



Senator the Hon Robert Hill

Leader of the Government in the Senate

Minister for Defence

13 February 2002

Senator the Hon Margaret Reid
President of the Senate
Parliament House
CANBERRA ACT 2600

The Hon Neil Andrew MP
Speaker of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Madam President and Mr Speaker

I hereby submit portfolio additional estimates statements in support of the 2001-02 Additional Estimates for the Department of Defence and the Defence Housing Authority.

The statements provide detailed explanations and justifications of the proposed appropriations to Defence and to the Defence Housing Authority in Appropriation Bills (Nos. 3 and 4) 2001-02.

A handwritten signature in black ink that reads 'Robert Hill'.

ROBERT HILL

DEFENCE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS 2001-02

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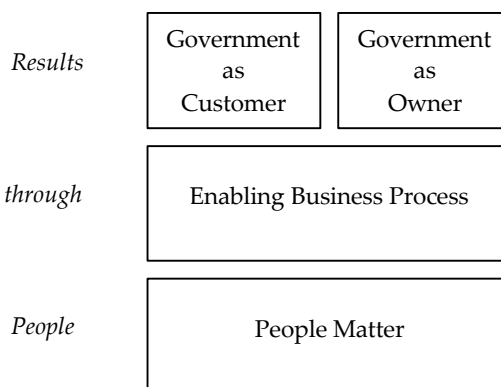
The purpose of the Defence portfolio additional estimates statements, like that of the portfolio budget statements, is to inform Senators and Members of the basis for the revised Defence budget, with particular emphasis on the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2001-02.

This document also contains the portfolio additional estimates for the Defence Housing Authority, which provides housing to meet Defence's requirements.

The document does not address the Department of Veterans' Affairs, which is part of the Defence Portfolio but for which statements are tabled separately.

FORMAT OF THE STATEMENTS

The structure of the document reflects the development of an integrated performance framework using the *Defence Matters* balanced scorecard. The scorecard focuses on four perspectives:



DEFENCE

Section One – Overview

This section contains:

- an overview identifying current Australian Defence Force operations;
- Defence White Paper implementation details;
- Defence's organisational structure;
- a summary of the revised Defence budget which includes:
 - an additional estimates overview,
 - a summary of the Defence appropriations,
 - additional estimates measures, and
 - discretionary grants; and
- purchaser-provider arrangements with the Defence Housing Authority.

Section Two - Results for Government as Defence's Customer

This section relates to the delivery of the outputs required by the Government. It contains detailed explanations of the six Defence outputs including:

- a schematic illustration of Defence's output structure;
- a description of each output, including revised performance information, and how it contributes to the Defence outcome; and
- the estimated price of each output.

Section Three - Results for Government as Defence's Owner

This section relates to the effective and efficient management of Defence to ensure the sustainable delivery of outputs. Detailed tabular explanations of the revised Defence budget and forward estimates are provided outlining both departmental and administered:

- financial performance;
- financial position; and
- cash flow.

Additional tables outline revised Defence capital budget funding and summarise the movement of departmental non-financial assets.

Details of revised capital investment in equipment and facilities are provided in the capital budget segment. New and previously approved projects funded in the 2001-02 budget are listed together with schedules for significant equipment and facilities projects.

Section Four - Enabling Business Process

This section relates to the implementation of internal business processes that are designed to ensure sustainable delivery of outputs. The information provided includes details of Defence's improvement initiatives:

- Efficiencies;
- Commercial Support Program;
- Defence materiel reform;
- Management information systems; and
- Evaluations.

Section Five - People Matter

This section relates to Defence's attracting and leading people and maximising their skills and knowledge in order for it to deliver outputs sustainably. The information in this section includes:

- a plan for people; and
- revised workforce summary estimates for 2001-02.

DEFENCE HOUSING AUTHORITY

This section contains:

- revised performance forecasts for 2001-02;
- a tabular explanation of the revised 2001-02 budget and forward estimates.

STYLE CONVENTIONS

Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding.

RELATED REFERENCES

Previous years' *Defence Portfolio Budget Statements*, *Portfolio Additional Estimates Statements* and *Annual Reports* can be found at:

www.defence.gov.au/budget/budget.html

The Defence White Paper can be found at: www.defence.gov.au/whitepaper

