



**PORTFOLIO SUPPLEMENTARY
ADDITIONAL ESTIMATES
STATEMENTS APPROPRIATION
(TSUNAMI FINANCIAL ASSISTANCE)
BILL 2004-05
AND
APPROPRIATION
(TSUNAMI FINANCIAL ASSISTANCE
AND
AUSTRALIA-INDONESIA
PARTNERSHIP) BILL 2004-05**

DEFENCE PORTFOLIO

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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

3 - MAR 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 the Portfolio Supplementary Additional Estimates Statements in support of the additional appropriations sought for the Defence Portfolio, through Appropriation (Tsunami Financial Assistance) Bill 2004-05 and Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the portfolio.

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, reading 'Robert Hill' in a cursive style.

ROBERT HILL

DEFENCE PORTFOLIO SUPPLEMENTARY ADDITIONAL ESTIMATES STATEMENTS 2004-05

User Guide

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Defence Portfolio Supplementary Additional Estimates Statements: Appropriation (Tsunami Financial Assistance) Bill 2004-05 and Appropriation (Tsunami Financial Assistance and Australia- Indonesia Partnership) Bill 2004-05

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USER GUIDE

INTRODUCTION

The purpose of the Portfolio Supplementary Additional Estimates Statements (PSAES) are to explain Appropriation (Tsunami Financial Assistance) Bill 2004-05 and Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05. This document serves to inform senators and members of parliament of the proposed allocation of extra appropriation resources to Government outcomes by agencies within the portfolio.

The PSAES are declared by the Appropriation (Tsunami Financial Assistance) Bill 2004-05 and Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05 to be a 'relevant document' to the interpretation of the Bills according to Section 15AB of the *Acts Interpretation Act 1901*.

Whereas the PSAES are focused on explaining the supplementary additional estimates appropriations, further information on related agency resourcing issues – including special appropriations, special accounts, revenue from other sources, performance information, and a full set of up-to-date agency budgeted financial statements – can be found in the 2005-06 Portfolio Budget Statements accompanying the 2005-06 annual appropriation bills. The PSAES should be read in conjunction with the 2005-06 Portfolio Budget Statements, which follow from this document in a chronological sense, and include information from the appropriation bills explained in this document.

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

Defence portfolio budget statements, portfolio additional estimates statements and annual reports can be found at: www.defence.gov.au/budget/

DEFENCE PORTFOLIO SUPPLEMENTARY ADDITIONAL ESTIMATES STATEMENTS

OVERVIEW, VARIATIONS AND MEASURES

Overview of Additional Appropriations Sought

Measures – Defence Summary

Breakdown, by Appropriation Bill, of Additional Funding Sought

**DEFENCE PORTFOLIO SUPPLEMENTARY
ADDITIONAL ESTIMATES STATEMENTS:
APPROPRIATION (TSUNAMI FINANCIAL
ASSISTANCE) BILL 2004-05 AND APPROPRIATION
(TSUNAMI FINANCIAL ASSISTANCE
AND AUSTRALIA-INDONESIA PARTNERSHIP)
BILL 2004-05**

OVERVIEW, VARIATIONS AND MEASURES

OVERVIEW OF ADDITIONAL APPROPRIATIONS SOUGHT

As a result of these additional appropriations, total resourcing available to Defence in 2004-05 is \$19,019m, an increase of \$51m compared with the \$18,968m projected at the time of the 2004-05 Additional Estimates. This level of resourcing comprises departmental funding of \$16,581m and \$2,438m for the administered appropriation. The total departmental funding allocation of \$16,581m (serial 7), which represents about 1.9 per cent of Australia's gross domestic product, is the most common way of measuring Defence's budget. Details are shown in Table 1.1.

Table 1.1: Total Defence Resourcing

Serial No	2004-05	2004-05	Variation	Variation	2005-06	2006-07	2007-08
	Revised Estimate	Supplementary Estimate	\$'000	%	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
1	15,729,698	15,780,151	50,453	0.3	15,309,392	15,769,340	16,628,324
2	375,498	375,986	488	0.1	1,024,464	1,336,267	1,495,016
3	16,105,196	16,156,137	50,941	0.3	16,333,856	17,105,607	18,123,340
4	332,835	332,835	-	-	309,508	310,903	317,089
5	91,980	91,980	-	-	40,000	40,000	40,000
6	424,815	424,815	-	-	349,508	350,903	357,089
7	16,530,011	16,580,952	50,941	0.3	16,683,364	17,456,510	18,480,429
8	2,438,350	2,438,350	-	-	2,539,350	2,539,350	2,639,350
9	18,968,361	19,019,302	50,941	0.3	19,222,714	19,995,860	21,119,779

Notes

1. Own-source revenue (serial 4) excludes 'assets now recognised' revenue and 'net gains from sales of assets' revenue.
2. The administered appropriation (serial 8) of \$2,438m covers costs associated with the military superannuation schemes, and also covers the provision of housing subsidies to current and retired Defence personnel. The administered appropriation is managed by the Department of Finance and Administration (Commonwealth Superannuation) and the Defence Housing Authority (housing subsidies) on Defence's behalf.

The increase in Defence's total resourcing comprises:

- an increase in departmental funding of \$50.941m made up of an increase in revenue for the price of outcomes (+\$50.453m) and an increase in the equity injection (+\$0.488m).

The increase in departmental funding of \$50.941m is exclusively funding received for the net additional costs arising from the Defence contribution to the Australian Government tsunami relief effort, and relates to Appropriation (Tsunami Financial Assistance Bill) 2004-05 and Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05.

Measures

Supplementary Appropriations and Variations to Outcomes: New Measures

The supplementary appropriations received by Defence for its contribution to the Australian Government tsunami relief effort affect Outcome One – Command of Operations only. The measure is summarised in Table 1.2.

Table 1.2: Additional Appropriations and Variations to Outcomes: New Measures

Measure	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome One: Command of Operations				
Tsunami financial assistance	50,941	11,054	-	-

Additional Appropriations and Variations to Outcomes: Other Variations

The Department of Defence does not have other variations to appropriations.

MEASURES – DEFENCE SUMMARY

Operation Sumatra Assist is the Australian Defence Force (ADF) contribution to the Australian Government effort to provide assistance to people affected by the tsunami disaster. The ADF contribution deals primarily with delivering humanitarian aid, providing medical care, particularly through a field hospital, and reconstruction skills to provide sanitation and potable water. Included in the funding received for the net additional costs of Operation Sumatra Assist is an amount for the applicable ADF personnel allowances, increased rate-of-effort for platforms, purchase of stores and equipment, additional rations, transport and lift costs and remediation costs of equipment.

As the situation moves from an emergency relief operation to reconstruction, the ADF's role will be referred to humanitarian aid programs coordinated by Indonesia and civilian aid agencies. This is anticipated to enable a phased withdrawal of the ADF from Aceh by late March 2005.

Defence will receive funding of \$62.0m over two years to meet the net additional costs of the operation, based on a 90-day deployment period and a withdrawal

plan agreed by the Government. This includes \$11.1m in 2005-06 to remediate equipment and reconstitute stores.¹

Summary of 2004-05 measures in relation to the Australian Government's Response to the South Asian Tsunami

The Defence element of the Australian Government's response to the South Asian Tsunami includes one new funding measure that has been approved by the Government and is summarised in Table 1.3.

¹ The Appropriation (Tsunami Financial Assistance) Bill 2004-05 covers costs incurred in the 2004-05 financial year only. Funding for the 2005-06 financial year will be appropriated through the 2005-06 Annual Appropriation Bills (Nos 1 & 2).

Table 1.3: Measures Summary

Measure	Appropriation 2004-05			Appropriation 2005-06			Appropriation 2006-07			Appropriation 2007-08		
	Admin. Item	Dept. Outputs	Total	Admin. Item	Dept. Outputs	Total	Admin. Item	Dept. Outputs	Total	Admin. Item	Dept. Outputs	Total
Tsunami financial assistance	-	50,941	50,941	-	11,054	11,054	-	-	-	-	-	-
Total	-	50,941	50,941	-	11,054	11,054	-	-	-	-	-	-

BREAKDOWN, BY APPROPRIATION BILL, OF ADDITIONAL FUNDING SOUGHT

Appropriation (Tsunami Financial Assistance) Bill 2004-05

The total departmental appropriation for Price of Outcomes in 2004-05 is \$15,780m, with an administered appropriation of \$2,438m, as shown in Table 1.1. Table 1.4 shows the total appropriations for Defence for 2004-05 split across the seven Defence outcomes, by administered expense and price of output appropriation.

Table 1.4: Appropriation (Tsunami Financial Assistance) Bill 2004-05

	2004-05 Budget and Additional Estimates \$'000	2004-05 Revised \$'000	2004-05 Supplementary Additional Estimates \$'000
DEPARTMENTAL OUTCOMES			
Outcome One:			
Command of Operations	661,725	712,178	50,453
Outcome Two:			
Navy Capability	4,350,031	4,350,031	-
Outcome Three:			
Army Capability	5,343,227	5,343,227	-
Outcome Four:			
Air Force Capability	4,697,024	4,697,024	-
Outcome Five:			
Strategic Policy	212,780	212,780	-
Outcome Six:			
Intelligence	464,911	464,911	-
Total	15,729,698	15,780,151	50,453
ADMINISTERED OUTCOME			
Outcome Seven:			
Administered	2,438,350	2,438,350	-
Total	2,438,350	2,438,350	-
Total administered and departmental	18,168,048	18,218,501	50,453

Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05

The total departmental Equity Appropriation for 2004-05 is \$376m, as shown in Table 1.1. Table 1.5 shows net additional Equity Appropriation received from the Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05.

Table 1.5: Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill 2004-05

	2004-05 Budget and Additional Estimates	2004-05 Revised	2004-05 Supplementary Additional Estimates
	\$'000	\$'000	\$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES	-	-	-
OTHER ADMINISTERED ITEMS	-	-	-
Non-operating Equity Injections	375,498	375,986	488
Department of Defence Total	375,498	375,986	488

