

DEPARTMENT OF DEFENCE

Entity Resources and Planned Performance

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Department of Defence

Section 1: Defence Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The *2020 Defence Strategic Update*, released on 1 July 2020, directs Defence to achieve three strategic objectives: **shape** Australia's strategic environment, **deter** actions against our interests and, when required, **respond** with credible force.

To implement these new objectives, Defence will:

- prioritise our immediate region for the Australian Defence Force's geographical focus;
- grow the Australian Defence Force's self-reliance in delivering deterrent effects;
- expand Defence's capability to respond to grey-zone activities, working closely with other arms of Government;
- enhance the lethality of the Australian Defence Force for high-intensity operations that are the most likely and highest priority in relation to Australia's security;
- maintain the Australian Defence Force's ability to deploy forces globally where the Government chooses to do so; and
- enhance Defence's capacity to support civil authorities in response to natural disasters and crises.

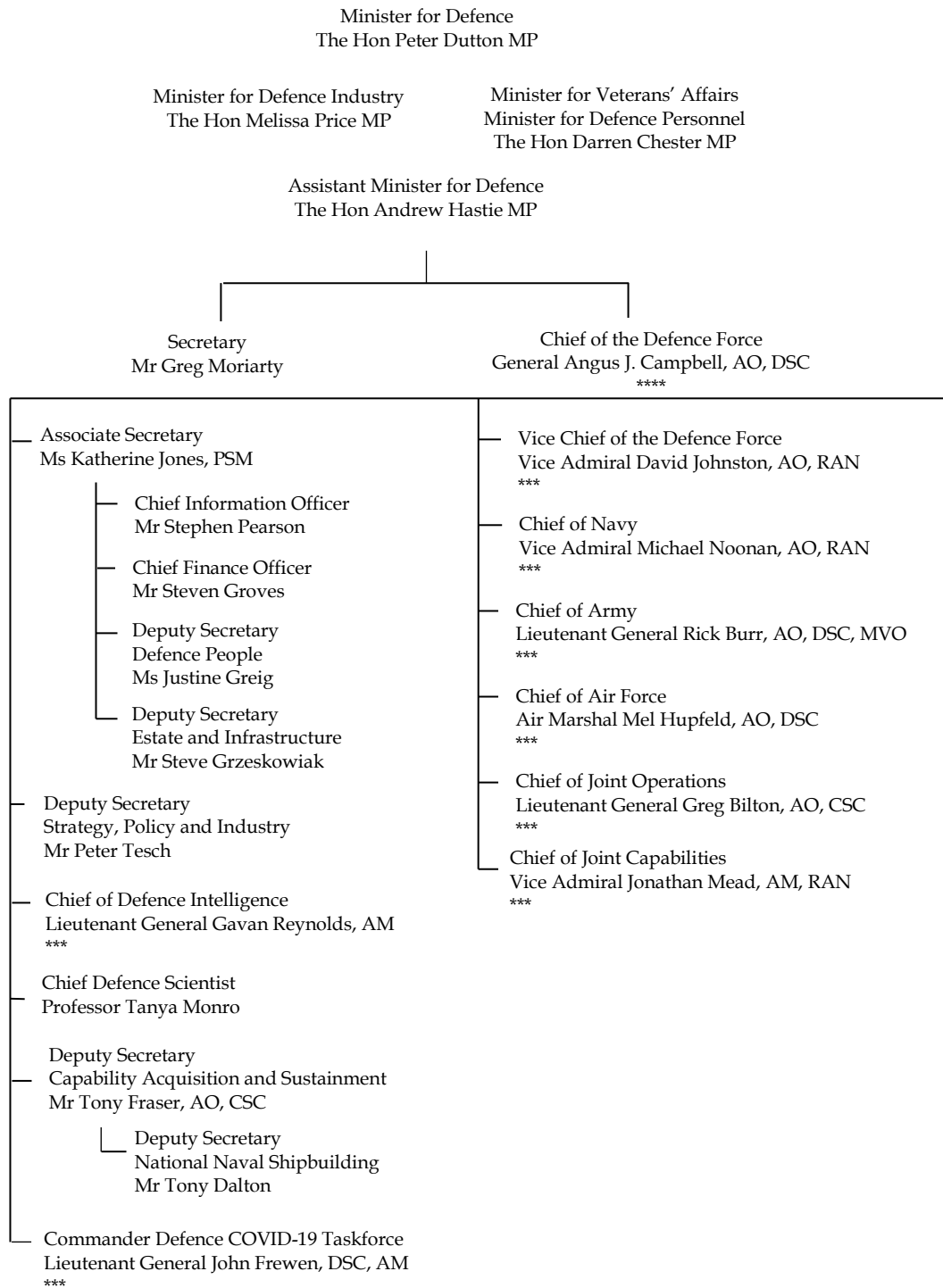
The *2020 Defence Strategic Update* is supported by the *2020 Force Structure Plan* which details \$270 billion in new capability investment to implement this strategy over the next decade. This includes investments in the supporting infrastructure required to build and sustain military power; including a robust, resilient and internationally competitive defence industrial base. The plan reinforces Defence's sovereign industrial capability priorities and the Government's commitment to maximise opportunities for Australian defence industry to benefit from the significant investment in new capability over the next decade.

To achieve and sustain a high-performing Defence enterprise with a continuous improvement culture, Government launched the *Lead the Way: Defence Transformation Strategy* on 27 November 2020. It provides the vision and framework for long-term, enterprise-wide transformation and will better position Defence to respond to a changing strategic environment, as a fully integrated enterprise that continuously evolves its strategic posture, improves its capability development, and delivers on its mission to government.

IGADF Afghanistan Inquiry

The Inspector-General of the Australian Defence Force conducted an inquiry into allegations relating to possible breaches of the Law of Armed Conflict by members of Australia's Special Operations Task Group in Afghanistan over the period 2005 to 2016 (the Afghanistan Inquiry). The Afghanistan Inquiry concluded on 6 November 2020 with the delivery of the report to the Chief of the Defence Force. The Afghanistan Inquiry Reform Plan is currently being finalised and will be supported by a comprehensive suite of program management documentation. The plan and supporting documentation will continue to evolve over time to ensure that they reflect and address changing circumstances.

Figure 2: Defence Organisational Chart



Stars (*) refer to ADF Star Rank

This Defence Organisational Chart is effective at the time of this publication release.

Senior Executive Changes

No changes have taken place since the *Portfolio Additional Estimates Statements 2020-21*.

Organisational Structure

No changes have taken place since the *Portfolio Additional Estimates Statements 2020-21*.

1.2 DEFENCE RESOURCE STATEMENT

Table 1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the Budgeted expenses by Outcome 1 and 2 tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1: Total Defence Resourcing

Serial No.	2020-21 Estimated Actual \$'000		2021-22 Previous Estimate \$'000	2021-22 Budget Estimate \$'000	Variation \$'000	Variation %	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Defence resourcing									
1	27,216,447	Appropriation for departmental outcomes	27,671,582	28,098,406	426,824	1.5	29,365,494	30,319,194	31,862,949
2	2,668,954	Departmental capital budget	2,749,529	2,714,271	-35,258	-1.3	2,912,346	2,959,566	2,973,409
3	11,145,750	Equity injection appropriation	13,716,979	12,747,992	-968,987	-7.1	14,909,962	16,843,393	17,476,259
4	-	Prior year appropriation	-	-	-	-	-	-	-
5	41,031,151	Current year's appropriation (1 + 2 + 3 + 4) ^(a)	44,138,090	43,560,669	-577,421	-1.3	47,187,802	50,122,153	52,312,617
6	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
7	-	Other appropriation receivable movements	-	-	-	-	-	-	-
8	-	Return to the Official Public Account ^(b)	-	-	-	-	-	-	-
9	-	Funding from / to the OPA (6 + 7 + 8)	-	-	-	-	-	-	-
10	41,031,151	Funding from Government (5 + 9)	44,138,090	43,560,669	-577,421	-1.3	47,187,802	50,122,153	52,312,617
11	338,854	Capital receipts	437,486	437,478	-8	-0.0	485,007	359,221	329,030
12	561,675	Own source revenue (s74 receipts) ^(c)	601,919	569,811	-32,108	-5.3	568,991	589,898	597,980
13	-	Prior year receipts	-	-	-	-	-	-	-
14	900,529	Funding from other sources (11 + 12 + 13)	1,039,405	1,007,289	-32,116	-3.1	1,053,998	949,119	927,010
15	41,931,680	Total Defence funding (10 + 14)	45,177,495	44,567,958	-609,537	-1.3	48,241,800	51,071,272	53,239,627
Administered ^(d)									
16	2,859,256	Administered special appropriations	3,091,942	3,199,845	107,903	3.5	3,260,956	3,443,441	3,646,857
17	1,346,672	Own source revenue	1,203,510	1,203,510	-	-	1,154,824	1,079,812	1,011,123
18	-1,346,672	Returns to the Official Public Account	-1,203,510	-1,203,510	-	-	-1,154,824	-1,079,812	-1,011,123
19	2,859,256	Total Administered funding (16 + 17 + 18)	3,091,942	3,199,845	107,903	3.5	3,260,956	3,443,441	3,646,857
20	44,790,936	Total Defence resourcing (15 + 19)	48,269,437	47,767,803	-501,634	-1.0	51,502,756	54,514,713	56,886,484
Appropriation carried forward									
21	1,943,515	Appropriation receivable including previous year's outputs	522,044	2,134,683	1,612,639	308.9	2,249,992	2,416,327	2,573,561
22	334,859	Cash in bank - Departmental	334,859	334,859	-	-	334,859	334,859	334,859
23	187,446	Cash in bank - Administered	180,375	216,810	36,435	20.2	216,810	216,810	216,810
24	2,465,820	Total appropriations carried forward (21 + 22 + 23)	1,037,278	2,686,352	1,649,074	159.0	2,801,661	2,967,996	3,125,230

Notes

- a. The appropriations for 2020-21 as disclosed in Serial Nos. 1 to 3, include amounts in Appropriation Bill 3 and Bill 4 which are yet to receive Royal Assent.
- b. Represents net transfers to and from the Official Public Account.
- c. All figures are net of GST.
- d. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 48 shows estimates of total expenses for the Defence Superannuation Schemes.

1.3 BUDGET MEASURES

2021-22 Budget Measures and Other Budget Adjustments

Table 2: Defence 2021-22 Budget Measures

Program	2020-21 Estimated Actual \$m	2021-22 Budget Estimate \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	2024-25 Forward Estimate \$m	Total Forward Estimates \$m	
Departmental Budget Measures							
Receipt Measures							
Australian Defence Force operations in Afghanistan and the Middle East - extension ^[a]	1.2	-	-4.6	-	-	-4.6	
Total Receipt Measures	-	-4.6	-	-	-	-4.6	
Payment Measures							
Australian Defence Force operations in Afghanistan and the Middle East - extension ^[a]	1.2	-	127.3	-45.4	-	81.9	
Department of Veterans' Affairs - additional resourcing ^[b]	2.12	-	6.5	14.7	0.7	22.7	
Digital Economy Strategy ^{[c][d]}	2.11	-	-	-	-	-	
New castle Airport Improvements	2.10	-	10.0	56.1	-	66.1	
Resources Technology Show case 2021 ^[d]	2.1	-	-	-	-	-	
Total Payment Measures	-	143.8	25.4	0.7	0.7	170.7	
Total Departmental Budget Measures	-	139.2	25.4	0.7	0.7	166.1	
Other Budget Adjustments							
Foreign Exchange	Various	-392.5	-745.9	-878.6	-1,007.8	-990.6	-3,623.0
Operation MANTOU	1.2	-	-20.7	-21.6	-	-	-42.4
Operation RESOLUTE	1.3	-	59.2	-	-	-	59.2
Transfer of projects to Australian Signals Directorate	Various	-	-11.7	-	-	-	-11.7
Other Budget Adjustments ^[e]	2.14	-	nfp	nfp	nfp	nfp	nfp
Total Other Departmental Budget Adjustments	-	-392.5	-719.2	-900.3	-1,007.8	-990.6	-3,617.9
Variation to Defence Departmental Funding	-	-392.5	-580.0	-874.8	-1,007.1	-989.9	-3,451.8

Notes

- This measure includes revised estimates for Operations ACCORDIAN, HIGHROAD and OKRA as Australia draws down its presence in the Middle East Region.
- The lead entity for this measure is the Department of Veterans' Affairs. The full measure description and package details appear in BP No. 2 under the Veterans' Affairs Portfolio.
- The lead entity for this measure is the Department of Social Services. The full measure description and package details appear in BP No. 2 under the Social Services Portfolio.
- Defence will be absorbing the cost of this measure.
- The expenditure under Other Budget Adjustments is not for publication (nfp) due to national security reasons.

Operations Summary

Table 3: Net Additional Cost of Current Operations to 2024-25 ^[a] ^[b]

	2020-21 Estimated Actual \$m	2021-22 Budget Estimate \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	2024-25 Forward Estimate \$m	Total \$m
Operation MANITOU ^[c]	34.4	-	-	-	-	34.4
Operation ACCORDION	221.1	104.3	32.0	-	-	357.3
Operation HIGHROAD	85.3	40.6	-	-	-	125.9
Operation RESOLUTE	59.4	59.2	-	-	-	118.5
Operation OKRA	215.0	67.2	-	-	-	282.2
COVID-19 Response Package - Australian Defence Force deployment ^[c] ^[d]	136.2	0.2	-	-	-	136.4
Total Net Additional Costs	751.3	271.4	32.0	-	-	1,054.7
Sources of Funding for Operations						
Government Supplementation	751.3	271.4	32.0	-	-	1,054.7
Department of Defence (Absorbed)	-	-	-	-	-	-
Total Cost	751.3	271.4	32.0	-	-	1,054.7

Notes

- This table reflects on-going and new Operations funded under No Win/No Loss arrangements for 2021-22.
- The Net Additional Cost of Operations include the budget adjustments shown under Table 2: Defence 2021-22 Budget Measures.
- Operations MANITOU and COVID-19 Response Package are no longer Operations funded under No Win/No Loss arrangements for 2021-22.
- Otherwise known as Defence Operation COVID-19 ASSIST.

1.4 KEY COST CATEGORIES ESTIMATES

Table 4a: Defence and ASD Funding from Government ^[a]

Serial No.		2020-21	2021-22	2022-23	2023-24	2024-25
		Estimated Actual \$m	Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m
1	Defence	41,031.2	43,560.7	47,187.8	50,122.2	52,312.6
2	Australian Signals Directorate	1,010.5	1,057.9	974.2	1,027.7	1,017.7
3	Consolidated Defence and ASD Funding	42,041.6	44,618.6	48,162.0	51,149.9	53,330.4

Note

a. Provides a consolidated summary of Defence Portfolio Funding as represented in the *2020 Defence Strategic Update*.

Table 4b: Defence Planned Expenditure by Key Cost Category ^[a]

Serial No.		2020-21	2021-22	2022-23	2023-24	2024-25	Total
		Estimated Actual \$m	Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
1	Workforce	13,458.7	13,856.4	14,210.9	14,614.0	15,037.9	71,177.9
2	Operations	764.8	279.5	35.5	3.6	3.6	1,087.0
3	Capability Acquisition Program	12,658.9	15,766.1	17,804.7	19,554.6	20,128.6	85,912.8
4	Capability Sustainment Program	12,183.7	12,952.2	14,502.3	15,222.3	16,379.0	71,239.5
5	Operating	1,865.6	1,713.8	1,688.5	1,676.8	1,690.5	8,635.2
6	Total Defence Planned Expenditure	40,931.7	44,568.0	48,241.8	51,071.3	53,239.6	238,052.3

Note

a. These categories are funded by appropriations and own source revenue.

Table 5: Capability Acquisition Program ^[a]

Serial No.		2020-21	2021-22	2022-23	2023-24	2024-25	Total
		Estimated Actual \$m	Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
1	Military Equipment Acquisition Program	9,549.7	11,160.6	12,597.1	14,387.2	15,468.3	63,162.9
2	Enterprise Estate and Infrastructure Program	2,259.8	3,444.1	4,044.4	4,052.0	3,722.7	17,523.0
3	ICT Acquisition Program	691.9	965.4	993.7	918.5	736.6	4,306.2
4	Minors Program	157.5	195.9	169.4	196.9	200.9	920.6
5	Total Capability Acquisition Program ^[b]	12,658.9	15,766.1	17,804.7	19,554.6	20,128.6	85,912.8

Notes

- a. These categories are funded by appropriations and own source revenue.
b. The Capability Acquisition Program includes unapproved and approved projects.

Table 6: Capability Sustainment Program ^[a]

Serial No.		2020-21	2021-22	2022-23	2023-24	2024-25	Total
		Estimated Actual \$m	Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
1	Navy Sustainment	2,688.5	2,818.4	3,209.6	3,373.0	3,544.7	15,634.2
2	Army Sustainment	1,843.4	2,007.1	2,465.6	2,701.8	3,093.9	12,111.8
3	Air Force Sustainment	2,921.3	3,113.9	3,666.2	3,859.8	4,216.9	17,778.0
4	Chief Information Officer Sustainment ^[b]	1,275.1	1,255.1	1,227.2	1,313.2	1,381.4	6,452.0
5	Joint Capabilities Group Sustainment	272.6	321.8	402.6	465.7	559.1	2,021.9
6	Strategy, Policy & Industry Sustainment ^[c]	10.1	23.7	29.3	74.9	87.8	225.8
7	Defence Intelligence Sustainment ^[c]	108.5	118.5	134.9	150.5	156.6	669.0
8	Estate & Infrastructure Group Sustainment ^[d]	3,002.1	3,188.0	3,245.0	3,106.4	3,136.8	15,678.3
9	Other Minor Sustainment	62.0	105.7	121.9	177.0	201.8	668.5
10	Total Capability Sustainment Program ^[e]	12,183.7	12,952.2	14,502.3	15,222.3	16,379.0	71,239.5

Notes

- a. These categories are funded by appropriations and own source revenue.
b. Chief Information Officer Sustainment includes all ICT sustainment for the Department.
c. Defence Intelligence is a separate Program from 2021-22, and Strategic Policy and Intelligence has been renamed Strategy, Policy and Industry.
d. Estate & Infrastructure Group Sustainment includes all estate maintenance, garrison support and associated costs for the Department.
e. Total sustainment includes both current and future sustainment.

Table 7: Retained Capital Receipts

Serial No.		2021-22	2022-23	2023-24	2024-25
		Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m
	Property Sales				
	Proceeds from the sale of land and buildings	39.5	73.9	90.3	99.3
	Proceeds from the sale of housing	15.4	15.5	16.1	16.7
	Total proceeds from the sale of property	54.9	89.4	106.4	116.0
	Costs from the sale of property ^[a]	-9.7	-7.3	-5.7	-5.6
1	Net property proceeds retained by Defence	45.2	82.0	100.7	110.4
2	Proceeds from sale of specialist military equipment	17.0	-	-	-
3	Proceeds from sale of infrastructure, plant and equipment	20.2	24.8	28.8	27.9
4	Retained Capital Receipts (1 + 2 + 3)	82.4	106.9	129.5	138.3

Note

- a. Costs from the sale of property include remediation works.

1.5 PEOPLE

Workforce Overview

Defence continues to shape its workforce to deliver capabilities identified in the *2016 Defence White Paper* and the *2020 Force Structure Plan*. Defence is building its workforce capacity to support more complex capabilities, new platforms, and emerging capabilities such as cyber, intelligence, electronic warfare and space via workforce growth, and through the reshaping and reskilling of its existing workforce. Workforce growth has continued this year to support the strategic priorities identified in the 2020 Defence Strategic Update and the capabilities identified in the *2020 Force Structure Plan*.

As identified in the *2020 Force Structure Plan*, Defence will implement an initial increase in Australian Defence Force (ADF) and Australian Public Service (APS) personnel over the next four years of the Forward Estimates, and will propose longer term growth across the next two decades. Defence will return to Government in 2021 with a detailed proposal for this growth, including a new Defence Strategic Workforce Plan. The implementation of *Lead the Way: Defence Transformation Strategy* will drive enterprise reform to enable this work.

The ADF Total Workforce System continues to be embedded across Defence to provide the workforce flexibility and agility needed to meet capability requirements and give members more flexibility in the way they can serve. While ADF enlistments remain strong, there are some areas that require improvement, including critical categories and recruitment of women and Indigenous Australians.

Defence continues to implement new programs to improve the support provided to members transitioning from military to civilian life. This involves working closely with the Department of Veterans' Affairs through the Transition Transformation Program. The approach includes increasing employment and engagement opportunities for current and former ADF personnel and their families.

Defence is building on the progress made over recent years to foster a more inclusive culture, to be representative of the community we serve, to drive high-performance at all levels and work together as One Defence. *Pathway to Change: Evolving Defence Culture 2017-22* underpins Defence's commitment to driving authentic, sustainable change and creating an environment where the workforce is accountable for a more positive and inclusive culture. The key cultural reform priorities will continue to be a focus, including: leadership accountability; capability through inclusion; ethics and workplace behaviours; health, wellness and safety; workplace agility and flexibility; and leading and developing integrated teams.

Workforce Summary

The average full-time workforce is forecast to be 77,873 in 2021-22, comprising 61,468 permanent ADF (79 per cent) and 16,405 APS employees (21 per cent). The service breakdown of the ADF Permanent Force is:

- 15,449 Navy personnel
- 30,932 Army personnel
- 15,087 Air Force personnel

The forecast for service categories 3, 4 and 5 in 2021-22 is 1,094,800 days of service performed by an estimated 21,390 members of the Reserve Forces. Information about the ADF Total Workforce System and structure of service categories is available on the department's website here: <https://www.defence.gov.au/PayandConditions/ADF/ADF-TWS.asp>

Over the Forward Estimates, the ADF and APS workforce (excluding service categories 3, 4 and 5) will increase by 1,479 from the forecast of 77,873 in 2021-22 to 79,352 in 2024-25.

The planned strength of the Defence workforce is shown in Tables 8 and 9, while a breakdown by Service and rank/level is at Table 10.

Increasing commitments to international engagement and regional presence, rapid technological advancement within the region and increasing support to domestic emergencies such as bushfires and the pandemic remain a priority. The reshaping of the Defence APS workforce across 2021-22 and the Forward Estimates will align with these strategic priorities.

Defence People

Defence continues to progress the actions outlined in the *Defence Strategic Workforce Plan 2016-2026* to build a workforce system that is able to support Defence's capability requirements. The actions provide an integrated, enterprise approach to recruiting, career and talent management, workforce mobility, education and training, learning and development, transition and re-engagement, and partnerships with other Government departments, industry and academia. A major update is being undertaken to produce a new Defence Strategic Workforce Plan looking out to 2040, to support the *2020 Force Structure Plan* capability realisation and address key risks, and to provide the necessary reshaping and rebalancing needed to deliver new capabilities.

A key aspect of Defence's Strategic Workforce Planning is to build the capability and capacity of its Science, Technology, Engineering and Mathematics (STEM) workforce. Work in this area is being guided by the *More Together: Defence Science and Technology Strategy 2030* and Defence's STEM strategy 2019-2030. These strategies outline the actions that will be undertaken to develop a culture that supports STEM personnel, align workforce planning with STEM capability requirements, and builds collaboration with stakeholders to produce mutually beneficial STEM workforce outcomes.

Linked to *Lead the Way: Defence Transformation Strategy*, Defence will continue working towards a comprehensive reform of its human resources and education and training operating model and continue evolving its cultural reform efforts in accordance with strategic priorities throughout 2021-22.

In October 2020, Defence announced a unified set of Values and Behaviours. The Defence Values of Service, Courage, Respect, Integrity and Excellence, replaced individual Groups and Service values. These values are underpinned by a set of Behaviours that guide the organisation towards a culture of continuous improvement that embraces individual accountability. As a key initiative of *Lead the Way: Defence Transformation Strategy*, Defence will further embed the unified Defence Values and Behaviours across the organisation.

Defence's cultural priorities are embodied in Group and Service Cultural Plans, to be further implemented in 2021-22 through Navy's cultural program, Next Generation Navy; Army's commitment to Good Soldiering; and Air Force's New Horizon.

Defence's formal collaboration with the Australian Human Rights Commission supports and improves the implementation of our reform priorities and will assist in embedding cultural change across the organisation.

Defence's commitment to the Commonwealth *National Agreement on Closing the Gap* is outlined in the *Defence Reconciliation Action Plan (D-RAP) 2019-2022*. Defence will continue the implementation of the 61 key actions in the D-RAP to support Indigenous businesses, community engagement, recruitment and retention.

Key reform and workforce initiatives for 2021-22 include:

- A modernised ADF Recruiting System;
- Continuation of the ADF Employment Offer Modernisation Program;
- Maturing the Joint Transition Authority (JTA) and continuous improvement of Transition Programs to provide members and their families with contemporary transition advice and support; and
- Continue implementation of the Review of Summary Discipline System recommendations.

Each year the ADF recruits thousands of people, partnering with industry to source the best available Australian talent to join its workforce of more than 86,000. Defence is seeking an industry partner to assist with recruiting, growing and reshaping the future ADF workforce from financial year 2023-24. A Request for Tender to a shortlist of capable companies and a decision on the future supplier will be progressed over 2021-22.

The ADF Employment Offer Modernisation Program aims to design and deliver a clear and contemporary ADF employment offer that attracts and retains the workforce required for current and future Defence capabilities and one that recognises the unique nature of military service. Iterative implementation of reforms will continue over 2021-22 and onwards.

Each year approximately 6,000 ADF members and their families transition from military to civilian life. A Joint Transition Authority (JTA) has been established in Defence to better support their transition. The establishment of the JTA is in response to Recommendation 7.1 from the Productivity Commission Report, *A Better Way to Support Veterans*, and builds on improvements made to the transition system in recent years. Partnering with the Department of Veterans' Affairs (DVA) and the Commonwealth Superannuation Corporation, the authority will work closely with organisations including ex-service organisations that deliver transition support services to veterans to deliver a more connected transition journey that caters to individual needs. The JTA will identify opportunities, address gaps, integrate existing services and influence new ones as they are developed.

From 1 July 2021, the Defence Community Organisation (DCO) will officially change name to Defence Member and Family Support (DMFS). It's important that Defence members and their families know about the services available to them. The name change has come about to overcome any misconception that DCO sat outside Defence and therefore services were not applicable to them.

A needs-based model is enhancing the preparation and support provided to ADF members, and their families, transitioning out of Defence. The model prepares ADF members and families throughout their military career to provide a foundation through which to deliver specialist support at the time of transition. It also provides appropriate links to DVA, broader government and community support, support to find civilian employment or meaningful engagement, referrals to health and wellbeing services, and assists ADF members and their families prepare for civilian life. Support to ADF members and their families continues for up to 24 months after leaving Defence.

In 2021-22, Defence will introduce measurements of transition preparedness to assess readiness to transition across human security factors of health and wellbeing, social connectivity, employment and engagement, education, housing, transport and finances. This will further enhance the tailoring of support pre and post-transition to support individual needs.

Defence members and their families will continue to be supported through a range of programs and individual measures. This includes funding support for critical incidents, such as bereavement and emergency situations, during deployment and family member absences. Defence also

provides partners of Defence members with assistance in improving outcomes on posting through the Partner Employment Assistance Program (PEAP), assistance to Defence families with special needs, and education assistance for dependents.

Defence community groups will also be provided with support and funding where required to employ coordinators, throughout Australia to support Defence children with school mentors. A Grants program will also continue to be administered to not-for-profit community based groups to deliver support programs and services of value to Defence families and the community in which they live.

The fundamental principles of the Summary Discipline System are:

- That it must be able to operate both domestically and overseas, whether on exercises, peace-keeping missions or hostile deployed environments;
- Empower command to efficiently and effectively deal with issues of military discipline for the benefit of both individual members and for the good order of a disciplined Defence Force as a whole;
- Provide a transparent process of command review and oversight; provide individual members with rights to ensure the application of summary discipline is grounded upon procedural fairness; and
- Be supported by coordinated training and policy guidance.

Additionally, it addresses modern issues such as the Cyber environment that was not anticipated when the *Defence Force Discipline Act (1982)* was drafted.

The evolved *Defence Work Health and Safety Strategy 2017-2022* sets the direction for Defence to achieve its safety vision, and identifies areas on which to focus our efforts. The Strategy focuses on embedding an inclusive, proactive and mindful safety culture in support of the health, wellness and safety priority in *Pathway to Change 2017-22*. The four areas of focus are: Health and Safety Conscious People; Healthy and Safe Workplaces; Health and Safety across the Capability Life Cycle; and Safety Assurance and Continuous Improvement.

The *Defence Mental Health and Wellbeing Strategy 2018-2023* (covering both ADF and APS employees) consists of six strategic objectives focused on creating and sustaining a positive psychosocial culture in Defence: leadership and shared responsibility; a thriving culture and healthy workplace; responding to the risks of military service; person-driven care and recovery; building the evidence; and continually improving.

Defence will continue to make the health and safety of its people a priority, through an ongoing commitment to the objectives of *Defence Work Health and Safety Strategy 2017-2022* and the *Defence Mental Health and Wellbeing Strategy 2018-2023*. In 2021-22 Defence will continue to invest in the mental and physical health and wellbeing of all our people to help them through all phases of their careers and lives and ensure they are 'Fit to Fight, Fit for Work, Fit for Life'.

Table 8: Planned Workforce Allocation for the 2021-22 Budget and Forward Estimates - Average Full-time ^[a]

	2020-21 Estimated Actual	2021-22 Budget Estimate ^[b]	2022-23 Forward Estimate ^[b]	2023-24 Forward Estimate ^[b]	2024-25 Forward Estimate ^[b]
ADF Permanent Force ^[c]					
Navy	15,441	15,449	15,747	15,962	16,010
Army	30,281	30,932	31,048	31,205	31,246
Air Force	14,764	15,087	15,268	15,568	15,649
1 Total Permanent Force	60,486	61,468	62,063	62,735	62,905
Civilian Employees					
APS	16,510	16,405	16,439	16,456	16,447
2 Total Civilian Employees	16,510	16,405	16,439	16,456	16,447
Total Workforce Strength (1 + 2)	76,996	77,873	78,502	79,191	79,352

Notes

- a. All numbers for the full-time workforce elements represent average full-time equivalents.
- b. Budget and Forward Estimates for the full-time workforce elements represent the Government approved strength for each year.
- c. ADF Permanent Force includes Service Categories 6 and 7, and Service Option C personnel.

Table 9: Planned Workforce Allocation for the 2021-22 Budget and Forward Estimates - Reserve (Service Categories 3, 4 and 5) ^{[a] [b]}

	2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
Service Category 3 and 5					
Navy	125,000 (1,800)	126,000 (1,850)	127,500 (1,900)	130,000 (1,950)	132,500 (2,000)
Army	767,000 (15,950)	725,000 (16,000)	725,000 (16,250)	735,000 (16,500)	745,000 (16,750)
Air Force	238,000 (3,401)	243,000 (3,500)	243,000 (3,600)	243,000 (3,700)	243,000 (3,800)
1 Sub-total Service Category 3 and 5	1,130,000 (21,151)	1,094,000 (21,350)	1,095,500 (21,750)	1,108,000 (22,150)	1,120,500 (22,550)
Service Category 4					
Air Force	510 (34)	800 (40)	800 (40)	800 (40)	800 (40)
2 Sub-total Service Category 4	510 (34)	800 (40)	800 (40)	800 (40)	800 (40)
Total Reserves (1 + 2)	1,130,510 (21,185)	1,094,800 (21,390)	1,096,300 (21,790)	1,108,800 (22,190)	1,121,300 (22,590)

Notes

- a. Reserves include all active members (Service Categories 3, 4 and 5), excluding Reservists undertaking continuous full-time service (Service Option C), who are reported in Table 8.
- b. As the number of days or hours worked by Reserve members can vary greatly, figures in Table 9 show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.

Table 10: Breakdown of Average Personnel Numbers by Service and Rank

	2020-21 Estimated Actual	2021-22 Budget Estimate
Navy^[a]		
One Star and above	65	65
Senior Officers ^[b]	782	782
Officers	3,119	3,116
Other Ranks	11,475	11,486
Total Navy	15,441	15,449
Army^[a]		
One Star and above	91	91
Senior Officers ^[b]	1,015	1,037
Officers	5,536	5,656
Other Ranks	23,639	24,148
Total Army	30,281	30,932
Air Force^[a]		
One Star and above	56	56
Senior Officers ^[b]	733	768
Officers	4,805	4,896
Other Ranks	9,170	9,367
Total Air Force	14,764	15,087
APS^[a]		
Senior Executives ^[c]	164	162
Senior Officers ^[b]	5,524	5,489
Other APS Staff	10,822	10,754
Total APS	16,510	16,405
Total Workforce	76,996	77,873

Notes

- a. Permanent Forces and APS numbers are forecasts of the average strength for 2020-21 and 2021-22.
- b. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
- c. The 2021-22 figures for Senior Executive Service include the Secretary of the Department of Defence, Chiefs of Divisions and Medical Officers.

Section 2: Defence Outcomes and Planned Performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measures described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

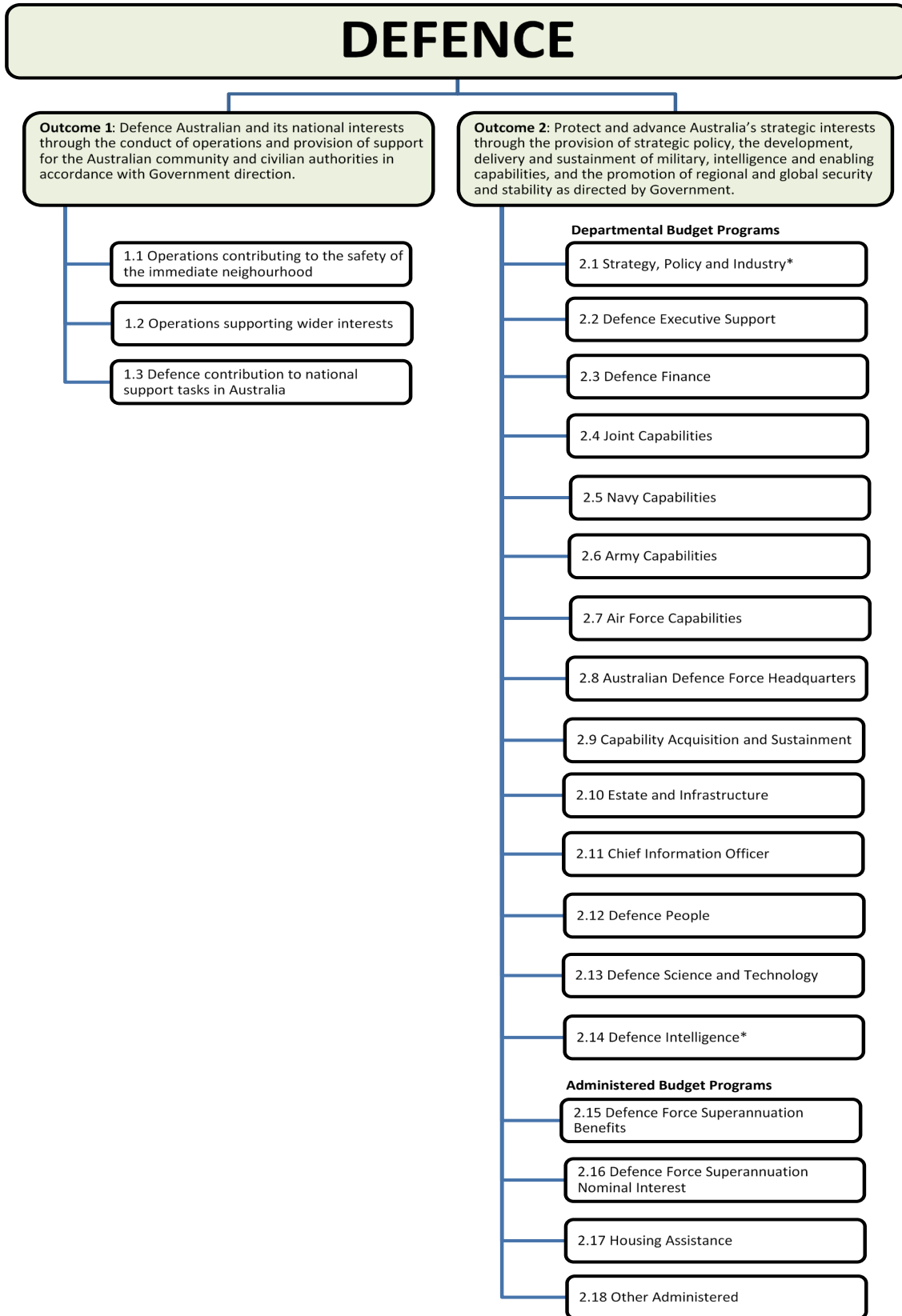
The most recent corporate plan for Defence can be found at:

<http://www.defence.gov.au/publications/corporateplan/>.

The most recent annual performance statement can be found at:

<http://www.defence.gov.au/AnnualReports/>.

Figure 3: Structure of Defence’s Outcomes



* From 2021-22 Defence Intelligence is a separate Program, and Strategic Policy and Intelligence has been renamed Strategy, Policy and Industry.

Table 11: Changes to the program structures since the last portfolio statement

Program No.	Program title	Description of change
2.1	Strategy, Policy and Industry	Renamed program from Strategic Policy and Intelligence.
2.14	Defence Intelligence	New program created.
2.15	Defence Force Superannuation Benefits	PBS program reference amended from 2.14.
2.16	Defence Force Superannuation Nominal Interest	PBS program reference amended from 2.15.
2.17	Housing Assistance	PBS program reference amended from 2.16.
2.18	Other Administered	PBS program reference amended from 2.17.

Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.

Outcome 1 Strategy

Defence plans for, develops and maintains the capability to deter and defeat armed attacks on Australia or on Australian interests. This includes planning for, conducting, controlling and evaluating Defence contributions to Government-directed operations.

Defence also supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by the Australian Government.

Current Operations include:

- ACCORDION - Provide support to Operations HIGHROAD, OKRA, MANITOU and other ADF activities from within the Gulf States.
- ARGOS - Contribute to the international effort to enforce United Nations Security Council resolutions on North Korea.
- ASLAN - Contribute to the United Nations Mission in South Sudan.
- AUGURY - ADF support to the Whole of Government Counter Terrorism objectives.
- CHARTER - Contribute to the United Nations Peacekeeping Force in Cyprus.
- COVID-19 ASSIST - ADF support to the planning and execution of the Whole of Government response to COVID-19 pandemic.
- DYURRA - ADF space operations and their integration into wider ADF and allied space domain operations.
- ENHANCED REGIONAL ENGAGEMENT - South West Pacific.
- GATEWAY - Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
- HIGHROAD - Ongoing contribution to the NATO-led mission in Afghanistan supporting Afghanistan's security, development and governance.
- LINESMEN - ADF support to demilitarisation observation and reporting under the Inter-Korean Comprehensive Military Agreement.
- MANITOU - Contribute to maritime security in the Middle East Region (MER) including the Arabian Gulf, Gulf of Aden, the Red Sea and Indian Ocean.
- MAZURKA - Contribute to the Multinational Force and Observers in Sinai.
- OKRA - Contribute to the Coalition to defeat Daesh in Iraq and Syria.
- ORENDA - Contribute to the United Nations Multidimensional Integrated Stabilization Mission in Mali.
- PALADIN - Contribute to the United Nations Truce Supervision Organisation in the Middle East.
- RENDER SAFE - ADF led mission to safely dispose of Second World War Explosive Remnants of War from South Pacific island nations.
- RESOLUTE - Contribute to the whole-of-government maritime surveillance and response in the maritime approaches to Australia.

- SOLANIA - Contribute to maritime surveillance within the Pacific Region.
- SOUTHERN DISCOVERY - Provide ADF support to the Australian Antarctic Division.
- STEADFAST - Contribute to the NATO Mission in Iraq supporting continued capacity building of the Iraqi Security Forces.
- Defence Assistance to the Civil Community (DACC) - Contribute to Commonwealth and State/Territory Governments with emergency and non-emergency tasks as required. On a case by case basis, support events of national significance as requested by relevant authorities.

Linked Programs

Australian Communications and Media Authority
Program 1.1 - Communications regulation, planning and licensing
Contribution to Outcome 1 by linked programs
Provides support to fulfil Australia’s international obligations to manage interference through High Frequency Direction Finding as part of Project Nullarbor improvements to the Defence High Frequency Communications System.

Department of Home Affairs
Program 3.4 - Border Enforcement
Contribution to Outcome 1 by linked programs
Provides security of Australia’s maritime borders from unauthorised maritime arrivals, prohibits imports and exports, illegal exploitation of natural resources and other maritime threats to Australian Sovereignty.

Department of Home Affairs
Program 1.3: Defence Contribution to National Support Tasks in Australia
Program 2.1: Strategy, Policy, and Industry
Contribution to Outcome 1 made by linked program
The Department of Defence (Defence) supports Home Affairs through tasks that include: planning and conduct of operations to provide security of Australia’s maritime borders from unauthorised maritime arrivals, illegal exploitation of natural resources, and other maritime threats to Australian sovereignty, including counter-terrorism responses, as well as export controls on military and dual-use goods and technologies. Defence contributes to Maritime Border Command tasking through Operation Resolute, providing maritime surveillance and response assets that are tasked routinely in accordance with the Government’s priorities. Defence also supports Commonwealth and State/Territory Governments with emergency and non-emergency tasks through the provision of capabilities and/or expertise.

Outcome 1 Resources

Table 12: Total Budgeted Resources Available for Outcome 1

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood					
Revenues from other sources	-	-	-	-	-
Expenditure funded by appropriations	375	2,204	2,278	2,325	2,401
Program 1.2 - Operations Supporting Wider Interests					
Revenues from other sources	9,349	4,621	-	-	-
Expenditure funded by appropriations	559,279	213,264	33,175	1,211	1,213
Program 1.3 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Expenditure funded by appropriations	195,843	59,413	22	22	22
Total resourcing					
Total Departmental revenue from other sources	9,349	4,621	-	-	-
Total operating expense (incl. repayment of lease liabilities) funded by appropriation	612,675	273,553	34,114	3,558	3,636
Total capital expenditure funded by appropriation	-	-	-	-	-
Equity injection:					
- Bill 1 DCB	142,822	1,328	1,361	-	-
- Bill 2 Equity	-	-	-	-	-
Total resources for Outcome 1	764,846	279,502	35,475	3,558	3,636

Contributions to Outcome 1

Program 1.1: Operations Contributing to the Safety of the Immediate Neighbourhood

Program 1.1 Objective

To ensure that the Government, through the Australian Defence Force, has an active and effective role in promoting stability, integrity and cohesion in our immediate neighbourhood.

Australia shares the immediate neighbourhood with Indonesia, New Zealand, Papua New Guinea, Timor-Leste, South East Asian countries and the island countries of the South West Pacific.

Delivery

This program will be achieved by:

- Conducting and sustaining operations contributing to the security and safety of the immediate neighbourhood in accordance with Government direction.
- Delivering intelligence services.
- Supporting the Whole of Government Step-Up in the Pacific.

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Conduct operations and national security support tasks which achieve Government directed outcomes.	All Government-directed outcomes are met and expected outcomes achieved. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 1.1 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 13: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	-	-	-	-	-
Suppliers	375	2,204	2,278	2,325	2,401
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	375	2,204	2,278	2,325	2,401
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	375	2,204	2,278	2,325	2,401
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	-	-	-	-	-
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-
Total capital expenditure	-	-	-	-	-
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood Total funded expenditure ^(a)	375	2,204	2,278	2,325	2,401

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 1.2: Operations Supporting Wider Interests

Program 1.2 Objective

Operations supporting wider interests are designed to contribute to United Nations' and international efforts to uphold global security.

Delivery

This program will be achieved by:

- Conducting and sustaining operations supporting wider interests in accordance with Government direction.
- Delivering intelligence services.

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Conduct operations and national security support tasks which achieve Government directed outcomes.	All Government-directed outcomes are met and expected outcomes achieved. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 1.2 resulting from the following measures: Nil		

Note

a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 14: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	57,020	17,839	-	-	-
Suppliers	377,953	198,718	31,814	1,211	1,213
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	434,973	216,557	31,814	1,211	1,213
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	434,973	216,557	31,814	1,211	1,213
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	42,619	-	-	-	-
Purchases of inventory	91,036	1,328	1,361	-	-
Principal repayments of lease liabilities	-	-	-	-	-
Total capital expenditure	133,655	1,328	1,361	-	-
Program 1.2 Operations Supporting Wider Interests Total funded expenditure ^[a]	568,628	217,885	33,175	1,211	1,213

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 1.3 Defence Contribution to National Support Tasks in Australia
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Program 1.3 Objective

<p>To undertake tasks that include: planning and conduct of operations to provide security of the Australian coastline from unauthorised maritime arrivals, smuggling, quarantine evasion and other intrusions to Australian sovereignty; counter-terrorism responses; search and rescue; humanitarian assistance and disaster relief. Defence contributes to the Department of Home Affairs civil surveillance program and Maritime Border Command tasking, providing maritime surveillance assets that are tasked routinely in accordance with the Government's direction.</p>
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<p>Defence, through the Defence Assistance to the Civil Community (DACC) program, supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by relevant authorities and the general public.</p>
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Contributing to national security and support tasks as directed by Government. • Delivering intelligence services.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Conduct operations and national security support tasks which achieve Government directed outcomes.	All Government-directed outcomes are met and expected outcomes achieved. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 1.3 resulting from the following measures: Nil

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 15: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	42,970	8,088	-	-	-
Suppliers	143,706	51,325	22	22	22
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	186,676	59,413	22	22	22
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	186,676	59,413	22	22	22
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	380	-	-	-	-
Purchases of inventory	8,787	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-
Total capital expenditure	9,167	-	-	-	-
Program 1.3 Defence Contribution to National Support Tasks in Australia Total funded expenditure ^[a]	195,843	59,413	22	22	22

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Outcome 2: Protect and advance Australia’s strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.

Outcome 2 Strategy

Defence’s strategic policy and capabilities strengthen Australia’s security and ability to shape the strategic environment, deter actions against our interests and to respond to current and future challenges, when required. A strong strategic centre ensures Defence is a strategy and policy-led organisation.

Defence ensures that its policy is agile and adaptive, and can respond flexibly to the identified strategic risks in a rapidly changing environment, through the Department’s highest-level classified planning document, the *Defence Planning Guidance*.

The *Defence Planning Guidance* provides the classified guidance and direction to Defence to implement the Government’s direction, as updated through the *2020 Defence Strategic Update* and *2020 Force Structure Plan*. It informs strategy, policy, direction, business plans and strategic workforce plans. It also informs the implementation of the Integrated Investment Program and Defence Industry Policy Statement, and is a key input to contingency planning. The Defence Strategic Policy Committee endorses the *Defence Planning Guidance* annually.

To ensure Defence is organisationally fit to implement its strategic and capability priorities and deliver on its commitments, Government launched the *Lead the Way: Defence Transformation Strategy* on 27 November 2020. It provides the vision and framework for long-term, enterprise-wide transformation. Continuous transformation will enhance Defence’s capacity to continually adapt as strategic circumstances change.

Defence is focused on building a more potent, capable and agile future force to better meet and respond to future challenges, whilst maintaining the preparedness of current capability to meet Government-directed requirements. Defence designs the future force, and develops and integrates capability to provide the Government with options to mitigate strategic national security risks. In line with the *2020 Force Structure Plan*, the Integrated Investment Program will continue to prioritise investment decisions through Government to enhance Defence capability. A contestability function informs the risk assessment and decision support framework to ensure that investment proposals are aligned with strategy and resources.

A strong partnership with defence industry will be critical in delivering the *2020 Force Structure Plan*. Defence is working to maximise opportunities for Australian industry involvement in defence projects, including through the Sovereign Industrial Capability Priorities, and is supporting defence industry to achieve export success through the continued implementation of the initiatives in the Defence Export Strategy. This will deliver the strong, sustainable and internationally competitive defence industry required to support ADF capability.

As part of this, Defence will continue to implement the Government’s priority agenda for the creation of a national naval shipbuilding enterprise and will progress program milestones as stated in the *2017 Naval Shipbuilding Plan*. Work on the implementation of the Sovereign Industrial Capability Priority Plans is progressing, providing information to defence industry on the focus and requirements of Defence for sovereign industrial capabilities to support the ADF.

Defence priorities for 2021-22 include the continued improvement of health services to ensure Defence achieves its mission through the delivery of health services that are ready, responsive and resilient. This includes ongoing support to the national COVID-19 vaccination effort, continued management of the ADF Health Services Contract, delivery of the first ADF Health Strategy, and expansion of the ADF Centre for Mental Health. Other health priorities include the improved mental health and wellbeing program through the Defence Mental Health and Wellbeing Strategy, for both ADF and APS personnel.

All parts of Defence contribute to ensuring the ADF is prepared, ready and enabled to achieve Government-directed outcomes, today and into the future. Key enablers include estate, infrastructure, information (including cyber), logistics, health, education and training. Defence aims to provide a modern, secure, sustainable and scalable information environment to enable ADF Operations and support Defence business. Defence will continue to develop and manage its estate and infrastructure so it is fit-for-purpose. Enabling operational deployments, exercises and day-to-day operations in a safe, healthy and sustainable environment is a priority.

Intelligence is also a critical enabler for Defence. It enables the integration, interoperability and support to our next-generation platforms, ensuring a capability edge through superior battlespace awareness. Defence continues to work closely with the Australian Signals Directorate so that current and future national intelligence challenges are met and support the ADF, including by enhancing offensive cyber capabilities to ensure Defence can play its part in deterring and responding to cyber threats to Australia.

International engagement is a core function of Defence. The Defence Cooperation Program, which currently supports engagement with 30 countries, will be enhanced to build shared understanding and capability with our regional partners in the South West Pacific and in South East Asia. The ADF will participate in multinational exercises to expand relations with a wide range of partners.

Defence will continue to evolve and adapt to meet Australia's changing strategic environment and maintain alignment of strategy, capability and resources.

In 2021-22, Defence looks to enhance Australia's defence capability, deepen our international security partnerships and collaborate across government, as well as with defence industry and science and technology research partners, in support of our nation's security.

Defence will continue to support and implement whole-of-government security reforms and the launch of a new Defence Industry Security Program will better support and protect Defence and defence industry against a range of threats including foreign espionage and interference.

Linked Programs

Attorney General's
Program 1.2 - Attorney General's Department operating expenses - National Security and Criminal Justice
Contribution to Outcome 2 by linked programs
Under the Service Level Charter, Australian Government Service Vetting Agency (AGSVA) works collaboratively with Government agencies to provide the delivery of security vetting functions on behalf of the Commonwealth in line with Government requirements (excluding authorised vetting agencies).
Australian Federal Police
Program 1.1 - Federal Policing and National Security
Program 1.2 - International Police Assistance
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding there is a framework for cooperation between the participants to strengthen and consolidate sharing of information to promote security and stability within Australia.
The Australian Federal Police deliver security services for Defence, in accordance with the Memorandum of Understanding, between the Department of Defence and the Australian Federal Police for the Provision of Protective Services at Defence Sites, 2015-2020.
Under a Memorandum of Understanding, the placement of Australian Federal Police advisors at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management and promotes regional and global security.
Australian Security Intelligence Organisation
Program 1.1 - Security Intelligence
Contribution to Outcome 2 by linked program
Australian Security Intelligence Organisation exercises its foreign collection powers under warrant at the request of the Minister of Defence or the Minister for Foreign Affairs.
Australian Signals Directorate
Program 1.1 - Foreign Signals Intelligence, Cyber Security, Offensive Cyber Operations
Contribution to Outcome 2 by linked program
Consistent with the functions for the Australian Signals Directorate detailed in the <i>Intelligence Services Act 2001</i> , the agency provides foreign signals intelligence, cyber security advice, offensive cyber operations, and corporate shared services, in order to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence.

Bureau of Meteorology
Program 1.1 - Bureau of Meteorology
Contribution to Outcome 2 by linked program
The Bureau has a strategic partnering agreement for the provision of meteorological and oceanographic services to support the Department of Defence.

Comcover
Program 2.4 - Insurance and Risk Management
Contribution to Outcome 2 by linked program
Working with Department of Finance to ensure Commonwealth assets are adequately insured and where necessary claims are made in accordance with Commonwealth guidelines and policy.

Commonwealth Superannuation Corporation
Program 1.1 - Superannuation Scheme Governance
Contribution to Outcome 2 by linked programs
The Departments of Finance and Defence provide funding through third party access arrangements to Commonwealth Superannuation Corporation for the purpose of providing payments of retirement and death and invalidity benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force.

Defence Force Ombudsman
Program 1.1 - Office of the Commonwealth Ombudsman
Contribution to Outcome 2 by linked programs
The Office of the Commonwealth Ombudsman ensures administrative action by Australian Government entities is fair and accountable by handling complaints, conducting investigations, performing audits and inspections, encouraging good administration, and discharging other specialist oversight tasks. The Commonwealth Ombudsman is also the Defence Force Ombudsman, who is able to accept complaints alleging that a member of Defence has perpetrated an act of sexual abuse or serious physical abuse bullying or harassment.

Defence Housing Australia
Program 1.1 - The provision of Defence housing and housing related services
Contribution to Outcome 2 by linked programs
Under a Services Agreement and in accordance with the <i>Defence Housing Australia Act 1987</i> , DHA provides suitable housing and housing related services in order to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence.

Department of Agriculture, Water and the Environment
Program 1.6 - Management of Hazardous Wastes, Substances and Pollutants
Contribution to Outcome 2 by linked programs
Defence actively participates in forums and initiatives led by the Department of Agriculture, Water and the Environment to ensure alignment with national approaches for the effective and efficient management of hazardous waste, substances and pollutants.

Department of Agriculture, Water and the Environment
Program 2.4.1 - Antarctic Support
Contribution to Outcome 2 by linked programs
The Department of Defence provides a range of logistics support services and advice to the Australian Antarctic program, including air and sealift capability to supplement existing arrangements in the delivery of cargo and contributing to aeromedical emergency responses in the region.

Department of Agriculture, Water and the Environment
Program 4.1 - Energy
Contribution to Outcome 2 by linked programs
Defence actively participates in forums relating to renewable energy and energy security and applies principles consistent with Australia's Paris Agreement commitments when considering energy options.

Department of Foreign Affairs and Trade
Program 1.1 - Foreign Affairs and Trade Operations
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding, the placement of Department of Foreign Affairs and Trade advisors at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management and promotes regional and global security.

Department of Home Affairs
Program 1.7 - National Security and Criminal Justice
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding, the placement of Emergency Management Australia secondees at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction for national security and disaster management to promote regional and global security and stability.

Department of Industry, Innovation and Science (through AusIndustry)
Program 1.1 - Supporting Science and Commercialisation
Contribution to Outcome 2 by linked programs
<p>The Department of Defence works collaboratively with the Department of Industry, Science, Energy and Resources through the Centre for Defence Industry Capability (CDIC).</p> <p>The CDIC is helping to grow the capability and capacity of Australia’s defence industry, particularly small to medium enterprises, to support the delivery of the Australian Government’s investment in defence capability over the next decade. The CDIC provides advice, assistance and grants to eligible businesses to be better positioned to support the Department of Defence. It also facilitates access to Defence’s innovation programs for Australian industry, academia and research organisations, working closely with the Defence Innovation Hub and Next Generation Technologies Fund.</p> <p>The CDIC also focuses on maximising Australian industry involvement in major acquisition programs. Following its transfer of operation from the Department of Industry, Science, Energy and Resources (DISER) to the Department of Defence, the CDIC will continue to link with program opportunities for small businesses in DISER.</p>

Department of Infrastructure and Regional Development
Program 1.1 - The Australian Transport Safety Bureau
Program 1.1 - The Civil Aviation Safety Authority
Contribution to Outcome 2 by linked programs
<p>The Memorandum of Understanding between Defence and the Australian Transport Safety Bureau contribute to the outcome through the sharing of expertise, training opportunities, experience and equipment in transport safety investigations and supports the adoption of a systematic approach to aviation safety. The Australian Transport Safety Bureau support to Defence Aviation Safety investigations contribute to capability through the prevention of recurrence and the mutual adoption of a systemic approach to aviation safety enhances capability through the prevention of accident and series incidents.</p> <p>The Memorandum of Understanding between Defence and the Civil Aviation Safety Authority contributes to the outcome through a harmonisation of military and civil aviation regulation and management. This harmonisation reaches into areas such as shared use airfield, the provision of air traffic services through Airservices Australia to Defence and the use of civil registered aircraft and unmanned aerial systems (UAS) by the military. Agreement between civil and military regulators leads to cooperation and reduced duplication in Air Traffic Management, aviation landing and approach procedures, aviation rescue and fire-fighting services and airport infrastructure.</p>

Department of Social Services
Program 2.1 - Families and Communities
Contribution to Outcome 2 by linked programs
Defence and the Department of Social Services have worked collaboratively in the development of the legislation for the commencement of the National Redress Scheme, a recommendation of the Royal Commission into Institutional Child Sexual Abuse, which commenced on 1 July 2018. Defence has also been engaged with the Services Australia on the implementation and processes that will be required to ensure that all claims are processed as efficiently as possible.

Department of Veterans' Affairs
Program 1.1 - Veterans' Income Support and Allowances
Program 1.2 - Veterans' Disability Support
Program 1.6 - Military Rehabilitation and Compensation Acts Payment - Income Support and Compensation
Contribution to Outcome 2 by linked programs
<p>The Department of Veterans' Affairs (DVA) and Defence are committed to delivering the best possible outcomes to current and former members of the Australian Defence Force and their eligible family members.</p> <p>Under a Memorandum of Understanding, Defence and DVA work cooperatively to deliver care and support to current and former members of the permanent and reserve forces and their families.</p> <p>Close and ongoing cooperation between DVA and Defence under this Memorandum of Understanding, and ongoing DVA engagement with members starting as early as practical in their careers and continuing through their service and during and after their transition from permanent or continuous full time service, results in better outcomes for members and their families. Such cooperation and engagement is particularly important where a member suffers a serious injury or illness or where the member is identified for medical separation from the ADF.</p> <p>Defence and DVA work collaboratively on areas of research, mental health, rehabilitation and looking at medical aspects of transition. Defence is also engaged with the DVA for the future contracting of health care arrangements.</p> <p>This is supported through Schedule 6 of the <i>Agreement between Defence and Veterans' Affairs for the Provision of Mental Health Support Services by the Open Arms to ADF Personnel</i> (Agreement for Services).</p>

Outcome 2 Resources

Table 16: Total Budgeted Resources Available for Outcome 2

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Program 2.1 Strategy, Policy and Industry					
Revenues from other sources	468	469	493	516	548
Expenditure funded by appropriations	681,166	731,157	822,220	990,903	1,024,469
Program 2.2 Defence Executive Support					
Revenues from other sources	32,571	33,357	34,191	34,913	24,980
Expenditure funded by appropriations	505,536	746,209	763,292	592,942	559,515
Program 2.3 Defence Finance					
Revenues from other sources	10,699	6,877	7,056	7,237	7,422
Expenditure funded by appropriations	136,400	148,962	152,326	154,775	246,117
Program 2.4 Joint Capabilities					
Revenues from other sources	9,943	9,923	10,171	10,423	10,685
Expenditure funded by appropriations	1,777,831	2,065,434	2,668,211	3,056,094	3,376,009
Program 2.5 Navy Capabilities					
Revenues from other sources	44,538	24,229	16,322	20,407	20,096
Expenditure funded by appropriations	8,343,852	9,719,544	10,718,182	11,490,565	11,875,412
Program 2.6 Army Capabilities					
Revenues from other sources	24,851	30,818	17,056	16,723	17,222
Expenditure funded by appropriations	9,527,547	9,800,174	11,038,237	12,160,695	12,680,616
Program 2.7 Air Force Capabilities					
Revenues from other sources	37,503	38,494	39,828	40,851	41,900
Expenditure funded by appropriations	9,083,561	9,765,572	9,909,750	9,972,835	10,814,999
Program 2.8 Australian Defence Force Headquarters					
Revenues from other sources	626	169	169	174	193
Expenditure funded by appropriations	208,002	254,431	306,906	324,332	262,632
Program 2.9 Capability Acquisition and Sustainment					
Revenues from other sources	40,845	1,063	1,079	1,095	1,111
Expenditure funded by appropriations	744,936	783,366	828,011	847,087	868,483
Program 2.10 Estate and Infrastructure					
Revenues from other sources	502,589	707,390	756,395	614,353	647,409
Expenditure funded by appropriations	5,311,711	6,150,717	6,659,911	6,977,937	6,845,521
Program 2.11 Chief Information Officer					
Revenues from other sources	38,797	39,710	40,645	41,604	42,586
Expenditure funded by appropriations	1,510,229	1,543,036	1,612,542	1,883,033	1,840,408
Program 2.12 Defence People					
Revenues from other sources	-	-	-	-	-
Expenditure funded by appropriations	555,037	590,496	618,886	622,412	639,419
Program 2.13 Defence Science and Technology					
Revenues from other sources	4,000	4,206	4,311	4,451	4,497
Expenditure funded by appropriations	526,785	536,940	537,875	533,759	562,746
Program 2.14 Defence Intelligence					
Revenues from other sources	4,059	4,160	4,264	4,371	4,480
Expenditure funded by appropriations	470,371	536,746	627,011	656,619	809,050

Table 16: Total Budgeted Resources Available for Outcome 2 (continued)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Program 2.15 Defence Force Superannuation Benefits and Program 2.16 Defence Force Superannuation Nominal Interest					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	35,000	32,721	29,362	27,457	25,722
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,640,000	1,697,016	1,632,892	1,629,931	1,632,847
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17 ^[a]</i>	1,040,000	1,276,115	1,363,823	1,502,530	1,646,219
<i>Australian Defence Force Cover Act 2015</i>	22,000	63,207	95,261	140,208	194,983
<i>Expenses not requiring appropriation</i>	6,824,757	3,591,860	4,267,228	4,679,388	5,034,647
Total Administered expenses ^[b]	9,561,757	6,660,919	7,388,565	7,979,514	8,534,419
Administered revenues from other sources	1,245,883	1,152,202	1,066,486	989,175	918,989
Total Program 2.15 & Program 2.16	8,315,874	5,508,717	6,322,079	6,990,339	7,615,430
Program 2.17 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	312	252	203	163	131
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	121,944	130,534	139,415	143,152	146,955
<i>Expenses not requiring appropriation</i>	-	-	-	-	-
Total Administered expenses	122,256	130,786	139,618	143,315	147,086
Administered revenues from other sources	16,852	17,444	18,015	18,465	18,927
Total Program 2.17	105,404	113,342	121,603	124,850	128,159
Program 2.18 Other Administered					
Administered revenues from other sources	75,317	52,068	72,098	73,676	81,733
Total Program 2.18	-75,317	-52,068	-72,098	-73,676	-81,733
Total resourcing					
Total operating expense (incl. repayment of lease liabilities) funded by appropriation	26,615,912	27,911,849	29,442,413	30,461,029	31,955,728
Total capital expenditure funded by appropriation	-	-	-	-	-
Total Administered ^[c]	2,859,256	3,199,845	3,260,955	3,443,441	3,646,858
Total Departmental revenue from other sources	751,489	900,865	931,980	797,118	823,129
Total Administered revenue from other sources	1,338,052	1,221,714	1,156,599	1,081,316	1,019,649
Prior year appropriation	-	-	-	-	-
Total capital expenditure funded by Equity injection:					
- Bill 1 DCB	2,526,132	2,712,943	2,910,985	2,959,566	2,973,409
- Bill 2 Equity	10,240,919	12,747,992	14,909,962	16,843,393	17,476,259
Total resources for Outcome 2	44,331,761	48,695,208	52,612,895	55,585,863	57,895,032

Notes

a. 2020-21 Estimated Actuals also includes estimated resourcing used to meet payments for Defence Force Superannuation Nominal Interest under Military Superannuation and Benefits Act, 1991 Part V, s.17. The corresponding estimates for resourcing required to meet payments for 2021-22 onwards are disclosed under Program 2.16.

b. Figure for 2020-21 have been calculated using the applicable AASB 119 interest rate. Forward years are estimated based on the discount rate determined by the superannuation scheme actuaries in preparing the latest Long Term Cost Reports, being CPI plus 2.5 per cent.

c. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 48 shows estimates of total expenses for the Defence Superannuation Schemes.

Contributions to Outcome 2

Program 2.1: Strategy, Policy and Industry ^[a]

Program 2.1 Objective

To deliver high-quality policy advice to Government, the Secretary and Chief of the Defence Force, to protect and advance Australia's strategic interests.

Delivery

The program will be achieved by:

- Providing the Minister with quality, relevant and timely strategic policy advice.
- Undertaking regular review of strategic risks and mitigations through Defence's strategic-level documents.
- Conducting international engagement to enhance Australia's strategic position as directed by Government in accordance with the *2020 Defence Strategic Update* and to enhance Defence's engagement in the immediate region.
- Engaging with industry to enhance the Australian industrial base that supports Defence capability.

Performance information ^[b]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence maintains future-focused strategic policy to guide Defence initiatives and address strategic risks.	Strategic policy reflects the evolving geostrategic environment and aligns with and shapes Government objectives. <i>Expected to be met.</i>
	Defence protects and advances Australia's interests globally to address current and future challenges.	Defence international engagement priorities are met. <i>Expected to be met.</i>
	Defence engages industry to enhance support of sovereign capability.	Defence Industry Policy Statement. <i>Expected to be met.</i>
	Defence maintains intelligence analysis and capability to deliver Government and Defence strategic objectives.	Intelligence service and capabilities are delivered according to Government priorities. <i>Expected to be met.</i>
2021-22	Defence maintains future-focused strategic policy to guide Defence initiatives and address strategic risks.	Strategic policy reflects the evolving geostrategic environment and aligns with and shapes Government objectives.
	Defence protects and advances Australia's interests globally to address current and future challenges.	Defence international engagement priorities are met.
	Defence engages industry to enhance support of sovereign capability.	Defence Industry Policy Statement.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.1 resulting from the following measures: Nil		

Notes

- a. From 2021-22 Defence Intelligence is a separate Budget Program, and Strategic Policy and Intelligence has been renamed Strategy, Policy and Industry.
- b. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 17: Cost Summary for Program 2.1 Strategy, Policy and Industry

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	71,663	78,178	79,580	81,624	82,905
Suppliers	330,594	373,911	416,622	469,300	510,272
Net losses from sale of assets	-	-	-	-	-
Other expenses	67,064	63,066	36,267	36,268	36,270
	469,321	515,155	532,469	587,192	629,447
Expenses not requiring appropriation					
Depreciation and amortisation	11,874	22,198	36,402	56,468	80,365
Inventory consumption	30	-	-	-	-
Net write-down and net impairment of assets	207	214	221	229	237
	12,111	22,412	36,623	56,697	80,602
Total operating expenses	481,432	537,567	569,092	643,889	710,049
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	206,083	210,168	283,809	397,658	388,863
Purchases of inventory	56	-	-	-	-
Principal repayments of lease liabilities	6,174	6,303	6,435	6,569	6,707
Total capital expenditure	212,313	216,471	290,244	404,227	395,570
Program 2.1 Strategy, Policy and Industry Total funded expenditure ^{(a) (b)}	681,634	731,626	822,713	991,419	1,025,017

Notes

a. The change in estimates includes movements of functions and their associated budgets within Defence.

b. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.2: Defence Executive Support

Program 2.2 Objective

To integrate parts of Defence to deliver more effective and efficient outcomes, particularly in the areas of service delivery. The Associate Secretary operates the One Defence business model on behalf of the Secretary and Chief of the Defence Force.

Delivery

This program will be achieved by:

- Delivering integrated, secure and fit-for-purpose enabling services.
- Resourcing, implementing and reviewing Defence's continuing enterprise reform program.

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Agreed reform programs are progressed as planned.	Reform program milestones are met and benefits realised. <i>Expected to be met.</i>
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	Service Delivery enables Defence to meet Government outcomes. <i>Expected to be met.</i>
2021-22	<i>Implement and embed an enduring continuous improvement program to enable Defence to meet its commitments to Government and the Australian people.</i>	<i>Delivery of the foundational elements of the enduring transformation system, in line with the Defence Transformation Strategy roadmap.</i>
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<i>Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.</i>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.2 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 18: Cost Summary for Program 2.2 Defence Executive Support

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	109,656	108,667	110,851	112,952	115,192
Suppliers	250,336	355,901	336,848	300,872	297,735
Net losses from sale of assets	-	-	-	-	-
Other expenses	2,296	3,169	3,160	2,689	2,740
	362,288	467,737	450,859	416,513	415,667
Expenses not requiring appropriation					
Depreciation and amortisation	8,037	26,876	50,161	69,702	82,756
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	11	12	12	12	12
	8,048	26,888	50,173	69,714	82,768
Total operating expenses	370,336	494,625	501,032	486,227	498,435
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	175,817	311,827	346,622	211,340	168,826
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	2	2	2	2	2
Total capital expenditure	175,819	311,829	346,624	211,342	168,828
Program 2.2 Defence Executive Support Total funded expenditure ^{(a) (b)}	538,107	779,566	797,483	627,855	584,495

Notes

a. The change in estimates includes movements of functions and their associated budgets within Defence.

b. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.3: Defence Finance

Program 2.3 Objective

To produce quality financial products to deliver Defence and Government-directed outcomes.

Delivery	<p>The program is achieved by:</p> <ul style="list-style-type: none"> • Delivering enterprise resource planning and budget management in accordance with Commonwealth legislation and policy frameworks. • Strengthening Defence's financial management and improvement programs through uniform financial management approaches and a streamlined accountability structure. • Working with all Services and Groups to identify costs drivers for all key business elements.
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Performance information ^(a)

Year	Performance measures	Actual Achievement / Targets
2020-21	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<p>Service Delivery enables Defence to meet Government outcomes.</p> <p style="text-align: right;"><i>Expected to be met.</i></p>
	Quality and timeliness of Defence's financial management, reporting and advice.	<p>Defence meets legislated financial requirements and timeframes.</p> <p>Financial advice meets stakeholder needs.</p> <p style="text-align: right;"><i>Expected to be met.</i></p>
2021-22	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<p><u><i>Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.</i></u></p>
	Quality and timeliness of Defence's financial management, reporting and advice.	<p>Defence meets legislated financial requirements and timeframes.</p> <p>Financial advice meets stakeholder needs.</p>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.3 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 19: Cost Summary for Program 2.3 Defence Finance ^[a]

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees ^[b]	78,645	93,052	93,712	94,927	176,987
Suppliers	65,043	59,223	62,076	63,379	72,743
Net losses from sale of assets	-	-	-	-	-
Other expenses	3,406	3,558	3,588	3,700	3,803
	147,094	155,833	159,376	162,006	253,533
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	147,094	155,833	159,376	162,006	253,533
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	-	-	-	-	-
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	5	6	6	6	6
Total capital expenditure	5	6	6	6	6
Program 2.3 Defence Finance Total funded expenditure ^[c]	147,099	155,839	159,382	162,012	253,539

Notes

a. The Defence Finance Program includes budget adjustments applied at the whole of Defence level, and not otherwise applied to other programs.

b. Full-time equivalent staff and their associated employee expenses are held in this Program from time to time for future prioritisation.

c. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.4: Joint Capabilities

Program 2.4 Objective

To provide joint capabilities and joint enabling elements, including information warfare effects, logistics, health, military police, youth development, reserves and employer support, gender mainstreaming and education and training, that contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.

Delivery	<p>This program will be achieved through:</p> <ul style="list-style-type: none"> • Delivery of health services to ADF personnel and health support to families that meet the requirements of the ADF. • Delivery of logistics support and services that meet the requirements of the ADF. • Delivery of future-focused, joint professional military education and individual training that prepares ADF personnel for future warfare and meets the requirements of the ADF and wider Department of Defence. • Coordination of a joint approach to Defence's Youth Protection policies and training, Defence Work Experience Program and other recognition and development youth programs to meet the requirements of the ADF and the community. • Coordination and delivery of the ADF's requirements for reserve and employer support including the administration of the <i>Defence Reserve Service (Protection) Act 2001</i> and the Employer Support Payment Scheme. • Development of national and international civil-military partnerships and cooperation to meet the requirements of the ADF, the wider Department of Defence, and Whole of Government. • Delivery of Information Warfare effects and support that meet the requirements of the ADF. • Delivery of Defence's responsibilities under UNSCR 1325 on WPS through the Australian National Action Plan for Women, Peace and Security. • Delivery of a joint military policing capability that meets the requirements of the ADF. • Management of ADF participation in conventional and adaptive sports, both domestically and internationally, in support of member well-being and Defence's international objectives. • Delivery of military legal advice and support.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Joint enabling elements are generated and sustained at the required rate and standardised to support the delivery of Defence capability.	Joint Health Services are provided to Australian Defence Force personnel to enable Defence preparedness. Joint Logistics capability that provides comprehensive and assured support to Australian Defence Force operations. Delivery of military education and training programs that prepare Australian Defence Force personnel. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	To transition Australian Defence Force personnel across the service spectrum with a focus on preparedness across personal security. <i>Expected to be met.</i>
	Appropriate support and services are provided to Defence families.	Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security. <i>Expected to be met.</i>

Performance information ^[a]		
Year	Performance measures	Actual Achievement / Targets
2021-22	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.
	Joint enabling elements are generated and sustained at the required rate and standardised to support the delivery of Defence capability.	Joint Health Services are provided to Australian Defence Force personnel to enable Defence preparedness. <i><u>Delivery of Joint Logistics capability that provides comprehensive and assured support to Australian Defence Force operations.</u></i> Delivery of military education and training programs that prepare Australian Defence Force personnel. <i><u>Delivery of joint military policing effects that protect the Australian Defence Force's people, resources, values and reputation.</u></i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	<i><u>To transition Australian Defence Force personnel across the service spectrum with a focus on transition preparedness across personal security factors (using the human security framework).</u></i>
	Appropriate support and services are provided to Defence families.	Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.4 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 20: Cost Summary for Program 2.4 Joint Capabilities

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	623,176	641,411	664,410	684,839	708,308
Suppliers	906,045	1,033,097	1,158,095	1,140,186	1,208,898
Net losses from sale of assets	-	-	-	-	-
Other expenses	1	2	2	2	2
	1,529,222	1,674,510	1,822,507	1,825,027	1,917,208
Expenses not requiring appropriation					
Depreciation and amortisation	31,244	49,453	95,566	168,925	262,093
Inventory consumption	24,321	32,431	31,342	32,780	31,792
Net write-down and net impairment of assets	323,689	333,578	343,798	354,362	365,285
	379,254	415,462	470,706	556,067	659,170
Total operating expenses	1,908,476	2,089,972	2,293,213	2,381,094	2,576,378
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	213,048	339,526	792,407	1,175,259	1,411,423
Purchases of inventory	45,475	61,291	63,438	66,200	58,031
Principal repayments of lease liabilities	29	30	30	31	32
Total capital expenditure	258,552	400,847	855,875	1,241,490	1,469,486
Program 2.4 Joint Capabilities Total funded expenditure ^[a]	1,787,774	2,075,357	2,678,382	3,066,517	3,386,694

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.5: Navy Capabilities

Program 2.5 Objective

To provide maritime capabilities that contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.

Delivery

This program will be achieved by:

- Conducting raise, train and sustain activities to ensure maritime forces are available to meet Government direction.
- Contributing maritime forces to joint, combined and interagency operations as directed by Government.
- Contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of maritime capability.
- Conducting international engagement activities in support of the Defence International Engagement Strategy implementation.

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities including workforce are generated, trained and sustained to meet Government requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
	Progress to deliver a sustainable, sovereign shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan	Deliver the naval shipbuilding enterprise in accordance with the Naval Shipbuilding Plan to schedule, budget and scope. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.5 resulting from the following measures and adjustments: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 21: Cost Summary for Program 2.5 Navy Capabilities

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	2,439,376	2,537,149	2,510,014	2,590,253	2,647,600
Suppliers	2,574,204	2,829,645	3,300,746	3,432,405	3,690,043
Net losses from sale of assets	-	-	-	-	-
Other expenses	7,832	7,367	6,877	6,392	5,890
	5,021,412	5,374,161	5,817,637	6,029,050	6,343,533
Expenses not requiring appropriation					
Depreciation and amortisation	1,629,546	1,708,696	1,920,990	2,197,473	2,418,311
Inventory consumption	337,510	368,535	299,954	352,569	297,259
Net write-down and net impairment of assets	75,229	79,785	84,658	89,870	95,446
	2,042,285	2,157,016	2,305,602	2,639,912	2,811,016
Total operating expenses	7,063,697	7,531,177	8,123,239	8,668,962	9,154,549
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	2,749,294	3,777,572	4,393,155	4,903,628	5,075,443
Purchases of inventory	594,925	568,613	499,300	557,293	454,998
Principal repayments of lease liabilities	22,759	23,427	24,412	21,001	21,534
Total capital expenditure	3,366,978	4,369,612	4,916,867	5,481,922	5,551,975
Program 2.5 Navy Capabilities Total funded expenditure ^[a]	8,388,390	9,743,773	10,734,504	11,510,972	11,895,508

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 22: Navy Deliverables (Unit Availability Days) ^[a]

Deliverables		2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Year 1	2023-24 Forward Year 2	2024-25 Forward Year 3
17	Major Combatants ^[b] ^[g]	2,982	3,051	3,051	3,709	3,920
19	Minor Combatants ^[c]	3,832	4,115	3,881	3,586	3,272
6	Amphibious and Afloat Support ^[d]	974	1,020	1,181	1,170	1,094
10	Maritime Teams ^[e]	3,109	3,173	3,650	3,650	3,650
7	Hydrographic Force ^[f]	1,770	1,890	1,812	1,681	1,555

Notes

- A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
- Major Combatants comprises Anzac Class Frigates (FFH), Hobart Class Air Warfare Destroyers (DDG) and Collins Class Submarines (CCSM). Increase in UAD over Forward Estimates period due to ships completing Anzac Class Mid-life Capability Assurance Program.
- Minor Combatants comprises Armidale Class Patrol Boats (ACPB), Cape Class Patrol Boats (CCPB) and the Coastal Minehunters (MHC). UAD fluctuations are due to variations in maintenance schedules as well as withdrawal from service of the ACPB and introduction of additional CCPB.
- Amphibious and Afloat Support comprises the Oil Tanker, Replenishment Ships (AOR), Landing Ship Dock and Landing Helicopter Dock (LHD). UAD fluctuations are due to variations in maintenance schedules as well as withdrawal from service of HMAS *Sirius* and introduction into service of the Supply Class AOR.
- Maritime Teams comprises Clearance Diving, Deployable Geospatial Support and Mobile Meteorological and Oceanographic (METOC) teams.
- Hydrographic Force comprises the hydrographic ships (HS), survey motor launches (SML) and meteorological and oceanographic centres. UAD increase due to variations in maintenance schedules and then decrease due to withdrawal from service of SML.
- The 2020-21 Estimated Actual was incorrectly reported in the Portfolio Additional Estimates Statements 2020-21. The figure was incorrectly reported as 2,892 and should have been 2,982 as reported above.

Table 23: Navy Deliverables (Flying Hours)

Deliverables		2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Year 1	2023-24 Forward Year 2	2024-25 Forward Year 3
24	MH-60R ^[a]	5,000	5,500	7,200	7,200	7,200
-	MRH90 Taipan ^[b]	-	-	-	-	-

Notes

- Increase in flying hours reflects continued progress in remediation of workforce shortfalls.
- Navy is operating MRH90s however their flying hours have been included under Army Aviation, as Army is joint capability manager for the aircraft.

Program 2.6: Army Capabilities

Program 2.6: Objective

To prepare land forces, including special operations forces, which contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment, and protect national interests.

Delivery

This program will be achieved by:

- Contributing land forces to joint, combined and interagency operations as directed by Government.
- Conducting international engagement activities.
- Balancing priorities during and beyond the forward estimates period to ensure that Army is ready now and future ready, to meet the needs of Government.
- Developing a sustainable and adaptive workforce.
- Ensuring land capability is sustained and modernised.
- Delivering outcomes in an efficient and effective manner.
- Contributing over 2,400 permanent Army members in support of other Defence programs.

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.6 resulting from the following measures and adjustments: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 24: Cost Summary for Program 2.6 Army Capabilities

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	4,350,521	4,429,001	4,576,593	4,683,719	4,770,031
Suppliers	2,007,962	2,146,285	2,367,599	2,640,302	3,057,031
Net losses from sale of assets	-	-	-	-	-
Other expenses	114	116	120	122	125
	6,358,597	6,575,402	6,944,312	7,324,143	7,827,187
Expenses not requiring appropriation					
Depreciation and amortisation	1,206,753	1,297,111	1,386,414	1,601,823	1,744,011
Inventory consumption	384,202	336,454	374,658	364,060	422,007
Net write-down and net impairment of assets	60,267	63,396	66,728	70,278	74,060
	1,651,222	1,696,961	1,827,800	2,036,161	2,240,078
Total operating expenses	8,009,819	8,272,363	8,772,112	9,360,304	10,067,265
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	2,466,511	2,637,619	3,368,998	4,136,222	4,122,706
Purchases of inventory	726,586	617,252	741,249	716,304	747,180
Principal repayments of lease liabilities	704	719	734	749	765
Total capital expenditure	3,193,801	3,255,590	4,110,981	4,853,275	4,870,651
Program 2.6 Army Capabilities Total funded expenditure ^[a]	9,552,398	9,830,992	11,055,293	12,177,418	12,697,838

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 25: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables	2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Year 1	2023-24 Forward Year 2	2024-25 Forward Year 3
10 CH-47F Chinook	2,600	2,600	2,600	2,600	2,600
34 S-70A-9 Black Hawk ^[a]	1,500	600 ^[b]	-	-	-
22 ARH Tiger ^[c]	4,000	4,500	4,500	4,500	4,500
47 MRH90 Taipan	5,400	9,250	10,300	10,300	10,300

Notes

- S-70A-9 Black Hawk will be retired from service December 2022.
- The number of S-70A-9 Black Hawk on the Defence Register will incrementally reduce as the aircraft approaches planned withdrawal date.
- In January 2021, the Government announced that the ARH Tiger would be replaced by the Boeing Apache Guardian from 2025.

Program 2.7: Air Force Capabilities		
Program 2.7 Objective		
To provide air and space power capabilities that contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.		
Delivery	This program will be achieved by: <ul style="list-style-type: none"> • Delivering air and space power as part of the joint force. • Developing an intelligent and skilled workforce. • Evolving Air Force culture. • Deepening relationships, strengthening engagement, and • Agile and coherent governance. 	
Performance information ^[a]		
Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.7 resulting from the following measures and adjustments: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 26: Cost Summary for Program 2.7 Air Force Capabilities

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	2,349,027	2,389,054	2,492,120	2,581,650	2,634,663
Suppliers	2,946,142	3,108,503	3,323,256	3,585,113	3,949,887
Net losses from sale of assets	-	-	-	-	-
Other expenses	6,468	6,588	6,726	6,867	7,010
	5,301,637	5,504,145	5,822,102	6,173,630	6,591,560
Expenses not requiring appropriation					
Depreciation and amortisation	1,909,179	1,817,093	2,041,785	2,239,795	2,462,890
Inventory consumption	244,518	281,675	342,990	329,654	357,753
Net write-down and net impairment of assets	96,777	102,335	108,266	114,596	121,353
	2,250,474	2,201,103	2,493,041	2,684,045	2,941,996
Total operating expenses	7,552,111	7,705,248	8,315,143	8,857,675	9,533,556
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	3,340,631	3,765,794	3,437,824	3,158,061	3,541,669
Purchases of inventory	452,391	507,170	662,132	653,900	694,987
Principal repayments of lease liabilities	26,405	26,957	27,520	28,095	28,683
Total capital expenditure	3,819,427	4,299,921	4,127,476	3,840,056	4,265,339
Program 2.7 Air Force Capabilities Total funded expenditure ^[a]	9,121,064	9,804,066	9,949,578	10,013,686	10,856,899

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 27: Air Force Deliverables (Flying Hours)

Deliverables ^[a]		2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Year 1	2023-24 Forward Year 2	2024-25 Forward Year 3
49	PC-21	23,850	23,652	23,652	23,652	23,652
12	KA350 King Air ^[b]	6,500	8,300	8,300	8,300	4,150
12	C-130J Hercules	6,000	7,350	7,350	7,350	7,350
8	C-17A Globemaster III	5,240	6,200	6,200	6,200	6,200
10	C-27J Spartan ^[c]	3,360	5,000	5,500	5,500	5,500
7	KC-30A MRTT	4,040	4,700	4,700	4,700	4,700
2	737 BBJ ^[d]	1,100	1,600	1,600	1,600	800
3	Falcon-7X	2,000	2,403	2,403	2,403	2,403
2	AP-3C Orion ^[e]	700	700	350	-	-
12	P-8A Poseidon ^[f]	5,000	6,325	6,600	6,600	7,200
6	E-7A Wedgetail	3,200	3,600	3,600	3,600	3,600
16	F/A-18A/B Hornet ^[g]	3,820	1,500	-	-	-
24	F/A-18F Super Hornet	4,830	4,050	4,050	4,050	4,050
33	Hawk 127	5,050	6,500	6,500	6,500	6,500
11	E/A-18G Growler	2,600	2,800	2,800	2,800	2,800
41	F-35A Lightning II ^[h]	5,250	11,831	14,519	14,519	14,900
1	MC-55A Peregrine ^[i]	-	-	450	1,500	2,440
1	MQ-4C Triton ^[j]	-	-	-	300	1,500

Notes

- a. Fleet sizes represent totals at commencement of 2021-22.
- b. KA350 King Air estimates reflect the planned withdrawal from service commencing 2024-25.
- c. C-27J Spartan is expected to achieve its revised sustainable Rate of Effort from 2022-23 as COVID impacts reduce and its support system matures.
- d. 737 BBJ forward estimates reflect planned withdrawal of aircraft from service.
- e. AP-3C Orion forward estimates reflect planned withdrawal of aircraft from service.
- f. P-8A Poseidon forward estimates reflect planned acceleration to increase Force Generation and operational Maritime, Intelligence, Surveillance, Reconnaissance and Response (MISR).
- g. F/A-18A/B forward estimates reflect the phased withdrawal of the aircraft.
- h. F-35A forward estimates reflect increasing operational crew numbers and training utilisation.
- i. MC-55A forward estimates reflect the aircraft's introduction into service.
- j. MQ-4C forward estimates reflect the aircraft's introduction into service.

Program 2.8: Australian Defence Force Headquarters

Program 2.8 Objective

To design, integrate and prepare military capability that meets the current and future requirements of Government, and conduct joint, combined and interagency operations as directed by Government.
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Designing the future force through management of the capability lifecycle and the Integrated Investment Program. • Integrating and preparing capability elements, and planning for the effective conduct of joint, combined and interagency operations. • Monitoring preparedness of the Australian Defence Force to meet Government-directed requirements through the preparedness management system. • Assess the future force requirements to inform force design, preparedness and training needs.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence designs the future force to address strategic risks.	Our future joint force is designed, integrated and developed through the analysis of strategic policy and risk. <i>Expected to be met.</i>
	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.8 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 28: Cost Summary for Program 2.8 Australian Defence Force Headquarters

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	28,319	28,401	30,532	31,131	31,750
Suppliers	128,755	191,799	223,940	240,947	226,088
Net losses from sale of assets	-	-	-	-	-
Other expenses	21	22	22	23	23
	157,095	220,222	254,494	272,101	257,861
Expenses not requiring appropriation					
Depreciation and amortisation	9,093	11,446	13,832	16,967	18,623
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	167	172	177	184	191
	9,260	11,618	14,009	17,151	18,814
Total operating expenses	166,355	231,840	268,503	289,252	276,675
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	51,090	33,925	52,119	51,933	4,482
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	443	453	462	472	482
Total capital expenditure	51,533	34,378	52,581	52,405	4,964
Program 2.8 Australian Defence Force Headquarters Total funded expenditure ^(a)	208,628	254,600	307,075	324,506	262,825

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.9: Capability Acquisition and Sustainment
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Program 2.9 Objective

To acquire and sustain Defence equipment, including supplies and services, in the quantities and to the service levels required by Defence and approved by Government.
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Delivery	This program will be achieved by effectively partnering with Industry to:
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- | |
|---|
| <ul style="list-style-type: none"> • Manage the acquisition of Defence equipment, supplies and services to meet Government and Defence requirements. • Sustain agreed Defence equipment, supplies and services to meet Government and Defence requirements. |
|---|

Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
	Progress to deliver a sustainable, sovereign shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan.	Deliver the naval shipbuilding enterprise in accordance with the Naval Shipbuilding Plan to schedule, budget and scope. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.9 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 29: Cost Summary for Program 2.9 Capability Acquisition and Sustainment

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	486,226	497,492	508,330	518,592	529,054
Suppliers	299,022	277,962	320,760	329,590	340,540
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	785,248	775,454	829,090	848,182	869,594
Expenses not requiring appropriation					
Depreciation and amortisation	310	619	904	824	704
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	575	616	659	706	756
	885	1,235	1,563	1,530	1,460
Total operating expenses	786,133	776,689	830,653	849,712	871,054
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	533	8,975	-	-	-
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-
Total capital expenditure	533	8,975	-	-	-
Program 2.9 Capability Acquisition and Sustainment Total funded expenditure ^(a)	785,781	784,429	829,090	848,182	869,594

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.10: Estate and Infrastructure
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Program 2.10 Objective

To deliver integrated estate and infrastructure services to enable Defence Force Operations and to contribute to Defence outcomes.
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Managing and sustaining the Defence estate to meet Government and Defence requirements by developing and delivering major infrastructure, environmental and property programs. Delivering integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force. <p>The approved 2021-22 Enterprise Estate and Infrastructure Program, a component of the Integrated Investment Program, is outlined at Appendix D.</p>
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	Service Delivery enables Defence to meet Government outcomes. <i>Expected to be met.</i>
2021-22	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<i>Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.</i>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.10 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 30: Cost Summary for Program 2.10 Estate and Infrastructure

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	1,116,839	1,163,037	1,207,928	1,235,979	1,280,091
Suppliers	2,824,451	2,954,760	2,970,903	2,762,782	2,744,336
Net losses from sale of assets	-	-	-	-	-
Other expenses	98,972	96,858	95,062	93,459	91,323
	4,040,262	4,214,655	4,273,893	4,092,220	4,115,750
Expenses not requiring appropriation					
Depreciation and amortisation	1,270,171	1,313,487	1,381,022	1,453,641	1,506,456
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	27,837	29,063	30,360	31,732	33,181
	1,298,008	1,342,550	1,411,382	1,485,373	1,539,637
Total operating expenses	5,338,270	5,557,205	5,685,275	5,577,593	5,655,387
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	1,604,274	2,468,833	2,962,719	3,315,149	3,186,650
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	169,764	174,619	179,694	184,921	190,530
Total capital expenditure	1,774,038	2,643,452	3,142,413	3,500,070	3,377,180
Program 2.10 Estate and Infrastructure Total funded expenditure ^[a]	5,814,300	6,858,107	7,416,306	7,592,290	7,492,930

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.11: Chief Information Officer
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Program 2.11 Objective

A modern, secure, sustainable and scalable information environment to enable Australian Defence Force Operations and support Defence business.
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Planning and governing Defence ICT ensuring the appropriate networking and operation of ICT systems. • Delivering ICT capabilities for Defence by: <ul style="list-style-type: none"> ▪ Working with stakeholders to shape business requirements and understand priorities; ▪ Partnering with industry to deliver outcomes; and ▪ Building the ICT organisation to shape and direct the future priorities.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope. <i>Expected to be met.</i>
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	Service Delivery enables Defence to meet Government outcomes. <i>Expected to be met.</i>
2021-22	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<u><i>Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.</i></u>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.11 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 31: Cost Summary for Program 2.11 Chief Information Officer

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	109,614	110,826	113,154	115,543	117,878
Suppliers	1,235,451	1,190,903	1,227,532	1,407,291	1,418,142
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	1,345,065	1,301,729	1,340,686	1,522,834	1,536,020
Expenses not requiring appropriation					
Depreciation and amortisation	261,658	263,632	263,742	276,093	261,354
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	4,936	4,972	5,021	5,086	5,167
	266,594	268,604	268,763	281,179	266,521
Total operating expenses	1,611,659	1,570,333	1,609,449	1,804,013	1,802,541
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	203,961	281,017	312,501	401,803	346,974
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-
Total capital expenditure	203,961	281,017	312,501	401,803	346,974
Program 2.11 Chief Information Officer Total funded expenditure ^(a)	1,549,026	1,582,746	1,653,187	1,924,637	1,882,994

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.12: Defence People

Program 2.12 Objective

To deliver a program that enables the required people capability to operate and support Defence equipment and systems, and to manage the business of Defence.

Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • Providing timely, accurate and high-quality advice on key people issues to the Secretary, CDF and Government. • Produce a revised Defence Strategic Workforce Plan looking out to 2040, to attract, recruit, develop and retain a highly skilled workforce. • Embedding the ADF Total Workforce System to support individual and organisational flexibility. • Implementing, evaluating and embedding Defence's cultural reform strategy, Pathway to Change: Evolving Defence Culture 2017-22. • Driving a high performing culture where leadership, professionalism and corporate behaviour are rewarded and valued. • Delivering a compliant Workplace Health and Safety System that ensures Defence provides a safe work environment for its people. • Delivering welfare services to agreed standards, and implement initiatives to improve the delivery of welfare services to current and former members of the Australian Defence Force. • Deliver a new Recruiting Services Contract.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks. <i>Expected to be met.</i>
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	Service Delivery enables Defence to meet Government outcomes. <i>Expected to be met.</i>
	Defence workforce has the agility, skills and culture to meet current and future demands to deliver capability.	Key workforce effects outlined in the Defence Strategic Workforce Plan and Total Workforce System are achieved, including critical skillset levels. Cultural reform priorities are implemented as set out in <i>Pathway to Change: Evolving Defence Culture 2017-22</i> . Embed the Defence Values and Behaviours. <i>Expected to be met.</i>
	A compliant Work Health and Safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community.	Minimise the exposure to unnecessary health, wellness and safety risk. <i>Expected to be met.</i>
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	To transition Australian Defence Force personnel across the service spectrum with a focus on planning for their personal security. <i>Expected to be met.</i>
	Appropriate support and services are provided to Defence families.	Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security. <i>Expected to be met.</i>

Performance information ^[a]		
Year	Performance measures	Actual Achievement / Targets
2021-22	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	<i><u>Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.</u></i>
	Defence workforce has the agility, skills and culture to meet current and future demands to deliver capability.	Key workforce effects outlined in the Defence Strategic Workforce Plan and Total Workforce System are achieved, including critical skillset levels. Cultural reform priorities are implemented as set out in <i>Pathway to Change: Evolving Defence Culture 2017-22</i> . <i>All Groups and Services maintain culture plans.</i> Embed the Defence Values and Behaviours.
	A compliant Work Health and Safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community.	Minimise the exposure to unnecessary health, wellness and safety risk.
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	<i><u>To transition Australian Defence Force personnel across the service spectrum with a focus on transition preparedness across personal security factors (using the human security framework).</u></i>
	Appropriate support and services are provided to Defence families.	<i><u>Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security using the human security framework.</u></i>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.12 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 32: Cost Summary for Program 2.12 Defence People

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	174,457	184,994	188,811	192,637	196,619
Suppliers	365,020	389,596	401,437	413,350	426,106
Net losses from sale of assets	-	-	-	-	-
Other expenses	4,142	4,249	4,312	4,276	4,290
	543,619	578,839	594,560	610,263	627,015
Expenses not requiring appropriation					
Depreciation and amortisation	12,714	13,197	13,879	14,583	15,302
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	44	46	48	50	53
	12,758	13,243	13,927	14,633	15,355
Total operating expenses	556,377	592,082	608,487	624,896	642,370
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	1,145	1,169	13,619	1,218	1,244
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	10,273	10,488	10,707	10,931	11,160
Total capital expenditure	11,418	11,657	24,326	12,149	12,404
Program 2.12 Defence People Total funded expenditure ^(a)	555,037	590,496	618,886	622,412	639,419

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.13: Defence Science and Technology		
Program 2.13 Objective		
To develop innovative technologies that can be delivered by industry and transitioned into Defence capability, and to shape innovation, science and technology within Defence and across the nation.		
Delivery	This program is achieved by: <ul style="list-style-type: none"> Delivering science and technology that supports Defence operations, the sustainment and enhancement of current capability, and the development and acquisition of future capability. Enabling Defence to anticipate and exploit advances in science and technology for future Defence capability. Engaging across the national and international science and technology enterprise to build the scale of expertise and innovation needed to solve the complex problems facing Defence. 	
Performance information ^[a]		
Year	Performance measures	Actual Achievement / Targets
2020-21	Strategic research and development enables Defence to anticipate and exploit advances in science and technology for future Defence capability.	Stakeholder satisfaction on delivering strategic research investments. Achieve performance standards set out in the Government agreed impact framework for the Defence Innovation System. <i>Expected to be met.</i>
	Science and technology activities support Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability, enhanced by collaboration and strategic partnerships.	The balance of investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities. Collaboration and outreach activities support delivery of Defence capability in line with agreed Defence priorities. <i>Expected to be met.</i>
2021-22	<i><u>Defence anticipates and exploits advances in science and technology for future Defence capability.</u></i>	<i><u>Stakeholders are satisfied with the balance of investment in strategic research.</u></i> <i><u>Strategic research delivers benefit for Defence capability</u></i> <i><u>Pathways are established to enable Defence innovation.</u></i>
	<i><u>Delivery of science and technology supports Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.</u></i>	<i><u>Investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities.</u></i>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.13 resulting from the following measures: Nil		

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 33: Cost Summary for Program 2.13 Defence Science and Technology

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	304,137	311,235	316,717	323,073	329,557
Suppliers	222,416	182,843	222,554	214,975	215,172
Net losses from sale of assets	-	-	-	-	-
Other expenses	9	9	10	10	10
	526,562	494,087	539,281	538,058	544,739
Expenses not requiring appropriation					
Depreciation and amortisation	16,517	16,264	17,055	15,564	14,253
Inventory consumption	140	143	147	151	155
Net write-down and net impairment of assets	1,074	1,049	1,025	1,004	984
	17,731	17,456	18,227	16,719	15,392
Total operating expenses	544,293	511,543	557,508	554,777	560,131
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	4,084	46,917	2,760	4	22,353
Purchases of inventory	-	-	-	-	-
Principal repayments of lease liabilities	139	142	145	148	151
Total capital expenditure	4,223	47,059	2,905	152	22,504
Program 2.13 Defence Science and Technology Total funded expenditure ^[a]	530,785	541,146	542,186	538,210	567,243

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.14: Defence Intelligence ^[a]		
Program 2.14 Objective Deliver high-quality and timely intelligence services that achieve Government intelligence priorities		
Delivery	This program is achieved by: <ul style="list-style-type: none"> Developing, delivering and sustaining intelligence capability to meet Government, Defence and partner requirements. 	
Performance information ^[b]		
Year	Performance measures	Actual Achievement / Targets
2021-22	<i>Defence maintains intelligence analysis and capability to deliver Government and Defence strategic objectives.</i>	<i>Intelligence service and capabilities are delivered according to Government priorities.</i>
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.14 resulting from the following measures: Nil		

Note

- a. From 2021-22 Defence Intelligence is a separate Program, and Strategic Policy and Intelligence has been renamed Strategy, Policy and Industry.
- b. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 34: Cost Summary for Program 2.14 Defence Intelligence

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue					
Employees	102,821	109,138	111,271	113,493	115,144
Suppliers	271,387	279,876	278,387	284,587	308,222
Net losses from sale of assets	-	-	-	-	-
Other expenses	1	1	1	1	1
	374,209	389,015	389,659	398,081	423,366
Expenses not requiring appropriation					
Depreciation and amortisation	6,318	2,139	2,050	1,933	1,240
Inventory consumption	10,388	10,430	9,882	9,943	11,235
Net write-down and net impairment of assets	1,369	1,374	1,380	1,388	1,397
	18,075	13,943	13,312	13,263	13,872
Total operating expenses	392,283	402,958	402,972	411,344	437,238
Capital expenditure funded by appropriation and own source revenue					
Purchases of non-financial assets	80,892	132,171	221,603	242,818	369,647
Purchases of inventory	19,309	19,700	19,992	20,069	20,495
Principal repayments of lease liabilities	20	21	21	21	22
Total capital expenditure	100,221	151,892	241,616	262,909	390,163
Program 2.14 Defence Intelligence Total funded expenditure ^(a)	474,430	540,906	631,275	660,990	813,530

Note

a. Total Program funded expenditure includes operating expenses and capital expenditure funded by appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 35: Defence Intelligence Deliverables (Hydrographic Products and Services)

Deliverables	2020-21 Estimated Actual	2021-22 Budget Estimate	2022-23 Forward Year 1	2023-24 Forward Year 2	2024-25 Forward Year 3
Maritime Safety Updates ^[a]	100%	100%	100%	100%	100%
Charting Projects ^[b]	15	15	15	15	15
Nautical Publications ^[c]	29	30	29	29	29
Survey Projects ^[d]	12	7	9	10	10
Australian Hydrographic Office (AHO) Availability ^[e]	249	248	248	247	248

Notes

- a. Maritime Safety Updates (MSU) are urgent safety-critical revisions to nautical charts and publications or other hydrographic products and services. All Priority 1 MSU will be applied to product and released within the agreed 20 day timeframe, with a PBS Target of 100 per cent achievement.
- b. A Charting Project includes all charting activities involved in compiling and publishing all paper and electronic charts or other charting services, for a particular geographic area. When all affected products are updated through different charting activities a Charting Project is considered complete.
- c. The Nautical Publications produced are 25 fortnightly Notices to Mariners, four annual publications, and selected additional publications in some years.
- d. A Survey Project is a major hydrographic survey contract executed to support the national task within the endorsed HydroScheme. The Hydroscheme Industry Partnership Program (HIPP) commenced on 26 February 2020. Survey project rate of effort is being refined to align with the annual HIPP budget guidance and available personnel to manage the the planning and oversight of scheduled survey projects. The number of survey contracts executed in coming years will incorporate larger, more complex survey projects.
- e. AHO Availability is those periods the AHO, as a Defence capability, is materially ready and its personnel state and level of competence enables the AHO to provide hydrographic products and services immediately in accordance with the *Navigation Act 2012*. The AHO is open 0700-1830 Monday to Friday, closed for Public Holidays and the Christmas stand down period; availability outside these hours is upon request.

Administered Program 2.15: Defence Force Superannuation Benefits

Administered Program 2.15 Objective

To administer and report member and employer contributions paid during the year to the Defence Force Retirement and Death Benefits (DFRDB) scheme, the Military Superannuation and Benefits Scheme (MSBS) and ADF Super. It accounts for the liability for these schemes plus the Defence Forces Retirement Benefits (DFRB) scheme and the statutory death and invalidity scheme, ADF Cover. This program includes payment of the MSBS Retention Benefit.

Delivery	<p>This program will be achieved by reporting on superannuation contributions and the movement in liabilities associated with the five military superannuation schemes.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members. DFRDB commenced in 1973 and was closed to new members in 1991. On 30 June 2016 it closed to re-entered members MSBS commenced in 1991 and is available to re-entered members with a preserved employer benefit only. The MSBS closed to new members on 30 June 2016. Current MSBS members can elect to opt out of MSBS and join the current military superannuation arrangement (ADF Super and Choice). ADF Super is the current superannuation scheme for new ADF members. It commenced on 1 July 2016. . Membership eligibility was extended with effect from 6 July 2020 allowing ADF Super members to choose to remain contributory members after they discharge from the ADF. ADF Cover is the statutory death and invalidity scheme that accompanies the military superannuation arrangement (ADF Super and Choice) which commenced on 1 July 2016 and applies to all new ADF members and DFRDB re-entered members. All five schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation. Since 1991, Defence has paid the MSBS Retention Benefit to eligible MSBS members after 15 years of continuous eligible service. The purpose of the Retention Benefit is to encourage members to serve until they have completed 20 years of service. Due to legislative amendments passed in 2005, the Retention Benefit is not available to members who joined on or after 6 October 2005.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Timely and accurate administration of the Administered Programs.	Administration meets agreed requirements. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.15 resulting from the following measures: Nil

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Administered Program 2.16: Defence Force Superannuation Nominal Interest

Administered Program 2.16 Objective
 To administer nominal interest for the three defined benefit military superannuation schemes: the Defence Forces Retirement Benefits (DFRB) scheme, the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS), as well as the statutory death and invalidity scheme, ADF Cover.

Delivery	<p>This program will be achieved by reporting on superannuation nominal interest associated with the three military superannuation schemes and the statutory death and invalidity scheme.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> • The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members. • The DFRDB commenced in 1973 and was closed to new ADF Members in 1991. Since 1 July 2016, DFRDB members who re-enter the ADF can no longer rejoin the DFRDB as contributing members. Instead they join the ADF's current superannuation arrangement and become either a member of the default scheme, ADF Super, or elect another fund of their choice. • The MSBS commenced in 1991 and is available to re-entered members with a preserved employer benefit only. The MSBS closed to new participants on 30 June 2016. • ADF Cover is the statutory death and invalidity scheme that accompanies the military superannuation arrangement (ADF Super and Choice) members and DFRDB re-entered members. • All four schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Timely and accurate administration of the Administered Programs.	Administration meets agreed requirements. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.16 resulting from the following measures: Nil

Note

a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 36: Cost Summary for Administered Program 2.15 Defence Force Superannuation Benefits and Administered Program 2.16 Defence Force Superannuation Nominal Interest

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Military retention benefits	75,231	75,231	75,231	47,971	21,193
Military superannuation					
- benefits ^[a]	6,261,100	2,862,840	2,939,196	3,057,665	3,206,239
- interest	3,225,426	3,722,848	4,374,138	4,873,878	5,306,987
Total expenses	9,561,757	6,660,919	7,388,565	7,979,514	8,534,419
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	1,245,883	1,152,202	1,066,486	989,175	918,989
Total income	1,245,883	1,152,202	1,066,486	989,175	918,989
Program 2.15 Defence Force Superannuation Benefits and Program 2.16 Defence Force Superannuation Nominal Interest	8,315,874	5,508,717	6,322,079	6,990,339	7,615,430

Note

a. Figure for 2020-21 have been calculated using the applicable AASB 119 interest rate. Forward years are estimated based on the discount rate determined by the superannuation scheme actuaries in preparing the latest Long Term Cost Reports, being CPI plus 2.5 per cent.

Administered Program 2.17: Housing Assistance

Administered Program 2.17 Objective

The Defence Home Ownership Assistance Scheme (DHOAS) was established in order to support the Government's retention and recruitment initiatives and influence ADF members' decision to stay beyond critical career points. The scheme came into effect on 1 July 2008.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Providing ADF members with assistance to achieve home ownership that reflects the contemporary housing and home finance markets. • Providing progressively higher levels of assistance for eligible members serving beyond the critical career points of four, eight and twelve years of service. • Providing quality services for the administration of the Scheme, including the accurate and timely processing of member applications and issuing of Subsidy Certificates. <p>Notes about this program:</p> <ul style="list-style-type: none"> • The Scheme provides eligible ADF members and ex-serving members with assistance to either purchase a home, purchase land for the purpose of building a home, or to renovate or extend an existing home. • Following a competitive tendering process the Department of Veterans' Affairs was appointed Scheme Administrator and a panel of three Home Loan Providers was established: National Australia Bank (NAB), Australian Military Bank, and the Defence Bank.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Eligible Australian Defence Force members continue to access the Defence Home Ownership Assistance Scheme.	The scheme is consistently identified in surveys as a contributor to the retention of Australian Defence Force personnel. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.17 resulting from the following measures: Nil

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 37: Cost Summary for Administered Program 2.17 Housing Assistance

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	122,256	130,786	139,618	143,315	147,086
Total expenses	122,256	130,786	139,618	143,315	147,086
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	16,852	17,444	18,015	18,465	18,927
Other	-	-	-	-	-
Total income	16,852	17,444	18,015	18,465	18,927
Program 2.17 Housing Assistance	105,404	113,342	121,603	124,850	128,159

Administered Program 2.18: Other Administered

Administered Program 2.18 Objective

This program comprises three elements:

1. Interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements.
2. Interest on Government loans to fund the building of new accommodation, dividends and tax equivalent payments received from the DHA.
3. Revenue received from science and technology royalties where the royalties offset Departmental cost of an activity, to the extent there was no appropriation for the activity.

Delivery	Report on interest and other receipts transferred to the Official Public Account.
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Performance information ^[a]

Year	Performance measures	Actual Achievement / Targets
2020-21	Timely and accurate administration of the Administered Programs.	Administration meets agreed requirements. <i>Expected to be met.</i>
2021-22	As per 2020-21.	As per 2020-21.
2022-23 and beyond	As per 2021-22.	As per 2021-22.

Purposes	Defend and protect Australia and advance its strategic interests.
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Material changes to Program 2.18 resulting from the following measures: Nil

Note

- a. New or modified performance measures that reflect new or materially changed programs are shown in *italics* and underlined.

Table 38: Cost Summary for Administered Program 2.18 Other Administered

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Expenses					
Total expenses	-	-	-	-	-
Income					
Revenues					
Interest	4,305	-	-	-	-
Dividends	30,693	16,961	18,311	19,803	28,321
Other	40,319	35,107	53,787	53,873	53,412
Total income	75,317	52,068	72,098	73,676	81,733
Program 2.18 Other Administered	-75,317	-52,068	-72,098	-73,676	-81,733

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive overview of agency finances for the 2021-22 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and Program expenses, movements in administered funds and special accounts.

Table 39: Summary of Estimated Special Account Balances ^{[a] [b] [c]}

	Outcome	Opening	Receipts	Payments	Adjustments	Closing
		2021-22	2021-22	2021-22	2021-22	Balance
		<i>2020-21</i>	<i>2020-21</i>	<i>2020-21</i>	<i>2020-21</i>	<i>2020-21</i>
		\$'000	\$'000	\$'000	\$'000	\$'000
Defence Endowments, Bequest and Other Trust Monies Special Account – Public Governance, Performance and Accountability Act 2019	2	187,446	180,671	-151,307	-	216,810
	2	<i>153,085</i>	<i>206,878</i>	<i>-172,517</i>	-	<i>187,446</i>
Total Special Accounts 2020-21		187,446	180,671	-151,307	-	216,810
<i>2020-21 Estimated Actual</i>		<i>153,085</i>	<i>206,878</i>	<i>-172,517</i>	-	<i>187,446</i>

Notes

- a. 2021-22 estimates in bold.
- b. 2020-21 actuals in italics.
- c. These are all Special Public Monies.

3.1.1 Grants

The Department of Defence provides grants to support the achievement of Defence's strategic priorities to defend Australia and its national interests; and protect and advance Australian strategic interests. Types of grants provided may include research grants, grants that provide the delivery of services such as health or legal services, grants that help fund infrastructure, or grants that may help build the Government's capacity.

Commonwealth grant opportunities and their guidelines, including the Department of Defence grant opportunities, are published on the Government grants portal GrantConnect (www.grants.gov.au). For further information on Defence grant opportunities is available on the Department's grants webpage, which includes details of who can apply for a grant opportunity

3.2 RESOURCE SUMMARY

Table 40: Defence Resource Statement — Budget Estimates for 2021-22 as at Budget May 2021

	Estimated Actual available appropriation 2020-21 \$'000	Estimate of prior year amounts available in 2021-22 \$'000	Proposed at Budget 2021-22 \$'000	Total Estimate 2021-22 \$'000
Departmental				
Annual appropriations - ordinary annual services	27,216,447	-	28,098,406	28,098,406
Prior year appropriations available	-	-	-	-
Departmental appropriation	-	-	-	-
s74 External Revenue	-	-	-	-
Departmental capital budget - non-operating	-	-	-	-
Draw down of prior year appropriations	-	-	-	-
Prior year appropriations available	522,044	1,943,515	191,168	2,134,683
Equity injection	11,145,750	-	12,747,992	12,747,992
Departmental Capital Budget	2,668,954	-	2,714,271	2,714,271
Total departmental annual appropriations ^[a]	41,553,195	1,943,515	43,751,837	45,695,352
Total departmental resourcing	41,553,195	1,943,515	43,751,837	45,695,352
Administered				
Annual appropriations - ordinary annual services	2,859,256	-	3,199,845	3,199,845
Prior year appropriations available	-	-	-	-
Equity injection	-	-	-	-
Total administered annual appropriations	2,859,256	-	3,199,845	3,199,845
<i>Total administered special appropriations</i>				
Special accounts				
Opening balance	153,085	187,446	-	187,446
Non-appropriation receipts	206,878	-	180,671	180,671
Payments made	-172,517	-	-151,307	-151,307
Adjustments	-	-	-	-
Total special accounts	187,446	187,446	29,364	216,810
Total administered resourcing	3,046,702	187,446	3,229,209	3,416,655

Note

a. The appropriations for 2020-21 as disclosed above, include amounts in Appropriation Bill 3 and Bill 4 which are yet to receive Royal Assent.

Table 41: Third Party Payments to and from other Agencies ^[a]

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	60,468	50,432
Payments made to Defence Housing Australia for the provision of services (Departmental)	591,622	553,818
Receipts from Australian Signals Directorate for provision of services (Departmental)	92,559	94,808
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	24,723	19,141
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	34,209	34,621
Payments made to the Department of Finance for the provision of services (Departmental)	37,305	37,305
Payments made to Comcare for workers compensation premiums (Departmental)	20,402	21,827
Payments made to the Australian Federal Police for the provision of services (Departmental)	50,804	52,770

Note

a. Third party payments to and from other Agencies include:

- Inter-agency transactions in excess of \$20m per annum;
- Inter-agency transactions that were in excess of \$20m in the previous year's annual statements; and
- Inter-agency transactions relating to Budget Measures as disclosed in Defence Budget Measures.

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 42: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
EXPENSES					
Employee benefits	12,444,467	12,707,562	13,004,022	13,360,410	13,735,779
Supplier expenses	15,949,970	16,656,219	17,703,845	18,377,795	19,589,051
Grants	74,027	70,259	43,542	43,606	43,712
Depreciation and amortisation	6,373,415	6,542,211	7,223,802	8,113,791	8,868,357
Finance costs	113,430	111,577	109,446	107,514	105,035
Write-down of assets and impairment of assets	1,083,042	1,133,446	1,186,907	1,243,625	1,303,808
Foreign exchange losses	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	2,871	3,169	3,160	2,689	2,740
Total expenses	36,041,222	37,224,443	39,274,724	41,249,430	43,648,482
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	326,928	330,741	326,310	335,193	332,317
Other revenue	234,747	239,070	242,681	254,705	265,663
Total own-source revenue	561,675	569,811	568,991	589,898	597,980
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	490,859	516,836	544,553	574,128	605,686
Net gains from sale of assets	30,063	7,075	9,690	1,321	58,848
Other gains ^[a]	169,100	328,600	353,300	205,900	166,300
Total gains	690,022	852,511	907,543	781,349	830,834
Total own-source income	1,251,697	1,422,322	1,476,534	1,371,247	1,428,814
Net cost of (contribution by) services	34,789,525	35,802,121	37,798,190	39,878,183	42,219,668
Revenue from Government	27,216,447	28,098,406	29,365,494	30,319,194	31,862,949
Surplus (Deficit) attributable to the Australian Government	-7,573,078	-7,703,715	-8,432,696	-9,558,989	-10,356,719
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-7,573,078	-7,703,715	-8,432,696	-9,558,989	-10,356,719

Table 42: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June) (Continued)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
Note: Impact of Net Cash Appropriation Arrangements					
Surplus/ (Deficit) attributable to the Australian	156,909	241,609	242,266	60,509	69,888
Less: Items previously included in revenue appropriation:					
Depreciation and amortisation	6,373,415	6,542,211	7,223,802	8,113,791	8,868,357
Inventory consumption	1,001,108	1,029,669	1,058,974	1,089,157	1,120,200
Net write-down and net impairment of assets	592,183	616,610	642,354	669,497	698,122
Add: Repayment of lease liabilities funded through revenue appropriations	236,719	243,166	250,168	252,947	260,072
Surplus (Deficit) attributable to the Australian Government as per above	-7,573,078	-7,703,715	-8,432,696	-9,558,989	-10,356,719

Note

a. Other gains predominantly relate to the Australia Singapore Military Training Initiative Agreement. Under the agreement, the Republic of Singapore makes a contribution to Defence which will be used towards the cost of development of military training facilities. Once developed, these facilities will be used by the Defence forces of Australia and Singapore for the conduct of exercises and other training activities.

Table 43: Budgeted Departmental Balance Sheet (as at 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	334,859	334,859	334,859	334,859	334,859
Trade and other receivables	60,545	60,545	60,545	60,545	60,545
Tax assets	229,965	229,965	229,965	229,965	229,965
Appropriation receivable	1,943,515	2,134,683	2,249,992	2,416,327	2,573,561
Other receivables	307,885	307,883	307,881	307,879	307,877
Total financial assets	2,876,769	3,067,935	3,183,242	3,349,575	3,506,807
Non-financial assets					
Land and buildings	20,529,490	22,151,678	24,380,263	26,905,365	29,194,990
Infrastructure, plant and equipment	8,223,389	8,460,853	8,607,490	8,450,577	8,251,005
Specialist military equipment	75,943,563	81,414,345	87,780,582	95,217,942	102,689,235
Intangibles	1,035,467	1,387,264	1,834,594	2,164,188	2,402,491
Heritage and cultural	449,473	424,846	400,330	375,927	351,608
Inventories	7,508,757	7,616,245	7,846,343	7,986,882	8,310,126
Prepayments	2,008,876	2,224,521	2,476,790	2,698,450	2,859,227
Total non-financial assets	115,699,015	123,679,752	133,326,392	143,799,331	154,058,682
Assets held for sale	215,822	215,822	215,822	215,822	215,822
Total assets	118,791,606	126,963,509	136,725,456	147,364,728	157,781,311
LIABILITIES					
Payables					
Suppliers	2,902,926	3,118,572	3,370,841	3,592,500	3,753,278
Other	634,873	676,396	717,924	778,675	824,802
Total payables	3,537,799	3,794,968	4,088,765	4,371,175	4,578,080
Interest bearing liabilities					
Leases	2,647,805	2,654,360	2,659,132	2,666,453	2,672,088
Total interest bearing liabilities	2,647,805	2,654,360	2,659,132	2,666,453	2,672,088
Provisions					
Employee provisions	3,506,668	3,656,299	3,730,065	3,835,636	3,946,730
Restoration, decontamination and decommissioning	1,414,035	1,414,035	1,414,035	1,414,035	1,414,035
Other	332,561	332,561	332,561	332,561	332,561
Total provisions	5,253,264	5,402,895	5,476,661	5,582,232	5,693,326
Total liabilities	11,438,868	11,852,223	12,224,558	12,619,860	12,943,494
NET ASSETS	107,352,738	115,111,286	124,500,898	134,744,868	144,837,817
EQUITY					
Contributed equity	49,914,536	65,376,799	83,199,107	103,002,066	123,451,734
Reserves	27,983,804	27,983,804	27,983,804	27,983,804	27,983,804
Retained surplus (accumulated deficit)	29,454,398	21,750,683	13,317,987	3,758,998	-6,597,721
Total equity	107,352,738	115,111,286	124,500,898	134,744,868	144,837,817

Table 44: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	27,004,664	27,907,239	29,250,185	30,152,860	31,705,715
Goods and services	449,652	558,231	557,282	578,005	585,700
Net GST received	2,275,246	2,459,964	2,741,501	2,954,785	3,098,048
Interest	-	-	-	-	-
Other cash received	14,148	6,131	6,124	6,169	6,412
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	29,743,710	30,931,565	32,555,092	33,691,819	35,395,875
Cash used					
Employees	12,327,854	12,516,394	12,888,713	13,194,076	13,578,545
Suppliers	14,943,545	15,621,301	16,639,447	17,283,079	18,463,151
Net GST paid	2,275,246	2,459,964	2,741,501	2,954,785	3,098,048
Grants	74,027	70,259	43,542	43,606	43,712
Other cash used	2,871	3,169	3,160	2,689	2,740
Cash transfer to the Official Public Account (receivables)	-	-	-	-	-
Total cash used	29,623,543	30,671,087	32,316,363	33,478,235	35,186,196
Net cash from (used by) operating activities	120,167	260,478	238,729	213,584	209,679
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	72,523	71,680	106,859	124,525	134,791
Proceeds from sales of infrastructure, plant and equipment	19,167	20,194	24,848	28,796	27,939
Proceeds from sales of specialist military equipment	78,064	17,004	-	-	-
Proceeds from sales of heritage and cultural assets	-	-	-	-	-
Other cash received	-	-	-	-	-
Total cash received	169,754	108,878	131,707	153,321	162,730
Cash used					
Purchase of land and buildings	1,390,990	2,157,904	2,830,941	3,350,351	3,171,573
Purchase of infrastructure, plant and equipment	581,927	746,134	689,146	448,131	408,538
Purchase of specialist military equipment	8,694,868	10,254,188	11,665,682	13,428,187	14,403,620
Purchase of intangibles	303,523	528,684	649,068	562,524	490,245
Purchase of inventory	1,938,565	1,775,353	1,987,471	2,013,766	1,975,692
Selling costs on sale of assets	32,331	14,613	10,822	6,444	7,302
Finance costs	113,430	111,577	109,446	107,514	105,035
Total cash used	13,055,634	15,588,453	17,942,576	19,916,917	20,562,005
Net cash from (used by) investing activities	-12,885,880	-15,479,575	-17,810,869	-19,763,596	-20,399,275

**Table 44: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)
(Continued)**

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	10,240,919	12,747,992	14,909,962	16,843,393	17,476,259
Appropriations - departmental capital budget	2,668,954	2,714,271	2,912,346	2,959,566	2,973,409
Prior year appropriation	-	-	-	-	-
Total cash received	12,909,873	15,462,263	17,822,308	19,802,959	20,449,668
Cash used					
Principal repayments of lease liabilities	236,719	243,166	250,168	252,947	260,072
Cash to the Official Public Account	-	-	-	-	-
Total cash used	236,719	243,166	250,168	252,947	260,072
Net cash from (used by) financing activities	12,673,154	15,219,097	17,572,140	19,550,012	20,189,596
Net increase (decrease) in cash and cash equivalents held					
Cash and cash equivalents at the beginning of the reporting period	427,418	334,859	334,859	334,859	334,859
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	334,859	334,859	334,859	334,859	334,859

Table 45: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2021-22)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2021				
Balance carried forward from previous period	29,454,398	27,983,804	49,914,536	107,352,738
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	29,454,398	27,983,804	49,914,536	107,352,738
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Subtotal comprehensive income	-	-	-	-
Surplus (Deficit) for the period	-7,703,715	-	-	-7,703,715
directly in equity	-7,703,715	-	-	-7,703,715
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-	-
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	12,747,992	12,747,992
Departmental Capital Budget	-	-	2,714,271	2,714,271
Other	-	-	-	-
Sub-total transaction with owners	-	-	15,462,263	15,462,263
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2022	21,750,683	27,983,804	65,376,799	115,111,286

Table 46: Departmental Capital Budget Statement (for the period ended 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Departmental Capital					
Departmental Capital Budget	2,668,954	2,714,271	2,912,346	2,959,566	2,973,409
Bill 2 Equity	11,145,750	12,747,992	14,909,962	16,843,393	17,476,259
Total capital appropriations	13,814,704	15,462,263	17,822,308	19,802,959	20,449,668
Represented by:					
Purchase of non-financial assets	10,971,308	13,686,910	15,834,837	17,789,193	18,473,976
Purchase of inventory	1,938,565	1,775,353	1,987,471	2,013,766	1,975,692
Annual finance lease costs	-	-	-	-	-
Other items	-	-	-	-	-
Total Items	12,909,873	15,462,263	17,822,308	19,802,959	20,449,668
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	12,909,873	15,462,263	17,822,308	19,802,959	20,449,668
Funded by prior year appropriation	-	-	-	-	-
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[a]	-	-	-	-	-
Total	12,909,873	15,462,263	17,822,308	19,802,959	20,449,668
to asset movement table					
Total purchases	13,078,973	15,790,863	18,175,608	20,008,859	20,615,968
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	113,430	111,577	109,446	107,514	105,035
less gifted assets	169,100	328,600	353,300	205,900	166,300
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	13,023,303	15,573,840	17,931,754	19,910,473	20,554,703

Note

a. Includes the following sources of funding:

- annual appropriations;
- donations and contributions;
- gifts;
- internally developed assets;
- s74 relevant agency receipts; and
- proceeds from the sale of assets.

Table 47: Statement of Departmental Asset Movements (Budget year 2021-22)

	Land \$'000	Buildings \$'000	Specialist Military Equipment \$'000	Infrastructure, Plant and Equipment \$'000	Intangibles \$'000	Heritage and Cultural Assets \$'000	Assets Held for Sale \$'000	Total \$'000
As at 1 July 2021								
Gross book value	5,482,190	13,916,259	77,710,388	8,311,339	2,335,064	470,795	231,357	108,457,392
Gross book value - ROU	61,809	2,085,853	296,540	592,563	-	-	-	3,036,765
Accumulated depreciation/amortisation and impairment	-	887,677	2,055,294	638,440	1,299,597	21,322	15,535	4,917,865
Accumulated depreciation/amortisation and impairment - ROU	-	128,944	8,071	42,073	-	-	-	179,088
Opening net book balance	5,543,999	14,985,491	75,943,563	8,223,389	1,035,467	449,473	215,822	106,397,204
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	9,360	2,148,544	10,254,188	746,136	528,684	-	-	13,686,912
By purchase - appropriation equity - ROU	-	216,533	-	76,231	-	-	-	292,764
By purchase - donated funds	137,558	97,913	-	93,130	-	-	-	328,600
By purchase - donated funds - ROU	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
By finance lease - ROU	-	-	-	-	-	-	-	-
Total additions	146,918	2,246,457	10,254,188	839,265	528,684	-	-	14,015,512
Total additions - ROU	-	216,533	-	76,231	-	-	-	292,764
Other movements								
Reclassifications ^[a]	-	7,018	555,251	24,182	-	-	-	586,450
Reclassifications - ROU	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	686,453	4,812,376	560,923	176,887	24,627	-	6,261,266
Depreciation and amortisation - ROU	-	187,553	31,476	61,916	-	-	-	280,945
Other disposals ^[b]	47,850	72,881	494,805	79,375	-	-	-	694,911
Other disposals - ROU	-	-	-	-	-	-	-	-
Total other movements	-47,850	-752,316	-4,751,930	-616,117	-176,887	-24,627	-	-6,369,727
Total other movements - ROU	-	-187,553	-31,476	-61,916	-	-	-	-280,945
As at 30 June 2022								
Gross book value	5,581,258	16,096,853	88,025,022	9,095,411	2,863,748	470,795	231,357	122,364,443
Gross book value - ROU	61,809	2,302,386	296,540	668,794	-	-	-	3,329,529
Accumulated depreciation/amortisation and impairment	-	1,574,130	6,867,670	1,199,363	1,476,484	45,949	15,535	11,179,131
Accumulated depreciation/amortisation and impairment - ROU	-	316,497	39,547	103,989	-	-	-	460,033
Closing net book value	5,643,067	16,508,611	81,414,345	8,460,853	1,387,264	424,846	215,822	114,054,808

Notes

a. Reclassifications include assets first found.

b. Other disposals includes write-offs.

Table 48: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	4,305	-	-	-	-
Dividends	30,693	16,961	18,311	19,803	28,321
Military superannuation contributions	1,245,883	1,152,202	1,066,486	989,175	918,989
Fees	16,852	17,444	18,015	18,465	18,927
Other	40,319	35,107	53,787	53,873	53,412
Total non-taxation	1,338,052	1,221,714	1,156,599	1,081,316	1,019,649
Total revenues administered on behalf of Government	1,338,052	1,221,714	1,156,599	1,081,316	1,019,649
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	122,256	130,786	139,618	143,315	147,086
Military retention benefits	75,231	75,231	75,231	47,971	21,193
Military superannuation benefits	9,486,526	6,585,688	7,313,334	7,931,543	8,513,226
Total expenses administered on behalf of Government	9,684,013	6,791,705	7,528,183	8,122,829	8,681,505

Table 49: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	187,446	216,810	216,810	216,810	216,810
Trade and other receivables	76,168	96,908	98,622	100,488	110,571
Investments accounted for using the equity method	2,778,492	2,845,480	2,912,468	2,979,456	3,046,444
Loans	-	-	-	-	-
Total financial assets	3,042,106	3,159,198	3,227,900	3,296,754	3,373,825
Non-financial assets					
Prepayments	219,626	144,395	69,164	21,193	-
Total non-financial assets	219,626	144,395	69,164	21,193	-
Total assets administered on behalf of Government	3,261,732	3,303,593	3,297,064	3,317,947	3,373,825
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	196,005	196,005	196,005	196,005	196,005
Total payables	196,005	196,005	196,005	196,005	196,005
Provisions					
Superannuation - DFRB ^[a]	288,831	266,197	247,405	230,470	214,983
Superannuation - DFRDB ^[b]	30,104,513	29,533,179	29,140,870	28,813,982	28,520,129
Superannuation - MSBS ^[c]	68,750,125	71,835,209	75,152,189	78,577,822	82,074,896
Superannuation - ADF Super ^[d]	1,576,194	2,601,707	3,887,826	5,437,431	7,263,152
Total provisions	100,719,662	104,236,291	108,428,289	113,059,705	118,073,160
Total liabilities administered on behalf of Government	100,915,667	104,432,296	108,624,294	113,255,710	118,269,165

Notes

- a. Defence Force Retirement Benefits.
- b. Defence Force Retirement and Death Benefits.
- c. Military Superannuation and Benefits Scheme.
- d. Australian Defence Force Super.

Table 50: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2020-21 Estimated Actual \$'000	2021-22 Budget Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000	2024-25 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	4,305	-	-	-	-
Military superannuation contributions	1,245,883	1,152,204	1,066,486	989,176	918,989
Fees	16,852	17,444	18,015	18,465	18,927
Other	54,028	16,380	53,362	53,860	53,404
Total cash received	1,321,068	1,186,028	1,137,863	1,061,501	991,320
Cash used					
Subsidies paid	122,256	130,786	139,618	143,315	147,086
Military benefits	2,737,000	3,069,059	3,121,338	3,300,126	3,499,771
Total cash used	2,859,256	3,199,845	3,260,956	3,443,441	3,646,857
Net cash from or (used by) operating activities	-1,538,188	-2,013,817	-2,123,093	-2,381,940	-2,655,537
INVESTING ACTIVITIES					
Cash received					
Dividends	25,604	17,482	16,961	18,311	19,803
Total cash received	25,604	17,482	16,961	18,311	19,803
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	25,604	17,482	16,961	18,311	19,803
Net increase (decrease) in cash held	-1,512,584	-1,996,335	-2,106,132	-2,363,629	-2,635,734
Cash at the beginning of reporting period	146,014	187,446	216,810	216,810	216,810
Cash from the Official Public Account for appropriations	2,859,256	3,199,845	3,260,956	3,443,441	3,646,857
Cash to the Official Public Account	-1,346,672	-1,203,510	-1,154,824	-1,079,812	-1,011,123
Net increase (decrease) in Special Account	41,432	29,364	-	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	187,446	216,810	216,810	216,810	216,810

3.3.2 Notes to the Budgeted Financial Statements

The budgeted financial statements have been prepared in accordance with the Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*.

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