

Portfolio Additional Estimates Statements 2020-21

Defence Portfolio

Explanations of Additional Estimates 2020-21

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SENATOR THE HON LINDA REYNOLDS CSC
MINISTER FOR DEFENCE
SENATOR FOR WESTERN AUSTRALIA

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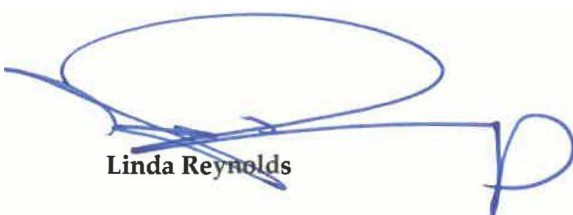
Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2020-21 Additional Estimates for the Defence Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely



Linda Reynolds

Abbreviations and Conventions

The following notations may be used:

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nfp	not for publication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

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

Enquiries

Should you have any enquiries regarding this publication please contact the Assistant Secretary Budgeting and Reporting, Defence Finance Group, Department of Defence on (02) 6265 7341.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Estimates Statements) can be located on the Australian Government Budget website at www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS**

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USER GUIDE

The purpose of the 2020-21 Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements (PB Statements), is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by entities within the portfolio. The focus of the PAES differs from the PB Statements in one important aspect. While the PAES include an Entity Resource Statement to inform Parliament of the revised estimate of the total resources available to an entity, the focus of the PAES is on explaining the changes in resourcing by outcomes since the Budget. As such, the PAES provides information on new measures and their impact on the financial and/or non-financial planned performance of programs supporting those outcomes.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) and Appropriation (Parliamentary Departments) Bill (No. 2) 2020-21. In this sense, the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid-Year Economic and Fiscal Outlook (MYEFO) 2020-21* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for entities within the portfolio.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

User guide

Provides a brief introduction explaining the purpose of the PAES.

Portfolio overview

Provides an overview of the portfolio, including a chart that outlines the outcomes for entities in the portfolio.

Entity Additional Estimates Statements

A statement (under the name of the entity) for each entity affected by Additional Estimates.

Section 1: Entity overview and resources	This section details the changes in total resources available to an entity and staffing levels, the impact of any measures since Budget, and impact of Appropriation Bills Nos. 3 and 4.
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Section 2: Revisions to outcomes and planned performance	This section details changes to Government outcomes and/or changes to the planned performance of entity programs.
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Section 3: Special account flows and budgeted financial statements	This section contains updated explanatory tables on special account flows and revisions to the budgeted financial statements.
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Portfolio Glossary

Explains key terms relevant to the Portfolio.

Portfolio Acronyms

Explains acronyms relevant to the Portfolio.

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PORTFOLIO OVERVIEW

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DEFENCE PORTFOLIO OVERVIEW

The Defence Portfolio consists of component organisations that together are responsible for the defence of Australia and its national interests. The most significant bodies are:

- the Department of Defence, headed by the Secretary of the Department of Defence; and
- the Australian Defence Force (ADF), commanded by the Chief of the Defence Force and consisting of the three Services.

Defence is established as a Department of State under the Administrative Arrangements Order. The Department of Defence operates under the *Public Service Act 1999* and is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. The ADF is constituted through the *Defence Act 1903*. In practice, these bodies work together closely and are broadly regarded as one organisation known simply as 'Defence'.

The Defence Portfolio includes the Australian Signals Directorate (ASD) and Defence Housing Australia (DHA). The portfolio also contains some smaller entities, including a number of statutory offices, trusts and companies created by the *Public Governance, Performance and Accountability Act 2013*, *Defence Force Discipline Act 1982* and *Defence Act 1903*, which are independent but reside administratively within Defence.

The Department of Veterans' Affairs (DVA) and associated bodies, as designated in the Administrative Arrangements Order, also form part of the Defence Portfolio. DVA is administered separately to Defence, and information related to the Department can be found in its Portfolio Budget and Portfolio Additional Estimate Statements.

A full outline of the Defence Portfolio Overview can be found in the *Portfolio Budget Statements 2020-21 (PBS 2020-21)*.

MINISTERS AND THEIR PORTFOLIO RESPONSIBILITIES

The Hon Andrew Hastie MP was sworn in on 22 December 2020 as the Assistant Minister for Defence.

The Ministers and their portfolio responsibilities are as follows:

Senator the Hon Linda Reynolds, CSC, Minister for Defence

- Oversight of all aspects of the Defence portfolio
- Defence Budget
- Defence Reform and Enterprise Management
- Strategic Policy
- International Policy and Engagement
- Intelligence
- Australian Signals Directorate
- ADF Operations
- Defence Planning Guidance
- The Integrated Investment Program
- Force Structure Review
- Development of capability requirements
- Capability/cost trade off during capability life cycle
- People, Equipment and Readiness
- Force Posture, including USFPI and ASMTI
- Science and Technology policy and support to capability and operations
- Defence Security and Vetting Policy
- Estate and Infrastructure Policy
- Defence Information and Communication Technology

The Hon Darren Chester MP, Minister for Veterans' Affairs and Minister for Defence Personnel

- Personnel policy and support
- Veterans policy and support
- Defence Health Services
- Military justice
- Honours and Awards
- Army, Navy and Air Force Cadets
- Parliamentary Exchange Program
- Transition from ADF
- Defence Housing Australia
- International engagement on veterans and defence personnel matters
- Defence's response to perfluorinated chemicals matters

The Hon Melissa Price MP, Minister for Defence Industry

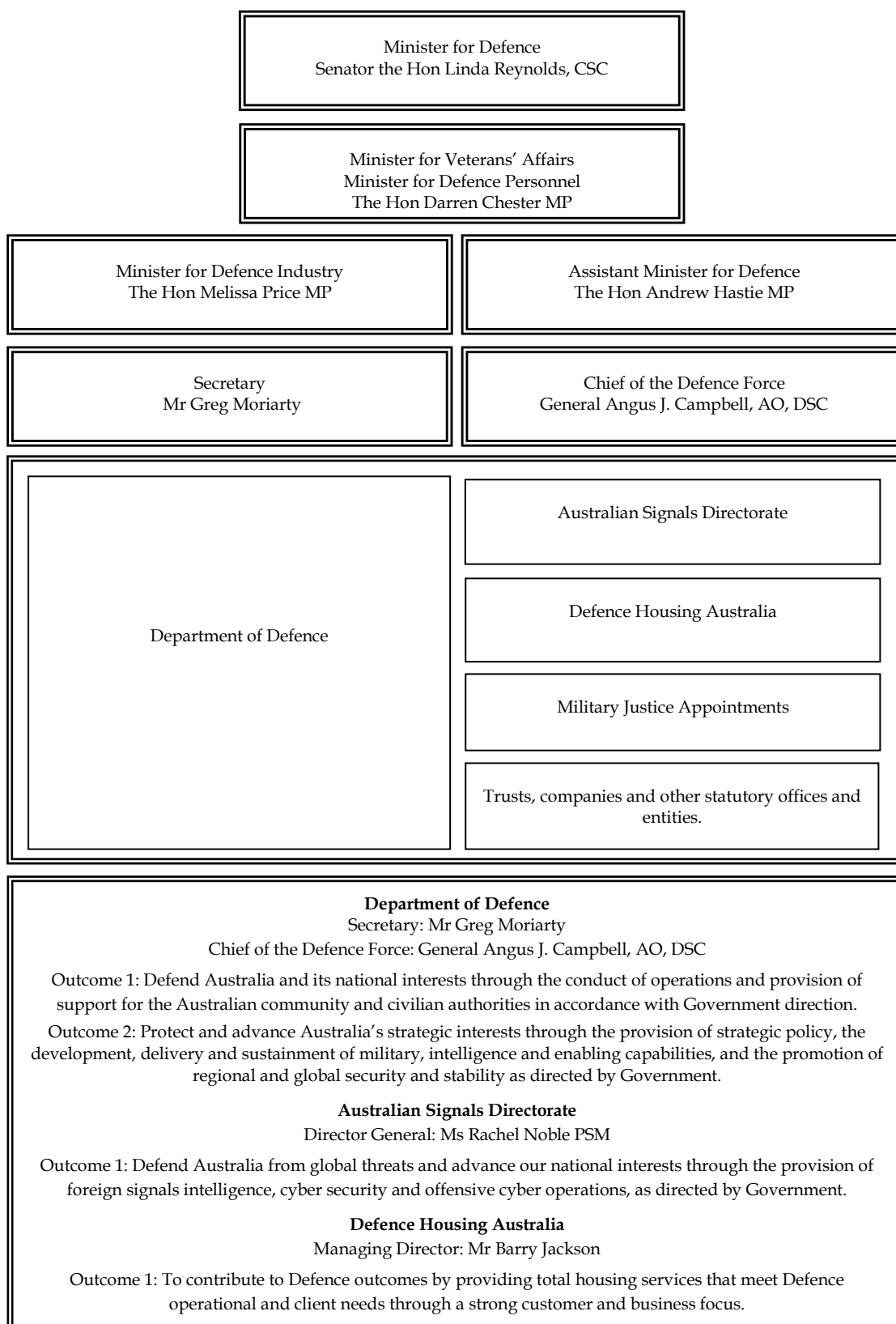
- Support the Minister for Defence in the management of capability acquisition and sustainment projects
- Australian Industry Capability Program
- Australian defence industry development
- Defence Exports
- Global supply chains
- Equipment disposals
- Centre for Defence Industry Capability
- Defence Innovation Hub
- Science and Technology engagement with Australian industry, including the Next Generation Technology Fund
- Test and evaluation policy and procedures
- International engagement on defence industry matters
- Estate and Infrastructure management and delivery

The Hon Andrew Hastie, MP, Assistant Minister for Defence

- Assistant Minister Hastie's responsibilities are yet to be confirmed.

PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes



The Defence Portfolio Structure and Outcomes is effective at the time of this publications release.

Defence Portfolio Bodies

No changes have been made to the Defence Portfolio Bodies since the *PBS 2020-21*.

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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

No changes have been made to the Defence Strategic Direction Statement since the *PBS 2020-21*, except for the addition of the following.

In launching the *2020 Defence Strategic Update* and *2020 Force Structure Plan*, Government has directed that, in order to achieve the Defence Mission, Defence's strategic objectives are to shape Australia's strategic environment, deter actions against our interests and, when required, respond with credible force.

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 as a fully integrated enterprise that continuously evolves its strategic posture, improves its capability development, and delivers on its mission to government. Defence reform is central to its ability to fulfil its role and meet its commitments to the government, and through the government, to the Australian people.

Government expects Defence to function as a single strategy-led and centrally-directed organisation – one that is agile, proactive, and effective in responding to changing geopolitical and geo-economic circumstances in our strategic environment. This includes trends in technology development locally and globally. Our evolving security environment and our strategic objectives require that Defence builds its capacity to anticipate, identify, and implement an enduring transformation system to reform the Defence enterprise on a continuous basis.

Through the Transformation Strategy, Defence will LEAD the way in delivering enterprise outcomes and providing maximum value to the Australian people by continuously: **Learning** about our environment and our performance; **Evolving** how the enterprise operates; **Aligning** priorities, processes and systems; and **Delivering** the Defence Mission and strategic effects through capabilities and the Australian Defence Force.

IGADF Afghanistan Inquiry

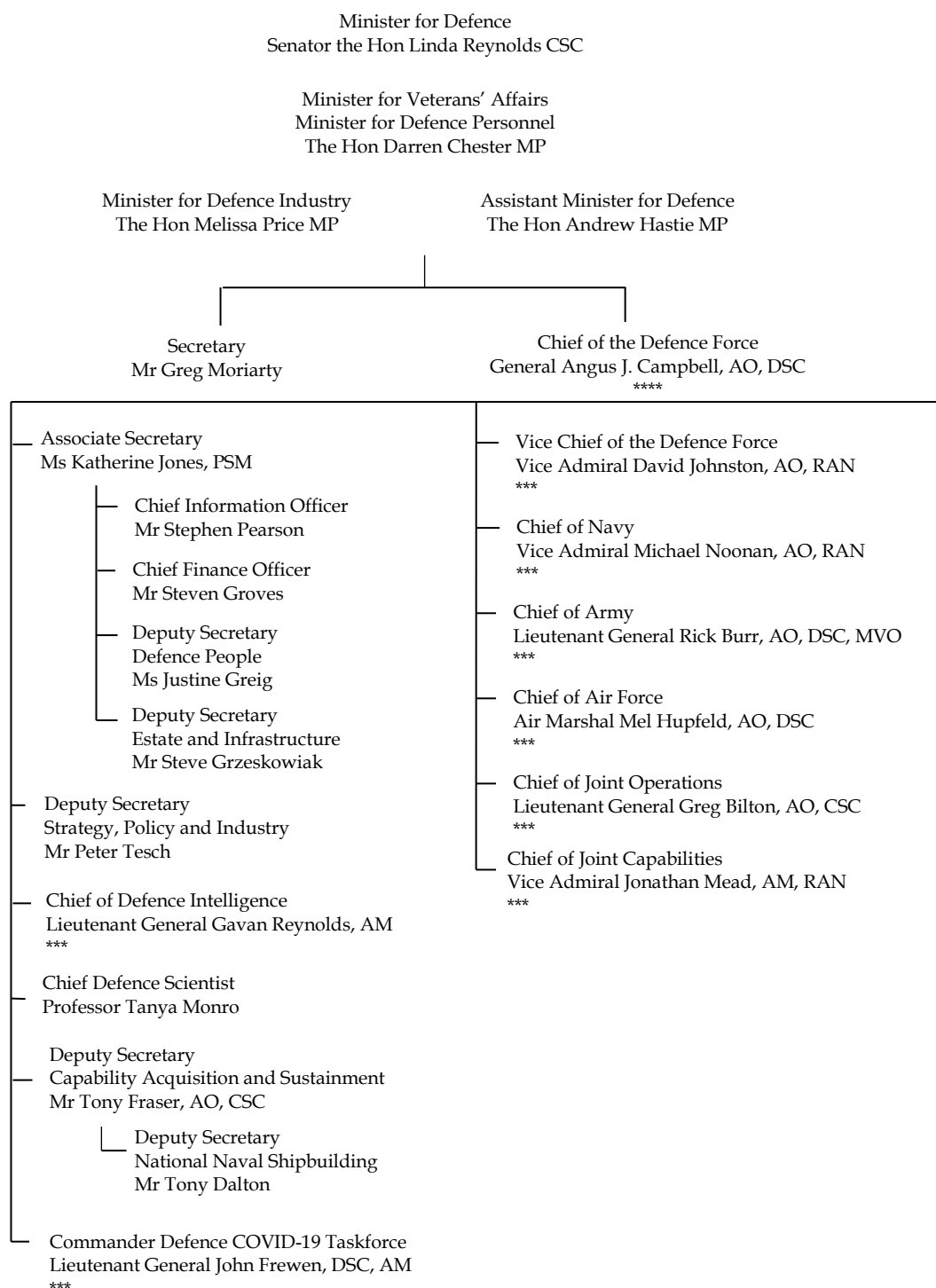
The Inspector-General of the Australian Defence Force conducted an inquiry into rumours and allegations relating to possible breaches of the Law of Armed Conflict by members of Australia's Special Operations Task Group in Afghanistan over the period 2005 to 2016.

On 6 November 2020, the Chief of the Defence Force received the Inquiry report from the Inspector-General of the Australian Defence Force and he announced the findings on 19 November 2020.

Defence is preparing a comprehensive implementation plan to action the Inspector-General's recommendations, with oversight by the Minister for Defence through the recently established independent Afghanistan Inquiry Implementation Oversight Panel.

Defence Organisational Chart

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

The following changes have taken place since the *PBS 2020-21*:

- On 23 November 2020, Vice Admiral Jonathan Mead, AM, RAN was appointed the Chief of Joint Capabilities.
- On 21 January 2021, Air Marshal Warren McDonald, AO, CSC, previous Chief of Joint Capabilities, transferred to the Air Force Reserves.
- On 9 March 2020, Lieutenant General John Frewen, DSC, AM commenced as Commander Defence COVID-19 Taskforce.

Organisational Structure

No changes have taken place since the *PBS 2020-21*.

Program Structure

No changes have taken place since the *PBS 2020-21*.

1.2 DEFENCE RESOURCE STATEMENT

The Defence Resource Statement details the resourcing for the Department of Defence at Additional Estimates. Table 1 outlines the total resourcing available from all sources for the 2020-21 Budget year, including variations through Appropriation Bills No. 3 and No. 4, Special Appropriations and Special Accounts.

Table 1: Total Defence Resourcing

Serial No.	2019-20 Actual result \$'000		2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Defence resourcing									
1	34,290,209	Appropriation for departmental outcomes	27,325,191	27,328,201	3,010	0.0	27,671,582	29,289,494	30,286,329
2	-	Departmental capital budget	2,718,949	2,696,236	-22,713	-0.8	2,749,529	2,908,252	3,064,869
3	4,015,029	Equity injection appropriation	11,671,009	11,399,183	-271,826	-2.3	13,716,979	15,862,291	17,778,026
4	-	Prior year appropriation	-	-	-	-	-	-	-
5	38,305,238	Current year's appropriation (1 + 2 + 3 + 4)	41,715,149	41,423,620	-291,529	-0.7	44,138,090	48,060,037	51,129,224
6	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
7	-	Other appropriation receivable movements	-	-	-	-	-	-	-
8	-	Return to the Official Public Account ⁽¹⁾	-	-	-	-	-	-	-
9	-	Funding from / to the OPA (6 + 7 + 8)	-	-	-	-	-	-	-
10	38,305,238	Funding from Government (5 + 9)	41,715,149	41,423,620	-291,529	-0.7	44,138,090	48,060,037	51,129,224
11	357,389	Capital receipts	296,132	325,217	29,085	9.8	437,486	485,016	359,231
12	738,905	Own source revenue (s74 receipts) ⁽²⁾	601,139	603,542	2,403	0.4	601,919	606,632	628,571
13	-	Prior year receipts	-	-	-	-	-	-	-
14	1,096,294	Funding from other sources (11 + 12 + 13)	897,272	928,759	31,487	3.5	1,039,405	1,091,648	987,802
15	39,401,532	Total Defence funding (10 + 14)	42,612,421	42,352,379	-260,042	-0.6	45,177,495	49,151,685	52,117,026
Administered⁽³⁾									
16	2,980,811	Administered special appropriations	2,859,256	2,859,256	-	-	3,091,942	3,174,573	3,358,916
17	1,615,447	Own source revenue	1,346,373	1,346,672	299	0.0	1,203,510	1,154,824	1,079,812
18	-1,615,447	Returns to the Official Public Account	-1,346,373	-1,346,672	-299	0.0	-1,203,510	-1,154,824	-1,079,812
19	2,980,811	Total Administered funding (16 + 17 + 18)	2,859,256	2,859,256	-	-	3,091,942	3,174,573	3,358,916
20	42,382,343	Total Defence resourcing (15 + 19)	45,471,677	45,211,635	-260,042	-0.6	48,269,437	52,326,258	55,475,942
Appropriation carried forward									
21	249,000	Appropriation receivable including previous year's outputs	249,000	522,044	273,044	109.7	522,044	522,044	522,044
22	427,418	Cash in bank - Departmental	334,859	334,859	-	-	334,859	334,859	334,859
23	146,014	Cash in bank - Administered	180,375	180,375	-	-	180,375	180,375	180,375
24	822,432	Total appropriations carried forward (21 + 22 + 23)	764,234	1,037,278	273,044	36.0	1,037,278	1,037,278	1,037,278

Notes

1. Represents net transfers to and from the Official Public Account.

2. All figures are net of GST.

3. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 60 shows estimates of total expenses for the Defence Superannuation Schemes.

Annual Appropriations

Table 2a: Appropriation Bill (No. 3) 2020-21

	2019-20 Available \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Increase in Estimates \$'000	Decrease in Estimates \$'000
Departmental Outputs					
Outcome 1	799,757	585,806	613,122	27,316	-
Outcome 2	33,535,191	26,739,385	26,988,123	248,738	-
Total^[1]	34,334,948	27,325,191	27,601,245	276,054	-

Note

1. The total increase in Appropriation Bill (No.3) includes an increase in Appropriation for departmental outcomes (\$3.0 million; refer Serial 1, Table 1) and an increase in Appropriation receivable (\$273.0 million; refer Serial 21, Table 1).

Table 2b: Appropriation Bill (No. 3 DCB) 2020-21

	2019-20 Available \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Increase in Estimates \$'000	Decrease in Estimates \$'000
Non-operating					
Departmental capital budget	-	2,718,949	2,696,236	-	22,713
Total non-operating	-	2,718,949	2,696,236	-	22,713

Table 3: Appropriation Bill (No. 4) 2020-21

	2019-20 Available \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Increase in Estimates \$'000	Decrease in Estimates \$'000
Non-operating					
Equity injections	4,015,029	11,671,009	11,399,183	-	271,826
Total non-operating	4,015,029	11,671,009	11,399,183	-	271,826

Drawdown of Appropriations Carried Forward

Table 4: Revised Appropriation Receivable

	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Portfolio Budget Statements 2020-21 Estimates	249,000	249,000	249,000	249,000
Net movement	273,044	273,044	273,044	273,044
Closing balance appropriation receivable	522,044	522,044	522,044	522,044

Funding from Other Sources

Own Source Revenue

Table 5: Variation in Own Source Revenue

	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Portfolio Budget Statements 2020-21 Estimates	601,139	609,228	614,378	636,741
Variation in own source revenue	2,403	-7,309	-7,746	-8,170
Own source revenue revised estimates	603,542	601,919	606,632	628,571
Prior year receipts	-	-	-	-
Total	603,542	601,919	606,632	628,571

1.3 BUDGET MEASURES

2020-21 Budget Measures and Other Budget Adjustments

Table 6: Variation to Defence Funding

		2020-21 Budget Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate	Total Forward Estimates
	Program	\$m	\$m	\$m	\$m	\$m
Departmental Budget Measures						
Office of the Special Investigator - establishment ^[1]	2.6	-	-	-	-	-
Total Departmental Budget Measures		-	-	-	-	-
Other Budget Adjustments						
Foreign Exchange	Various	-287.2	-369.9	-412.4	-380.2	-1,449.8
COVID-19 Response Package - Australian Defence Force deployment	1.3	55.5	0.2	-	-	55.7
Operation MANITOU	1.2	-32.0	-	-	-	-32.0
Transfer of projects to Australian Signals Directorate	2.1	-5.1	-7.5	-	-	-12.6
Other Budget Adjustments ^[2]	2.1	nfp	nfp	nfp	nfp	nfp
Total Other Departmental Budget Adjustments		-268.9	-377.1	-412.4	-380.2	-1,438.6
Variation to Defence Departmental Funding		-268.9	-377.1	-412.4	-380.2	-1,438.6

Notes

1. This measure was announced as part of MYEFO 2020-21 and represents a transfer of funding of \$116.5 million provided from 2020-21 for the
2. The expenditure under Other Budget Adjustments is not for publication (nfp) due to national security reasons.

Operations Summary

Table 7: Net Additional Cost of Operations to 2023-24^{[1][2]}

	2019-20 Actual result \$m	2020-21 Revised Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	Total \$m
Operation MANITOU	64.1	34.4	20.7	21.6	-	140.8
Operation ACCORDION	207.3	221.1	29.9	32.0	-	490.2
Operation HIGHROAD	76.7	85.3	-	0.2	-	162.3
Operation RESOLUTE	57.0	59.4	-	-	-	116.4
Operation OKRA	200.5	215.0	59.3	45.2	-	520.0
COVID-19 Response Package - Australian Defence Force deployment	-	136.2	0.2	-	-	136.4
Total Net Additional Costs	605.6	751.3	110.2	99.0	-	1,566.0
Sources of Funding for Operations						
Government Supplementation	605.6	751.3	110.2	99.0	-	1,566.0
Department of Defence (Absorbed)	-	-	-	-	-	-
Total Cost	605.6	751.3	110.2	99.0	-	1,566.0

Notes

1. This table reflects on-going and new Operations funded under No Win/No Loss arrangements for 2020-21.
2. The Net Additional Cost of Operations include the budget adjustments shown under Table 6: Variation to Defence Funding.

1.4 KEY COST CATEGORIES ESTIMATES

Table 8a: Defence and ASD Funding from Government^[1]

Serial No.		2019-20 Actual result \$m	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m
1	Defence	38,305.2	41,715.1	41,423.6	-291.5
2	Australian Signals Directorate	879.7	1,030.9	1,030.2	-0.7
3	Consolidated Defence and ASD Funding	39,184.9	42,746.0	42,453.9	-292.2

Note

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

Table 8b: Defence Planned Expenditure by Key Cost Categories^[1]

Serial No.		2019-20 Actual result \$m	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m
1	Workforce	12,877.9	13,410.5	13,343.1	-67.3
2	Operations	821.7	741.4	764.8	23.5
3	Capability Acquisition Program	11,212.1	14,281.2	13,904.9	-376.3
4	Capability Sustainment Program	12,095.9	12,580.0	12,603.2	23.2
5	Operating	2,150.1	1,599.4	1,736.3	136.9
6	Total Defence Planned Expenditure	39,157.7	42,612.4	42,352.4	-260.0

Note

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

Table 9: Capital Acquisition Program^[1]

Serial No.		2019-20 Actual result \$m	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m
1	Military Equipment Acquisition Program	8,620.0	10,742.4	10,304.1	-438.2
2	Enterprise Estate and Infrastructure Program ^[2]	1,976.2	2,609.6	2,636.1	26.5
3	ICT Acquisition Program	572.4	772.5	812.7	40.2
4	Minors Program	43.5	156.7	152.0	-4.7
5	Total Capability Acquisition Program^[3]	11,212.1	14,281.2	13,904.9	-376.3

Notes

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

2. Formerly 'Facilities and Infrastructure Program'.

3. The Capability Acquisition Program includes unapproved and approved projects.

Table 10: Capability Sustainment Program^[1]

Serial No.		2019-20 Actual result \$m	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m
1	Navy Sustainment	2,633.1	2,825.0	2,753.9	-71.1
2	Army Sustainment	1,638.3	1,890.3	1,893.1	2.7
3	Air Force Sustainment	2,919.5	3,144.8	3,009.0	-135.8
4	Chief Information Officer Sustainment ^[2]	1,379.1	1,057.0	1,261.9	204.8
5	Joint Capabilities Group Sustainment	290.4	321.2	303.9	-17.3
6	Strategic Policy & Intelligence Sustainment	105.6	112.3	110.6	-1.7
7	Estate & Infrastructure Group Sustainment ^[3]	3,066.4	3,151.8	3,208.2	56.5
8	Other Minor Sustainment	63.5	77.5	62.6	-15.0
9	Total Capability Sustainment Program^[4]	12,095.9	12,580.0	12,603.2	23.2

Notes

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

2. Chief Information Officer Sustainment includes all ICT sustainment for the Department.

3. Estate & Infrastructure Group Sustainment includes all estate maintenance, garrison support and associated costs for the Department.

4. Total sustainment includes both current and future sustainment.

Table 11: Retained Capital Receipts

Serial No.		2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m
	Property Sales						
	Proceeds from the sale of land and buildings	41.7	41.7	-	39.5	73.9	90.3
	Proceeds from the sale of housing	14.7	14.7	-	15.4	15.5	16.1
	Total proceeds from the sale of property	56.4	56.4	-	54.9	89.4	106.4
	Costs from the sale of property ⁽¹⁾	-15.5	-15.5	-	-9.7	-7.3	-5.7
1	Net property proceeds retained by Defence	40.8	40.8	-	45.2	82.0	100.7
2	Proceeds from sale of specialist military equipment	51.5	64.4	12.9	17.0	-	-
3	Proceeds from sale of infrastructure, plant and equipment	19.2	19.2	-	20.2	24.9	28.8
4	Retained Capital Receipts (1 + 2 + 3)	111.5	124.4	12.9	82.4	106.9	129.5

Note

1. Costs from the sale of property include remediation works.

Table 12: Variation in Estimates of Net Capital Receipts

	2020-21 Revised Estimate \$'m	2021-22 Forward Estimate \$'m	2022-23 Forward Estimate \$'m	2023-24 Forward Estimate \$'m
Portfolio Budget Statements 2020-21 Estimates	111.5	82.3	106.8	129.4
Movement in net proceeds from sales associated with the capital disposal program	12.9	0.1	0.1	0.1
Variation in Net Capital Receipts	12.9	0.1	0.1	0.1
Total Net Capital Receipts	124.4	82.4	106.9	129.5

1.5 PEOPLE

Workforce Overview

Defence continues to reshape its workforce to deliver capabilities identified in the *2016 Defence White Paper* and the *2020 Force Structure Plan*, and to deliver the organisational capability envisaged in the First Principles Review. 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 the new Defence Transformation Strategy will drive enterprise reform to best enable this work.

Workforce Summary

The average full-time workforce is forecast to be 77,144 in 2020-21, comprising 60,831 permanent ADF (79 per cent) and 16,313 APS employees (21 per cent). The service breakdown of the ADF Permanent Force is:

- 15,066 Navy personnel
- 30,996 Army personnel
- 14,769 Air Force personnel

The forecast for service categories 3, 4 and 5 in 2020-21 is 1,133,037 days of service performed by an estimated 21,061 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 2,047 from the forecast of 77,144 in 2020-21 to 79,191 in 2023-24.

The planned strength of the Defence workforce is shown in Tables 13 and 14, while a breakdown by Service and rank/level is at Table 15.

Defence People

Defence People strategies are as reported in the *PBS 2020-21* except for the following update:

Funding support is provided to partners of Defence members through the Partner Employment Assistance Program (PEAP) to assist with improving employment outcomes on posting.

Table 13: Planned Workforce Allocation for the 2020-21 Budget and Forward Estimates - Average Full-time^[1]

		2020-21 Budget Estimate	2020-21 Revised Estimate^{[2][3]}	2021-22 Forward Estimate^{[2][3]}	2022-23 Forward Estimate^{[2][3]}	2023-24 Forward Estimate^{[2][3]}
[ADF Permanent Force^[4]					
	Navy	15,063	15,066	15,355	15,653	15,868
	Army	30,996	30,996	31,122	31,237	31,391
	Air Force	14,767	14,769	14,991	15,173	15,476
1	Total Permanent Force	60,826	60,831	61,468	62,063	62,735
	Civilian Employees					
	APS	16,313	16,313	16,405	16,439	16,456
2	Total Civilian Employees	16,313	16,313	16,405	16,439	16,456
	Total Workforce Strength (1 + 2)	77,139	77,144	77,873	78,502	79,191

Notes

1. All numbers for the full-time workforce elements represent average full-time equivalents.
2. Budget and Forward Estimates for the full-time workforce elements represent the Government approved strength for each year.
3. ADF workforce growth reflected in the 2020-21 Revised Estimate, and Forward Estimates, is to support strategic priorities identified in the 2020 Defence Strategic Update.
4. ADF Permanent Force includes Service Categories 6 and 7, and Service Option C personnel.

Table 14: Planned Workforce Allocation for the 2020-21 Budget and Forward Estimates — Reserve (Service Categories 3, 4, and 5)^{[1][2][3]}

		2020-21 Budget Estimate	2020-21 Revised Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
	Service Category 3 and 5					
	Navy	120,000 (1,850)	120,000 (1,850)	120,000 (1,900)	120,000 (1,950)	120,000 (2,000)
	Army	775,000 (15,750)	775,000 (15,750)	715,000 (16,000)	725,000 (16,250)	735,000 (16,500)
	Air Force	236,710 (3,424)	236,710 (3,424)	241,000 (3,500)	246,000 (3,500)	251,000 (3,500)
1	Sub-total Service Category 3 and 5	1,131,710 (21,024)	1,131,710 (21,024)	1,076,000 (21,400)	1,091,000 (21,700)	1,106,000 (22,000)
	Service Category 4					
	Air Force	1,327 (37)	1,327 (37)	1,480 (40)	1,680 (40)	1,880 (40)
2	Sub-total Service Category 4	1,327 (37)	1,327 (37)	1,480 (40)	1,680 (40)	1,880 (40)
	Total Reserves (1 + 2)	1,133,037 (21,061)	1,133,037 (21,061)	1,077,480 (21,440)	1,092,680 (21,740)	1,107,880 (22,040)

Notes

1. 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 14.
2. As the number of days or hours worked by Reserve members can vary greatly, figures in Table 15 show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.
3. This includes (in part) additional days over two financial years for ADF Reservists as part of the national response to the COVID-19 pandemic. As part of the COVID-19 Response Package, Defence has expanded the employment opportunities for ADF Reservists who may have lost civilian income with an allocation of up to an extra 210,000 days, accessible over two financial years, and also targeted recruitment of up to an additional 500 ADF Reservists.

Table 15: Breakdown of Average Personnel Numbers by Service and Rank

	2020-21 Budget Estimate	2020-21 Revised Estimate
Navy^[1]		
One Star and above	58	58
Senior Officers ^[2]	751	754
Officers	3,021	3,021
Other Ranks	11,233	11,233
Total Navy	15,063	15,066
Army^[1]		
One Star and above	90	90
Senior Officers ^[2]	942	942
Officers	5,817	5,817
Other Ranks	24,147	24,147
Total Army	30,996	30,996
Air Force^[1]		
One Star and above	51	51
Senior Officers ^[2]	767	769
Officers	4,423	4,423
Other Ranks	9,526	9,526
Total Air Force	14,767	14,769
APS^[1]		
Senior Executives ^[3]	157	157
Senior Officers ^[2]	5,395	5,395
Other APS Staff	10,761	10,761
Total APS	16,313	16,313
Total Workforce	77,139	77,144

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2020-21.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The 2020-21 figures for Senior Executive Service include the Secretary of the Department of Defence, 13 Chiefs of Division and 1 Medical Officer (Grade 6).

Section 2: Defence Revisions to Outcomes and Planned Performance

2.1 CHANGES TO OUTCOME AND PROGRAM STRUCTURES

No significant change from *PBS 2020-21*.

2.2 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

No changes have been made to the Outcome 1 Strategy since the *PBS 2020-21*, with the exception of the following update of operations:

- AUGURY – ADF support to the Whole of Government Counter Terrorism.
- DYURRA - ADF space operations and their integration into wider ADF and allied space domain operations.

Linked Programs

No changes have been made to Linked Programs since the *PBS 2020-21*.

Outcome 1 Resources

Table 16: Total Budgeted Resources Available for Outcome 1

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood						
Revenues from other sources	-	-	-	-	-	-
Expenditure funded by appropriations	8,452	375	375	2,289	2,348	2,424
Program 1.2 - Operations Supporting Wider Interests						
Revenues from other sources	10,244	9,349	9,349	-	-	-
Expenditure funded by appropriations	582,279	591,277	559,278	111,332	100,172	1,213
Program 1.3 - Defence Contribution to National Support Tasks in Australia						
Revenues from other sources	-	-	-	-	-	-
Expenditure funded by appropriations	213,670	140,392	195,843	250	22	22
Total resourcing						
Total Departmental revenue from other sources	10,244	9,349	9,349	-	-	-
Total operating expense (incl. repayment of lease liabilities) funded by appropriation	697,279	585,806	613,122	52,832	53,474	3,659
Total capital expenditure funded by appropriation	107,122	-	-	-	-	-
Equity injection:						
- Bill 1 DCB	-	146,238	142,374	61,039	49,068	-
- Bill 2 Equity	-	-	-	-	-	-
Total resources for Outcome 1	814,645	741,393	764,845	113,871	102,542	3,659

Contributions to Outcome 1

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

Performance information is as reported in the *PBS 2020-21*.

Table 17: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	148	-	-	-	-	-
Suppliers	8,241	375	375	2,289	2,348	2,424
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
	8,389	375	375	2,289	2,348	2,424
Expenses not requiring appropriation						
Depreciation and amortisation	-	-	-	-	-	-
Inventory consumption	-	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-	-
	-	-	-	-	-	-
Total operating expenses	8,389	375	375	2,289	2,348	2,424
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	63	-	-	-	-	-
Purchases of inventory	-	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-	-
Total capital expenditure	63	-	-	-	-	-
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood Total funded expenditure^[1]	8,452	375	375	2,289	2,348	2,424

Note

1. 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

Performance information is as reported in the *PBS 2020-21*.

Table 18: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	65,857	61,940	57,020	-	-	-
Suppliers	435,727	401,616	378,400	50,293	51,104	1,213
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	2	-	-	-	-	-
	501,586	463,556	435,420	50,293	51,104	1,213
Expenses not requiring appropriation						
Depreciation and amortisation	-	-	-	-	-	-
Inventory consumption	54,164	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-	-
	54,164	-	-	-	-	-
Total operating expenses	555,750	463,556	435,420	50,293	51,104	1,213
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	2,670	41,558	42,619	49,429	36,978	-
Purchases of inventory	88,267	95,513	90,588	11,610	12,090	-
Principal repayments of lease liabilities	-	-	-	-	-	-
Total capital expenditure	90,937	137,070	133,207	61,039	49,068	-
Program 1.2 Operations Supporting Wider Interests Total funded expenditure⁽¹⁾	592,524	600,626	568,627	111,332	100,172	1,213

Note

1. 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

Performance information is as reported in the *PBS 2020-21*.

Table 19: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	55,071	41,488	42,970	-	-	-
Suppliers	142,477	89,737	143,706	250	22	22
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
	197,548	131,225	186,676	250	22	22
Expenses not requiring appropriation						
Depreciation and amortisation	-	-	-	-	-	-
Inventory consumption	7,949	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-	-
	7,949	-	-	-	-	-
Total operating expenses	205,497	131,225	186,676	250	22	22
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	98	380	380	-	-	-
Purchases of inventory	16,024	8,787	8,787	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-	-
Total capital expenditure	16,122	9,167	9,167	-	-	-
Program 1.3 Defence Contribution to National Support Tasks in Australia Total funded expenditure^[1]	213,670	140,392	195,843	250	22	22

Note

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

2.3 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 2

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

The following change has been made to the Outcome 2 Strategy since the *PBS 2020-21*.

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 and 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.

The *2020 Defence Strategic Update* also identified that continuous transformation within Defence is essential to implementing the government's objectives, and building Defence's capacity to anticipate and respond to a more uncertain external environment.

The *Lead the Way: Defence Transformation Strategy*, released in November 2020 provides the guiding principles and direction for how Defence must transform to operate as "One Defence" to ensure the enterprise is fighting fit to meet the challenges of the future. The Strategy will be supported by a detailed Implementation Plan with clear outcomes, milestones and measures. Initiatives will be further refined through the new Business Transformation Cycle, which will commence operations during the next two years.

Linked Programs

The following change has been made to Linked Programs since the *PBS 2020-21*.

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>

Outcome 2 Resources

Table 20: Total Budgeted Resources Available for Outcome 2

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Program 2.1 Strategic Policy and Intelligence						
Revenues from other sources	5,033	4,519	4,527	4,642	4,771	4,902
Expenditure funded by appropriations	931,544	1,133,002	1,137,372	1,238,040	1,392,661	1,388,060
Program 2.2 Defence Executive Support						
Revenues from other sources	35,298	32,571	32,571	33,357	34,191	34,913
Expenditure funded by appropriations	426,721	433,634	442,906	656,924	692,293	617,790
Program 2.3 Defence Finance						
Revenues from other sources	23,029	6,699	10,699	6,877	7,056	7,237
Expenditure funded by appropriations	152,261	141,587	141,400	148,962	152,326	154,775
Program 2.4 Joint Capabilities Group						
Revenues from other sources	20,372	9,947	9,943	3,976	4,072	4,171
Expenditure funded by appropriations	1,897,314	2,005,345	1,976,803	2,177,680	2,881,534	3,283,498
Program 2.5 Navy Capabilities						
Revenues from other sources	131,149	54,336	66,455	60,518	53,540	58,600
Expenditure funded by appropriations	7,351,288	9,024,031	8,936,132	10,019,061	10,926,593	11,824,791
Program 2.6 Army Capabilities						
Revenues from other sources	25,411	18,093	25,533	31,517	17,772	17,458
Expenditure funded by appropriations	8,602,531	9,815,472	9,788,640	9,980,774	11,223,424	12,406,484
Program 2.7 Air Force Capabilities						
Revenues from other sources	49,639	43,809	43,389	44,527	46,012	47,129
Expenditure funded by appropriations	9,051,093	9,557,687	9,239,836	10,269,968	10,445,655	10,422,481
Program 2.8 Australian Defence Force Headquarters						
Revenues from other sources	3,955	721	674	253	261	275
Expenditure funded by appropriations	186,793	260,013	208,643	262,653	306,849	324,397
Program 2.9 Capability Acquisition and Sustainment						
Revenues from other sources	40,856	7,252	40,845	1,063	1,079	1,095
Expenditure funded by appropriations	639,550	728,369	724,020	761,095	802,366	820,904
Program 2.10 Estate and Infrastructure						
Revenues from other sources	613,909	549,465	502,287	707,062	756,029	614,049
Expenditure funded by appropriations	5,291,395	5,181,472	5,392,171	5,843,103	6,409,902	7,008,862
Program 2.11 Chief Information Officer						
Revenues from other sources	37,520	38,797	38,797	39,710	40,645	41,604
Expenditure funded by appropriations	1,830,282	1,550,939	1,706,064	1,633,221	1,692,575	1,863,100
Program 2.12 Defence People						
Revenues from other sources	62	-	-	-	-	-
Expenditure funded by appropriations	527,840	568,850	556,361	584,108	604,246	621,805
Program 2.13 Defence Science and Technology						
Revenues from other sources	4,477	-	4,000	4,100	4,203	4,308
Expenditure funded by appropriations	533,697	520,936	525,497	535,620	538,103	534,012

Table 20: Total Budgeted Resources Available for Outcome 2 (Continued)

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Program 2.14 Defence Force Superannuation Benefits						
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	-	-	-	-	-	-
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	159,432	162,568	162,568	46,555	37,576	32,116
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17⁽¹⁾</i>	844,511	724,413	724,413	416,329	420,145	430,060
<i>Australian Defence Force Cover Act 2015</i>	12,043	21,183	21,183	31,979	44,978	62,219
<i>Expenses not requiring appropriation</i>	5,313,880	5,428,167	5,428,167	1,828,377	1,833,531	1,807,078
Total Administered expenses⁽²⁾	6,329,866	6,336,331	6,336,331	2,323,240	2,336,230	2,331,473
Administered revenues from other sources	1,351,453	1,245,883	1,245,883	1,152,202	1,066,486	989,175
Total Program 2.14	4,978,413	5,090,448	5,090,448	1,171,038	1,269,744	1,342,298
Program 2.15 Defence Force Superannuation Nominal Interest						
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	38,375	35,000	35,000	34,475	31,817	30,434
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,448,938	1,477,432	1,477,432	1,701,552	1,682,046	1,719,594
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17⁽¹⁾</i>	367,907	315,587	315,587	726,273	811,650	930,244
<i>Australian Defence Force Cover Act 2015</i>	465	817	817	3,993	6,743	10,934
<i>Expenses not requiring appropriation</i>	1,632,415	1,396,590	1,396,590	2,358,046	2,496,141	2,546,007
Total Administered expenses	3,488,100	3,225,426	3,225,426	4,824,339	5,028,397	5,237,213
Administered revenues from other sources	-	-	-	-	-	-
Total Program 2.15	3,488,100	3,225,426	3,225,426	4,824,339	5,028,397	5,237,213
Program 2.16 Housing Assistance						
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	207	312	312	252	203	163
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	108,933	121,944	121,944	130,534	139,415	143,152
<i>Expenses not requiring appropriation</i>	1,509	-	-	-	-	-
Total Administered expenses	110,649	122,256	122,256	130,786	139,618	143,315
Administered revenues from other sources	17,384	16,852	16,852	17,444	18,015	18,465
Total Program 2.16	93,265	105,404	105,404	113,342	121,603	124,850
Program 2.17 Other Administered						
Administered revenues from other sources	101,325	75,306	62,307	52,068	72,098	73,676
Total Program 2.17	-101,325	-75,306	-62,307	-52,068	-72,098	-73,676
Total resourcing						
Total operating expense (incl. repayment of lease liabilities) funded by appropriation	25,759,305	26,677,617	26,653,702	27,377,140	28,993,752	30,222,163
Total capital expenditure funded by appropriation	7,647,974	-	-	-	-	-
Total Administered ⁽²⁾	2,980,811	2,859,256	2,859,256	3,091,942	3,174,573	3,358,916
Total Departmental revenue from other sources	990,711	766,208	779,720	937,602	969,631	835,741
Total Administered revenue from other sources	1,470,162	1,338,041	1,325,042	1,221,714	1,156,599	1,081,316
Prior year appropriation	-	-	-	-	-	-
Equity injection:						
- Bill 1 DCB	-	2,572,711	2,553,862	2,688,490	2,859,184	3,064,869
- Bill 2 Equity	4,015,029	11,671,009	11,399,183	13,716,979	15,862,291	17,778,026
Total resources for Outcome 2	42,863,992	45,884,842	45,570,765	49,033,867	53,016,030	56,341,032

Notes

1. 2019-20 Actual result 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 2020-21 onwards are disclosed under Program 2.15.

2. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 60 shows estimates of total expenses for the Defence Superannuation Schemes.

3. Figure for 2019-20 and 2020-21 have been calculated using the applicable AASB 119 interest rate, for following years the valuation discount rate is 5% per annum.

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence

Performance information is as reported in the *PBS 2020-21* except for the following revisions.

Table 21: Cost Summary for Program 2.1 Strategic Policy and Intelligence

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	181,992	172,230	175,274	187,502	191,051	195,333
Suppliers	540,760	566,364	593,298	642,325	666,106	732,459
Net losses from sale of assets ^[1]	59	-3	-	-	-	-
Other expenses	143,449	67,065	67,065	63,067	36,268	36,269
	866,260	805,656	835,637	892,894	893,425	964,061
Expenses not requiring appropriation						
Depreciation and amortisation	14,487	16,234	18,572	28,944	48,423	73,123
Inventory consumption	42	18,723	11,429	11,245	10,061	10,247
Net write-down and net impairment of assets	1,768	1,862	3,190	3,235	3,280	3,327
	16,297	36,819	33,191	43,424	61,764	86,697
Total operating expenses	882,557	842,475	868,828	936,318	955,189	1,050,758
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	64,020	306,305	280,702	323,764	477,559	402,241
Purchases of inventory	79	19,365	19,365	19,700	19,992	20,069
Principal repayments of lease liabilities	6,218	6,194	6,194	6,324	6,456	6,590
Total capital expenditure	70,317	331,865	306,261	349,788	504,007	428,901
Program 2.1 Strategic Policy and Intelligence Total funded expenditure^{[2][3]}	936,578	1,137,521	1,141,899	1,242,682	1,397,432	1,392,962

Notes

1. Whilst the amounts shown in 2020-21 Budget Estimate represent a gain for this program, at the portfolio level, Defence had budgeted for a net loss from sale of assets in this year.
2. The change in estimates includes movements of functions and their associated budgets within Defence.
3. 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: Strategic Policy and Intelligence Deliverables (Hydrographic Products and Services)

Deliverables	2020-21 Budget Estimate	2020-21 Revised Estimate	Variation	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
Maritime Safety Updates ^[1]	100%	100%	-	100%	100%	100%
Charting Projects ^[2]	15	14	-1	15	15	15
Nautical Publications ^[3]	29	29	-	30	29	29
Survey Projects ^[4]	13	13	-	14	15	15
Australian Hydrographic Office (AHO) Availability ^[5]	249	249	-	248	248	247

Notes

1. 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.
2. Charting projects have been reduced by 1 project due to the decision to increase the size of survey collect in the Whitsunday area. This will result in a more comprehensive charting product, however has delayed completion of the survey. The HydroScheme Industry Partnership Program (HIPP) is in early implementation. The influence of HIPP data flow on Australian Hydrographic Office (AHO) data management and charting projects is yet to be fully realised.
3. The Nautical Publications produced are 25 fortnightly Notices to Mariners, four annual publications, and selected additional publications in some years.
4. A Survey Project is a major hydrographic survey activity to support the national tasking within a particular geographic area. The Hydroscheme Industry Partnership Program (HIPP) commenced on 26 February 2020. Survey project rate of effort is still being refined for the outer years and is determined by staffing levels and industry capacity.
5. 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* (Commonwealth). 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.

Program 2.2: Defence Executive Support

Performance information is as reported in the *PBS 2020-21*.

Table 23: Cost Summary for Program 2.2 Defence Executive Support

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	104,808	104,119	104,252	105,250	107,366	109,397
Suppliers	357,080	247,621	256,759	362,441	359,425	331,448
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	60	-	-	-	-	-
	461,949	351,740	361,011	467,691	466,791	440,845
Expenses not requiring appropriation						
Depreciation and amortisation	508	3,546	4,310	16,241	33,228	49,684
Inventory consumption	-	-	-	-	-	-
Net write-down and net impairment of assets ^[1]	-638	10	28	28	29	29
	-130	3,555	4,338	16,269	33,257	49,713
Total operating expenses	461,819	355,295	365,349	483,960	500,048	490,558
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	68	114,464	114,464	222,588	259,691	211,856
Purchases of inventory	-	-	-	-	-	-
Principal repayments of lease liabilities	2	2	2	2	2	2
Total capital expenditure	70	114,465	114,466	222,590	259,693	211,858
Program 2.2 Defence Executive Support Total funded expenditure ^{[2][3]}	462,019	466,205	475,477	690,281	726,484	652,703

Notes

1. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.
2. The change in estimates includes movements of functions and their associated budgets within Defence.
3. 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

Performance information is as reported in the *PBS 2020-21*.

Table 24: Cost Summary for Program 2.3 Defence Finance^[1]

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees ^[2]	86,629	80,177	83,691	93,052	93,712	94,927
Suppliers	59,379	64,531	64,997	59,223	62,076	63,379
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	21,992	3,573	3,406	3,558	3,588	3,700
	168,000	148,281	152,094	155,833	159,376	162,006
Expenses not requiring appropriation						
Depreciation and amortisation	-	-	-	-	-	-
Inventory consumption	3,772	-	-	-	-	-
Net write-down and net impairment of assets ^[3]	-192,928	-	-	-	-	-
	-189,156	-	-	-	-	-
Total operating expenses	-21,157	148,281	152,094	155,833	159,376	162,006
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	126	-	-	-	-	-
Purchases of inventory	7,138	-	-	-	-	-
Principal repayments of lease liabilities	27	5	5	6	6	6
Total capital expenditure	7,291	5	5	6	6	6
Program 2.3 Defence Finance Total funded expenditure^[4]	175,291	148,286	152,099	155,839	159,382	162,012

Notes

1. The Defence Finance Program includes budget adjustments applied at the whole of Defence level, and not otherwise applied to other programs.
2. Full-time equivalent headcount is held in this Program from time to time for future prioritisation.
3. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.
4. 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

Performance information is as reported in the *PBS 2020-21*.

Table 25: Cost Summary for Program 2.4 Joint Capabilities

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	626,312	623,111	624,300	642,782	665,030	684,280
Suppliers	904,703	976,576	964,733	1,006,932	1,156,249	1,146,791
Net losses from sale of assets	42	-	-	-	-	-
Other expenses	3,410	1	1	2	2	2
	1,534,467	1,599,689	1,589,034	1,649,716	1,821,281	1,831,073
Expenses not requiring appropriation						
Depreciation and amortisation	24,503	27,122	38,216	58,625	104,560	177,477
Inventory consumption	54,447	41,914	26,682	34,967	31,909	33,785
Net write-down and net impairment of assets	374,023	247,917	301,479	310,379	319,557	329,023
	452,973	316,953	366,377	403,971	456,026	540,285
Total operating expenses	1,987,440	1,916,642	1,955,411	2,053,687	2,277,307	2,371,358
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	280,247	364,959	352,499	470,653	1,000,891	1,390,400
Purchases of inventory	102,941	50,615	45,184	61,257	63,404	66,165
Principal repayments of lease liabilities	31	29	29	30	30	31
Total capital expenditure	383,219	415,603	397,712	531,940	1,064,325	1,456,596
Program 2.4 Joint Capabilities Total funded expenditure^[1]	1,917,686	2,015,292	1,986,746	2,181,656	2,885,606	3,287,669

Note

1. 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

Performance information is as reported in the *PBS 2020-21* except for the following revisions.

Table 26: Cost Summary for Program 2.5 Navy Capabilities

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	2,395,511	2,428,522	2,440,255	2,538,310	2,511,298	2,591,662
Suppliers	2,428,965	2,817,013	2,750,295	2,847,347	3,266,698	3,388,527
Net losses from sale of assets ¹¹	-	-9,100	-	-	-	-
Other expenses	13,731	7,832	7,832	7,367	6,877	6,392
	4,838,208	5,244,267	5,198,382	5,393,024	5,784,873	5,986,581
Expenses not requiring appropriation						
Depreciation and amortisation	1,378,702	1,584,772	1,638,468	1,691,572	1,905,144	2,179,462
Inventory consumption	320,074	431,621	277,127	316,197	283,797	327,885
Net write-down and net impairment of assets	43,417	8,916	44,674	47,084	49,655	52,398
	1,742,192	2,025,310	1,960,269	2,054,853	2,238,596	2,559,745
Total operating expenses	6,580,400	7,269,577	7,158,651	7,447,877	8,023,469	8,546,326
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	2,022,001	3,320,362	3,275,527	4,140,980	4,672,962	5,265,784
Purchases of inventory	610,119	490,979	505,919	522,148	497,886	610,025
Principal repayments of lease liabilities	12,108	22,759	22,759	23,427	24,412	21,001
Total capital expenditure	2,644,228	3,834,101	3,804,205	4,686,555	5,195,260	5,896,810
Program 2.5 Navy Capabilities Total funded expenditure²¹	7,482,436	9,078,367	9,002,587	10,079,579	10,980,133	11,883,391

Notes

1. Whilst the amounts shown in 2020-21 Budget Estimate represent a gain for this program, at the portfolio level, Defence had budgeted for a net loss from sale of assets in this year.
2. 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: Navy Deliverables (Unit Availability Days)^[1]

Deliverables		2020-21 Budget Estimate	2020-21 Revised Estimate	Variation	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
18	Major Combatants ^[2]	3,141	2,892	-159	3,154	3,534	3,736
21	Minor Combatants ^[3]	4,302	3,832	-470	3,873	3,537	3,187
4	Amphibious and Afloat Support ^[4]	1,023	974	-49	1,011	1,168	1,056
10	Maritime Teams ^[5]	2,988	3,109	121	2,988	3,466	3,650
7	Hydrographic Force ^[6]	1,972	1,770	-202	1,785	1,755	1,526

Notes

1. 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.
2. Major Combatants comprises *Anzac* Class Frigates (FFH), *Hobart* Class Air Warfare Destroyers (DDG) and *Collins* Class Submarines (CCSM). UAD decrease predominately due to amendments to the planned maintenance schedules for the *Anzac* Class Frigates and an unscheduled maintenance period for HMAS *Stuart*.
3. Minor Combatants comprises *Armada* Class Patrol Boats (ACPB), *Cape* Class Patrol Boats (CCPB) and the Coastal Minehunters (MHC). UAD decrease due to unscheduled maintenance for defect rectification across the ACPB, and extensions to planned maintenance periods for the ACPB, CCPB, and MHC.
4. Amphibious and Afloat Support comprises one Oil Tanker (AO), one Landing Ship Dock (LSD) and two *Canberra* Class Landing Helicopter Dock (LHD). UAD decrease due to anticipated declaration of Initial Operational Capability (IOC) for *Nusip Supply* (AOR) being rescheduled from 07 Mar 21 to 30 Sep 21. IOC was rescheduled because delivery was delayed due to COVID 19 related workforce issues in the Navantia shipyard, Spain.
5. Maritime Teams comprises two Clearance Diving teams, four Deployable Geospatial Support (DGST) and four Mobile Meteorological and Oceanographic (METOC) teams. The estimates provided were based on 2 MMT and DGST 3 being Not Mission Capable. Actuals and increase in UAD are representative of personnel shortages being filled and additional tasking being undertaken given the extra capacity built.
6. Hydrographic Force comprises two Hydrographic Ships (HS), four Survey Motor Launches (SML), and the Naval Air Station Weather and Oceanographic Centre. Decrease in UAD due to unscheduled maintenance and extensions to planned maintenance periods.

Table 28: Navy Deliverables (Flying Hours)

Deliverables		2020-21 Budget Estimate	2020-21 Revised Estimate	Variation	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
24	MH-60R ^[1]	7,200	5,000	-2,200	7,200	7,200	7,200
-	MRH90 Taipan ^[2]	-	-	-	-	-	-

Notes

1. Significant decrease in flying hours due to workforce shortfalls, changed tasking requirements and COVID-19 impacts.
2. 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

Performance information is as reported in the *PBS 2020-21*.

Table 29: Cost Summary for Program 2.6 Army Capabilities

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	4,337,364	4,351,231	4,351,192	4,429,865	4,577,554	4,684,783
Suppliers	1,661,051	2,019,337	1,929,046	2,121,611	2,393,234	2,705,554
Net losses from sale of assets ^[1]	54	-2,740	-	-	-	-
Other expenses	953	114	114	116	120	122
	5,999,421	6,367,943	6,280,352	6,551,592	6,970,908	7,390,459
Expenses not requiring appropriation						
Depreciation and amortisation	1,519,995	1,546,201	1,225,731	1,375,386	1,434,945	1,620,570
Inventory consumption	280,130	554,477	420,820	364,734	383,100	376,791
Net write-down and net impairment of assets ^[2]	-27,494	19,589	46,906	48,873	50,951	53,149
	1,772,631	2,120,267	1,693,457	1,788,993	1,868,996	2,050,510
Total operating expenses	7,772,052	8,488,210	7,973,809	8,340,585	8,839,904	9,440,969
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	2,093,291	2,835,814	2,801,680	2,841,194	3,562,669	4,326,928
Purchases of inventory	534,504	629,104	731,437	618,786	706,885	705,806
Principal repayments of lease liabilities	726	704	704	719	734	749
Total capital expenditure	2,628,520	3,465,622	3,533,821	3,460,699	4,270,288	5,033,483
Program 2.6 Army Capabilities Total funded expenditure^[3]	8,627,941	9,833,565	9,814,173	10,012,291	11,241,196	12,423,942

Notes

1. Whilst the amounts shown in 2020-21 Budget Estimate represent a gain for this program, at the portfolio level, Defence had budgeted for a net loss from sale of assets in this years.
2. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.
3. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 30: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables	2020-21 Budget Estimate	2020-21 Revised Estimate	Variation	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
10 CH-47F Chinook	2,600	2,600	-	2,600	2,600	2,600
34 S-70A-9 Black Hawk ^{[1][2]}	1,500	1,500	-	600 ^[2]	-	-
22 ARH Tiger	4,500	4,500	-	4,500	4,500	4,500
47 MRH90 Taipan	7,950	7,950	-	9,250	10,300	10,300

Notes

1. The number of S-70A-9 Black Hawk on the Defence Register will incrementally reduce as the aircraft approaches planned withdrawal date.
2. S-70A-9 Black Hawk will be retired from service December 2022.

Program 2.7: Air Force Capabilities

Performance information is as reported in the *PBS 2020-21* except for the following revisions.

Table 31: Cost Summary for Program 2.7 Air Force Capabilities

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	2,367,016	2,349,350	2,349,190	2,389,054	2,492,120	2,581,650
Suppliers	2,609,708	3,121,986	3,017,410	3,124,763	3,441,878	3,701,758
Net losses from sale of assets	-	470	-	-	-	-
Other expenses	7,427	6,468	6,468	6,588	6,726	6,867
	4,984,151	5,478,274	5,373,068	5,520,405	5,940,724	6,290,275
Expenses not requiring appropriation						
Depreciation and amortisation	1,674,605	1,928,066	1,846,162	1,856,263	2,084,935	2,280,177
Inventory consumption	232,522	461,596	264,910	302,381	349,959	340,298
Net write-down and net impairment of assets	68,643	25,575	67,033	70,281	73,728	77,388
	1,975,770	2,415,237	2,178,105	2,228,925	2,508,622	2,697,863
Total operating expenses	6,959,921	7,893,511	7,551,173	7,749,330	8,449,346	8,988,138
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	3,636,135	3,584,642	3,428,443	4,257,652	3,882,184	3,516,902
Purchases of inventory	444,361	512,175	455,309	509,481	641,239	634,338
Principal repayments of lease liabilities	36,086	26,405	26,405	26,957	27,520	28,095
Total capital expenditure	4,116,582	4,123,222	3,910,157	4,794,090	4,550,943	4,179,335
Program 2.7 Air Force Capabilities Total funded expenditure^[1]	9,100,733	9,601,496	9,283,225	10,314,495	10,491,667	10,469,610

Note

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

Table 32: Air Force Deliverables (Flying Hours)

Deliverables		2020-21 Budget Estimate	2020-21 Revised Estimate	Variation	2021-22 Forward Estimates	2022-23 Forward Estimates	2023-24 Forward Estimates
49	PC-21 ^[1]	23,652	23,850	198	23,652	23,652	23,652
12	KA350 King Air ^[2]	8,300	6,500	-1,800	8,300	8,300	8,300
12	C-130J Hercules ^[3]	7,350	6,000	-1,350	7,350	7,350	7,350
8	C-17A Globemaster III ^[4]	6,200	5,240	-960	6,200	6,200	6,200
10	C-27J Spartan ^[5]	7,500	3,360	-4,140	7,500	7,500	7,500
7	KC-30A MRTT ^[6]	4,700	4,040	-660	4,700	4,700	4,700
2	737 BBJ ^[7]	1,600	1,100	-500	1,600	1,600	1,600
3	Falcon-7X ^[8]	2,403	2,000	-403	2,403	2,403	2,403
2	AP-3C Orion ^[9]	600	700	100	600	300	-
11	P-8A Poseidon ^[10]	5,775	5,000	-775	6,325	6,600	6,600
6	E-7A Wedgetail ^[11]	3,600	3,200	-400	3,600	3,600	3,600
38	F/A-18A/B Hornet ^[12]	4,750	3,820	-930	1,500	-	-
24	F/A-18F Super Hornet ^[13]	4,050	4,830	780	4,050	4,050	4,050
33	Hawk 127 ^[14]	6,500	5,050	-1,450	6,500	6,500	6,500
11	E/A-18G Growler ^[15]	2,800	2,600	-200	2,800	2,800	2,800
22	F-35A Lightning II ^[16]	8,204	5,250	-2,954	11,831	14,519	14,900
0	MC-55A Peregrine	-	-	-	-	300	900
0	MQ-4C Triton	-	-	-	-	-	250

Notes

1. PC-21 increased flying hours to support additional training requirements.
2. KA350 flying hours impacted by COVID-19 restrictions, changes in operational tasking and aircraft availability.
3. C-130J flying hours impacted by COVID-19 restrictions and reduction in demand to support operations.
4. C-17A flying hours impacted by COVID-19 restrictions and reduction in demand to support operations.
5. C-27J flying hours impacted by COVID-19 restrictions, reduction in demand to support operations, and aircraft availability/serviceability.
6. KC-30A flying hours impacted by COVID-19 restrictions and reduction in demand to support operations.
7. 737 BBJ flying hours impacted by reduced demand.
8. Falcon 7X flying hours impacted by reduced demand.
9. AP-3C increased flying hours to support operational tasking.
10. P-8A flying hours impacted by COVID-19 restrictions, changes in operational tasking and reduction in demand to support operations.
11. E-7A flying hours impacted by COVID-19 restrictions and reduction in demand to support operations.
12. F/A-18A/B flying hours impacted by the phased withdrawal of aircraft fleet and COVID-19 restrictions.
13. F/A-18F Super Hornet increased flying hours to support additional training requirements.
14. Hawk 127 flying hours impacted by COVID-19 restrictions and reduced training requirement.
15. E/A-18G Growler flying hours impacted by aircrew availability.
16. F-35A aircraft numbers reflects the phased delivery of the aircraft, flying hours impacted by COVID-19 restrictions and aircraft availability.

Program 2.8: Australian Defence Force Headquarters

Performance information is as reported in the *PBS 2020-21*, except for the following revision.

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.		
Delivery ⁽¹⁾	This program will be achieved by: <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.• <i>Monitoring preparedness of the Australian Defence Force to meet Government-directed requirements through the preparedness management system.</i>• Assess the future force requirements to inform force design, preparedness and training needs.	
Performance information		
Year	Performance criteria	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.
	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.
	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.
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.8 resulting from the following measures: Nil		

Note

1. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Table 33: Cost Summary for Program 2.8 Australian Defence Force Headquarters

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	28,438	28,263	28,263	28,301	30,430	31,027
Suppliers	149,962	156,860	128,829	200,090	224,077	241,217
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	21	21	21	22	22	23
	178,421	185,144	157,113	228,413	254,529	272,267
Expenses not requiring appropriation						
Depreciation and amortisation	3,077	5,220	2,108	2,261	4,591	7,653
Inventory consumption	11	-	-	-	-	-
Net write-down and net impairment of assets ^[1]	-924	112	303	308	313	319
	2,165	5,331	2,411	2,569	4,904	7,972
Total operating expenses	180,586	190,475	159,524	230,982	259,433	280,239
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	11,814	75,147	51,761	34,040	52,119	51,933
Purchases of inventory	21	-	-	-	-	-
Principal repayments of lease liabilities	493	443	443	453	462	472
Total capital expenditure	12,328	75,590	52,204	34,493	52,581	52,405
Program 2.8 Australian Defence Force Headquarters Total funded expenditure^[2]	190,749	260,734	209,317	262,906	307,110	324,672

Notes

1. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.

2. 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

Performance information is as reported in the PBS 2020-21.

Table 34: Cost Summary for Program 2.9 Capability Acquisition and Sustainment

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	451,645	485,291	485,154	496,879	506,936	517,167
Suppliers	227,580	271,115	279,178	255,567	296,509	304,832
Net losses from sale of assets ^[1]	-	-20,786	-	-	-	-
Other expenses	-	-	-	-	-	-
	679,225	735,620	764,332	752,446	803,445	821,999
Expenses not requiring appropriation						
Depreciation and amortisation	620	478	489	628	874	740
Inventory consumption	22	2	-	-	-	-
Net write-down and net impairment of assets ^[2]	16	-3	343	364	387	411
	658	476	832	992	1,261	1,151
Total operating expenses	679,883	736,097	765,164	753,438	804,706	823,150
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	1,138	-	533	9,712	-	-
Purchases of inventory	42	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-	-
Total capital expenditure	1,181	-	533	9,712	-	-
Program 2.9 Capability Acquisition and Sustainment Total funded expenditure^[3]	680,406	735,620	764,865	762,158	803,445	821,999

Notes

1. Whilst the amount shown in 2020-21 Budget Estimate represents a gain for this program, at the portfolio level, Defence had budgeted for a net loss from sale of assets in this year.
2. Defence has budgeted a net reversal of write-downs and net reversal of impairment of assets in 2020-21 Budget Estimate.
3. 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

Performance information is as reported in the *PBS 2020-21*.

Table 35: Cost Summary for Program 2.10 Estate and Infrastructure

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	1,049,868	1,107,994	1,103,186	1,148,132	1,191,574	1,218,952
Suppliers	3,032,800	2,785,843	2,833,302	2,843,022	2,872,858	2,688,721
Net losses from sale of assets	25,690	47,125	-	-	-	-
Other expenses	307,470	98,972	98,972	96,858	95,062	93,459
	4,415,829	4,039,934	4,035,460	4,088,012	4,159,494	4,001,132
Expenses not requiring appropriation						
Depreciation and amortisation	1,225,486	1,256,857	1,249,039	1,285,769	1,351,081	1,426,402
Inventory consumption	-	-	-	-	-	-
Net write-down and net impairment of assets	40,125	35,251	33,900	35,208	36,581	38,022
	1,265,611	1,292,108	1,282,939	1,320,977	1,387,662	1,464,424
Total operating expenses	5,681,440	5,332,042	5,318,399	5,408,989	5,547,156	5,465,556
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	1,297,196	1,521,239	1,689,234	2,287,534	2,826,743	3,436,858
Purchases of inventory	-	-	-	-	-	-
Principal repayments of lease liabilities	192,279	169,764	169,764	174,619	179,694	184,921
Total capital expenditure	1,489,475	1,691,003	1,858,998	2,462,153	3,006,437	3,621,779
Program 2.10 Estate and Infrastructure Total funded expenditure^[1]	5,905,304	5,730,937	5,894,458	6,550,165	7,165,931	7,622,911

Note

1. 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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Performance information is as reported in the *PBS 2020-21*.

Table 36: Cost Summary for Program 2.11 Chief Information Officer

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	113,725	112,996	112,996	114,244	116,641	119,100
Suppliers	1,489,365	1,074,380	1,267,222	1,194,511	1,210,844	1,378,221
Net losses from sale of assets	1,412	-	-	-	-	-
Other expenses	403	-	-	-	-	-
	1,604,906	1,187,377	1,380,218	1,308,755	1,327,485	1,497,321
Expenses not requiring appropriation						
Depreciation and amortisation	367,037	277,366	265,328	271,508	275,411	289,334
Inventory consumption	86	-	-	-	-	-
Net write-down and net impairment of assets	6,749	5,049	12,347	12,474	12,606	12,745
	373,871	282,414	277,675	283,982	288,017	302,079
Total operating expenses	1,978,777	1,469,791	1,657,893	1,592,737	1,615,502	1,799,400
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	262,734	402,360	364,643	364,176	405,735	407,383
Purchases of inventory	162	-	-	-	-	-
Principal repayments of lease liabilities	-	-	-	-	-	-
Total capital expenditure	262,896	402,360	364,643	364,176	405,735	407,383
Program 2.11 Chief Information Officer Total funded expenditure⁽¹⁾	1,867,802	1,589,736	1,744,861	1,672,931	1,733,220	1,904,704

Note

1. 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

Performance information is as reported in the *PBS 2020-21*, except for the following revision.

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. • Implementing 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⁽¹⁾

Year	Performance criteria	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.
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	Service Delivery enables Defence to meet Government outcomes.
	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 Pathway to Change: Evolving Defence Culture 2017-22. <i>Embed the Defence Values and Behaviours.</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.
	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.
	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
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.12 resulting from the following measures: Nil		

Note

1. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Table 37: Cost Summary for Program 2.12 Defence People

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	166,279	182,936	182,936	184,994	188,811	192,637
Suppliers	343,395	370,353	357,865	383,208	399,223	412,743
Net losses from sale of assets	-	-	-	-	-	-
Other expenses	3,465	4,142	4,142	4,249	4,312	4,276
	513,138	557,431	544,943	572,451	592,346	609,656
Expenses not requiring appropriation						
Depreciation and amortisation	18,367	12,680	12,714	13,196	13,878	14,581
Inventory consumption	-	-	-	-	-	-
Net write-down and net impairment of assets	15,944	105	8	8	8	9
	34,312	12,785	12,722	13,204	13,886	14,590
Total operating expenses	547,450	570,216	557,665	585,655	606,232	624,246
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	2,956	1,145	1,145	1,169	1,193	1,218
Purchases of inventory	-	-	-	-	-	-
Principal repayments of lease liabilities	11,807	10,273	10,273	10,488	10,707	10,931
Total capital expenditure	14,763	11,418	11,418	11,657	11,900	12,149
Program 2.12 Defence People Total funded expenditure⁽¹⁾	527,901	568,850	556,361	584,108	604,246	621,805

Note

1. 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

Performance information is as reported in the *PBS 2020-21*.

Table 38: Cost Summary for Program 2.13 Defence Science and Technology

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses funded by appropriation and own source revenue						
Employees	311,463	303,871	303,854	309,996	316,215	322,559
Suppliers	183,351	201,872	221,198	180,338	222,313	214,714
Net losses from sale of assets	1	-	-	-	-	-
Other expenses	11,225	9	9	9	10	10
	506,041	505,752	525,061	490,343	538,538	537,283
Expenses not requiring appropriation						
Depreciation and amortisation	30,777	21,668	16,131	15,452	15,822	13,926
Inventory consumption	2	-	140	143	147	151
Net write-down and net impairment of assets ^[1]	-396	1,829	3,675	3,697	3,719	3,742
	30,383	23,497	19,946	19,292	19,688	17,819
Total operating expenses	536,424	529,249	545,007	509,635	558,226	555,102
Capital expenditure funded by appropriation and own source revenue						
Purchases of non-financial assets	31,980	15,044	4,297	49,235	3,623	889
Purchases of inventory	3	-	-	-	-	-
Principal repayments of lease liabilities	150	139	139	142	145	148
Total capital expenditure	32,133	15,184	4,436	49,377	3,768	1,037
Program 2.13 Defence Science and Technology Total funded expenditure^[2]	538,174	520,936	529,497	539,720	542,306	538,320

Notes

1. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.

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

Administered Program 2.14: Defence Force Superannuation Benefits

Performance information is as reported in the *PBS 2020-21*.

Table 39: Cost Summary for Program 2.14 Defence Force Superannuation Benefits

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Military retention benefits	99,566	75,231	75,231	75,231	75,231	47,971
Military superannuation benefits ^[1]	6,230,300	6,261,100	6,261,100	2,248,009	2,260,999	2,283,502
Total expenses	6,329,866	6,336,331	6,336,331	2,323,240	2,336,230	2,331,473
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Military superannuation contributions	1,351,453	1,245,883	1,245,883	1,152,202	1,066,486	989,175
Total income	1,351,453	1,245,883	1,245,883	1,152,202	1,066,486	989,175
Program 2.14 Defence Force Superannuation Benefits	4,978,413	5,090,448	5,090,448	1,171,038	1,269,744	1,342,298

Note

1. Figure for 2019-20 and 2020-21 have been calculated using the applicable AASB 119 interest rate, for follow ing years the valuation discount rate is 5% per annum.

Administered Program 2.15: Defence Force Superannuation Nominal Interest

Performance information is as reported in the *PBS 2020-21*.

Table 40: Cost Summary for Administered Program 2.15 Defence Force Superannuation Nominal Interest

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Retention benefits	-	-	-	-	-	-
Military superannuation benefits	3,488,100	3,225,426	3,225,426	4,824,339	5,028,397	5,237,213
Total expenses	3,488,100	3,225,426	3,225,426	4,824,339	5,028,397	5,237,213
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-	-
Total income	-	-	-	-	-	-
Program 2.15 Defence Force Superannuation Nominal Interest	3,488,100	3,225,426	3,225,426	4,824,339	5,028,397	5,237,213

Administered Program 2.16: Housing Assistance

Performance information is as reported in the *PBS 2020-21*.

Table 41: Cost Summary for Administered Program 2.16 Housing Assistance

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses						
Net foreign exchange losses	-	-	-	-	-	-
Housing subsidies	110,649	122,256	122,256	130,786	139,618	143,315
Total expenses	110,649	122,256	122,256	130,786	139,618	143,315
Income						
Revenues						
Interest	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
License fees	17,384	16,852	16,852	17,444	18,015	18,465
Other	-	-	-	-	-	-
Total income	17,384	16,852	16,852	17,444	18,015	18,465
Program 2.16 Housing Assistance	93,265	105,404	105,404	113,342	121,603	124,850

Administered Program 2.17: Other Administered
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Performance information is as reported in the *PBS 2020-21*.

Table 42: Cost Summary for Administered Program 2.17 Other Administered

	2019-20 Actual result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Expenses						
Total expenses	-	-	-	-	-	-
Income						
Revenues						
Interest	20,809	17,514	4,305	-	-	-
Dividends	25,604	17,272	17,482	16,961	18,311	19,803
Other	54,912	40,520	40,520	35,107	53,787	53,873
Total income	101,325	75,306	62,307	52,068	72,098	73,676
Program 2.17 Other Administered	-101,325	-75,306	-62,307	-52,068	-72,098	-73,676

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of Defence's finances for the 2020-21 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, special accounts, grants and government indigenous expenditure.

Table 43: Summary of Estimated Special Account Balances^{[1][2][3]}

	Outcome	Opening Balance 2020-21	Receipts 2020-21	Payments 2020-21	Adjustments 2020-21	Closing Balance 2020-21
		2019-20	2019-20	2019-20	2019-20	2019-20
		\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Defence Special Account – Public Governance, Performance and Accountability Act 2013	2	-	-	-	-	-
	2	115,240	1,852	-117,092	-	-
Defence Endowments Special Account – Public Governance, Performance and Accountability Act 2013	2	-	-	-	-	-
	2	51	-	-51	-	-
Fedorczenko Legacy Special Account – Public Governance, Performance and Accountability Act 2013	2	-	-	-	-	-
	2	167	-	-167	-	-
Defence Endowments, Bequest and Other Trust Moneys Special Account – Public Governance, Performance and Accountability Act 2019	2	153,085	206,878	-172,517	-	187,446
	2	-	324,817	-171,732	-	153,085
Total Special Accounts 2020-21		153,085	206,878	-172,517	-	187,446
<i>2019-20 actual</i>		<i>115,458</i>	<i>326,669</i>	<i>-289,042</i>	<i>-</i>	<i>153,085</i>

Notes

1. 2020-21 estimates in bold.

2. 2019-20 actuals in italics.

3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 44: Australian Government Indigenous Expenditure

	Program	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000
Defence Indigenous Employment Strategy^[1]	2.12	8,593	6,223
Army Aboriginal Community Assistance Program^[2]	2.6	6,700	3,545
Total Australian Government Indigenous Expenditure		15,293	9,768

Notes

1. Decrease is a result of activities being cancelled, put on hold or rescheduled to 2021-22 in response to COVID-19.
2. Due to Coronavirus restrictions and in consultation with National Indigenous Australian Agency the AACAP 2020 project was rescheduled to 2021.

Defence Indigenous Employment Strategy

No changes have been made to the Defence Indigenous Employment Strategy since the *PBS 2020-21*.

Defence Indigenous Programs

The Australian Public Service Commission (APSC) partnered with the Department of Defence (Defence) to transition the Indigenous Graduate Pathway (IGP). The transition commenced from the APSC to Defence in November 2020. Defence will deliver the IGP on behalf of Australian Government agencies, under a shared-services arrangement. The objective of the IGP is to increase the number of Indigenous graduates within the Commonwealth and is achieved by delivering a targeted, centrally coordinated and culturally safe recruitment process on behalf of participating Agencies.

Army Aboriginal Community Assistance Program

No changes have been made to the Army Aboriginal Community Assistance Program since the *PBS 2020-21*.

Air Force Kummundoo Program (Health)

In July 2020, Air Force extended the Kummundoo Program with the National Aboriginal Community Controlled Health Organisation, through a Memorandum of Understanding. The Kummundoo Program was extended for a further five years, out to 2025.

3.1.2 Grants

The following are total approved grants (GST exclusive) for 2020-21 with the following update since the *PBS 2020-21*.

Table 45: Approved Grants

	Total Approved 2020-21 Budget Estimate \$'000	Total Approved 2020-21 Revised Estimate \$'000
Grant Sub-Programs:		
ADF Long Tan Awards	1,800	1,800
ADF Future Innovator Awards	1,800	1,800
Army History Research	94	94
Australia-US Multidisciplinary University Research Initiative (AUSMURI)	3,000	2,497
Centre for Defence Industry Capability (CDIC)	22,822	36,822
Defence Cooperative Research Centre (DCRC)	8,909	8,909
Family Support Funding Program (FSFP)	1,552	1,670
Industry Skilling Program Enhancement (ISPE) through School Pathways Programs (SPP)	1,400	1,400
New Air Combat Capability (NACC)	809	809
Joint Strike Fighter Industry Support Program ^[1]	-	4,000
Skilling Australia's Defence Industry (SADI) Grants Program	39,000	39,000
Strategic Policy Grants Program	5,899	5,899
	87,085	104,700
Other Grants:		
Australian Strategic Policy Institute (ASPI)	-	-
Australian Women's Pilots' Association	-	-
City of Parramatta RSL	-	-
Stand Tall for PTSD	-	-
War Widows' Guild of Australia NSW Limited	-	-
Williamstown Pre-School Inc.	-	-
Kapani Warrior	-	-
	-	-
Total Grants Approved^[2]	87,085	104,700

Notes

1. This is a new grant established since the *PBS 2020-21* in 2020-21 reporting period.
2. *Total Grants Approved* is the total financial impact of the grant program/sub-program approved for the 2020-21 reporting period, which may include the impacts of multi-year grants.

Explanation of Grants

Information is as reported in the *PBS 2020-21*, with the following updates:

Defence Cooperative Research Centre Program

The Defence Cooperative Research Centre (DCRC) Program is an on-going grants program that brings together a world-class team from across Australian academia, publicly funded research agencies and industry to engage in multi-disciplinary research and innovation.

Industry Skilling Program Enhancement (ISPE) through Schools Pathways Programs (SPP)

The Schools Pathways Program aims to reduce the skills shortage in defence industry by increasing the pool of science, technology, engineering and mathematics (STEM) educated students and informing Australia's youth about employment opportunities and pathways into defence industry.

Joint Strike Fighter – Industry Support Program

The Joint Strike Fighter – Industry Support Program supports Australian industry who have been appointed by the US Government as an Assigned-Product Support Provider (A-PSP) for sustainment on the F-35 Joint Strike Fighter. The grant funding will enable the A-PSP to develop and implement their Depot Maintenance Activation Plan in order to become a Qualified F-35 Component Depot Source of Repair for maintenance and repair activities for existing components used in the F-35 Joint Strike Fighter.

Skilling Australia's Defence Industry (SADI) Grants Program

The Skilling Australia's Defence Industry Grants Program is a key initiative of the Defence Industry Skilling and STEM Strategy launched in September 2019. The Program supports Defence industry small to medium enterprises to have a highly skilled SME workforce that can fulfil current and future defence capability needs. The objectives of the program are to:

- reduce barriers faced by Small and Medium Enterprises (SMEs) in the defence sector when upskilling or retraining staff
- develop skills within SMEs in the defence sector
- support SMEs in the defence sector to establish human resources practices and training plans that will build lifelong learning activities into their business.

3.2 RESOURCE SUMMARY

Table 46: Defence Resource Statement – Additional Estimates for 2020-21 as at February 2021

	Actual available appropriation 2019-20 \$'000	Estimate as at Budget 2020-21 \$'000	Proposed Additional Estimates 2020-21 \$'000	Total estimate at Additional Estimates 2020-21 \$'000
Departmental				
Annual appropriations - ordinary annual services	34,334,948	27,325,191	3,010	27,328,201
Draw down of prior year appropriations	-	-	-	-
Prior year appropriations available	40,085	249,000	273,044	522,044
Equity injection	4,015,029	11,671,009	-271,826	11,399,183
Departmental Capital Budget	-	2,718,949	-22,713	2,696,236
Total departmental annual	38,390,062	41,964,149	-18,485	41,945,664
Total departmental resourcing	38,390,062	41,964,149	-18,485	41,945,664
Administered				
Annual appropriations - ordinary annual services	2,980,811	2,859,256	-	2,859,256
Prior year appropriations available	-	-	-	-
Equity injection	-	-	-	-
Total administered annual	2,980,811	2,859,256	-	2,859,256
<i>Total administered special appropriations</i>				
Special accounts				
Opening balance	115,458	153,085	-	153,085
Non-appropriation receipts	326,669	206,878	-	206,878
Payments made	-289,042	-172,517	-	-172,517
Adjustments	-	-	-	-
Total special accounts	153,085	187,446	-	187,446
Total administered resourcing	3,133,896	3,046,702	-	3,046,702

Table 47: Third Party Payments to and from other Agencies^[1]

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	63,234	54,839
Payments made to Defence Housing Australia for the provision of services (Departmental)	577,444	577,444
Receipts from Australian Signals Directorate for provision of services (Departmental)	92,559	92,559
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	24,723	24,730
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	33,978	33,978
Payments made to the Department of Finance for the provision of services (Departmental)	70,102	37,305
Payments made to Comcare for workers compensation premiums (Departmental)	20,393	20,393
Payments made to the Australian Federal Police for the provision of services (Departmental)	50,804	50,804

Note

1. 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 48: Variation in Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	12,433,518	12,444,532	11,014	0.1
Supplier expenses	16,673,912	16,187,722	-486,190	-2.9
Grants	74,193	74,027	-166	-0.2
Depreciation and amortisation	6,680,208	6,317,269	-362,939	-5.4
Finance costs	113,430	113,430	-	-
Write-down of assets and impairment of assets	774,857	1,086,679	311,822	40.2
Foreign exchange losses	-	-	-	-
Net losses from sale of assets	14,966	-	-14,966	-100.0
Other	575	575	-	-
Total expenses	36,765,661	36,224,234	-541,425	-1.5
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	553,644	542,258	-11,386	-2.1
Other revenue	47,495	55,966	8,471	17.8
Total own-source revenue	601,139	598,224	-2,915	-0.5
Gains				
Foreign exchange	-	-	-	-
Reversals of previous asset write-downs	428,645	572,793	144,148	33.6
Net gains from sale of assets	-	16,426	16,426	100.0
Other gains ^[1]	174,418	174,418	-	-
Total gains	603,063	763,637	160,574	26.6
Total own-source income	1,204,203	1,361,861	157,659	13.1
Net cost of (contribution by) services	35,561,458	34,862,373	-699,084	-2.0
Revenue from Government	27,325,191	27,328,201	3,010	0.0
Surplus (Deficit) attributable to the Australian Government	-8,236,267	-7,534,172	702,094	-8.5
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	-8,236,267	-7,534,172	702,094	-8.5
Note: Impact of Net Cash Appropriation Arrangements				
Surplus/ (Deficit) attributable to the Australian Government prior to Net Cash Appropriation Adjustments	61,752	61,372	-380	-0.6
Less: Items previously included in revenue appropriation:				
Depreciation and amortisation	6,680,208	6,317,269	-362,939	-5.4
Inventory consumption	1,508,318	1,001,108	-507,210	-33.6
Net write-down and net impairment of assets	346,212	513,886	167,674	48.4
Add: Repayment of lease liabilities funded through revenue appropriations	236,719	236,719	-	-
Surplus (Deficit) attributable to the Australian Government as per above	-8,236,267	-7,534,172	702,094	-8.5

Note

1. 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 49: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	334,859	334,859	-	-
Trade and other receivables	60,545	60,545	-	-
Tax assets	229,965	229,965	-	-
Appropriation receivable	249,000	522,044	273,044	109.7
Other receivables	580,929	307,883	-273,046	-47.0
Total financial assets	1,455,298	1,455,296	-2	-0.0
Non-financial assets				
Land and buildings	20,850,951	20,940,602	89,651	0.4
Infrastructure, plant and equipment	8,355,429	8,245,178	-110,251	-1.3
Specialist military equipment	76,445,214	76,692,550	247,337	0.3
Intangibles	1,124,281	1,102,676	-21,605	-1.9
Heritage and cultural	449,227	449,282	55	0.0
Inventories	7,371,277	7,579,472	208,195	2.8
Prepayments	2,108,374	2,148,669	40,295	1.9
Total non-financial assets	116,704,753	117,158,430	453,676	0.4
Assets held for sale	215,822	215,822	-	-
Total assets	118,375,873	118,829,547	453,674	0.4
LIABILITIES				
Payables				
Suppliers	2,873,366	2,916,595	43,229	1.5
Other	638,224	632,400	-5,824	-0.9
Total payables	3,511,590	3,548,994	37,404	1.1
Interest bearing liabilities				
Leases	2,647,805	2,647,805	-	-
Total interest bearing liabilities	2,647,805	2,647,805	-	-
Provisions				
Employee provisions	3,509,937	3,518,650	8,713	0.2
Restoration, decontamination and decommissioning	1,414,034	1,414,034	-	-
Other	332,561	332,561	-	-
Total provisions	5,256,532	5,265,245	8,713	0.2
Total liabilities	11,415,927	11,462,044	46,117	0.4
NET ASSETS	106,959,946	107,367,503	407,557	0.4
EQUITY				
Contributed equity	50,184,933	49,890,394	-294,539	-0.6
Reserves	27,983,805	27,983,805	-	-
Retained surplus (accumulated deficit)	28,791,207	29,493,304	702,097	2.4
Total equity	106,959,946	107,367,503	407,557	0.4

**Table 50: Variation in Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	27,325,191	27,328,201	3,010	0.0
Goods and services	461,085	449,699	-11,386	-2.5
Net GST received	2,271,870	2,287,931	16,061	0.7
Other cash received	47,497	55,963	8,466	17.8
Cash transfer from the Official Public Account (receivables)	-	-	-	-
Total cash received	30,105,643	30,121,794	16,151	0.1
Cash used				
Employees	12,314,991	12,317,404	2,413	0.0
Suppliers	15,278,818	15,308,053	29,234	0.2
Net GST paid	2,271,870	2,287,931	16,061	0.7
Grants	74,193	74,027	-166	-0.2
Other cash used	575	575	-	-
Cash transfer to the Official Public Account (receivables)	-	-	-	-
Total cash used	29,940,448	29,987,990	47,542	0.2
Net cash from (used by) operating activities	165,195	133,804	-31,391	-19.0
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	56,381	72,523	16,142	28.6
Proceeds from sales of infrastructure, plant and equipment	19,167	19,167	-	-
Proceeds from sales of specialist military equipment	51,484	64,427	12,943	25.1
Proceeds from sales of heritage and cultural assets	-	-	-	-
Other cash received	-	-	-	-
Total cash received	127,032	156,117	29,085	22.9
Cash used				
Purchase of land and buildings	1,713,513	1,797,298	83,785	4.9
Purchase of infrastructure, plant and equipment	727,532	620,799	-106,733	-14.7
Purchase of specialist military equipment	9,754,699	9,450,658	-304,041	-3.1
Purchase of intangibles	387,676	370,075	-17,601	-4.5
Purchase of inventory	1,806,539	1,856,589	50,051	2.8
Selling costs on sale of assets	34,637	32,331	-2,306	-6.7
Finance costs	113,430	113,430	-	-
Total cash used	14,538,026	14,241,180	-296,845	-2.0
Net cash from (used by) investing activities	-14,410,993	-14,085,063	325,930	-2.3
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	11,671,009	11,399,183	-271,826	-2.3
Appropriations - departmental capital budget	2,718,949	2,696,236	-22,713	-0.8
Prior year appropriation	-	-	-	-
Total cash received	14,389,958	14,095,419	-294,539	-2.0
Cash used				
Principal repayments of lease liabilities	236,719	236,719	-	-
Cash to the Official Public Account	-	-	-	-
Total cash used	236,719	236,719	-	-
Net cash from (used by) financing activities	14,153,239	13,858,700	-294,539	-2.1
Net increase (decrease) in cash and cash equivalents held	-92,559	-92,559	-	-
Cash and cash equivalents at the beginning of the reporting period	427,418	427,418	-	-
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	-	-	-	-
Cash and cash equivalents at the end of the reporting period	334,859	334,859	-	-

**Table 51: Budgeted Departmental Comprehensive Income Statement
(Showing Net Cost of Services) (for the period ended 30 June)**

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
EXPENSES					
Employee benefits	12,342,127	12,444,532	12,668,363	12,988,738	13,343,472
Supplier expenses	15,527,765	16,187,722	16,303,880	17,683,940	18,403,181
Grants	164,683	74,027	70,259	43,542	43,606
Depreciation and amortisation	6,258,164	6,317,269	6,615,844	7,272,891	8,133,129
Finance costs	125,638	113,430	111,577	109,446	107,514
Write-down of assets and impairment of assets	708,666	1,086,679	1,137,076	1,190,430	1,246,940
Foreign exchange losses	142,755	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	223,287	575	-	-	-
Total expenses	35,493,085	36,224,234	36,906,999	39,288,987	41,277,842
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	574,017	542,258	548,453	552,000	572,564
Other revenue	66,054	55,966	48,015	49,045	50,281
Total own-source revenue	640,071	598,224	596,468	601,045	622,845
Gains					
Foreign exchange	98,834	-	-	-	-
Reversals of previous asset write-downs	380,363	572,793	605,137	639,616	676,379
Net gains from sale of assets	100,647	16,426	7,084	9,699	1,270
Other gains ^[1]	232,978	174,418	334,051	358,887	211,626
Total gains	812,822	763,637	946,272	1,008,202	889,275
Total own-source income	1,452,893	1,361,861	1,542,740	1,609,247	1,512,120
Net cost of (contribution by) services	34,040,192	34,862,373	35,364,259	37,679,740	39,765,722
Revenue from Government	34,290,209	27,328,201	27,671,582	29,289,494	30,286,329
Surplus (Deficit) attributable to the Australian Government	250,017	-7,534,172	-7,692,677	-8,390,246	-9,479,393
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	105,836	-	-	-	-
Total other comprehensive income/(loss)	105,836	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	355,853	-7,534,172	-7,692,677	-8,390,246	-9,479,393
Note: Impact of Net Cash Appropriation Arrangements					
Surplus/ (Deficit) attributable to the Australian Government prior to Net Cash Appropriation Adjustments	250,017	61,372	241,609	242,265	60,507
Less: Items previously included in revenue appropriation:					
Depreciation and amortisation	n.a.	6,317,269	6,615,844	7,272,891	8,133,129
Inventory consumption	n.a.	1,001,108	1,029,669	1,058,974	1,089,157
Net write-down and net impairment of assets	n.a.	513,886	531,939	550,814	570,561
Add: Repayment of lease liabilities funded through revenue appropriations	n.a.	236,719	243,166	250,168	252,947
Surplus (Deficit) attributable to the Australian Government as per above	250,017	-7,534,172	-7,692,677	-8,390,246	-9,479,393

Note

1. 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 52: Budgeted Departmental Balance Sheet (as at 30 June)

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	427,418	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	249,000	522,044	522,044	522,044	522,044
Other receivables	580,933	307,883	307,881	307,879	307,877
Total financial assets	1,547,861	1,455,296	1,455,294	1,455,292	1,455,290
Non-financial assets					
Land and buildings	19,965,134	20,940,602	22,700,254	24,888,980	27,364,918
Infrastructure, plant and equipment	8,223,375	8,245,178	8,488,594	8,695,329	8,621,151
Specialist military equipment	71,753,855	76,692,550	82,928,781	90,278,667	98,698,690
Intangibles	899,284	1,102,676	1,452,531	1,894,752	2,239,825
Heritage and cultural	474,107	449,282	424,466	399,760	375,188
Inventories	7,369,485	7,579,472	7,795,510	8,017,706	8,246,234
Prepayments	1,825,942	2,148,669	2,513,191	2,911,282	3,302,504
Total non-financial assets	110,511,182	117,158,430	126,303,327	137,086,476	148,848,510
Assets held for sale	215,822	215,822	215,822	215,822	215,822
Total assets	112,274,865	118,829,547	127,974,443	138,757,590	150,519,622
LIABILITIES					
Payables					
Suppliers	2,719,992	2,916,595	3,139,599	3,392,044	3,613,901
Other	704,903	632,400	672,384	714,757	775,334
Total payables	3,424,895	3,548,994	3,811,983	4,106,801	4,389,235
Interest bearing liabilities					
Leases	2,884,524	2,647,805	2,654,360	2,659,132	2,666,453
Total interest bearing liabilities	2,884,524	2,647,805	2,654,360	2,659,132	2,666,453
Provisions					
Employee provisions	3,412,595	3,518,650	3,620,171	3,723,431	3,832,206
Restoration, decontamination and decommissioning	1,414,034	1,414,034	1,414,034	1,414,034	1,414,034
Other	332,561	332,561	332,561	332,561	332,561
Total provisions	5,159,190	5,265,245	5,366,766	5,470,026	5,578,801
Total liabilities	11,468,609	11,462,044	11,833,109	12,235,959	12,634,489
NET ASSETS	100,806,256	107,367,503	116,141,334	126,521,631	137,885,133
EQUITY					
Contributed equity	35,794,975	49,890,394	66,356,902	85,127,445	105,970,340
Reserves	27,983,805	27,983,805	27,983,805	27,983,805	27,983,805
Retained surplus (accumulated deficit)	37,027,476	29,493,304	21,800,627	13,410,381	3,930,988
Total equity	100,806,256	107,367,503	116,141,334	126,521,631	137,885,133

**Table 53: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	34,126,033	27,328,201	27,671,582	29,289,494	30,286,329
Goods and services	558,697	449,699	548,453	552,000	572,564
Net GST received	2,081,767	2,287,931	2,482,773	2,765,117	2,979,839
Interest	11,607	-	-	-	-
Other cash received	183,744	55,963	48,017	49,047	50,283
Cash transfer from the Official Public Account (receivables)	1,191,013	-	-	-	-
Total cash received	38,152,861	30,121,794	30,750,825	32,655,658	33,889,015
Cash used					
Employees	11,972,383	12,317,404	12,526,845	12,843,092	13,174,108
Suppliers	14,777,443	15,308,053	15,410,478	16,765,187	17,477,827
Net GST paid	2,046,281	2,287,931	2,482,773	2,765,117	2,979,839
Grants	166,141	74,027	70,259	43,542	43,606
Other cash used	216,485	575	-	-	-
Cash transfer to the Official Public Account (receivables)	1,191,013	-	-	-	-
Total cash used	30,369,746	29,987,990	30,490,355	32,416,938	33,675,380
Net cash from (used by) operating activities	7,783,115	133,804	260,470	238,720	213,635
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	66,473	72,523	71,680	106,859	124,525
Proceeds from sales of infrastructure, plant and equipment	12,848	19,167	20,202	24,857	28,806
Proceeds from sales of specialist military equipment	144,523	64,427	17,004	-	-
Proceeds from sales of heritage and cultural assets	-	-	-	-	-
Other cash received	844	-	-	-	-
Total cash received	224,688	156,117	108,886	131,716	153,331
Cash used					
Purchase of land and buildings	804,995	1,797,298	2,291,110	2,788,315	3,297,586
Purchase of infrastructure, plant and equipment	1,003,918	620,799	766,196	763,022	546,558
Purchase of specialist military equipment	7,703,468	9,450,658	11,142,699	12,638,223	14,390,141
Purchase of intangibles	194,155	370,075	523,521	639,487	572,207
Purchase of inventory	1,803,661	1,856,589	1,742,982	1,941,496	2,036,403
Selling costs on sale of assets	20,495	32,331	14,613	10,822	6,505
Finance costs	91,924	113,430	111,577	109,446	107,514
Total cash used	11,622,616	14,241,180	16,592,698	18,890,811	20,956,914
Net cash from (used by) investing activities	-11,397,928	-14,085,063	-16,483,812	-18,759,095	-20,803,583
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,015,029	11,399,183	13,716,979	15,862,291	17,778,026
Appropriations - departmental capital budget	-	2,696,236	2,749,529	2,908,252	3,064,869
Prior year appropriation	-	-	-	-	-
Total cash received	4,015,029	14,095,419	16,466,508	18,770,543	20,842,895
Cash used					
Principal repayments of lease liabilities	259,927	236,719	243,166	250,168	252,947
Cash to the Official Public Account	-	-	-	-	-
Total cash used	259,927	236,719	243,166	250,168	252,947
Net cash from (used by) financing activities	3,755,102	13,858,700	16,223,342	18,520,375	20,589,948
Net increase (decrease) in cash and cash equivalents held	140,289	-92,559	-	-	-
Cash and cash equivalents at the beginning of the reporting period	286,961	427,418	334,859	334,859	334,859
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	168	-	-	-	-
Cash and cash equivalents at the end of the reporting period	427,418	334,859	334,859	334,859	334,859

Table 54: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2020-21)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	37,027,476	27,983,805	35,794,975	100,806,256
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	37,027,476	27,983,805	35,794,975	100,806,256
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Subtotal comprehensive income	-	-	-	-
Surplus (Deficit) for the period	-7,534,172	-	-	-7,534,172
Total comprehensive income recognised directly in equity	-7,534,172	-	-	-7,534,172
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-	-
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	11,399,183	11,399,183
Departmental Capital Budget	-	-	2,696,236	2,696,236
Other	-	-	-	-
Sub-total transaction with owners	-	-	14,095,419	14,095,419
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2021	29,493,304	27,983,805	49,890,394	107,367,503

Table 55: Departmental Capital Budget Statement (for the period ended 30 June)

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Departmental Capital					
Departmental Capital Budget	-	2,696,236	2,749,529	2,908,252	3,064,869
Bill 2 Equity	4,015,029	11,399,183	13,716,979	15,862,291	17,778,026
Total capital appropriations	4,015,029	14,095,419	16,466,508	18,770,543	20,842,895
Represented by:					
Purchase of non-financial assets	2,211,368	12,238,830	14,723,526	16,829,047	18,806,492
Purchase of inventory	1,803,661	1,856,589	1,742,982	1,941,496	2,036,403
Annual finance lease costs	-	-	-	-	-
Other items	-	-	-	-	-
Total Items	4,015,029	14,095,419	16,466,508	18,770,543	20,842,895
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,015,029	14,095,419	16,466,508	18,770,543	20,842,895
Funded by prior year appropriation	-	-	-	-	-
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[1]	7,495,168	-	-	-	-
Total	11,510,197	14,095,419	16,466,508	18,770,543	20,842,895
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	11,642,898	14,264,519	16,795,108	19,123,843	21,048,795
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	91,924	113,430	111,577	109,446	107,514
less gifted assets	132,701	169,100	328,600	353,300	205,900
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	11,602,121	14,208,849	16,578,085	18,879,989	20,950,409

Note

1. 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 56: Statement of Departmental Asset Movements (2020-21)

	Land \$'000	Buildings \$'000	Specialist Military Equipment \$'000	Infrastructure, Plant and Equipment \$'000	Intangibles \$'000	Heritage and Cultural Assets	Assets Held for Sale \$'000	Total \$'000
As at 1 July 2020								
Gross book value	5,482,190	13,351,900	73,520,674	8,311,325	2,198,881	495,429	231,357	103,591,756
Gross book value - ROU	61,809	2,085,879	296,548	592,563	-	-	-	3,036,799
Accumulated depreciation/amortisation and impairment	-	887,674	2,055,288	638,440	1,299,597	21,322	15,535	4,917,856
Accumulated depreciation/amortisation and impairment - ROU	-	128,970	8,079	42,073	-	-	-	179,122
Opening net book balance	5,543,999	14,421,135	71,753,855	8,223,375	899,284	474,107	215,822	101,531,577
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	48,433	1,748,865	9,450,658	620,799	370,075	-	-	12,238,830
By purchase - appropriation equity - ROU	-	24,550	-	17,611	-	-	-	42,161
By purchase - donated funds	70,788	50,387	-	47,925	-	-	-	169,100
By purchase - donated funds - ROU	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
By finance lease - ROU	-	-	-	-	-	-	-	-
Total additions	119,221	1,799,252	9,450,658	668,724	370,075	-	-	12,407,930
Total additions - ROU	-	24,550	-	17,611	-	-	-	42,161
Other movements								
Reclassifications ^[1]	-	-42,081	658,197	11,880	-	-	-	627,996
Reclassifications - ROU	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	648,450	4,681,880	514,486	166,683	24,825	-	6,036,324
Depreciation and amortisation - ROU	-	187,553	31,476	61,916	-	-	-	280,945
Other disposals ^[2]	65,620	23,851	456,804	100,010	-	-	-	646,285
Other disposals - ROU	-	-	-	-	-	-	-	-
Total other movements	-65,620	-714,382	-4,480,487	-602,616	-166,683	-24,825	-	-6,054,613
Total other movements - ROU	-	-187,553	-31,476	-61,916	-	-	-	-280,945
As at 30 June 2021								
Gross book value	5,535,791	15,085,220	83,172,725	8,891,919	2,568,956	495,429	231,357	115,981,397
Gross book value - ROU	61,809	2,110,429	296,548	610,174	-	-	-	3,078,960
Accumulated depreciation/amortisation and impairment	-	1,536,124	6,737,168	1,152,926	1,466,280	46,147	15,535	10,954,180
Accumulated depreciation/amortisation and impairment - ROU	-	316,523	39,555	103,989	-	-	-	460,067
Closing net book value	5,597,600	15,343,002	76,692,550	8,245,178	1,102,676	449,282	215,822	107,646,111

Notes

1. Reclassifications include assets first found.
2. Other disposals includes write-offs.

Table 57: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	17,514	4,305	-13,209	-75.4
Dividends	17,272	17,482	210	1.2
Military superannuation contributions	1,245,883	1,245,883	-	-
License fees	16,852	16,852	-	-
Other	40,520	40,520	-	-
Total non-taxation	1,338,041	1,325,042	-12,999	-1.0
Total revenues administered on behalf of Government	1,338,041	1,325,042	-12,999	-1.0
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	122,256	122,256	-	-
Military retention benefits	75,231	75,231	-	-
Military superannuation benefits	9,486,526	9,486,526	-	-
Total expenses administered on behalf of Government	9,684,013	9,684,013	-	-

Table 58: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	180,375	180,375	-	-
Trade and other receivables	47,436	39,781	-7,655	-16.1
Investments accounted for using the equity method	2,778,492	2,778,492	-	-
Loans ^[1]	509,580	-	-509,580	-100.0
Total financial assets	3,515,883	2,998,648	-517,235	-14.7
Non-financial assets				
Prepayments	219,626	219,626	-	-
Total non-financial assets	219,626	219,626	-	-
Total assets administered on behalf of Government	3,735,509	3,218,274	-517,235	-13.8
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	188,935	196,005	7,070	3.7
Total payables	188,935	196,005	7,070	3.7
Provisions				
Superannuation - DFRB ^[2]	323,883	323,883	-	-
Superannuation - DFRDB ^[3]	32,992,689	32,992,689	-	-
Superannuation - MSBS ^[4]	62,546,606	62,546,606	-	-
Superannuation - ADF Super ^[5]	975,817	975,817	-	-
Total provisions	96,838,995	96,838,995	-	-
Total liabilities administered on behalf of Government	97,027,930	97,035,000	7,070	-

Notes

1. The Defence Housing Australia loans receivable balance was transferred to Department of Finance on 1 October 2020.
2. Defence Force Retirement Benefits.
3. Defence Force Retirement and Death Benefits.
4. Military Superannuation and Benefits Scheme.
5. Australian Defence Force Super.

Table 59: Variation in Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	17,514	4,305	-13,209	-75.4
Military superannuation contributions	1,245,883	1,245,883	-	-
Fees	16,852	16,852	-	-
Other	40,520	54,028	13,508	33.3
Total cash received	1,320,769	1,321,068	299	-
Cash used				
Subsidies paid	122,256	122,256	-	-
Military benefits	2,737,000	2,737,000	-	-
Total cash used	2,859,256	2,859,256	-	-
Net cash from or (used by) operating activities	-1,538,487	-1,538,188	299	-0.0
INVESTING ACTIVITIES				
Cash received				
Dividends	25,604	25,604	-	-
Total cash received	25,604	25,604	-	-
Cash used				
Loans	-	-	-	-
Total cash used	-	-	-	-
Net cash from or (used by) investing activities	25,604	25,604	-	-
Net increase (decrease) in cash held	-1,512,883	-1,512,584	299	-
Cash at the beginning of the reporting period	146,014	146,014	-	-
Cash from the Official Public Account for appropriations	2,859,256	2,859,256	-	-
Cash to the Official Public Account	-1,346,373	-1,346,672	-299	-
Net increase (decrease) in Special Account	34,361	34,361	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	180,375	180,375	-	-

Table 60: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	20,809	4,305	-	-	-
Dividends	25,604	17,482	16,961	18,311	19,803
Military superannuation contributions	1,351,453	1,245,883	1,152,202	1,066,486	989,175
Fees	17,384	16,852	17,444	18,015	18,465
Other	54,912	40,520	35,107	53,787	53,873
Total non-taxation	1,470,162	1,325,042	1,221,714	1,156,599	1,081,316
Total revenues administered on behalf of Government	1,470,162	1,325,042	1,221,714	1,156,599	1,081,316
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	110,648	122,256	130,786	139,618	143,315
Military retention benefits	99,566	75,231	75,231	75,231	47,971
Military superannuation benefits	9,718,400	9,486,526	7,072,348	7,289,396	7,520,715
Total expenses administered on behalf of Government	9,928,614	9,684,013	7,278,365	7,504,245	7,712,001

Table 61: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	146,014	180,375	180,375	180,375	180,375
Trade and other receivables	61,412	39,781	57,985	59,548	60,840
Investments accounted for using the equity method	2,711,504	2,778,492	2,845,480	2,912,468	2,979,456
Loans	509,580	-	-	-	-
Total financial assets	3,428,510	2,998,648	3,083,840	3,152,391	3,220,671
Non-financial assets					
Prepayments	250,157	219,626	144,395	69,164	21,193
Total non-financial assets	250,157	219,626	144,395	69,164	21,193
Total assets administered on behalf of Government	3,678,667	3,218,274	3,228,235	3,221,555	3,241,864
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	154,574	196,005	196,005	196,005	196,005
Total payables	154,574	196,005	196,005	196,005	196,005
Provisions					
Superannuation - DFRB ^[1]	460,300	323,883	304,751	287,386	270,570
Superannuation - DFRDB ^[2]	51,559,000	32,992,689	32,896,116	32,815,533	32,691,928
Superannuation - MSBS ^[3]	134,511,000	62,546,606	66,271,468	70,008,760	73,726,875
Superannuation - ADF Super ^[4]	1,620,900	975,817	1,477,852	2,092,949	2,820,369
Total provisions	188,151,200	96,838,995	100,950,187	105,204,628	109,509,742
Total liabilities administered on behalf of Government	188,305,774	97,035,000	101,146,192	105,400,633	109,705,747

Notes

1. Defence Force Retirement Benefits.
2. Defence Force Retirement and Death Benefits.
3. Military Superannuation and Benefits Scheme.
4. Australian Defence Force Super.

Table 62: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2019-20 Actual result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	20,809	4,305	-	-	-
Military superannuation contributions	1,498,429	1,245,883	1,152,204	1,066,486	989,176
Fees	17,454	16,852	17,444	18,015	18,465
Other	54,210	54,028	16,380	53,362	53,860
Total cash received	1,590,902	1,321,068	1,186,028	1,137,863	1,061,501
Cash used					
Subsidies paid	109,140	122,256	130,786	139,618	143,315
Military benefits	2,871,671	2,737,000	2,961,156	3,034,955	3,215,601
Total cash used	2,980,811	2,859,256	3,091,942	3,174,573	3,358,916
Net cash from or (used by) operating activities	-1,389,909	-1,538,188	-1,905,914	-2,036,710	-2,297,415
INVESTING ACTIVITIES					
Cash received					
Dividends	24,545	25,604	17,482	16,961	18,311
Total cash received	24,545	25,604	17,482	16,961	18,311
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	24,545	25,604	17,482	16,961	18,311
Net increase (decrease) in cash held	-1,365,364	-1,512,584	-1,888,432	-2,019,749	-2,279,104
Cash at the beginning of reporting period	114,576	146,014	180,375	180,375	180,375
Cash from the Official Public Account for appropriations	2,980,811	2,859,256	3,091,942	3,174,573	3,358,916
Cash to the Official Public Account	-1,615,447	-1,346,672	-1,203,510	-1,154,824	-1,079,812
Net increase (decrease) in Special Account	31,438	34,361	-	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	146,014	180,375	180,375	180,375	180,375

3.3.2 Notes to the Financial Statements

The 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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APPENDICES

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APPENDIX A: DEFENCE COOPERATION PROGRAM

No changes have been made to the Defence Cooperation Program (DCP) since the *PBS 2020-21*, except for the following revision.

A key element of the DCP, and the centrepiece of Australia's defence engagement in the South Pacific, is the Pacific Maritime Security Program.

Under the Pacific Maritime Security Program, Australia is replacing the existing fleet of Pacific Patrol Boats with new larger and more capable vessels. Austal Ships Pty Ltd is constructing 21 Guardian Class Patrol Boats for gifting to Pacific Island nations and Timor-Leste from 2018. Since 30 November 2018, Australia has handed over eight Guardian Class Patrol Boats to Papua New Guinea, Tuvalu, Tonga (two vessels), Samoa, Solomon Islands, Fiji and Palau.

Table 63: Defence Cooperation Program Budget 2020-21

	2019-20 Actual Result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000
Papua New Guinea	43,221	48,500	49,121
South Pacific Region	75,201	82,499	85,221
South-East Asia	21,244	30,565	30,589
Other regional activities ^[1]	7,603	11,473	11,471
Defence International Training Centre ^[2]	4,850	4,677	548
Total	152,120	177,714	176,951

Notes

1. Sri Lanka has been included as a Defence Cooperation Country from 2019-20.

2. The Defence International Training Centre (DITC) provides training in Australia to the defence forces of South-East Asia and South Pacific nations and to other selected overseas personnel. The DITC is managed by Joint Capabilities Group.

Table 64: South Pacific Region Budget 2020-21

	2019-20 Actual Result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000
Timor Leste	7,348	6,945	6,234
Vanuatu	1,670	3,760	3,775
Solomon Islands	2,321	1,436	1,456
Tonga	3,558	2,909	2,909
Samoa	448	604	610
Cook Islands	187	224	225
Republic of the Marshall Islands	203	457	442
Federated States of Micronesia	202	441	430
Fiji	2,956	4,737	4,747
Tuvalu	601	445	445
Kiribati	353	478	478
Palau	139	448	431
DCP Scheduled Support	6,971	6,259	6,102
Pacific Patrol Boat Program / Pacific Maritime Security Program	48,244	53,358	56,938
Total	75,201	82,499	85,221

Table 65: South-East Asia Region Budget 2020-21

	2019-20 Actual Result \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000
Philippines	3,939	9,771	9,774
Thailand	2,982	3,404	3,411
Malaysia	5,210	4,528	4,558
Indonesia	3,954	7,104	7,096
Vietnam	3,264	3,563	3,583
Cambodia and Laos	1,389	1,525	1,503
Brunei	258	310	312
Myanmar	248	361	351
Total	21,244	30,565	30,589

APPENDIX B: TOP 30 MILITARY EQUIPMENT ACQUISITION PROGRAM APPROVED PROJECTS

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Air Domain							
New Air Combat Capability	AIR 6000 Phase 2A/B	16,298	6,476	2,431	2,354	-76	During 2020-21, activities have continued as planned to support achievement of Initial Operational Capability, with some minor disruptions to the aircraft production schedule due to COVID-19. The variation is primarily due to foreign exchange updates.
Multi-mission Unmanned Aircraft System	AIR 7000 Phase 1B	1,878	203	239	200	-40	During 2020-21, activities continued as planned, including commencement of production for Australia's first aircraft, development of the Network Integration Test Environment to support integration testing prior to aircraft delivery, purchase of spares, and scoping of initial support arrangements. The variation is due to alignment with an updated United States Navy delivery schedule for Prime and Non-Prime contracts.
Maritime Patrol and Response Aircraft System	AIR 7000 Phase 2	5,324	4,116	195	85	-110	During 2020-21, activities have continued as planned to align the aircraft and training system configurations with the latest P-8A capability baseline. The variation is primarily due to revised financial commitment to the cooperative program for aircraft and weapons payments. In addition, later than expected deliveries in the United States (US) P-8 Training Systems upgrade program have had a follow-on impact to the Australian program.
Airborne Early Warning & Control (AEWC) Interoperability Compliance Upgrade	AIR 5077 Phase 5A	1,191	794	164	145	-19	During 2020-21, activities have continued as planned to acquire a number of upgrades to the Airborne Electronic Attack capability, centred on the EA-18G Growler aircraft. The variation is primarily due to foreign exchange updates.
Future Naval Aviation Combat System (FNACS)	AIR 9000 Phase 8	3,200	2,335	142	127	-15	During 2020-21, activities to complete the project continue. The majority of the associated mission and support systems, training devices, and weapons have been delivered. The project completed capability integration modifications to Hobart Class Destroyers and continues to modify Anzac Class ships. The variation is primarily due to reprogramming of Foreign Military Sales activity.

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Air Domain (Continued)							
Advanced Growler Development	AIR 5349 Phase 6-G2/A	530	114	133	128	-5	During 2020-21, activities have continued as planned to acquire a number of upgrades to the Airborne Electronic Attack capability, centred on the EA-18G Growler aircraft. The variation is primarily due to foreign exchange updates.
Multi-Role Helicopter (MRH)	AIR 9000 Phase 2	3,777	3,357	123	99	-24	During 2020-21, the project continues its focus on the introduction of the MRH90 Taipan into 6 Aviation Regiment in support of Special Operations, as well as key capabilities for Army and Navy operations. This includes the replacement Cargo Hook, Gun Mount and the Common Mission Management System. The variation is primarily due to delay to the delivery schedule.
Growler Airborne Electronic Attack Capability	AIR 5349 Phase 3	3,478	2,593	100	89	-11	During 2020-21, activities have continued as planned, on the delivery of electronic warfare training at ranges west of Amberley in Queensland. There have been delays in the roll out to Delamere in the Northern Territory and some intermediate milestones. However these delays are not forecast to impact the schedule for achievement of final operating capability. The variation is primarily due to delays caused by the impacts of COVID-19.
Pilot Training System	AIR 5428 Phase 1	1,261	975	94	92	-2	During 2020-21, activities have continued as planned. The final operational capability is on track to be achieved in December 2021.
Civil Military Air Traffic System (CMATS)	AIR 5431 Phase 3	978	298	94	136	43	During 2020-21, the program is currently undergoing a schedule replan, which may impact Initial Operational Capability and Final Operational Capability. The variation is primarily due to higher than expected costs of the On-Supply Agreement with Air Services Australia which has been slightly offset by later than expected site acceptance for Gingin Airfield against the radio contract. Defence's contract for this project remains capped at \$978m.

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Joint Domain							
Battlefield Command Systems (Tranche 2)	LAND 200 Phase 2-A	968	574	216	119	-98	<p>During 2020-21, the project is scoped to deliver further software releases for the Battle Management System, complete the detailed design for the Tactical Communications Network and will establish integration and installation contracts for the vehicle modification work.</p> <p>The variation is primarily due to the need to finalise a number of Contract Change Proposals across both contracts.</p>
Battlespace Communications System (Land)	JP 2072 Phase 2B	948	685	96	90	-6	<p>During 2020-21, activities have continued as planned. Release 2 will complete introduction into service in December 2020. Release 3, currently in the verification and validation phase, will be delivered between April 2021 and July 2022. Integrated Battlefield Telecommunications Network (IBTN) equipment delivered to date, has been very well received by Army and Air Force units and has been successfully deployed on Operation APEC Assist 2018 and a number of major Defence exercises.</p> <p>The variation is primarily due to delays caused by the impacts of COVID-19.</p>
Land Domain							
Mounted Combat Reconnaissance Capability	LAND 400 Phase 2	5,790	1,066	566	501	-65	<p>During 2020-21, Rheinmetall Defence Australia is expected to complete the delivery of the remaining 22 vehicles to the Commonwealth to fulfil the initial quantity of 25 vehicles required under the acquisition contract, and to conduct other key activities to support Initial Operational Capability in 2022.</p> <p>The variation is primarily due to later than expected achievement of various milestones in the Rheinmetall Defence Australia (RDA) Acquisition Contract. The reasons for delay are a combination of issues in the global boxer program and the impacts of COVID-19 (including supply chain disruptions and travel restrictions).</p>
Project Overlander - Protected Mobility Vehicle-Light	LAND 121 Phase 4	1,978	774	440	434	-6	<p>During 2020-21, the Hawkei has entered Full Rate Production in Bendigo, Victoria, following the successful completion of comprehensive reliability testing. The Project is working with Thales to finalise the delivery of the Hawkei Support System.</p> <p>The variation is primarily due to foreign exchange updates.</p>

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Land Domain (Continued)							
Medium and Heavy Capability (MHC), Field Vehicles, Modules and Trailers (FVMT)	LAND 121 Phase 3B	3,401	2,533	226	219	-8	During 2020-21, the project has continued to deliver trucks, trailers, modules and support systems on schedule and successfully achieved Final Acceptance milestones with Rheinmetall MAN Military Vehicles Australia. The variation is primarily due to savings achieved by the project that will be re-programmed for future activities.
Ground Based Air & Missile Defence Enhancement	LAND 19 Phase 7B-G2/A	1,238	276	174	171	-3	During 2020-21, the project has made very good progress, utilising a range of remote work options to remain connected with industry and stay on schedule. Detailed design review has been successfully completed. Forecast expenditure is in line with the 2020-21 Budget Estimate with only minor variation.
Future Air to Air Weapons for the NACC	AIR 6000 Phase 5	882	143	149	81	-68	During 2020-21, the project continues to focus on Initial Materiel Release including delivery of AIM-9X Sidewinder Missiles (including warstock, test and training variants) and AIM-120D AMRAAM missiles. The variation is due to reprogramming of Foreign Military Sales activities.
Tactical Training Vehicles	LAND 121 Phase 5B	1,199	169	143	143	-	During 2020-21, the project is being managed in conjunction with LAND 121 Phase 3B and continues to deliver trucks, trailers and modules on schedule.
Chem, Biol, Rad, Nuclear Defence	JP 2110 Phase 1B	254	59	140	101	-39	During 2020-21, the project has been conducting sub-system acceptance for this significantly enhanced capability. The project has experienced delays in finalising the Detailed Design Review for one of the sub-systems, the Hazard Management System. Introduction into service activities and capability rollout for this sub-system are now expected in 2021-22. The variation is due to delays caused by the complexity and leading edge nature of this sub-system which will represent the most significant step change in capability when introduced.

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Land Domain (Continued)							
Weapons & Countermeasures for ACC	AIR 6000 Phase 3	793	46	112	118	6	<p>During 2020-21, the project continues to focus on Initial Materiel Release including deliveries of Small Diameter Bombs, foreign and domestically sourced bomb warheads and Joint Direct Attack Munition Guidance kits and fuses.</p> <p>The variation is primarily due to reprogramming of activities related to the procurement of Joint Direct Attack Missile (JDAM) kits.</p>
Navy Guided Weapons	SEA 1300 Phase 1	1,151	421	95	91	-5	<p>During 2020-21, the project continues to progress toward Government Approval this financial year.</p> <p>The Enhanced Sea Sparrow Missile Block 2 schedule has experienced some delay as a result of US program delay. The impact is being assessed and integration work in Australia is continuing.</p> <p>Government approval is being sought to scope and budget the project this financial year aligned with Force Structure Plan 2020 and Defence Strategic Update 2020.</p> <p>The variation is primarily due to foreign exchange updates.</p>
Maritime Domain							
Future Submarine Design and Construction	SEA 1000 Phase 1B	5,937	1,322	782	782	-	<p>During 2020-21, the Future Submarine Program Office continue working with Naval Group and Lockheed Martin Australia on the design of the Future Submarine. Delivery of the infrastructure needed for the build of the 12 submarines in Adelaide continues.</p>
Future Frigate - Design and Construction	SEA 5000 Phase 1	6,191	711	587	507	-80	<p>The next mandated system review is the System Definition Review which will be conducted in 2021. Work continues to mature Australian Industry Capability. ASC Shipbuilding has begun issuing requests for proposal as well as signing a number of subcontracts for provision of goods and services to support prototyping.</p> <p>Revised estimates align performance and delivery to programming requirements. The variation is primarily due to reprogramming of planned Foreign Military Sales activities.</p>

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Maritime Domain (Continued)							
Offshore Patrol Vessel	SEA 1180 Phase 1-A	3,716	609	285	254	-31	<p>During 2020-21, the project will progress the build of the first four Offshore Patrol Vessels. The first and second are under construction in the Osborne Shipyard, South Australia, the third vessel is under construction at Henderson, Western Australia and the fourth vessel will commence construction during January 2021 in Henderson, Western Australia.</p> <p>The variation is primarily due to delays caused by the impacts of COVID-19.</p>
Maritime Operational Support Capability	SEA 1654 Phase 3	1,092	668	231	214	-17	<p>During 2020-21, the project is continuing to support and deliver replenishment ship capabilities.</p> <p>Ship Acceptance milestone of NUSHIP supply was forecast for late December 2020, after final fit out and testing activities, and conduct of crew training plus delivery of spare parts. NUSHIP Stalwart is on schedule to arrive in Australia for final fit-out and testing activities in Q2 2021.</p> <p>The variation is primarily due to delays caused by the impacts of COVID-19 in Spain.</p>
Collins Sonar Capability Assurance Program	SEA 1439 Phase 6	674	340	134	133	-1	<p>During 2020-21, first of class trials in HMAS <i>Waller</i> will be conducted and Tranche 1 installations will continue. The project will also continue to refine the scope for Tranche 2 and ongoing sonar capability assurance activities.</p>
Air Warfare Destroyer Program	SEA 4000 Phase 3	9,104	8,085	105	63	-42	<p>During 2020-21, this project is expected to declare Final Operational Capability in June 2021.</p> <p>The variation is primarily due to revised estimates aligning performance and delivery to programming requirements, including reprogramming of spares procurement.</p>
Evolved Cape Class Patrol Boats	SEA 1445 Phase 1	345	33	94	69	-25	<p>The contract with Austal Ships Pty Ltd. was signed in April 2020. Three vessels are currently under construction. The first vessel is scheduled for delivery in September 2021 and the last in March 2023.</p> <p>Revised estimates align performance and delivery to programming requirements.</p>

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

Domain/ Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Maritime Domain (Continued)							
Submarine Escape Rescue and Abandonment Systems	SEA 1354 Phase 1	380	70	87	87	-	<p>This project scope is to deliver a new sovereign deployable submarine rescue system that will support both the Collins and Attack class submarines, and also includes modifications to Collins class submarines to improve submarine escape and abandonment capability.</p> <p>Updated submarine escape suits and rafts have now been delivered to improve Collins class submarine escape and abandonment arrangements.</p> <p>On 21 January 2021, the termination of the contract with the prime contractor by mutual agreement was announced.</p> <p>Forecast expenditure remains subject to the outcomes of settlement with the prime contractor.</p>
Pacific Patrol Boat Replacement	SEA 3036 Phase 1	504	179	85	83	-3	<p>Construction of twenty one vessels commenced in 2017-18 and the first vessel was gifted to Papua New Guinea in November 2018. Delivery of boats is to continue at a rate of one every 3 to 4 months. Six vessels have been delivered, with five vessels to be delivered within 2020-21 and the final vessel is scheduled for delivery late 2023.</p> <p>The variation is primarily due to delays caused by the impacts of COVID-19.</p>

Table 66: Top 30 Military Equipment Acquisition Program Approved Projects by 2020-21 Forecast Expenditure (Gross Plan) (Continued)^[1]

	Approved Project Expenditure \$m	Cumulative Expenditure to 30 June 2020 \$m	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m
Total Top 30 Projects (Gross Plan)	84,458	40,024	8,463	7,715	-748
Other Approved Project Gross Plans	37,511	24,256	1,965	2,096	131
Total Approved Projects (Gross Plan)	121,969	64,280	10,427	9,811	-616
Management Margin: Slippage			-1,204	-572	632
Approved Acquisition Budget			9,224	9,239	15

Note

1. Approved Project Expenditure, Cumulative Expenditure to 30th June 2020, Budget Estimate 2020-21 and Revised Estimate 2020-21 are on an accrual basis.

APPENDIX C: TOP 30 CAPABILITY SUSTAINMENT PRODUCTS APPROVED PROJECTS

Table 67: Top 30 Capability Sustainment Products Approved Projects by 2020-21 Forecast Expenditure^[1]

Domain/ Product Name	Product Serial	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Air Domain					
F/A18F Super Hornet & Growler Weapon System	CAF21	473	455	-18	During 2020-21, the platform has continued as planned with the spiral upgrades anticipated for both the Super Hornet and Growler fleets. The variation is primarily due to foreign exchange updates.
Multi Role Helicopter - TLH MRH90	CA48	285	279	-6	During 2020-21, the platform's introduction into six Aviation Regiment continues in support of Special Operations. This remains the sustainment program's current priority. The variation is primarily due to underachievement against the target rate of effort. The reduced rate of effort is the result of low availability of serviceable aircraft due to delays in the return of repair parts from European vendors, a complex maintenance system and a lack of responsiveness in engineering support.
F-35 Joint Strike Fighter	CAF30	267	258	-9	During 2020-21, activities have continued as planned to support achievement of Initial Operational Capability and to mature the Australian F-35A sustainment support system. The variation is primarily due to foreign exchange updates.
Airborne Early Warning and Control System - AEWG	CAF20	257	252	-5	During 2020-21, the platform has continued as planned to focus on maintaining fleet mission capability. The variation is primarily due to re- phasing of work to address emerging obsolescence requirements and minor modifications. Some elements of planned work have been delayed to 2021-22 to de-conflict activities.
KC-30A Weapon System Multi-role Tanker Transport	CAF22	193	192	-1	During 2020-21, the platform has continued as planned to focus on maturation of sustainment performance.
Armed Reconnaissance Helicopter Weapons System	CA12	174	169	-5	During 2020-21, Defence continues to work closely with Airbus Australia Pacific to further improve Tiger armed reconnaissance helicopter serviceability and rate of effort achievement. Other key areas of activity are the management and treatment of technical obsolescence to ensure continued capability through to the Tiger planned withdrawal date in 2028. The variation is primarily due to rate of effort reduction and updated delivery schedules for the Capability Assurance Program.

Table 67: Top 30 Capability Sustainment Products Approved Projects by 2020-21 Forecast Expenditure (Continued)^[1]

Domain/ Product Name	Product Serial	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Air Domain (Continued)					
Lead-In Fighter Hawk 127 Weapon System	CAF03	164	168	4	During 2020-21, the platform has continued as planned to focus on finalising Hawk 127 planned withdrawal date extension proposals to align with the introduction of project AIR6002 Phase 1A – Future Lead-In Fighter Training System.
MH-60R Seahawk Romeo Helicopter	CN35	151	145	-6	During 2020-21 the capability is on track to achieve Final Operating Capability by 2023. The variation is primarily due to foreign exchange updates.
P-8A Poseidon Maritime Patrol and Response	CAF35	131	127	-4	During 2020-21, the platform has continued as planned to focus on maturing Through Life Support contract arrangements and upgrading the fleet to the latest P-8A capability baseline. The variation is primarily due foreign exchange updates.
C-17 Heavy Air Lift Weapons System	CAF19	122	117	-5	During 2020-21, the platform has continued as planned to focus on preparations associated with US Air Force support contract changes being implemented in early 2021-22. The variation is primarily due to foreign exchange updates.
C130J-30 Weapon System	CAF06	117	114	-3	During 2020-21, the platform has continued as planned to focus on effectively managing the fleet's deeper maintenance, support to a modification program to enable enhanced air-land integration, and maintaining the improved engine availability and reliability. The variation is primarily due to foreign exchange updates.
Pilot Training System	CAF37	99	99	-	During 2020-21, the system has continued as planned to focus on maturing Through Life Support contract arrangements.
F/A-18 Hornet Weapon System	CAF02	93	91	-2	During 2020-21, the product has continued as planned to focus on the measured draw down of the Classic Hornet fleet.
Wide Area Surveillance (OTHR)	CAF13	88	87	-1	During 2020-21, BAE Systems Australia will continue to progress multiple obsolescence remediation projects to ensure the capability remains effective until the radar update is conducted under project AIR2026 Phase 6, Jindalee Operations Radar Network Upgrade. The variation is primarily due to foreign exchange updates.
C27J Spartan Battlefield Airlifters	CAF34	84	83	-1	During 2020-21, the product has continued their focus on maturing the sustainment system. The variation is primarily due to foreign exchange updates.

Table 67: Top 30 Capability Sustainment Products Approved Projects by 2020-21 Forecast Expenditure (Continued)^[1]

Domain/ Product Name	Product Serial	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Joint Domain					
Command Support Systems - Battlespace	CA33	100	91	-9	During 2020-21, Battlespace CA33 continues to work with Elbit Systems of Australia, to refine the performance based Battle Management System sustainment contract to improve the visibility of overall system performance. The variation is primarily due to delays in delivery of Survey and Quote activities to 2021-22.
Battlespace Communication Systems	CA31	99	98	-1	During 2020-21, the product is delivering as planned.
Command and Intelligence Systems	CA40	70	70	-	During 2020-21, the product is delivering as planned.
Air Component Command and Intelligence Systems	CAF16	65	64	-1	During 2020-21, CAF 16 continues to undertake key activities ranging from strategic planning to process improvement and workforce re-organisation. Remediation activities have been undertaken during the past 18 months, achieving good benefits. Governance arrangements and the working relationship with Air Force have been strengthened.
Land Domain					
Explosive Ordinance - Army Munitions Branch	CA59	223	215	-8	During 2020-21, the product is delivering as planned. The variation is primarily due to foreign exchange updates.
Navy Explosive Ordinance	CN54	139	134	-5	During 2020-21, the product is delivering as planned. The variation aligns performance and delivery to programming requirements and is being managed in close consultation with the Capability Manager.
Explosive Ordinance Manufacturing Facilities	CJC01	94	94	-	During 2020-21, the product is delivering as planned. Defence has entered into a 10 year contract with Thales for the operation of the Defence owned Benalla and Mulwala explosives manufacturing facilities and established a direct tenancy with NIOA for part of the Benalla site.
ADF Clothing	CA39	83	98	15	During 2020-21, the product continues to meet the Australian Defence Force clothing and footwear requirements. The program to develop and introduce the new Maritime Multicam Pattern Uniform to Navy has been accelerated as part of a Defence Economic Stimulus Funding package in 2020-21. The variation is primarily due to: the acceleration of the program to develop and introduce the new Maritime Multicam Pattern Uniform; various additional uniform requirements from the Capability Manager; and Women in Combat initiatives.

Table 67: Top 30 Capability Sustainment Products Approved Projects by 2020-21 Forecast Expenditure (Continued)^[1]

Domain/ Product Name	Product Serial	Budget Estimate 2020-21 \$m	Revised Estimate 2020-21 \$m	Variation 2020-21 \$m	Project Performance Update and Explanation of Variation
Maritime Domain					
Collins Class Submarine	CN10	663	661	-2	During 2020-21, the Program will continue to ensure Navy's submarine materiel requirements are achieved while examining opportunities for continual improvement and efficiency. The progression and management of arrangements for a Life of Type Extension will also be assimilated into sustainment planning. The variation is primarily due to foreign exchange updates.
Anzac Class Frigate	CN02	375	375	-	During 2020-21, the product is delivering as planned.
Destroyer Designated Guided (Air Warfare)	CN40	262	259	-3	During 2020-21, the product is delivering as planned.
Canberra Class Landing Helicopter Dock	CN34	158	158	-	During 2020-21, the product is delivering as planned.
Armidade Class Patrol Boat	CN09	112	112	-	During 2020-21, the product is delivering as planned.
Maritime Cross Platform	CN49	80	80	-	During 2020-21, the focus will continue to be delivering cross platform support to Maritime capability, improving asset management, expanding the portfolio and implementing a revised industry engagement strategy.
LSD Capability Assurance Program	CN56	66	66	-	During 2020-21, the product is delivering as planned.
Total - Top 30 Products		5,286	5,210	-76	
Other Approved Sustainment Product Estimates		2,151	2,157	6	
Total Sustainment Product Funds Available		7,437	7,367	-70	
Support to Operations		232	219	-13	
Total Sustainment and Operations Funding		7,669	7,586	-83	

Note

1. Budget Estimate 2020-21 and Revised Estimate 2020-21 are on an accrual basis.

APPENDIX D: ENTERPRISE ESTATE AND INFRASTRUCTURE PROGRAM

The Enterprise Estate and Infrastructure Program component of the Integrated Investment Program comprises approved and yet to be approved major and medium capital facilities projects. These projects support and sustain current and future capability requirements and other government initiatives; meet legislative obligations; and provide engineering and infrastructure services and upgrades to existing facilities.

Major capital facilities projects are defined as having expenditure over \$75 million (excluding GST) and are subject to Government and Parliamentary approval. Medium capital facilities projects have expenditure between \$2 million and \$75 million (excluding GST), and are subject to Government approval and notification to the Parliamentary Standing Committee on Public Works (PWC).

Approved Enterprise Estate and Infrastructure Program Projects

The table below, and the following descriptions, provide details on the progress and expenditure for 2020-21 on approved major and medium capital facilities projects.

Table 68: Approved Enterprise Estate and Infrastructure Program Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m (revised)	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m	Project Performance Update and Explanation of Financial variation
New Air Combat Capability Facilities Project (AIR 6000 Phase 2A/B)^[1]								
	NSW - Paterson	-	885.8	885.8	14.6	11.3	-3.3	
	NT - Lingiari	-	512.2	512.2	9.8	7.6	-2.2	
	NSW - Hunter	-	7.8	7.8	0.3	0.2	-0.1	
Total		1,485.8	1,405.8	1,405.8	24.7	19.2	-5.5	This financial variation is a result of a minor change in construction works programming.

Table 68: Approved Enterprise Estate and Infrastructure Program Projects by State and Federal Electorate

		Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m (revised)	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m	Project Performance Update and Explanation of Financial variation
Enhanced Land Force (ELF) Stage 2^[1]								
Lone Pine Barracks	NSW - Hunter	-	115.8	115.8	-	-	-	
Puckapunyal Training Area	VIC - Nicholls	-	11.7	11.7	-	-	-	
Simpson Barracks, Watsonia	VIC - Jagajaga	-	20.2	20.2	-	-	-	
RAAF Amberley	QLD - Blair	-	9.6	9.6	-	-	-	
Lavarack Barracks, Townsville	QLD - Herbert	-	62.0	62.0	-	-	-	
Townsville Training Area	QLD - Kennedy	-	3.9	3.9	-	-	-	
Greenbank Training Area	QLD - Wright	-	120.7	120.7	-	-	-	
Gallipoli Barracks, Enoggera	QLD - Ryan	-	828.9	828.9	-	-	-	
Wide Bay Training Area	QLD - Wide Bay	-	78.3	78.3	-	-	-	
Kokoda Barracks, Canungra	QLD - Wright	-	71.8	71.8	-	-	-	
Cultana Training Area	SA - Grey	-	63.3	63.3	6.1	6.1	0.0	
RAAF Edinburgh	SA - Spence	-	34.7	34.7	0.2	0.0	-0.2	
Majura Field Training Area	ACT - Canberra	-	13.4	13.4	-	-	-	
RMC Canberra	ACT - Canberra	-	9.0	9.0	-	-	-	
Mount Stuart	QLD - Kennedy	-	4.1	4.1	-	-	-	
Total		1,457.8	1,447.6	1,447.6	6.2	6.1	-0.2	This financial variation is a result of a minor change in construction works programming
RAAF Base Tindal Redevelopment Stage 6 and United States Force Posture Initiative Airfield Works and Associated Infrastructure								
RAAF Tindal	NT - Lingiari	1,173.9	-	-	82.4	71.0	-11.4	This financial variation is a result of a minor change in construction works programming

Table 68: Approved Enterprise Estate and Infrastructure Program Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m (revised)	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m	Project Performance Update and Explanation of Financial variation
Navy Capability Infrastructure								
Sub-program: Hunter Class Frigate								
Program Facilities								
(SEA 5000 Phase 1)^[1]								
HMAS <i>Watson</i>	NSW - Wentworth	-	-	-	-	-	-	
Garden Island Defence Precinct	NSW - Sydney	-	-	-	-	-	-	
St Kilda	SA - Spence	-	-	-	41.6	40.5	-1.1	
Osborne Naval Shipyard	SA - Hindmarsh	-	2.6	2.6	3.5	3.4	-0.1	
HMAS <i>Stirling</i>	WA - Brand	-	-	-	4.9	4.8	-0.1	
Henderson Maritime Precinct	WA - Fremantle	-	13.1	13.1	1.3	1.3	-0.0	
Total		918.8	15.7	15.7	51.3	49.9	-1.4	This financial variation is a result of a minor change in construction works programming
Navy Capability Infrastructure								
Sub-program: Offshore Patrol Vessel								
(OPV) Facilities (SEA 1180 Phase 1)^[1]								
HMAS <i>Coonawarra</i>	NT - Solomon	-	-	-	4.4	3.0	-1.4	
RAAF Darwin ^[2]	NT - Solomon	-	-	-	-	-	-	
HMAS <i>Cairns</i>	QLD - Leichhardt	-	-	-	3.0	2.0	-1.0	
HMAS <i>Stirling</i>	WA - Brand	-	-	-	11.3	7.7	-3.6	
Henderson Maritime Precinct	WA - Freemantle	-	3.3	3.3	4.9	3.3	-1.6	
Total		918.5	3.3	3.3	23.5	16.0	-7.5	This financial variation is a result of a minor change in construction works programming
Maritime Patrol Aircraft Replacement								
(AIR 7000 Phase 2B)^{[1][3]}								
RAAF Edinburgh	SA - Spence	-	484.1	484.1	24.7	20.2	-4.5	
RAAF Darwin	NT - Solomon	-	14.4	14.4	72.8	59.5	-13.3	
RAAF Townsville	QLD - Herbert	-	-	-	5.4	4.4	-1.0	
RAAF Pearce	WA - Pearce	-	10.8	10.8	36.7	30.0	-6.7	
HMAS <i>Stirling</i>	WA - Brand	-	4.7	4.7	-	-	-	
Total		792.6	513.9	513.9	139.6	114.1	-25.5	This financial variation is a result of a minor change in construction works programming
Larrakeyah Defence Precinct								
Redevelopment Program								
Larrakeyah Defence Precinct	NT - Solomon	495.6	80.0	80.0	121.8	136.4	14.6	This financial variation is a result of a minor change in construction works programming

Table 68: Approved Enterprise Estate and Infrastructure Program Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m	Estimated Cumulative Expenditure to 30 June 2020 \$m (revised)	2020-21 Budget Estimate \$m	2020-21 Revised Estimate \$m	Variation \$m	Project Performance Update and Explanation of Financial variation
HMAS Cerberus Redevelopment								
HMAS Cerberus	VIC - Flinders	465.6	261.6	261.6	75.5	75.4	-0.1	This financial variation is a result of a minor change in construction works programming
HMAS Watson Redevelopment								
HMAS Watson	NSW - Wentworth	430.5	12.2	12.2	30.7	38.1	7.4	This financial variation is a result of a minor change in construction works programming
Air Traffic Control Complex Infrastructure Project and Fixed Base Defence Air Traffic Management and Control System (AIR 5431 Phases 2 & 3) ^[1]								
RAAF Amberley	QLD - Blair	-	51.5	51.5	0.6	0.7	0.1	This financial variation is a result of a minor change in construction works programming
Army Aviation Centre Oakey	QLD - Groom	-	37.5	37.5	0.3	0.4	0.1	
RAAF Townsville	QLD - Herbert	-	40.5	40.5	0.3	0.4	0.1	
RAAF Richmond	NSW - Macquarie	-	29.7	29.7	0.3	0.4	0.1	
HMAS Albatross	NSW - Gilmore	-	19.1	19.1	1.0	1.2	0.2	
RAAF Williamtown	NSW - Paterson	-	45.4	45.4	0.2	0.2	0.0	
RAAF East Sale	VIC - Gippsland	-	10.3	10.3	0.2	0.2	0.0	
RAAF Woomera	SA - Grey	-	0.9	0.9	-	-	-	
RAAF Edinburgh	SA - Spence	-	8.7	8.7	0.2	0.2	0.0	
RAAF Gingin	WA - Pearce	-	8.1	8.1	0.1	0.1	0.0	
RAAF Pearce	WA - Pearce	-	35.6	35.6	0.3	0.4	0.1	
RAAF Darwin	NT - Solomon	-	36.8	36.8	12.5	14.7	2.2	
RAAF Tindal	NT - Lingiari	-	47.4	47.4	0.3	0.4	0.1	
Total		409.9	371.5	371.5	16.3	19.2	2.9	
Battlefield Airlifter Facilities (AIR 8000 Phase 2)								
RAAF Amberley	QLD - Blair	370.4	353.0	353.0	14.2	14.1	-0.1	This financial variation is a result of a minor change in construction works programming
HMAS Stirling Redevelopment Stage 3A								
HMAS Stirling, Rockingham	WA - Brand	366.8	346.0	346.0	2.9	2.8	-0.1	This financial variation is a result of a minor change in construction works programming

Table 68: Approved Enterprise Estate and Infrastructure Program Projects by State and Federal Electorate

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AIR555 Phase 1 Airborne Intelligence Surveillance Reconnaissance Electronic Warfare Capability Facilities Works^[1]								
Territory of Cocos (Keeling) Islands	NT - Lingiari	-	-	-	0.5	0.5	-0.0	This financial variation is a result of a minor change in construction works programming
RAAF Darwin	NT - Solomon	-	-	-	0.5	0.5	-0.0	
RAAF Townsville	QLD - Herbert	-	-	-	0.4	0.4	-0.0	
RAAF Edinburgh	SA - Spence	-	-	-	34.0	32.3	-1.7	
Total		294.5	-	-	35.4	33.6	-1.8	
Garden Island (East) Critical Infrastructure Recovery (CIRP) Stage 2								
Garden Island Defence Precinct	NSW - Sydney	286.5	46.1	46.1	70.6	79.4	8.8	This financial variation is a result of a minor change in construction works programming
LAND 121 Stage 2A^[1]								
Lavarack Barracks, Townsville	QLD - Herbert	-	128.3	128.3	0.2	0.2	0.0	This financial variation is a result of a minor change in construction works programming
Gallipoli Barracks, Enoggera	QLD - Ryan	-	54.1	54.1	-	-	-	
RAAF Amberley	QLD - Blair	-	0.4	0.4	0.8	0.9	0.1	
RAAF Townsville	QLD - Herbert	-	0.7	0.7	2.4	2.6	0.2	
RAAF Williamtown	NSW - Paterson	-	12.9	12.9	-	-	-	
Holsworthy Barracks, Holsworthy	NSW - Hughes	-	2.0	2.0	-	-	-	
RAAF Richmond	NSW - Macquarie	-	0.1	0.1	2.1	2.3	0.2	
Puckapunyal Training Area	VIC - Nicholls	-	24.1	24.1	5.9	6.5	0.6	
Campbell Barracks	WA - Curtin	-	8.2	8.2	-	-	-	
RAAF Edinburgh	SA - Spence	-	9.2	9.2	-	-	-	
Robertson Barracks	NT - Lingiari	-	1.1	1.1	-	-	-	
RAAF Darwin	NT - Solomon	-	3.8	3.8	1.1	1.2	0.1	
Total		276.5	244.9	244.9	12.5	13.7	1.2	
RAAF Base Williamtown Redevelopment Stage 2								
RAAF Williamtown	NSW - Paterson	274.0	242.6	242.6	14.4	19.8	5.4	This financial variation is a result of change in delivery schedule
Garden Island (East) Critical Infrastructure Recovery (CIRP) Stage 1								
Garden Island Defence Precinct	NSW - Sydney	263.3	154.3	154.3	70.7	83.8	13.1	This financial variation is a result of a minor change in construction works programming

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Armoured Fighting Vehicles Facilities								
Program Stage 1⁽¹⁾								
Lavarack Barracks	QLD - Herbert	-	-	-	23.3	8.9	-14.4	
Edinburgh Defence Precinct	SA - Spence	-	-	-	10.4	4.0	-6.4	
Puckapunyal Military Area	VIC - Nicholls	-	-	-	60.7	23.1	-37.6	
Total		235.1	-	-	94.4	35.9	-58.6	This financial variation is a result of alignment with Government Approval
Explosive Ordnance Logistics Reform Program⁽¹⁾								
RAAF Amberley	QLD - Blair	-	25.0	25.0	-	-	-	
Mount Stuart	QLD - Kennedy	-	11.2	11.2	-	-	-	
RAAF Darwin	NT - Solomon	-	20.3	20.3	0.1	0.2	0.1	
Defence Establishment Myambat	NSW - Hunter	-	59.0	59.0	-	-	-	
Twofold Bay	NSW - Eden-Monaro	-	9.9	9.9	-	-	-	
HMAS <i>Cerberus</i>	VIC - Flinders	-	13.6	13.6	-	-	-	
Mangalore	VIC - Nicholls	-	27.7	27.7	-	-	-	
Point Wilson	VIC - Corio	-	10.6	10.6	4.2	9.2	5.0	
Fort Direction	TAS - Franklin	-	3.2	3.2	-	-	-	
RAAF Edinburgh	SA - Spence	-	16.7	16.7	0.1	0.2	0.1	
HMAS <i>Stirling</i>	WA - Brand	-	15.3	15.3	0.1	0.2	0.1	
Total		230.9	212.5	212.5	4.5	9.9	5.4	This financial variation is a result of a minor change in construction works programming
Navy Capability Infrastructure								
Sub-program: Maritime Operational Support Capability Facilities								
(SEA 1654 Phase 3)⁽¹⁾								
HMAS <i>Stirling</i>	WA - Brand	-	39.7	39.7	26.4	38.6	12.2	
Randwick Barracks	NSW - Kingsford Smith	-	25.5	25.5	0.8	1.2	0.4	
Garden Island Defence Precinct	NSW - Sydney	-	-	-	-	-	-	
Total		220.5	65.2	65.2	27.2	39.8	12.6	This financial variation is a result of a minor change in construction works programming
Point Wilson Waterside Infrastructure Remediation Project								
Point Wilson	VIC - Corio	218.9	11.8	11.8	68.6	55.8	-12.8	This financial variation is a result of a minor change in construction works programming

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Joint Health Command Garrison Facilities Upgrades^[1]								
Simpson Barracks, Watsonia	VIC - Jagajaga	-	7.0	7.0	11.2	11.0	-0.2	
Puckapunyal Training Area	VIC - Nicholls	-	8.3	8.3	10.1	9.9	-0.2	
Albury-Wodonga, South Bandiana	VIC - Indi	-	16.8	16.8	0.7	0.7	-0.0	
Royal Military College	ACT - Canberra	-	25.9	25.9	14.7	14.5	-0.2	
Russell Offices ^[2]	ACT - Canberra	-	-	-	-	-	-	
Holsworthy Barracks	NSW - Hughes	-	7.1	7.1	0.8	0.8	-0.0	
Robertson Barracks	NT - Lingiari	-	4.2	4.2	0.9	0.9	-0.0	
Larrakeyah Barracks	NT - Solomon	-	11.9	11.9	2.4	2.4	-0.0	
Army Aviation Centre Oakey	QLD - Groom	-	3.4	3.4	10.8	10.6	-0.2	
Gallipoli Barracks, Enoggera	QLD - Ryan	-	2.0	2.0	5.5	5.4	-0.1	
Campbell Barracks	WA - Curtin	-	14.6	14.6	2.4	2.4	-0.0	
RAAF Townsville	QLD - Herbert	-	3.8	3.8	8.7	8.6	-0.1	
RAAF Pearce	WA - Pearce	-	3.9	3.9	1.4	1.4	-0.0	
Total		212.5	108.9	108.9	69.6	68.5	-1.1	This financial variation is a result of a minor change in construction works programming
Land 121 Phase 5B Facilities Project^[1]								
Lavarack Barracks ^[2]	QLD - Herbert	-	-	-	-	-	-	
Robertson Barracks	NT - Lingiari	-	-	-	-	-	-	
Gallipoli Barracks	QLD - Ryan	-	-	-	0.8	3.0	2.2	
Derwent Barracks	TAS - Clarke	-	-	-	0.1	0.4	0.3	
Puckapunyal Military Area	VIC - Nicholls	-	-	-	-	-	-	
Campbell Barracks	WA - Curtin	-	-	-	0.2	0.7	0.5	
Total		183.3	-	-	1.1	4.1	3.0	This financial variation is a result of a minor change in construction works programming
Airfield Capital Works P0007 (East Sale, Gingin and Oakey)^[1]								
RAAF East Sale	VIC - Gippsland	-	76.0	76.0	14.4	13.9	-0.5	
RAAF Gingin	WA - Pearce	-	-	-	1.9	1.8	-0.1	
Army Aviation Centre Oakey	QLD - Groom	-	30.7	30.7	11.8	11.4	-0.4	
Total		149.0	106.7	106.7	28.1	27.2	-0.9	This financial variation is a result of a minor change in construction works programming

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Shoalwater Bay Training Area Remediation Project								
Shoalwater Bay Training Area	QLD - Capricornia	135.4	10.7	10.7	64.6	70.7	6.1	This financial variation is a result of a minor change in construction works programming
DEF101 Data Centre Upgrade								
HMAS <i>Harman</i>	ACT - Bean	131.5	0.7	0.7	64.3	76.6	12.3	This financial variation is a result of delayed agreement with the energy provider
Naval Guided Weapons Maintenance Facilities Project								
Defence Establishment Orchard Hills	NSW - Lindsay	95.5	11.4	11.4	49.6	48.1	-1.5	This financial variation is a result of a minor change in construction works programming
Airfield Capital Works P0006 (Curtin, Tindal and Townsville) ^[1]								
RAAF Townsville	QLD - Herbert	-	-	-	8.0	6.0	-2.0	This financial variation is a result of a minor change in construction works programming
RAAF Curtin	WA - Durack	-	15.2	15.2	-	-	-	
RAAF Tindal	NT - Lingiari	-	47.6	47.6	-	-	-	
Total		95.3	63.0	63.0	8.0	6.0	-2.0	
Russell Office Precinct Upgrade R5 and R6 Midlife Upgrade								
Russell Offices	ACT - Canberra	75.4	68.5	68.5	3.6	2.9	-0.7	This financial variation is a result of a minor change in construction works programming
Defence High Performance Computing Centre								
RAAF Edinburgh	SA - Spence	68.8	24.9	24.9	32.1	35.3	3.2	This financial variation is a result of a minor change in construction works programming
AIR 2025 Phase 6 Jindalee Operational Radar Networks (JORN) Facilities Project ^[1]								
Alice Springs	NT - Lingiari	-	39.2	39.2	9.5	5.9	-3.6	This financial variation is a result of a minor change in construction works programming
Murray Bridge Training Area ^[2]	SA - Barker	-	-	-	-	-	-	
RAAF Learmonth ^[2]	WA - Durack	-	-	-	-	-	-	
Total		50.7	39.2	39.2	9.5	5.9	-3.6	
LAND 4502 Phase 1 Additional CH-47F Chinook Facilities								
RAAF Townsville	QLD - Herbert	49.9	16.9	16.9	16.1	19.0	2.9	This financial variation is a result of a minor change in construction works programming
Puckapunyal Mid-Term Refresh								
Puckapunyal Military Area	VIC - Nicholls	45.8	-	-	-	1.4	1.4	This project has been approved since the PBS 2020-21.

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Singleton Mid-Term Refresh								
Singleton Military Area	NSW - Hunter	42.2	-	-	17.1	23.7	6.6	This financial variation is a result of a minor change in construction works programming
Puckapunyal Health and Wellbeing Centre								
Puckapunyal Military Area	VIC - Nicholls	39.8	-	-	20.5	5.0	-15.5	This financial variation is a result of a minor change in construction works programming
SEA 1397 Phase 5D Nulka Assembly and Maintenance Facilities^[3]								
Defence Establishment Orchard Hills	NSW - Lindsay	31.6	-	-	9.7	6.2	-3.5	This financial variation is a result of a minor change in construction works programming
Oakey Mid-Term Refresh								
Swartz Barracks	QLD - Groom	31.3	-	-	3.9	3.1	-0.8	This financial variation is a result of a minor change in construction works programming
Land 555 Phase 6 Force Level Electronic Warfare, Signals Intelligence and Vehicles								
Borneo Barracks	QLD - Groom	29.6	0.3	0.3	14.7	12.3	-2.4	This financial variation is a result of a minor change in construction works programming
Holsworthy Mid-Term Refresh								
Holsworthy Barracks	NSW - Hughes	29.5	-	-	12.6	9.7	-2.9	This financial variation is a result of a minor change in construction works programming
HMAS Waterhen Mid-Term Refresh								
HMAS Waterhen	NSW - Northern Sydney	23.4	-	-	-	-	-	This project has been approved since the PBS 2020-21.

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LAND 2110 Phase 1B - Chemical, Biological, Radiological and Nuclear Defence (CBRND) Facilities^[1]								
HMAS <i>Stirling</i>	WA - Brand	-	-	-	0.4	0.5	0.1	
Bindoon Training Area	WA - Pearce	-	-	-	0.1	0.1	0.0	
Robertson Barracks	NT - Lingiari	-	0.2	0.2	0.1	0.1	0.0	
RAAF Edinburgh	SA - Spence	-	0.1	0.1	0.1	0.1	0.0	
Lavarack Barracks	QLD - Herbert	-	0.1	0.1	0.8	0.9	0.1	
Gallipoli Barracks	QLD - Ryan	-	-	-	0.2	0.2	0.0	
RAAF Amberley	QLD - Blair	-	0.1	0.1	1.3	1.5	0.2	
Holsworthy Barracks	NSW - Hughes	-	-	-	0.6	0.7	0.1	
Kapooka Military Area	NSW - Riverina	-	0.1	0.1	3.2	3.8	0.6	
RAAF Base Wagga	NSW - Riverina	-	-	-	0.3	0.4	0.1	
HMAS <i>Creswell</i>	ACT - Fenner	-	-	-	0.7	0.8	0.1	
Majura Range	ACT - Canberra	-	0.1	0.1	1.4	1.6	0.2	
HMAS <i>Cerberus</i>	VIC - Flinders	-	-	-	0.5	0.6	0.1	
Dutson Air Weapons Range	VIC - Gippsland	-	-	-	0.7	0.8	0.1	
Total		16.7	0.9	0.9	10.4	12.2	1.8	This financial variation is a result of a minor change in construction works programming
Vibration Test Facility Port Wakefield								
Port Wakefield	SA - Grey	8.9	7.1	7.1	1.2	1.2	0.0	Not applicable
Robertson Barracks Close Training Area								
Robertson Barracks	NT - Lingiari	7.6	0.2	0.2	5.7	5.7	0.0	Not applicable
RAAF Pearce – Upgrade of Potable Water								
RAAF Pearce	WA - Pearce	7.5	3.5	3.5	3.5	3.6	0.1	This financial variation is a result of a minor change in construction works programming
Facilities to support SEA 1442 Phase 6 Protected Satellite Communications^{[1],[3]}								
HMAS <i>Harman</i>	ACT - Bean	-	0.2	0.2	2.6	2.8	0.2	
HMAS <i>Stirling</i>	WA - Brand	-	0.4	0.4	2.5	2.7	0.2	
Total		7.1	0.6	0.6	5.1	5.5	0.4	This financial variation is a result of change in delivery schedule

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Robertson Barracks Small Arms Range								
Robertson Barracks	NT - Lingiari	6.9	6.6	6.6	-	0.0	-	Not applicable
Facilities to Support the LAND 154 Phase 2 Weapons Technical Intelligence Capability^[1]								
Gallipoli Barracks	QLD - Ryan	-	-	-	2.4	2.4	0.0	
Edinburgh Defence Precinct	SA - Spence	-	-	-	3.1	3.1	0.0	
Total		5.9	-	-	5.5	5.5	0.0	Not applicable
Building 106 Extensions and Alterations, Environmental Test Facility, Proof and Experimental Establishment, Port Wakefield, SA								
Port Wakefield	SA - Grey	5.5	4.6	4.6	0.1	0.1	0.0	Not applicable
Projects in or about to enter Defects Liability Period^[4]					9.6	4.5	-5.1	
Total^[5]		13,173.0	6,262.7	6,262.7	1,453.6	1,398.0	-55.6	

Notes

1. The projects crosses state and electoral boundaries. Estimated cumulative expenditure to 30 June 2020 and expenditure estimates for 2020-21 are provided in the table per location.
2. Site list amended to capture full scope of work.
3. Total estimated expenditure updated following project budget review.
4. This amount represents the expenditure estimates for contract administration of six completed projects during their first year in-use.
5. Sum of the individual items may differ to the totals due to rounding. Budget estimates shown as 0.0 are amounts greater than \$0 but less than \$50,000.

Explanation of Projects

Information is as reported in the *PBS 2020-21*, with the following updates:

Australian Capital Territory

Russell Office Precinct Upgrade R5 and R6 Midlife Upgrade

This project is providing essential building and engineering services upgrades to extend the life of buildings R5 and R6 at Russell Offices, ACT. The works are complete except for alarm installations and commissioning activities, which are scheduled for completion by February 2021.

New South Wales

Holsworthy Mid-Term Refresh

This project is addressing power supply reliability issues, serviceability of high voltage infrastructure, and serviceability of training living-in-accommodation at Holsworthy Barracks, NSW. This project is scheduled for completion in late 2022.

HMAS *Waterhen* Mid-Term Refresh

This project will address condition, capacity and compliance issues with existing facilities and infrastructure at HMAS *Waterhen*, NSW including shore power, mechanical services, working accommodation, security and access. This project is scheduled to commence construction in late 2021 for completion in early 2023.

Northern Territory

Robertson Barracks Close Training Area

This project is providing perimeter fencing, signage, fire break installations; clearing rubbish; and removing asbestos to ensure the Robertson Barracks Close Training Area, NT, is suitable for Defence use. This project is scheduled for completion in late 2021.

Robertson Barracks Small Arms Range

This project is addressing issues that impact on Darwin-based units to maintain mandated levels of readiness through the construction of a 25m/100m small-arms range within the Robertson Barracks Close Training Area, NT. The works are complete except for a stop butt, which is scheduled for completion in mid 2021.

Queensland

Battlefield Airlifter Facilities (AIR 8000 Phase 2)

This project is providing facilities at RAAF Base Amberley, QLD to accommodate and support the operation of the new C-27J Battlefield Airlifter aircraft. The works are complete except for resolving minor defects, which are scheduled for completion by April 2021.

LAND 4502 Phase 1 Additional CH-47F Chinook Facilities

This project is providing new facilities for 5 Aviation Regiment to support the introduction and sustainment of three new additional CH-47F Chinook Medium Lift Helicopters and associated integration systems at RAAF Base Townsville, QLD. The works are complete except for finalising minor high voltage and apron works, which are scheduled for completion by February 2021.

South Australia

Building 106 Extensions and Alterations, Environmental Test Facility, Proof and Experimental Establishment, Port Wakefield, SA

This project is providing a new Environmental Test Facility control building at Port Wakefield, SA to improve working conditions, workplace efficiency, and access control. The works are complete except for ICT installation and demolition of the existing building, which are scheduled for completion by March 2021.

Victoria

Puckapunyal Mid-Term Refresh

This project will address condition, capacity and compliance issues with existing infrastructure at the Puckapunyal Military Area, VIC including remediating and upgrading engineering services and constructing a new storage facility. This project is scheduled to commence in mid 2021 for completion in late 2021.

Western Australia

HMAS *Stirling* Redevelopment Stage 3A

This project is upgrading and refurbishing existing critical shortfalls to infrastructure and facilities at HMAS *Stirling*, WA. The works are complete except for undertaking a final commissioning activity, which is scheduled for completion in mid 2021.

Various Locations

Navy Capability Infrastructure Sub-program

This program of works is providing new and upgraded facilities and infrastructure around Australia to support the introduction into service and sustainment of new Frigate, Offshore Patrol, and Maritime Operational Support Capability vessels:

Hunter Class Frigate Program Facilities (SEA 5000 Phase 1)

This project is providing upgraded facilities and infrastructure to support the introduction of the new Hunter Class Frigates to replace the current Anzac Class Frigates at HMAS *Watson* and the Garden Island Defence Precinct, NSW; St Kilda and Osborne Naval Shipyard, SA; and HMAS *Stirling* and Henderson Maritime Precinct, WA. This project is scheduled to commence construction February 2021 for completion in mid 2026.

Offshore Patrol Vessel (OPV) Facilities (SEA 1180 Phase 1)

This project is providing berthing, training, maintenance, logistics, and support facilities to support the introduction into service of 12 new OPVs at HMAS *Coonawarra*, NT; HMAS *Cairns*, QLD; and HMAS *Stirling* and Henderson Maritime Precinct, WA. This project is scheduled to commence construction by February 2021 for completion in mid 2027.

Maritime Operational Support Capability Facilities (SEA 1654 Phase 3)

This project is providing new and upgraded facilities and infrastructure to support the introduction of the Supply Class Auxiliary Oiler Replenishment vessels at HMAS *Stirling*, WA, and Randwick Barracks and the Garden Island Defence Precinct, NSW. This project is scheduled for completion in mid 2023.

Maritime Patrol Aircraft Replacement (AIR 7000 Phase 2B)

This project is providing new and upgraded facilities and infrastructure to support the introduction of the P-8A aircraft at RAAF Base Edinburgh SA, RAAF Base Townsville QLD, RAAF Base Pearce WA, and RAAF Base Darwin NT, as well as additional explosive ordnance facilities at HMAS *Stirling*, WA. This project is scheduled for completion in mid 2022.

Air Traffic Control Complex Infrastructure Project and Fixed Base Defence Air Traffic Management and Control System (AIR 5431 Phases 2 and 3)

This project is providing facilities in support of replacement Air Traffic Management Surveillance, Command and Control Systems under AIR 5431 Phases 2 and 3, incorporating the replacement of aged and degraded Air Traffic Control Towers, at 12 bases. All scope elements are complete, except for RAAF Base Darwin, which is scheduled for completion by April 2021, and demolition of redundant facilities, which is due for completion in late 2024.

Armoured Fighting Vehicles Facilities Program Stage 1

Stage 1 of this program will provide fit for purpose facilities and infrastructure to support, sustain, and train Army personnel on, the next generation of Armoured Fighting Vehicles capability at Lavarack Barracks, QLD; Edinburgh Defence Precinct, SA; and Puckapunyal Military Area, VIC. Stage 1 is scheduled for completion in mid 2023.

Explosive Ordnance Logistics Reform Program

This project is addressing explosive ordnance storage capacity shortfalls through delivery of new and enhanced explosive ordnance facilities at 11 bases. This project is complete except for demolition at three sites, which is scheduled for completion in late 2021.

Joint Health Command Garrison Facilities Upgrades

This project is providing fit for purpose, contemporary Garrison Health Facilities at 13 bases around Australia. This project is scheduled for completion in late 2021.

AIR 2025 Phase 6 Jindalee Operational Radar Networks (JORN) Facilities Project

This project is providing new facilities and infrastructure to support the mid-life upgrade of JORN capability, with priority works at the JORN Radar 3 Receive (Mount Everard) and Transmit (Harts Range) sites near Alice Springs, NT and supporting infrastructure and upgrades at sounder sites. This project is scheduled for completion in late 2021.

LAND 200 Tranche 2 Battlefield Communications Systems Facilities Project

This project is providing training and storage infrastructure to support the rollout of Battlefield Management Systems at seven bases. The works have been completed and are in the Defects Liability Period.

LAND 2110 Phase 1B - Chemical, Biological, Radiological and Nuclear Defence (CBRND) Facilities

This project is providing new and refurbished facilities, including training and storage facilities at 14 bases to support Australian Defence Force CBRND activities. This project is scheduled to commence construction by December 2020 for completion in mid 2021.

Facilities to support SEA 1442 Phase 6 Protected Satellite Communications

This project is providing infrastructure works, namely footings and slabs; supporting services connections; and perimeter fencing at HMAS *Harman*, ACT and HMAS *Stirling*, WA. This project is scheduled for completion by February 2021.

APPENDIX E: STATUS OF PROJECTS FORESHADOWED FOR GOVERNMENT AND PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS CONSIDERATION IN 2020-21

Program of Works Foreshadowed for Consideration and Approval

During 2020-21, Defence has presented/ expects to present a number of facilities proposals to the Parliamentary Standing Committee on Public Works (PWC). The following tables detail the proposed major capital facilities projects expected to be referred to the PWC, and medium capital facilities projects expected to be notified to the PWC, in 2020-21.

Table 69: Major Capital Facilities Projects Foreshadowed for PWC Consideration and Approval in 2020-21

	State/Electorate	Actual/Indicative PWC Referral Date ^[1]	Actual/Indicative PWC Hearing Date ^{[1][2]}	Parliamentary Approval Date ^[1]
Facilities to Support SEA 2773 Fleet Information Environment Modernisation	Multiple	Early 2021	Early 2021	Mid 2021
North Queensland Mid-Term Refresh Program: RAAF Base Townsville, Townsville Field Training Area, and HMAS Cairns ⁴	QLD - Multiple	Early 2021	Mid 2021	Mid 2021
United States Force Posture Initiative (USFPI) Northern Territory Training Areas and Ranges Upgrades	NT - Lingiari	Early 2021	Mid 2021	Mid 2021
AIR 7000 Phase 1B Remotely Piloted Aircraft System Facilities Project	Multiple	Mid 2021	Mid 2021	Late 2021
Explosive Ordnance Facilities Northern New South Wales Redevelopment	NSW - Lindsay	Mid 2021	Mid 2021	Late 2021

Notes

1. Actual dates are shown in full. Forecast dates are shown as "Early", "Mid", "Late".
2. Hearing dates are subject to the PWC's consideration and agreement.

Table 70: Medium Capital Facilities Projects Foreshadowed for Consideration and Approval in 2020-21^[1]

	State/Electorate	Actual / Indicative PWC Notification Date ^[2]
HMAS <i>Waterhen</i> Mid-Term Refresh	NSW - North Sydney	3 December 2020
Puckapunyal Military Area Mid-Term Refresh	VIC - Nicholls	3 December 2020
General John Baker Complex Capability Assurance Project (Public Private Partnership) – Tranche 1	NSW - Eden-Monaro	Early 2021
Sydney Future Office Accommodation Project	NSW - Multiple	Early 2021
Melbourne Office Accommodation Project	VIC - Melbourne	Early 2021
2CER Compensatory Hardstand	QLD - Ryan	Early 2021
BP26 Flexible Working Pilot	ACT - Bean	Mid 2021
Anglesea Barracks Mid-Term Refresh	TAS - Clark	Mid 2021
Relocation of Patterson Barracks Units and New ADF Cadet Facilities Multi User Depot	TAS - Bass	Mid 2021
Section Urban Assault Range	NSW - Hunter	Mid 2021

Notes

1. Facilities for ACOY41 Royal New South Wales Regiment in the Tweed Heads has slipped notification beyond 2020-21 as previously reported in the *PBS 2020-21*.
2. Actual dates are shown in full. Forecast dates are shown as “Early”, “Mid”, “Late”.

Explanation of Projects

Information is as reported in the *PBS 2020-21*, with the following updates:

Major and Medium Project Narratives by State and Various Locations

Australian Capital Territory

BP26 Flexible Working Pilot

This medium project proposes to provide an exemplar in Canberra, ACT of the new Defence office accommodation principles. Subject to Government approval and PWC notification, construction is planned to commence in late 2021 for completion in mid 2022.

New South Wales

General John Baker Complex Capability Assurance Project (Public Private Partnership) - Tranche 1

This medium project proposes to deliver infrastructure at Headquarters Joint Operations Command at Bungendore, NSW. Subject to PWC notification, construction is planned to commence in mid 2021 for completion in mid 2022.

Sydney Future Office Accommodation Project

This medium project proposes to provide fit for purpose workplace environment for Defence personnel operating within Sydney, NSW. Subject to PWC notification, construction is planned to commence in mid 2021 for completion in mid 2022.

Explosive Ordnance Facilities Northern New South Wales Redevelopment

This major project proposes to remediate existing facilities and provide new facilities and infrastructure to support activities at Defence Establishment Orchard Hills and Myambat Explosive Ordnance Depot, NSW. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2022 for completion in mid 2024.

Section Urban Assault Range

This medium project proposes to build a prototype range at Singleton Military Area, NSW. Subject to Government approval and PWC notification, construction is planned to commence in late 2021 with completion in early 2022.

Northern Territory

United States Force Posture Initiative (USFPI) Northern Territory Training Areas and Ranges Upgrades

This major program of works proposes to support Australian Defence Force and USFPI requirements with major upgrades at a number of training areas in the NT. Subject to Government and Parliamentary approvals, construction is planned to commence in late 2021 for completion in late 2025.

Queensland

2CER Compensatory Hardstand

This medium project proposes to construct an appropriate hardstand area within Gallipoli Barracks, QLD, to compensate loss of storage areas resulting from constructing a new gate off Samford Road. Subject to PWC notification, construction is planned to commence in late 2021 for completion in mid 2022.

North Queensland Mid-Term Refresh Program: RAAF Base Townsville, Townsville Field Training Area, and HMAS Cairns

This major program proposes to provide mid-life refurbishments to critical infrastructure at three North Queensland sites, being RAAF Base Townsville, Townsville Field Training Area and HMAS Cairns. Subject to Government and Parliamentary approvals, construction is planned to commence in mid 2021 for completion in mid 2023.

Tasmania

Anglesea Barracks Mid-Term Refresh

This medium project proposes to ensure Anglesea Barracks, TAS, remains fit for purpose. Subject to Government approval and PWC notification, construction is planned to commence in late 2021 for completion in late 2022.

Victoria

Melbourne Office Accommodation Project

This medium project proposes to provide fit for purpose workplace environments for Defence personnel operating within Melbourne, VIC. Subject to PWC notification, construction is planned to commence in mid 2021 for completion in early 2022.

Various Locations

Facilities to Support SEA 2773 Fleet Information Environment Modernisation

This major project proposes to provide facilities to support maritime and naval operations at Randwick Barracks, HMAS Kuttubul, and Banksmeadow Multi-user Depot, NSW; HMAS Harman, ACT; HMAS Cerberus, VIC; HMAS Stirling, WA; HMAS Coonawarra, NT, and HMAS Cairns, QLD. Subject to Parliamentary approval, construction is planned to commence in late 2021 for completion in mid 2023.

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AUSTRALIAN SIGNALS DIRECTORATE

Entity Resources and Planned Performance

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AUSTRALIAN SIGNALS DIRECTORATE

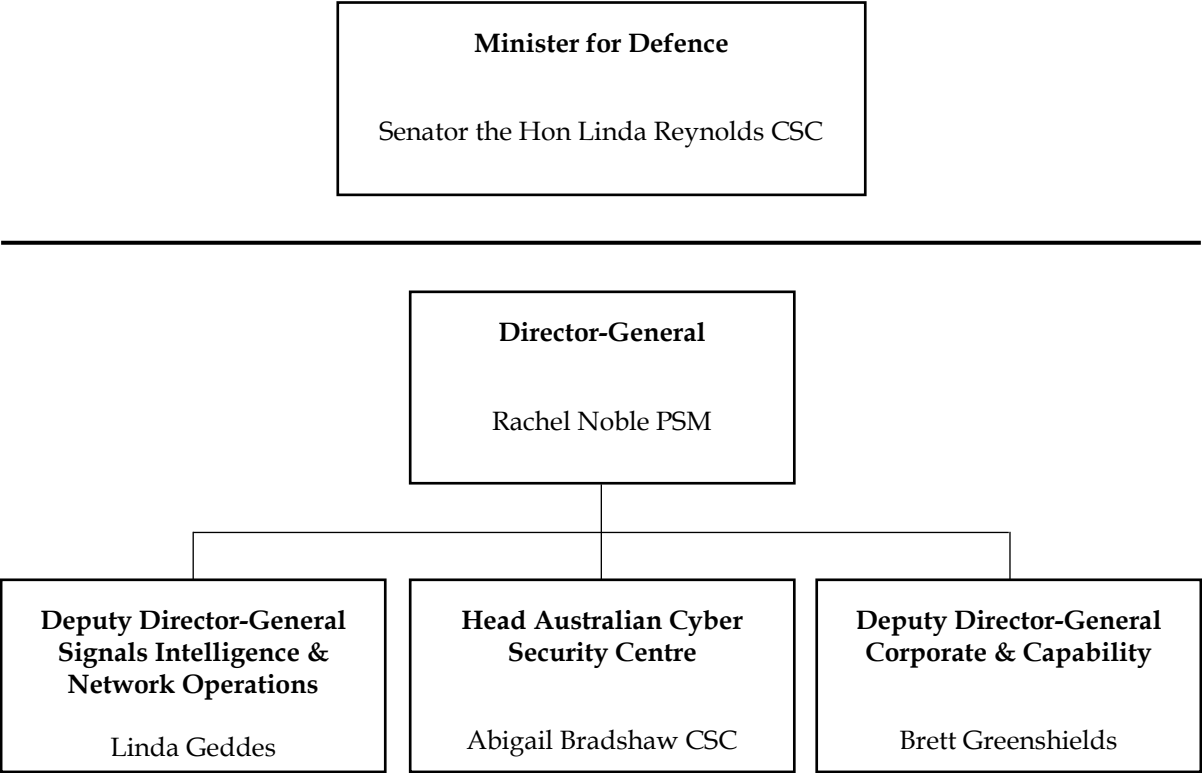
Section 1: ASD Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

No changes have been made to the Strategic Direction Statement since the *PBS 2020-21*.

ASD Organisational Chart

Figure 3: ASD Organisational Structure



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

Senior Executive Changes

No changes have taken place since the *PBS 2020-21*.

Organisational Structure

No changes have taken place since the *PBS 2020-21*.

Program Structure

No changes have taken place since the *PBS 2020-21*.

1.2 ASD RESOURCE STATEMENT

The ASD Resource Statement details the resourcing for the Australian Signals Directorate at Additional Estimates. Table 1 outlines the total resourcing available from all sources for the 2020-21 Budget year, including variations through Appropriation Bills No. 3 and No. 4, Special Appropriations and Special Accounts.

Table 71: ASD Resource Statement – Budget Estimates for 2020-21 as at Additional Estimates February 2021

	Actual available appropriation 2019-20 \$'000	Estimate as at Budget 2020-21 \$'000	Proposed Additional Estimates 2020-21 \$'000	Total Estimate at Additional Estimates 2020-21 \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Departmental							
Annual appropriations - ordinary annual services							
Departmental appropriation	763,900	805,435	3,157	808,592	881,094	854,100	892,784
s74 External Revenue	3,031	2,704	-	2,704	2,771	2,845	2,918
Departmental Capital Budget	-	30,000	-	30,000	45,000	30,000	30,000
Annual appropriations - other services - non-operating		-					
Equity injection	176,836	195,459	-3,807	191,652	126,702	93,704	62,862
Receipts from other entities on account of restructure	-	-	-	-	-	-	-
Total departmental resourcing	943,767	1,033,598	-650	1,032,948	1,055,567	980,649	988,564
Total resourcing for ASD	943,767	1,033,598	-650	1,032,948	1,055,567	980,649	988,564

Annual Appropriations

Table 72: Appropriation Bill (No. 3) 2020-21

	2019-20 Available \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental Outputs					
Departmental Outputs ^[1]	763,900	835,435	838,592	3,157	-
Total	763,900	835,435	838,592	3,157	-

Note

1. Additional appropriation is provided in Appropriation Bill (No. 3).

Table 73: Appropriation Bill (No. 4) 2020-21

	2019-20 Available \$'000	2020-21 Budget Estimate \$'000	2020-21 Revised Estimate \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections ^[1]	176,836	195,459	191,652	-	3,807
Total non-operating	176,836	195,459	191,652	-	3,807

Note

1. No Additional appropriation is provided in Appropriation Bill (No. 4).

1.3 BUDGET MEASURES

2020-21 Budget Measures and Other Budget Adjustments

Table 74: Variation to ASD Funding

	2020-21 Revised Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	Total Forward Estimates \$m
Departmental Budget Measures					
Expenditure Measures					
Total Departmental Budget Measures	-	-	-	-	-
Other Budget Adjustments					
Foreign Exchange	-5.8	-3.9	-2.1	-1.9	-13.7
Transfer of projects from Defence	5.1	7.5	-	-	12.6
Total Other Departmental Budget Adjustments	-0.7	3.6	-2.1	-1.9	-1.1
Variation to ASD Departmental Funding	-0.7	3.6	-2.1	-1.9	-1.1

Section 2: ASD Revisions to Outcomes and Planned Performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

Outcome Expense Statement

Table 75: Budgeted Expenses for Outcome 1

	2019-20 Actual Result \$'000	2020-21 Revised Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
Program 1.1 - Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations					
Departmental expenses					
Expenses funded by appropriation	700,499	774,522	845,658	817,205	855,234
s74 External Revenue	3,031	2,704	2,771	2,845	2,918
Expenses not requiring appropriation in the budget year	165,343	146,583	181,087	190,735	183,163
Departmental total	868,873	923,809	1,029,516	1,010,785	1,041,315
Total expenses for Program 1.1	868,873	923,809	1,029,516	1,010,785	1,041,315

	2019-20	2020-21
Average Staffing Level (number)	nfp	nfp

Contributions to Outcome 1

Program 1.1: Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations

Performance information is as reported in the *PBS 2020-21*.

Section 3: ASD Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of ASD's finances for the 2020-21 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 EXPLANATORY TABLES

Table 76: Third Party Payments to and from Other Agencies^[1]

	Budget Estimate 2020-221 \$'000	Revised Estimate 2020-21 \$'000	Variation \$'000
Payments made to Department of Defence for provision of services (Departmental)	92,559	92,559	-

Note

1. 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.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 77: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2019-20 Actual Result \$'000	2020-21 Revised Budget \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
EXPENSES					
Employee benefits	262,796	288,668	309,650	321,266	341,982
Supplier expenses	438,377	483,989	534,430	494,862	512,684
Depreciation and amortisation	131,474	146,430	180,934	190,580	183,007
Finance costs	3	-	-	-	-
Write-down of assets and impairment of assets	31,109	-	-	-	-
Foreign exchange losses	28	-	-	-	-
Other	5,086	4,722	4,502	4,077	3,642
Total expenses	868,873	923,809	1,029,516	1,010,785	1,041,315
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	3,031	2,704	2,771	2,845	2,918
Total own-source revenue	3,031	2,704	2,771	2,845	2,918
Gains					
Reversals of previous asset write-downs	2,602	-	-	-	-
Other gains	158	153	153	155	156
Total gains	2,760	153	153	155	156
Total own-source income	5,791	2,857	2,924	3,000	3,074
Net cost of (contribution by) services	-863,082	-920,952	-1,026,592	-1,007,785	-1,038,241
Revenue from Government	763,900	808,592	881,094	854,100	892,784
Surplus (Deficit) attributable to the Australian Government	-99,182	-112,360	-145,498	-153,685	-145,457
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	18,084	-	-	-	-
Total other comprehensive income/(loss)	18,084	-	-	-	-
Total comprehensive income attributable to the Australian Government	-81,098	-112,360	-145,498	-153,685	-145,457

Note: Impact of net cash appropriation arrangements

	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Surplus/(Deficit) attributable to the Australian Government prior to Net Cash Appropriation Adjustments	19,339	-	-	-	-
less: Depreciation/amortisation expenses previously funded through revenue appropriations	-89,747	-104,678	-139,652	-149,721	-143,107
less: depreciation/amortisation expenses for ROU assets	-41,727	-41,752	-41,282	-40,859	-39,900
add: Principal repayments on leased assets	31,037	34,070	35,436	36,895	37,550
Total comprehensive income/(loss) - as per the statement of comprehensive income	-81,098	-112,360	-145,498	-153,685	-145,457

Table 78: Budgeted Departmental Balance Sheet (as at 30 June)

	2019-20 Actual Result \$'000	2020-21 Revised Budget \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	35,630	37,947	39,189	36,482	36,478
Trade and other receivables	80,168	80,168	80,168	80,168	80,170
Total financial assets	115,798	118,115	119,357	116,650	116,648
Non-financial assets					
Land and buildings	414,978	371,007	327,506	284,428	242,309
Property, plant and equipment	342,212	456,835	487,841	461,710	417,427
Intangibles	26,006	30,575	33,838	36,169	37,834
Other non-financial assets	95,276	95,276	95,276	95,276	95,276
Total non-financial assets	878,472	953,693	944,461	877,583	792,846
Total assets	994,270	1,071,808	1,063,818	994,233	909,494
LIABILITIES					
Payables					
Suppliers	90,848	93,164	94,406	91,697	95,516
Other	10,635	10,635	10,635	10,635	10,635
Total payables	101,483	103,799	105,041	102,332	106,151
Interest bearing liabilities					
Leases	379,619	345,549	310,113	273,218	235,668
Total interest bearing liabilities	379,619	345,549	310,113	273,218	235,668
Provisions					
Employee provisions	93,223	93,223	93,223	93,223	94,816
Total provisions	93,223	93,223	93,223	93,223	94,816
Total liabilities	574,325	542,571	508,377	468,773	436,635
NET ASSETS	419,945	529,237	555,441	525,460	472,859
EQUITY					
Contributed equity	522,318	743,970	915,672	1,039,376	1,127,203
Reserves	29,386	29,386	29,386	29,386	34,415
Retained surplus (accumulated deficit)	-131,759	-244,119	-389,617	-543,302	-688,759
Total equity	419,945	529,237	555,441	525,460	472,859

Table 79: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2019-20 Actual Result \$'000	2020-21 Revised Budget \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000	2023-24 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	700,648	808,592	881,094	854,111	892,784
Goods and services	-	2,704	2,771	2,845	2,918
Net GST received	33,225	49,026	50,578	47,193	46,548
Other	401	-	-	-	-
Total cash received	734,274	860,322	934,443	904,149	942,250
Cash used					
Employees	248,176	288,673	309,655	321,271	340,391
Suppliers	405,180	481,514	533,030	497,410	514,123
Net GST paid	32,575	49,026	50,578	47,193	46,548
Other cash used	-	-	-	-	-
Interest payments on lease liabilities	5,086	4,722	4,502	4,077	3,642
Total cash used	691,017	823,935	897,765	869,951	904,704
Net cash from (used by) operating activities	43,257	36,387	36,678	34,198	37,546
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of intangibles	-	-	-	-	-
Other cash received	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of infrastructure, plant and equipment	135,829	209,652	159,702	111,703	80,862
Purchase of intangibles	17,528	12,000	12,000	12,000	12,000
Selling costs on sale of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Total cash used	153,357	221,652	171,702	123,703	92,862
Net cash from (used by) investing activities	-153,357	-221,652	-171,702	-123,703	-92,862
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	179,007	221,652	171,702	123,693	92,862
Receipts from other entities on account of restructure	-	-	-	-	-
Total cash received	179,007	221,652	171,702	123,693	92,862
Cash used					
Repayment of debt	31,037	34,070	35,436	36,895	37,550
Cash to the Official Public Account	-	-	-	-	-
Total cash used	31,037	34,070	35,436	36,895	37,550
Net cash from (used by) financing activities	147,970	187,582	136,266	86,798	55,312
Net increase (decrease) in cash and cash equivalents held	37,870	2,317	1,242	-2,707	-4
Cash and cash equivalents at the beginning of the reporting period	-2,245	35,630	37,947	39,189	36,482
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	5	-	-	-	-
Cash and cash equivalents at the end of the reporting period	35,630	37,947	39,189	36,482	36,478

Table 80: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2020-21)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2020					
Balance carried forward from previous period	-131,759	29,386	-	522,318	419,945
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	-131,759	29,386	-	522,318	419,945
Comprehensive income					
Comprehensive income recognised directly in equity:	-	-	-	-	-
Gain/loss on revaluation of property	-	-	-	-	-
Subtotal comprehensive income	-	-	-	-	-
Surplus (Deficit) for the period	-112,360	-	-	-	-112,360
Total comprehensive income recognised directly in equity	-112,360	-	-	-	-112,360
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital:					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	191,652	191,652
Departmental Capital Budget (DCB)	-	-	-	30,000	30,000
Other	-	-	-	-	-
Sub-total transaction with owners	-	-	-	221,652	221,652
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2021	-244,119	29,386	-	743,970	529,237
Closing balance attributable to the Australian Government	-244,119	29,386	-	743,970	529,237

Table 81: Statement of Departmental Asset Movements (2020-21)

	Buildings \$'000	Other property, plant and equipment \$'000	Heritage & cultural \$'000	Computer software & intangibles \$'000	Total \$'000
As at 1 July 2020					
Gross book value	20,729	398,666	244	50,565	470,204
Gross book value - ROU assets	444,116	-	-	-	444,116
Accumulated depreciation/amortisation and impairment	-8,140	-56,698	-	-24,559	-89,397
Accumulated depreciation/amortisation and impairment - ROU assets	-41,727	-	-	-	-41,727
Opening net book balance	414,978	341,968	244	26,006	783,196
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity ^[1]	-	179,651	-	12,000	191,651
By purchase - appropriation equity - ROU assets	-	-	-	-	-
By purchase - appropriation ordinary annual services ^[2]	-	30,000	-	-	30,000
By purchase - appropriation ordinary annual services - ROU assets	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-
By purchase - other	-	-	-	-	-
By purchase - other - ROU assets	-	-	-	-	-
Assets received as gifts/donations	-	-	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-	-	-
Total additions	-	209,651	-	12,000	221,651
Other movements					
Assets held for sale or in a disposal group held for sale	-	-	-	-	-
ROU assets held for sale or in a disposal group held for sale	-	-	-	-	-
Depreciation/amortisation expense	-2,219	-95,028	-	-7,431	-104,678
Depreciation/amortisation on ROU assets	-41,752	-	-	-	-41,752
Disposals ^[3]					
From disposal of entities or operations (including restructuring)	-	-	-	-	-
From disposal of entities or operations (including restructuring) on ROU assets	-	-	-	-	-
Other	-	-	-	-	-
Other - ROU assets	-	-	-	-	-
Total other movements	-43,971	-95,028	-	-7,431	-146,430
As at 30 June 2021					
Gross book value	20,729	608,317	244	62,565	691,855
Gross book value - ROU assets	444,116	-	-	-	444,116
Accumulated depreciation/amortisation and impairment	-10,359	-151,726	-	-31,990	-194,075
Accumulated depreciation/amortisation and impairment - ROU assets	-83,479	-	-	-	-83,479
Closing net book balance	371,007	456,591	244	30,575	858,417

Notes

1. "Appropriation equity" refers to equity injections or Administered Assets and Liabilities appropriations provided through *Appropriation Act (No. 2) 2020-2021* and *Appropriation Bill (No. 4) 2020-2021*, including Collection Development Acquisition Budget.
2. "Appropriation ordinary annual services" refers to funding provided through *Appropriation Act (No. 1) 2020-2021* and *Appropriation Bill (No. 3) 2020-2021* for depreciation/amortisation expenses, Departmental Capital Budget or other operational expenses.
3. Net Proceeds may be returned to the Official Public Account.

Table 82: Departmental Capital Budget Statement (for the period ended 30 June)

	2019-20 Actual Result \$'000	2020-21 Revised Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	30,000	45,000	30,000	30,000
Equity injections - Bill 2	176,836	191,652	126,702	93,704	62,862
Loans - Bill 2	-	-	-	-	-
Total new capital appropriations	176,836	221,652	171,702	123,704	92,862
Provided for:					
Purchase of non-financial assets	176,836	221,652	171,702	123,704	92,862
Annual finance lease costs	-	-	-	-	-
Other Items	-	-	-	-	-
Total items	176,836	221,652	171,702	123,704	92,862
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	153,357	191,652	126,702	93,704	62,862
Funded by capital appropriation -DCB	-	30,000	45,000	30,000	30,000
Funded by finance leases	-	-	-	-	-
Funded internally from departmental resources	-	-	-	-	-
Funded by special appropriations	-	-	-	-	-
TOTAL	153,357	221,652	171,702	123,704	92,862
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	153,357	221,652	171,702	123,704	92,862
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	-	-	-	-	-
plus annual finance lease costs	-	-	-	-	-
less gifted assets	-	-	-	-	-
less s75 transfers/restructuring	-	-	-	-	-
Total cash used to acquire assets	153,357	221,652	171,702	123,704	92,862

3.2.2 Notes to the Financial Statements

The 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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DEFENCE HOUSING AUSTRALIA

Entity Resources and Planned Performance

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DEFENCE HOUSING AUSTRALIA

Section 1: DHA Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

No changes have been made to this outcome strategy since the *PBS 2020-21*.

DHA Organisational Structure

The composition of DHA's Board of Directors and associated committees is detailed below. As at 31 December 2020, the DHA Board members were:

Chairman	Hon J.A.L. (Sandy) Macdonald
Managing Director	Mr Barry Jackson
Commercial Director	Hon Alan Ferguson AM
Commercial Director	Mr Robert Fisher AM
Commercial Director	Ms Andrea Galloway
Commercial Director	Mr Ewen Jones
Nominee Secretary of Defence	Ms Kate Louis
Nominee Chief of Defence Force	BRIG Leigh Wilton AM
Nominee Secretary of Finance	Mr Simon Lewis AO, PSM

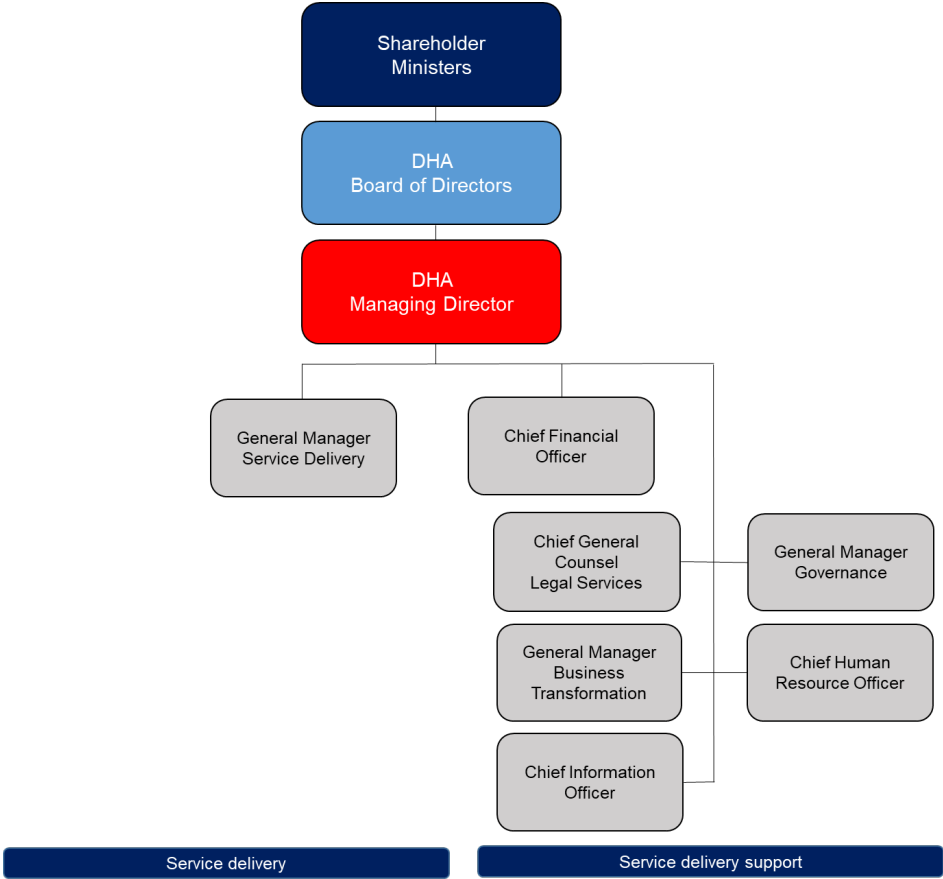
The DHA Board also has the following subcommittees: Board Audit and Risk Committee, Board Investment Committee and Board Nomination and Remuneration Committee.

DHA also has an Advisory Committee in accordance with the DHA Act that had the following members as at 31 December 2020:

Chairperson	BRIG Leigh Wilton AM
Convenor of Defence Families of Australia	Ms Maree Sirois
Appointee of Chief of Navy	RADM Christopher Smith CSM, RAN (Deputy Chief of Navy)
Appointee of Chief of Army	MAJGEN Anthony Rawlins DSC, AM (Deputy Chief of Army)
Appointee of Chief of Air Force	AVM Stephen Meredith AM, DSM (Deputy Chief of Air Force)
Appointee of Defence Housing Australia	Mr Barry Jackson (Managing Director)

The chart below shows DHA’s Senior Executive.

Figure 4: DHA Organisational Structure (as at 31 December 2020)



1.2 DHA RESOURCE STATEMENT

The DHA Resource Statement details the resourcing for Defence Housing Australia at Additional Estimates. Table 1 outlines the total resourcing available from all sources for the 2020-21 Budget year.

Table 83: DHA Resource Statement – Additional Estimates for 2020-21 as at Additional Estimates February 2021^[1]

	Actual available appropriation	Estimate as at Budget	Proposed Additional Estimates	Total estimate at Additional Estimates
	2019-20 \$'000	2020-21 \$'000	2020-21 \$'000	2020-21 \$'000
Opening balance/cash reserves at 1 July	212,924	379,143	-	379,143
Funds from Government				
Amounts received from related entities				
Amounts from portfolio department	577,197	614,224	-	614,224
Amounts from other entities	-	-	-	-
Total amounts received from related entities	577,197	614,224	-	614,224
Total funds from Government	577,197	614,224	-	614,224
Funds from other sources				
Interest	3,457	2,746	(461)	2,285
Sale of goods and services ^[2]	432,372	479,020	(180,546)	298,474
Total funds from other sources	435,829	481,766	(181,007)	300,759
Total net resourcing for Entity	1,225,950	1,475,133	(181,007)	1,294,126
			Actual 2019-20	2020-21
Average staffing level (number)			643	643

Notes

1. DHA is not directly appropriated. Appropriations are made to Department of Defence which are then paid to DHA and are considered "departmental" for all purposes.

2. Reduction in Sale of Goods and Services arises from changed reporting requirements for Sale and Leaseback transactions accounted for under AASB 16. There is no change to underlying activities.

1.3 BUDGET MEASURES

There are no budget measures relating to DHA for the 2020-21 Additional Estimates.

Section 2: DHA Revisions to Outcomes and Planned Performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: To contribute to Defence outcomes by providing total housing services that meet Defence Operational and client needs through a strong customer and business focus

Outcome Expense Statement

Table 84: Budgeted Expenses for Outcome 1

	2019-20 Actual expenses \$'000	2020-21 Revised estimated expenses \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
Program 1.1 Other Departmental - DHA					
Revenue from Government					
Payment from related entities	590,039	577,444	553,818	551,149	564,882
Revenues from other independent sources	378,401	308,408	338,256	281,583	282,804
Total expenses for Program 1.1	968,440	885,852	892,074	832,732	847,686
<hr/>					
	2019-20	2020-21			
Average staffing level (number)	643	643			

Contributions to Outcome 1

Performance information is as reported in the *PBS 2020-21*.

Section 3: DHA Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of DHA's finances for the 2020-21 budget year, including the impact of resourcing on financial statements.

3.1 EXPLANATORY TABLES

Not applicable to DHA.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 85: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June^{[1][2][3]}

	2019-20 Actual \$'000	2020-21 Revised budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
INCOME					
Revenue					
Sale of goods and rendering of services	964,951	883,368	889,561	830,212	843,724
Interest	3,450	2,484	2,513	2,520	3,962
Total revenue	968,401	885,852	892,074	832,732	847,686
Gains					
Sale of assets	39	-	-	-	-
Total gains	39	-	-	-	-
Total income	968,440	885,852	892,074	832,732	847,686
EXPENSES					
Employee benefits	69,880	76,134	77,374	79,324	81,322
Suppliers	441,912	426,909	452,887	393,323	394,536
Depreciation and amortisation	303,898	277,421	265,014	265,305	273,154
Finance costs	53,109	48,035	43,992	40,253	42,446
Write-down and impairment of assets	38,873	19,000	16,930	14,950	14,950
Losses from asset sales	5,151	4,269	4,016	3,593	4,459
Total expenses	912,823	851,768	860,213	796,748	810,867
Profit (Loss) before income tax	55,617	34,084	31,861	35,984	36,819
Income tax expense	17,050	11,331	10,993	11,868	12,835
Net profit/(loss)	38,567	22,753	20,868	24,116	23,984
Profit/(loss) attributable to the Australian Government	38,567	22,753	20,868	24,116	23,984
Total comprehensive income attributable to the Australian Government	38,567	22,753	20,868	24,116	23,984

Notes

1. Prepared on Australian Accounting Standards basis.
2. The data in this table is based on DHA's 2020-21 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Additional Estimates submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.
- 3 Impact of Net Cash Appropriation Arrangements - Included in accordance with RMG 125 Commonwealth Entities Financial Statements Guide. As DHA is not directly appropriated, the below information is presented for reporting purposes only and includes the depreciation and principal repayments on leases under AASB 16 Leases.

	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Total comprehensive income/(loss) as per statement of Comprehensive Income					
	36,128	29,087	(2,734)	(19,293)	(7,232)
plus: depreciation of ROU	277,445	253,910	240,831	241,108	248,279
less: principal repayments	279,884	247,576	264,433	284,517	279,495
Net Cash Operating Surplus/ (Deficit)	38,567	22,753	20,868	24,116	23,984

Table 86: Budgeted Departmental Balance Sheet (as at 30 June)^{[1][2][3]}

	2019-20 Actual \$'000	2020-21 Revised budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	379,143	329,949	388,270	331,554	328,570
Trade and other receivables	5,901	8,882	8,761	8,963	9,394
Other financial assets	18,177	7,785	7,679	7,856	8,234
Total financial assets	403,221	346,616	404,710	348,373	346,198
Non-financial assets					
Land and buildings	3,642,031	3,492,360	3,404,584	3,500,123	3,588,071
Property, plant and equipment	5,350	12,705	11,308	10,415	8,265
Intangibles	4,526	3,533	3,394	2,850	2,226
Inventories	755,253	734,120	638,786	627,428	624,843
Tax assets	81,842	86,351	81,292	76,377	74,291
Other non-financial assets	2,206	4,503	4,593	4,685	4,779
Total non-financial assets	4,491,208	4,333,572	4,143,957	4,221,878	4,302,475
Assets held for sale	21,758	2,058	2,058	2,058	2,058
Total assets	4,916,187	4,682,246	4,550,725	4,572,309	4,650,731
LIABILITIES					
Payables					
Suppliers	39,781	28,909	29,632	30,373	31,132
Dividends	25,604	17,482	16,961	18,311	19,803
Other payables	46,369	76,481	69,443	72,622	77,478
Total payables	111,754	122,872	116,036	121,306	128,413
Interest bearing liabilities					
Loans	509,580	374,580	304,580	209,580	159,580
Leases	1,645,435	1,483,414	1,369,689	1,412,618	1,465,489
Total interest bearing liabilities	2,155,015	1,857,994	1,674,269	1,622,198	1,625,069
Provisions					
Employee provisions	16,465	23,311	22,868	23,574	24,649
Other provisions	144,252	122,588	115,669	114,646	113,855
Total provisions	160,717	145,899	138,537	138,220	138,504
Total liabilities	2,427,486	2,126,765	1,928,842	1,881,724	1,891,986
Net assets	2,488,701	2,555,481	2,621,883	2,690,585	2,758,745
EQUITY ²					
Parent entity interest					
Contributed equity	396,148	396,148	396,148	396,148	396,148
Reserves	2,139,243	2,200,752	2,263,247	2,326,144	2,390,123
Retained surplus / (accumulated deficit)	(46,690)	(41,419)	(37,512)	(31,707)	(27,526)
Total parent entity interest	2,488,701	2,555,481	2,621,883	2,690,585	2,758,745
Total non-controlling interest	-	-	-	-	-
Total Equity	2,488,701	2,555,481	2,621,883	2,690,585	2,758,745

Notes

1 Prepared on Australian Accounting Standards basis.

2 Equity is the residual interest in assets after the deduction of liabilities.

3. The data in this table is based on DHA's 2020-21 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Additional Estimates submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 87: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)^{[1][2]}

	2019-20 Actual \$'000	2020-21 Revised budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	983,671	873,112	889,571	830,195	843,688
Interest	3,457	2,285	2,520	2,507	3,935
Net GST received	13,806	10,941	588	303	106
Other	25,898	39,586	1,300	1,071	912
Total cash received	1,026,832	925,924	893,979	834,076	848,641
Cash used					
Employees	85,872	69,288	77,817	78,618	80,247
Suppliers	339,350	393,539	334,531	340,922	350,969
Borrowing costs	20,809	16,566	15,129	11,422	10,922
Net GST paid	26,583	-	-	-	-
Interest payments on lease liability	31,970	31,469	28,863	28,831	31,524
Other	57,399	68,172	44,882	36,955	42,915
Total cash used	561,983	579,034	501,222	496,748	516,577
Net cash from / (used by) operating activities	464,849	346,890	392,757	337,328	332,064
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	33,755	51,284	42,490	26,533	39,922
Total cash received	33,755	51,284	42,490	26,533	39,922
Cash used					
Purchase of property, plant, and equipment and intangibles	27,956	39,188	25,011	24,099	27,164
Total cash used	27,956	39,188	25,011	24,099	27,164
Net cash from / (used by) investing activities	5,799	12,096	17,479	2,434	12,758
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of borrowings	-	135,000	70,000	95,000	50,000
Principal payments on lease liability	279,884	247,576	264,433	284,517	279,495
Dividends paid	24,545	25,604	17,482	16,961	18,311
Total cash used	304,429	408,180	351,915	396,478	347,806
Net cash from/(used by) financing activities	(304,429)	(408,180)	(351,915)	(396,478)	(347,806)
Net increase/(decrease) in cash held	166,219	(49,194)	58,321	(56,716)	(2,984)
Cash and cash equivalents at the beginning of the reporting period	212,924	379,143	329,949	388,270	331,554
Cash and cash equivalents at the end of the reporting period	379,143	329,949	388,270	331,554	328,570

Notes

1 Prepared on Australian Accounting Standards basis.

2. The data in this table is based on DHA's 2020-21 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Additional Estimates submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

**Table 88: Departmental Statement of Changes in Equity – Summary of Movement
(Budget Year 2020-21)^{[1][2]}**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity / capital \$'000	Total equity \$'000
Opening balance as at 1 July 2020					
Balance carried forward from previous period	(46,690)	2,139,243	-	396,148	2,488,701
Adjusted opening balance	(46,690)	2,139,243	-	396,148	2,488,701
Comprehensive income					
Surplus/(deficit) for the period	22,753	-	-	-	22,753
Total comprehensive income	22,753	-	-	-	22,753
Transactions with owners					
Distributions to owners					
Returns on capital:					
Dividends	(17,482)	-	-	-	(17,482)
Contributions by owners					
Other	-	61,509	-	-	61,509
Sub-total transactions with owners	(17,482)	61,509	-	-	44,027
Estimated closing balance as at 30 June 2021	(41,419)	2,200,752	-	396,148	2,555,481
Closing balance attributable to the Australian Government	(41,419)	2,200,752	-	396,148	2,555,481

Notes

1 Prepared on Australian Accounting Standards basis.

2. The data in this table is based on DHA's 2020-21 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Additional Estimates submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 89: Statement of Departmental Asset Movements (2020-21 Budget Year)^{[1][2]}

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	L&B, IP&E held for sale	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020						
Gross book value	1,133,744	970,859	27,320	23,294	21,385	2,176,602
Gross book value - ROU assets	-	1,969,789	1,618	-	-	1,971,407
Accumulated depreciation/ amortisation and impairment	-	(373)	(22,821)	(18,768)	373	(41,589)
Accumulated depreciation/amortisation and impairment - ROU assets	-	(431,988)	(767)	-	-	(432,755)
Opening net book balance	1,133,744	2,508,287	5,350	4,526	21,758	3,673,665
CAPITAL ASSET ADDITIONS						
Estimated expenditure on new or replacement assets						
By purchase - other	11,728	11,728	10,399	400	-	34,255
By purchase - other - ROU assets	-	79,307	625	-	-	79,932
Total additions	11,728	91,035	11,024	400	-	114,187
Other movements						
Assets held for sale or in a disposal group held for sale	(15,792)	(15,792)	-	-	31,584	-
Depreciation/amortisation expense	-	-	(2,701)	(1,393)	-	(4,094)
Depreciation/amortisation on ROU assets	-	(262,942)	(968)	-	-	(263,910)
Disposals	-	-	-	-	(51,284)	(51,284)
Other	22,675	19,417	-	-	-	42,092
Total other movements	6,883	(259,317)	(3,669)	(1,393)	(19,700)	(277,196)
Gross book value	1,152,355	986,212	37,719	23,694	1,685	2,201,665
Gross book value - ROU assets	-	2,049,096	2,243	-	-	2,051,339
Accumulated depreciation/ amortisation and impairment	-	(373)	(25,522)	(20,161)	373	(45,683)
Accumulated depreciation/amortisation and impairment - ROU assets	-	(694,930)	(1,735)	-	-	(696,665)
Closing net book balance	1,152,355	2,340,005	12,705	3,533	2,058	3,510,656

Notes

1 Prepared on Australian Accounting Standards basis.

2. The data in this table is based on DHA's 2020-21 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Additional Estimates submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

GLOSSARY

Term	Meaning
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional estimates	Where amounts appropriated at Budget time are required to change, Parliament may make adjustments to portfolios through the Additional Estimates Acts.
Administered appropriation	Revenue, expenses, assets and liabilities administered by an agency for the Commonwealth (such as taxes, benefits payments and public debt) that are not concerned with running the agency or its commercial activities.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Agency	Assets, liabilities, revenues and expenses that are controlled by Defence or a subsidiary. Includes officials allocated to the organisation.
Amortisation	A term used interchangeably with depreciation, except that it applies to a non-current physical asset under finance lease, or a non-current intangible asset, over its limited useful life.
Annual appropriation	Two Appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the Additional Estimates.
Appropriation	An authorisation by Parliament to spend money from the Consolidated Revenue Fund (the principal working fund of the Commonwealth) for a particular purpose.
Assets	Future economic benefits controlled by Defence as a result of past transactions or other past events. Assets are initially recognised at the cost of acquisition. Non-financial assets are subject to ongoing revaluation assessment.
Assets under construction	Assets under construction by Defence for Defence, or for the use of another entity according to a construction contract where Defence controls the asset until completion, or assets under construction or otherwise being made ready by another entity for use by Defence.
Australian Accounting Standards	Specify techniques of accounting practice and the method of presenting financial information about a reporting entity.
Average funded strength	A budgetary measure used to count the average number of Australian Defence Force members paid on a full-time equivalent basis during a financial year.
Capability	The combination of military equipment, personnel, logistics support, training, resources, etc. that provides Defence with the ability to achieve its operational aims.
Capability Manager	A Capability Manager is responsible for raising, training and sustaining in-service capabilities through the coordination of fundamental inputs to capability. Capability Managers include the Vice Chief of the Defence Force, Deputy Secretary Strategic Policy and Intelligence, and the Service Chiefs.
Capital budget	All proposed capital expenditure funded by appropriation for outcomes, by equity injections or loans and/or appropriations for administered capital, or by other sources.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.

Term	Meaning
Coalition	Countries including Australia who provide troops, logistical support or assistance in military operations, peacekeeping or reconstruction efforts.
Combined exercise or operation	An exercise or operation activity involving one or more Services of the ADF with the forces of other countries.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund. The fund is not a bank account. The Official Public Account reflects most of the operations of the fund.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Defence information environment	Encompasses all of Defence's computing and communication capabilities at all classification levels. It supports all Defence warfighting functions, including overseas deployed elements and connection to Coalition networks, as well as day-to-day business functions.
Defence Management and Finance Plan	The Defence Management and Finance Plan provides Ministers and central agencies with a clear oversight of Defence planning and financing strategies. It describes the strategies agreed through the 2016 Defence White Paper and other policy direction. As a compendium of information attached to Defence's annual Portfolio Budget Submission, it is intended to help Ministers make informed strategic and budgetary decisions on Defence, by bringing into one document the expected financial position of the portfolio taking into account existing commitments and proposed new investments. The Plan also provides the Government with the information necessary to ensure that its investment in Defence is both affordable and sustainable.
Departmental items	Assets, liabilities, revenues and expenses that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Discretionary grants	Payments where the portfolio Minister and paying agency have discretion in determining whether or not a particular applicant should receive funding and may or may not impose conditions in return for the grant. There is a central discretionary grants register.
Employee	Any Defence official who receives a salary or wage, along with other benefits, for the provision of services whether on a full-time, part-time, permanent, casual or temporary basis.
Employee expenses	Include, but are not limited to, benefits provided to employees in the form of salaries and wages, performance pay, senior officers' allowances, leave, and superannuation, but does not include amounts paid or owed to employees as reimbursement of out-of-pocket expenses.
Equity injection	An additional contribution, over and above the cost of outputs. Equity injections form part of the Commonwealth's investment in Defence.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.

Term	Meaning
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Force element	A component of a unit, a unit or an association of units having common prime objectives and activities.
Force element group	A grouping of force elements with an appropriate command and control structure for a specified role or roles (e.g. the Navy Submarine Group).
Forward estimates	The level of proposed expenditure for future years, based on relevant demographic, economic and other future forecasting assumptions. The Government requires forward estimates for the following three financial years to be published in each annual Federal Budget paper.
Garrison Support Services	Includes a range of base support services such as ground maintenance, hospitality, training area management, base security, transport, air support and firefighting and rescue services.
Group	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping (e.g. the Strategy, Policy & Industry Group).
Infrastructure	Items owned, leased or otherwise under the control of Defence in support of activities on land and within buildings. Infrastructure includes items such as runways, roads, car parks, parade grounds, ovals, lighting, water, sewerage and other general service related items. It does not include land upon which, or within which, it is constructed or those fixed items integral to, and under, buildings.
Integrated Investment Program	The Integrated Investment Program is a costed, detailed development plan for the Australian Defence capabilities to be delivered through implementation of the Defence White Paper. The program is reviewed regularly to take account of changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget.
Interoperability	The ability of systems, units or forces to provide the services to, and accept services from, other systems, units or forces and to use the services so exchanged to enable them to operate effectively together.
Inventory	Inventory is comprised of consumable stores and supplies, fuel and explosive ordnance used in the delivery of Defence services. These are items which are consumed in normal use, lose their identity during periods of use by incorporation into, or attachment upon, another assembly, as a result of wear and tear, cannot be reconditioned because their design does not make it possible, or their specific values do not justify it.
Joint exercise or operation	An exercise or operation involving two or more Services of the ADF.
Liabilities	Sacrifices of future economic benefits that Defence is presently obliged to make to other entities as a result of past transactions or other past events.
Listed entity	An entity established by regulation under the <i>Public Governance, Performance and Accountability Act 2013</i> . The Act provides financial management authority to, and requires accountability by the Accountable Authority of an entity. This used to be called 'Prescribed agency' under the former <i>Financial Management and Accountability Act 1997</i> .

Term	Meaning
Materiel Acquisition Agreements	Materiel Acquisition Agreements cover the Capability Acquisition and Sustainment Group's (formerly known as Defence Materiel Organisation) acquisition services to Defence for both major and minor capital equipment.
Materiel Sustainment Agreements	Materiel Sustainment Agreements are between the Capability Managers and the Deputy Secretary Capability Acquisition and Sustainment. These agreements cover the sustainment of current capability, including good and services such as repairs, maintenance, fuel and explosive ordnance.
Military response options	A set of generic tasks that describe the range of military options the Government could consider as a basis for a response to a particular situation or contingency.
Net assets	See Equity.
Net Cash Funding	Under the net cash appropriation framework, Defence receives an operating appropriation to meet budgeted expenses (including repayment of lease liabilities and excluding asset depreciation, consumption and impairment) and equity injections to fund capital and inventory additions.
Operating result	Equals revenue less expense.
Operational tempo	The rate at which the Australian Defence Force is able to deliver its operations effects, for example, the rate at which forces are dispatched and the time in which they are turned around for their next task. At the local level, this might translate to the crew of an aircraft spending a very small amount of time on the ground before it is re-tasked for its next mission. At the organisational level, this translates to available fighting forces spending very little time at home before they are deployed again for their next operation.
Outcomes	The impact that Government seeks from Defence, and are achieved by the successful delivery of its outcomes, to the standards set in the Portfolio Budget Statements. For more information, see Section 2 – Planned Outcome Performance.
Permanent forces	The permanent Navy, the regular Army and the permanent Air Force.
Platforms	Refers to air, land, surface or sub-surface assets that are discrete and taskable elements within the Australian Defence Force.
Portfolio Additional Estimates Statements	Similar to the portfolio budget statements and prepared at Additional Estimates time to support and update on the Government's original annual budget for Defence.
Portfolio Budget Statements	The document presented by the Minister for Defence to Parliament to inform Senators and Members of the basis for the Defence budget appropriations in support of the provisions in Appropriations Bills 1 and 2. The statements summarise the Defence budget and provide detail of outcome performance forecasts and resources in order to justify expenditure for Defence.
Price	One of the three key efficiency indicators. The amount the Government or the community pays for the delivery of agreed outputs.
<i>Public Governance, Performance and Accountability Act 2013</i>	The <i>Public Governance, Performance and Accountability Act 2013</i> replaced the <i>Financial Management and Accountability Act 1997</i> and the <i>Commonwealth Authorities and Companies Act 1997</i> . The PGPA Act seeks to improve the standard of planning and performance reporting for all Commonwealth entities so that Parliament and the Australian community can better understand how public resources are being used to meet Government policy direction.

Term	Meaning
Purchaser-provider arrangements	Arrangements under which the outputs of one entity are purchased by another entity to contribute to outcomes. Purchaser-provider arrangements can occur between Commonwealth agencies and state/territory government or private sector bodies.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Readiness	The readiness of forces to be committed to operations within a specified time, dependent on the availability and proficiency of personnel, equipment, facilities and consumables.
Reserves	The Naval Reserve, the Army Reserve and the Air Force Reserve.
Revenues	Inflows or other enhancements, or savings in outflows, of future economic benefits in the form of increases in assets or reductions in liabilities of Defence, other than those relating to contributions by the Commonwealth, that result in an increase in equity during the reporting period.
Risk management	At the highest level, involves the identification and mitigation of those risks that have the potential to adversely affect the achievement of agreed outcome performance at the agreed outcome price.
Service Category 2	Reserve members who do not render service, although retain a liability to be 'called out' in specific circumstances, should this be required.
Service Category 3	Reserve members who are available for voluntary service, or are rendering service. This category applies to Reservists who provide service to undertake a specified tasking, normally for short tenures and generally within a financial year.
Service Category 4	Reserve members who are available for voluntary service at short notice. This service category replaces the High Readiness Reserve.
Service Category 5	Reservists who are providing voluntary service characterised by stability in terms of a specific pattern of service and the number of days to be served.
Service Categories 7 and 6	Permanent Australian Defence Force personnel with Service Category 6 being a permanent part time service option.
Service Options	Group members who provide capabilities where differentiated service arrangements or conditions of service are required. For example, a Reservist undertaking continuous full time service under the Total Workforce Model now has their service in Service Category 3, 4 or 5 'modified' by Service Option C (rendering continuous full time service) and personnel undertaking the Australian Defence Force Gap Year program would have their service classified by Service Option G.

Term	Meaning
Special account	Balances existing within the Consolidated Revenue Fund, which are supported by standing appropriations (<i>Public Governance, Performance and Accountability Act 2013</i> , ss.78 and 80). Special accounts allow money in the Consolidated Revenue Fund to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s.78 of the <i>Public Governance, Performance and Accountability Act 2013</i>) or through an Act of Parliament (referred to in s.80 of the <i>Public Governance, Performance and Accountability Act 2013</i>).
Special Appropriations (including Standing Appropriations)	An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year. Standing appropriations are a sub-category consisting of ongoing special appropriations – the amount appropriated will depend on circumstances specified in the legislation.
Specialist military equipment	Items of a specific military nature and that are not available through the normal external market in their current form to other than government military purchasers. It includes the prime military equipment plus the direct support items associated with the equipment.
System Program Office	The office of the Program Manager. It serves as the single point of contact with industry, government agencies, and other activities participating in the acquisition process of a given system.
Theatre	The area in which military operations and activities take place.
Two-pass approval process	The process by which major capital investment proposals are developed for consideration and approval by the Government.
Unit Availability Days	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.
Weighted average cost	An inventory valuation method which considers the fluctuating prices and quantities of acquired goods in computing of the cost of inventory. The weighted average method takes the prices of units at the beginning inventory and the varying prices of purchases made and are weighted by the number of units to determine the weighted average cost per unit. It may be computed as the weighted average cost of all available goods present in a given period, or as a weighted moving average cost adjusted when new goods are delivered.
Write-downs	The reduction in the value of assets.

ACRONYMS

A

AACAP	Army Aboriginal Community Assistance Program
AC	Companion of the Order of Australia
ACC	Air Combat Capability
ACPB	Armidale Class Patrol Boats
ADF	Australian Defence Force
AEWC	Airborne Early Warning and Control System
AHO	Australian Hydrographic Office
AM	Member of the Order of Australia
AO	Officer of the Order of Australia / Oil Tanker
AOR	Amphibious and Afloat Support – Replenishment Ship
APS	Australian Public Service
APSC	Australian Public Service Commission
A-PSP	Assigned-Product Support Provider
ARH	Armed Reconnaissance Helicopters
ASD	Australian Signals Directorate
ASMTI	Australia-Singapore Military Training Initiative
ASPI	Australian Strategic Policy Institute
AUSMURI	Australia-US Multidisciplinary University Research Initiative
AVM	Air Vice Marshal

B

BRIG	Brigadier
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C

CAF	Chief of Air Force
CBRND	Chemical Biological Radiological Nuclear Defence
CCPB	Cape Class Patrol Boat
CCSM	Collins Class Submarine
CDF	Chief of the Defence Force
CDIC	Centre for Defence Industry Capability
CER	Combat Engineer Regiment
CIRP	Critical Infrastructure Recovery Project
CMATS	Civil Military Air Traffic System
COVID-19	Coronavirus Disease 2019
CSC	Conspicuous Service Cross

D

DACC	Defence Assistance to the Civil Community
DCP	Defence Cooperation Program
DCRC	Defence Cooperative Research Centre
DDG	Hobart Class Air Warfare Destroyers
DFRB	Defence Force Retirement Benefits
DFRDB	Defence Force Retirement and Death Benefits Scheme
DGST	Deployable Geospatial Support
DHA	Defence Housing Australia
DISER	Department of Industry, Science, Energy and Resources
DITC	Defence International Training Centre
DSC	Distinguished Service Cross
DVA	Department of Veterans' Affairs

E

ELF	Enhanced Land Force
EW	Electronic Warfare

F

FFH	Fast Frigate Helicopter / Helicopter Capable Frigate - Anzac Class Frigate
FNACS	Future Naval Aviation Combat System
FSFP	Family Support Funding Program
FTE	Full Time Equivalent
FVMT	Field Vehicles, Modules and Trailers

G

GBE	Government Business Enterprise
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H

HIPP	Hydroscheme Industry Partnership Program
HS	Hydrographic Ship
HMAS	Her Majesty's Australian Ship

I

IBTN	Integrated Battlefield Telecommunications Network
ICT	Information and Communications Technology
IGP	Indigenous Graduate Pathway
IOC	Initial Operational Capability
ISPE	Industry Skilling Program Enhancement

J

JDAM	Joint Direct Attack Missile
JORN	Jindalee Operational Radar Network
JP	Joint Project

L

LHD	Landing Helicopter Dock
LSD	Landing Ship Dock

M

MAJGEN	Major General
METOC	Mobile Meteorological and Oceanographic
MHC	Mine Hunter Coastal – Coastal Mine Hunter / Medium Heavy Capability
MMT	Mobile Meteorological Team
MP	Member of Parliament
MRH	Multi-Role Helicopter
MRTT	Multi-Role Tanker Transport
MSBS	Military Superannuation and Benefits Scheme
MSU	Maritime Safety Updates
MURI	Multidisciplinary University Research Initiative
MVO	Member of the Royal Victorian Order
MYEFO	Mid-Year Economic and Fiscal Outlook

N

NACC	New Air Combat Capability
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O

OPV	Offshore Patrol Vessel
OTHR	Over the Horizon Radar

P

PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PEAP	Partner Employment Assistance Program
PGPA	Public Governance Performance and Accountability
PSM	Public Service Medal
PWC	Committee on Public Works

R

RAAF	Royal Australian Air Force
RADM	Rear Admiral
RAN	Royal Australian Navy
RMG	Resource Management Guide
ROE	Rate of Effort – Flying Hours
ROU	Right of Use
RMC	Royal Military College

S

SADI	Skilling Australia’s Defence Industry
SME	Specialist Military Equipment / School of Military Engineering / Small and Medium Enterprise
SML	Survey Motor Launches
SPP	School Pathways Program
STEM	Science, Technology, Engineering and Mathematics

U

UAD	Unit Availability Days
USFPI	United States Force Posture Initiatives