



**PORTFOLIO SUPPLEMENTARY
ADDITIONAL ESTIMATES
STATEMENTS No. 2**

DEFENCE PORTFOLIO

CONTACT OFFICER

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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

04 MAY 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 No. 2 in support of the additional appropriations sought for the Defence Portfolio, through Appropriation Bill (No. 5) 2004-05 and Appropriation Bill (No. 6) 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.

Robert Hill

**DEFENCE PORTFOLIO SUPPLEMENTARY
ADDITIONAL ESTIMATES STATEMENTS No. 2
2004-05**

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2004-05**

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USER GUIDE

INTRODUCTION

The purpose of the Portfolio Supplementary Additional Estimates Statements No. 2 (PSAES2) is to explain Appropriation Bill No. 5 2004-05 and Appropriation Bill No. 6 2004-05. This document serves to inform senators and members of parliament of the proposed allocation of extra appropriation resources to Defence outcomes by agencies within the portfolio.

The PSAES2 are declared by Appropriation Bill No. 5 2004-05 and Appropriation Bill No. 6 2004-05 to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

The PSAES2 should be read in conjunction with the *Portfolio Budget Statements 2005-06*, which follows from this document in a chronological sense, and includes 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, portfolio supplementary additional estimates statements and annual reports can be found at: www.defence.gov.au/budget/

DEFENCE SUPPLEMENTARY ADDITIONAL ESTIMATES STATEMENTS

**OVERVIEW OF ADDITIONAL APPROPRIATIONS
SOUGHT**

MEASURES – DEFENCE SUMMARY

**BREAKDOWN, BY APPROPRIATION BILL, OF
ADDITIONAL FUNDING SOUGHT**

DEFENCE SUPPLEMENTARY ADDITIONAL ESTIMATES STATEMENTS No. 2

OVERVIEW OF ADDITIONAL APPROPRIATIONS SOUGHT

As a result of these additional appropriations, total resourcing available to Defence in 2004-05 is \$19,065m, an increase of \$45.5m compared with the \$19,019m included in the *Portfolio Supplementary Additional Estimate Statements 2004-05*. This level of resourcing comprises departmental funding of \$16,627m and \$2,438m for the administered appropriation. Details are shown in Table 1.1.

Table 1.1: Total Defence Resourcing

Serial No	2004-05 Supplementary Additional Estimates \$'000	2004-05 Supplementary Additional Estimates No.2 \$'000	Variation \$'000	Variation %
	Departmental			
	Revenue from Government for			
1	15,780,151	15,808,399	28,248	0.2
2	375,986	393,286	17,300	4.6
3	16,156,137	16,201,685	45,548	0.3
4	332,835	332,835	-	-
5	91,980	91,980	-	-
6	424,815	424,815	-	-
7	16,580,952	16,626,500	45,548	0.3
	Administered			
8	2,438,350	2,438,350	-	-
9	19,019,302	19,064,850	45,548	0.2

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 Administered appropriation remains unchanged with the increase of \$45.548m relating to departmental funding made up of an increase in revenue for the price of outcomes (+\$28.248m), and an increase in the equity injection (+\$17.300m).

The increase of \$45.548m is solely related to Operation Catalyst. This includes funding for additional deployments, rotations and security enhancements primarily for the upgrade of security protection measures to the Australian Light Armoured Vehicle totaling \$20.8m. Also included is a further \$24.748m in relation to the 2004-05 costs of the Task Group deployed to the southern Iraqi province of Al Muthanna to provide security support and to continue Australia's commitment to train new Iraqi army personnel.

Measures

Supplementary Appropriations and Variations to Outcomes: New Measures

The supplementary appropriations received by Defence for the continued contribution to the rehabilitation and stabilisation of Iraq and the additional security support and commitment to training Iraqi army personnel solely relates to Outcome One – Command of Operations. The measures are summarised in Table 1.2.

Table 1.2: Additional Appropriations and Variations to Outcomes: New Measures⁽¹⁾

Measure	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome One: Command of Operations				
Operation Catalyst	20,800	184,395	20,890	-
Operation Catalyst – Al Muthanna Task Group	24,748	198,809	12,519	3,900

Note

1. This repeats the Measure that appears in the *Portfolio Budget Statements 2005-06*.

Additional Appropriations and Variations to Outcomes: Other Variations

Defence does not have other variations to appropriations.

MEASURES – DEFENCE SUMMARY

Operation Catalyst is the Australian Defence Force's (ADF) contribution to developing a secure environment in Iraq, assisting national rehabilitation and facilitating the transition to Iraqi self-government. In the context of 2004-05 funding, the Government has agreed to provide an additional \$20.8m for enhanced force protection and security measures, as a result of the heightened threat environment faced by ADF personnel. This includes funding for additional deployments, rotations and security enhancements including the upgrade of security protection measures to the Australian Light Armoured Vehicle.

Additionally, as announced by the Prime Minister on 22 February 2005, Australia's commitment to Iraq has been enhanced by the addition of a Task Group to the southern Iraqi province of Al Muthanna for twelve months from April 2005. This additional commitment is to provide security support for Japanese reconstruction personnel and to continue Australia's commitment to train new Iraqi army personnel. To achieve this, the Government has provided an additional \$24.748m for the 2004-05 element of costs associated with the deployment.

Summary of 2004-05 Measures since Portfolio Additional Estimates Statements

Table 1.3: Measures Summary

Measure	Outcome	Output	Appropriation 2004-05			Appropriation 2005-06			Appropriation 2006-07			Appropriation 2007-08		
			Admin Item	Dept. Outputs \$'000	Total	Admin Item	Dept. Outputs \$'000	Total	Admin Item	Dept. Outputs \$'000	Total	Admin Item	Dept. Outputs \$'000	Total
Operation Catalyst	One	1.2		20,800										
Operation Catalyst – Al Muthanna Task Group	One	1.2		24,748										
Total			-	45,548					-	-	-	-	-	-

BREAKDOWN, BY APPROPRIATION BILL, OF ADDITIONAL FUNDING SOUGHT

Appropriation Bill No. 5 2004-05

The total departmental appropriation for Price of Outcomes in 2004-05 is \$15,808m, 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 Bill No. 5 2004-05

	2004-05 Supplementary Additional Estimates \$'000	2004-05 Revised \$'000	2004-05 Supplementary Additional Estimates No. 2 \$'000
DEPARTMENTAL OUTCOMES			
Outcome 1:			
Command of Operations	712,178	740,426	28,248
Outcome 2:			
Navy Capability	4,350,031	4,350,031	-
Outcome 3:			
Army Capability	5,343,227	5,343,227	-
Outcome 4:			
Air Force Capability	4,697,024	4,697,024	-
Outcome 5:			
Strategic Policy	212,780	212,780	-
Outcome 6:			
Intelligence	464,911	464,911	-
Total	15,780,151	15,808,399	28,248
ADMINISTERED OUTCOMES			
Outcome 7:			
Administered	2,438,350	2,438,350	-
Total	2,438,350	2,438,350	-
Total administered and departmental	18,218,501	18,246,749	28,248

Appropriation Bill No. 6 2004-05

The total departmental Equity Appropriation for 2004-05 is \$393m, as shown in Table 1.1. Table 1.5 shows net additional Equity Appropriation for the capital component of the enhanced force protection and security measures in relation to Operation Catalyst in 2004-05.

Table 1.5: Appropriation Bill No. 6 2004-05

	2004-05 Supplementary Additional Estimates \$'000	2004-05 Revised \$'000	2004-05 Supplementary Additional Estimates No. 2 \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES	-	-	-
OTHER ADMINISTERED ITEMS	-	-	-
Non-operating			
Equity Injections	375,986	393,286	17,300
Total capital			
Department of Defence Total	375,986	393,286	17,300

