

PORTFOLIO OVERVIEW

Portfolio Overview

The Defence portfolio consists of a number of component organisations that together are responsible for supporting the defence of Australia and its national interests. The three most significant bodies are:

- The Department of Defence
- The Australian Defence Force (ADF)
- The Defence Materiel Organisation (DMO).

In practice, these bodies work closely together and they are broadly regarded as one organisation known simply as Defence (or the Defence organisation). A series of internal directives and delegations help create a unified organisation. For the purposes of Portfolio reporting, the Department of Defence and the ADF are reported as a single entity.

The portfolio also contains a number of smaller entities, including a number of statutory offices created by the *Defence Force Discipline Act 1982* which are independent but reside administratively within Defence; and various trusts and companies such as Defence Housing Australia and the Australian Strategic Policy Institute.

The Minister for Defence's portfolio also contains the Department of Veterans' Affairs and its associated bodies, as it is designated as part of the Defence portfolio in the Administrative Arrangements Order. The Department of Veterans' Affairs is administered separately from Defence.

The Department of Defence

A department of state, headed by the Secretary of Defence, Defence's primary focus continues to be to protect and advance Australia's strategic interests by providing support to the Government and the ADF for the direct defence of Australia and its unique strategic interests.

The Australian Defence Force

The ADF consists of the three Services (including their Reserves) and is headed by the Chief of the Defence Force (CDF). Each Service Chief also administers their respective cadet service, although the cadet service is not a component of the parent service.

The Defence Materiel Organisation

The DMO is a prescribed agency within the Department of Defence, headed by its Chief Executive Officer, operating as a goods and services delivery agency responsible for equipping and sustaining the ADF. This service is provided through the acquisition of capital equipment assets and sustainment of those assets throughout their in-service life.

Defence Housing Australia

The main function of DHA is to provide adequate and suitable housing for members of the ADF. DHA is an enterprise within the Defence portfolio and has two shareholder Ministers, the Minister for Defence, Senator the Hon John Faulkner, and the Minister for Finance and Deregulation, the Hon Lindsay Tanner MP.

DHA is required by legislation to perform its functions in accordance with the policies of the Australian Government and in accordance with sound commercial practice. This means that DHA has a targeted rate of return and a requirement to make annual dividends and income tax payments.

Ministers and their portfolio responsibilities

Changes affecting the portfolio

Since publication of the *Defence Portfolio Additional Estimates Statements 2009-10*, Defence ministerial responsibilities have been revised. On 1 April 2010, the Hon Alan Griffin MP was sworn in as Minister for Defence Personnel, while Minister Combet remains the Minister for Defence Materiel and Science. The Ministers and their portfolio responsibilities are now as follows:

SENATOR THE HON JOHN FAULKNER - MINISTER FOR DEFENCE

Specific responsibilities allocated to Senator Faulkner are:

- General
 - Oversight of all aspects of the Defence portfolio
 - Lead on all Cabinet submissions
- Strategic Policy
- Operations and Intelligence
- International Policy
- White Paper Implementation
- Force Structure
- Strategic Reform Program
- Budget and Finance
- Defence estate policy and major projects
- Military Justice System
- Defence Legal.

THE HON GREG COMBET AM MP - MINISTER FOR DEFENCE MATERIEL AND SCIENCE

Specific responsibilities allocated to Mr Combet are:

- Defence Materiel and Industry Policy including:
 - Defence Materiel Organisation
 - Tendering and Contracting
 - Sustainment issues
 - Industry capacity, structure, policy and engagement
 - Skills policy
 - Equipment Disposal
- Defence Science and Technology Organisation

- Specific capability responsibilities, including:
 - Oversight of DMO involvement in acquisition strategy throughout the capability approval process
 - Management of acquisitions after second pass approval, and
 - Assisting the Minister for Defence on:
 - a. Development of the Defence Capability Plan
 - b. Defence Capability Plan programming and budgeting
 - c. Processing of Unapproved Projects up to, and including, Second Pass stage.

THE HON ALAN GRIFFIN MP - MINISTER FOR DEFENCE PERSONNEL

Specific responsibilities allocated to Mr Griffin are:

- Personnel policy
 - Workforce planning
 - Recruitment and Retention
 - Pay and superannuation
 - Equity and diversity policy
 - Personnel support
 - Housing policy
 - Health.

THE HON DR MIKE KELLY AM MP - PARLIAMENTARY SECRETARY FOR DEFENCE SUPPORT

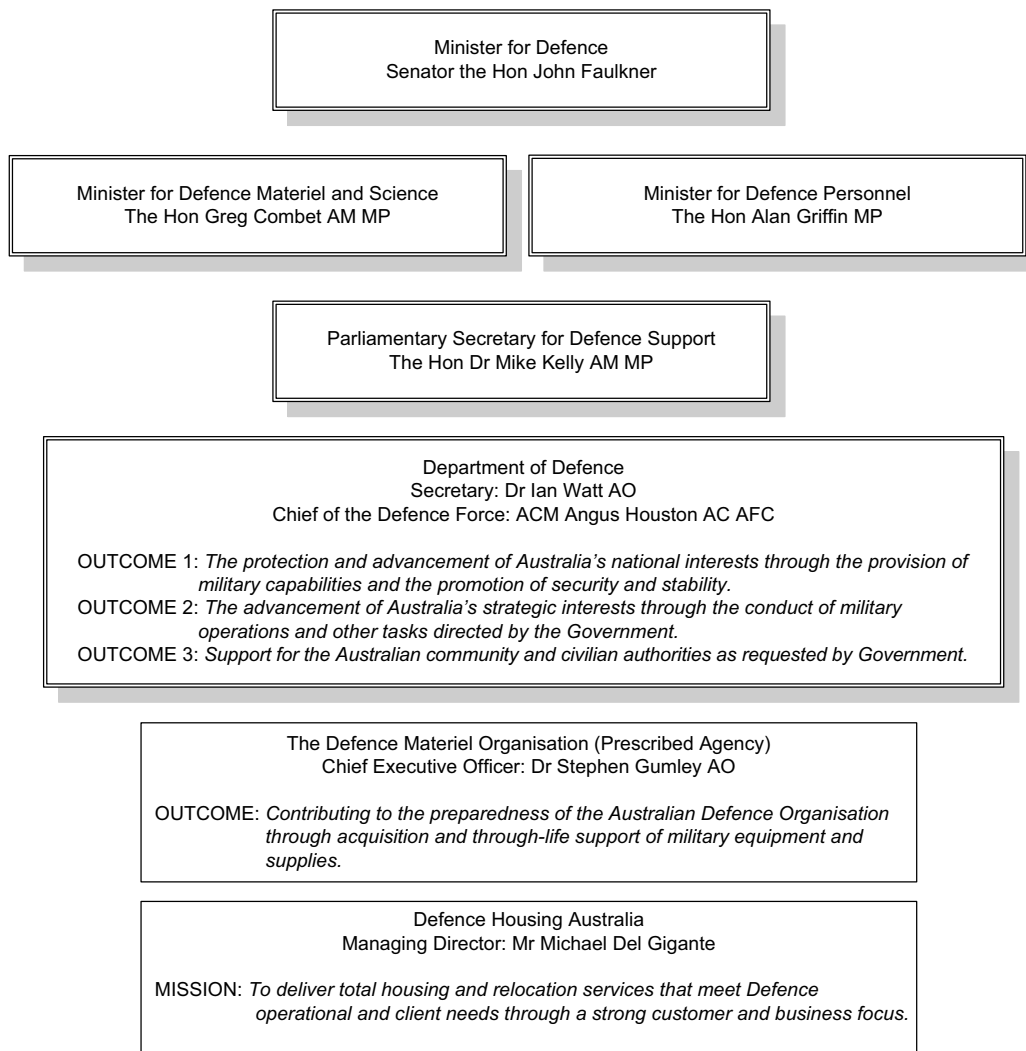
Specific responsibilities allocated to Dr Kelly are:

Assisting the Minister for Defence on:

- Garrison services and administration of Defence estate policy
- Facilities, infrastructure and property
- Reserves policy
- Cadets
- Asia-Pacific Civil Military Centre of Excellence (APCM-COE) and Asia Pacific Centre for Military Law
- Honours and Awards
- Nature of Service Review
- Defence education and training
- ADF Parliamentary exchange program
- Assist the Minister for Defence on information communications technology matters.

Portfolio structure and outcomes

Figure 1: Defence portfolio structure and outcomes



Portfolio resource statement

Table 1: Portfolio resources made available in the Budget year^[1]

	Bill No. 1	Bill No. 2	Return to the OPA	Special Appropriation	Non-Appropriation Receipts	Other Non-Appropriated Items ^[2]	Total Resources Available
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Department of Defence							
Administered appropriations	-	-	-1,247.9	3,743.7	1,046.1	93.1	3,635.0
Departmental appropriations ^[3]	22,194.8	3,578.2	-36.1	-	1,159.7	-	26,896.6
Total	22,194.8	3,578.2	-1,284.0	3,743.7	2,205.8	93.1	30,531.5
Defence Materiel Organisation							
Administered appropriations	-	-	-4.0	-	4.0	-	-
Departmental appropriations	899.6	-	-	-	10,591.4	-	11,491.0
Total	899.6	-	-4.0	-	10,595.4	-	11,491.0
Defence Housing Australia							
Administered appropriations	-	-	-	-	-	-	-
Departmental appropriations	-	44.1	-	-	878.8	-	922.9
Total	-	44.1	-	-	878.8	-	922.9

Note

- Figures shown include inter-agency transactions.
- Includes dividends and payments to CAC Act bodies.
- Defence Departmental appropriations Bill No. 1 includes \$2.1m in appropriations for prior year outcomes.

Table 2: Total Consolidated Budget for Defence and DMO (Departmental and Administered)^[1]

	Estimate 2010-11 \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1) ^[2]	23,094.4
Appropriation - Contributed Equity (Bill 2)	3,578.2
Appropriations for military superannuation	2,193.7
less Returns to the OPA	-1,288.0
Total Cash Available	27,578.2
OPERATING ACTIVITIES	
Cash received	
Goods and Services	382.7
Interest and licence fees	48.4
Other Cash Received Including GST	1,534.0
Total cash received	1,965.1
Cash used	
Employees	8,937.0
Suppliers	8,598.8
Subsidies and grants	175.7
Administered military benefits	1,878.0
Other Cash Used Including GST	1,267.9
Total cash used	20,857.5
Net cash from or (used by) operating activities	(18,892.3)
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings, infrastructure, plant and equipment	156.3
Dividends	49.0
Total cash received	205.3
Cash used	
Purchase of land and buildings, infrastructure, plant and equipment	1,936.6
Purchase of specialist military equipment	5,527.3
Purchase of inventory	1,186.3
Loans	44.1
Other	128.1
Total cash used	8,822.4
Net cash from or (used by) investing activities	(8,617.2)
FINANCING ACTIVITIES	
Cash received	
	-
Cash used	
Repayment of debt	68.7
Total cash used	68.7
Net cash from or (used by) financing activities	(68.7)
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at beginning of the reporting period	58.1
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at end of the reporting period	58.1

Notes

1. Figures shown eliminate interagency transactions and transactions flowing between Departmental and Administered funding.
2. This includes \$2.1m for Force Protection and centralisation of security vetting.