

Department of Defence

Agency Resources and Planned Performance

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Department of Defence

Section 1: Defence Overview and Resources

1.1 Strategic Direction Statement

Defence's primary focus continues to be to protect and advance Australia's strategic interests through the provision of appropriately prepared and equipped armed forces. To achieve this, Defence prepares for and conducts military operations and other tasks as directed by the Government.

In 2013-14, Defence will continue its operational transition from Afghanistan, and conclude current ADF operations in the Solomon Islands. ADF operations in Timor-Leste concluded in March 2013. This transition will release and allow the remediation of capabilities that have been on high tempo operations for more than a decade and enable the remediation of deployed equipment.

One strategic initiative in 2013-14 will be the implementation of the 2013 *Defence White Paper* released on 3 May 2013. The White Paper aligns with the *National Security Strategy* and the *Australia in the Asian Century White Paper*. The White Paper provided Government's strategic direction and priorities to Defence on defence policy, operations, force posture and structure, budget, and the Defence Organisation.

Defence will continue to implement Government's priorities including enhanced ADF activities in the Indo-Pacific region, implementation of agreed recommendations of the ADF Posture Review, and introduction into service of new major capabilities such as the Landing Helicopter Dock ships and the EA-18G Growler. Defence will also continue to drive cultural change through *Pathway to Change: Evolving Defence Culture*.

As stated in the 2013 Defence White Paper, the Government has determined that the Defence budgeting approach will be based on the four-year Forward Estimates Budget cycle, determined on an annual basis taking into account contemporary strategic economic and fiscal circumstances.

Additionally the Government has determined that Defence will manage its resources within the annually updated four-year Forward Estimates and a subsequent six-year general guidance for Defence planning purposes.

In line with this policy, the Government has provided Defence with \$113.1 billion over the Forward Estimates years 2013-14 to 2016-17. This compares to the 2012-13 Budget, where funding of \$103.2 billion was provided for the 2012-13 to 2015-16 Forward Estimate years.

For general guidance for Defence planning purposes, the Government has also provided Defence with funding guidance of around \$220 billion over the subsequent six years from 2017-18 to 2022-23.

This six year funding guidance is based on the need to continue increasing investment in Defence capabilities as outlined in the 2013 Defence White Paper and an assessment of sustainable growth in the Defence Budget after 2016-17.

In conjunction with establishing the new funding model for Defence, the Government has also agreed to reprofile the Defence budget over the Forward Estimates for expenditure on priority Capital Investment and Sustainment Programs. This includes the acquisition of an additional 12 new EA-18G Growler aircraft, as announced in the White Paper, for which the Government will also provide Defence an additional \$200 million in 2014-15.

The Government is also committed to increasing Defence funding towards a target of 2 per cent of GDP. This is a long-term objective that will be implemented in an economically responsible manner, as and when fiscal circumstances allow.

Initiatives and projects outlined in the 2013 Defence White Paper will remain subject to change as strategic circumstances evolve, new challenges and opportunities emerge and priorities are updated to reflect the changing requirements of Government and the Australian community, and their implications for Defence and the Australian Defence Force.

As a result the key funding adjustments (excluding supplementation for Defence Operations) included in the 2013-14 Budget are shown in the Table below:

Key Funding Adjustments (Excluding Operations)	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total FE \$m
Growler Electronic Warfare System Measure	-	200	-	-	200

The 2013-14 Defence Budget is planned to be invested in the following key capital investment and sustainment programs:

Key Capital Investment and Sustainment Programs	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total FE \$m
Defence Capability Plan (Unapproved)	343	1,527	2,916	3,523	8,310
Approved Major Capital Investment Program	3,269	3,769	3,225	2,928	13,191
Major Capital Facilities Program	1,150	978	518	674	3,320
ICT Integrated Plan of Work	291	263	221	256	1,030
Minors Program	197	200	199	189	785
Other Investment	453	384	376	604	1,816
Sustainment Program	5,868	6,283	6,243	6,173	24,567
Net Personnel and Operating Costs	182	478	799	1,146	2,605
Total	11,752	13,882	14,497	15,493	55,624

1.2 Defence Resource Statement

Table 1: Total Defence Resourcing

Serial No.	2012-13 Estimated Actual \$'000		2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Defence resourcing								
1	22,895,341	Appropriation for departmental outcomes	23,222,935	23,796,086	573,151	25,045,235	26,797,482	27,507,153
2	456,289	Equity injection appropriation	329,405	683,005	353,600	1,816,608	1,515,806	2,188,258
3	-	Prior year appropriation	-	-	-	-	-	-
4	23,351,630	Current year's appropriation (1 + 2 + 3)	23,552,340	24,479,091	926,751	26,861,843	28,313,288	29,695,411
5	-	Draw down of appropriations carried forward	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-
7	-14,077	Return to the Official Public Account ^[1]	-48,821	-48,771	50	-38,733	-46,042	-14,349
8	-14,077	Funding from / to the OPA (5 + 6 + 7)	-48,821	-48,771	50	-38,733	-46,042	-14,349
9	23,337,553	Funding from Government (4 + 8)	23,503,519	24,430,320	926,801	26,823,110	28,267,246	29,681,062
10	73,284	Capital receipts	101,666	101,666	-	98,046	173,962	122,707
11	908,811	Own source revenue (s31 receipts) ^[2]	876,827	901,937	25,110	922,044	966,583	993,873
12	-	Prior year receipts	-	-	-	-	-	-
13	982,095	Funding from other sources (10 + 11 + 12)	978,493	1,003,603	25,110	1,020,090	1,140,545	1,116,580
14	24,319,648	Total Defence funding (9 + 13)	24,482,012	25,433,923	951,911	27,843,200	29,407,791	30,797,642
Administered								
15	5,948,221	Administered special appropriations	4,444,915	4,386,577	-58,338	4,605,850	4,797,624	5,030,838
16	1,384,214	Own source revenue	1,384,655	1,445,580	60,925	1,494,850	1,565,916	1,601,588
17	-1,384,214	Returns to the Official Public Account	-1,384,655	-1,445,580	-60,925	-1,494,850	-1,565,916	-1,601,588
18	5,948,221	Total Administered funding (15 + 16 + 17)	4,444,915	4,386,577	-58,338	4,605,850	4,797,624	5,030,838
19	30,267,869	Total Defence resourcing (14 + 18)	28,926,927	29,820,500	893,573	32,449,050	34,205,415	35,828,480
Appropriation carried forward								
20	76,857	Appropriation receivable including previous year's outputs	76,857	76,857	-	76,857	76,857	76,857
21	18,091	Cash in bank	18,091	18,091	-	18,091	18,091	18,091
22	94,948	Total appropriations carried forward (20 + 21)	94,948	94,948	-	94,948	94,948	94,948
23	30,362,817	Total Defence resourcing (19 + 22)	29,021,875	29,915,448	893,573	32,543,998	34,300,363	35,923,428

Notes

1. Represents net transfers to and from the Official Public Account.

2. All figures are net of GST.

1.3 Budget Measures

2013-14 Budget Measures

Table 2: Defence 2013-14 Budget Measures

		2012-13 Estimated Actual \$m	2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m
	Program					
Budget Measures						
Expenditure Measures						
Middle East Area of Operations - continuation of Australia's military contribution - Expense	2.2	-	534.2	9.2	32.6	9.7
Middle East Area of Operations - continuation of Australia's military contribution - Revenue	2.2	-	-10.7	-	-	-
Timor-Leste - transition of Australia's security commitment and future Defence engagement ⁽¹⁾	2.1	-	-	-	-	-
Official development assistance - Regional Assistance Mission to Solomon Islands - continuation	2.1	-	9.7	-1.0	-	-
Coastal Surveillance - continuation of Operation Resolute ⁽¹⁾	3.1	-	-	-	-	-
Australia to host the Group of 20 in 2014 - Australian Defence Force support ⁽¹⁾	3.1	-	-	-	-	-
Reclassification of Australian Defence Force Service Third Country Deployments in Afghanistan	various	-	-0.4
Growler electronic warfare system - acquisition of 12 EA-18G Growler aircraft ⁽²⁾	1.12	-	-	200.0	-	-
National Security - establishment of Australian Cyber Security Centre ⁽¹⁾	1.5	-	-	-	-	-
Defence Abuse Response Taskforce ⁽¹⁾	1.8	-	-	-	-	-
Defence Abuse Reparation Payment Scheme ⁽¹⁾	1.8	-	-	-	-	-
Total Budget Measures		-	532.8	208.2	32.6	9.6

Notes

1. Defence is absorbing the cost of the measure.
2. Additional funding provided for purchase of Growler.

Table 3: Budget Measures Agreed since Portfolio Additional Estimates 2012-13

		2012-13 Estimated Actual \$m	2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m
	Program					
Australia's contribution to the United Nations Trust Fund for the African-led International Support Mission in Mali ⁽¹⁾	1.13	-	-	-	-	-
Relocation and establishment of a jointly-operated United States C-band space surveillance radar ⁽¹⁾	1.7	-	-	-	-	-
Total Budget Measures agreed since the 2012-13 Portfolio Additional Estimates		-	-	-	-	-

Note

1. Defence is absorbing the cost of the measure.

Operations Summary

Table 4: Net Additional Cost of Operations from 1999-00 to 2016-17

	1999-00 to 2011-12 Actual Result \$m	2012-13 Estimated Actual \$m	2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m
Operation Astute	4,218.1	121.6	5.4	-	-	-
Operation Bel Isi	47.7	-	-	-	-	-
Operation Slipper	5,183.0	1,189.8	874.9	217.5	160.1	87.1
Operation Resolute	140.3	9.5	9.9	0.0	0.0	-
Operation Catalyst	2,364.5	-	-	-	-	-
Operation Anode	299.0	42.9	11.3	0.1	-	-
Operation Sumatra Assist	44.5	-	-	-	-	-
Operation Acolyte	10.5	-	-	-	-	-
Operation Deluge	6.7	-	-	-	-	-
Operation Pakistan Assist	9.8	-	-	-	-	-
Operation Outreach	14.6	-	-	-	-	-
Operation Kruger	45.3	1.9	-	-	-	-
Enhanced Force Protection in Afghanistan	435.4	164.6	10.0	16.2	-	-
Defence Support to 2014 G20 Summit	-	-	7.1	-	-	-
Total Net Additional Costs	12,819.5	1,530.3	918.5	233.8	160.1	87.1
Sources of Funding for Operations:						
Government Supplementation	11,315.7	1,354.3	886.2	217.6	160.1	87.1
Department of Foreign Affairs and Trade	9.1	-	-	-	-	-
Department of Defence (Absorbed)	1,494.6	176.0	32.3	16.2	0.0	-
Total Cost	12,819.5	1,530.3	918.5	233.8	160.1	87.1

1.4 Capital Investment Program

The Capital Investment Program comprises the Defence Capability Plan (DCP), the Approved Major Capital Investment Program (AMCIP), the Capital Facilities Program, the ICT Integrated Plan of Work, Minor Projects and other investment (infrastructure costs, repairable items, other plant and equipment).

Table 5: Capital Investment Program

Serial No.		2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	Total \$m
	Defence Capability Plan (DCP)					
1	DMO delivered	556.7	1,902.7	2,978.6	3,367.2	8,805.2
2	Group and Services delivered	61.9	211.4	331.0	374.1	978.4
3	Total Defence Capability Plan (1+2)^[1]	618.6	2,114.1	3,309.6	3,741.3	9,783.6
4	Remaining DCP Approvals in 2012-13	242.8	391.2	278.0	141.2	1,053.2
5	DCP available from 1 July 2013	100.3	1,136.2	2,638.0	3,381.9	7,256.4
6	Total Unapproved DCP (4+5)	343.1	1,527.4	2,916.0	3,523.1	8,309.6
	Approved Major Capital Investment Program					
7	DMO delivered	2,921.4	3,131.9	2,792.0	2,684.9	11,530.2
8	Group and Services delivered ^[2]	71.6	50.1	39.7	24.9	186.3
9	Government Approved DCP projects yet to be allocated to Groups, Services or the DMO	275.5	586.7	393.5	218.3	1,474.0
10	Total Approved Major Capital Investment Program (7+8+9)	3,268.5	3,768.7	3,225.2	2,928.1	13,190.5
	Capital Facilities					
11	Approved Capital Facilities Projects	977.1	633.9	193.9	17.5	1,822.4
12	Unapproved Capital Facilities Projects	172.6	344.2	324.3	656.7	1,497.8
13	Total Capital Facilities Program (11+12)	1,149.7	978.1	518.2	674.2	3,320.2
14	ICT Integrated Plan of Work^[3]	291.0	262.6	220.7	255.6	1,029.9
	Minors Program					
15	Approved DMO delivered	53.1	17.7	4.7	0.3	75.8
16	Approved Group and Services delivered	35.3	23.8	15.8	15.6	90.5
17	Unapproved DMO delivered	90.1	136.8	150.2	143.2	520.3
18	Unapproved Group and Services delivered	18.4	22.0	28.4	30.0	98.8
19	Total Minors Program (15+16+17+18)	196.9	200.3	199.1	189.1	785.4
20	Other Investment^[4]	452.5	383.8	375.5	604.0	1,815.8
21	Total Capital Investment Program (6+10+13+14+19+20)	5,701.7	7,120.9	7,454.7	8,174.1	28,451.4
	<i>Capital component</i>	<i>5,063.5</i>	<i>6,278.1</i>	<i>6,473.7</i>	<i>7,212.9</i>	<i>25,028.2</i>
	<i>Operating component</i>	<i>638.2</i>	<i>842.8</i>	<i>981.0</i>	<i>961.2</i>	<i>3,423.2</i>

Notes

1. Total unapproved DCP (Serial 6) and Government Approved DCP projects yet to be allocated to Groups, Services or the DMO (Serial 9) equal Total Defence Capability Plan (Serial 3).
2. The Capital Facilities and ICT components of the Approved Major Capital Investment Program are included within Serial 11 and 14 respectively.
3. Only includes activities delivered by the Chief Information Officer Group.
4. Includes the capital component of Repairable items within the Capability Sustainment Program.

Table 6: Capability Sustainment Program

Serial No.		2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	Total \$m
	Current Sustainment					
1	Navy Sustainment	1,711.7	1,771.4	1,772.3	1,814.0	7,069.4
2	Army Sustainment	1,404.7	1,475.9	1,495.1	1,491.1	5,866.8
3	Air Force Sustainment	1,672.5	1,750.4	1,819.0	1,759.7	7,001.6
4	Chief Information Officer Sustainment	473.3	527.0	538.2	445.1	1,983.6
5	Vice Chief of the Defence Force Sustainment	41.4	40.3	40.9	39.2	161.8
6	Office of the Secretary and CDF Sustainment	19.6	20.3	19.0	16.2	75.1
7	Joint Operations Command Sustainment	6.2	6.4	6.7	6.9	26.2
8	Defence Support and Reform Group Sustainment	538.9	691.0	552.1	600.6	2,382.6
	Future Sustainment (NPOC)					
9	Future Sustainment costs associated with AMCIP, ICT and Facilities	182.2	478.0	799.2	1,145.6	2,605.0
10	Total Sustainment	6,050.5	6,760.7	7,042.5	7,318.4	27,172.1

Table 7: Retained Capital Receipts

Serial No.		2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m	Total \$m
	Property Sales					
	Proceeds from the sale of land and buildings	53.8	49.3	123.6	70.7	297.3
	Proceeds from the sale of housing	11.7	12.4	13.1	13.8	51.0
	Less return to Government	-47.8	-37.9	-45.2	-13.5	-144.3
1	Proceeds retained by Defence	17.7	23.8	91.5	71.0	204.1
2	Proceeds from the sale of specialist military equipment	-	-	-	-	-
3	Proceeds from the sale of infrastructure, plant and equipment	36.2	36.4	37.3	38.2	148.0
4	Retained Capital Receipts (1 + 2 + 3)	53.9	60.2	128.8	109.2	352.1

Table 8: Variation in Estimates of Net Capital Receipts

2012-13 Estimated Actual \$m	2013-14 Budget Estimate \$m	2014-15 Forward Estimate \$m	2015-16 Forward Estimate \$m	2016-17 Forward Estimate \$m
60.1 Previous Estimate^{[1][2]}	53.8	60.2	128.8	109.2
Movement in capital withdrawal associated with				
- capital disposals program	0.1	-	-	-
Movements in proceeds associated with the				
- capital disposals program	-	-	-	-
- Variation in net capital receipts	0.1	-	-	-
60.1 Total net capital receipts	53.9	60.2	128.8	109.2

Notes

1. As published in Table 10 of the *Portfolio Additional Estimates Statements 2012-13*.

2. In the *Portfolio Additional Estimates Statements 2012-13*, the previous estimate in 2014-15 was incorrectly reported as \$60.1m.

1.5 People

Workforce Overview

ADF Workforce

To support the introduction of new capability over the coming decade, the full-time ADF workforce will aim to grow from the 2012-13 projected result of 56,711 to over 58,000 members over the forward estimate period. Key projects contributing to continuing increases in the size of the military workforce include the Hardened and Networked Army, Stages 1 and 2 of Enhanced Land Force and a range of initiatives arising from the 2009 White Paper and the Defence Capability Plan.

It should be noted that improved labour market conditions have led to increased separations from the ADF as civilian employment opportunities for ADF personnel remain strong. These labour market conditions have also led to increased competition within the available recruitment pool. Overall indicators suggest that the separation rate will reduce over the early part of 2013-14, but spikes in separation may be experienced as a result of the drawdown from operations. These spikes will probably not be experienced evenly across the ADF but are likely to be concentrated in specific workforce segments such as Army junior ranks. While recruiting is strong, the training required for a recruit to become an effective ADF member places a natural limit on the size of recruit intakes.

In response to current labour market conditions, Defence has implemented the Defence Employment Offer project, aiming to provide a mechanism for identifying those elements of employment that are important to ADF members, and facilitating the use of targeted retention initiatives. Defence is also putting additional effort in to attracting and recruiting a more diverse workforce.

APS Workforce

The APS workforce will reduce to 21,217 in 2013-14 from the 2012-13 projected result of 21,544 in average terms. This reduction reflects the third year of the savings announced in the *Portfolio Budget Statements 2011-12* (a further 168 savings), and the second year of the savings announced in the *Portfolio Budget Statements 2012-13* (a further 334 savings) – the final year of ongoing reductions under each of these savings programs. As at 1 July 2013 it is estimated that Defence's actual APS workforce will be approximately 20,950, which reflects a reduction of approximately 1,200 since 1 July 2012, thereby exceeding the 2012-13 target of 666 (noting that there is an additional 334 in 2013-14). The difference between the actual and average workforce is a result of the timing of workforce reductions in 2012-13, and subsequent increases in 2013-14 as discussed below. The savings have been made possible by continuing reforms to Defence's business practices, in particular through the wider application of Shared Services reform.

In implementing the savings programs, Defence is ensuring that there is no reduction in standards of service in priority areas including support to operations.

The reductions are partially offset by increases associated with the 2009 White Paper and reforms to the wider Defence workforce. These result in increases to APS workforce allocations in the years to 2016-17, in support of capability growth and sustainment for the ADF. There are two main drivers for the increases: the need to invest in specific future force capability development initiatives, and the need to support reforms to the Defence workforce mix, creating significant organisational cost savings. The workforce reforms comprise civilianisation of non-combat related military positions and conversions from contractors to less costly APS positions.

It is important to note that the figures for the DMO's APS workforce for 2012-13 and 2013-14 include estimates of the impact of its combined workforce. Under DMO's approved combined workforce model it is able to employ additional civilian staff to fill positions that cannot be filled by ADF members with the appropriate skills and experience, which may lead to the DMO exceeding its budgeted APS workforce even though its overall workforce (military + APS + contractor) is within the agreed parameters. This effect then flows through to the total Defence workforce.

Defence's contractor workforce shows an increase of 116 from 2012-13 to 2013-14. This is due to low contractor engagement in 2012-13 compared to forecasts. In addition, service providers working under outcomes-based contracts employ a sizeable workforce to support Defence capabilities. These service providers undertake activities such as garrison support, information and communications technology functions and maintenance activities.

Workforce Summary

The total Defence workforce, including the DMO, is forecast to be 100,395 in 2013-14, comprising:

- Permanent Forces (58 per cent) of:
 - 14,224 Navy Personnel
 - 29,847 Army Personnel
 - 14,164 Air Force Personnel
- 20,450 Reserve Forces (20 per cent)
- 21,217 APS staff (21 per cent)
- 493 Contractors (less than 1 per cent).

Over the forward estimates period, the total workforce will grow by 525 from the forecast of 100,395 in 2013-14 to 100,920 in 2016-17.

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

Defence People

Cultural reform is a high priority for the coming year, and will require sustained effort over several years to effect lasting change. The focus in 2013-14 will be to continue the implementation of *Pathway to Change* through a range of key actions and review recommendations, as well as developing an evaluation framework to measure the achievement of desired cultural effects over subsequent years. The Sexual Misconduct Prevention and Response Office, established in late 2012-13, will commence operations to ensure that members who report sexual misconduct are given appropriate support to assist with their immediate safety and wellbeing, their care and recovery, and return to their full work potential.

Increased effort in creating and sustaining an inclusive and diverse workforce is also a key component of cultural reform. In particular, measures are being taken to increase the representation and employment opportunities for women and Indigenous Australians in Defence. These reforms include greater access to flexible workplace arrangements, mentoring programs and increased effort to recruit, support and retain these groups in Defence. There will also be a pilot to provide increased APS employment opportunities for people with an intellectual disability, commencing in 2013-14 and growing over the subsequent two years.

Defence is developing new approaches to differentiating the employment offer at both a group and individual level, so that the retention of those who are critical to capability, and actively being sought for civilian employment, can be assured. Critical employment areas will be addressed through a well-targeted package of cost-effective measures embracing both financial and non-financial elements of the employment offer and taking into account the tight fiscal environment.

Defence continues to develop the capacity to better manage its workforce. Developing an improved understanding of drivers of workforce demand will assist planning for the future force required to deliver Defence capability and complement ongoing work on workforce costs and supply drivers.

Table 9: Planned Workforce Allocation for the 2013-14 Budget and Forward Estimates

	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
ADF Permanent Force^[1]					
Navy	13,795	14,224	14,249	14,270	14,226
Army	28,955	29,847	30,143	30,278	30,298
Air Force	13,961	14,164	14,126	14,116	14,121
1 Total Permanent Force	56,711	58,235	58,518	58,664	58,645
Active Reserve Force					
Navy	2,100	2,150	2,200	2,200	2,200
Army	14,156	14,400	14,600	14,800	15,000
Air Force	2,700	2,500	2,500	2,500	2,500
2 Sub-total Active Reserve Force	18,956	19,050	19,300	19,500	19,700
High Readiness Reserve					
Navy	-	-	-	-	-
Army	711	800	900	950	1,000
Air Force	300	600	600	600	600
3 Sub-total High Readiness Reserve Force	1,011	1,400	1,500	1,550	1,600
4 Total Reserves (2 + 3)	19,967	20,450	20,800	21,050	21,300
5 Total ADF Employees (1 + 4)	76,678	78,685	79,318	79,714	79,945
Civilian Employees					
APS - Defence	15,794	15,547	15,183	15,001	14,893
APS - DMO	5,411	5,307	5,529	5,548	5,583
APS - DMO - ADF backfill	339	363	-	-	-
6 Total APS^[2]	21,544	21,217	20,712	20,549	20,476
Contractors - Defence	350	445	445	447	453
Contractors - DMO	27	48	48	46	46
7 Total Contractors^[3]	377	493	493	493	499
8 Total Civilian Employees (6 + 7)	21,921	21,710	21,205	21,042	20,975
Total Workforce Strength (5 + 8)	98,599	100,395	100,523	100,756	100,920

Notes

1. Numbers for ADF Permanent Force include ADF members in the DMO and Reservists on full-time service.

2. Defence's approved APS allocation for 2013-14 is 20,854. The figure of 21,217 includes an allowance of 363 for additional APS members employed under the DMO's combined workforce management model.

3. Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

Table 10: Breakdown of Personnel Numbers by Service and Rank

	2012-13 Estimated Actual	2013-14 Budget Estimate
Navy^[1]		
One Star and above	58	57
Senior Officers ^[2]	532	554
Officers	2,813	2,834
Other Ranks	10,392	10,779
Gap Year Participants ^[3]	-	-
Sub-Total: Permanent Navy	13,795	14,224
Reserve Forces ^[4]	2,100	2,150
Total Navy	15,895	16,374
Army^[1]		
One Star and above	75	77
Senior Officers ^[2]	794	821
Officers	5,351	5,532
Other Ranks	22,653	23,417
Gap Year Participants ^[3]	82	-
Sub-Total: Permanent Army	28,955	29,847
Reserve Forces ^[4]	14,867	15,200
Total Army	43,822	45,047
Air Force^[1]		
One Star and above	55	56
Senior Officers ^[2]	657	667
Officers	3,907	3,964
Other Ranks	9,342	9,477
Gap Year Participants ^[3]	-	-
Sub-Total: Permanent Air Force	13,961	14,164
Reserve Forces ^[4]	3,000	3,100
Total Air Force	16,961	17,264
APS^[1]		
Senior Executives ^[5]	168	168
Senior Officers ^[2]	6,767	6,670
Other APS Staff	14,609	14,379
Total APS^[6]	21,544	21,217
Contractors ^[7]	377	493
Total Workforce	98,599	100,395

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2013-14.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and substantive APS Executive Level 1 and 2.
3. ADF Recruitment and Retention Initiative.
4. Reserve figures represent the actual numbers of Active and High Readiness Reservists who render service. Reservists on full-time service are reported in the Permanent Force.
5. The figures for Senior Executive Service include the Secretary of the Department of Defence.
6. Note that Defence's approved APS allocation for 2013-14 is 20,854. The figure of 21,217 includes an allowance of 363 for additional APS members employed under the DMO's combined workforce management model.
7. Contractors are individuals under contract performing agency roles. Contractors are not APS employees.

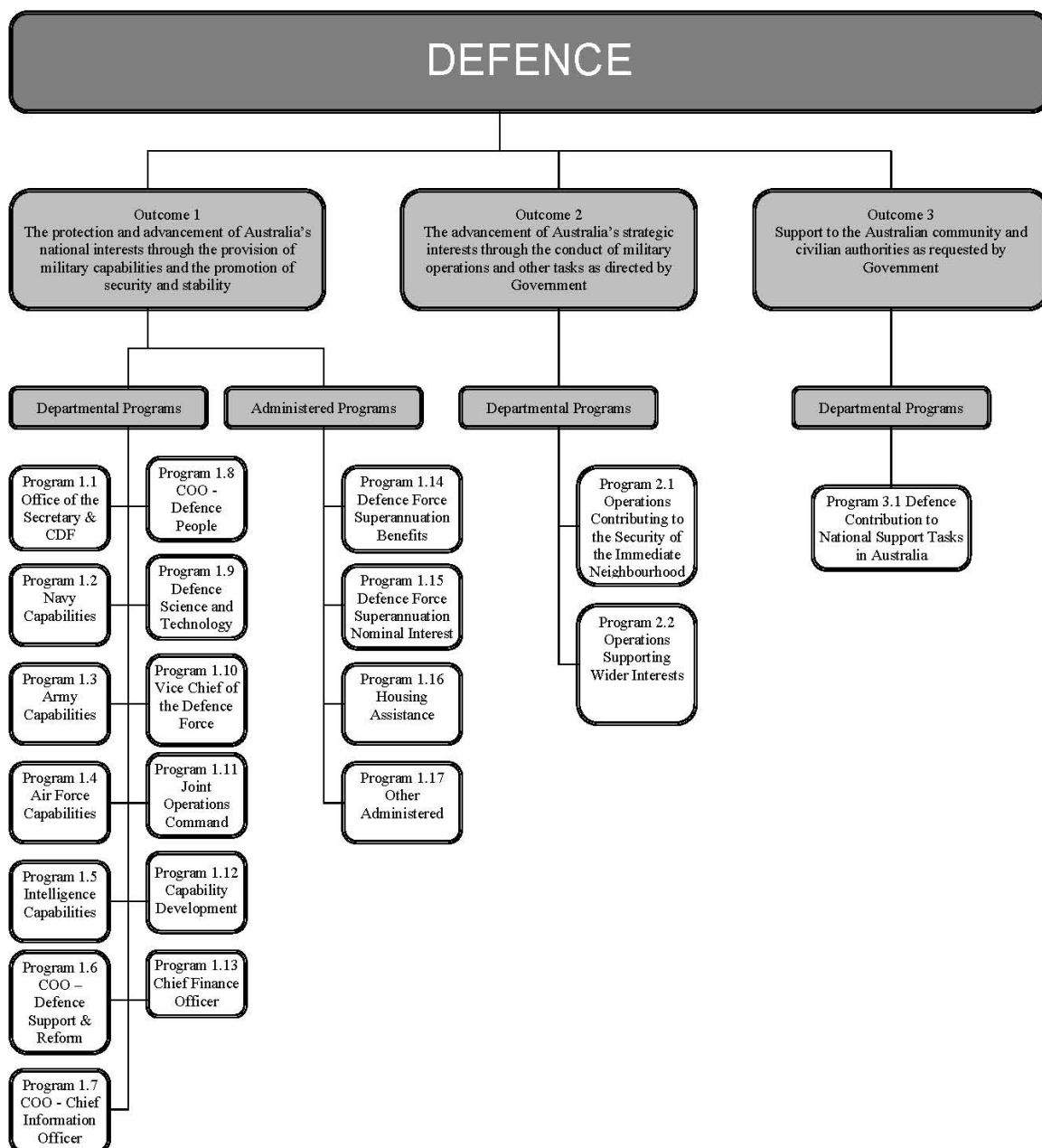
Section 2: Defence Outcomes and Planned Performance

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 agencies achieve the intended results of their outcome statements. Agencies 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, specifying the performance indicators and targets used to assess and monitor the performance of Defence in achieving Government outcomes.

Figure 3: Structure of Defence's Outcomes



Outcome 1: The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability

Outcome 1 Strategy

Outcome 1 addresses the strategic objectives set out in the 2013 *Defence White Paper*, namely:

- maintaining and building a defence capability that underpins Australia's security and prosperity and provides options for a credible response wherever Australia's security interests are engaged
- strengthening Australia's defence partnerships with our allies and regional partners and globally.

The primary focus of Outcome 1 is on maintaining the capacity to support current commitments and provide strategic response options to the Government to meet the range of potential future security contingencies. It also covers working collaboratively with our neighbours and the broader international defence community, and contributing to coalition operations in support of Australia's national interests. As well as the provision of military capabilities, this outcome encompasses all of the policy, command and support functions undertaken by the organisation.

Defence's administered appropriations relating to superannuation, housing support services for current and retired Defence personnel and Other Administered are covered by Outcome 1. Apart from supporting current operations, which are described in detail under Outcomes 2 and 3, the priorities that will be progressed under Outcome 1 in 2013-14 are:

- to increase the professional and personal accountability of Defence personnel, and to improve Defence management and decision-making processes
- implementing the 2013 *Defence White Paper* released on 3 May 2013
- implementing reform including in the areas of capability development, procurement and acquisition, the Defence budget and the strengthening of personal and institutional accountability
- implementing the recommendations of the Cultural Reviews under the *Pathway to Change*
- supporting the program of efficiency and economy measures to ensure that all areas of Defence are best able to support and deliver future military capability requirements
- continuing the commitment to the recruitment and retention of ADF personnel.

Outcome 1 Resources

Table 11: Total Budgeted Resources Available for Outcome 1^[1]

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Program 1.1 Office of the Secretary and CDF					
Revenues from other sources	542	539	538	540	534
Departmental outputs	142,928	164,183	162,672	195,332	192,821
Program 1.2 Navy Capabilities					
Revenues from other sources	241,929	248,407	253,143	259,285	264,792
Departmental outputs	4,184,758	4,332,858	4,499,195	4,617,494	4,646,491
Program 1.3 Army Capabilities					
Revenues from other sources	142,543	156,852	162,506	168,376	174,511
Departmental outputs	5,041,977	5,343,805	5,709,871	6,082,261	6,117,118
Program 1.4 Air Force Capabilities					
Revenues from other sources	290,435	323,449	332,384	341,223	350,360
Departmental outputs	4,113,185	4,165,276	4,381,511	4,617,658	4,596,155
Program 1.5 Intelligence Capabilities					
Revenues from other sources	12,729	13,550	13,051	13,710	14,068
Departmental outputs	507,151	524,824	565,520	628,311	620,689
Chief Operating Officer (COO)					
Revenues from other sources	314,485	348,905	371,686	461,249	445,387
Departmental outputs	4,977,476	5,173,208	5,415,338	5,665,922	5,850,480
Program 1.6 Chief Operating Officer - Defence Support and Reform					
Revenues from other sources	302,183	334,311	354,846	443,392	426,714
Departmental outputs	3,647,778	3,747,675	3,936,154	4,063,643	4,301,860
Program 1.7 Chief Operating Officer - Chief Information Officer					
Revenues from other sources	12,234	14,594	16,840	17,857	18,673
Departmental outputs	974,401	972,779	1,008,595	1,124,725	1,060,090
Program 1.8 Chief Operating Officer - Defence People					
Revenues from other sources	68	-	-	-	-
Departmental outputs	355,297	452,754	470,589	477,554	488,530
Program 1.9 Defence Science and Technology					
Revenues from other sources	40,535	35,317	36,353	37,389	38,441
Departmental outputs	441,397	427,200	443,304	462,469	456,406
Program 1.10 Vice Chief of the Defence Force					
Revenues from other sources	241,241	231,636	235,030	238,492	242,033
Departmental outputs	1,162,672	1,251,094	1,259,605	1,294,260	1,340,329
Program 1.11 Joint Operations Command					
Revenues from other sources	1,133	373	388	400	406
Departmental outputs	45,546	50,680	48,247	51,276	52,704
Program 1.12 Capability Development					
Revenues from other sources	71,118	86,203	107,710	130,895	155,414
Departmental outputs	230,365	883,841	1,723,050	2,390,374	2,918,161
Program 1.13 Chief Finance Officer					
Revenues from other sources	782,289	822,302	867,999	924,301	971,766
Departmental outputs	535,769	560,563	619,318	631,998	628,653

Table 11 (Cont): Total Budgeted Resources Available for Outcome 1

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Program 1.14 Defence Force Superannuation Benefits					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	-	-	-	-	-
<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	188,592	96,957	85,377	75,307	66,101
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,981,554	1,255,387	1,340,561	1,391,045	1,476,384
Total Administered expenses	3,170,146	1,352,344	1,425,938	1,466,352	1,542,485
Administered revenues from other sources	1,250,204	1,279,134	1,332,987	1,390,431	1,449,214
Total Program 1.14	1,919,942	73,210	92,951	75,921	93,271
Program 1.15 Defence Force Superannuation Nominal Interest					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	18,855	26,918	25,357	23,848	22,391
<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,179,857	1,481,592	1,483,710	1,483,692	1,481,497
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	1,481,327	1,419,134	1,553,931	1,698,035	1,851,519
Total Administered expenses	2,680,039	2,927,644	3,062,998	3,205,575	3,355,407
Administered revenues from other sources	-	-	-	-	-
Total Program 1.15	2,680,039	2,927,644	3,062,998	3,205,575	3,355,407
Program 1.16 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	2,443	1,963	1,629	1,349	1,154
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	95,593	104,626	115,285	124,348	131,792
Total Administered expenses	98,036	106,589	116,914	125,697	132,946
Administered revenues from other sources	11,115	12,192	12,950	13,569	13,968
Total Program 1.16	86,921	94,397	103,964	112,128	118,978
Program 1.17 Other Administered					
Administered revenues from other sources	119,110	158,214	151,558	168,395	142,236
Total Program 1.17	-119,110	-158,214	-151,558	-168,395	-142,236
Total resourcing					
Total Departmental outputs	21,383,224	22,877,532	24,827,631	26,637,355	27,420,007
Total Administered	4,567,792	2,937,037	3,108,355	3,225,229	3,425,420
Total Departmental revenue from other sources	2,138,979	2,267,533	2,380,788	2,575,860	2,657,712
Total Administered revenue from other sources	1,380,429	1,449,540	1,497,495	1,572,395	1,605,418
Equity injection	456,312	683,005	1,816,608	1,515,806	2,188,258
Total resources for Outcome 1	29,926,736	30,214,647	33,630,877	35,526,645	37,296,815

Note

1. At *Portfolio Budget Statements 2013-14*, the Program numbers have changed compared to *Portfolio Additional Estimates Statements 2012-13* as a result of the introduction of the Chief Operating Officer.

Contributions to Outcome 1

Program 1.1: Office of the Secretary and CDF

Program 1.1 Objective

The Office of the Secretary and CDF (OSCDF) Group's primary objective in delivering Program 1.1 is to support the Secretary and CDF so they can deliver high quality policy advice to the Government, drive organisational reform and exercise strategic leadership.

The OSCDF Group manages the vast array of operational, policy, commercial, regulatory, risk and other matters associated with the Defence mission of defending Australia and its national interests.

During 2013-14, the Group will continue to drive implementation of the strategic reforms across Defence. It will implement new measures to align Defence's corporate and enterprise risk planning functions with strategic planning, and implement the 2013 *Defence White Paper* released on 3 May 2013.

The Group comprises the small personal offices of the Secretary and CDF, the Strategy Executive, the Audit and Fraud Control Division and a number of Military Justice agencies.

Table 12: Cost Summary for Program 1.1 Office of the Secretary and CDF

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	34,602	37,187	38,392	42,493	41,291
Suppliers	103,332	121,867	119,229	148,294	147,023
Grants	4,199	4,557	4,660	4,264	4,372
Depreciation and amortisation	1,337	1,111	929	821	669
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	143,470	164,722	163,210	195,872	193,355
Income					
Revenues					
Goods and services	542	539	538	540	534
Other revenue	-	-	-	-	-
Total revenue	542	539	538	540	534
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	542	539	538	540	534
Program 1.1 Office of the Secretary and CDF	142,928	164,183	162,672	195,332	192,821

Program 1.1 Deliverables

- Provide direction for the contribution of Defence to operations as directed by Government.
- Ensure Group-specific reform and savings initiatives have been achieved.
- Oversee implementation of agreed recommendations of the *ADF Posture Review*, incorporated as appropriate into the *2013 Defence White Paper*.
- Enhance Defence's governance framework, through clearer authority and accountability and more rigorous performance management, risk management, assurance and audit processes.
- Align Defence's corporate, enterprise risk and strategic planning functions, including through Defence's annual and corporate plans and revision of the Strategy Planning Framework.
- Guide implementation of the *2013 Defence White Paper*.
- Ensure both Defence strategic policy and corporate strategy align with Government direction and priorities, including fiscal policy.
- Ensure Defence's international relationships complement broader foreign policy goals, promote security and enhance productive Defence partnerships, particularly regionally, including through the Defence Cooperation Program as discussed in Appendix A.
- Provide policy advice on strategic issues including arms control, international collaborative programs, major capability acquisitions, industry and innovation policy.
- Manage export control of defence and strategic goods.
- Implement the legislation for the Australia-United States Defence Trade Cooperation Treaty and appropriate Treaty guidance to Australian Defence industry.
- Implementation of the recommendations of the Review into the Woomera Prohibited Area.
- Ensure that Defence complies fully with its obligations under the Archives and Freedom of Information Acts, including the pro-disclosure and accessibility requirements of the Information Publication Scheme^[1].
- On behalf of the Secretary and CDF undertake independent audits of Defence activities, and coordinate Australian National Audit Office activity in Defence.
- On behalf of the Secretary and CDF, take a leading role in the prevention and detection of fraud, undertake fraud investigations, and produce the Defence Fraud Control Plan.

Note

1. These functions have transferred to Program 1.6: Defence Support and Reform. Not identified in *Portfolio Additional Estimates 2012-13*.

Program 1.1 Key Performance Indicators

- Group-specific outcomes and programs are delivered within allocated resources and meet directed efficiency, economy measures, and economy and cultural measures.
- Staff skills are developed and personnel management practices successfully balance competing priorities.
- Policy guidance is forward-looking, timely, innovative and practical.

Program 1.2: Navy Capabilities

Program 1.2 Objective

The Navy's primary objective in delivering Program 1.2 is to provide maritime forces that contribute to the ADF's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect our national interests. This is achieved by providing maritime patrol and response, interdiction and strategic strike, amphibious warfare capabilities, protection of shipping and offshore territories and resources, maritime intelligence collection and evaluation, hydrographic and oceanographic operations, and escort duties. Peacetime activities include maritime surveillance and response within Australia's offshore maritime zones, hydrographic, oceanographic and meteorological support operations, humanitarian assistance, disaster relief and maritime search and rescue.

In 2013-14, the Navy will continue to maintain sufficient maritime combatant forces to deploy on operations, as directed by the CDF, while managing the ongoing challenges and capability risks associated with sustainment of the fleet and aviation forces, shortages in trained personnel and upgrades to a number of major fleet units.

The year will also herald the arrival of significant new capability with the introduction into service of the first Landing Helicopter Dock (LHD) and the establishment of the first MH-60R helicopter squadron.

October 2013 will mark a very important time in the Navy calendar, when 17 ships from across the Navy and over 40 foreign navy vessels and tall ships will participate in the International Fleet Review (IFR) to celebrate the centenary of the arrival of the Royal Australian Navy's fleet in Sydney Harbour. Navy will also participate in a number of bilateral and multilateral exercises during the year, including Talisman Sabre 2013 in July and August and Triton Centenary 2013 in the lead-up to and following the IFR. Both the IFR and the programmed exercises will make major contributions to the international engagement program while strengthening interoperability and regional relationships.

The *Rizzo Plan to Reform Support Ship Repair and Management Practices*, established in July 2011, will continue implementation in 2013-14, including change activities at the waterfront aimed at improving sustainment business practices, enhancing Navy-DMO working arrangements and embedding seaworthiness principles. The program will also persist with its important work aimed at rebuilding engineering capability in Navy.

Navy will again grapple with workforce challenges in 2013-14, especially shortages of mid-seniority officer and sailor ranks in some workforce sectors. Skills and number shortages are being addressed through junior officer and sailor development, lateral recruitment of foreign service personnel, and the employment of incentives to reduce separation rates. Transition to new platforms and technologies will also necessitate workforce restructure in some areas.

Navy remains strongly committed to the *Defence Pathway to Change*, underpinned by the New Generation Navy program which is driving cultural change and entrenching values and behaviours consistent with modern community standards and attitudes.

Table 13: Cost Summary for Program 1.2 Navy Capabilities

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	1,724,128	1,788,501	1,869,145	2,033,132	2,044,811
Suppliers	1,581,796	1,813,436	1,911,132	1,935,757	1,971,544
Grants	-	-	-	-	-
Depreciation and amortisation	918,629	772,860	758,531	690,791	674,615
Finance cost	21,391	20,721	25,762	27,139	28,278
Write-down of assets and impairment of assets	180,743	185,747	187,768	189,960	192,035
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	4,426,687	4,581,265	4,752,338	4,876,779	4,911,283
Income					
Revenues					
Goods and services	88,572	91,790	95,168	99,964	104,195
Other revenue	41,468	42,520	43,568	44,664	45,770
Total revenue	130,040	134,310	138,736	144,628	149,965
Gains					
Reversals of previous asset write-downs	111,889	114,097	114,407	114,657	114,827
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	111,889	114,097	114,407	114,657	114,827
Total income	241,929	248,407	253,143	259,285	264,792
Program 1.2 Navy Capabilities	4,184,758	4,332,858	4,499,195	4,617,494	4,646,491

Program 1.2 Deliverables

- Prepare, sustain and lead assigned forces to deliver capability to meet Government requirements.
- Maintain preparedness of Navy capability as directed by the CDF.
- Undertake joint collective training to ensure force elements are prepared for deployment and operations.
- In consultation with the Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Navy capabilities to the Government, the CDF and the Secretary.
- Deliver reform and savings without compromising agreed levels of Navy capability and safety.

Table 14: Navy Deliverables (Unit Ready Days)^[1]

Deliverables	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
19 Major Combatants ^[2]	3,915 ^[3]	3,501	3,491	3,730	4,151
20 Minor Combatants ^[4]	4,823	4,581	4,568	4,595	4,665
9 Amphibious and Afloat Support ^[5]	1,817	2,186	1,871	1,447	1,487
7 Maritime Teams ^[6]	2,555	2,555	2,555	2,556	2,555
9 Hydrographic Force ^[7]	2,563	2,805	2,220	1,596	1,569

Notes

- Unit Ready Days (URD) are the aggregate number of days that constituent force elements are available for tasking.
- Major Combatants include Adelaide class frigates, Anzac class frigates, Hobart class air warfare destroyers (from 2016-17) and submarines. Two Adelaide class frigates will be withdrawn in the forward estimates period (late 2014 and April 2017 respectively).
- The Major Combatants Estimated Actual for 2012-13 has been revised from the figure reported in the *Portfolio Additional Estimates Statements 2012-13* to incorporate additional URD for submarines.
- Minor Combatants include patrol boats and coastal mine hunters (MHC). Patrol boats will return to their contracted hours in 2013-14 following the completion of the remediation program in the first quarter of 2013-14. MHCs *Hawkesbury* and *Norman* were placed in extended readiness in 2009. Mine Sweeper Auxiliaries *Bandicoot* and *Wallaroo* have been withdrawn from service following the acquisition of two new tugs and hence have been removed from the PB Statements.
- Amphibious and Afloat Support comprises the oil tanker, replenishment ship, landing ship dock, heavy landing ship, heavy landing craft and, from 2014, the Canberra class LHD. Three remaining heavy landing craft and HMAS *Tobruk* are planned to decommission in December 2014. The LHDs begin to accrue URD in March 2014 and September 2014 respectively following crew certification.
- Maritime Teams comprise clearance diving teams, the deployable geospatial support team and mobile meteorological and oceanographic teams.
- Hydrographic Force comprises the hydrographic ships, survey motor launches, chart production office and meteorological and oceanographic centres. HMA Ships *Melville* and *Leeuwin* will undertake major maintenance/repair periods, including the replacement of their Variable Speed Drives in 2013-14. Survey motor launches are due to decommission late 2014, subject to final decision on service life extension.

Table 15: Navy Deliverables (Products)

Deliverables	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
Nautical Charting ^[1]	93	85	110	110	140
Nautical Publications ^[2]	6	30	30	31	30
Maritime Safety Update Work Orders ^[3]	-	1,100	1,100	1,100	1,100

Notes

- Nautical charting includes paper charts and Electronic Navigational Chart Cells from the Hydroscheme charting program.
- Nautical publications include four annual publications (Hydroscheme, Australian Tide Tables, Annual Notices to Mariners and AusTides); 25 fortnightly Notices to Mariners (not previously reported); and additional publications including Australian Chart and Publication Maintenance Handbook (2013-14), Sailing Directions NP13 (2014-15), Sailing Directions NP14 (2015-16) and Seafarer's Handbook (2016-17).
- A Maritime Safety Update is a notice distributed to the nautical community advising important safety information.

Table 16: Navy Deliverables (Flying Hours)

Deliverables	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
16 S-7-B-2 (Seahawks) ^[1]	4,200	3,600	2,800	2,000	1,200
13 A5350B (Squirrels)	3,600	4,000	4,000	4,000	4,000
- MRH-90 ^[2]	-	-	-	-	-
6 MH-60R ^[3]	-	600	2,400	3,400	4,800
1 Laser airborne depth sounder aircraft	980	980	980	980	980

Notes

1. Seahawk helicopter flying hours reduce over the forward estimates period with the introduction of MH-60R helicopters.
2. Navy is operating MRH-90; however, their flying hours have been included under Army Aviation deliverables, as Army is Joint Capability Manager for the aircraft. The portion planned for Navy is six aircraft and approximately 1,500 hours per annum in the mature state.
3. MH-60R helicopters scheduled to enter service during the forward estimates period.

Program 1.2 Key Performance Indicators

- Achieve levels of preparedness as directed by the CDF.
- Meet the Government's operational requirements.
- Generate and sustain forces for each current operation.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Navy capabilities to the Government, the CDF and the Secretary.
- Achieve Hydroscheme 2013-2016 data and surveying tasking requirements to meet national hydrographic surveying and charting obligations.

Program 1.3: Army Capabilities

Program 1.3 Objective

Army's primary objective in delivering Program 1.3 is to contribute to the achievement of the Government's defence objectives through the provision of capabilities for land and special operations. Army is to prepare forces for Joint Force-In-Being contributions to understanding and shaping the strategic environment; assisting civil authorities in Australia and abroad; and, deterring, denying and/or defeating adversaries the opportunity to attack or threaten Australia, or its strategic interests.

Army's first priority is to continue to support forces and individuals deployed on operations. During 2013-14 Army will remain heavily committed across a spectrum of operations at the domestic, regional and global level. Army will continue to sustain and preserve the ability to deploy and sustain a brigade group and a battalion group, in different areas of operation, for a prolonged period of time in our primary operational environment.

Army will further develop and refine the Army Sustainment Campaign Plan and Force Generation Cycle to ensure Army is capable of supporting current operations while concurrently posturing to meet the challenges of future operations. During 2013-14, the implementation of Multi-role Combat Brigade and Army Reserve reform under Plan BEERSHEBA will see increased commonality of structures and capability across Army. With recent tightening of resources, these changes will optimise its Force Generation Cycle and achieve efficiencies through cyclical personnel and resource usage and rationalisation of the equipment required to sustain operational missions and readiness for potential contingencies.

Army will achieve reductions in its operating budget including through a reduction in the use of M113AS4 vehicles. Some of these vehicles will be placed in temporary storage and Army will continue to review these fleets to ensure a viable mechanised capability is maintained.

Army will build on its existing cultural strengths through the implementation of a *Pathway to Change*, to ensure the organisation excels in preparing for and conducting operations in support of Australia and its national interests, while reflecting modern community standards and attitudes.

Table 17: Cost Summary for Program 1.3 Army Capabilities

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	3,235,174	3,402,847	3,581,821	3,896,588	3,946,112
Suppliers	1,149,572	1,441,882	1,641,385	1,714,998	1,730,355
Grants	82	284	84	88	90
Depreciation and amortisation	674,094	530,145	520,052	506,748	479,205
Finance cost	1,979	1,886	2,937	3,261	3,539
Write-down of assets and impairment of assets	119,500	123,613	126,098	128,954	132,328
Net losses from sale of assets	4,119	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	5,184,520	5,500,657	5,872,377	6,250,637	6,291,629
Income					
Revenues					
Goods and services	65,176	73,856	78,065	82,375	86,834
Other revenue	3,763	3,857	3,953	4,052	4,153
Total revenue	68,939	77,713	82,018	86,427	90,987
Gains					
Reversals of previous asset write-downs	73,604	75,232	75,768	76,323	76,965
Net gains from sale of assets	-	3,907	4,720	5,626	6,559
Other gains	-	-	-	-	-
Total gains	73,604	79,139	80,488	81,949	83,524
Total income	142,543	156,852	162,506	168,376	174,511
Program 1.3 Army Capabilities	5,041,977	5,343,805	5,709,871	6,082,261	6,117,118

Program 1.3 Deliverables

- Prepare, sustain and lead assigned forces to deliver capability to meet Government requirements.
- Conduct force generation and force preparation and maintain preparedness of capability as directed by the CDF.
- Continue to contribute to domestic security operations.
- In consultation with Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Army capabilities to the Government, the CDF and the Secretary.
- Develop programs to increase diversity within Army's workforce.
- Continue to improve programs that provide support for Army's seriously wounded and ill personnel.
- Undertake joint collective training to ensure force elements are prepared for deployment.
- Deliver force generation, namely a training continuum that unifies individual and collective training to ensure Defence Elements are prepared for Joint Force-In-Being contributions, including joint enabling activities supporting other Services/Groups.
- Implement reform through the Adaptive Army framework, Army Continuous Modernisation Plan and the Army Plan while continuing preparation of Force Elements for operational commitments and contingencies (this includes the Plan BEERSHEBA initiatives including the forming of Multi-role Combat Brigades, an amphibious capability and reform of the Army Reserve).
- Deliver Group specific reform and savings without compromising agreed levels of Army capability, including the revamping of Army's governance, risk, and budgeting and performance achievement management.

Table 18: Army Deliverables (Rate of Effort – Flying Hours) [Army]

Deliverables	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
6 CH-47D Chinook ^[1]	2,000	1,850	1,700	1,700	1,700
34 S-70A-9 Black Hawk ^[2]	7,500	6,200	4,200	2,400	2,000
41 B-206 Kiowa ^[3]	7,150	6,400	6,150	6,150	6,150
22 Armed Reconnaissance Helicopter (ARH) Tiger ^[4]	3,090	3,360	4,566	5,661	6,042
46 Multi Role Helicopter (MRH-90) ^[5]	2,700	4,000	5,600	8,200	10,200

Notes

1. 2013-14 Rate of Effort comprises 1700 hours baseline and 150 hours Operational Supplement.
2. Rate of Effort linked with MRH-90 development activities and MRH-90 sustainment contract negotiations.
3. Kiowa Rate of Effort is reduced in 2013-14 due to lower utilisation by 173 Squadron (due to cease operations in Holsworthy at the end of 2013) and reduced pilot throughput at Army Aviation Training Centre in 2013-14.
4. The achievement of ARH Rate of Effort is heavily dependant on maintenance support limitations, aircraft availability and the limited number of aircrew at 1 Aviation Regiment.
5. The final figure may vary due to the number of airframes accepted. MRH-90 Rate of Effort includes hours flown on MRH-90 operated by Royal Australian Navy.

Program 1.3 Key Performance Indicators

- Achieve levels of preparedness as directed by the CDF.
- Meet the Government's operational requirements.
- Generate and sustain forces for each current operation.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Army capabilities to the Government, CDF and the Secretary.

Program 1.4: Air Force Capabilities

Program 1.4 Objective

Air Force prepares forces to contribute to joint efforts of:

- understanding and shaping the strategic environment
- assisting civil authorities in Australia and abroad
- deterring, denying and/or defeating adversaries the opportunity to attack or threaten Australia or its strategic interests.

Air Force contributes to the achievement of Government's defence objectives by providing immediate and responsive military options as part of a whole-of-government joint or coalition response, either from Australia or when deployed overseas. Air Force's objective is achieved through the key air power roles – control of the air; precision strike; intelligence, surveillance and reconnaissance; and air mobility – all of which are enabled by combat support and operational support functions.

Capabilities provided by Air Force offer a unique combination of persistent and precision effect, flexibility, perspective, reach, penetration, versatility and responsiveness, and the ability to generate integrated kinetic and non-kinetic effects across the sea, land, air, space and cyber operating domains. Frequently, the options and capabilities provided by Air Force are also employed by the Government in a range of non-military activities such as search and rescue, disaster relief, humanitarian assistance, coastal and maritime surveillance, evacuation of civilians from trouble spots, and other protective functions.

Table 19: Cost Summary for Program 1.4 Air Force Capabilities

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	1,764,264	1,807,222	1,873,586	2,037,351	2,080,122
Suppliers	1,422,243	1,774,456	1,929,974	2,016,608	1,981,137
Grants	-	-	-	-	-
Depreciation and amortisation	986,719	671,224	668,661	659,885	637,177
Finance cost	6,447	6,148	9,572	10,626	11,533
Write-down of assets and impairment of assets	223,947	229,675	232,102	234,411	236,546
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	4,403,620	4,488,725	4,713,895	4,958,881	4,946,515
Income					
Revenues					
Goods and services	145,230	175,662	184,164	192,768	201,809
Other revenue	6,392	6,552	6,715	6,882	7,055
Total revenue	151,622	182,214	190,879	199,650	208,864
Gains					
Reversals of previous asset write-downs	138,813	141,235	141,505	141,573	141,496
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	138,813	141,235	141,505	141,573	141,496
Total income	290,435	323,449	332,384	341,223	350,360
Program 1.4 Air Force Capabilities	4,113,185	4,165,276	4,381,511	4,617,658	4,596,155

Program 1.4 Deliverables

- Prepare, sustain and lead assigned forces in operations to deliver capability to meet Government requirements.
- Provide air power options for Government by meeting directed preparedness requirements while minimising resource expenditure.
- In consultation with the Capability Development Group and the DMO, continue to plan, develop and monitor the delivery of, and transition to, new capability.
- Provide timely, accurate and considered advice on Air Force capabilities to the Government, the CDF and the Secretary.
- Engage with Government, the public, international partners, Defence groups, industry, other stakeholders and Air Force members to maximise achievement of all outputs.
- Deliver reform, including resource management and cultural change, without compromising capability, safety or airworthiness.

Table 20: Air Force Deliverables (Flying Hours)

Deliverables	2012-13 Estimated Actual	2013-14 Budget Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate	2016-17 Forward Estimate
63 PC-9 ^[1]	16,700	17,852	17,852	17,852	-
16 B300 King Air 350	10,400	11,400	11,400	11,400	11,400
0 C-130H Hercules	900	-	-	-	-
12 C-130J Hercules	7,850	7,350	7,350	7,350	8,250
6 C-17 Globemaster III ^[2]	4,800	5,200	5,200	5,200	5,200
10 C-27J Spartan ^[3]	-	-	1,000	2,500	5,000
5 KC-30A	2,200	3,100	3,100	3,100	3,100
2 B737 BBJ	1,400	1,600	1,600	TBA	TBA
3 CL604 Challenger	2,403	2,403	2,403	TBA	TBA
18 P-3 Orion ^[4]	7,100	7,900	7,900	7,550	6,975
6 E-7A Wedgetail	2,400	3,600	3,600	3,600	3,600
71 F/A-18A/B Hornet ^[5]	12,500	13,000	13,000	13,000	13,000
24 F/A-18F Super Hornet ^[6]	4,500	4,800	4,800	5,200	5,200
8 P-8 Poseidon ^[7]	-	-	-	-	345
33 Haw k 127	5,500	7,500	7,500	7,500	7,500

Notes

1. The number of aircraft reflects a single unrecoverable PC-9 as reported in the 2010-11 Defence Annual Report.
2. The increased Rate of Effort in 2013-14 and forward years reflects the arrival of the 6th platform along with an increased effort to reduce the impacts of the C-130H withdrawal.
3. The estimate of the Rate of Effort will continue to be revised in line with the progressive introduction of these platforms into service.
4. One AP-3C has been retired. The reduced Rate of Effort in the forward years is associated with the resources being allocated to the P-8 transition requirements.
5. Rate of Effort is set to ensure the Air Combat capability of the ADF.
6. Increased Rate of Effort is the reflection of a maturing capability.
7. P-8 Poseidon hours are based on AIR7000 estimated Rate of Effort for the initial introduction into service. It will continue to be revised in line with the progressive introduction of these platforms into service.

Program 1.4 Key Performance Indicators

- Achieve levels of preparedness as directed by the CDF.
- Meet the Government's operational requirements.
- Generate and sustain forces for each current operation.
- Achieve a level of training that maintains core skills, professional standards and baseline preparedness.
- Provide timely, accurate and considered advice on Air Force capabilities to the Government, the CDF and the Secretary.

Program 1.5: Intelligence Capabilities

Program 1.5 Objective

Intelligence and Security Group delivers Program 1.5 through the two main objectives of delivering intelligence capability for Defence and Government; and leads the development of security policy, standards and plans to meet Defence's protective security requirements and provide information security services to Government.

As Defence's ability to preserve its intelligence capability edge is critically dependent on the availability of skilled and experienced ADF and civilian personnel, the Group has broadened its recruitment and retention strategies through programs, such as targeted university recruitment drives, incentives for staff with specific language and technical talents, and enhanced use of online recruitment tools. These initiatives will continue in 2013-14.

The Defence Security Authority leads the Defence security community in minimising the security risks to Defence's people, information and material. The Authority is responsible for developing security policy, reporting on security performance, investigating serious security incidents, producing security intelligence and threat assessments, developing and delivering specialist security training, and undertaking personnel security vetting for the majority of Commonwealth agencies and related industry.

Table 21: Cost Summary for Program 1.5 Intelligence Capabilities

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	262,260	269,859	279,474	303,861	305,272
Suppliers	217,083	230,027	253,610	282,160	268,080
Grants	-	-	-	-	-
Depreciation and amortisation	37,354	34,713	40,714	50,807	55,815
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	3,183	3,775	4,773	5,193	5,590
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	519,880	538,374	578,571	642,021	634,757
Income					
Revenues					
Goods and services	10,784	11,243	10,134	10,536	10,652
Other revenue	-	-	-	-	-
Total revenue	10,784	11,243	10,134	10,536	10,652
Gains					
Reversals of previous asset write-downs	1,945	2,307	2,917	3,174	3,416
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	1,945	2,307	2,917	3,174	3,416
Total income	12,729	13,550	13,051	13,710	14,068
Program 1.5 Intelligence Capabilities	507,151	524,824	565,520	628,311	620,689

Program 1.5 Deliverables

- Provide timely, accurate and high quality intelligence and security support in accordance with Government priorities to support the ADF, policy and wider security operations.
- Deliver enhanced capabilities to better exploit next generation technologies, improve intelligence assessment, and enhance the security of the Government's information.
- Provide advice and assistance to the Government on the security and integrity of electronic information, cryptography and communications technology.
- Meet the Australian Government Security Vetting Agency's key performance results as specified in the agency's Service Level Charter.
- Strengthen the management framework of the Australian Government Security Vetting Agency.
- Provide management and strategic direction for Defence's foreign language capability.
- Ensure the effectiveness of the intelligence and security governance and compliance framework.
- Strengthen the workforce through targeted recruitment, retention and training initiatives.
- Ensure effective and efficient transfer of expertise, capabilities and intelligence across key international partnerships, and strengthen collaboration with national agencies.
- Contribute to reform outcomes.

Program 1.5 Key Performance Indicators

- Deliver intelligence and security services to meet Defence and Government requirements.
- Develop next generation intelligence, geospatial and security assessment capabilities; including Geoint, Sigint and Cyber.
- Strengthen the approach to security across Defence and Government.
- Deliver strategic guidance and management support to meet Defence's foreign language requirements.
- Achieve best practice in governance and compliance.
- Ensure that the intelligence and security workforce is developed and skilled.
- Deliver intelligence capability dividends through international and national partnerships.

Chief Operating Officer

Chief Operating Officer Objective

The Chief Operating Officer (COO) organisation consists of three groups and one division: Defence Support and Reform Group (DSRG) (Program 1.6), Chief Information Officer Group (CIOG) (Program 1.7), Defence People Group (DPG) (Program 1.8) and Defence Legal Division.

The previously reported Strategic Reform Management Office and Ministerial and Executive Coordination and Communication Division have been incorporated into DSRG to further streamline management arrangements. Defence Legal reports directly to the COO, however will continue to be reported under Program 1.6 for administrative purposes.

Better integration of these groups is ensuring that the development and delivery of corporate services best support Defence's ability to effect necessary reforms. This includes the implementation of shared services and achieving cost efficiencies and cultural change that the Government is seeking. Work to integrate the programs of the COO organisation is continuing and the development of an integrated COO operating model is well advanced.

DSRG continues to build on its delivery of enabling support services to Defence. With the streamlining of services within the COO organisation, this includes responsibility for the high-level integration, coordination and oversight of the Strategic Reform Program and a key interface between the Defence organisation and our ministers, other government agencies, Parliament and the community.

CIOG continues to progress significant reform projects (such as a centralised processing strategy, improved terrestrial communications, Next Generation Desktop and Defence's new HR and Payroll system) ensuring Defence Information and Communication Technology support for our military and civilian customers now, and into the future.

The formation of DPG has been completed with the transfer from other Groups of various people oriented service-delivery elements and other human resource functions. DPG is now positioned to drive further reform through the development and consistent delivery of more effective people services across the non-Service Groups and to improve support to the Services.

Defence Legal continues to support the Defence mission by providing specialist legal advice and other legal support services to the command and management of Defence. Future reform will strengthen the role of Defence Legal and its status as professional legal adviser to the organisation.

Table 22: Cost Summary for Chief Operating Officer

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	1,279,434	1,363,437	1,363,916	1,466,158	1,471,097
Suppliers	2,783,864	2,926,969	3,101,071	3,207,105	3,310,531
Grants	1,643	1,478	1,516	1,548	1,586
Depreciation and amortisation	1,010,355	1,011,222	1,073,036	1,128,878	1,173,332
Finance cost	64,525	103,984	118,303	116,900	115,782
Write-down of assets and impairment of assets	77,232	93,950	100,853	105,488	109,473
Net losses from sale of assets	3,446	-	-	-	-
Other expenses	71,462	21,073	28,329	101,094	114,066
Total expenses	5,291,961	5,522,113	5,787,024	6,127,171	6,295,867
Income					
Revenues					
Goods and services	289,678	305,336	315,296	335,675	338,953
Other revenue	8,253	6,455	6,635	6,816	7,002
Total revenue	297,931	311,791	321,931	342,491	345,955
Gains					
Reversals of previous asset write-downs	16,554	25,114	27,755	28,758	29,532
Net gains from sale of assets	-	12,000	22,000	90,000	69,900
Other gains	-	-	-	-	-
Total gains	16,554	37,114	49,755	118,758	99,432
Total income	314,485	348,905	371,686	461,249	445,387
Chief Operating Officer (COO)	4,977,476	5,173,208	5,415,338	5,665,922	5,850,480

Chief Operating Officer Deliverables

The following deliverables for the Chief Operating Officer focus on oversight of the COO organisation:

- Oversee, integrate and coordinate reforms.
- Ensure policy advice provided to the Government is accurate, timely and responsive, and offers practical and cost-effective approaches to fulfil the Government's defence responsibilities.
- Promote and protect Defence's reputation by increasing public awareness of Defence activities and achievements and strengthening Defence capabilities in media-related activities.
- Provide overarching strategic guidance, policy and supporting plans to implement the recommendations of the reviews into the culture of the ADF and Defence. Notwithstanding, the Secretary and CDF retain personal accountability for *Pathway to Change* which is executed through the Culture Reform Steering Committee. Resourcing of individual initiatives in support of the *Pathway to Change* comes from the individual Groups and Services as appropriate.

Chief Operating Officer Key Performance Indicator

The following is the Key Performance Indicator for the COO:

The Ministers are satisfied with the timeliness and quality of advice, including Cabinet documentation, provided by the Department.

Program 1.6: Chief Operating Officer – Defence Support and Reform
Program 1.6 Objective

Program 1.6 is delivered by the Defence Support and Reform Group (DSRG). DSRG is a key interface between the Defence organisation and its Ministers, other Government Agencies, Parliament and the community. DSRG is responsible for delivering shared services that support the ADF and Defence Groups, and is fundamental to generating Defence capability through the services it provides. DSRG supports Defence through the provision of a range of products and services including: housing; business services; high-level integration, coordination and oversight of the Strategic Reform Program; base support services including catering, accommodation, cleaning and grounds maintenance; and managing, developing and sustaining the Defence estate.

Table 23: Cost Summary for Program 1.6 Chief Operating Officer – Defence Support and Reform

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	1,045,569	1,061,651	1,066,319	1,147,749	1,152,395
Suppliers	1,836,455	1,905,859	2,044,476	2,061,735	2,223,911
Grants	213	17	22	27	33
Depreciation and amortisation	867,659	914,050	954,765	997,541	1,037,533
Finance cost	62,800	103,928	118,259	116,890	115,782
Write-down of assets and impairment of assets	62,355	75,408	78,830	81,999	84,854
Net losses from sale of assets	3,448	-	-	-	-
Other expenses	71,462	21,073	28,329	101,094	114,066
Total expenses	3,949,961	4,081,986	4,291,000	4,507,035	4,728,574
Income					
Revenues					
Goods and services	286,559	302,167	312,007	332,264	335,416
Other revenue	8,253	6,455	6,635	6,816	7,002
Total revenue	294,812	308,622	318,642	339,080	342,418
Gains					
Reversals of previous asset write-downs	7,371	13,689	14,204	14,312	14,396
Net gains from sale of assets	-	12,000	22,000	90,000	69,900
Other gains	-	-	-	-	-
Total gains	7,371	25,689	36,204	104,312	84,296
Total income	302,183	334,311	354,846	443,392	426,714
Program 1.6 Chief Operating Officer - Defence Support and Reform	3,647,778	3,747,675	3,936,154	4,063,643	4,301,860

Program 1.6 Deliverables

DSRG's core responsibilities focus on day-to-day support to the ADF to enable Defence capability.

Particular deliverables for 2013-14 and the forward estimate years include:

- Ensuring that Defence Ministers, CDF, Secretary and the Government are provided with quality and timely advice and support to enable them to carry out their duties efficiently.
- Provision of high-level integration, coordination, reporting and oversight of the Strategic Reform Program.
- Ensure Defence input to Cabinet and the National Security Committee of Cabinet is timely, relevant and appropriately robust^[1].
- Ensure policy advice provided to the Government is accurate, timely and responsive, and offers practical and cost-effective approaches^[1].
- Promote and protect Defence's reputation by increasing public awareness of Defence activities and achievements and strengthen Defence capabilities in media-related activities^[1].
- Ensure that Defence complies fully with its obligations under the Archives and Freedom of Information Acts, including the pro-disclosure and accessibility requirements of the Information Publication scheme^[1].
- Provision of specialist legal support to Defence and legal support for ADF operations.
- Continue to implement reforms to the Military Justice System^[2].
- Formulation of concept, policy, legislation and procedure for the Defence legislative program, including a new Chapter III military court.
- Formulation of possible alternative approaches to internal fact finding and inquiry processes across Defence.
- Continue to drive reform and improve business outcomes in areas including; non-equipment procurement, Estate Shared Services and base support.
- Provision of, non-equipment procurement and contracting advice and support, and continuation of the improvement of procurement practices across Defence.
- Provision of nationally delivered whole-of-Defence corporate services, including, stationery, printing and publishing, library services and travel.
- Provision of garrison and other base support services to support Defence bases and establishments throughout Australia, including annual rotations of United States Marine Corps to Northern Australia.
- Implementation of DSRG elements of the Base Security Improvement Program.
- Maintain single service, joint, combined and coalition capability by providing range control and estate development services and coordinating support to major domestic operations and exercises.
- Support domestic response capabilities through Joint Operations Support Staff services including internal and inter-departmental engagement for Defence Assistance to the Civil Community and Defence Force Aid to the Civil Authority.
- Manage, develop and sustain the Defence estate to meet Defence and Government requirements by developing and delivering major estate and environment programs on time, to budget and compliant with the *Work Health & Safety Act 2011*, *Environment Protection & Biodiversity Conservation Act 1999* and other statutory requirements.
- Deliver estate priorities identified within the *2013 Defence White Paper*.
- Deliver the estate investment program, the 2013-14 Major Capital Facilities Program is outlined at Appendix C.

- Deliver an estate strategic planning document to improve estate planning outcomes and prioritise estate investment decisions to support current and future capability.
- Promote and manage Defence's environmental stewardship obligations as outlined in the *Defence Environmental Strategic Plan 2010-2014*.

Notes

1. These functions have transferred from Program 1.1 Office of the Secretary and CDF.
2. These functions have transferred from the COO for administrative and reporting purposes. Head Defence Legal reports directly to the COO.

Program 1.6 Key Performance Indicators

DSRG's 2013-14 Key Performance Indicators include:

- Improve business outcomes as part of broader Defence reform, including ongoing implementation of the revised responsibilities and accountabilities for base support.
- The Ministers are satisfied with the timeliness and quality of advice, including Cabinet documentation, provided by the Department^[1].
- Deliver products and services on time and on budget to support the development and delivery of Defence capability.
- Develop industry engagement and collaborative relationships to ensure the effective and efficient delivery of products and services.
- Provide ADF members with high quality service residences, relocation and travel services using cost-effective and robust contract arrangements.
- Manage, develop and sustain the Defence estate to meet Defence and Government requirements by developing and delivering major estate and environment programs on time, to budget and compliant with all appropriate regulatory requirements.
- Maintain a robust liaison network with inter-departmental and internal agencies to prepare for domestic response operations.
- Support ADF operational capability, including through the deployment of ADF lawyers to provide access to relevant and timely legal support.

Note

1. This KPI has transferred from Program 1.1 Office of the Secretary and CDF.

Program 1.7: Chief Operating Officer – Chief Information Officer

Program 1.7 Objective

The Chief Information Officer Group's (CIOG's) objective in delivering Program 1.7 is to provide Defence with dependable, secure and integrated Information Communication Technology (ICT) capabilities to support the conduct of ADF operations and Defence business.

The 2009 Defence ICT Strategy identified five clear objectives for Defence's future ICT environment:

- greater ICT scalability, flexibility and adaptability
- improved information speed and accuracy
- continued technological capability edge
- enhanced interoperability
- improved business support.

CIOG is focussed on implementing a number of initiatives that are fundamental to the realisation of the Defence ICT Strategy and essential to delivering capability to support the ADF. This will result in the simplification, consolidation and standardisation of the Defence platform. The delivery of these initiatives, as well as several other large programs of work, will assist other Defence reform.

Table 24: Cost Summary for Program 1.7 Chief Operating Officer - Chief Information Officer

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	132,882	137,256	121,593	133,672	131,478
Suppliers	695,377	737,183	768,344	860,086	793,595
Grants	-	-	-	-	-
Depreciation and amortisation	141,776	94,336	113,431	125,325	129,071
Finance cost	1,725	56	44	10	-
Write-down of assets and impairment of assets	14,877	18,542	22,023	23,489	24,619
Net losses from sale of assets ^[1]	-2	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	986,635	987,373	1,025,435	1,142,582	1,078,763
Income					
Revenues					
Goods and services	3,051	3,169	3,289	3,411	3,537
Other revenue	-	-	-	-	-
Total revenue	3,051	3,169	3,289	3,411	3,537
Gains					
Reversals of previous asset write-downs	9,183	11,425	13,551	14,446	15,136
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	9,183	11,425	13,551	14,446	15,136
Total income	12,234	14,594	16,840	17,857	18,673
Program 1.7 Chief Operating Officer - Chief Information Officer	974,401	972,779	1,008,595	1,124,725	1,060,090

Note

1. At the Portfolio level, Defence has budgeted for a total net loss from sale of assets in 2012-13. Whilst amounts shown in 2012-13 represent a gain for this Program, the overall Portfolio budgeted outcome is for a loss.

Program 1.7 Deliverables

The priorities for 2013-14 budget allocation will continue to be:

- Support to Military Operations:
 - maintain support to ADF operations through the provision of agreed Information and Communication Technology support, the delivery of network defensive operations, and the maintenance of a disaster recovery capability.
- The ICT Reform projects including security and the realisation of the Single Information Environment (SIE):
 - the Defence ICT Reform Projects are the principle vehicle for the management and delivery of the Defence ICT Strategy. The ICT Reform Program is building an improved SIE and governance framework that can effectively support Defence war fighting and business reform objectives through to 2030. The reform projects including centralised processing Terrestrial Communications, Next Generation Desktop and Defence's new HR and Payroll system (JP2080 2B.1) will ensure Defence ICT support for military and civilian customers now, and into the future.
- Maintenance of essential Business as Usual (BAU) ICT operations and services:
 - continue to support BAU ICT operations and services which include communication lines, data centres, software licences, provision of work stations, help desk services, printers, faxes and phones
 - continue to plan and implement ICT shared services
 - deliver ICT services in accordance with the Defence ICT Services Delivery Charter and maintain the integrity and security of the Defence SIE.
- Approved Defence Capability Plan (DCP), Major Capital Facilities (MCF), and other approved projects and system enhancements:
 - to deliver the ICT elements of endorsed projects and system enhancements in the DCP, MCF and ICT work plans developed through regular engagement with customer representatives.

Program 1.7 Key Performance Indicators

- ICT Capabilities are developed and sustained in accordance with agreed stakeholder priorities.
- Strategic investment in consolidated networks, infrastructure, service orientated architecture, applications and information management enables transition to a SIE.
- ICT security is maintained to an appropriate level.
- ICT shared services reforms are effective in reducing costs and increasing productivity across Defence.
- ICT services and service support are delivered in accordance with the Defence ICT Services Delivery Charter and the Defence ICT Services Catalogue.

Program 1.8: Chief Operating Officer – Defence People

Program 1.8 Objective

The Defence People Group's (DPG's) primary objectives in delivering Program 1.8 is to deliver sustainable People Capability to support the achievement of Defence's key outcomes as articulated in the Defence White Paper, to deliver shared services in the Human Resource function, and to coordinate cultural reform and the implementation of the recommendations of the Cultural Reviews across the organisation.

The vision for achieving these key objectives is delivered in *People in Defence – Generating the Capability for the Future Force*, which provides the strategic blueprint for achieving key people outcomes. This strategy will be revised during 2013-14 to align with the 2013 *Defence White Paper* and to incorporate cultural reform programs that have been initiated since it was promulgated. *People in Defence* is supported by an annual plan for achieving the vision and primary objectives, articulated as the People chapter of the *Defence Annual Plan*. Projects and initiatives identified in the plan focus on three key facets. These are to:

- define an attractive and compelling employment offer
- develop a work environment that delivers on our commitments to our people
- develop an effective and efficient People system to achieve more consistently effective outcomes for our people.

Following the consolidation of the DPG in 2012-13, the new financial year will see the bedding down of HR Shared Services reforms and a transition of focus to the delivery of consistent, efficient and professional services, including the creation of the Career Management Support Agency to deliver common support services to the Service career management agencies.

Table 25: Cost Summary for Program 1.8 Chief Operating Officer – Defence People

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	100,983	164,530	176,004	184,737	187,224
Suppliers	252,032	283,927	288,251	285,284	293,025
Grants	1,430	1,461	1,494	1,521	1,553
Depreciation and amortisation	920	2,836	4,840	6,012	6,728
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	355,365	452,754	470,589	477,554	488,530
Income					
Revenues					
Goods and services	68	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	68	-	-	-	-
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	68	-	-	-	-
Program 1.8 Chief Operating Officer - Defence People	355,297	452,754	470,589	477,554	488,530

Program 1.8 Deliverables

- Provide timely, accurate and high-quality advice on key People issues to the Secretary, CDF and Government.
- Complete the projects and initiatives described in the People chapter of the *Defence Annual Plan* in order to deliver a sustainable people capability through the development of:
 - an attractive and compelling employment offer
 - a work environment that delivers on our commitments to our people
 - an effective and efficient People system, utilising shared services.
- Deliver Group-specific reforms and cost reductions.
- Coordinate and facilitate the Defence-wide implementation of *Pathway to Change* and cultural reform.
- Develop an evaluation framework to measure the achievement of desired cultural effects resulting from the implementation of *Pathway to Change* and cultural reform across Defence.
- Facilitate access by the Defence Abuse Response Taskforce to information and records held by Defence.
- Fulfill departmental accountability for Defence's payroll systems.
- Continue development of enhanced support to Defence Families through a national service delivery model.
- Process applications for Defence medals that reward excellence, achievement and outstanding service.
- Provide comprehensive services and support to managers, APS staff and ADF members in relation to sensitive and complex personnel issues.
- Conduct ADF recruiting.
- Coordinate and facilitate the implementation of the Defence Work Health and Safety Strategy 2012-17.
- In conjunction with the Department of Veterans' Affairs coordinate the measures designed to provide seamless support to wounded, ill and injured members of the ADF.
- Develop a systematic approach to developing and professionalising APS leaders in Defence.
- Publish an endorsed, corporate level Diversity and Inclusion strategy.

Program 1.8 Key Performance Indicators

- Advice to the Secretary, CDF and Government on People issues is timely and of a high quality.
- Projects and initiatives described in the People chapter of the *Defence Annual Plan*, which are aimed at delivering a sustainable People capability in Defence, are completed in a timely manner and achieve the desired outcomes.
- Implementation of *Pathway to Change* across Defence, consistent with the timeframes outlined in supporting implementation strategies.
- Timely and responsive facilitation of access to Defence information and records by the Defence Abuse Response Taskforce.
- Human Resource Workforce and Shared Services reforms are effective in reducing costs and improving efficiency.
- Provide professional support services to ADF members and families, including delivery of family support programs and bereavement support in the event of death and serious casualties.
- Ensure timely recognition of ADF members, ex-serving members and APS employees in accordance with the Australian and Imperial Honours and Awards systems, and civilian long service recognition and commendation schemes.
- ADF recruiting achievement.
- Defence Work Health and Safety Strategy 2012-17 implementation milestones are achieved on schedule.
- Measures to provide seamless support to wounded, ill and injured members of the ADF are implemented according to schedule.
- A suite of leadership development programs targeted at key career transition points are operating and skills are improved in occupational groups.
- Implementation of the Diversity and Inclusion Strategy, consistent with the timeframes outlined in supporting implementation plans.

Program 1.9: Defence Science and Technology
Program 1.9 Objective

The Defence Science and Technology Organisation's (DSTO) principal objective in delivering Program 1.9 is to provide expert, impartial science and technology (S&T) advice and innovative solutions to the Government, Defence and Australia's national security agencies to support the conduct of military operations, the provision of military capabilities and the promotion of security and stability. DSTO also has whole-of-government responsibility for coordinating S&T support to national security.

This is achieved by enhancing capability, treating risks and saving resources through applied research focussed on support to military and national security operations, current capability, and to future capability development and acquisition. The organisation undertakes a future-proofing role for Defence by investigating client-focussed future concepts, contexts and capabilities.

DSTO's strategic research program is future-focussed, aimed at providing game changing capability for Defence and national security in the longer term by responding to emerging threats and opportunities.

To achieve its objectives, DSTO draws upon the world class scientific ability of its staff and research facilities, and extensive networks and partnerships with external organisations such as international defence research agencies, industry and academia. These networks support DSTO's role as a knowledge and innovation integrator for Defence and promote defence science and education in the broader Australian community.

Table 26: Cost Summary for Program 1.9 Defence Science and Technology

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	300,594	305,173	324,013	346,173	345,449
Suppliers	153,186	128,386	127,235	126,712	121,576
Grants	-	-	-	-	-
Depreciation and amortisation	25,042	25,478	24,636	22,901	23,449
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	3,110	3,480	3,773	4,072	4,373
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	481,932	462,517	479,657	499,858	494,847
Income					
Revenues					
Goods and services	38,635	33,190	34,047	34,901	35,769
Other revenue	-	-	-	-	-
Total revenue	38,635	33,190	34,047	34,901	35,769
Gains					
Reversals of previous asset write-downs	1,900	2,127	2,306	2,488	2,672
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	1,900	2,127	2,306	2,488	2,672
Total income	40,535	35,317	36,353	37,389	38,441
Program 1.9 Defence Science and Technology	441,397	427,200	443,304	462,469	456,406

Program 1.9 Deliverables

- Provide timely, accurate and expert S&T advice on Defence and national security related matters to the Secretary, CDF and Government.
- Provide effective, relevant and timely:
 - S&T solutions and technical support to military operations, to the current force and to national security agencies' operations and capabilities
 - S&T support to capability development and acquisition decision making, including technical risk assessment and certification for Defence Capability Plan projects.
- Deliver a program of strategic research aimed at enhancing future Defence and national security capabilities and maintaining the organisation's world-class research expertise and facilities.
- Further develop strategic partnerships with external organisations, in particular international partners, local industry and academia; promote defence science and education in the broader Australian community.
- Contribute to Defence reform outcomes by continuing to seek and implement improvements to DSTO leadership, business and culture, including fostering diversity and gender equality. Identify and evaluate technologies that facilitate efficiencies and savings in the development, operation, repair and maintenance of ADF platforms.

Program 1.9 Key Performance Indicators

- Advice to Defence and the Government on S&T matters is valued and contributes to better Defence and national security outcomes.
- The applied research program is strategically balanced in meeting the needs of Defence in support of operations, the current force, capability development and acquisition, and the needs of national security agencies.
- Research program outputs are well suited to enhancing Defence and national security capability, treating risks and saving resources.
- The strategic research is focussed on supporting future Defence capability and on providing game-changing capability for Defence in the longer term, to both prevent and create strategic surprise.
- Program outcomes are delivered on time, in scope and within agreed resources.
- DSTO's S&T capability is contributed to by:
 - a workforce with world-class expertise and facilities, measured through benchmarking and client feedback
 - appropriately leveraged S&T engagement and partnerships with international defence research organisations, industry and academia.

Program 1.10: Vice Chief of the Defence Force

Program 1.10 Objective

The Vice Chief of the Defence Force (VCDF) Group's mission is to develop, deliver, enable and ensure Defence Joint Capability in order to protect and advance Australia's national and strategic interests. The Group enables Defence to meet its objectives through the provision of military strategic effects and commitments advice and planning, joint military professional education and training, logistics support, health support, ADF Cadet and Reserve policy, joint capability coordination, preparedness management, and joint and combined ADF doctrine.

The VCDF Group has responsibility for the Australian Civil-Military Centre, which was established by the Government in 2008 with the role of supporting the development of national civil-military capabilities to prevent, prepare and respond more effectively to conflicts and disasters overseas. To meet this objective, VCDF Group provides funding of approximately \$9m per year.

In addition, VCDF Group has responsibility for the Australian Defence Simulation Office, the ADF Parliamentary Program, the Federation Guard, ADF ceremonial activities, the ADF Investigative Service, Strategic Communications Branch, the United States Force Posture Review Implementation Team and the Counter Improvised Explosive Device Task Force.

VCDF Group is committed to drive cultural reform in line with Defence's *Pathway to Change* Program.

Table 27: Cost Summary for Program 1.10 Vice Chief of the Defence Force

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	477,266	535,415	555,390	596,641	624,845
Suppliers	561,048	576,122	563,604	550,470	567,884
Grants	-	-	-	-	-
Depreciation and amortisation	25,251	30,154	34,215	43,851	47,478
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	340,348	341,039	341,426	341,790	342,155
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,403,913	1,482,730	1,494,635	1,532,752	1,582,362
Income					
Revenues					
Goods and services	138,918	128,952	132,176	135,479	138,866
Other revenue	-	-	-	-	-
Total revenue	138,918	128,952	132,176	135,479	138,866
Gains					
Reversals of previous asset write-downs	102,323	102,684	102,854	103,013	103,167
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	102,323	102,684	102,854	103,013	103,167
Total income	241,241	231,636	235,030	238,492	242,033
Program 1.10 Vice Chief of the Defence Force	1,162,672	1,251,094	1,259,605	1,294,260	1,340,329

Program 1.10 Deliverables

- Lead the preparation of departmental military strategic advice to Government via Ministerial Submissions, Ministerial Representations, Question Time Briefs and Cabinet Submissions.
- Provide military strategic expertise to CDF in order to prepare direction from CDF to subordinate Headquarters.
- Deliver agreed savings and reforms within the VCDF Group including in the areas of Logistics, Reserves, and Preparedness and Personnel and Operating Costs.
- Deliver coordinated logistic advice and services to the ADF, and provide Defence Strategic Joint Operations services.
- Provide policy advice and deliver services to optimise the health of ADF personnel.
- Provide Defence, inter-agency, combined and joint capability coordination and preparedness management.
- Build and sustain a learning environment that links education, training and skilling to Defence capability.
- Enhance capacity of Reserves to support Defence capability.
- Provide a coordinated, coherent and well-governed approach to Youth Development Programs in the Australian Defence Organisation in order to provide a positive youth development experience.
- Promote best-practice civil-military engagement through the Australian Civil-Military Centre.

Program 1.10 Key Performance Indicators

- Timely, accurate and widely consulted advice provided to Government.
- High level of engagement with Joint Operations Command, International Policy Division, Strategic Policy Division, Australian Civil-Military Centre, and other Government agencies, for Operational matters.
- Advice is readily sourced and made available to the Offices of the CDF and VCDF to support strategic decision making.
- ADF operational tempo is managed within concurrency constraints.
- Group-specific reform and savings have been achieved.
- ADF operations and exercises receive effective logistics and health support and services.
- ADF joint and combined operational capability is enhanced.
- Delivery of learning outcomes that deliver the skills required for defence capability.
- Planning and policy frameworks for the contribution of the Reserves to Defence and the wider community are enhanced.
- Governance and accountability frameworks enhance the youth development experience within the ADF Cadets.
- Australian Civil-Military Centre delivers its goals effectively and efficiently in accordance with Government instructions.
- Timely, accurate and widely consulted advice on nature of service classifications.
- Timely and accurate advice on strategic communications.
- ADF investigations are supported by effective and efficient administration.
- Group-specific outcomes and programs are delivered on time and within agreed resources.

Program 1.11: Joint Operations Command

Program 1.11 Objective

Joint Operations Command (JOC) is the ADF joint integrated operational level headquarters (HQ) responsible for ADF contributions to combined and interagency operations and international engagement activities, both domestically and internationally, in order to achieve Government and CDF's strategic priorities and direction.

Chief of Joint Operations (CJOPS), as the commander of JOC, commands Headquarters Joint Operations Command (HQJOC), Northern Command, 1st Joint Movements Group and the National Welfare Coordination Centre and Joint Task Forces established for operations and major exercises. CJOPS is supported by Liaison Officers assigned to HQJOC from the Australian Federal Police, Defence International Policy Division, AusAID and the Department of Foreign Affairs and Trade.

CJOPS is the CDF's principal adviser on operational matters and is responsible to the CDF for the conduct of military operational planning. CJOPS exercises command over assigned deployed combined (coalition and multilateral, military and interagency) and joint task forces and the Australian contingents to United Nations operations.

CJOPS is the ADF Search and Rescue (SAR) authority and also is responsible for coordinating Defence Assistance to the Civil Community (DACC) and Defence Force Aid to the Civil Authority (DFACA). In addition, and on behalf of the CDF, CJOPS is responsible for the ADF's commitment to protecting Australia's borders through the provision of ADF resources to the Border Protection Command for border protection tasks.

The Border Protection Command program is listed and reported in the Customs and Border Protection Service section of the Attorney-General's Portfolio Budget Statements.

Table 28: Cost Summary for Program 1.11 Joint Operations Command

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	4,716	5,771	5,754	6,401	6,088
Suppliers	39,821	42,635	39,025	40,467	41,638
Grants	-	-	-	-	-
Depreciation and amortisation	2,142	2,647	3,856	4,808	5,384
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	46,679	51,053	48,635	51,676	53,110
Income					
Revenues					
Goods and services	1,133	373	388	400	406
Other revenue	-	-	-	-	-
Total revenue	1,133	373	388	400	406
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	1,133	373	388	400	406
Program 1.11 Joint Operations Command	45,546	50,680	48,247	51,276	52,704

Program 1.11 Deliverables

- Provide input, in the form of reporting, analysis, plans and preparedness requirements, to the strategic level ADFHQ and Commonwealth national security decision-making committees on military options and operational matters associated with current operational commitments and future directed contingencies.
- Plan, control, conduct and evaluate the ADF's, and where applicable the whole-of-government and/or coalition, contributions to Government directed operational commitments.
- Plan, control, conduct and evaluate the ADF's contributions to DACC and DFACA, and plan for and coordinate SAR for military purposes.
- Plan, control, conduct and evaluate the ADF's participation in non-operational domestic and international joint, interagency and bilateral and multilateral exercises and engagement activities scheduled in the endorsed Program of Major Service Activities.
- Maintain ongoing partnerships, collaboration and effective information sharing related to operational matters at the national level and effective engagement at the international level.
- Provide advice to Service Headquarters, other Defence Groups and other Government Departments as necessary to support the development of policy and capability in relation to current, planned and anticipated operations.
- Contribute to Group specific reforms and cost reductions.

Program 1.11 Key Performance Indicators

- Input to strategic level decision making committees on military options and operational matters and other advice on the development of capability, is timely and accurate.
- Operations achieve the Government's direction and intent and/or where applicable, the whole-of-government strategy.
- Forces are deployed and sustained efficiently and effectively, and in accordance with agreed timeframes.
- Operational options and plans are identified as innovative solutions that align with strategic guidance and contribute to meeting Government direction, reduce risk, conserve resources and reduce adverse effects on directed ADF preparedness levels.
- ADF operations and non-operational activities are planned, controlled and conducted in accordance with the promulgated Rules of Engagement and operational governance requirements in the areas of medical administration and clinical governance, and personnel, logistics, financial and contract management.

Program 1.12: Capability Development

Program 1.12 Objective

Capability Development Group (CDG) develops and manages the Defence Capability Plan (DCP) and prepares Defence capability investment approval proposals for Government consideration. This objective is delivered through both Capability Systems Division and Capability Investment and Resources (CIR) Division.

CIR also provides analysis and contestability of capability proposals.

The Group maintains a sponsor role up to Second Pass Approval and maintains close relationships with a range of stakeholders including the DMO and Capability Managers.

CDG will continue to refine the capability development process through the Capability Development Improvement Program (CDIP) and ensure that it is well documented and applied uniformly across Defence. It will also seek to ensure capability development in Defence meets the expectations of external stakeholders.

CDG will continue to build on its relationship with stakeholders, industry and capability development organisations in other countries.

CDG is also responsible for Defence Test and Evaluation policy as well as conducting Joint and Army trials. These duties are carried out by the Australian Defence Test and Evaluation Office.

Table 29: Cost Summary for Program 1.12 Capability Development

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	17,774	61,590	110,488	153,225	170,208
Suppliers	169,552	408,844	1,006,359	1,391,968	1,640,736
Grants	-	-	-	-	-
Depreciation and amortisation	368	361,617	541,352	766,255	1,013,454
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	113,789	137,993	172,561	209,821	249,177
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	301,483	970,044	1,830,760	2,521,269	3,073,575
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversals of previous asset write-downs	71,118	86,203	107,710	130,895	155,414
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	71,118	86,203	107,710	130,895	155,414
Total income	71,118	86,203	107,710	130,895	155,414
Program 1.12 Capability Development	230,365	883,841	1,723,050	2,390,374	2,918,161

Program 1.12 Deliverables

- The provision of timely, accurate and high quality advice on all aspects of capability development to the Secretary, CDF and Government.
- The provision of independent analysis and contestability of capability proposals.
- The development and management of an affordable and executable DCP.
- The development of Defence capability investment proposals for consideration by the Government.
- The publication of a public version of the DCP and the associated Defence Capability Guide.
- The management of the Key Defence Assets Register.
- The Defence Capability Development Handbook was updated in December 2012. It will be progressed to a Defence Manual during the course of 2013 -14.
- Enhancing the effectiveness of the capability development process through the implementation of CDIP initiatives.
- Under the Rapid Prototyping Development and Evaluation program, work collaboratively with Australia's defence industry to develop innovative solutions to complex issues affecting capability and operations.
- Deliver independent Test and Evaluation support, trials and demonstrations to Defence throughout the capability systems life-cycle.

Program 1.12 Key Performance Indicators

- Conduct an independent maturity assessment of portfolio management within CDG.
- Ensure capability investment proposals have realistic schedules and costs projections, comprehensive risk assessments and mitigation.
- Improve the corporate information management systems that support end-to-end visibility, planning, management and reporting of capability development.
- Implement CDIP initiatives to improve the timeliness and quality of capability submissions and reflect these improvements in current capability development guidance.
- Provide objective advice to the Secretary and CDF.
- Submit timely proposals that are coherent, compelling and consistent with strategic guidance and affordable within the DCP.

Program 1.13: Chief Finance Officer

Program 1.13 Objective

The Chief Finance Officer Group (CFOG) is responsible for providing strategic financial advice and information to Ministers, the Secretary, the CDF and Defence Senior Leaders. It provides a whole-of-Defence focus for planning, management, monitoring and reporting of key deliverables to the Government, including Defence's outputs.

The CFOG is responsible for Defence's financial governance and assurance and manages Defence's budget and its financial policies, principles and practices in accordance with the *Financial Management and Accountability Act 1997*.

The CFOG drives Defence's financial management and improvement programs through uniform financial management approaches and a streamlined accountability structure.

Portfolio budget pressures and risks are managed through a strong culture of prioritising resource management.

The CFOG works with all Services and Groups to identify costs drivers for all key business elements.

To streamline, standardise and professionalise the delivery of financial services across Defence the CFOG leads the reform program to deliver Finance as a Shared Service.

Table 30: Cost Summary for Program 1.13 Chief Finance Officer

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	505,008	501,356	554,873	563,878	584,257
Suppliers	788,907	829,064	890,281	943,077	998,557
Grants	5,000	-	-	-	-
Depreciation and amortisation	1,780	416	84	1	1
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	4,208	4,216	4,199	4,176	4,152
Net losses from sale of assets	-	-	-	-	-
Other expenses	13,155	47,813	37,880	45,167	13,452
Total expenses	1,318,058	1,382,865	1,487,317	1,556,299	1,600,419
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	774,690	814,573	860,153	916,337	963,682
Total revenue	774,690	814,573	860,153	916,337	963,682
Gains					
Reversals of previous asset write-downs	2,598	2,603	2,592	2,578	2,564
Net gains from sale of assets	-	-	-	-	-
Other gains	5,001	5,126	5,254	5,386	5,520
Total gains	7,599	7,729	7,846	7,964	8,084
Total income	782,289	822,302	867,999	924,301	971,766
Program 1.13 Chief Finance Officer	535,769	560,563	619,318	631,998	628,653

Program 1.13 Deliverables

- Defence Financial Statements.
- Defence Portfolio Budget Statements.
- Defence Portfolio Additional Estimates Statements.
- Defence Chief Executive Instructions.
- Monthly/Annual input to whole-of-government reporting.

Program 1.13 Key Performance Indicators

- Provide timely and high quality financial advice to the Minister, the Secretary and CDF.
- Produce Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan within agreed statutory timeframes.
- Maintain un-qualified Financial Statements.

Administered Program 1.14: Defence Force Superannuation Benefits**Administered Program 1.14 Objective**

The objective of Program 1.14 is to administer and report member and employer contributions paid during the year to the Defence Force Retirement and Death Benefits Scheme (DFRDB) and the Military Superannuation and Benefits Scheme (MSBS). It accounts for the liability for these schemes plus the Defence Force Retirement Benefits (DFRB) scheme. This program includes payment of the MSBS Retention Benefit.

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.

All three schemes are managed on Defence's behalf by ComSuper.

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.

Table 31: Cost Summary for Administered Program 1.14 Defence Force Superannuation Benefits

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	64,223	77,103	95,883	77,940	93,000
Military superannuation benefits	3,105,923	1,275,241	1,330,055	1,388,412	1,449,485
Total expenses	3,170,146	1,352,344	1,425,938	1,466,352	1,542,485
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	1,250,204	1,279,134	1,332,987	1,390,431	1,449,214
Total income	1,250,204	1,279,134	1,332,987	1,390,431	1,449,214
Program 1.14 Defence Force Superannuation Benefits	1,919,942	73,210	92,951	75,921	93,271

Administered Program 1.14 Deliverable

- Report on superannuation contributions and the movement in liabilities associated with the three military superannuation schemes.

Administered Program 1.14 Key Performance Indicator

- Provision of timely payments to ComSuper and quality administration of DFRB, DFRDB and MSBS employer and member contributions.

Administered Program 1.15: Defence Force Superannuation Nominal Interest**Administered Program 1.15 Objective**

The objective of Program 1.15 is to administer nominal interest for the three military superannuation schemes: the Defence Force Retirement Benefits (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB); and, the Military Superannuation and Benefits Scheme (MSBS).

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.

All three schemes are managed on Defence's behalf by ComSuper.

Table 32: Cost Summary for Administered Program 1.15 Defence Force Superannuation Nominal Interest

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	-	-	-	-	-
Military superannuation benefits	2,680,039	2,927,644	3,062,998	3,205,575	3,355,407
Total expenses	2,680,039	2,927,644	3,062,998	3,205,575	3,355,407
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-
Total income	-	-	-	-	-
Program 1.15 Defence Force Superannuation Nominal Interest	2,680,039	2,927,644	3,062,998	3,205,575	3,355,407

Administered Program 1.15 Deliverable

- Report on superannuation nominal interest associated with the three military superannuation schemes.

Administered Program 1.15 Key Performance Indicator

- Provide quality administration services for DFRB, DFRDB and MSBS nominal interest transactions.

Administered Program 1.16: Housing Assistance

Administered Program 1.16 Objective

The Defence Home Ownership Assistance Scheme 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.

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.

The Scheme contains a three-tiered subsidised loan limit structure that provides increasing entitlements as members serve beyond key exit points.

The Department of Veterans' Affairs is the Scheme Administrator with a panel of three Home Loan Providers: National Australia Bank, Australian Defence Credit Union and the Defence Bank.

Table 33: Cost Summary for Administered Program 1.16 Housing Assistance

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	98,036	106,589	116,914	125,697	132,946
Total expenses	98,036	106,589	116,914	125,697	132,946
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	11,115	12,192	12,950	13,569	13,968
Other	-	-	-	-	-
Total income	11,115	12,192	12,950	13,569	13,968
Program 1.16 Housing Assistance	86,921	94,397	103,964	112,128	118,978

Administered Program 1.16 Deliverables

- Provide ADF members with assistance to achieve home ownership that reflects the contemporary housing and home finance markets.
- Provide progressively higher levels of assistance for eligible members serving beyond the critical career points of four, eight and 12 years of service.
- Provision of quality services for the administration of the Scheme, including the accurate and timely processing of member applications and issuing of Subsidy Certificates.

Administered Program 1.16 Key Performance Indicators

- Members respond to and take up the Defence Home Ownership Assistance Scheme.
- Ensure that interest rates provided to ADF members by the Home Loan Providers are competitive with other interest rates in the market.

Administered Program 1.17: Other Administered

Administered Program 1.17 Objective

Other Administered comprises four elements:

- Interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements.
- Interest on Government loans to fund the building of new accommodation, dividends and tax equivalent payments received from the DHA.
- Revenue received from special public monies for unidentified Comcare receipts.
- Departmental returns to the Official Public Account arising from sale of assets with an original purchase price in excess of \$10m.

Table 34: Cost Summary for Administered Program 1.17 Other Administered

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Total expenses	-	-	-	-	-
Income					
Revenues					
Interest	31,849	31,849	31,849	31,849	31,849
Dividends	45,813	49,717	52,306	59,456	63,230
Other	41,448	76,648	67,403	77,090	47,157
Total income	119,110	158,214	151,558	168,395	142,236
Program 1.17 Other Administered	-119,110	-158,214	-151,558	-168,395	-142,236

Administered Program 1.17 Deliverable

- Report on interest and other receipts transferred to the Official Public Account.

Administered Program 1.17 Key Performance Indicator

- Accurate accounting and reporting of 'Other Administered'.

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

Outcome 2 Strategy

The ADF is required to undertake a wide range of military and humanitarian assistance operations as directed by the Government to ensure the defence of Australia and its national interests. The ADF's military operations and other tasks contribute to the achievement of the Government's strategic objectives, defined in the White Paper as defending Australia, contributing to the security of the immediate neighbourhood and supporting wider interests.

Outcome 2 Resources

Table 35: Total Budgeted Resources Available for Outcome 2

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood					
Revenues from other sources	3,600	-	-	-	-
Departmental outputs	164,504	16,685	58	-	-
Program 2.2 Operations Supporting Wider Interests					
Revenues from other sources	21,294	10,739	-	-	-
Departmental outputs	1,230,012	884,936	217,542	160,123	87,146
Total resourcing					
Total Departmental outputs	1,394,516	901,621	217,600	160,123	87,146
Total Departmental revenue from other sources	24,894	10,739	-	-	-
Equity Injection ⁽¹⁾	-23	-	-	-	-
Total resources for Outcome 2	1,419,387	912,360	217,600	160,123	87,146

Note

1. As a result of movements in foreign exchange rates, Defence is accruing for a return of funds to Government in 2012-13.

Contributions to Outcome 2

Program 2.1: Operations Contributing to the Security of the Immediate Neighbourhood

Program 2.1 Objective

Ensure that the Government, through the ADF, has an active and effective role in regional stability, integrity and cohesion of the region.

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.

Table 36: Cost Summary for Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	51,221	4,090	-	-	-
Suppliers	116,883	12,595	58	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	168,104	16,685	58	-	-
Income					
Revenues					
Goods and services	3,600	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	3,600	-	-	-	-
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	3,600	-	-	-	-
Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood	164,504	16,685	58	-	-

Program 2.1 Deliverables		
Operation	Commenced	Objective
Gateway	1981	Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
Solania	1988	Conduct South West Pacific maritime surveillance patrols.
Anode	2003	Support the coalition police forces in maintaining the rule of law in Solomon Islands.
Astute	2006	Contribute security support to the Government of Timor-Leste and the United Nations Mission in Timor-Leste.

Program 2.1 Key Performance Indicators

- ADF operations meet their stated objective within the Government's guidance.
- ADF forces are effectively deployed and sustained.
- ADF forces are withdrawn for reconstitution when they are no longer required.

Program 2.2: Operations Supporting Wider Interests
Program 2.2 Objective

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

Table 37: Cost Summary for Program 2.2 Operations Supporting Wider Interests

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	263,283	132,026	-	-	-
Suppliers	913,807	714,556	138,662	80,537	6,849
Grants	38,358	39,093	78,880	79,586	80,297
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	35,858	10,000	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,251,306	895,675	217,542	160,123	87,146
Income					
Revenues					
Goods and services	21,294	10,739	-	-	-
Other revenue	-	-	-	-	-
Total revenue	21,294	10,739	-	-	-
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	21,294	10,739	-	-	-
Program 2.2 Operations Supporting Wider Interests	1,230,012	884,936	217,542	160,123	87,146

Program 2.2 Deliverables		
Operation	Commenced	Objective
Paladin	1956	Contribute to the United Nations Truce Supervisor Organisation in the Middle East.
Mazurka	1982	Contribute to the Multinational Force and Observers in the Sinai.
Slipper	2001	Contribute to the international coalition against international terrorism and assist with the reconstruction of Afghanistan.
Palate II	2005	Provide a Military Liaison Officer to the United Nations Assistance Mission in Afghanistan.
Riverbank	2008	Contribute to the United Nations Assistance Mission for Iraq.
Aslan	2011	Contribute to the United Nations mission to the Republic of South Sudan.

Program 2.2 Key Performance Indicators

- ADF operations meet their stated objective within the Government's guidance.
- ADF forces are effectively deployed and sustained.
- ADF forces are withdrawn for reconstitution when they are no longer required.

Outcome 3: Support for the Australian community and civilian authorities as requested by Government

Outcome 3 Strategy

Defence can be called upon to provide emergency and non-emergency assistance to the Government and the Australian community in non-combat related roles. The tasks Defence may be requested to undertake could include emergency assistance, search and rescue, disaster recovery, surveillance, security or non-emergency law enforcement roles. Tasks may be directed by the Government or requested by State/Territory Governments, other civil authorities, government departments or agencies through Emergency Management Australia. The Government may also require Defence to support significant domestic events and international events conducted within Australia.

Outcome 3 Resources

Table 38: Total Budgeted Resources Available for Outcome 3

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Program 3.1 Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Departmental outputs	9,500	16,933	4	4	-
Total resourcing					
Total Departmental outputs	9,500	16,933	4	4	-
Total Departmental revenue from other sources	-	-	-	-	-
Total resources for Outcome 3	9,500	16,933	4	4	-

Contributions to Outcome 3

Program 3.1: Defence Contribution to National Support Tasks in Australia

Program 3.1 Objective

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; and natural disaster relief. Defence contributes to the Australian Customs and Border Protection Service civil surveillance program and Border Protection 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.

Table 39: Cost Summary for Program 3.1 Defence Contribution to National Support Tasks in Australia

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	202	3,852	-	-	-
Suppliers	9,298	13,081	4	4	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	9,500	16,933	4	4	-
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 3.1 Defence Contribution to National Support Tasks in Australia	9,500	16,933	4	4	-

Program 3.1 Deliverables		
Operation	Commenced	Objective
Resolute	2006	Contribute to the whole-of-government maritime surveillance and response.
G20	2013	Contribute security assistance to the whole-of government effort as host of the G20 Summit in 2014.

Program 3.1 Key Performance Indicators
<ul style="list-style-type: none"> • Defence's contribution to national support tasks in Australia meets Government directives. • Defence's response to requests for Defence Force Aid to the Civil Authority is effectively managed, sustained and reported. • Defence's response to requests for DACC is effectively managed, sustained and reported.

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 Explanatory Tables

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 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 40: Summary of Estimated Special Account Balances^{[1][2][3]}

		Opening	Receipts	Payments	Adjustments	Closing
		2013-14	2013-14	2013-14	2013-14	Balance
		2012-13	2012-13	2012-13	2012-13	2012-13
		\$'000	\$'000	\$'000	\$'000	\$'000
Outcome						
Services for Other Entities and Trust Monies - Defence Special Account— <i>Financial Management and Accountability Act 1997</i>	1	76,061	38,440	-40,546	-	73,955
		<i>110,744</i>	<i>49,968</i>	<i>-49,873</i>	<i>-34,778</i>	<i>76,061</i>
Defence Endowments Special Account – <i>Financial Management and Accountability Act 1997</i>	1	332	36	-30	-	338
		<i>343</i>	<i>28</i>	<i>-39</i>	-	<i>332</i>
Fedorczenko Legacy Special Account – <i>Financial Management and Accountability Act 1997</i>	1	149	8	-5	-	152
		<i>147</i>	<i>8</i>	<i>-6</i>	-	<i>149</i>
Young Endeavour Youth Program Special Account – <i>Financial Management and Accountability Act 1997</i>	1	1,277	45	-2	-	1,320
		<i>1,217</i>	<i>60</i>	<i>-</i>	<i>-</i>	<i>1,277</i>
Total Special Accounts 2013-14		77,819	38,529	-40,583	-	75,765
<i>2012-13 estimated actual</i>		<i>112,451</i>	<i>50,064</i>	<i>-49,918</i>	<i>-34,778</i>	<i>77,819</i>

Notes

1. 2013-14 estimates in bold.
2. 2012-13 estimates in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 41: Australian Government Indigenous Expenditure

	Program	Bill No. 1 \$'000
Outcome 1		
Defence Indigenous Employment Strategy^[1]	1.8	
Departmental 2013-14 Budget Estimate		2,866
Departmental 2012-13 Estimated Actual		2,783
Defence Indigenous Development Program^[1]	1.8	
Departmental 2013-14 Budget Estimate		6,372
Departmental 2012-13 Estimated Actual		6,174
Army Aboriginal Community Assistance Program^{[1][2]}	1.3	
Departmental 2013-14 Budget Estimate		5,699
Departmental 2012-13 Estimated Actual		6,316
Total 2013-14 Budget Estimate		14,937
Total 2012-13 Estimated Actual		15,273

Notes

1. All amounts are GST exclusive.

2. The majority of costs are subsequently recovered from Department of Families, Housing, Community Services and Indigenous Affairs.

Defence Indigenous Employment Strategy

The Secretary and CDF place a high priority on the recruitment and retention of Indigenous staff. Defence has increased its efforts to engage with Indigenous programs across Government and into Indigenous communities. Defence seeks to be an organisation reflective of Australia and the Australian people. Defence undertakes specific programs to attract and retain Indigenous staff.

Defence Indigenous Development Program

Aligned to the Government's Closing the Gap Program, the Defence Indigenous Development Program is a whole-of-government initiative that will provide the opportunity for Indigenous people from remote communities to acquire skills that are transferable back to their community. An increase in the recruitment of Indigenous people from remote communities into the ADF is an additional benefit of the program.

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Program is a cooperative initiative between the Department of Families, Housing, Community Services and Indigenous Affairs and the Army to improve environmental health conditions within remote Aboriginal communities. The program seeks to maximise the benefits to Indigenous communities by focusing on projects that allow the Army to make best use of its construction expertise and capability, by capitalising on the Army's ability to holistically deliver a range of services to remote Indigenous communities that would not normally be available in a single project.

3.1.2 Grants

Defence Grants are paid from Departmental funds and are approved by the Minister for Defence.

Grants can be:

- payments made to an organisation or individual and include ad hoc grants that are made on a one-off basis, as well as grants renewed under continuing programs; or
- payments that organisations or individuals receive after satisfying eligibility and/or reporting requirements, and include awards, departmental (non-legislated) rebate schemes and non-reciprocal scholarships.

The Government requires Defence to report on all grant approvals. Table 42 provides information on grants approved to date.

Table 42: Approved Grants^[1]

	2012-13 Estimated Actual \$'000	Total Grant Amount Approved \$'000	2013-14 Budget Estimate \$'000
Approved since 2012-13 PAES			
Multi-National Force and Observers - Sinai	494	1,470	488
UN Trust Fund in Support of the African-led International Support Mission in Mali (AFISMA Trust Fund)	5,000	5,000	-
Afghan National Army Trust Fund	38,699	38,699	-
Total grants approved since 2012-13 PAES	44,193	45,169	488
Previously approved grants			
Army History Research Grants Scheme	82	-	-
Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP)	52	-	55
Australian Strategic Policy Institute	3,118	-	3,196
Defence Family Support Funding Program	1,284	-	-
Fisher House Foundation	25	-	25
International Institute for Strategic Studies (IISS) Asia	84	-	-
Kokoda Foundation	100	-	-
Royal United Services Institute (RUSI) of Australia	95	-	-
Strategic and Defence Studies Centre at the ANU: Post Doctoral Fellow ship	174	-	-
Strategic and Defence Studies Centre at the ANU: Sir Arthur Tange Defence PhD Scholarships	58	-	-
The Australian Army Centenary History of the Great War 1914-1918	-	-	200
The Sir Richard Williams Foundation	50	-	-
Total previously approved grants	5,122	-	3,476
Total grants	49,315	45,169	3,964

Note

1. Figures are GST exclusive.

The following are grants that have been approved since the *Portfolio Additional Estimates Statements 2012-13*:

Multi-National Force and Observers

A multi year grant of US\$1,500,000 (A\$1,469,865), with US\$500,000 (A\$493,875) paid in 2012-13 and US\$500,000 (A\$487,995) to be paid in 2013-14 and 2014-15, was awarded to the Multi-National Force and Observers (MFO) in the Sinai. Operating since 1982, the MFO is an independent peacekeeping organisation whose mission is to supervise the implementation of security provisions of the Egyptian-Israeli Treaty of Peace and employ the best efforts to prevent any violation of its terms. The grant is to enhance force protection measures and facilities in the Sinai which will directly benefit ADF members serving the mission.

United Nations Trust Fund in Support of the African-led International Support Mission in Mali (AFISMA Trust Fund)

A grant of \$5,000,000 was awarded to the United Nations Trust Fund in support of the African led International Support Mission in Mali in the 2012-13 financial year. The grant will provide substantial assistance for African military capacity to address the security situation in Mali, which presents a significant threat to international peace and security, including through the possibility of supporting international terrorism and transnational crime that could impact Australia's interests.

Afghan National Army Trust Fund

A grant of US\$40,000,000 (A\$38,699,000) was awarded to the Afghan National Army Trust Fund in 2012-13. The grant will assist with development and sustainment of the Afghan National Army.

3.2 Resource Summary

Table 43: Budgeted Departmental Net Cost of Service (Cash) (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	9,879,207	10,170,235	10,467,454	11,347,183	11,520,514
Supplier payments	8,772,069	9,300,167	9,847,563	10,365,476	10,675,304
Purchase of specialist military equipment	3,281,071	3,179,327	4,744,438	5,236,210	5,665,817
Purchase of inventory	894,485	1,054,362	1,139,271	1,312,058	1,399,897
Purchase of other property, plant and equipment	1,209,487	1,489,833	1,325,402	794,769	1,170,895
Other cash used	898,179	891,869	1,009,311	1,078,636	1,113,473
Total cash used	24,934,498	26,085,793	28,533,439	30,134,332	31,545,900
Own source receipts	1,596,945	1,655,473	1,710,329	1,867,086	1,864,838
Total cash received	1,596,945	1,655,473	1,710,329	1,867,086	1,864,838
Net cost of service (cash)	23,337,553	24,430,320	26,823,110	28,267,246	29,681,062
FUNDED BY					
Appropriation Bill 1 (price of outcomes)	22,895,341	23,796,086	25,045,235	26,797,482	27,507,153
Appropriation Bill 2 (equity injection)	456,289	683,005	1,816,608	1,515,806	2,188,258
Net cash to the Official Public Account	-14,077	-48,771	-38,733	-46,042	-14,349
Total funding source	23,337,553	24,430,320	26,823,110	28,267,246	29,681,062
Change in budgeted cash	-	-	-	-	-

Portfolio Resource Statement

Table 44: Portfolio Resources^[1]

	Departmental Bill No. 1	Appropriation Bill No. 2	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Department of Defence								
Administered appropriation	-	-	-1,445.6	4,386.6	2,941.0	1,445.6	-	4,386.6
Departmental appropriations	23,796.1	683.0	-48.8	-	24,430.3	1,003.6	-	25,433.9
Total Department of Defence	23,796.1	683.0	-1,494.4	4,386.6	27,371.3	2,449.2	-	29,820.5
	Departmental Bill No. 1	Appropriation Bill No. 2	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Defence Materiel Organisation								
Administered appropriation	-	-	-	-	-	-	-	-
Departmental appropriations	907.8	-	-	-	907.8	8,769.0	-	9,676.8
Total Defence Materiel Organisation	907.8	-	-	-	907.8	8,769.0	-	9,676.8
	Departmental Bill No. 1	Appropriation Bill No. 2	Return to the OPA	Special Appropriation	Total Appropriation	Non- Appropriation Receipts	Other Non- Appropriated Items	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Defence Housing Australia								
Administered appropriation	-	-	-	-	-	-	-	-
Departmental appropriations	-	-	-	-	-	1,073.9	-	1,073.9
Total Defence Housing Australia	-	-	-	-	-	1,073.9	-	1,073.9

Note

1. Figures shown include interagency transactions.

Table 45: Total Departmental and Administered Consolidated Cash Budget for the Department of Defence (including DMO)^[1]

	2013-14 Budget Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1) ^[2]	24,700.8
Appropriation - Contributed Equity (Bill 2)	683.0
Appropriation for military superannuation ^[3]	2,112.6
less Returns to the OPA	-1,494.4
Total cash available	26,002.1
OPERATING ACTIVITIES	
Cash received	
Goods and services	454.8
Net GST received	1,253.5
Interest	31.9
Other cash	207.5
Fees	12.2
Total cash received	1,959.8
Cash used	
Employees	9,448.7
Suppliers	9,305.9
Net GST paid	1,253.5
Grants	67.6
Other cash used	21.1
Subsidies paid	106.6
Military benefits	2,006.0
Total cash used	22,209.3
Net cash from or (used by) operating activities	-20,249.5
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	65.5
Proceeds from sales of infrastructure, plant and equipment	36.2
Dividends	45.8
Total cash received	147.5
Cash used	
Purchase of land and buildings	952.3
Purchase of infrastructure, plant and equipment	534.1
Purchase of specialist military equipment	3,179.3
Purchase of intangibles	6.4
Purchase of inventory	1,054.4
Selling costs of assets	5.7
Finance costs	113.9
Total cash used	5,846.1
Net cash from or (used by) investing activities	-5,698.7
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	53.9
Total cash used	53.9
Net cash from or (used by) financing activities	-53.9
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at beginning of the reporting period	68.1
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at end of the reporting period	68.1

Notes

- Figures show an estimate interagency transactions flowing between Departmental and Administered funding.
- Includes \$904.7m of appropriation planned to be drawn down by DMO.
- Cross references with Table 69 Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) for the period ended 30 June.

Table 46: Defence Resource Statement – Budget Estimates for 2013-14 as at Budget May 2013

Serial No.		Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	22,877,532	22,877,532	21,491,302
	Outcome 2	-	901,621	901,621	1,394,539
	Outcome 3	-	16,933	16,933	9,500
1	Total Departmental outputs	-	23,796,086	23,796,086	22,895,341
2	Total ordinary annual services (1)	-	23,796,086	23,796,086	22,895,341
	OTHER SERVICES^[1]				
	Departmental non-operating				
	Equity injections	-	683,005	683,005	456,289
3	Total Departmental non-operating	-	683,005	683,005	456,289
4	Total other services (3)	-	683,005	683,005	456,289
5	Total available annual appropriation (2+4)	-	24,479,091	24,479,091	23,351,630
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC, s.82ZJ</i>	-	26,918	26,918	18,855
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,578,549	1,578,549	1,368,449
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	2,674,521	2,674,521	4,462,881
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	1,963	1,963	2,443
	<i>Defence Home Ownership Assistance Scheme Act, 2008 Part VI, s.84</i>	-	104,626	104,626	95,593
6	Total special appropriations	-	4,386,577	4,386,577	5,948,221
7	Total appropriations (5+6)	-	28,865,668	28,865,668	29,299,851
	Funding from other sources ^[2]	-	2,449,183	2,449,183	2,366,309
	Returns to the OPA (net)	-	1,494,351	1,494,351	1,398,291
	Previous years' outputs (appropriation receivable)	76,857	-	76,857	76,857
	Cash available	18,091	-	18,091	18,091
8	Total other available resources	94,948	3,943,534	4,038,482	3,859,548
9	Total resourcing (7+8)	94,948	32,809,202	32,904,150	33,159,399
	Special accounts				
	Opening balance	-	77,819	77,819	112,451
	Appropriation receipts	-	-	-	-
	Appropriation receipts - other agencies	-	-	-	-
	Non-appropriation receipts to special accounts	-	38,529	38,529	50,064
10	Total special accounts	-	116,348	116,348	162,515

Notes

1. Defence is not budgeting for Administered payments to CAC Act bodies. Therefore the relevant section of this table has been removed.

2. Includes DHA dividends.

Table 47: Third Party Payments to and from Other Agencies

	2012-13 \$'000	2013-14 \$'000
Revenue received from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	108,195	104,943
Payments made to Defence Housing Australia for the provision of services (Departmental)	503,410	524,475
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	73,190	21,461
Payments made to Comsuper for the provision of services (Departmental)	32,954	31,282
Payments made to Attorney-General's Department for the provision of services (Departmental)	12,283	24,864
Payments made to the Department of Finance and Deregulation for the provision of services (Departmental)	63,707	64,153
Payments made to the Australian Federal Police for the provision of services (Departmental)	50,131	56,542

3.3 Budgeted Financial Statements

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 48: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
Expenses				
Employees	10,060,697	10,218,326	157,629	1.6
Suppliers	10,632,442	11,033,920	401,478	3.8
Grants	44,208	45,412	1,204	2.7
Depreciation and amortisation	3,411,495	3,441,587	30,092	0.9
Finance cost	126,209	132,739	6,530	5.2
Write-down of assets and impairment of assets	1,137,194	1,133,488	-3,706	-0.3
Other expenses	68,936	68,886	-50	-0.1
Total expenses	25,481,181	26,074,358	593,177	2.3
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services	806,597	831,680	25,083	3.1
Other revenue	878,636	873,957	-4,679	-0.5
Total own-source revenue	1,685,233	1,705,637	20,404	1.2
Gains				
Reversals of previous asset write-downs	551,980	551,602	-378	-0.1
Sale of assets	15,907	15,907	-	-
Other gains	5,126	5,126	-	-
Total gains	573,013	572,635	-378	-0.1
Total own-source income	2,258,246	2,278,272	20,026	0.9
Net cost of (contribution by) services	23,222,935	23,796,086	573,151	2.5
Revenue from Government	23,222,935	23,796,086	573,151	2.5
Surplus (deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-

Table 49: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	18,091	18,091	-	-
Trade and other receivables	132,631	132,631	-	-
Tax assets	84,060	84,060	-	-
Appropriation receivable	76,857	76,857	-	-
Other receivables	153,790	153,790	-	-
Total financial assets	465,429	465,429	-	-
Non-financial assets				
Land and buildings	16,154,168	16,205,821	51,653	0.3
Infrastructure, plant and equipment	7,212,724	7,426,858	214,134	3.0
Specialist military equipment	41,136,509	41,354,969	218,460	0.5
Intangibles	453,778	458,099	4,321	1.0
Heritage and cultural	984,939	984,939	-	-
Inventories	5,480,855	5,487,528	6,673	0.1
Prepayments	154,149	154,149	-	-
Total non-financial assets	71,577,122	72,072,363	495,241	0.7
Assets held for sale	25,698	25,698	-	-
Total assets	72,068,249	72,563,490	495,241	0.7
LIABILITIES				
Payables				
Suppliers	915,805	926,648	10,843	1.2
Other payables	426,910	426,910	-	-
Total payables	1,342,715	1,353,558	10,843	0.8
Interest bearing liabilities				
Leases	1,501,518	1,501,518	-	-
Total interest bearing liabilities	1,501,518	1,501,518	-	-
Provisions				
Employee provisions	2,271,288	2,309,066	37,778	1.7
Restoration, decontamination and decommissioning	917,291	914,695	-2,596	-0.3
Other provisions	3,822	3,822	-	-
Total provisions	3,192,401	3,227,583	35,182	1.1
Total liabilities	6,036,634	6,082,659	46,025	0.8
NET ASSETS	66,031,615	66,480,831	449,216	0.7
EQUITY				
Contributed equity	18,041,650	18,382,765	341,115	1.9
Reserves	14,715,576	14,715,576	-	-
Retained surplus (accumulated deficit)	33,274,389	33,382,490	108,101	0.3
Total equity	66,031,615	66,480,831	449,216	0.7

Table 50: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	23,222,935	23,796,086	573,151	2.5
Goods and services	806,597	831,680	25,083	3.1
Net GST received	625,414	651,870	26,456	4.2
Other cash received	70,230	70,257	27	-
Cash transfer from the Official Public Account (receivables)	-	-	-	-
Total cash received	24,725,176	25,349,893	624,717	2.5
Cash used				
Employees	10,016,989	10,170,235	153,246	1.5
Suppliers	8,922,704	9,300,167	377,463	4.2
Net GST paid	625,414	651,870	26,456	4.2
Grants	44,208	45,412	1,204	2.7
Other cash used	21,073	21,073	-	-
Cash transfer to the Official Public Account (receivables)	48,821	48,771	-50	-0.1
Total cash used	19,679,209	20,237,528	558,319	2.8
Net cash from (used by) operating activities	5,045,967	5,112,365	66,398	1.3
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of land and buildings	65,506	65,506	-	-
Proceeds from sales of infrastructure, plant and equipment	36,160	36,160	-	-
Total cash received	101,666	101,666	-	-
Cash used				
Purchase of land and buildings	882,824	952,343	69,519	7.9
Purchase of infrastructure, plant and equipment	394,657	531,047	136,390	34.6
Purchase of specialist military equipment	2,973,544	3,179,327	205,783	6.9
Purchase of intangibles	5,661	6,443	782	13.8
Purchase of inventory	1,054,038	1,054,362	324	-
Selling costs on sale of assets	5,643	5,693	50	0.9
Finance costs	106,771	113,921	7,150	6.7
Total cash used	5,423,138	5,843,136	419,998	7.7
Net cash from (used by) investing activities	-5,321,472	-5,741,470	-419,998	7.9
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	329,405	683,005	353,600	107.3
Total cash received	329,405	683,005	353,600	107.3
Cash used				
Repayment of debt	53,900	53,900	-	-
Cash to the Official Public Account	-	-	-	-
Total cash used	53,900	53,900	-	-
Net cash from (used by) financing activities	275,505	629,105	353,600	128.3
Net increase (decrease) in cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	18,091	18,091	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	18,091	18,091	-	-

Table 51: Budgeted Departmental Comprehensive Income Statement (showing net cost of services) (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	9,919,926	10,218,326	10,556,852	11,445,901	11,619,552
Suppliers	10,010,392	11,033,920	11,721,629	12,438,157	12,785,910
Grants	49,282	45,412	85,140	85,486	86,345
Depreciation and amortisation	3,683,071	3,441,587	3,666,066	3,875,746	4,110,579
Finance cost	94,342	132,739	156,574	157,926	159,132
Write-down of assets and impairment of assets	1,101,918	1,133,488	1,173,553	1,223,865	1,275,829
Losses from sale of assets	7,565	-	-	-	-
Other expenses	84,617	68,886	66,209	146,261	127,518
Total expenses	24,951,113	26,074,358	27,426,023	29,373,342	30,164,865
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	803,562	831,680	849,976	892,638	918,018
Other revenue	834,566	873,957	921,024	978,751	1,027,662
Total own-source revenue	1,638,128	1,705,637	1,771,000	1,871,389	1,945,680
Gains					
Assets now recognised	520,744	551,602	577,814	603,459	630,053
Sale of assets	-	15,907	26,720	95,626	76,459
Other gains	5,001	5,126	5,254	5,386	5,520
Total gains	525,745	572,635	609,788	704,471	712,032
Total own-source income	2,163,873	2,278,272	2,380,788	2,575,860	2,657,712
Net cost of (contribution by) services	22,787,240	23,796,086	25,045,235	26,797,482	27,507,153
Revenue from Government	22,895,341	23,796,086	25,045,235	26,797,482	27,507,153
Surplus (deficit) attributable to the Australian Government	108,101	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	108,101	-	-	-	-

Table 52: Budgeted Departmental Balance Sheet (as at 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	18,091	18,091	18,091	18,091	18,091
Trade and other receivables	132,631	132,631	132,631	132,631	132,631
Tax assets	84,060	84,060	84,060	84,060	84,060
Appropriation receivable	76,857	76,857	76,857	76,857	76,857
Other receivables	153,969	153,790	153,232	152,294	152,294
Total financial assets	465,608	465,429	464,871	463,933	463,933
Non-financial assets					
Land and buildings	15,933,867	16,205,821	16,393,961	16,664,320	16,796,616
Infrastructure, plant and equipment	6,952,072	7,426,858	7,287,808	6,931,711	6,555,860
Specialist military equipment	40,758,414	41,354,969	43,352,043	45,681,536	48,236,687
Intangibles	515,664	458,099	409,670	409,082	408,777
Heritage and cultural	984,939	984,939	984,939	984,939	984,939
Inventories	5,578,165	5,487,528	5,402,542	5,335,496	5,272,880
Prepayments	154,166	154,149	154,131	154,113	154,094
Total non-financial assets	70,877,287	72,072,363	73,985,094	76,161,197	78,409,853
Assets held for sale	25,698	25,698	25,698	25,698	25,698
Total assets	71,368,593	72,563,490	74,475,663	76,650,828	78,899,484
LIABILITIES					
Payables					
Suppliers	895,359	926,648	980,902	1,031,343	1,065,430
Other Payables	418,701	426,910	437,883	440,650	377,288
Total payables	1,314,060	1,353,558	1,418,785	1,471,993	1,442,718
Interest bearing liabilities					
Leases	1,086,866	1,501,518	1,424,981	1,386,383	1,346,550
Total interest bearing liabilities	1,086,866	1,501,518	1,424,981	1,386,383	1,346,550
Provisions					
Employee provisions	2,269,184	2,309,066	2,387,491	2,483,442	2,578,539
Restoration, decontamination and decommissioning	895,877	914,695	943,998	976,525	1,011,831
Other Provisions	3,822	3,822	3,822	3,822	3,822
Total provisions	3,168,883	3,227,583	3,335,311	3,463,789	3,594,192
Total liabilities	5,569,809	6,082,659	6,179,077	6,322,165	6,383,460
NET ASSETS	65,798,784	66,480,831	68,296,586	70,328,663	72,516,024
EQUITY					
Contributed equity	17,700,718	18,382,765	20,198,520	21,713,451	23,900,812
Reserves	14,715,576	14,715,576	14,715,576	14,715,576	14,715,576
Retained surplus (accumulated deficit)	33,382,490	33,382,490	33,382,490	33,899,636	33,899,636
Total equity	65,798,784	66,480,831	68,296,586	70,328,663	72,516,024

Table 53: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	22,895,341	23,796,086	25,045,235	26,797,482	27,507,153
Goods and services	803,593	831,680	849,976	892,638	918,018
Net GST received	614,856	651,870	690,239	726,541	748,258
Other cash received	105,212	70,257	72,068	73,945	75,855
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	24,419,002	25,349,893	26,657,518	28,490,606	29,249,284
Cash used					
Employees	9,879,207	10,170,235	10,467,454	11,347,183	11,520,514
Suppliers	8,772,069	9,300,167	9,847,563	10,365,476	10,675,304
Net GST paid	614,856	651,870	690,239	726,541	748,258
Grants	49,282	45,412	85,140	85,486	86,345
Other cash used	71,462	21,073	28,329	101,094	114,066
Cash transfer to the Official Public Account (receivables)	14,077	48,771	38,733	46,042	14,349
Total cash used	19,400,953	20,237,528	21,157,458	22,671,822	23,158,836
Net cash from (used by) operating activities	5,018,049	5,112,365	5,500,060	5,818,784	6,090,448
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of land and buildings	44,537	65,506	61,675	136,685	84,497
Proceeds from sales of infrastructure, plant and equipment	28,747	36,160	36,371	37,277	38,210
Total cash received	73,284	101,666	98,046	173,962	122,707
Cash used					
Purchase of land and buildings	841,670	952,343	897,160	524,270	919,405
Purchase of infrastructure, plant and equipment	348,896	531,047	416,920	214,054	189,967
Purchase of specialist military equipment	3,281,071	3,179,327	4,744,438	5,236,210	5,665,817
Purchase of intangibles	18,921	6,443	11,322	56,445	61,523
Purchase of inventory	894,485	1,054,362	1,139,271	1,312,058	1,399,897
Selling costs on sale of assets	8,382	5,693	1,795	1,518	1,145
Finance costs	74,605	113,921	127,271	125,399	123,826
Total cash used	5,468,030	5,843,136	7,338,177	7,469,954	8,361,580
Net cash from (used by) investing activities	-5,394,746	-5,741,470	-7,240,131	-7,295,992	-8,238,873
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	456,289	683,005	1,816,608	1,515,806	2,188,258
Total cash received	456,289	683,005	1,816,608	1,515,806	2,188,258
Cash used					
Repayment of debt	79,592	53,900	76,537	38,598	39,833
Cash to the Official Public Account	-	-	-	-	-
Total cash used	79,592	53,900	76,537	38,598	39,833
Net cash from (used by) financing activities	376,697	629,105	1,740,071	1,477,208	2,148,425
Net increase (decrease) in cash and cash equivalents held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	18,091	18,091	18,091	18,091	18,091
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	18,091	18,091	18,091	18,091	18,091

Table 54: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2013-14)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity / Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2013				
Balance carried forward from previous period	33,382,490	14,715,576	17,700,718	65,798,784
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	33,382,490	14,715,576	17,700,718	65,798,784
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain / loss on revaluation of property	-	-	-	-
Sub-total comprehensive income	-	-	-	-
Surplus (deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-958	-958
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	683,005	683,005
Other	-	-	-	-
Sub-total transaction with owners	-	-	682,047	682,047
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2014	33,382,490	14,715,576	18,382,765	66,480,831

Table 55: Departmental Capital Budget Statement

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity Injections - Bill 2	456,289	683,005	1,816,608	1,515,806	2,188,258
Total capital appropriations	456,289	683,005	1,816,608	1,515,806	2,188,258
Represented by:					
Purchase of non-financial assets	376,697	629,105	1,740,071	1,477,208	2,148,425
Annual finance lease costs	79,592	53,900	76,537	38,598	39,833
Other items	-	-	-	-	-
Total items	456,289	683,005	1,816,608	1,515,806	2,188,258
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	456,289	683,005	1,816,608	1,515,806	2,188,258
Funded by finance lease costs	404,287	468,552	-	-	-
Funded internally from departmental resources ⁽¹⁾	4,034,269	3,986,155	4,253,232	4,515,173	4,648,454
Total	4,894,845	5,137,712	6,069,840	6,030,979	6,836,712
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	4,894,845	5,137,712	6,069,840	6,030,979	6,836,712
less additions by finance lease	404,287	468,552	-	-	-
less additions by creditors / borrowings	-	-	-	-	-
plus borrowing/finance costs	74,605	113,921	127,271	125,399	123,826
plus Annual finance lease costs	79,592	53,900	76,537	38,598	39,833
less Gifted asset	-	-	-	-	-
less s32/restructuring	-	-	-	-	-
Total cash used to acquire assets	4,644,755	4,836,981	6,273,648	6,194,976	7,000,371

Note

1. Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts
- proceeds from the sale of assets.

Table 56: Statement of Departmental Asset Movements (2013-14)

	Land \$'000	Buildings \$'000	Specialist Military Equipment \$'000	Infrastructure, Plant and Equipment \$'000	Computer Software \$'000	Other Intangibles \$'000	Heritage and Cultural Assets \$'000	Assets Held for Sale \$'000	Total \$'000
As at 1 July 2013									
Gross book value	4,579,475	12,519,029	94,425,805	7,999,174	949,538	156,170	984,939	25,698	121,639,828
Accumulated depreciation/amortisation and impairment	-	1,164,637	53,667,391	1,047,102	482,176	107,868	-	-	56,469,174
Opening net book balance	4,579,475	11,354,392	40,758,414	6,952,072	467,362	48,302	984,939	25,698	65,170,654
CAPITAL ASSET ADDITIONS									
Estimated expenditure on new replacement assets									
By purchase - appropriation equity	-	952,343	3,179,327	531,047	4,112	2,331	-	-	4,669,160
By purchase - donated funds	-	-	-	-	-	-	-	-	-
By finance lease	-	-	-	468,552	-	-	-	-	468,552
Total additions	-	952,343	3,179,327	999,599	4,112	2,331	-	-	5,137,712
Other movements									
Assets held for sale	-	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-	411,397	32,471	-	-	-	-	443,868
Depreciation and amortisation	-	579,747	2,325,933	471,899	54,530	9,478	-	-	3,441,587
Disposal of entities or other operations (including restructuring)	36,200	11,434	-	32,253	-	-	-	-	79,887
Other disposals ^[2]	-	53,008	668,236	53,132	-	-	-	-	774,376
Total movements	36,200	644,189	3,405,566	589,755	54,530	9,478	-	-	4,739,718
As at 30 June 2014									
Gross book value	4,543,275	13,406,930	97,348,293	8,945,859	953,650	158,501	984,939	25,698	126,367,145
Accumulated depreciation/amortisation and impairment	-	1,744,384	55,993,324	1,519,001	536,706	117,346	-	-	59,910,761
Closing net book value	4,543,275	11,662,546	41,354,969	7,426,858	416,944	41,155	984,939	25,698	66,456,384

Notes

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

Table 57: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	31,849	31,849	-	-
Dividends	49,717	49,717	-	-
Military superannuation contributions	1,256,539	1,279,134	22,595	1.8
Fees	10,228	12,192	1,964	19.2
Other	40,282	76,648	36,366	90.3
Total non-taxation	1,388,615	1,449,540	60,925	4.4
Total revenue administered on behalf of Government	1,388,615	1,449,540	60,925	4.4
EXPENSES ADMINISTERED IN BEHALF OF GOVERNMENT				
Subsidies	117,353	106,589	-10,764	-9.2
Military retention benefits	77,103	77,103	-	-
Military superannuation benefits	4,250,459	4,202,885	-47,574	-1.1
Total expenses administered on behalf of Government	4,444,915	4,386,577	-58,338	-1.3

Table 58: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	65,353	64,293	-1,060	-1.6
Investments accounted for using the equity method	2,279,257	2,188,131	-91,126	-4.0
Loans	509,580	509,580	-	-
Total financial assets	2,854,190	2,762,004	-92,186	-3.2
Non-financial assets				
Prepayments	152,069	152,069	-	-
Total non-financial assets	152,069	152,069	-	-
Total assets administered on behalf of Government	3,006,259	2,914,073	-92,186	-3.1
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	5,159	5,159	-	-
Total payables	5,159	5,159	-	-
Provisions				
Superannuation - DFRB ^[1]	444,171	448,096	3,925	0.9
Superannuation - DFRDB ^[2]	25,400,766	25,450,787	50,021	0.2
Superannuation - MSBS ^[3]	25,663,834	25,484,781	-179,053	-0.7
Total provisions	51,508,771	51,383,664	-125,107	-0.2
Total liabilities administered on behalf of Government	51,513,930	51,388,823	-125,107	-0.2

Notes

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

Table 59: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2013-14 Previous Estimate \$'000	2013-14 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash Received				
Interest	31,849	31,849	-	-
Military superannuation contr butions	1,256,483	1,279,078	22,595	1.8
Fees	10,228	12,192	1,964	19.2
Other	40,282	76,648	36,366	90.3
Total cash received	1,338,842	1,399,767	60,925	4.6
Cash Used				
Subsidies paid	117,353	106,589	-10,764	-9.2
Military benefits	1,986,025	2,006,026	20,001	1.0
Total cash used	2,103,378	2,112,615	9,237	0.4
Net cash from (used by) operating activities	-764,536	-712,848	51,688	-6.8
INVESTING ACTIVITIES				
Cash received				
Dividends	45,813	45,813	-	-
Total cash received	45,813	45,813	-	-
Net cash from (used by) investing activities	45,813	45,813	-	-
Net increase (decrease) in cash held	-718,723	-667,035	51,688	-7.2
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,103,378	2,112,615	9,237	0.4
Cash to the Official Public Account	-1,384,655	-1,445,580	-60,925	4.4
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

**Table 60: Schedule of Budgeted Income and Expenses Administered on Behalf of Government
(for the period ended 30 June)**

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	31,849	31,849	31,849	31,849	31,849
Dividends	45,813	49,717	52,306	59,456	63,230
Military superannuation contributions	1,250,204	1,279,134	1,332,987	1,390,431	1,449,214
Fees	11,115	12,192	12,950	13,569	13,968
Other	41,448	76,648	67,403	77,090	47,157
Total non-taxation	1,380,429	1,449,540	1,497,495	1,572,395	1,605,418
Total revenue administered on behalf of Government	1,380,429	1,449,540	1,497,495	1,572,395	1,605,418
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	98,036	106,589	116,914	125,697	132,946
Military retention benefits	64,223	77,103	95,883	77,940	93,000
Military superannuation benefits	5,785,962	4,202,885	4,393,053	4,593,987	4,804,892
Total expenses administered on behalf of Government	5,948,221	4,386,577	4,605,850	4,797,624	5,030,838

Table 61: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	60,333	64,293	66,938	73,417	77,247
Investments accounted for using the equity method	2,175,636	2,188,131	2,188,630	2,188,087	2,184,570
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	2,745,549	2,762,004	2,765,148	2,771,084	2,771,397
Non-financial assets					
Prepayments	164,772	152,069	150,086	178,546	226,946
Total non-financial assets	164,772	152,069	150,086	178,546	226,946
Total assets administered on behalf of Government	2,910,321	2,914,073	2,915,234	2,949,630	2,998,343
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,159	5,159	5,159	5,159	5,159
Total payables	5,159	5,159	5,159	5,159	5,159
Provisions					
Superannuation - DFRB ^[1]	475,302	448,096	421,758	396,311	371,780
Superannuation - DFRDB ^[2]	25,396,401	25,450,787	25,468,585	25,449,604	25,392,713
Superannuation - MSBS ^[3]	23,250,701	25,484,781	27,879,102	30,432,546	33,148,860
Total provisions	49,122,404	51,383,664	53,769,445	56,278,461	58,913,353
Total liabilities administered on behalf of Government	49,127,563	51,388,823	53,774,604	56,283,620	58,918,512

Notes

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

Table 62: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	31,849	31,849	31,849	31,849	31,849
Military superannuation contributions	1,250,148	1,279,078	1,332,931	1,391,102	1,449,158
Fees	11,115	12,192	12,950	13,569	13,968
Other	41,448	76,648	67,403	77,090	47,157
Total cash received	1,334,560	1,399,767	1,445,133	1,513,610	1,542,132
Cash used					
Subsidies paid	98,036	106,589	116,914	125,697	132,946
Military benefits	1,890,164	2,006,026	2,101,173	2,191,371	2,311,399
Total cash used	1,988,200	2,112,615	2,218,087	2,317,068	2,444,345
Net cash from (used by) operating activities	-653,640	-712,848	-772,954	-803,458	-902,213
INVESTING ACTIVITIES					
Cash received					
Dividends	49,654	45,813	49,717	52,306	59,456
Total cash received	49,654	45,813	49,717	52,306	59,456
Net cash from (used by) investing activities	49,654	45,813	49,717	52,306	59,456
Net increase (decrease) in cash held	-603,986	-667,035	-723,237	-751,152	-842,757
Cash at the beginning of the reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	1,988,200	2,112,615	2,218,087	2,317,068	2,444,345
Cash to the Official Public Account	-1,384,214	-1,445,580	-1,494,850	-1,565,916	-1,601,588
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 Finance Minister's Orders.

3.4 Consolidated Budgeted Financial Statements for the Department of Defence (including DMO)

Table 63: Consolidated Budgeted Departmental Net Cost of Service (cash) for the Department of Defence (including DMO) (for the period ending 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	10,478,328	10,727,745	11,075,248	11,999,791	12,182,598
Supplier payments	8,646,428	9,305,856	9,821,785	10,360,578	10,672,952
Purchase of specialist military equipment	3,281,071	3,179,327	4,744,438	5,236,210	5,665,817
Purchase of inventory	894,485	1,054,362	1,139,271	1,312,058	1,399,897
Purchase of other property, plant and equipment	1,212,425	1,492,844	1,328,489	797,933	1,174,138
Other cash used	1,619,002	1,515,708	1,775,719	1,887,558	1,961,213
Total cash used	26,131,739	27,275,842	29,884,950	31,594,128	33,056,615
Own source receipts	1,876,435	1,940,798	2,113,070	2,324,365	2,346,510
Total cash received	1,876,435	1,940,798	2,113,070	2,324,365	2,346,510
Net cost of service (cash)	24,255,304	25,335,044	27,771,880	29,269,763	30,710,105
FUNDED BY					
Appropriation Bill 1 (price of outcomes)	23,838,370	24,700,810	25,994,005	27,799,999	28,536,196
Appropriation Bill 2 (equity injection)	456,289	683,005	1,816,608	1,515,806	2,188,258
Net cash to the Official Public Account	-14,077	-48,771	-38,733	-46,042	-14,349
Total funding source	24,280,582	25,335,044	27,771,880	29,269,763	30,710,105
Change in budgeted cash	-25,278	-	-	-	-

Table 64: Consolidated Comprehensive Departmental Income Statement (showing net cost of services) for the Department of Defence (including DMO) (for the period ending 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
Expenses					
Employees	10,522,811	10,779,324	11,168,734	12,085,817	12,290,782
Suppliers	9,208,158	10,179,189	10,788,664	11,468,671	11,770,379
Grants	77,193	67,572	115,680	88,867	89,811
Depreciation and amortisation	3,685,598	3,444,177	3,668,720	3,878,467	4,113,368
Finance cost	94,342	132,739	156,574	157,926	159,132
Write-down of assets and impairment of assets	1,101,918	1,133,488	1,173,553	1,223,865	1,275,829
Losses from sale of assets	7,565	-	-	-	-
Other expenses	84,617	68,886	66,209	146,261	127,518
Total expenses	24,782,202	25,805,375	27,138,134	29,049,874	29,826,819
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	486,279	457,206	457,218	483,194	492,644
Other revenue	108,382	109,154	111,938	114,812	117,744
Total own-source revenue	594,661	566,360	569,156	598,006	610,388
Gains					
Assets now recognised	520,744	551,602	577,814	603,459	630,053
Sale of assets	-	15,907	26,720	95,626	76,459
Other gains	-31,547	-32,371	-33,216	-34,081	-34,969
Total gains	489,197	535,138	571,318	665,004	671,543
Total own-source income	1,083,858	1,101,498	1,140,474	1,263,010	1,281,931
Net cost of (contribution by) services	23,698,344	24,703,877	25,997,660	27,786,864	28,544,888
Revenue from Government	23,806,445	24,703,877	25,997,660	27,786,864	28,544,888
Surplus (deficit) attributable to the Australian Government	108,101	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	108,101	-	-	-	-

Table 65: Consolidated Budgeted Departmental Balance Sheet for the Department of Defence (including DMO) (as at 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	68,091	68,091	68,091	68,091	68,091
Trade and other receivables	124,180	124,180	124,180	124,180	124,180
Tax assets	199,971	199,971	199,971	199,971	199,971
Appropriation receivable	346,857	349,924	353,579	340,444	349,136
Other receivables	140,601	140,422	139,864	138,926	138,926
Total financial assets	879,700	882,588	885,685	871,612	880,304
Non-financial assets					
Land and buildings	15,933,867	16,205,821	16,393,961	16,664,320	16,796,616
Infrastructure, plant and equipment	6,959,271	7,434,393	7,295,688	6,939,944	6,564,455
Specialist military equipment	40,758,414	41,354,969	43,352,043	45,681,536	48,236,687
Intangibles	515,803	458,323	409,982	409,484	409,271
Heritage and cultural	984,939	984,939	984,939	984,939	984,939
Inventories	5,578,165	5,487,528	5,402,542	5,335,496	5,272,880
Prepayments	1,520,190	1,520,173	1,520,155	1,520,137	1,520,118
Total non-financial assets	72,250,649	73,446,146	75,359,310	77,535,856	79,784,966
Assets held for sale	25,698	25,698	25,698	25,698	25,698
Total assets	73,156,047	74,354,432	76,270,693	78,433,166	80,690,968
LIABILITIES					
Payables					
Suppliers	2,157,025	2,188,314	2,242,568	2,293,009	2,259,793
Other Payables	381,496	392,149	405,590	389,349	395,914
Total payables	2,538,521	2,580,463	2,648,158	2,682,358	2,655,707
Interest bearing liabilities					
Leases	1,086,866	1,501,518	1,424,981	1,386,383	1,346,550
Total interest bearing liabilities	1,086,866	1,501,518	1,424,981	1,386,383	1,346,550
Provisions					
Employee provisions	2,456,454	2,497,380	2,577,425	2,679,692	2,781,311
Restoration, decontamination and decommissioning	895,877	914,695	943,998	976,525	1,011,831
Other provisions	9,520	9,520	9,520	9,520	9,520
Total provisions	3,361,851	3,421,595	3,530,943	3,665,737	3,802,662
Total liabilities	6,987,238	7,503,576	7,604,082	7,734,478	7,804,919
NET ASSETS	66,168,809	66,850,856	68,666,611	70,698,688	72,886,049
EQUITY					
Contributed equity	17,856,086	18,538,133	20,353,888	21,868,819	24,056,180
Reserves	14,715,815	14,715,815	14,715,815	14,715,815	14,715,815
Retained surplus (accumulated deficit)	33,596,908	33,596,908	33,596,908	34,114,054	34,114,054
Total equity	66,168,809	66,850,856	68,666,611	70,698,688	72,886,049

Table 66: Consolidated Budgeted Departmental Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	23,838,370	24,700,810	25,994,005	27,799,999	28,536,196
Goods and services	485,249	454,757	456,324	482,277	490,048
Net GST received	1,164,982	1,253,549	1,426,107	1,532,082	1,592,532
Other cash received	152,920	130,826	132,593	136,044	141,223
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	25,641,521	26,539,942	28,009,029	29,950,402	30,759,999
Cash used					
Employees	10,478,328	10,727,745	11,075,248	11,999,791	12,182,598
Suppliers	8,646,428	9,305,856	9,821,785	10,360,578	10,672,952
Net GST paid	1,164,982	1,253,549	1,426,107	1,532,082	1,592,532
Grants	77,193	67,572	115,680	88,867	89,811
Other cash used	214,248	21,073	28,329	101,094	114,066
Cash transfer to the Official Public Account (receivables)	14,077	48,771	38,733	46,042	14,349
Total cash used	20,595,256	21,424,566	22,505,882	24,128,454	24,666,308
Net cash from (used by) operating activities	5,046,265	5,115,376	5,503,147	5,821,948	6,093,691
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of land and buildings	44,537	65,506	61,675	136,685	84,497
Proceeds from sales of infrastructure, plant and equipment	28,747	36,160	36,371	37,277	38,210
Total cash received	73,284	101,666	98,046	173,962	122,707
Cash used					
Purchase of land and buildings	841,670	952,343	897,160	524,270	919,405
Purchase of infrastructure, plant and equipment	351,834	534,058	420,007	217,218	193,210
Purchase of specialist military equipment	3,281,071	3,179,327	4,744,438	5,236,210	5,665,817
Purchase of intangibles	18,921	6,443	11,322	56,445	61,523
Purchase of inventory	894,485	1,054,362	1,139,271	1,312,058	1,399,897
Selling costs on sale of assets	8,382	5,693	1,795	1,518	1,145
Finance costs	74,605	113,921	127,271	125,399	123,826
Total cash used	5,470,968	5,846,147	7,341,264	7,473,118	8,364,823
Net cash from (used by) investing activities	-5,397,684	-5,744,481	-7,243,218	-7,299,156	-8,242,116
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	456,289	683,005	1,816,608	1,515,806	2,188,258
Total cash received	456,289	683,005	1,816,608	1,515,806	2,188,258
Cash used					
Repayment of debt	79,592	53,900	76,537	38,598	39,833
Cash to the Official Public Account	-	-	-	-	-
Total cash used	79,592	53,900	76,537	38,598	39,833
Net cash from (used by) financing activities	376,697	629,105	1,740,071	1,477,208	2,148,425
Net increase (decrease) in cash and cash equivalents held	25,278	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	42,813	68,091	68,091	68,091	68,091
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	68,091	68,091	68,091	68,091	68,091

Table 67: Consolidated Budgeted Income and Expenses Administered on Behalf of Government for the Department of Defence (including DMO) (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	31,855	31,855	31,855	31,855	31,855
Dividends	45,813	49,717	52,306	59,456	63,230
Military superannuation contributions	1,250,204	1,279,134	1,332,987	1,390,431	1,449,214
Fees	11,115	12,192	12,950	13,569	13,968
Other	41,448	76,648	67,403	77,090	47,157
Total non-taxation	1,380,435	1,449,546	1,497,501	1,572,401	1,605,424
Total revenue administered on behalf of Government	1,380,435	1,449,546	1,497,501	1,572,401	1,605,424
EXPENSES ADMINISTERED IN BEHALF OF GOVERNMENT					
Subsidies	98,036	106,589	116,914	125,697	132,946
Military retention benefits	64,223	77,103	95,883	77,940	93,000
Military superannuation benefits	5,785,962	4,202,885	4,393,053	4,593,987	4,804,892
Total expenses administered on behalf of Government	5,948,221	4,386,577	4,605,850	4,797,624	5,030,838

Table 68: Consolidated Budgeted Assets and Liabilities Administered on Behalf of Government for the Department of Defence (including DMO) (as at 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	60,333	64,293	66,938	73,417	77,247
Investments accounted for using the equity method	2,175,636	2,188,131	2,188,630	2,188,087	2,184,570
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	2,745,549	2,762,004	2,765,148	2,771,084	2,771,397
Non-financial assets					
Prepayments	164,772	152,069	150,086	178,546	226,946
Total non-financial assets	164,772	152,069	150,086	178,546	226,946
Total assets administered on behalf of Government	2,910,321	2,914,073	2,915,234	2,949,630	2,998,343
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	5,159	5,159	5,159	5,159	5,159
Total payables	5,159	5,159	5,159	5,159	5,159
Provisions					
Superannuation - DFRB ^[1]	475,302	448,096	421,758	396,311	371,780
Superannuation - DFRDB ^[2]	25,396,401	25,450,787	25,468,585	25,449,604	25,392,713
Superannuation - MSBS ^[3]	23,250,701	25,484,781	27,879,102	30,432,546	33,148,860
Total provisions	49,122,404	51,383,664	53,769,445	56,278,461	58,913,353
Total liabilities administered on behalf of Government	49,127,563	51,388,823	53,774,604	56,283,620	58,918,512

Notes

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

Table 69: Consolidated Budgeted Administered Statement of Cash Flows for the Department of Defence (including DMO) (for the period ended 30 June)

	2012-13 Estimated Actual \$'000	2013-14 Budget Estimate \$'000	2014-15 Forward Estimate \$'000	2015-16 Forward Estimate \$'000	2016-17 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	31,979	31,855	31,855	31,855	31,855
Military superannuation contributions	1,250,148	1,279,078	1,332,931	1,391,102	1,449,158
Fees	11,115	12,192	12,950	13,569	13,968
Other	45,666	76,648	67,403	77,090	47,157
Total cash received	1,338,908	1,399,773	1,445,139	1,513,616	1,542,138
Cash used					
Subsidies paid	98,036	106,589	116,914	125,697	132,946
Military benefits	1,890,164	2,006,026	2,101,173	2,191,371	2,311,399
Total cash used	1,988,200	2,112,615	2,218,087	2,317,068	2,444,345
Net cash from (used by) operating activities	-649,292	-712,842	-772,948	-803,452	-902,207
INVESTING ACTIVITIES					
Cash received					
Dividends	49,654	45,813	49,717	52,306	59,456
Total cash received	49,654	45,813	49,717	52,306	59,456
Net cash from (used by) investing activities	49,654	45,813	49,717	52,306	59,456
Net increase (decrease) in cash held	-599,638	-667,029	-723,231	-751,146	-842,751
Cash at the beginning of the reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	1,988,200	2,112,615	2,218,087	2,317,068	2,444,345
Cash to the Official Public Account	-1,388,562	-1,445,586	-1,494,856	-1,565,922	-1,601,594
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

Appendices

Appendix A	Defence Cooperation Program
Appendix B	The Unapproved Major Capital Investment Program (also known as the Defence Capability Plan)
Appendix C	Major Capital Facilities Program
Appendix D	Approved Projects being Developed for Private Financing Arrangements
Appendix E	Status of Major Projects Foreshadowed for Government and Parliamentary Standing Committee on Public Works Consideration in 2013-14

Appendix A: Defence Cooperation Program

Defence's international engagement supports the Government's broader foreign policy goal of building confidence and transparency in the Asia-Pacific Region and globally.

The aims and objectives of the Defence Cooperation Program (DCP) are to:

- contribute to regional security
- work with regional partners and others to shape a stable environment
- consolidate Australia's position as a key partner on regional security issues
- encourage and assist the development of defence self-reliance within regional countries.

These objectives are enhanced by assisting regional security forces in the areas of:

- defence reform and governance
- strategic planning
- analysis
- counter terrorism
- maritime security
- peacekeeping
- humanitarian assistance and disaster relief
- communications
- logistic support
- education and training
- countering the threat of improvised explosive devices and unexploded ordnance
- preparedness for chemical, biological, radiological and explosive incidents and pandemics.

By assisting the development of professional and sustainable defence forces and Pacific police forces in the region, the DCP is improving the ability of our partners to contribute to national and regional security objectives. Australian assistance includes ADF and civilian advisers, a range of training initiatives and bilateral exercises, capacity building initiatives, and equipment and infrastructure projects.

A key element of the DCP is the Pacific Patrol Boat Program, through which Australia has provided 22 Patrol Boats (with associated personnel and technical assistance) to 12 countries. The Program engages Pacific navies and police maritime wings and is designed to help Pacific island countries improve their ability to independently police their maritime zones. Other important areas of focus are the continued development of Timor-Leste's Defence Force and Secretariat of Defence, as well as our support to the reinvigoration of Papua New Guinea's Defence Force.

Table 70: Defence Cooperation Program Budget 2013-14

Region	2012-13	2013-14
	Estimated	Budget
	Actual \$'000	Estimate \$'000
Papua New Guinea ^[1]	19,457	27,096
South Pacific Region	29,737	37,122
South-East Asia	16,957	17,049
Other regional activities	6,469	7,121
Defence International Training Centre ^[2]	5,334	5,498
Total	77,954	93,886

Notes

1. The increased budget for Papua New Guinea reflects the further investment in Defence Cooperation Program funding set out in the Defence Portfolio Budget Statements 2012-13.

2. The Defence International Training Centre provides training in Australia to the defence forces of South-East Asia and South Pacific nations and to other selected overseas personnel. The Defence International Training Centre is managed by VCDF Group.

Table 71: South Pacific Region Budget 2013-14

South Pacific	2012-13	2013-14
	Estimated	Budget
	Actual \$'000	Estimate \$'000
Timor-Leste ^[1]	4,385	3,740
Vanuatu	964	986
Solomon Islands	924	924
Tonga ^[2]	2,044	3,841
Samoa	169	108
Cook Islands	114	134
Republic of the Marshall Islands	269	190
Federates States of Micronesia	238	161
Tuvalu	294	243
Kir bati	351	171
Palau	214	235
DCP Housing & Support ^[3]	1,720	5,500
Pacific Patrol Boat Program ^[4]	18,051	20,889
Total	29,737	37,122

Notes

1. The decreased budget for Timor-Leste reflects the transfer of English Language Trainer costs to DCP Housing & Support.

2. The increased budget for Tonga reflects the planned purchase of a landing craft medium.

3. The increased budget for DCP Housing & Support reflects the transfer of costs for English Language Trainers from the Timor-Leste budget and the transfer of housing costs for posted members from the Services.

4. The increased budget for the Pacific Patrol Boat Program reflects increased costs as the boats age.

Table 72: South-East Asia Region Budget 2013-14

South-East Asia	2012-13	2013-14
	Estimated	Budget
	Actual \$'000	Estimate \$'000
Singapore	71	82
Philippines	3,546	3,229
Thailand	2,903	2,913
Malaysia	3,723	3,721
Indonesia	3,569	3,730
Vietnam	1,903	1,904
Cambodia and Laos	1,230	1,277
Brunei	12	21
Myanmar	-	172
Total	16,957	17,049

Appendix B: The Unapproved Major Capital Investment Program (also known as the Defence Capability Plan)

The Defence Capability Plan (DCP) is a costed, detailed development plan for Australia's future military capabilities. The plan is reviewed regularly to take account of changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget. The plan sets out the proposed investment in new capability, reviewed and revised as part of the financial year 2013-14 budget.

Tables 73, 74 and 75 provide details of the projects likely to be considered for approval by Government in Financial Year 2013-14.

Table 73: Defence Capability Plan Projects in Development for First Pass Approval Consideration within the Financial Year 2013-14^{[1][2]}

Project Number	Project Title
AIR 5077 Phase 5A	AEW&C Interoperability Compliance Upgrade
AIR 7000 Phase 2C	Maritime Patrol Aircraft Replacement - P-8 Increment 3
JP 154 Phase 2	Joint Counter Improvised Explosive Device Capability
JP 157 Phase 1	Replacement National Support Base Aviation Refuelling Vehicles
JP 1771 Phase 1	Geospatial Support Systems for the Land Force
JP 2069 Phase 3	High Grade Cryptographic Equipment
JP 2110 Phase 1B	Chemical, Biological, Radiological and Nuclear Defence
LAND 53 Phase 1BR	Night Fighting Equipment Replacement
LAND 400 Phase 2	Land Combat Vehicle System
SEA 1397 Phase 5B	Nulka Missile Decoy Enhancements
SEA 1448 Phase 4B	ANZAC Air Search Radar Replacement
SEA 1654 Phase 3	Maritime Operational Support Capability

Notes

1. Project Development activities, Capability and Technology Demonstrator and some sensitive projects are not included in the list.
2. Defence will only progress these projects to Government approval if quality decision data can be provided (as required by the Defence Procurement Review 2003 (the Kinnaird Review)).

Table 74: Defence Capability Plan Projects In Development for Second Pass Approval Consideration within the Financial Year 2013-14^{[1][2][3]}

Project Number	Project Title
AIR 5416 Phase 4B.2	C-130J Large Aircraft Infrared Counter Measure (LAIRCM)
AIR 6000 Phase 2A/2B	New Air Combat Capability - 3 squadrons
AIR 7000 Phase 2B	Maritime Patrol Aircraft Replacement
AIR 9000 Phase 7	Helicopter Aircrew Training System
JP 2008 Phase 5B.1	Military Satellite Capability - Wideband Terrestrial Infrastructure
JP 2064 Phase 3	Geospatial Information, Infrastructure and Services
JP 2068 Phase 2B.2	Computer Network Defence
JP 2089 Phase 3B	Tactical Information Exchange Domain (Data Links) - Armed Reconnaissance Helicopter
JP 2097 Phase 1B	REDFIN – Enhancements to Special Operations Capability
JP 3029 Phase 1	Space Surveillance
JP 3029 Phase 2	Space Telescope
JP 2099 Phase 1	Identity Management
LAND 17 Phase 1C.1	Artillery Replacement - Towed Howitzer
LAND 125 Phase 3B	Soldier Enhancement Version 2 - Survivability
LAND 136 Phase 1	Land Force Mortar Replacement
LAND 998 Phase 1	Replacement Aviation Fire Trucks
SEA 1442 Phase 4	Maritime Communication Modernisation

Notes

1. Project Development activities, Capability and Technology Demonstrator and some sensitive projects are not included in the list
2. Defence will only progress these projects to Government approval if quality decision data can be provided (as required by the Defence Procurement Review 2003 (the Kinnaird Review)).
3. Projects planned for a combined First and Second Pass approval have been included within the list.

Table 75: Defence Capability Plan Projects in Development for Other Approval Consideration within the Financial Year 2013-14^{[1][2]}

Project Number	Project Title
LAND 17 Phase 1C.2	Future Artillery Ammunition
LAND 121 Phase 5B	Overlander – Medium and Heavy Tactical Training Vehicles

Notes

1. 'Other' projects include interim considerations that have not been included as being developed for either First or Second Pass consideration.
2. Defence will only progress these projects to Government approval if quality decision data can be provided (as required by the Defence Procurement Review 2003 (the Kinnaird Review)).

Appendix C: Major Capital Facilities Program

The Facilities Program comprises approved and unapproved major and medium projects.

Major capital facilities projects are defined as having expenditure over \$15m and are subject to Government approval and review by the Parliamentary Standing Committee on Public Works (PWC). Medium facilities projects have an expenditure of between \$250,000 and \$15m. Projects between \$8m and \$15m are subject to Government approval, but are not formally reviewed by the PWC. Details of these projects are provided in this Appendix.

The Major Capital Facilities Program gives priority to projects that support and sustain current and future capability requirements, other government initiatives, meet legislative obligations and assist initiatives that support Defence personnel. A significant proportion of the program funding is directed towards the provision of basic engineering and infrastructure services, in support of new projects and upgrades to existing facilities.

Approved Major Capital Facilities Projects

Table 76: Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2013 \$m	2013-14 Budget Estimate \$m
Enhanced Land Force Stage 2 Works^[1]				
Singleton Training Area	NSW - Hunter	-	109	10.1
Simpson Barracks, Watsonia	VIC - Jagajaga	-	20	-
RAAF Amberley	QLD - Blair	-	10	-
Kokoda Barracks, Canungra	QLD - Forde	-	41	40.3
Lavarack Barracks, Townsville	QLD - Herbert	-	71	-
Greenbank Training Area	QLD - Rankin	-	103	13.0
Gallipoli Barracks, Enoggera	QLD - Ryan	-	627	133.5
Wide Bay Training Area	QLD - Wide Bay	-	58	19.0
RAAF Edinburgh	SA - Wakefield	-	35	-
Majura Field Training Area	ACT - Fraser	-	23	-
Total		1,457.8	1,096.0	216.1
Enhanced Land Force Stage 1 Works^[1]				
Holsworthy Barracks	NSW - Hughes	-	38.6	-
Singleton Training Area	NSW - Hunter	-	62.0	-
Kapooka Training Area	NSW - Riverina	-	104.1	-
Swan Island	VIC - Corangamite	-	6.4	-
Puckapunyal Training Area	VIC - McEwan	-	63.8	10.5
RAAF Amberley	QLD - Blair	-	122.5	-
Townsville	QLD - Herbert	-	185.4	3.3
Edinburgh Defence Precinct	SA - Wakefield	-	23.7	1.3
Campbell Barracks	WA - Curtin	-	3.9	-
Total		793.1	610.4	15.1
Defence Logistics Transformation Program^[1]				
Defence National Storage & Distribution Centre, Moorebank	NSW - Hughes	-	45.8	146.5
Wadsworth Barracks, Bandiana	VIC - Indi	-	-	7.8
RAAF Amberley	QLD - Blair	-	5.0	68.7
Townsville	QLD - Herbert	-	-	9.6
RAAF Edinburgh	SA - Wakefield	-	-	6.4
Robertson Barracks	NT - Solomon	-	10.0	88.1
Total		752.7	60.8	327.1
Moorebank Units Relocation^[2]				
Steele Barracks, Moorebank	NSW - Hughes	352.9	45.0	101.5
Amberley Redevelopment Stage 3				
RAAF Amberley	QLD - Blair	331.5	312.4	13.6
Albatross Redevelopment Stage 3				
HMAS Albatross, Nowra	NSW - Gilmore	192.0	0.5	39.9
East Sale Redevelopment				
RAAF East Sale	VIC - Gippsland	185.6	13.9	79.0

Table 76(Cont): Approved Major Capital Facilities Projects by State and Federal Electorate

		Total Estimated Expenditure State and Electorate \$m	Estimated Cumulative Expenditure to 30 June 2013 \$m	2013-14 Budget Estimate \$m
Defence Facilities at HMAS Harman				
HMAS Harman	ACT - Canberra	163.5	156.8	0.3
Defence Force School of Signals				
Simpson Barracks, Watsonia	VIC - Jagajaga	101.3	89.2	3.3
ADFA Redevelopment				
ADFA	ACT - Fraser	98.5	46.4	32.4
Airfield Capital Works^[1]				
RAAF Williamtown	NSW - New castle	-	-	9.6
RAAF Amberley	QLD - Blair	-	11.5	24.8
RAAF Townsville	QLD - Herbert	-	-	6.5
RAAF Darwin	NT - Solomon	-	8.2	12.7
Total		74.7	19.7	53.6
HMAS Penguin and Pittwater Annexe Redevelopment^[1]				
Pittwater Annexe	NSW - MacKellar	-	4.5	2.0
HMAS Penguin, Balmoral	NSW - Warringah	-	45.0	9.8
Total		63.3	49.5	11.8
Facilities for Replacement Towed Artillery (LAND 17)^[1]				
Gaza Ridge Barracks, Bandiana	VIC - Indi	-	1.9	2.4
Bridges Barracks, Puckapunyal	VIC - McEwan	-	1.9	2.0
Lavarack Barracks, Townsville	QLD - Herbert	-	2.7	2.3
Gallipoli Barracks, Enoggera	QLD - Ryan	-	5.5	16.3
RAAF Edinburgh	SA - Wakefield	-	1.6	2.3
Robertson Barracks, Darwin	NT - Solomon	-	1.9	3.2
Total		46.5	15.6	28.4
Liverpool Military Area High Voltage Reticulation Systems Upgrade				
Liverpool Military Area	NSW - Hughes	19.6	3.5	15.3
Scottsdale Specific Nutritional Capability				
Scottsdale	TAS - Bass	18.7	7.0	7.8
Explosive Ordnance Storage^[3]				
Proof & Experimental Establishment Port Wakefield	SA - Wakefield	15.5	13.2	2.2
Facilities for Joint Counter Improvised Explosive Device Capability^[1]				
Steele Barracks, Moorebank	NSW - Hughes	-	0.1	3.1
Singleton Training Area	NSW - Hunter	-	0.1	0.5
Wadsworth Barracks, Bandiana	VIC - Indi	-	-	1.5
Simpson Barracks, Watsonia	VIC - Jagajaga	-	-	1.8
Kokoda Barracks, Canungra	QLD - Forde	-	0.1	0.4
Townsville Training Area	QLD - Herbert	-	0.2	0.5
Cultana Training Area	SA - Grey	-	-	0.3
Edinburgh Defence Precinct	SA - Wakefield	-	0.1	2.8
Campbell Barracks, Perth	WA - Curtin	-	-	0.7
RAAF Darwin	NT - Solomon	-	0.1	0.6
Total		13.4	0.7	12.2

Table 76(Cont): Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2013 \$m	2013-14 Budget Estimate \$m
6th Aviation Regiment - Expanded 171 Aviation Squadron Facilities				
Holsworthy Barracks	NSW - Hughes	11.7	9.2	0.0
Australian Operational Concept Contingency and Stores^[1]				
RAAF Williams	VIC - Lalor	-	0.5	-
RAAF Townsville	QLD - Herbert	-	1.2	-
Gallipoli Barracks, Enoggera	QLD - Ryan	-	0.3	-
RAAF Edinburgh	SA - Wakefield	-	0.6	-
Derwent Barracks, Glenorchy	TAS - Denison	-	0.5	0.1
RAAF Darwin	NT - Solomon	-	1.3	-
Total		7.9	4.4	0.1
Thermal Test Facility				
Fishermans Bend	VIC - Melbourne Ports	6.6	2.6	3.6
Corrosion Control Facility^[4]				
RAAF Tindal	NT - Lingiari	6.3	2.0	4.2
Corrosion Control Facility and Spray Paint Booth Facilities Upgrade				
RAAF Williamstown	NSW - Newcastle	6.3	2.4	3.2
Potable Water Supply Upgrade				
RAAF Pearce	WA - Pearce	3.1	2.3	0.8
Triangular Island Facility Upgrade				
Shoalwater Bay Training Area	QLD - Capricornia	2.2	2.2	0.0
Projects in or about to enter Defects Liability Period			3,227.1	4.8
Total	-	4,724.6	5,792.7	976.2

Notes

1. These projects cross state and electoral boundaries. Estimated cumulative expenditure to 30 June 2013 and expenditure estimates for 2013-14 are provided in the table per location.
2. This amount represents the Defence funded element of the Moorebank Units Relocation Project. The Department of Finance and Deregulation are funding the remaining element of \$517.1m with a total approved project value of \$870.0m.
3. Total project budget increase approved in August 2012.
4. Total project budget increase approved in February 2013.

New South Wales

HMAS Albatross Redevelopment Stage 3

The project will replace ageing and obsolete engineering services and infrastructure. It will also provide a combination of new and refurbished facilities to support operational and training outcomes as well as enabling functions. The project is programmed to be completed in mid 2016.

Moorebank Units Relocation

The Moorebank Units Relocation, Holsworthy, New South Wales project supports the Government's proposed Moorebank Intermodal Freight Terminal on Commonwealth owned-Defence occupied land at Moorebank. The project is delivering new facilities at Holsworthy Barracks to relocate affected Defence units and facilities from the proposed Moorebank Intermodal Transport site, including the School of Military Engineering. The project is funded from the Government's Moorebank Intermodal Freight Terminal initiative and the Defence Portfolio. The project is programmed to be completed in late 2015.

Liverpool Military Area High Voltage Reticulation Systems Upgrade

The Liverpool Military Area High Voltage Reticulation Systems Upgrade, New South Wales project is providing improved energy supply and distribution to the Liverpool Military Area, primarily at Holsworthy Barracks. This project will provide a necessary increase in electrical supply to the Liverpool Military Area and improved electrical reticulation within Holsworthy Barracks. The project is programmed to be completed in late 2015.

Victoria

RAAF Base East Sale Redevelopment Stage 2

This project will provide in-ground engineering services upgrades, new working accommodation, new training and maintenance facilities, security upgrades, new air traffic control complex, new commercial and community facilities, a new chapel, new firing range, new living-in accommodation and demolition of redundant facilities. The project is programmed to be completed in mid 2015

Watsonia - Defence Force School of Signals

This project will provide new working accommodation, improved security arrangements and upgraded living-in accommodation for the Defence Force School of Signals at Simpson Barracks. Construction commenced in October 2008. The Living-In Accommodation and other major components of the project are now complete. Completion of the final refurbishment element is currently being assessed in relation to remaining funds available to the project.

Queensland

RAAF Amberley Redevelopment Stage 3

The project will provide new trainee living-in accommodation and messing facilities, physical fitness facilities, office, medical and working accommodation, consolidation of maintenance facilities, construction of a new fuel farm and a base security upgrade. Construction commenced in 2008. Works have been progressively completed from 2009. The project is programmed to be completed in early to mid 2014.

Tasmania

Scottsdale: Specific Nutritional Capability

The project provides a reinvestment in the existing Defence Science and Technology Organisation nutritional capability at Scottsdale through the construction of replacement food technology laboratories and working facilities. The project is programmed to be completed in late 2013.

Australian Capital Territory

Australian Defence Force Academy Redevelopment

The project aims to address the functional deficiencies of the teaching, training, office and living in accommodation and mess facilities at ADFA to meet current and future academic and military training needs for the next 20 to 30 years. The project is programmed to be completed in mid 2015.

Defence Facilities at HMAS Harman

The project will provide an extension to the existing Defence Network Operation Centre that controls and monitors communication activities within Defence, as well as providing new data storage facilities for other capability projects and additional support facilities for the Army. The project is programmed to be completed in mid 2013.

Various Locations

Defence Logistics Transformation Program

The project aims to modernise and enhance the wholesale storage, distribution and land materiel functions of Joint Logistic Command units nationally to provide optimum support to Defence operations. The project will provide enhanced logistics facilities at Moorebank New South Wales, Bandiana Victoria, Amberley and Townsville Queensland, Palmerston Northern Territory, Edinburgh South Australia and Guilford and Garden Island Western Australia. The project is programmed to be completed in late 2015.

Enhanced Land Force - Facilities Stage 1

The project will provide modern, purpose-built facilities and supporting infrastructure for the relocation of the 3rd Battalion, the Royal Australian Regiment from Sydney to Townsville. The works involve the construction of new and refurbished accommodation and training facilities, as well as the construction of common use facilities and site infrastructure upgrades at Townsville and other Defence sites across five states. Facilities at Kapooka, Singleton, Holsworthy and Puckapunyal will provide modern accommodation and supporting infrastructure for increased Army initial employment training. At RAAF Bases Amberley, Edinburgh and Richmond, new facilities will be provided for joint enabling elements supporting the enhanced land force capabilities. Facilities at RAAF Base Richmond, Campbell Barracks Perth, Holsworthy, Singleton and RAAF Amberley have been completed. Completion of the remaining elements is scheduled by late 2013.

JP 154 Facilities for Joint Counter Improvised Explosive Device Capability - Stage 2 - Other Sites

The project aims to provide test and evaluation facilities at Nurrungar (Woomera, South Australia) and Edinburgh (Adelaide, South Australia), plus storage and training facilities at 14 other sites across Australia. The project is programmed to be completed in late 2013.

Enhanced Land Force - Facilities Stage 2

The project will provide modern purpose-built facilities and supporting infrastructure for the 8th/9th Battalion the Royal Australian Regiment and supporting elements of the Army's 7th Brigade at Gallipoli Barracks in Enoggera, Brisbane. The project includes the construction of new and refurbished accommodation and training facilities, as well as common use facilities and site infrastructure upgrades at Enoggera and other Defence sites across four States and both mainland Territories.

Facilities at Townsville, Singleton, Duntroon and Watsonia will provide modern accommodation and supporting infrastructure for increased Army career training. In Sydney, at RAAF Bases Amberley, at Edinburgh and at nine Defence Training Areas, new and refurbished facilities with site infrastructure upgrades will be provided for Army and joint enabling elements supporting the Enhanced Land force capabilities. Works at Garden Island and Balmoral were completed in 2010. Facilities at Garden Island, HMAS Penguin, Watsonia, Puckapunyal, RAAF Base Amberley, Townsville Field Training Area, Majura Field Training Area and Royal Military College Duntroon have been completed. The project is programmed to be completed in late 2014.

HMAS Penguin and Pittwater Annexe Redevelopment

The project will provide a comprehensive upgrade of base wide engineering services infrastructure, security works and working accommodation for training and support functions. The project is programmed to be completed in late 2013.

Airfield Capital Works (Amberley, Darwin, Townsville, Williamtown)

The project aims to resurface asphalt pavement and the replace airfield lighting at RAAF Base Amberley, RAAF Base Darwin, RAAF Base Townsville and RAAF Base Williamtown. Construction is programmed to be completed in mid 2014.

Facilities for Replacement Towed Artillery (LAND 17)

The project will provide new and upgraded facilities to support the introduction into service of new towed artillery. The works are planned at six sites: Enoggera, Puckapunyal, Townsville, Edinburgh, Darwin and Bandiana. The project is programmed to be completed in late 2013.

Appendix D: Approved Projects being Developed for Private Financing Arrangements

Project Single Living Environment and Accommodation Precinct (Single LEAP Phase 2)

Project Single LEAP Phase 2 is an extension of the delivery of new single living-in accommodation facilities at various sites around Australia. The project has been approved to deliver a further 3,015 units at 14 bases around mainland Australia. Table 77 provides details of the 14 elements of Phase 2.

Table 77: Single LEAP Phase 2 by State, Federal Electorate and Locality^[1]

State	Electorate	Locality
NEW SOUTH WALES	Gilmore	Nowra: HMAS Albatross
	Riverina	RAAF Base Wagga
		Kapooka: Blamey Barracks
VICTORIA	Indie	Abury/Wodonga: Bandiana
	Jagajaga	Watsonia: Simpson Barracks
	McEwen	Puckapunyal
QUEENSLAND	Herbert	Townsville: Lavarack Barracks
SOUTH AUSTRALIA	Wakefield	RAAF Base Edinburgh
WESTERN AUSTRALIA	Brand	Garden Island: HMAS Stirling
	Curtin	Swanbourne: Campbell Barracks
NORTHERN TERRITORY	Solomon	Darwin: Robertson Barracks
		Darwin: HMAS Coonawarra (Larrakeyah Barracks)
AUSTRALIAN CAPITAL TERRITORY	Fraser	Royal Military College Australian Defence Force Academy

Note

1. Work has commenced at all sites, with the last site due for completion by February 2014. Under the Public Private Partnership arrangement, annual payments to the Strategic Partner will commence after Commercial Acceptance of each site.

Appendix E: Status of Major Projects Foreshadowed for Government and Parliamentary Standing Committee on Public Works Consideration in 2013-14

During 2013-14, Defence expects to present a number of facilities proposals to the Government and the Public Works Committee (PWC). Table 78 provides details of the proposed major capital projects expected to be referred to the PWC in 2013-14. In some cases, the projects may require the Government's approval before referral to the PWC.

Table 78: Program of Works Foreshadowed for Consideration and Approval

	State/Electorate	Actual/Indicative PWC Referral Date	Actual/Indicative PWC Hearing Date ^[1]	Current Status
Capital Facilities Projects Foreshadowed for PWC Consideration in 2013-14				
RAAF Base Williamtown Redevelopment Stage 2	NSW - New castle	Early 2014	Mid 2014	In development
Defence Science and Technology Organisation (DSTO) Fishermans Bend - Human Protection Performance and Security	VIC - Melbourne Port	21-Mar-13	30-Apr-13	In development
Facilities for Air Warfare Destroyer (SEA 4000)	Multiple	21-Mar-13	23-Apr-13	In development
Facilities for Amphibious Deployment and Sustainment (Joint Project (JP) 2048)	Multiple	21-Mar-13	23-Apr-13	In development
Facilities for the MH-60R Seahawk Maritime Combat Helicopters (AIR 9000 Phase 8)	Multiple	21-Mar-13	22-Apr-13	In development
Facilities for Chinook Helicopter (Air 9000 Phases 5B and 5C)	Multiple	Early 2014	Mid 2014	In development
Facilities for Force Protection Research and Training (Joint Project (JP)154)	Multiple	Early 2014	Mid 2014	In development

Table 78 (Cont): Program of Works Foreshadowed for Consideration and Approval

	State/Electorate	Actual/Indicative PWC Referral Date	Actual/Indicative PWC Hearing Date ^[1]	Current Status
Medium Projects Foreshadowed to Seek Approval in 2013-14				
Army Emergency Response Facilities, Luscombe Airfield - Holsworth	NSW - Hughes			In development
Hunter Water Corporation Wastewater Transfer Scheme - RAAF Williamstown	NSW - Newcastle			In development
Support Facilities for Joint Project (JP) 2048 Phase 3 Landing Helicopter Dock (LHD) Landing Crafts – Sydney	NSW - Wentworth			In development
End of Lease Relocation - Sydney University	NSW - Sydney			In development
Samford Road – Gallipoli Barracks Enoggera	QLD - Ryan			In development
Proof & Experimental Establishment (P&EE) Road and Carpark Upgrade - Graytown	VIC - Murray			In development
Low Level Bridge - HMAS Stirling	WA - Brand			In development
Armoury - Royal Military College Duntroon	ACT - Fraser			In development
Cyber Security Operational Centre (CSOC) Refurbishment – Russell Offices	ACT - Fraser			In development
Shoal Bay Receiving Station (SBRS) Facilities Upgrade - Darwin	NT - Lingiari			In development
Flood Mitigation Project - RAAF Darwin	NT - Solomon			In development
Proof & Experimental Establishment (P&EE) Vibration Test Facility Port Wakefield	SA - Wakefield			In development
Joint Project (JP)154 Phase 3A (Project Ningauai) Australian Protected Route Clearance Capability	Multiple			In development
Joint Project (JP) 2059 Phase 3 - Water Purification and Desalination Equipment	Multiple			In development
Facilities for Australian Light Armoured Vehicle (ASLAV) Crew Procedural Trainer (CPT)	Multiple			In development

Note

1. Hearing dates will be subject to the Committee's consideration and agreement.

New South Wales

RAAF Base Williamtown Redevelopment Stage 2

The project aims to support and improve the functionality and capability of the Base, while at the same time upgrade or replace critical ageing infrastructure to meet future requirements. Subject to Government approval and Parliamentary clearance, construction is scheduled to commence in late 2014, and be completed in late 2018.

Fishermans Bend - Human Protection Performance and Security

The project will provide new and upgraded site security and will rectify identified accommodation shortfalls within on-site Human Protection Performance Division facilities located at the Defence Science and Technology Organisation site at Fisherman Bend in Melbourne. Subject to Parliamentary clearance, construction is scheduled to commence in mid 2013 with completion in early 2016.

Various Locations

Facilities for Air Warfare Destroyer (SEA 4000)

This project aims to provide new and upgraded wharf-side facilities to support berthing and sustainment at Garden Island, Sydney, for the new Hobart Class Air Warfare Destroyer. The works also include the provision of training facilities at HMAS Watson and Randwick Barracks. Subject to Parliamentary clearance, construction is scheduled to commence in mid 2013, and be completed in late 2015.

Facilities for Amphibious Deployment and Sustainment (JP 2048)

This project aims to provide new and upgraded wharf-side facilities to support berthing and sustainment at Garden Island, Sydney, for the new Canberra Class Landing Helicopter Dock Ship. The works also include the provision of training facilities at Randwick Barracks. Subject to Parliamentary clearance, construction is scheduled to commence in mid 2013, and be completed in late 2015.

Facilities for the MH-60R Seahawk Maritime Combat Helicopters (AIR 9000 Phase 8) (previously reported as Facilities for Future Naval Aviation Combat System Support Air 9000 Phase 8)

The project aims to provide new and upgraded facilities for operational maritime helicopter squadrons at HMAS Stirling and HMAS Albatross. The works include the provision of facilities for explosive ordnance storage, aircraft hangars, aircraft workshops, synthetic training, and working accommodation. Subject to Parliamentary clearance, construction is scheduled to commence in late 2013, and be completed in mid 2017.

Facilities for Chinook Helicopter (Air 9000 Phases 5B and 5C)

The project aims to provide new and upgraded facilities to support the introduction into service of the Chinook Helicopter. The works will be primarily at 5 Aviation Regiment at RAAF Base Townsville. Subject to Government approval and Parliamentary clearance, construction is scheduled to commence in late 2014, and be completed in early 2017.

Facilities for Force Protection Research and Training (JP 154)

This project aims to provide test and evaluation facilities at Nurrungar (Woomera, South Australia) and Edinburgh (Adelaide, South, Australia), plus storage and training facilities at 14 other sites across Australia. Subject to Government and Parliamentary clearance, construction is scheduled to commence mid 2014, and be completed in mid 2015.

