



# Budget

## 2019-20

**Portfolio Budget Statements 2019-20**  
**Budget Related Paper No. 1.4A**

Defence Portfolio

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

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**THE HON CHRISTOPHER PYNE MP**  
**MINISTER FOR DEFENCE**  
**LEADER OF THE HOUSE**  
**MEMBER FOR STURT**

President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2019-20 Budget for the Defence portfolio.

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

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

Yours sincerely

**Christopher Pyne MP**

## 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nfp	not for publication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 Budgeting and Reporting, Defence Finance Group, Department of Defence on (02) 6265 7341.

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

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET STATEMENTS**

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## USER GUIDE

The purpose of the *2019-20 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

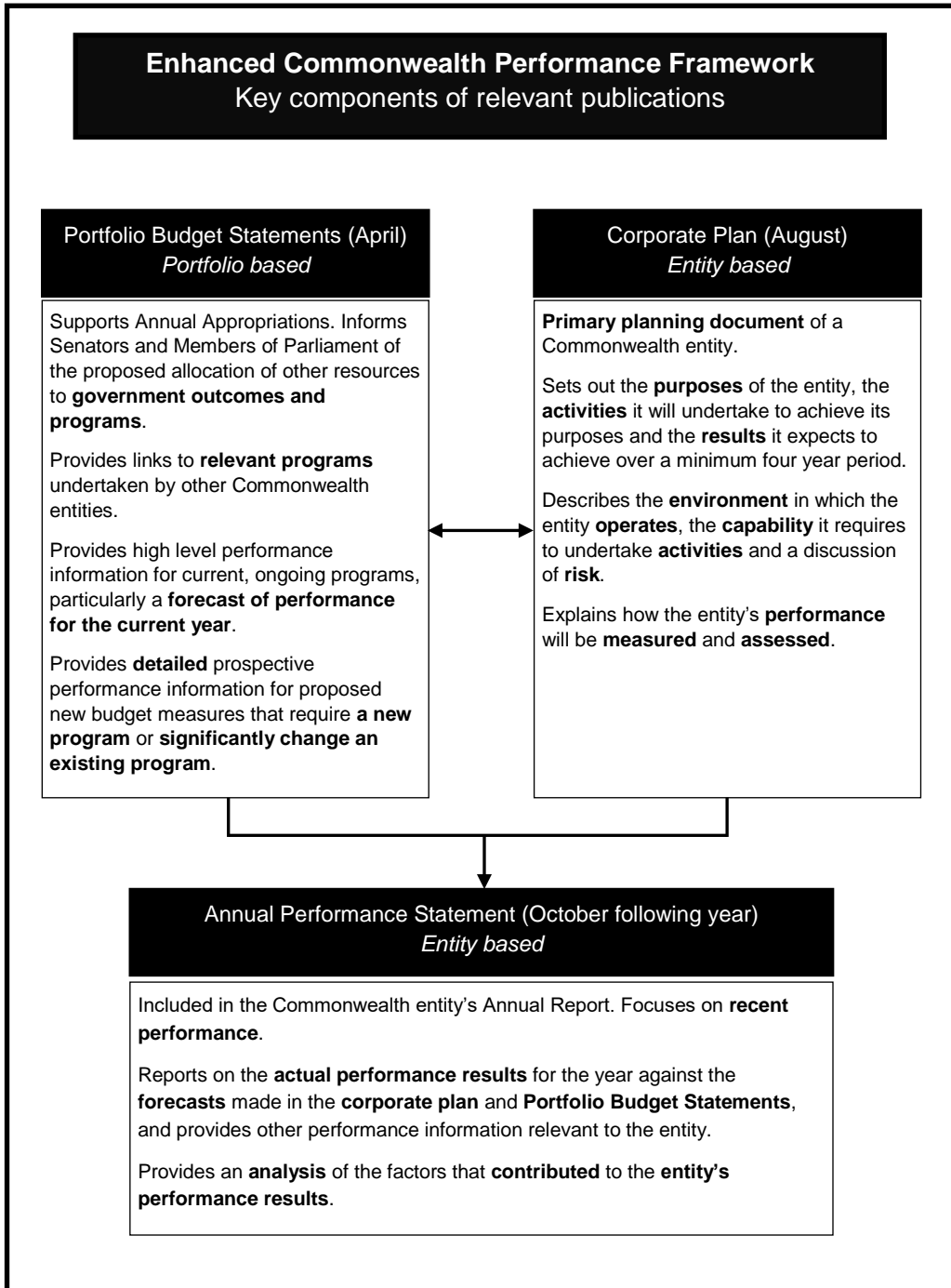
A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2019-20 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2019-20 for the parliamentary departments). In this sense, the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

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

### The Enhanced Commonwealth Performance Framework

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and Planned Performance.



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# **PORTFOLIO OVERVIEW**

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## DEFENCE PORTFOLIO OVERVIEW

The Defence Portfolio consists of component organisations that together are responsible for the defence of Australia and its national interests. The most significant bodies are:

- the Department of Defence, headed by the Secretary of the Department of Defence; and
- the Australian Defence Force (ADF), commanded by the Chief of the Defence Force and consisting of the three Services.

Defence is established as a Department of State under the Administrative Arrangements Order. The Department of Defence operates under the *Public Service Act 1999* and is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. The ADF is constituted through the *Defence Act 1903*. In practice, these bodies work together closely and are broadly regarded as one organisation known simply as 'Defence'.

The Defence Portfolio includes the Australian Signals Directorate (ASD) and Defence Housing Australia (DHA). The portfolio also contains some smaller entities, including a number of statutory offices, trusts and companies created by the *Public Governance, Performance and Accountability Act 2013*, *Defence Force Discipline Act 1982* and *Defence Act 1903*, which are independent but reside administratively within Defence.

The Department of Veterans' Affairs (DVA) and associated bodies - as designated in the Administrative Arrangements Order - also form part of the Defence Portfolio. DVA is administered separately to Defence, and information related to the department can be found in its portfolio budget and portfolio additional estimate statements.

Defence's primary roles are to protect and advance Australia's strategic interests through the promotion of security and stability, provide military capabilities to defend Australia and its national interests, and support the Australian community and civilian authorities as directed by the Government. The Defence budget will grow to 2 per cent of Australia's Gross Domestic Product by 2020-21 - equating to approximately \$200 billion in Australia's defence capability over 10 years.

The 2016 Defence White Paper, released on 25 February 2016, set out the Government's comprehensive long-term plan for Australia's defence, and set the strategic direction of the portfolio. While the strategic change forecast in the 2016 White Paper is occurring at varying rates across the globe, Defence will continue to build and enable capability - including international relationships and approaches to our region - to support national security interests.

## Ministers and their Portfolio Responsibilities

### CHANGES AFFECTING THE PORTFOLIO

The Hon Christopher Pyne MP was sworn in as the Minister for Defence on the 28 August 2018.

Senator the Hon Linda Reynolds CSC was sworn in on 2 March 2019 as the Minister for Defence Industry.

Senator the Hon David Fawcett was sworn in on 28 August 2018 as the Assistant Minister for Defence.

The Hon Darren Chester MP continues as the Minister for Veterans' Affairs, Minister for Defence Personnel, and Minister Assisting the Prime Minister for the Centenary of ANZAC.

The Ministers and their portfolio responsibilities are as follows:

#### **The Hon Christopher Pyne MP, Minister for Defence**

- Oversight of all aspects of the Defence Portfolio
- Strategic policy
- ADF Operations
- International Engagement
- Defence Budget
- Defence White Paper implementation
- Force Posture
- Force Structure
- Development of capability requirements, delivery of capability acquisition projects, and delivery of capability sustainment
- Capability/cost trade off during capability life cycle
- Intelligence
- Australian Signals Directorate
- Science and Technology policy, and support to operations and oversight of DST

#### **Senator the Hon Linda Reynolds CSC, Minister for Defence Industry**

- Support the Minister for Defence in the management of capability acquisition and sustainment projects
- Development of Australian Industry involvement during the capability life cycle
- Deliver Defence Industry agenda, including the implementation of the Defence Industrial Capability Plan
- Development of the Skilling and STEM strategy in consultation with the Minister for Defence
- Support and develop Australian Defence Industry
- Encourage Australian Defence Industry involvement in global supply chains, including the Global Supply Chain Program
- Defence Export Strategy Implementation including international equipment disposal
- Centre for Defence Industry Capability
- Defence Innovation Hub
- Science and Technology engagement with Australian industry, including the Next Generation Technology Fund



**The Hon Darren Chester MP, Minister for Veterans' Affairs', Minister for Defence Personnel and Minister for Assisting the Prime Minister for the Centenary of ANZAC**

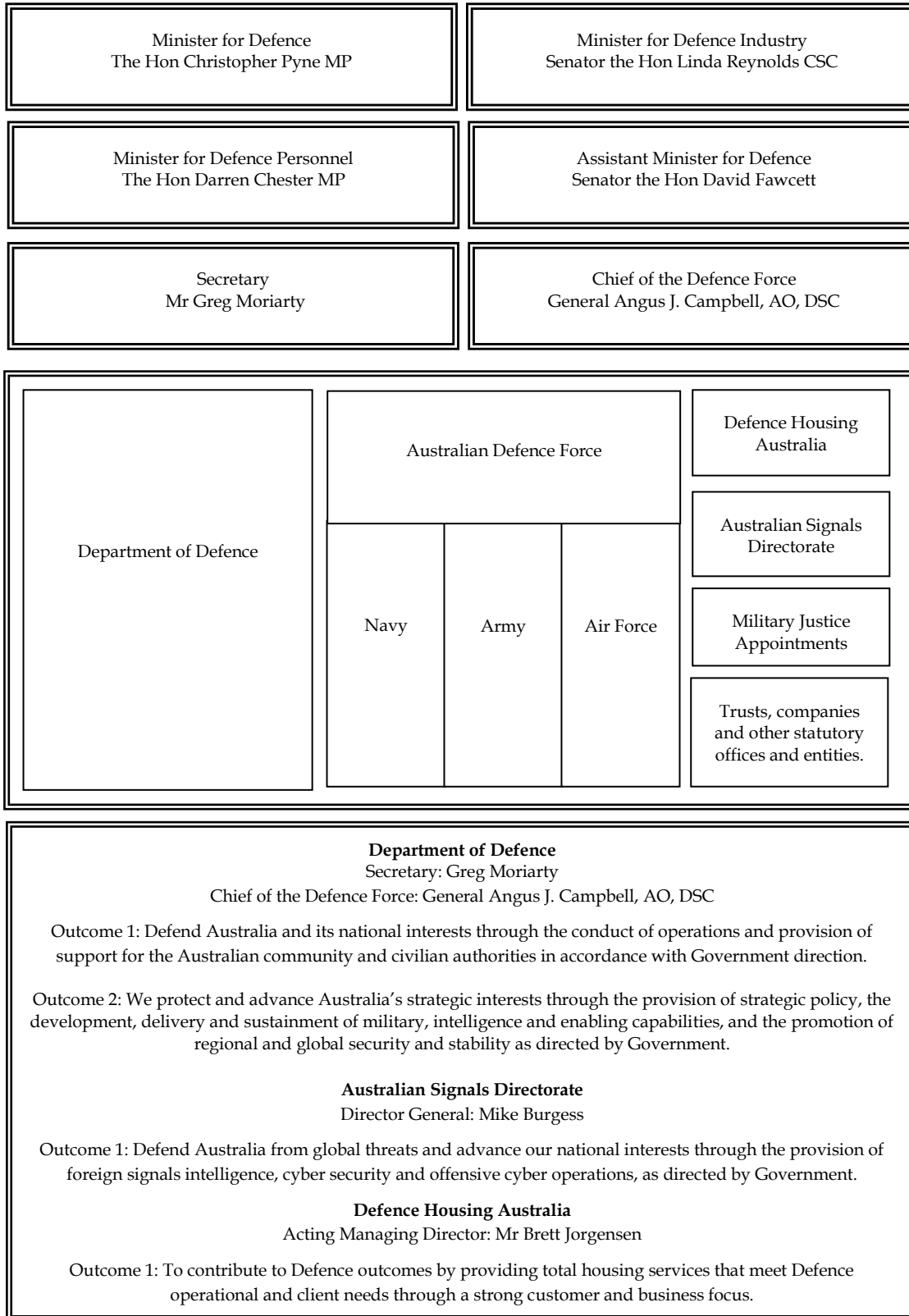
- Personnel policy and support
- Defence Health Services
- Military justice
- Honours and Awards
- Army, Navy and Air Force Cadets
- Parliamentary Exchange Program
- Transition from ADF
- Defence Housing Australia

**Senator the Hon David Fawcett, Assistant Minister for Defence**

- Defence ICT and Chief Information Officer Group
- Defence estate and infrastructure policy and projects, including garrison support
- Estate and equipment disposals
- Defence's response to perfluorinated chemicals matters
- Implementation of the Defence First Principles Review
- Australian Government Security Vetting Agency, security vetting policy and procedures
- Test and Evaluation policy and procedures
- Review of the Woomera Prohibited Area

## PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes



## **Defence Portfolio Bodies**

### **Army and Air Force Canteen Service**

Chairman: Ms Leonie Taylor, FCA FAICD

The Army and Air Force Canteen Service (AAFCANS), a Commonwealth authority established under the Army and Air Force Canteen Service Regulations 1959 supplies goods, facilities and services to, or for the entertainment and recreation of, members of the Army and the Air Force including persons employed in, or in connection with, Army or Air Force installations and dependants of those members or persons, visitors to such installations and members of the Australian Army or Air Force Cadets.

### **Australian Military Forces Relief Trust Fund**

Chairman: Brigadier Wade Stothart, DSC AM CSC

The Australian Military Forces Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits to members of the ADF who have served in, or in association with, the Army and to the dependants of such members.

### **Royal Australian Air Force Veterans' Residences Trust**

Chairman: Air Commodore (Rtd) David E. Tindal AM

The Royal Australian Air Force Veterans' Residences Trust, a Commonwealth authority established by the *Royal Australian Air Force Veterans' Residences Act 1953*, provides residences in which eligible former members, including dependants, of the Royal Australian Air Force, Royal Australian Air Force Nursing Service and Women's Auxiliary Australian Air Force who are in necessitous circumstances and, if the Trust so approves, the dependants of such eligible persons, may be accommodated or supported.

### **Royal Australian Air Force Welfare Trust Fund**

Chairman: Chaplain Mark Willis

The Royal Australian Air Force Welfare Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Royal Australian Air Force and to the dependants of such members.

### **Royal Australian Navy Central Canteens Board**

Chairman: Commodore Michael Miko

The Royal Australian Navy Central Canteens Board (RANCCB), a corporate Commonwealth entity established under the Navy (Canteens) Regulations 1954, administers the Royal Australian Navy Central Canteens Fund. The principal activities of the RANCCB are to provide welfare and lifestyle related benefits and services to Navy members and their families.

### **Royal Australian Navy Relief Trust Fund**

Chairman: Rear Admiral Brett Wolski, AM RAN

The Royal Australian Navy Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Navy and to the dependants of such members.

### **AAF Company**

President: Brigadier Wade Stothart, DSC AM CSC

The AAF Company is a Commonwealth company that undertakes the management and trusteeship of the unincorporated funds known as the 'Army Amenities Fund' and the 'Messess Trust Fund'. The AAF Company promotes and supports the objectives of the Army Amenities Fund which provides amenities for members of the Australian Army.

### **Australian Strategic Policy Institute Limited**

Chairman: Lieutenant General (Rtd) Ken Gillespie, AC DSC CSM

The Australian Strategic Policy Institute Limited is a Commonwealth company that provides policy-relevant research and analysis to inform Government decisions and public understanding of strategic and defence issues.

### **Royal Australian Air Force Welfare Recreational Company**

Chairman: Air Commodore Philip Tammen, AM

The Royal Australian Air Force Welfare Recreational Company is a Commonwealth company that provides access to discounted recreational accommodation and manages and promotes the Royal Australian Air Force Central Welfare Trust Fund owned recreational facilities for the Royal Australian Air Force members, their families and other eligible persons. It also provides financial support to, and assists in the provision of, recreational facilities and services to the Royal Australian Air Force members.