



Senator the Hon Robert Hill
Leader of the Government in the Senate
Minister for Defence

6 December 2002

Senator the Hon Paul Calvert
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 Mr President and Mr Speaker

I hereby submit portfolio additional estimates statements in support of the 2002-03 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) 2002-03.

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

Robert Hill

DEFENCE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS 2002-03

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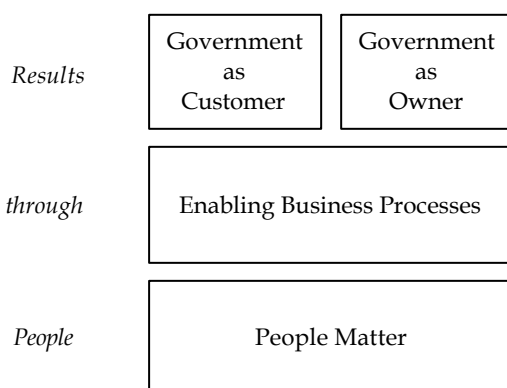
The purpose of the Defence portfolio additional estimates statements, like that of the portfolio budget statements, is to inform Senators and Members of the basis for the revised Defence budget, with particular emphasis on the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2002-03.

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:



The perspectives are:

- **Results for Government as Defence's Customer**, which reports on the results delivered to the Government as the customer for the six Defence outputs.
- **Results for Government as Defence's Owner**, which reports on the results delivered to the Government as 'shareholder' of Defence. Its focus is on stewardship in relation to people and to financial and other resources, with a view to ensuring long-term sustainable delivery of Defence outputs.
- **Enabling Business Processes**, which reports on the internal business processes and systems development that Defence undertakes to ensure that appropriate services are provided to support delivery of results to the Government.
- **People Matter**, which reports on factors affecting the ability of Defence's people to contribute to the results sought by the Government. The performance of senior leadership in creating an environment in which people can give their best is included in this perspective.

Chapter One - Overview

This chapter contains:

- an overview;
- Defence White Paper implementation details;
- Defence's organisational structure;
- a summary of the revised Defence budget which includes:
 - a additional estimates overview;
 - a summary of the Defence appropriations; and
 - purchaser-provider arrangements with the Defence Housing Authority.

Chapter Two - Results for Government as Defence's Customer

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

- the price to Government of Defence's outputs and sub-outputs;
- a description of each output, including revisions to planned performance, force structure, key risks and limitations and strategic initiatives; and
- a detailed breakdown of the revised estimated price of each output.

Chapter Three - Results for Government as Defence's Owner

This chapter 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 the Defence capital budget and summarise the movement of departmental non-financial assets.

Details of capital investment in equipment and facilities are provided in the capital budget overview. The top 20 (by level of expenditure) major capital equipment projects for 2002-03 are listed, together with project schedules. A table followed by descriptions of significant major facilities projects is provided, along with the estimated 2002-03 expenditure for all major and medium capital projects.

Chapter Four - Enabling Business Processes

This chapter relates to the implementation of internal business processes that are designed to ensure sustainable delivery of outputs. The information provided includes:

- efficiencies;

- the Commercial Support Program;
- customer-supplier arrangements;
- delivering internal services;
- Defence information environment; and
- portfolio evaluations.

Chapter Five - People Matter

This chapter 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 chapter includes:

- a personnel overview; and
- a workforce summary.

Defence Housing Authority

This chapter contains:

- an overview of the Authority, including revisions to performance forecasts for 2002-03; and
- a detailed tabular explanation of the 2002-03 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.html

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

