previous asset write-downs	12,118	14,187	16,283	18,699	20,981
Net gains from sale of assets	7,549	7,549	7,549	7,549	7,549
Other gains	-	-	-	-	-
Total gains	19,667	21,736	23,832	26,248	28,530
Total income	35,712	38,226	40,787	43,648	46,387
Program 2.6 Army Capabilities	7,876,185	7,325,798	7,372,985	7,735,724	8,382,243

Notes

- Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.3 Army Capabilities.
- Grants expense in 2016-17 predominately relates to a grant made to the Australian War Memorial.

Table 26: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables	2016-17 Estimated Actual	2017-18 Budget Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
7 CH-47F Chinook	1,300	2,000	2,400	2,600	2,600
34 S-70A-9 Black Hawk	4,150	4,550	4,225	3,800	2,175
41 B-206B-1Kiowa ^[1]	5,150	3,800	1,800	-	-
22 ARH Tiger	4,800	5,050	5,300	5,300	5,300
47 MRH 90 Taipan	6,000	7,600	8,200	9,740	10,300

Note

- B206-B-1 Last Helicopter Qualification Course planned in 2018 before transition to AIR 9000 PH7 HATS (Navy).

Program 2.7: Air Force Capabilities^[1]**Program 2.7 Objective**

To provide air power capabilities that contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • conducting raise, train and sustain activities to ensure aerospace forces are available to meet Government direction • contributing air power effects to joint, combined and interagency operations as directed by Government • contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of air capability • conducting international engagement activities in support of the Defence International Engagement Strategy implementation
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Required preparedness levels are achieved and maintained.	As agreed with the Chief of the Defence Force. <i>Expected to be met.</i>
	Operational outcomes met the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government.
2018-19 and beyond	As per 2017-18	As per 2017-18

Purpose^[3]	Purpose 2 - Protect and advance Australia's strategic interests.
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Material changes to Program 2.7 resulting from the following measures:

- Department of Defence - efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 27: Cost Summary for Program 2.7 Air Force Capabilities^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	2,025,848	2,054,522	2,099,728	2,167,460	2,218,712
Suppliers	2,493,480	2,931,276	3,270,338	3,540,020	3,799,938
Grants	1,881	1,831	1,831	1,831	-
Depreciation and amortisation	1,757,593	1,842,785	2,061,558	2,187,824	2,336,220
Finance cost	42,248	43,003	49,675	56,555	66,386
Write-down of assets and impairment of assets	11,952	13,762	15,426	17,133	19,038
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	6,333,002	6,887,179	7,498,556	7,970,823	8,440,294
Income					
Revenues					
Goods and services	37,133	38,253	39,184	40,187	41,217
Other revenue	5,333	5,465	5,602	5,743	5,886
Total revenue	42,466	43,718	44,786	45,930	47,103
Gains					
Reversal of previous asset write-downs	19,594	21,637	23,714	25,722	27,737
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	19,594	21,637	23,714	25,722	27,737
Total income	62,060	65,355	68,500	71,652	74,840
Program 2.7 Air Force Capabilities	6,270,942	6,821,824	7,430,056	7,899,171	8,365,454

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.4 Air Force Capabilities.

Table 28: Air Force Deliverables (Flying Hours)

Deliverables		2016-17 Estimated Actual	2017-18 Budget Estimate	2018-19 Forward Year 1	2019-20 Forward Year 2	2020-21 Forward Year 3
62	PC-9/A ^[1]	17,648	17,952	16,452	3,826	-
-	PC-21 ^[2]	-	2,200	7,000	19,626	23,652
16	KA350 King Air	8,300	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]	7,000	6,200	6,200	6,200	6,200
10	C-27J Spartan ^[4]	2,000	4,000	5,000	7,500	7,500
5	KC-30A MRTT ^[5]	6,000	3,700	3,900	4,700	4,700
2	737 BBJ	1,600	1,600	1,600	1,600	1,600
3	CL-604 Challenger	2,161	2,403	2,403	2,403	2,403
15	AP-3C Orion ^[6]	6,465	4,660	1,600	600	300
8	P-8A Poseidon ^[7]	450	2,762	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 ^[8]	16,700	12,000	11,200	8,100	4,750
24	F/A-18F Super Hornet	4,000	4,000	4,050	4,050	4,050
33	Hawk 127	6,000	6,500	6,500	6,500	6,500
12	E/A-18G Growler ^[9]	800	1,600	1,900	2,400	2,800
2	F-35A Lightning II ^[10]	500	752	2,538	4,564	8,204
2	Heron UAS ^[11]	1,000	500	-	-	-

Notes

1. PC-9/A hours reflect the phased withdrawal of the aircraft.
2. PC-21 hours reflect the planned schedule for introduction to service and increased pilot training commitments.
3. C-17A Globemaster III hours for FY 16-17 include operational assignments.
4. C-27J Spartan hours reflect the planned schedule for introduction to service.
5. KC-30A MRTT hours for FY 16-17 include operational assignments and in the forward estimates, reflect the planned introduction of additional aircraft.
6. AP-3C Orion hours reflect the phased withdrawal of aircraft.
7. P-8A Poseidon hours reflect the planned schedule for introduction to service.
8. F/A-18A/B Hornet hours for FY 16-17 include operational assignments and in the forward estimates, reflect the planned transition to F-35A Lightning II aircraft.
9. E/A-18G Growler hours reflect the planned schedule for introduction to service.
10. F-35A Lightning II hours for FY 17-18 are for training aircraft and in the forward estimates, reflect the planned schedule for introduction to service.
11. Heron UAS operations beyond FY 17-18 are subject to a contract extension.

Program 2.8: Joint Operations Command^[1]

Program 2.8 Objective

To ensure joint forces are ready to conduct joint, combined and interagency operations as directed by Government.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • planning and preparing for the effective conduct of joint, combined and interagency operations and national support activities, as directed by Government. • Monitoring preparedness for Government-directed operations and national support activities. • coordinating ADF joint collective training to achieve operational preparedness requirements.
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Operational deployments meet requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met.
2018-19 and beyond	As per 2017-18.	As per 2017-18.

Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.
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Material changes to Program 2.8 resulting from the following measures:

- Department of Defence – efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 29: Cost Summary for Program 2.8 Joint Operations Command^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	5,711	7,153	7,723	7,977	8,731
Suppliers	37,499	41,289	38,052	62,179	61,334
Grants	-	-	-	-	-
Depreciation and amortisation	1,430	2,888	4,597	6,465	8,421
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	44,640	51,330	50,372	76,621	78,486
Income					
Revenues					
Goods and services	-	-	458	498	543
Other revenue	-	-	-	-	-
Total revenue	-	-	458	498	543
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	458	498	543
Program 2.8 Joint Operations Command	44,640	51,330	49,914	76,123	77,943

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.5 Joint Operations Command.

Program 2.9: Capability Acquisition and Sustainment^[1]

Program 2.9 Objective

To purchase and maintain Defence equipment and supplies in the quantities and to the service levels required by Defence and approved by Government.

Delivery	<p>This program will be achieved by effectively partnering with Industry to:</p> <ul style="list-style-type: none"> • manage the acquisition and sustainment of Defence materiel equipment to meet Government and Defence requirements. • deliver agreed materiel equipment support to meet operational requirements.
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Capability proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.	<p>Deliver Government approved acquisition projects to budget, schedule and agreed capability scope. <i>Expected to be substantially met.</i></p> <p>Deliver sustainment of military equipment to budget and agreed availability target. <i>Expected to be substantially met.</i></p> <p>Timeliness and quality of advice meets Government and Defence requirements. <i>Expected to be met.</i></p>
	Procurement of Defence capability better leverages industry is more agile and reduces the cost of doing business.	Develop the Smart Buyer function which better leverages industry, delivers capability more rapidly and reduces the cost of doing business for Defence and industry. <i>Expected to be met.</i>
2017-18	Capability proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.	Deliver Government approved acquisition projects to budget, schedule and agreed capability scope.
	<i>Capability is sustained consistent with Government requirements.</i>	<i>Sustainment meets capability manager requirements.</i>
2018-19 and beyond	As per 2017-18	As per 2017-18

Purpose^[3] Purpose 2 – Protect and advance Australia’s strategic interests.

Material changes to Program 2.9 resulting from the following measures:

- Department of Defence – efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 30: Cost Summary for Program 2.9 Capability Acquisition and Sustainment^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	423,985	433,740	427,295	414,410	418,613
Suppliers	192,705	221,045	225,503	275,518	301,705
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	1	1	1	1	2
Total expenses	616,691	654,786	652,799	689,929	720,320
Income					
Revenues					
Goods and services	2,596	963	2,727	1,011	2,864
Other revenue	-	-	-	-	-
Total revenue	2,596	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	2,596	963	2,727	1,011	2,864
Program 2.9 Capability Acquisition and Sustainment	614,095	653,823	650,072	688,918	717,456

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.7 Capability Acquisition and Sustainment.

Program 2.10: Estate and Infrastructure^[1]

Program 2.10 Objective

To deliver integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force, to protect and advance Australia's strategic interests.

Delivery	<p>This program will be achieved by managing and sustaining the Defence estate including training areas and ranges, to meet Government and Defence requirements by developing and delivering major infrastructure, property and environmental programs.</p> <p>The approved 2017-18 Facilities and Infrastructure Program, a component of the Integrated Investment Program, is outlined at Appendix E.</p>
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Estate proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.	<p>The Facilities and Infrastructure Program is delivered within scope, budget and schedule. <i>Expected to be met.</i></p> <p>The Facilities and Infrastructure Program compliant with legislative and other statutory requirements, standards and policies. <i>Expected to be met.</i></p>
	The estate is aligned with the requirements of the current and future force.	Surplus estate is disposed of as agreed with Government. <i>Expected to be met.</i>
	Estate services enable Defence capability requirements.	Estate services are delivered within budget and meet service requirements. <i>Expected to be met.</i>
2017-18	<i>The estate meets the requirements of the Capability Managers</i>	<i>The Defence Estate Strategy implementation plan is delivered as agreed</i>
2018-19 and beyond	As per 2017-18.	As per 2017-18.

Purpose^[3]	Purpose 2 – Protect and advance Australia's strategic interest.
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Material changes to Program 2.10 resulting from the following measures:

- Per-and Poly-Fluorinated Alkyl Substances - National Health Research Program
- Department of Defence – efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 31: Cost Summary for Program 2.10 Estate and Infrastructure Group^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	1,101,694	1,178,648	1,199,873	1,249,863	1,302,562
Suppliers	2,111,651	2,480,619	2,525,540	2,718,357	2,595,469
Grants	-	-	-	-	-
Depreciation and amortisation	1,138,565	1,096,705	1,076,304	1,047,830	1,019,482
Finance cost	94,689	96,395	98,621	97,954	96,945
Write-down of assets and impairment of assets	25,147	26,013	26,880	27,785	28,724
Net losses from sale of assets	-	-	-	-	-
Other expenses	15,900	31,600	10,800	-	-
Total expenses	4,487,646	4,909,980	4,938,018	5,141,789	5,043,182
Income					
Revenues					
Goods and services	314,360	323,187	347,575	360,801	378,849
Other revenue	9,134	5,445	5,316	5,493	5,643
Total revenue	323,494	328,632	352,891	366,294	384,492
Gains					
Reversal of previous asset write-downs	2,779	2,948	3,086	3,241	3,408
Net gains from sale of assets	12,582	31,626	10,800	-	-
Other gains	-	-	-	-	-
Total gains	15,361	34,574	13,886	3,241	3,408
Total income	338,855	363,206	366,777	369,535	387,900
Program 2.10 Estate and Infrastructure	4,148,791	4,546,774	4,571,241	4,772,254	4,655,282

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.9 Estate and Infrastructure Group.

Program 2.11: Chief Information Officer^[1]

Program 2.11 Objective

To deliver and sustain a dependable, secure and integrated ICT capability that ensures a secure and integrated information environment to support Defence business and military operations.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • planning and governing Defence ICT ensuring the appropriate networking and operation of ICT systems • delivering and sustaining ICT programs and assigned ICT elements of endorsed projects and system improvements in the Integrated Investment Program to enhance and transform as necessary key elements of Defence ICT infrastructure
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	ICT services meet requirements.	Satisfaction with the service delivery system increases over time <i>Expected to be met.</i>
	Effective development of next-generation ICT services.	ICT capability development is in accordance with the Integrated Investment Program. <i>Expected to be met.</i>
	Effective development of Enterprise-wide frameworks for information management architecture standards and master data management.	Enterprise Information Management architecture is approved for implementation. <i>Expected to be met.</i>
2017-18	ICT services meet requirements.	ICT capabilities are delivered in accordance with the Integrated Investment Program requirements as governed by the Investment Committee.
2018-19 and beyond	As per 2017-18.	As per 2017-18.

Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.
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Material changes to Program 2.11 resulting from the following measures:

- Department of Defence – efficiencies
- Overseas Allowances for Australian Government Employees - efficiencies

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 32: Cost Summary for Program 2.11 Chief Information Officer^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	100,700	122,088	123,701	124,153	126,981
Suppliers	910,663	1,148,507	1,182,936	1,316,372	1,444,706
Grants	-	-	-	-	-
Depreciation and amortisation	234,221	233,132	247,282	253,296	272,992
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	5,773	8,016	10,491	12,785	15,139
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,251,357	1,511,743	1,564,410	1,706,606	1,859,818
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	9,063	12,298	15,857	19,153	22,533
Net gains from sale of assets ^[2]	-4,517	-1,182	-4,792	-4,935	-5,083
Other gains	-	-	-	-	-
Total gains	4,546	11,116	11,065	14,218	17,450
Total income	4,546	11,116	11,065	14,218	17,450
Program 2.11 Chief Information Officer	1,246,811	1,500,627	1,553,345	1,692,388	1,842,368

Notes

- Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.10 Chief Information Officer.
- 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^[1]

Program 2.12 Objective

To deliver a program that enables the required people capability to operate and support Defence equipment and systems, and to manage the business of Defence.

Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • providing timely, accurate and high-quality advice on key people issues to the Secretary, CDF and Government • delivering and implementing the 10-year Strategic Workforce Plan that sets out the skills Defence needs and how Defence will attract, recruit, develop and retain its people • driving ongoing cultural reform and workforce culture initiatives that promote acceptance, diversity and inclusion • delivering a fully compliant Workplace Health and Safety System that ensures Defence provides a safe work environment for its people • driving a high performing culture where leadership, professionalism and corporate behaviour are rewarded and valued • providing support to Australian Defence Force members and their families to manage the military way of life throughout their service, and during transition from the Australian Defence Force.
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Achievement of ADF recruitment targets.	Meet recruitment targets as specified by the Services. <i>Expected to be substantially met.</i>
	Achieve ongoing cultural reform and workforce culture initiatives that embed diversity and inclusion.	Workforce diversity has increased. <i>Expected to be met.</i> Cultural reform initiatives are implemented as set out in the Pathway to Change strategy. <i>Expected to be met.</i>
	An agile and skilled workforce through alignment and balance of workforce supply and demand.	Workforce is aligned and managed in accordance with the Workforce Strategy and the Australian Defence Force Total Workforce Model. <i>Expected to be met.</i>
	Complete implementation of First Principles Review workforce and behavioural recommendations.	Implemented as agreed with Government. <i>Expected to be met.</i>
	Australian Defence Force members and families are supported through the delivery of the family support program, transition services and bereavement support.	Support is delivered in a timely and professional manner. <i>Expected to be met.</i>

Year	Performance criteria^[2]	Targets
2017-18	Achievement of ADF recruitment targets.	Meet recruitment targets as specified by the Services.
	Achieve ongoing cultural reform and workforce culture initiatives that embed diversity and inclusion.	Workforce diversity has increased. Cultural reform initiatives are implemented as set out in the Pathway to Change strategy.
	Actions identified in the 2016-2026 Defence Strategic Workforce Plan are implemented to attract, recruit, develop and retain a highly skilled workforce.	Implementation milestones are achieved.
	Enhanced linkages between Defence and the Department of Veterans' Affairs enable greater support to veterans and ADF members.	Improved electronic information exchange is implemented as agreed between Defence and the Department of Veterans' Affairs.
	Australian Defence Force members and families are supported through the delivery of the family support program, transition services and bereavement support.	Support is delivered in a timely and professional manner.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 2 – Protect and advance Australia's strategic interest.	
<p>Material changes to Program 2.12 resulting from the following measures:</p> <ul style="list-style-type: none"> • Defence Force Ombudsman - continuation and expansion • Veteran Centric Reform • Department of Defence – efficiencies 		

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 33: Cost Summary for Program 2.12 Defence People^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	149,442	162,236	160,959	160,132	162,602
Suppliers	322,404	314,357	332,105	347,590	359,745
Grants	1,553	1,592	1,600	1,700	1,450
Depreciation and amortisation	7,798	7,854	7,442	7,431	20
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	481,197	486,039	502,106	516,853	523,817
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	481,197	486,039	502,106	516,853	523,817

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.11 Defence People.

Program 2.13: Defence Science and Technology^[1]

Program 2.13 Objective

To enable the delivery of a national security capability through science and technology services.

Delivery	<p>This program is achieved by:</p> <ul style="list-style-type: none"> • conducting applied research focussed on supporting Defence and national security operations, sustaining and enhancing current capability, and supporting the development and acquisition of future capability • drawing upon the world-class scientific ability of staff and research facilities, and extensive networks and partnerships with external organisations such as international research agencies, industry and academia to support the Defence Science and Technology Group’s role as a knowledge and innovation integrator for Defence and to promote defence science and education in the broader Australian community.
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Emerging capability and technology is used to support development of best value-for-money capability.	Science and technology activities are balanced to support Defence capability and operational priorities in accordance with 2016 Defence White Paper. <i>Expected to be met.</i>
	Defence’s strategic research builds understanding of future Defence capability.	Strategic research activities are aligned with Integrated Investment Program priorities. <i>Expected to be met.</i>
	Defence S&T capability enhanced through the delivery of collaborative partnerships with international research agencies, industry and academia.	Collaborative activities with industry, academia and allied defence research agencies are aligned to 2016 Defence White Paper and Defence Industry Policy Statement priorities. <i>Expected to be met.</i>
2017-18	Emerging science and technology is used to support development of best value capability.	Science and technology activities are balanced to support Defence capability and operational priorities in accordance with 2016 Defence White Paper.
	Defence’s strategic research builds understanding of future Defence capability.	Strategic research activities are aligned with Integrated Investment Program priorities.
	Defence S&T capability enhanced through the delivery of collaborative partnerships with industry, academia and international research agencies.	Collaborative activities with industry, academia and allied defence research agencies are aligned to 2016 Defence White Paper and Defence Industry Policy Statement priorities.

Year	Performance criteria ^[2]	Targets
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose ^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.13 resulting from the following measures:		
<ul style="list-style-type: none"> • Department of Defence – efficiencies • Overseas Allowances for Australian Government Employees - efficiencies 		

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 34: Cost Summary for Program 2.13 Defence Science and Technology^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Employees	278,910	296,238	300,456	302,092	310,494
Suppliers	142,659	152,307	150,202	80,643	88,099
Grants	58	-	-	-	-
Depreciation and amortisation	29,323	28,064	27,625	26,950	25,588
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	1,125	1,250	1,363	1,471	1,581
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	452,075	477,859	479,646	411,156	425,762
Income					
Revenues					
Goods and services	2,776	2,843	2,904	2,967	3,033
Other revenue	195	201	206	211	216
Total revenue	2,971	3,044	3,110	3,178	3,249
Gains					
Reversal of previous asset write-downs	1,636	1,818	1,981	2,139	2,298
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	1,636	1,818	1,981	2,139	2,298
Total income	4,607	4,862	5,091	5,317	5,547
Program 2.13 Defence Science and Technology	447,468	472,997	474,555	405,839	420,215

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.12 Defence Science and Technology.

Administered Program 2.14: Defence Force Superannuation Benefits^[1]

Administered Program 2.14 Objective

To administer and report member and employer contributions paid during the year to the Defence Force Retirement and Death Benefits (DFRDB) scheme, the Military Superannuation and Benefits Scheme (MSBS) and ADF Super. It accounts for the liability for these schemes plus the Defence Forces Retirement Benefits (DFRB) scheme and the statutory death and invalidity scheme, ADF Cover. This program includes payment of the MSBS Retention Benefit.

Delivery	<p>This program will be achieved by reporting on superannuation contributions and the movement in liabilities associated with the five military superannuation schemes.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> • The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members. • The DFRDB was closed to new participants in 1991. Since 1 July 2016, DFRDB members who re-enter the ADF no longer rejoin 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 re-entered members with a preserved employer benefit only. The MSBS closed to new participants on 1 July 2016. • ADF Super is the current superannuation scheme for new ADF members. It commenced 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. • All five schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation. • Since 1991, Defence has paid the MSBS Retention Benefit to eligible MSBS members after 15 years of continuous eligible service. The purpose of the Retention Benefit is to encourage members to serve until they have completed 20 years of service. Due to legislative amendments passed in 2005, the Retention Benefit is not available to members who enlisted after 6 October 2005.
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Provision of timely payments to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions.	Payments are provided within agreed timeframes to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions. <i>Expected to be met.</i>

Year	Performance criteria ^[2]	Targets
2017-18	Provision of timely payments to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions.	Payments are provided within agreed timeframes to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.14 resulting from the following measures: Nil		

Notes

- Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
- New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
- Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 35: Cost Summary for Administered Program 2.14 Defence Force Superannuation Benefits^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Military retention benefits	79,985	93,548	107,299	120,288	120,636
Military superannuation benefits ^[2]	4,244,884	1,511,683	1,514,774	1,516,436	1,514,240
Total expenses	4,324,869	1,605,231	1,622,073	1,636,724	1,634,876
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	1,416,269	1,352,073	1,293,092	1,242,547	1,199,048
Total income	1,416,269	1,352,073	1,293,092	1,242,547	1,199,048
Program 2.14 Defence Force Superannuation Benefits	2,908,600	253,158	328,981	394,177	435,828

Notes

- Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.14 Defence Force Superannuation Benefits.
- The decrease from 2016-17 to 2017-18 predominately relates to the change in the interest rate impacting the actuarial losses within equity.

Administered Program 2.15: Defence Force Superannuation Nominal Interest^[1]

Administered Program 2.15 Objective
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To administer nominal interest for the three defined benefit military superannuation schemes: the Defence Forces Retirement Benefits (DFRB) scheme, the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS), as well as the statutory death and invalidity scheme, ADF Cover.

Delivery	<p>This program will be achieved by reporting on superannuation nominal interest associated with the three military superannuation schemes and the statutory death and invalidity scheme.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> • The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members. • The DFRDB was closed to new participants in 1991. • The MSBS commenced in 1991 and is available to all full-time members of the ADF. • ADF Cover is the statutory death and invalidity scheme that accompanies the new accumulation military superannuation scheme, ADF Super. • All four schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation.
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Provide quality administration services for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions.	Administration services are provided as agreed for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions. <i>Expected to be met.</i>
2017-18	Provide quality administration services for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions.	Administration services are provided as agreed for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.15 resulting from the following measures: Nil
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Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 36: Cost Summary for Administered Program 2.15 Defence Force Superannuation Nominal Interest^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'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	3,395,619	3,827,512	4,005,191	4,186,730	4,371,883
Total expenses	3,395,619	3,827,512	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	3,395,619	3,827,512	4,005,191	4,186,730	4,371,883

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.15 Defence Force Superannuation Nominal Interest.

Administered Program 2.16: Housing Assistance^[1]

Administered Program 2.16 Objective

The Defence Home Ownership Assistance Scheme (DHOAS) was established in order to support the Government’s retention and recruitment initiatives and influence ADF members’ decision to stay beyond critical career points. The scheme came into effect on 1 July 2008.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • providing ADF members with assistance to achieve home ownership that reflects the contemporary housing and home finance markets. • providing progressively higher levels of assistance for eligible members serving beyond the critical career points of four, eight and twelve years of service. • providing quality services for the administration of the Scheme, including the accurate and timely processing of member applications and issuing of Subsidy Certificates. <p>Notes about this program:</p> <ul style="list-style-type: none"> • the Scheme provides eligible ADF members and ex-serving members with assistance to either purchase a home, purchase land for the purpose of building a home, or to renovate or extend an existing home. • following a competitive tendering process the Department of Veterans’ Affairs was appointed Scheme Administrator and a panel of three Home Loan Providers was established: National Australia Bank (NAB), Australian Military Bank, and the Defence Bank.
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Performance information

Year	Performance criteria ^[2]	Targets
2016-17	Members respond to and take up the scheme.	6,000 applications received with 3,800 members taking up the scheme. <i>Expected to be met.</i>
	Ensure that interest rates provided to ADF members by the Home Loan Providers are competitive with other interest rates in the market.	Interest rates offered are consistently lower than other interest rates in the market. <i>Expected to be met.</i>
2017-18	Members respond to and take up the scheme.	6,000 applications received with 3,800 members taking up the scheme.
	Ensure that interest rates provided to ADF members by the Home Loan Providers are competitive with other interest rates in the market.	Interest rates offered are consistently lower than other interest rates in the market.
2018-19 and beyond	As per 2017-18	As per 2017-18.

Purpose^[3]	Purpose 2 – Protect and advance Australia’s strategic interests.
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Material changes to Program 2.16 resulting from the following measures: Nil

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 37: Cost Summary for Administered Program 2.16 Housing Assistance^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	105,485	117,499	127,264	136,205	146,013
Total expenses	105,485	117,499	127,264	136,205	146,013
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	15,178	15,932	16,658	17,358	18,118
Other	-	-	-	-	-
Total income	15,178	15,932	16,658	17,358	18,118
Program 2.16 Housing Assistance	90,307	101,567	110,606	118,847	127,895

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.16 Housing Assistance.

Administered Program 2.17: Other Administered^[1]

Administered Program 2.17 Objective

This program comprises three elements:

1. interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements.
2. interest on Government loans to fund the building of new accommodation, dividends and tax equivalent payments received from the DHA.
3. revenue received from science and technology royalties where the royalties offset Departmental cost of an activity, to the extent there was no appropriation for the activity.

Delivery	Report on interest and other receipts transferred to the Official Public account.
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Performance information

Year	Performance criteria^[2]	Targets
2016-17	Account and report 'Other Administered'.	Accounting and reporting is accurate. <i>Expected to be met.</i>
2017-18	Account and report 'Other Administered'.	Accounting and reporting is accurate.
2018-19 and beyond	As per 2017-18.	As per 2017-18.
Purpose^[3]	Purpose 2 - Protect and advance Australia's strategic interests.	

Material changes to Program 2.17 resulting from the following measures: Nil

Notes

1. Budget Programs have been renumbered from 2017-18 onwards as per Figure 4.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
3. Refers to updated purposes that will be reflected in the 2017-18 Defence Corporate Plan.

Table 38: Cost Summary for Administered Program 2.17 Other Administered^[1]

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'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	24,715	24,205	24,205
Dividends	39,203	44,780	39,975	43,173	33,230
Other	40,969	20,607	17,579	17,804	27,510
Total income	106,059	91,274	82,269	85,182	84,945
Program 2.17 Other Administered	-106,059	-91,274	-82,269	-85,182	-84,945

Note

1. Budget Programs have been renumbered from 2017-18 onwards. As such 2016-17 Estimated Actuals reflects the former Program 1.17 Other Administered.

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive overview of agency finances for the 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 39: Summary of Estimated Special Account Balances^{[1][2][3]}

	Outcome	Opening		Receipts		Payments		Adjustments		Closing
		2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18	Balance	
		<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	<i>2016-17</i>	
		\$'000	\$'000	\$'000	\$'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	75,900	47,400	-42,760	-	80,540				
	<i>1</i>	<i>70,953</i>	<i>27,693</i>	<i>-22,746</i>	-	<i>75,900</i>				
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	49	1	-1	-	49				
	<i>1</i>	<i>48</i>	<i>4</i>	<i>-3</i>	-	<i>49</i>				
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	169	6	-6	-	169				
	<i>1</i>	<i>169</i>	<i>6</i>	<i>-6</i>	-	<i>169</i>				
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	1,600	222	-174	-	1,648				
	<i>1</i>	<i>1,491</i>	<i>221</i>	<i>-112</i>	-	<i>1,600</i>				
Total Special Accounts 2017-18		77,718	47,629	-42,941	-	82,406				
<i>2016-17 estimated actual</i>		<i>72,661</i>	<i>27,924</i>	<i>-22,867</i>	-	<i>77,718</i>				

Notes

1. 2017-18 estimates in bold.
2. 2016-17 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 40: Australian Government Indigenous Expenditure

	Program	Bill No. 1 \$'000
Defence Indigenous Employment Strategy^{[1][2]}		
Departmental 2017-18 Budget Estimate	2.12	5,662
<i>Departmental 2016-17 Estimated Actual</i>	1.11	3,619
Army Aboriginal Community Assistance Program^{[1][3]}		
Departmental 2017-18 Budget Estimate	2.6	6,700
<i>Departmental 2016-17 Estimated Actual</i>	1.3	5,700
Total 2017-18 Revised Estimate		12,362
<i>Total 2016-17 Budget Estimate</i>		<i>9,319</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 2.5 Remote Australian Strategy Appropriation.

Defence Reconciliation Action Plan

Defence is committed to the Government's plan to close the gap in Indigenous disadvantage. The Defence Reconciliation Action Plan provides the overarching strategy for Defence's commitment to increasing its Indigenous employment to 2.7 per cent and Indigenous procurement to three per cent by 30 June 2018.

The Defence Reconciliation Action Plan includes a number of actions under the themes of Respect, Relationships and Opportunities, with the key areas of focus being to:

- offer employment opportunities to Aboriginal and Torres Strait Islander people across Australia;
- provide professional and career development opportunities for our Aboriginal and Torres Strait Islander workforce; and
- provide Indigenous businesses with contracting opportunities.

Defence's Indigenous workforce continues to grow, with over two per cent of the total Australian Defence Force and Australian Public Service workforce being Indigenous.

Implementation of the Indigenous Procurement Policy across Defence has resulted in the awarding of 285 contracts to 94 Indigenous businesses in financial year 2015-16. This was almost four times Defence's planned procurement target and totalled \$142 million or half of all expenditure under the Commonwealth Indigenous Procurement Policy that year.

Defence Indigenous Development Program

Defence continues to offer a range of programs for Indigenous Australians interested in a career in the Australian Defence Force or Defence Australian Public Service workforce and existing Indigenous members of Defence.

The Australian Defence Force continues to conduct the Defence Indigenous Development Program - Navy, Army Indigenous Development Program and Indigenous Pre-Recruit Program across Australia.

Defence implements a number of entry-level programs for the Australian Public Service workforce, including several Indigenous traineeships and Indigenous placements on mainstream graduate programs. These are all implemented through collaboration with other public sector agencies.

A number of programs are offered to existing personnel to support their career development and retention, including Indigenous leadership training, establishment of regional Defence Aboriginal and Torres Strait Islander Network chapters and ensuring that Defence is a culturally inclusive and respectful workplace through the implementation of the Defence Cultural Awareness (Indigenous) Learning Framework and the Defence Indigenous Cultural Advisory Group.

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Program (AACAP) is a collaborative partnership between the Department of the Prime Minister and Cabinet (PM&C) and the Australian Army which aims to improve environmental health and living conditions in remote Indigenous communities. One project is undertaken each calendar year targeting improvements in housing and essential services including water, power, sewerage and health. Community selection capitalises on Army's ability to deploy and sustain a construction camp for a prolonged period in a remote area of Australia, to holistically deliver a range of services to Indigenous communities which would not normally be available through other project means. The 2017 Project is being delivered in Toomelah, New South Wales over the period April to June 2017. Development for the 2018 Project in Yatala, South Australia is underway.

3.1.2 Grants

Table 41: Approved Grants

	2016-17 Estimated Actual \$'000 ^[1]	Total Grant Amount Approved \$'000 ^[1]	2017-18 Budget Estimate \$'000 ^[1]
Approved since 2016-17 PAES			
New Air Combat Capability - Industry Support Program (NACC-ISP)	183	1,000	407
Total grants approved since 2016-17 PAES	183	1,000	407
Previously approved grants			
Family Support Funding Program	1,149	1,699	275
Army History Research Grant Scheme	63	63	-
Priority Industry Capability Innovation Program (PICIP)	1,265	1,265	-
Centre for Defence Industry Capability (CDIC) Program	31	31	-
New Air Combat Capability - Industry Support Program (NACC-ISP)	1,621	5,935	357
Industry Skilling Program - School Pathways Program (ISP-SPP) Regional Development Australia (RDA)	375	600	225
Team Navy Australian Surf Rowers League Series	200	530	180
Army and Air Force Canteens Services (AAFCANS) Special Amenity Grant	800	2,000	400
National Boer War Memorial	500	500	-
Aboriginal Communities and Traditional Owners Support	-	220	220
Manual of International Law Applicable to Military Uses of Outer Space (MILAMOS)	40	120	40
Shedden Professorship in Strategic Policy Studies	291	900	300
Institute for Regional Security (IFRS)	176	176	-
The Australian Chapter of the Council for Security Co-Op in the Asia-Pacific (AusCSCAP)	129	129	-
Australian Women's Pilots' Association	14	57	14
Temora Aviation Museum Operation Enduring Sustainability	2,000	8,000	2,000
UNSW Airport Apron Pavement Research (AAPR)	36	60	24
Australian Airport Association (AAA) Aircraft Pavement Research	792	1,980	792
Australian International Military Games (AIMG)	3,000	7,000	4,000
Australian War Memorial (AWM) - ANZAC Centenary Travelling Exhibition	2,727	9,000	2,727
The Australian Defence Force (ADF) Long Tan Youth Leadership and Teamwork Awards	1,050	1,700	650
The Australian Nuclear Science and Technology Organisation (ANSTO)	2,000	2,000	-
Shoalhaven Defence Families Association	44	120	39
Network Tindal Incorporated	48	141	48
Larrakeyah Neighbourhood House	44	128	44
Robertson Barracks Family Group	43	126	43
Top Ender Tri Services Magazine Incorporated	63	186	63
Power Community	57	148	48
Douling Point Community Centre	28	85	28
Bandiana Neighbourhood House	44	132	44
Necana Association	33	99	36
Australian Peacekeeping Memorial Project	1,100	2,200	1,100
Robert C Stevenson	7	6	-
The Sir Richard Williams Foundation Inc.	50	150	-
Australian Strategic Policy Institute (ASPI)	3,442	10,328	3,528
Multinational Force and Observers (MFO) ^[2]	872	2,616	872
North Atlantic Treaty Organisation (NATO) Afghan National Army Trust Fund ^[2]	104,644	313,931	104,644
United Nations Peace Operations Training Institute (POTI) ^[2]	229	1,145	229
United Nations Protection of Civilians Project ^[2]	92	92	-
United Nations Peace Operations Training Institute (POTI) e Learning for African Peacekeepers ^[2]	52	209	-
Total previously approved grants	129,151	375,808	122,972
Total grants^[3]	129,334	376,808	123,379

Notes

1. Figures are GST exclusive.
2. Total grant amount is reflective of USD figures converted into AUD.
3. Figures may not balance due to rounding.

The following are grants that have been approved since the *2016-17 Portfolio Additional Estimates Statements*:

New Air Combat Capability – Industry Support Program (NACC-ISP)

The Program provides funding to Australian companies and research organisations 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 (JSF) Program.

3.2 RESOURCE SUMMARY

Table 42: Budgeted Departmental Net Cost of Service (cash) (for the period ended 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget 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	11,487,040	11,725,833	11,756,104	12,145,127	12,541,005
Supplier payments	11,177,818	12,331,589	12,390,068	13,360,879	14,841,989
Purchase of specialist military equipment	5,920,802	6,578,914	7,606,577	8,640,412	10,121,351
Purchase of inventory	1,448,565	1,458,529	1,410,996	1,466,068	1,340,686
Purchase of other property, plant and equipment	2,168,866	2,778,011	2,996,145	3,359,393	3,559,043
Net cash to / (from) the Official Public Account	897	919	942	966	990
Other cash used	1,770,039	1,960,982	2,005,695	2,153,295	2,246,935
Total cash used	33,974,027	36,834,777	38,166,527	41,126,140	44,651,999
Own source receipts	2,092,149	2,264,244	2,416,996	2,766,100	2,684,507
Total cash received	2,092,149	2,264,244	2,416,996	2,766,100	2,684,507
Net cost of service (cash)	31,881,878	34,570,533	35,749,531	38,360,040	41,967,492
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	30,817,174	32,205,226	31,906,770	33,628,917	35,825,139
Appropriation carried forward from previous year	-	-	-	-	-
Appropriation Bill 2/4 (equity injection)	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Total funding source	31,881,878	34,570,533	35,749,531	38,360,040	41,967,492
Change in cash	-	-	-	-	-

Portfolio Resource Statement

Table 43: Total Departmental and Administered Consolidated Cash Budget for the Department of Defence^[1]

	2017-18 Budget Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	32,205.2
Appropriation - Contributed Equity (Bill 2)	2,365.3
Appropriations for military superannuation ^[2]	2,552.6
less Returns to the OPA	-1,471.1
Total cash available	35,652.0
OPERATING ACTIVITIES	
Cash received	
Goods and services	459.3
Net GST received	1,643.0
Interest	25.9
Other cash	82.1
Fees	15.9
Total cash received	2,226.2
Cash used	
Employees	10,373.8
Suppliers	12,331.6
Net GST paid	1,643.0
Grants	127.6
Other cash	33.7
Subsidies paid	117.5
Military benefits	2,435.1
Total cash used	27,062.2
Net cash from or (used by) operating activities	-24,836.1
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	86.1
Proceeds from sales of infrastructure, plant and equipment	23.6
Proceeds from sales of specialist military equipment	7.5
Proceeds from sales of heritage and cultural assets	-
Dividends	38.9
Other	-
Total cash received	156.2
Cash used	
Purchase of land and buildings	1,225.9
Purchase of infrastructure, plant and equipment	1,462.8
Purchase of specialist military equipment	6,578.9
Purchase of heritage and cultural assets	-
Purchase of intangibles	89.3
Purchase of inventory	1,458.5
Selling costs on sale of assets	13.9
Finance costs	110.1
Total cash used	10,939.4
Net cash from or (used by) investing activities	-10,783.2
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	47.6
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	47.6

Notes

1. Figures show n eliminate transactions flow ing betw een Departmental and Administered funding.
2. Cross reference w ith Table 60 Budgeted Administered Statement of Cash Flow s for the Department of Defence for the period ended 30 June.

Table 44: Defence Resource Statement – Budget Estimates for 2017-18 as at May 2017

Serial No.		Estimate of prior year amounts available in 2017-18 \$'000	+ Proposed at Budget 2017-18 \$'000	= Total Estimate 2017-18 \$'000	Total available Appropriation 2016-17 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	1,010,331	1,010,331	30,020,611
	Outcome 2	-	31,194,895	31,194,895	774,101
	Outcome 3	-	-	-	22,462
1	Total Departmental outputs	-	32,205,226	32,205,226	30,817,174
2	Total ordinary annual services (1)	-	32,205,226	32,205,226	30,817,174
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	-	2,365,307	2,365,307	1,064,704
3	Total Departmental non-operating	-	2,365,307	2,365,307	1,064,704
4	Total other services (3)	-	2,365,307	2,365,307	1,064,704
5	Total available annual appropriation (2+4)	-	34,570,533	34,570,533	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	21,611	14,122
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,805,324	1,805,324	1,504,600
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	3,483,232	3,483,232	6,091,696
	<i>Australian Defence Force Cover Act 2015</i>	-	122,576	122,576	110,070
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	484	484	618
	<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	-	117,015	117,015	104,867
6	Total special appropriations	-	5,550,242	5,550,242	7,825,973
7	Total appropriations (5+6)	-	40,120,775	40,120,775	39,707,851
	Funding from other sources	-	2,091,474	2,091,474	2,158,128
	Returns to the OPA (net)	-	-1,471,125	-1,471,125	-1,560,915
	Previous years' outputs (appropriation receivable)	687,345	-	687,345	687,345
	Cash available	47,597	-	47,597	47,597
8	Total other available resources	734,942	620,349	1,355,291	1,332,155
9	Total resourcing (7+8)	734,942	40,741,124	41,476,066	41,040,006
	Special Accounts				
	Opening Balance	77,718	-	77,718	72,661
	Appropriation Receipts	-	-	-	-
	Appropriation Receipts - other agencies	-	-	-	-
	Non-Appropriation Receipts to Special Accounts	-	47,629	47,629	27,924
10	Total special accounts	77,718	47,629	125,347	100,585

Table 45: Third Party Payments to and from other Agencies^[1]

	Estimated Actual 2016-17 \$'000	Budget Estimate 2017-18 \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	113,933	89,784
Payments made to Defence Housing Australia for the provision of services (Departmental)	694,507	771,795
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	23,855	24,513
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	35,971	38,714
Payments made to the Department of Finance for the provision of services (Departmental)	66,462	67,645
Payments made to Comcare for workers compensation premiums (Departmental)	34,696	39,200
Payments made to the Australian Federal Police for the provision of services (Departmental)	43,654	45,340
Payments made to the Department of Human Services for the provision of services (Departmental)	2,156	-

Note

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

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

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 46: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	11,631,215	11,812,863	181,648	1.6
Supplier expenses	13,161,793	13,834,064	672,271	5.1
Grants	124,022	127,639	3,617	2.9
Depreciation and amortisation	6,540,076	6,520,805	-19,271	-0.3
Finance costs	183,605	182,988	-617	-0.3
Write-down of assets and impairment of assets	524,209	524,407	198	-
Losses from sale of assets	-	-	-	-
Other	34,137	33,656	-481	-1.4
Total expenses	32,199,057	33,036,422	837,365	2.6
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	429,866	459,315	29,449	6.9
Other revenue	49,920	44,686	-5,234	-10.5
Total own-source revenue	479,786	504,001	24,215	5.0
Gains				
Reversals of previous asset write-downs	283,975	284,263	288	0.1
Sale of assets	34,526	37,994	3,468	10.0
Other gains	4,938	4,938	-	-
Total gains	323,439	327,195	3,756	1.2
Total own-source income	803,225	831,196	27,971	3.5
Net cost of (contribution by) services	31,395,832	32,205,226	809,394	2.6
Revenue from Government	31,395,832	32,205,226	809,394	2.6
Surplus (Deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Table 47: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	47,597	47,597	-	-
Trade and other receivables	107,523	107,523	-	-
Tax assets	243,196	243,196	-	-
Appropriation receivable	687,345	687,345	-	-
Other receivables	304,075	304,075	-	-
Total financial assets	1,389,735	1,389,735	-	-
Non-financial assets				
Land and buildings	17,851,260	17,551,132	-300,128	-1.7
Infrastructure, plant and equipment	9,324,620	9,340,951	16,331	0.2
Specialist military equipment	58,252,015	58,045,460	-206,555	-0.4
Intangibles	738,358	712,816	-25,542	-3.5
Heritage and cultural	564,588	564,590	2	-
Inventories	6,379,820	6,381,584	1,764	-
Prepayments	2,874,690	2,874,690	-	-
Total non-financial assets	95,985,351	95,471,223	-514,128	-0.5
Assets held for sale	63,538	63,538	-	-
Total assets	97,438,624	96,924,496	-514,128	-0.5
LIABILITIES				
Payables				
Suppliers	2,502,268	2,520,860	18,592	0.7
Other	233,015	233,015	-	-
Total payables	2,735,283	2,753,875	18,592	0.7
Interest bearing liabilities				
Leases	1,469,184	1,469,184	-	-
Total interest bearing liabilities	1,469,184	1,469,184	-	-
Provisions				
Employee provisions	2,811,744	2,844,517	32,773	1.2
Restoration, decontamination and decommissioning	1,428,162	1,427,537	-625	-
Other	29,193	29,193	-	-
Total provisions	4,269,099	4,301,247	32,148	0.8
Total liabilities	8,473,566	8,524,306	50,740	0.6
NET ASSETS	88,965,058	88,400,190	-564,868	-0.6
EQUITY				
Contributed equity	29,437,507	29,239,086	-198,421	-0.7
Reserves	24,303,327	24,303,326	-1	-
Retained surplus (accumulated deficit)	35,224,224	34,857,777	-366,447	-1.0
Total equity	88,965,058	88,400,190	-564,868	-0.6

Table 48: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	31,395,832	32,205,226	809,394	2.6
Goods and services	429,866	459,303	29,437	6.8
Net GST received	1,596,281	1,642,976	46,695	2.9
Other cash received	49,917	44,683	-5,234	-10.5
Total cash received	33,471,896	34,352,188	880,292	2.6
Cash used				
Employees	11,597,036	11,725,833	128,797	1.1
Suppliers	11,727,299	12,331,589	604,290	5.2
Net GST paid	1,596,281	1,642,976	46,695	2.9
Grants	124,022	127,639	3,617	2.9
Other cash used	34,137	33,656	-481	-1.4
Cash transfer to the Official Public Account (receivables)	919	919	-	-
Total cash used	25,079,694	25,862,612	782,918	3.1
Net cash from (used by) operating activities	8,392,202	8,489,576	97,374	1.2
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	86,136	86,136	-	-
Proceeds from sales of infrastructure, plant and equipment	23,587	23,597	10	0.0
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Total cash received	117,272	117,282	10	0.0
Cash used				
Purchase of land and buildings	1,206,248	1,225,924	19,676	1.6
Purchase of infrastructure, plant and equipment	1,454,327	1,462,815	8,488	0.6
Purchase of specialist military equipment	6,731,209	6,578,914	-152,295	-2.3
Purchase of intangibles	90,752	89,272	-1,480	-1.6
Purchase of inventory	1,392,974	1,458,529	65,555	4.7
Selling costs on sale of assets	17,347	13,877	-3,470	-20.0
Finance costs	110,084	110,051	-33	-
Total cash used	11,002,941	10,939,382	-63,559	-0.6
Net cash from (used by) investing activities	-10,885,669	-10,822,100	63,569	-0.6
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	2,526,250	2,365,307	-160,943	-6.4
Total cash received	2,526,250	2,365,307	-160,943	-6.4
Cash used				
Repayment of debt	32,783	32,783	-	-
Total cash used	32,783	32,783	-	-
Net cash from (used by) financing activities	2,493,467	2,332,524	-160,943	-6.5
Net increase (decrease) in cash and cash equivalents held				
Cash and cash equivalents at the beginning of the reporting period	47,597	47,597	-	-
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	47,597	-	-

Table 49: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
EXPENSES					
Employee benefits	11,520,134	11,812,863	11,836,467	12,223,939	12,627,685
Supplier expenses	12,410,786	13,834,064	13,766,324	14,786,819	16,219,908
Grants	112,334	127,639	122,140	126,270	15,678
Depreciation and amortisation	6,855,045	6,520,805	6,258,265	6,572,151	7,042,554
Finance costs	172,974	182,988	195,279	197,434	210,981
Write-down of assets and impairment of assets	500,790	524,407	549,065	574,444	600,805
Foreign exchange losses	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Other	18,376	33,656	12,903	2,155	2,210
Total expenses	31,590,439	33,036,422	32,740,443	34,483,212	36,719,821
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	437,152	459,315	468,631	483,287	506,405
Other revenue	47,389	44,686	46,753	47,945	49,136
Total own-source revenue	484,541	504,001	515,384	531,232	555,541
Gains					
Reversals of previous asset write-downs	269,524	284,263	299,671	315,256	331,346
Sale of assets	15,617	37,994	13,557	2,619	2,477
Other gains	4,818	4,938	5,061	5,188	5,318
Total gains	289,959	327,195	318,289	323,063	339,141
Total own-source income	774,500	831,196	833,673	854,295	894,682
Net cost of (contribution by) services	30,815,939	32,205,226	31,906,770	33,628,917	35,825,139
Revenue from Government	30,817,174	32,205,226	31,906,770	33,628,917	35,825,139
Surplus (Deficit) attributable to the Australian Government	1,235	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	1,235	-	-	-	-

Table 50: Budgeted Departmental Balance Sheet (as at 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	47,597	47,597	47,597	47,597	47,597
Trade and other receivables	107,523	107,523	107,523	107,523	107,523
Tax assets	243,196	243,196	243,196	243,196	243,196
Appropriation receivable	687,345	687,345	687,345	687,345	687,345
Other receivables	327,700	304,075	300,234	296,390	296,392
Total financial assets	1,413,361	1,389,735	1,385,894	1,382,051	1,382,053
Non-financial assets					
Land and buildings	17,132,907	17,551,132	18,174,380	18,829,007	20,012,324
Infrastructure, plant and equipment	8,444,631	9,340,951	9,977,169	10,780,445	11,477,034
Specialist military equipment	56,693,869	58,045,460	60,659,121	63,934,393	68,196,318
Intangibles	772,342	712,816	845,162	1,010,304	1,276,854
Heritage and cultural	593,847	564,590	535,333	506,076	476,819
Inventories	6,564,120	6,381,584	6,184,444	5,975,765	5,733,320
Prepayments	2,874,690	2,874,690	2,874,690	2,874,690	2,874,690
Total non-financial assets	93,076,406	95,471,223	99,250,299	103,910,680	110,047,359
Assets held for sale	63,538	63,538	63,538	63,538	63,538
Total assets	94,553,304	96,924,496	100,699,731	105,356,268	111,492,949
LIABILITIES					
Payables					
Suppliers	2,409,576	2,520,860	2,565,545	2,605,253	2,702,239
Other	230,773	233,015	235,866	239,198	245,377
Total payables	2,640,349	2,753,875	2,801,411	2,844,451	2,947,616
Interest bearing liabilities					
Leases	1,501,967	1,469,184	1,433,779	1,396,124	1,355,761
Total interest bearing liabilities	1,501,967	1,469,184	1,433,779	1,396,124	1,355,761
Provisions					
Employee provisions	2,759,729	2,844,517	2,922,029	2,997,509	3,078,010
Restoration, decontamination and decommissioning	1,354,600	1,427,537	1,512,510	1,609,156	1,722,639
Other	29,193	29,193	29,193	29,193	29,193
Total provisions	4,143,522	4,301,247	4,463,732	4,635,858	4,829,842
Total liabilities	8,285,838	8,524,306	8,698,922	8,876,433	9,133,219
NET ASSETS	86,267,466	88,400,190	92,000,809	96,479,835	102,359,730
EQUITY					
Contributed equity	26,874,697	29,239,086	33,080,907	37,811,062	43,952,424
Reserves	24,534,992	24,303,326	24,062,125	23,810,996	23,549,529
Retained surplus (accumulated deficit)	34,857,777	34,857,777	34,857,777	34,857,777	34,857,777
Total equity	86,267,466	88,400,190	92,000,809	96,479,835	102,359,730

Table 51: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	30,817,174	32,205,226	31,906,770	33,628,917	35,825,139
Goods and services	437,152	459,303	468,631	483,287	506,405
Net GST received	1,494,039	1,642,976	1,713,570	1,880,575	2,085,689
Other cash received	47,386	44,683	46,750	47,942	49,133
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	32,795,751	34,352,188	34,135,721	36,040,721	38,466,366
Cash used					
Employees	11,487,040	11,725,833	11,756,104	12,145,127	12,541,005
Suppliers	11,177,818	12,331,589	12,390,068	13,360,879	14,841,989
Net GST paid	1,494,039	1,642,976	1,713,570	1,880,575	2,085,689
Grants	112,334	127,639	122,140	126,270	15,678
Other cash used	18,376	33,656	12,903	2,155	2,210
Cash transfer to the Official Public Account (receivables)	897	919	942	966	990
Total cash used	24,290,504	25,862,612	25,995,727	27,515,972	29,487,561
Net cash from (used by) operating activities	8,505,247	8,489,576	8,139,994	8,524,749	8,978,805
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	82,718	86,136	161,176	325,866	16,556
Proceeds from sales of infrastructure, plant and equipment	23,305	23,597	19,320	20,881	19,175
Proceeds from sales of specialist military equipment	7,549	7,549	7,549	7,549	7,549
Total cash received	113,572	117,282	188,045	354,296	43,280
Cash used					
Purchase of land and buildings	707,156	1,225,924	1,522,023	1,714,160	1,913,112
Purchase of infrastructure, plant and equipment	1,332,534	1,462,815	1,201,028	1,369,734	1,259,520
Purchase of specialist military equipment	5,920,802	6,578,914	7,606,577	8,640,412	10,121,351
Purchase of intangibles	129,176	89,272	273,094	275,499	386,411
Purchase of inventory	1,448,565	1,458,529	1,410,996	1,466,068	1,340,686
Selling costs on sale of assets	8,276	13,877	11,371	5,852	5,497
Finance costs	104,558	110,051	110,306	100,788	97,498
Total cash used	9,651,067	10,939,382	12,135,395	13,572,513	15,124,075
Net cash from (used by) investing activities	-9,537,495	-10,822,100	-11,947,350	-13,218,217	-15,080,795
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Total cash received	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Cash used					
Repayment of debt	32,456	32,783	35,405	37,655	40,363
Total cash used	32,456	32,783	35,405	37,655	40,363
Net cash from (used by) financing activities	1,032,248	2,332,524	3,807,356	4,693,468	6,101,990
Net increase (decrease) in cash and cash equivalents held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	47,597	47,597	47,597	47,597	47,597
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	47,597	47,597	47,597	47,597	47,597

Table 52: 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	34,857,777	24,534,992	26,874,697	86,267,466
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	34,857,777	24,534,992	26,874,697	86,267,466
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-231,666	-	-231,666
Subtotal comprehensive income	-	-231,666	-	-231,666
Surplus (Deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-231,666	-	-231,666
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-919	-919
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	2,365,307	2,365,307
Other	-	-	-	-
Sub-total transaction with owners	-	-	2,364,389	2,364,389
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2018	34,857,777	24,303,326	29,239,086	88,400,190

Table 53: Departmental Capital Budget Statement

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Total capital appropriations	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Represented by:					
Purchase of non-financial assets	1,032,248	2,332,524	3,807,356	4,693,468	6,101,990
Annual finance lease costs	32,456	32,783	35,405	37,655	40,363
Other items	-	-	-	-	-
Total Items	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,064,704	2,365,307	3,842,761	4,731,123	6,142,353
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[1]	7,024,220	6,990,797	6,759,041	7,267,504	7,536,725
Total	8,088,924	9,356,104	10,601,802	11,998,627	13,679,078
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	8,088,924	9,356,104	10,601,802	11,998,627	13,679,078
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	104,558	110,051	110,306	100,788	97,498
plus annual finance lease costs	32,456	32,783	35,405	37,655	40,363
less gifted assets	-	-	-	-	-
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	8,225,938	9,498,938	10,747,513	12,137,070	13,816,939

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 54: 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	5,101,236	13,238,267	61,987,483	9,482,408	1,891,056	682,485	63,540	92,446,475
Accumulated depreciation/amortisation and impairment	-	1,206,596	5,293,618	1,037,777	1,118,714	88,638	2	8,745,345
Opening net book balance	5,101,236	12,031,671	56,693,865	8,444,631	772,342	593,847	63,538	83,701,130
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	-	1,225,924	6,624,627	1,462,665	88,222	-	-	9,401,438
By transfer from another agency	-	-	-	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	-	1,225,924	6,624,627	1,462,665	88,222	-	-	9,401,438
Other movements								
Assets held for sale	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-	-221,543	24,504	-	-	-	-197,039
Depreciation and amortisation	-	741,899	5,051,489	550,412	147,748	29,257	-	6,520,805
Disposal of entities or other operations (including restructuring)	27,691	14,124	-	23,584	-	-	-	65,399
Other disposals ^[2]	-	23,985	-	16,853	-	-	-	40,838
Total other movements	27,691	780,008	5,273,032	566,345	147,748	29,257	-	6,824,081
As at 30 June 2018								
Gross book value	5,073,545	14,426,082	68,390,567	10,929,140	1,979,278	682,485	63,540	101,544,637
Accumulated depreciation/amortisation and impairment	-	1,948,495	10,345,107	1,588,189	1,266,462	117,895	2	15,266,150
Closing net book value	5,073,545	12,477,587	58,045,460	9,340,951	712,816	564,590	63,538	86,278,487

Notes

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

Table 55: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	25,887	25,887	-	-
Dividends	44,486	44,780	294	0.7
Military superannuation contributions	1,352,073	1,352,073	-	-
License Fees	15,994	15,932	-62	-0.4
Other	20,607	20,607	-	-
Total non-taxation	1,459,047	1,459,279	232	-
Total revenues administered on behalf of Government	1,459,047	1,459,279	232	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	119,400	117,499	-1,901	-1.6
Military retention benefits	93,548	93,548	-	-
Military superannuation benefits	5,330,659	5,339,195	8,536	0.2
Total expenses administered on behalf of Government	5,543,607	5,550,242	6,635	0.1

Table 56: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	52,888	64,670	11,782	22.3
Investments accounted for using the equity method	2,552,101	2,554,363	2,262	0.1
Loans	509,580	509,580	-	-
Total financial assets	3,114,569	3,128,613	14,044	0.5
Non-financial assets				
Prepayments	299,607	299,608	1	-
Total non-financial assets	299,607	299,608	1	-
Total assets administered on behalf of Government	3,414,176	3,428,221	14,045	0.4
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	8,262	8,262	-	-
Total payables	8,262	8,262	-	-
Provisions				
Superannuation - DFRB ^[1]	373,442	360,628	-12,814	-3.4
Superannuation - DFRDB ^[2]	30,281,459	29,704,370	-577,089	-1.9
Superannuation - MSBS ^[3]	36,612,088	36,979,906	367,818	1.0
Superannuation - ADF Cover ^[4]	162,049	162,049	-	-
Total provisions	67,429,038	67,206,953	-222,085	-0.3
Total liabilities administered on behalf of Government	67,437,300	67,215,215	-222,085	-0.3

Notes

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

Table 57: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2017-18 Previous Estimate \$'000	2017-18 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	25,887	25,887	-	-
Military superannuation contributions	1,352,073	1,352,073	-	-
Fees	15,994	15,932	-62	-0.4
Other	37,405	37,405	-	-
Total cash received	1,431,359	1,431,297	-62	-0.0
Cash used				
Subsidies paid	119,400	117,499	-1,901	-1.6
Military benefits	2,450,343	2,435,121	-15,222	-0.6
Total cash used	2,569,743	2,552,620	-17,123	-0.7
Net cash from or (used by) operating activities	-1,138,384	-1,121,323	17,061	-1.5
INVESTING ACTIVITIES				
Cash received				
Dividends	38,909	38,909	-	-
Total cash received	38,909	38,909	-	-
Cash used				
Loans	-	-	-	-
Total cash used	-	-	-	-
Net cash from or (used by) investing activities	38,909	38,909	-	-
Net increase (decrease) in cash held	-1,099,475	-1,082,414	17,061	-1.6
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,569,743	2,552,620	-17,123	-0.7
Cash to the Official Public Account	-1,470,268	-1,470,206	62	-0.0
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

Table 58: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget 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	25,887	25,887	24,715	24,205	24,205
Dividends	39,203	44,780	39,975	43,173	33,230
Military superannuation contributions	1,416,269	1,352,073	1,293,092	1,242,547	1,199,048
Fees	15,178	15,932	16,658	17,358	18,118
Other	40,969	20,607	17,579	17,804	27,510
Total non-taxation	1,537,506	1,459,279	1,392,019	1,345,087	1,302,111
Total revenues administered on behalf of Government	1,537,506	1,459,279	1,392,019	1,345,087	1,302,111
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	105,485	117,499	127,264	136,205	146,013
Military retention benefits	79,985	93,548	107,299	120,288	120,636
Military superannuation benefits	7,640,503	5,339,195	5,519,965	5,703,166	5,886,123
Total expenses administered on behalf of Government	7,825,973	5,550,242	5,754,528	5,959,659	6,152,772

Table 59: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget 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	59,090	64,670	59,868	63,070	53,130
Investments accounted for using the equity method	2,502,692	2,554,363	2,617,667	2,697,453	2,761,174
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	3,071,362	3,128,613	3,187,115	3,270,103	3,323,884
Non-financial assets					
Prepayments	271,556	299,608	328,609	342,221	266,285
Total non-financial assets	271,556	299,608	328,609	342,221	266,285
Total assets administered on behalf of Government	3,342,918	3,428,221	3,515,724	3,612,324	3,590,169
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	8,262	8,262	8,262	8,262	8,262
Total payables	8,262	8,262	8,262	8,262	8,262
Provisions					
Superannuation - DFRB ^[1]	380,754	360,628	340,933	321,724	303,033
Superannuation - DFRDB ^[2]	29,498,787	29,704,370	29,863,678	29,977,222	30,043,531
Superannuation - MSBS ^[3]	34,270,725	36,979,906	39,736,498	42,534,950	45,376,992
Superannuation - ADF Cover ^[4]	42,216	162,049	350,092	604,158	922,773
Total provisions	64,192,482	67,206,953	70,291,201	73,438,054	76,646,329
Total liabilities administered on behalf of Government	64,200,744	67,215,215	70,299,463	73,446,316	76,654,591

Notes

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

Table 60: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	25,887	25,887	24,715	24,205	24,205
Military superannuation contributions	1,416,269	1,352,073	1,293,092	1,242,547	1,199,048
Fees	15,178	15,932	16,658	17,358	18,118
Other	39,965	37,405	39,146	38,321	37,316
Total cash received	1,497,299	1,431,297	1,373,611	1,322,431	1,278,687
Cash used					
Subsidies paid	105,485	117,499	127,264	136,205	146,013
Military benefits	2,288,216	2,435,121	2,562,354	2,682,004	2,715,719
Total cash used	2,393,701	2,552,620	2,689,618	2,818,209	2,861,732
Net cash from or (used by) operating activities	-896,402	-1,121,323	-1,316,007	-1,495,778	-1,583,045
INVESTING ACTIVITIES					
Cash received					
Dividends	62,719	38,909	44,486	39,681	42,879
Total cash received	62,719	38,909	44,486	39,681	42,879
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	62,719	38,909	44,486	39,681	42,879
Net increase (decrease) in cash held	-833,683	-1,082,414	-1,271,521	-1,456,097	-1,540,166
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,393,701	2,552,620	2,689,618	2,818,209	2,861,732
Cash to the Official Public Account	-1,560,018	-1,470,206	-1,418,097	-1,362,112	-1,321,566
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)*.