



# **PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS 2004-05**

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

**EXPLANATION OF ADDITIONAL ESTIMATES 2004-05**

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

Senator the Hon Paul Calvert  
President of the Senate  
Parliament House  
CANBERRA ACT 2600

4 FEB 2005

The Hon David Hawker 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 2004-05 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) 2004-05.

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

ROBERT HILL



# DEFENCE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS 2004-05

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## USER GUIDE

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) 2004-05.

This document 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.

The structure of the *Portfolio Additional Estimate Statements 2004-05*, as outlined below, is on an 'except for' basis. Only changes that have occurred since the *Portfolio Budget Statements 2004-05* are reported. If there are no changes, for example, in discretionary grants from Chapter Two, no information is reported.

### Changes to the Outcome/Output Structure

The following changes have been made to the output structure since the *Portfolio Budget Statements 2004-05*:

- Outcome Three – Army Capability for the Defence of Australia and its Interests has revised the titles of four outputs;
  - Output 3.1 - Capability for Special Forces Operations has changed to Capability for Special Operations,
  - Output 3.2 - Capability for Mechanised Operations has changed to Capability for Medium Combined Arms Operations,
  - Output 3.3 - Capability for Light Infantry Operations has changed to Capability for Light Combined Arms Operations, and
  - Output 3.9 - Capability for Motorised Infantry Operations has changed to Capability for Motorised Combined Arms Operations; and
- Outcome Four – Air Force Capability for the Defence of Australia and its Interests has revised the title of Output 4.4 from Capability for Air Lift to Capability for Air Lift Operations. This change more accurately reflects the current nature of the output.
- Outcome Seven, Defence's administered outcome, has been broken out into three outputs from the one output reported in the *Portfolio Budget Statements 2004-05*. This is to better reflect the different elements and reporting of the outcome.

### STYLES AND CONVENTIONS

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

## 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/)  
and the Defence Update 2003 can be found at:

[www.defence.gov.au/ans2003/index.htm](http://www.defence.gov.au/ans2003/index.htm)

# CHAPTER GUIDE

## ***Chapter One – Overview***

This chapter contains:

- an update on the strategic environment and Defence's strategic objectives;
- revisions to White Paper implementation; and
- changes to Defence's organisational structure.

## ***Chapter Two – Resourcing***

This chapter outlines revisions to Defence's financial outlook for 2004-05, including:

- a budget summary with revised estimates; and
- a reference to the purchaser-provider arrangements with the Defence Housing Authority and the Department of Foreign Affairs and Trade.

## ***Chapter Three – Capital Budget***

This chapter focuses on revisions to Defence's capital budget for 2004-05. It includes information on:

- an overview of the approved major capital equipment program, with further details in Chapter Seven (Defence Materiel Organisation);
- medium and major capital facilities projects, with descriptions of significant major facilities;
- other capital purchases; and
- capital receipts.

## ***Chapter Four – Planned Outcome Performance***

This chapter provides an update to the delivery of the outcomes required by the Government. It reports on revisions to Defence's planned achievement against seven outcomes and 31 outputs. The chapter contains:

- a schematic illustration of Defence's outcome and output structure;
- a breakdown of the revised estimated cost of each outcome; and
- reporting of any revisions to planned performance by output.

## ***Chapter Five – People***

This chapter provides an update on how Defence is attracting and leading people and maximising their skills and knowledge in order for it to deliver outcomes in a sustainable way. The information provided in this chapter includes:

- revisions to planned performance; and
- a workforce summary

### **Chapter Six – Management Reforms and Efficiencies**

This chapter updates information on the implementation over 2004-05 of internal business processes that are designed to ensure sustainable delivery of outcomes. The chapter includes information on:

- progress of reforms to Defence's budgeting and business systems and processes;
- delivery of internal services; and
- revisions to portfolio evaluations.

### **Chapter Seven – Defence Materiel Organisation**

This chapter anticipates the Defence Materiel Organisation becoming a prescribed agency from 1 July 2005. The information in this chapter includes:

- revisions to key elements of the Defence Materiel Organisation's overall budget - operating, purchases and inventory; and
- details of the performance and estimated expenditure of the top 30 major capital equipment projects, including project descriptions.

The 2005-06 budget statements will contain separate financial statements and performance information for the Defence Materiel Organisation.

### **Appendices**

This chapter contains the revised budgeted financial statements and notes for 2004-05 and forward estimates.

#### **Defence Housing Authority**

This chapter contains an overview of the authority, including revisions to performance forecasts for 2004-05, and a detailed tabular explanation of the 2004-05 budget and forward estimates.