



**PORTFOLIO  
BUDGET STATEMENTS  
2003-04**

**DEFENCE PORTFOLIO**  
(Department of Defence and the Defence Housing Authority)

BUDGET INITIATIVES AND EXPLANATIONS OF  
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS  
2003-04

BUDGET RELATED PAPER NOS. 1.4A and 1.4C

## 2003-04 BUDGET PAPERS

### Budget Speech

#### No. 1 Budget Strategy and Outlook 2003-04

Contains information on the economic and financial outlook, together with information on the fiscal strategy.

#### No. 2 Budget Measures 2003-04

Provides a comprehensive statement on the budget expense, revenue and capital measures in the 2003-04 Budget.

#### No. 3 Federal Financial Relations 2003-04

Provides information on Commonwealth financial relations with the States, Territories and local government.

#### No. 4 Agency Resourcing 2003-04

Contains information on resourcing for Commonwealth agencies (including the Appropriations Bills Nos. 1 and 2 and the Appropriations (Parliamentary Departments) Bill No. 1).

## 2003-04 BUDGET RELATED PAPERS

### No. 1 Portfolio Budget Statements

Detailed information on the expected financial position of each Commonwealth Government agency for 2003-04.

## CONTACT OFFICER

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Defence Portfolio Budget Statements:

<http://www.defence.gov.au/budget/>

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

7 May 2003

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 Budget Statements in support of the 2003-04 Budget for the Department of Defence and the Defence Housing Authority.

- the outcomes and outputs developed for the portfolio;
- the portfolio's administered items;
- information on budget measures affecting portfolio outcomes; and
- the performance indicators and evaluations to be used to assess performance against portfolio outcomes.

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

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

ROBERT HILL



# DEFENCE PORTFOLIO BUDGET STATEMENTS 2003-04

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# USER GUIDE

The purpose of the Defence Portfolio Budget Statements is to provide further explanation for Senators and Members of the proposed expenditure for Defence in Appropriation Bills (Nos. 1 and 2) 2003-04.

This document contains the Portfolio Budget Statements for the Defence Housing Authority, which provides housing to meet Defence's requirements.

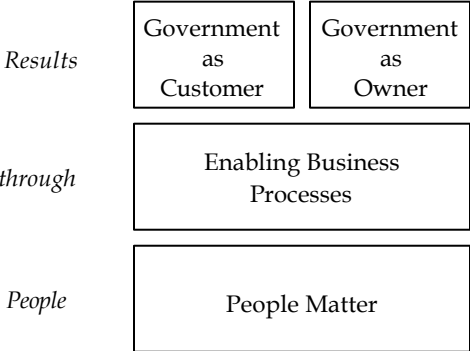
The document does not address the Department of Veterans' Affairs, which is part of the Defence Portfolio but for which Budget Statements are tabled separately.

The performance information contained in the Defence Portfolio Budget Statements is derived from the Government-endorsed Defence Management and Finance Plan for 2003-13. The plan is classified for reasons of national security.

## FORMAT OF THE STATEMENTS

The structure of the *Portfolio Budget Statements 2003-04* has changed from previous years to incorporate the new Government Budget Estimates Framework.

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 seven Defence outcomes.
- **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, with details regarding the changes to the outcome and output structure;
- Defence White Paper implementation details;
- Defence's organisational structure;
- a summary of the Defence budget which includes:
  - a budget overview;
  - a summary of the Defence appropriations;
  - budget measures;
- discretionary grants; 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 outcomes required by the Government. Defence has moved to a budget structure which has seven outcomes and thirty outputs (see the Overview section in Chapter One for further details). It contains detailed explanations of the seven Defence outcomes and thirty outputs, including:

- a schematic illustration of Defence's outcome structure;
- the estimated price of each outcome and output; and
- a description of each outcome and output, including planned performance, key risks and strategies and risk mitigation initiatives.

### **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 outcomes. Detailed tabular explanations of the 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 the not yet approved major capital program, major equipment and facilities, are provided in the capital budget overview.

## **Chapter Four - Enabling Business Processes**

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

- program of administrative savings;
- Defence management reforms and efficiencies;
- Commercial Support Program; and
- Portfolio evaluations.

## **Chapter Five - People Matter**

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

- a personnel overview; and
- a workforce summary.

## **Defence Housing Authority**

This section contains:

- an overview of the Authority, including performance forecasts for 2003-04;
- the Authority's outcome and output, including performance information;
- information on evaluations to be conducted during 2003-04;
- competitive tendering and contracting arrangements;
- purchaser-provider arrangements with Defence; and
- a detailed tabular explanation of the 2003-04 budget and forward estimates.

## **Styles and Conventions Used**

Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding. Brackets ( ) wrapped around figures indicate that the figure is minus.

## **Related References**

Previous years' Defence *Portfolio Budget Statements*, *Portfolio Additional Estimates Statements* and *Annual Reports* can be found at: [www.defence.gov.au/budget/](http://www.defence.gov.au/budget/)

The Defence White Paper can be found at: [www.defence.gov.au/whitepaper/](http://www.defence.gov.au/whitepaper/)

