



# BUDGET

**PORTFOLIO BUDGET STATEMENTS 2010-11**  
BUDGET RELATED PAPER NO. 1.5A & 1.5C

DEFENCE PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS  
APPROPRIATIONS SPECIFIED BY OUTCOMES  
AND PROGRAMS BY AGENCY

© Commonwealth of Australia 2010

ISBN 978-0-642-29725-9

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the:

Commonwealth Copyright Administration

Attorney-General's Department

3-5 National Circuit

Canberra ACT 2600

Website: [www.ag.gov.au/cca](http://www.ag.gov.au/cca)

Printed by Blue Star Print Group



**SENATOR THE HON JOHN FAULKNER  
MINISTER FOR DEFENCE**

President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2010-11 Budget for the Department of Defence, the Defence Materiel Organisation and Defence Housing Australia.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the Defence portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink that reads 'John Faulkner'.

JOHN FAULKNER

## User Guide

The purpose of the 2010-11 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2010-11 (or Appropriation Bill [Parliamentary Departments] No. 1 2010-11 for the parliamentary departments). In this sense the PBS are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PBS provides information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PBS.

## Structure of the Portfolio Budget Statements

The Defence Portfolio Budget Statements are divided into three parts; Defence, the Defence Materiel Organisation (DMO) and Defence Housing Australia (DHA). The sections of each part are outlined in the following table.

<b>Portfolio Overview</b>	
The portfolio overview outlines the responsibilities of the portfolio, lists the relevant agencies and Ministers and the resources available.	
<b>Department of Defence – Agency Overview and Resources</b>	
Section One: Defence overview and resources	Section One provides the strategic direction for Defence, the functions and responsibilities of Defence, its organisational structure, as well as information about its contribution towards its outcomes for the budget year and the resources available. This section also provides information about Defence management reforms, its capital budget and workforce.
Section Two: Outcomes and planned performance	Section Two provides a brief overview of Defence's outcomes and programs for 2010-11. Each outcome has an outcome resource statement which provides resourcing information by program. The deliverables and performance indicator information for each program follow the outcome resource statement.
Section Three: Explanatory tables and financial statements	This section includes explanatory tables and budgeted financial statements. The explanatory tables include: <ul style="list-style-type: none"> <li>· an explanation of any differences between the information included in the Budget Papers and the PBS arising from the use of the Government Financial Statistics and Australian Accounting Standards accounting methodologies</li> <li>· supplementary information on the reconciliation between total available appropriation and outcome allocation, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure.</li> </ul>

<b>Defence Materiel Organisation</b>	
Section One: DMO Overview and resources	Section One provides an overview of the DMO's functions and responsibilities, including the strategic priorities for 2010-11 and organisational structure, as well as information about its contribution towards its outcomes for the budget year and the resources available. This section also provides summaries of the DMO's reform initiatives and governance activities, and the DMO workforce.
Section Two: DMO Outcomes and Planned Performance	Section Two provides an overview of the DMO's outcomes and outputs, including the Top 30 Projects.
Section Three: DMO Explanatory tables and financial statements	This section includes explanatory tables and budgeted financial statements. The explanatory tables include: <ul style="list-style-type: none"> <li>· an explanation of any differences between the information included in the Budget Papers and the PBS arising from the use of the Government Financial Statistics and Australian Accounting Standards accounting methodologies</li> <li>· supplementary information on the reconciliation between total available appropriation and outcome allocation, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure.</li> </ul>
<b>Defence Housing Australia</b>	
	This part provides an overview of Defence Housing Australia (DHA), including performance forecasts for 2010-11, DHA's outcome and output, and its 2010-11 budgeted financial statements.
<b>Appendices</b>	
	A glossary and list of acronyms and abbreviations.

## Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$'000	dollars thousands
\$m	dollars million
\$b	dollars billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

## Inquiries

Should you have any inquiries regarding this publication please contact:

Director  
Ministerial and Parliamentary Reporting  
R1-5-A036  
Department of Defence  
CANBERRA ACT 2600

Telephone: (02) 6265 6277  
Email: [DMPR.PublicInquiries@defence.gov.au](mailto:DMPR.PublicInquiries@defence.gov.au)

A copy of this document can be located on the Australian Government Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

## **References**

Prior 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 2009 *Defending Australia in the Asia Pacific Century: Force 2030* can be found at [www.defence.gov.au/whitepaper](http://www.defence.gov.au/whitepaper), and the *Defence Strategic Reform Program – Delivering Force 2030* is available at [www.defence.gov.au/publications/reformBooklet.pdf](http://www.defence.gov.au/publications/reformBooklet.pdf).

# TABLE OF CONTENTS

User Guide .....	iv
Structure of the Portfolio Budget Statements .....	iv
Abbreviations and conventions .....	v
Inquiries .....	v
<b>PORTFOLIO OVERVIEW</b>	
<b>Portfolio Overview .....</b>	<b>3</b>
<b>Ministers and their portfolio responsibilities .....</b>	<b>4</b>
Changes affecting the portfolio .....	4
Portfolio structure and outcomes .....	6
Portfolio resource statement .....	7
<b>DEPARTMENT OF DEFENCE</b>	
<b>Section 1: Defence overview and resources .....</b>	<b>13</b>
1.1 Strategic direction .....	13
1.2 Defence resourcing .....	16
1.3 Funding from Government .....	22
1.4 Capital Investment Program .....	28
1.5 People .....	30
<b>Section 2: Outcomes and planned performance .....</b>	<b>34</b>
2.1 Outcomes and performance information .....	34
<b>Section 3: Explanatory tables and budgeted financial statements .....</b>	<b>95</b>
3.1 Explanatory tables .....	95
3.2 Budgeted Financial Statements .....	98
<b>DEFENCE MATERIEL ORGANISATION</b>	
<b>Section 1: Agency overview and resources .....</b>	<b>143</b>
1.1 Strategic direction .....	143
1.2 DMO resourcing .....	146
1.3 DMO People .....	148
<b>Section 2: Outcomes and planned performance .....</b>	<b>151</b>
2.1 DMO Outcomes and performance information .....	152
<b>Section 3: Explanatory tables and budgeted financial statements .....</b>	<b>194</b>
3.1 Explanatory tables .....	194
3.2 Budgeted Financial Statements .....	195
<b>DEFENCE HOUSING AUSTRALIA</b>	
<b>Section 1: Agency overview and resources .....</b>	<b>205</b>
1.1 Strategic direction .....	205
1.2 DHA resourcing .....	206
1.3 Budget measures .....	206
<b>Section 2: Outcomes and planned performance .....</b>	<b>207</b>
2.1 Outcomes and performance information .....	207
<b>Section 3: Explanatory tables and budgeted financial statements .....</b>	<b>209</b>
3.1 Explanatory tables .....	209
3.2 Budgeted financial statements .....	209
<b>APPENDICES</b>	
<b>Glossary .....</b>	<b>219</b>
<b>Acronyms and abbreviations .....</b>	<b>225</b>

