

~~CABINET IN CONFIDENCE~~

Smith/MA12-701506
CDF (S)/OUT/2012/693
SEC (S)/OUT/2012/159



Australian Government
Department of Defence

MINISTERIAL SUBMISSION

Priority

Date Dept Approved:	Date Rec in Office:	Date Due: 31 July 2012
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For Action: Minister for Defence

Copies to: Secretary, CDF, VCDF, CN, CA, CAF, CCDG, CEO DMO, COO, CFO

Subject: 2012-13 Budget Outlook

Purpose:

To advise you of the current status of funding pressures on the Defence Budget for 2012-13.

Key Points:

1. Defence's contribution towards the Government's broader budget strategy in the 2012-13 Budget was \$971m in 2012-13 and \$5,455m over the budget and forward estimates.

2. As part of the \$971m contribution in 2012-13 it was acknowledged that [REDACTED]

3. [REDACTED]

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4. As part of established budget management practices, Groups within Defence and the Defence Materiel Organisation are also risk managing a range of funding pressures [REDACTED] in 2012-13. These pressures are not formal bids, [REDACTED] and are expected to be managed within extant budget allocations. A breakdown is provided at Attachment B. The impact of managing these pressures within extant budgets will lead to a range of activities not proceeding during 2012-13 with likely impacts on Defence capability or further [REDACTED] pressures emerging. It is proposed that details of these impacted activities will be discussed with you on a rolling program with key budget holders within Defence.

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5. [REDACTED]
6. [REDACTED]

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7. The overall budget position and potential options to offset these pressures will be discussed with you at our meeting on Wednesday 1 August 2012.

Recommendation:

i. [Redacted]

Noted / Please Discuss

ii. [Redacted]

Noted / Please Discuss

iii. [Redacted]

Noted / Please Discuss

iv. Note that we will discuss this issue with you at our meeting on 1 August 2012; and

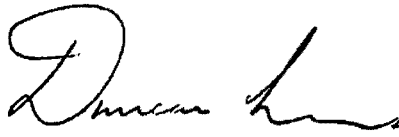
Noted / Please Discuss

v. Agree to meet with key Defence budget holders regarding their budget outlook for 2012-13.

Agreed / Not Agreed

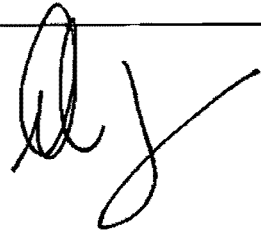
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Approved By:



Duncan Lewis
Secretary
30 July 2012

Approved By:



D.J. HURLEY
GEN
CDF
30 July 2012

Contact Officer: Adam Culley, A/FASRA

Phone: 02 626 55374 or Mob: [Redacted]

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Primary Addressee

Stephen Smith
/ /

Resources:

8. N/A.

Consultation

9. Relevant Defence Group CFOs.

Sensitivity

10. [Redacted]

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Conflict of Interest:

11. On 28 September 2010, both Minister Smith and Minister Clare declared potential conflicts of interest in relation to their respective portfolio responsibilities. For Minister Smith, the conflict of

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interest relates to the company Unisys. For Minister Clare, the conflict of interest relates to the companies Julzar Pty Ltd trading as MPM Marketing Services, Sodexo Australia or Serco Sodexo Defence Services. To manage the potential conflict of interest, controls have been established to minimise the risk of any conflict actually arising in relation to those responsibilities.

Attachments:

- A. Defence Potential Budget Outlook – Funding Pressures List.
- B. Group Risk Managed Budget Elements.

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FOI 149/12/13

