

Serial No	Defence Funding Measures	2002-03	2003-04	Difference	2004-05	2005-06	2006-07
		Projected Result	Budget	2002-03 and 2003-04	Forward Estimate	Forward Estimate	Forward Estimate
		\$m	\$m	\$m	\$m	\$m	\$m
<b>Other Adjustments:</b>							
26	Reimbursement for Iraq – Funding for Operations <sup>5)</sup>	-	248.6	248.6	-	-	-
27	Reimbursement for Continuation of Operation Bel Isi II	-	10.1	10.1	-	-	-
28	Continuation of Defence White Paper Funding Increase <sup>4)</sup>	-	-	-	-	-	3,101.9
29	Continuation of Force Generation Funding	-	-	-	-	-	467.0
30	East Timor Revised Estimate (Operation Citadel)	(95.4)	-	95.4	-	-	-
31	Return of Communication Project Savings	(11.9)	-	11.9	-	-	-
32	Rescheduling of the Capital Program <sup>6)</sup>	-	(212.0)	(212.0)	(199.0)	(143.0)	(88.0)
33	Operating Leases - return of uncommitted funds	-	(8.5)	(8.5)	(8.5)	(8.4)	(8.3)
34	Increased CSS and PSS Employer Contribution Rates	-	19.7	19.7	19.7	19.7	19.7
35	Price, Exchange and Other Funding Adjustments	(220.0)	151.6	371.6	134.5	137.4	144.7
	<b>Sub-Total</b>	<b>(327.3)</b>	<b>209.4</b>	<b>536.7</b>	<b>(53.3)</b>	<b>5.6</b>	<b>3,639.9</b>
<b>Portfolio Budget Statements</b>							
	<b>2003-04</b>	<b>14,169.4</b>	<b>15,418.8</b>	<b>1,249.4</b>	<b>15,595.4</b>	<b>15,848.3</b>	<b>16,808.0</b>

**Notes**

1. Funding from Government is the sum of revenue for price of outputs and the equity injection.
2. The funding baseline at each published budget milestone reflects the Forward Estimates at that time.
3. Amounts are exclusive of capital use charge.
4. For consistency, the Defence White Paper funding figures in this table are on the same basis as in Table 1.3.
5. Funding in 2003-04 includes \$248.6m reimbursed to Defence for expenditure in 2002-03, which was drawn from Defence's cash reserves.
6. This adjustment is explained in the Capital budget section in Chapter 3.

The Defence White Paper provided for an average real increase in funding for Defence of about three per cent over the 10-year period commencing 2001-02. Table 1.2 shows that the Defence budget is increasing by 1.6 per cent on average over the forward estimates period, including 2.6 per cent in 2003-04. This largely reflects the new funding measures in 2002-03 and 2003-04, including the cost of Operations Bastille and Falconer. The proposed level of Defence departmental funding in 2003-04 is about two per cent of gross domestic product.