

**Portfolio Supplementary
Additional Estimates Statements
2017–18**

Appropriation Bill (No. 5) 2017-2018
and
Appropriation Bill (No. 6) 2017-2018
Defence Portfolio

Explanations of Supplementary Additional Estimates 2017–18

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**Senator the Hon Marise Payne
Minister for Defence**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit these Portfolio Supplementary Additional Estimates Statements in support of the additional appropriations sought for the Defence Portfolio, through Appropriation Bill (No. 5) 2017-2018 and Appropriation Bill (No.6) 2017-2018.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely



Marise Payne

Abbreviations and conventions

The following notations may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Assistant Secretary Financial Coordination, Chief Finance Officer Group, Department of Defence on (02) 6265 7341.

A copy of this document can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO SUPPLEMENTARY
ADDITIONAL ESTIMATES
STATEMENTS**

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USER GUIDE

The purpose of the 2017-18 Portfolio Supplementary Additional Estimates Statements (PSAES) is to inform Senators, Members of Parliament and the public of the proposed allocation of additional resources to government outcomes by entities within the portfolio.

The PSAES facilitate understanding of the proposed appropriations in Appropriation Bill (No. 5) 2017-2018 and Appropriation Bill (No. 6) 2017-2018. In this sense the PSAES is declared by the Appropriation Acts to be a 'relevant document' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

Appropriation Bill (No. 5) 2017-2018, which follows on from *Appropriation Act (No. 1)* tabled at Budget and Appropriation Bill (No. 3) tabled at Additional Estimates, will provide additional expenditure authority for the ordinary annual services of government in respect of the 2017-18 financial year.

Appropriation Bill (No. 6) 2017-2018, which follows on from *Appropriation Act (No. 2)* tabled at Budget and Appropriation Bill (No. 4) tabled at Additional Estimates, will provide additional expenditure authority in respect of the 2017-18 financial year for capital works and services, payments to or for the states, territories and local government authorities, and new administered outcomes not authorised in specific legislation.

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DEPARTMENT OF DEFENCE

Overview of additional appropriations

Since the 2017-18 Portfolio Additional Estimates (PAES), Defence funding has been updated to reflect the following adjustments:

- Government will provide additional funding to Defence and better align Defence's existing funding with Capability project requirements, including the Government's national naval shipbuilding program.
- Within the 2017-18 PAES, the adjustment relating to Per-and Poly-Fluorinated Alkyl Substances – research and associated activities was recorded as an Other Budget Adjustment. This adjustment has subsequently been reclassified as a Departmental Budget Measure.
- Defence funding has also been updated to reflect movements in foreign exchange which are funded on a no-win no-loss basis.
- Within the 2017-18 PAES, Defence previously contributed \$12.0m in 2017-18 (\$12.3m across the Forward Estimates) to the Per-and Poly-Fluorinated Alkyl Substances – National Health Research Program led by the Department of Health. In 2017-18, the amount utilised by the Department of Health has been less than anticipated, resulting in \$0.3m being returned to Defence.

DEFENCE MEASURES TABLE

Table 1 summarises new Government measures taken since the 2017-18 PAES. The table is split into revenue, expense and capital measures, with the affected program identified.

Table 1: Defence 2017-18 supplementary additional estimates measures^[1]

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	Total FE \$'000
Departmental expense measures						
Department of Defence — re-profiling of expenditure	Various	500,000	-205,636	-94,000	-94,000	106,364
Per-and Poly-Fluorinated Alkyl Substances — research and associated activities	2.10	-13,000	-	-	-	-13,000
Total Departmental expense measures		487,000	-205,636	-94,000	-94,000	93,364
Other Departmental budget adjustments						
Foreign Exchange	Various	143,498	244,355	-10,647	14,568	391,774
Per-and Poly-Fluorinated Alkyl Substances — research and associated activities ^[2]	2.10	13,000	-	-	-	13,000
Per-and Poly-Fluorinated Alkyl Substances — National Health Research Program	2.10	300	-	-	-	300
Total other Departmental budget adjustments		156,798	244,355	-10,647	14,568	405,074
Variation to Defence Departmental funding		643,798	38,719	-104,647	-79,432	498,438

Note

1. Departmental expense measures and other budget adjustments have also been included in the Portfolio Budget Statements 2018-19.
2. Within the 2017-18 PAES, this adjustment was recorded as an Other Budget Adjustment and has subsequently been reclassified as a Departmental Budget Measure as a part of the 2018-19 PBS.

ADDITIONAL ESTIMATES AND VARIATIONS

The following table details the changes to the resourcing for Defence at Supplementary Additional Estimates, by outcome. The following table details the supplementary estimates and variations resulting from new measures and any other variations (if applicable) since the 2017-18 Additional Estimates in Appropriation Bills (No. 5 and No. 6).

Table 2: Supplementary estimates and variations to outcomes from measures and other variations^[1]

	Program Impacted	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	Total FE \$'000
Outcome 1						
Increase in estimates (Departmental)						
Foreign Exchange	Various	30	-	-	-	30
Net impact on estimates for Outcome 1 (Departmental)		30	-	-	-	30
Outcome 2						
Increase in estimates (Departmental)						
Department of Defence — re-profiling of expenditure	Various	500,000	-205,636	-94,000	-94,000	106,364
Foreign Exchange	Various	143,468	244,355	-10,647	14,568	391,744
Per- and Poly-Fluorinated Alkyl Substances — National Health Research Program	2.10	300	-	-	-	300
Per- and Poly-Fluorinated Alkyl Substances — research and associated activities	2.10	13,000	-	-	-	13,000
Decrease in estimates (Departmental)						
Per- and Poly-Fluorinated Alkyl Substances — research and associated activities ^[2]	2.10	-13,000	-	-	-	-13,000
Net impact on estimates for Outcome 2 (Departmental)		643,768	38,719	-104,647	-79,432	498,408

Note

1. The other budget adjustments have also been included in the Portfolio Budget Statements 2018-19.

2. Within the 2017-18 PAES, this adjustment was recorded as an Other Budget Adjustment and has subsequently been reclassified as a Departmental Budget Measure as a part of the 2018-19 PBS.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for Defence through Appropriation Bills (No. 5 and No.6).

Table 3: Appropriation Bill (No. 5) 2017-2018

	Total available appropriation 2016-17 \$'000	Budget and Additional Estimate 2017-18 \$'000	Revised 2017-18 \$'000	Supplementary Additional Estimates \$'000
Departmental Outputs				
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.	796,563	944,489	944,785	296
Outcome 2				
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.	30,020,611	31,280,085	32,227,635	947,550
Total	30,817,174	32,224,574	33,172,420	947,846

Table 4: Appropriation Bill (No. 6) 2017-2018

	Total available appropriation 2016-17 \$'000	Budget and Additional Estimate 2017-18 \$'000	Revised 2017-18 \$'000	Supplementary Additional Estimates \$'000
Non-operating				
Equity injections	1,064,704	2,299,567	1,995,519	-
Total non-operating	1,064,704	2,299,567	1,995,519	-

Note

1. No additional equity injection is provided in Appropriation Bill (No.6) as the total funding change is negative. \$304.048m will be extinguished against Appropriation Bill (No.2).