

Department of Defence

Entity Resources and Planned Performance

Section 1: Defence Overview and Resources	17
1.1 Strategic Direction Statement	17
1.2 Defence Resource Statement.....	19
1.3 Budget Measures.....	20
1.4 Capital Investment Program	22
1.5 People	23
Section 2: Defence Outcomes and Planned Performance	30
2.1 Outcomes and Performance Information	30
Section 3: Defence Explanatory Tables and Budgeted Financial Statements	90
3.1 Explanatory Tables	90
3.2 Resource Summary	94
3.3 Budgeted Financial Statements	99

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DEPARTMENT OF DEFENCE

Section 1: Defence Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The Government's Defence policy, articulated in the 2016 Defence White Paper, is to align Australia's defence strategy with capabilities and resourcing, build a more capable, agile and potent Australian Defence Force, grow our international defence partnerships and invest in the Defence-industry partnership to develop and deliver innovative, cutting-edge capabilities. Inherent in this policy is a greater focus on seizing opportunities while managing strategic risks. This will be achieved through developing Defence's ability to take a more active role in shaping regional affairs and to anticipate and respond to developments that threaten our interests. Our alliance with the United States will be strengthened as will our partnerships with other countries. This is designed to ensure the Australian Defence Force is better prepared to respond to complex emerging strategic risks by providing Government with more options and greater flexibility.

Emerging challenges are increasing strategic risk and uncertainty. As identified in the 2016 Defence White Paper:

We can expect greater uncertainty in Australia's strategic environment over the next two decades as a consequence of: the changes in the distribution of power in the Indo-Pacific and globally; the continuing threat of terrorism from groups like Daesh and from foreign terrorist fighters; the modernisation of regional military capabilities; the introduction of new military technologies such as cyber systems; and the proliferation of weapons of mass destruction and ballistic missile technology.¹

The White Paper sets out a new strategic framework within which all Defence activities are undertaken. This framework identified three Strategic Defence Interests linked to three equally weighted Strategic Defence Objectives:

A secure, resilient Australia, with secure northern approaches and proximate sea lines of communication.

The Strategic Defence Objective for this interest is: *Deter, deny and defeat attacks on or threats to Australia and its national interests, and northern approaches.* This objective relates to Defence Purpose 1.

A secure nearer region, encompassing maritime South East Asia and South Pacific (comprising Papua New Guinea, Timor-Leste and Pacific Island Countries).

The Strategic Defence Objective for this interest is: *Make effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security.* This objective relates to Defence Purpose 2.

A stable Indo-Pacific region and a rules-based global order.

¹ Defence White Paper 2016, p.32

The Strategic Defence Objective for this interest is: *Contribute military capabilities to coalition operations that support Australia's interests in a rules-based global order.* This objective relates to Defence Purpose 2.

The strategic assessments underpinning the White Paper were reaffirmed by the 2017 Foreign Policy White Paper, released in November 2017, as was the important role of hard power in safeguarding Australia's national interests. Since the release of both White Papers, some strategic trends have accelerated – arguably faster than was anticipated in 2016. Defence will pay close attention to these trends and their impact on Australian interests as they develop in the course of reviewing, on an ongoing basis, key strategic guidance in the Strategy Framework.

The Strategy Framework is the mechanism through which Government guidance and direction on strategic policy is disseminated across the Defence enterprise and the alignment between strategy, capability and resources is maintained. It includes the Department's highest level planning document, the Defence Planning Guidance, which sets out updated strategic assessments and detailed direction on the implementation of Government direction. The Defence Planning Guidance in turn informs similarly regular reviews of Defence capability, the Defence budget, our preparedness settings, Defence international engagement, and the Defence Intelligence Enterprise, among others. The identification of individual accountable officers to drive integration across Defence missions, services, systems and capabilities forms a central element of our ongoing reform agenda.

Through these changes, we have strengthened our strategic management capability to set direction for the organisation, monitor and manage the performance of Defence, support the national security community, and provide assurance to Government that Government-directed outcomes are being delivered effectively and efficiently.

The strategic and capability ambitions outlined in the 2016 Defence White Paper remain relevant and appropriate in the face of these trends. In response to a more contested and competitive environment, where established rules and norms of behaviour are under challenge, the 2016 White Paper ushered in a proactive posture for Defence, aimed at strengthening our relationships with countries across the region, developing a shared capacity to work together to address security challenges, buttressing regional and global norms, and preventing, where possible, security challenges from escalating rather than simply responding when they do. To meet this ambition, the White Paper funded and prioritised, for the first time, international engagement as core Defence business.

This more proactive strategy is supported by significant investment in credible hard power, including regeneration of our maritime capability. Investment in Defence, including ASD, is on track to meet the Government's target of two percent of GDP by 2020-21. The Australian Defence Force will become more capable of operations to deter and defeat threats to Australia, operate over long distances to conduct independent combat operations in our region, and make more effective contributions to international coalitions that support our interests in a rules-based global order.

1.2 DEFENCE RESOURCE STATEMENT

Table 1: Total Defence Resourcing

Serial No.	2017-18 Estimated Actual ^[1] \$'000		2018-19 Previous Estimate ^[1] \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Defence resourcing									
1	33,172,420	Appropriation for departmental outcomes ^[2]	32,042,395	32,471,206	428,811	1.3	32,034,300	33,998,926	36,067,084
2	1,995,519	Equity injection appropriation ^[2]	3,570,643	3,060,443	-510,200	-14.3	5,181,697	6,457,031	8,037,959
3	-	Prior year appropriation	-	-	-	-	-	-	-
4	35,167,940	Current year's appropriation (1 + 2 + 3)	35,613,038	35,531,649	-81,389	-0.2	37,215,997	40,455,957	44,105,042
5	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-	-
7	-919	Return to the Official Public Account ^[3]	-942	-942	-	-	-966	-990	-1,015
8	-919	Funding from / to the OPA (5 + 6 + 7)	-942	-942	-	-	-966	-990	-1,015
9	35,167,021	Funding from Government (4 + 8)	35,612,096	35,530,707	-81,389	-0.2	37,215,031	40,454,967	44,104,027
10	93,430	Capital receipts	106,051	104,896	-1,155	-1.1	82,930	194,679	53,419
11	505,553	Own source revenue (s74 receipts) ^[4]	511,738	595,682	83,944	16.4	579,289	596,977	624,081
12	-	Prior year receipts	-	-	-	-	-	-	-
13	598,983	Funding from other sources (10 + 11 + 12)	617,789	700,578	82,789	13.4	662,219	791,656	677,500
14	35,766,004	Total Defence funding (9 + 13)	36,229,885	36,231,285	1,400	0.0	37,877,250	41,246,623	44,781,527
Administered									
15	6,970,422	Administered special appropriations	5,752,657	6,781,772	1,029,115	17.9	6,904,782	7,084,047	7,264,967
16	1,349,939	Own source revenue	1,300,373	1,312,584	12,211	0.9	1,248,208	1,192,534	1,118,923
17	-1,349,939	Returns to the Official Public Account	-1,300,373	-1,312,584	-12,211	0.9	-1,248,208	-1,192,534	-1,118,923
18	6,970,422	Total Administered funding (15 + 16 + 17)	5,752,657	6,781,772	1,029,115	17.9	6,904,782	7,084,047	7,264,967
19	42,736,426	Total Defence resourcing (14 + 18)	41,982,542	43,013,057	1,030,515	2.5	44,782,032	48,330,670	52,046,494
Appropriation carried forward									
Appropriation receivable including previous year's									
20	425,991	outputs	425,991	425,991	-	-	425,991	425,991	425,991
21	88,823	Cash in bank	88,823	88,823	-	-	88,823	88,823	88,823
22	514,813	Total appropriations carried forward (20 + 21)	514,814	514,813	-	-	514,814	514,814	514,814

Notes

1. These figures include balances relating to Australian Signals Directorate (ASD).

2. The Current Year's Appropriation, comprising Appropriation for Departmental Outcomes and the Equity Injection Appropriation, will reduce by \$81m, including \$645m in additional funding for Operations, an increase attributable to foreign exchange movements, offset by the transfer of appropriation to the Australian Signals Directorate. Refer to Table 2 for further detail.

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

4. All figures are net of GST.

1.3 BUDGET MEASURES

2018-19 Budget Measures and Other Budget Adjustments

Table 2: Defence 2018-19 Budget Measures

		2017-18 Estimated Actual \$m	2018-19 Budget Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	Total Forward Estimates \$m
Departmental Budget measures							
Department of Defence — re-profiling of expenditure	Various	500.0	-205.6	-94.0	-94.0	-94.0	-487.6
Implementation of OPCA T	2.3	-	-0.1	-0.1	-0.1	-0.1	-0.5
Per-and Poly-Fluorinated Alkyl Substances — research and associated activities	2.10	-13.0	-	-	-	-	-
Defence Industrial Capability Plan — establishment of the Sovereign Industrial Capability Grant Program ^[1]	2.1	-	-	-	-	-	-
Defence Export Strategy ^[2]	2.1	-	-	-	-	-	-
Supporting Sustainable Access to Drinking Water ^[3]	2.10	-	-	-	-	-	-
Total Departmental Budget Measures		487.0	-205.8	-94.1	-94.1	-94.1	-488.2
Other budget adjustments							
Foreign Exchange	Various	143.5	244.4	-10.6	14.6	356.7	605.0
Operation Accordion	1.2	-	208.1	1.7	24.7	-	234.6
Operation Augury — Philippines ^[4]	1.1	nfp	nfp	nfp	nfp	nfp	nfp
Operation Highroad	1.2	-	86.8	-1.8	-	-	84.9
Operation Manitou	1.2	-	54.8	18.9	18.7	-	92.5
Operation Okra	1.2	-	242.2	-1.7	26.9	-	267.4
Operation Resolute	1.3	-	53.1	24.5	8.8	-	86.4
Defence Force Ombudsman abuse reporting - ongoing funding	2.3	-	-7.9	-7.1	-6.0	-6.1	-27.1
Update on Official Histories of Iraq, Afghanistan and East Timor	2.3	-	-	-	-	-3.0	-3.0
Per-and Poly-Fluorinated Alkyl Substances — research and associated activities ^[5]	2.10	13.0	-	-	-	-	-
Per-and Poly-Fluorinated Alkyl Substances — National Health Research Program	2.10	0.3	-	-	-	-	-
Transfer funds to ASD Agency	2.1	-	-794.1	-823.2	-861.4	-834.8	-3,313.5
Other Budget Adjustments ^[4]	Various	nfp	nfp	nfp	nfp	nfp	nfp
Total Other Departmental Budget Adjustments		156.8	87.4	-799.4	-773.7	-487.1	-1,972.8
Variation to Defence Departmental Funding		643.8	-118.4	-893.5	-867.8	-581.2	-2,461.0

Notes

1. Defence will be absorbing the cost of this measure, being \$17.0m in 2018-19, and \$68.0m over the Forward Estimates.
2. Defence will be absorbing the cost of this measure, being \$20.0m in 2018-19, and \$80.0m over the Forward Estimates.
3. Defence will be absorbing the cost of this measure, being \$18.6m in 2018-19, and \$51.9m over the Forward Estimates.
4. This budget estimate is not for publication (nfp) due to national security reasons.
5. Within the 2017-18 PAES, this adjustment was recorded as an Other Budget Adjustment and has subsequently been reclassified as a Departmental Budget Measure as a part of the 2018-19 PBS.

Operations Summary

Table 3: Net Additional Cost of Operations to 2021-22^[1]

	Actual Result to 2016-17 \$m	2017-18 Estimated Actual \$m	2018-19 Budget Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	Total \$m
Operation Manitou	117.9	54.2	64.9	18.9	18.7	-	274.7
Operation Accordion	463.2	222.2	235.8	24.8	24.7	-	970.7
Operation Highroad	357.3	83.5	89.5	-	-	-	530.2
Operation Resolute ^[2]	281.7	55.6	53.2	24.5	8.8	-	423.8
Operation Okra	814.4	453.6	306.5	28.1	26.9	-	1,629.5
Operation Augury - Philippines ^[3]	-	nfp	nfp	nfp	nfp	nfp	nfp
Defence Support to the 2018 Commonwealth Games ^[4]	..	33.9	0.3	-	-	-	34.2
Total Net Additional Costs	2,034.5	903.1	750.1	96.2	79.2	-	3,863.0
Sources of Funding for Operations							
Government Supplementation	2,034.5	903.1	750.1	96.2	79.2	-	3,863.0
Total Cost	2,034.5	903.1	750.1	96.2	79.2	-	3,863.0

Notes

1. This table reflects on-going and new Operations funded under No Win/No Loss arrangements.
2. The value of Operation Resolute includes funding for expanded activities under Operation Sovereign Borders.
3. The estimated actual and budget estimate for Operation Augury - Philippines is not for publication (nfp) due to national security reasons.
4. The expenditure for Defence Support to the 2018 Commonwealth Games measure in 2016-17 actual result was \$0.004m.

1.4 CAPITAL INVESTMENT PROGRAM

Table 4: Capital Investment Program^[1]

Serial No.		2018-19 Budget Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	Total \$m
1	Major Capital Investment Program	8,426.5	9,342.4	11,039.6	12,298.1	41,106.6
2	Capital Facilities Program	1,868.5	1,908.7	2,114.6	3,008.8	8,900.6
3	ICT Investment Plan	623.4	950.2	893.0	901.0	3,367.6
4	Minors Program	106.8	130.1	220.6	289.4	746.8
5	Total Capital Investment Program	11,025.1	12,331.4	14,267.7	16,497.3	54,121.6

Note

1. The Capital Investment Program includes unapproved and approved projects.

Table 5: Capability Sustainment Program

Serial No.		2018-19 Budget Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	Total \$m
1	Navy Sustainment	2,422.4	2,474.4	2,716.3	2,871.8	10,484.9
2	Army Sustainment	1,643.8	1,729.8	2,010.6	2,198.0	7,582.2
3	Air Force Sustainment	2,694.1	2,937.0	3,081.5	3,223.7	11,936.2
4	Chief Information Officer Sustainment ^[1]	1,092.9	1,201.9	1,327.0	1,443.9	5,065.7
5	Joint Capabilities Group Sustainment	270.5	296.1	318.6	365.2	1,250.4
6	Strategic Policy & Intelligence Sustainment	85.8	83.9	88.5	163.0	421.3
7	Australian Defence Force Headquarters Sustainment	17.1	102.9	214.3	343.9	678.2
8	Estate & Infrastructure Group Sustainment ^[2]	2,741.6	2,864.8	2,653.9	2,769.0	11,029.4
9	Other Minor Sustainment	6.9	6.6	6.6	6.7	26.7
10	Total Sustainment^[3]	10,975.0	11,697.4	12,417.3	13,385.3	48,475.0

Notes

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

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

3. Total sustainment includes both current and future sustainment.

Table 6: Retained Capital Receipts

Serial No.		2018-19 Budget Estimate \$m	2019-20 Forward Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	Total \$m
	Property Sales					
	Proceeds from the sale of land and buildings	64.0	40.2	153.2	10.2	267.6
	Proceeds from the sale of housing	13.9	14.2	14.7	15.4	58.2
	Total proceeds from the sale of property	77.9	54.4	167.9	25.6	325.7
	Costs from the sale of property ^[1]	-9.9	-6.2	-4.2	-3.4	-23.6
1	Net property proceeds retained by Defence	68.0	48.2	163.7	22.2	302.1
2	Proceeds from sale of specialist military equipment	7.5	7.5	7.5	7.5	30.2
3	Proceeds from sale of infrastructure, plant and equipment	19.4	21.0	19.3	20.3	80.0
4	Retained Capital Receipts (1+2+3)	94.9	76.6	190.4	49.9	411.9

Note

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

1.5 PEOPLE

Workforce Overview

ADF Workforce

An integrated Australian Defence Force and Australian Public Service workforce is the foundation for delivering the organisational capability recommended by the First Principles Review. It is also necessary to ensure Defence is fit for purpose and able to deliver its long-term strategy as described in the 2016 Defence White Paper. To achieve its mission, Defence needs Australian Defence Force personnel and Australian Public Servants who have the right attitude, the right skills, and are in the right roles. The Defence workforce also extends to integrated service providers and Defence industry, which provide critical services that contribute to Defence being able to meet Government expectations.

Defence has implemented the Total Workforce Model employment framework for Australian Defence Force personnel to provide more flexibility, which in turn will help to attract and retain skilled personnel. The Total Workforce Model features a new structure of service categories and service options that classify how Australian Defence Force personnel undertake their military service. Australian Defence Force workforce information contained in this report is presented in a manner that enables the reader to understand the transition from the language of Permanent and Reserve service to the Total Workforce Model's service category and service option language.

The following broad definitions are provided to assist in understanding the new military service framework:

Permanent Australian Defence Force personnel undertake service in Service Categories 7 and 6; with Service Category 6 being a permanent part time service option. Reserve personnel are allocated to Service Categories 2 – 5 depending on their availability and pattern of service:

Service Category 2 is for 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 is for 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 is for Reserve members who are available for voluntary service at short notice. This service category replaces the High Readiness Reserve.

Service Category 5 is for 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 Options group together 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.

The Australian Defence Force's (ADF) approved Average Funded Strength (AFS) is 59,794 in 2018-19. Through increased recruiting and targeted retention measures, Navy's separation rates have increased with recruiting targets being reassessed in order to grow the size of the force. Army's separation rates have decreased since late 2014-15, which is helping Army to retain more people and grow the size of the force. As a result, the permanent force strength has been increasing since January 2014 and is gradually closing towards the workforce strength approved by Government.

Building on this foundation, under the 2016 Defence White Paper, the permanent ADF workforce will grow to around 62,400 over the coming decade, beginning in 2016-17 with some modest growth from the earlier planned strength. Importantly, in 2017-18, Defence implemented the recently developed 10-year Defence Strategic Workforce Plan, that sets out the skills Defence needs and how Defence will attract, recruit, develop and retain its people.

The Defence Strategic Workforce Plan also outlines how Defence will address key workforce risks over the coming decade. The action areas that have been identified in the plan are designed to provide Defence with a skilled workforce that delivers the capability of the Defence White Paper and has the ability to meet emerging requirements.

Civilian Workforce

The tables below estimate the Australian Public Service (APS) workforce reaching 17,800 by the end of 2017-18, as a result of reshaping programs to align the workforce with the priorities outlined in the 2016 Defence White Paper, including enhancements to intelligence, space and cyber security capabilities.

The growth of White Paper APS positions will be offset by ongoing reductions elsewhere in the APS workforce, including through the reform of service delivery areas of Defence's business, as part of the continued implementation of the First Principles Review. Implementation of the recommendations of the First Principles Review also continues to reshape Defence's structures, systems and processes to enable it to evolve into a single, integrated system. This will inform the size and shape of Defence's APS workforce in coming years.

Table 7: End of Financial Year Full Time Equivalent (FTE) Estimates for 2017-18 and the Forward Estimates

	2017-18 Estimated Actual EOFY FTE	2018-19 EOFY Full Time Equivalent Forecast Outcome ^[1]	2019-20 Forward Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate
Total APS	17,800	16,373	16,254	16,175	16,147

Note

1. The reduction in FTE is attributable to Machinery of Government changes.

Workforce Summary

The total full-time Defence Government authorised workforce strength in 2018-19 is 76,167, comprising:

Permanent Forces (78.5 per cent) of:

14,689 Navy Personnel

30,810 Army Personnel

14,295 Air Force Personnel

16,373 APS staff (21.5 Per cent)

The forecast for Service Categories 3, 4 and 5 in 2018-19 is 971,000 days of service performed by an estimated 19,850 members.

Over the forward estimates period, the workforce (excluding Service Categories 3, 4 and 5) will increase by 1,007 from the Government authorised workforce strength of 76,167 in 2018-19 to 77, 174 in 2021-22.

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

Defence People

In 2018-19, there will be continued focus on the implementation of the Defence Strategic Workforce Plan 2016-2026. This plan identifies the actions that Defence is taking to address key areas of workforce risk and build a workforce system that is able to support Defence's capability requirements. The actions provide an integrated, enterprise approach to recruiting, career and talent management, workforce mobility, education and training, learning and development, transition and re-engagement, and partnerships with other Government departments, industry and academia.

Defence will continue to build the capability and capacity of its STEM (Science, Technology, Engineering and Maths) workforce. Work in this area will be guided by the Defence STEM strategy, which outlines the actions that will be undertaken to develop a culture that supports STEM personnel, aligns workforce planning with STEM capability requirements, and builds collaboration with STEM stakeholders to produce mutually beneficial STEM workforce outcomes

Defence will continue to ensure that the ADF Total Workforce Model is fully implemented and integrated into all aspects of the people system. The Total Workforce Model will provide greater organisational agility through a more flexible use of the entire workforce (Permanent and Reserve components).

Defence has reaffirmed its commitment to cultural reform through the next iteration of Pathway to Change, '*Pathway to Change: Evolving Defence Culture 2017-22*'. *Pathway to Change 2017-22* was launched internally by the Secretary, Mr Greg Moriarty and the Chief of the Defence Force, Air Chief Marshal Mark Binskin, AC on 20 November 2017. *Pathway to Change 2017-22* provides strategic direction for the Department to continue its cultural reform journey. It includes a refreshed Cultural Intent Statement underpinned by the following cultural reform priorities:

1. Leadership accountability
2. Capability through inclusion
3. Ethics and workplace behaviours
4. Health, wellness and safety
5. Workplace agility and flexibility
6. Leading and developing integrated teams.

Building sustained change in behaviour and practices will be achieved through the implementation of a transparent performance management system that is consistently applied, recognises and rewards high performance, and introduces consequences for underperformance and failure to demonstrate the One Defence Leadership Behaviours.

Pathway to Change 2017-22 – Capability through inclusion will be supported by a new Diversity and Inclusion Framework to be released in 2018. The Framework will support Defence's journey to enhance our capability through inclusion. By creating a more inclusive organisation for all, and in particular women, Indigenous Australians, people from culturally and linguistically diverse backgrounds, people living with disability and the LGBTI community, Defence aims to have access to the widest talent pool possible within the Australian community.

Launched on 25 October 2017, the *Defence Work Health and Safety Strategy 2017-2022* sets the direction for the Department to achieve Defence's safety vision, and identify areas on which to focus our efforts. The latest iteration of the Strategy focuses on embedding an inclusive, proactive and mindful safety culture in support of the health, wellness and safety priority in *Pathway to*

Change: Evolving Defence Culture 2017-22. The four areas of focus are: Health and Safety Conscious People; Healthy and Safe Workplaces; Health and Safety across the Capability Life Cycle; and Safety Assurance and Continuous Improvement. The intent is to continue embedding work health and safety into part of everyday business. A supporting implementation plan has also been developed to articulate the activities we will undertake as an organisation to achieve this.

A *Defence Mental Health and Wellbeing Strategy 2018-2023* (covering both Australian Defence Force and Australian Public Service employees) was launched on 1 October 2017 and consists of six strategic objectives focused on creating and sustaining a positive psychosocial culture in Defence: leadership and shared responsibility; a thriving culture and healthy workplace; responding to the risks of military service; person-driven care and recovery; building the evidence; and continually improving.

Table 8: Planned Workforce Allocation for the 2017-18 Budget and Forward Estimates — Average Fulltime^[1]

	2017-18 Estimated Actual	2018-19 Budget Estimate ^[2]	2019-20 Forward Estimate ^[2]	2020-21 Forward Estimate ^[2]	2021-22 Forward Estimate ^[2]
ADF Permanent Force					
Navy	13,831	14,689	14,726	14,772	14,893
Army	30,455	30,810	30,871	31,050	31,178
Air Force	14,310	14,295	14,493	14,763	14,956
1 Total Permanent Force	58,596	59,794	60,090	60,585	61,027
Civilian Employees^[3]					
APS	17,500	16,373	16,254	16,175	16,147
2 Total Civilian Employees	17,500	16,373	16,254	16,175	16,147
Total Workforce Strength (1 + 2)	76,096	76,167	76,344	76,760	77,174

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. The reduction in 2018-19 is attributable to Machinery of Government changes.

Table 9: Planned Workforce Allocation for the 2018-19 Budget and Forward Estimates—Reserve (Service Categories 3, 4 and 5)^{[1][2]}

		2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate
	Service Category 3 and 5					
	Navy	90,000 (1,750)	95,000 (1,750)	100,000 (1,800)	100,000 (1,800)	100,000 (1,800)
	Army	660,000 (14,750)	665,000 (14,900)	670,000 (15,000)	675,000 (15,100)	680,000 (15,200)
	Air Force	188,500 (2,990)	205,000 (3,100)	215,000 (3,200)	220,000 (3,260)	225,000 (3,300)
1	Sub-total Service Category 3 and 5	938,500 (19,490)	965,000 (19,750)	985,000 (20,000)	995,000 (20,160)	1,005,000 (20,300)
	Service Category 4					
	Air Force	11,500 (210)	6,000 (100)	3,600 (60)	3,600 (60)	2,400 (40)
2	Sub-total Service Category 4	11,500 (210)	6,000 (100)	3,600 (60)	3,600 (60)	2,400 (40)
	Total Reserves (1 + 2)	950,000 (19,700)	971,000 (19,850)	988,600 (20,060)	998,600 (20,220)	1,007,400 (20,340)

Notes

1. This table includes Service Category 4 (High Readiness Reserves), Service Category 3 and 5 (the Reserves) and the Specialist Reserve (Service Category 3, 4 and 5). Service Option C (reservists on full-time service in the Permanent Forces) are not included in Table 9, these are reported in Table 8.

2. As the number of days or hours worked by Reserve members can vary greatly, figures in Table 9 show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.

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

	2017-18 Estimated Actual	2018-19 Budget Estimate
Navy^[1]		
One Star and above	58	55
Senior Officers ^[2]	623	620
Officers	2,914	2,869
Other Ranks	10,236	11,145
Total Navy	13,831	14,689
Army^[1]		
One Star and above	78	79
Senior Officers ^[2]	887	889
Officers	5,601	5,616
Other Ranks	23,889	24,226
Total Army	30,455	30,810
Air Force^[1]		
One Star and above	62	62
Senior Officers ^[2]	690	690
Officers	4,390	4,385
Other Ranks	9,168	9,158
Total Air Force	14,310	14,295
APS^[1]		
Senior Executives ^[3]	162	142
Senior Officers ^[2]	5,634	5,271
Other APS Staff	11,704	10,960
Total APS^[4]	17,500	16,373
Total Workforce	76,096	76,167

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2017-18.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The 2018-19 figures for Senior Executive Service include the Secretary, 12 Chiefs of Division, 1 Medical Officer Grade 6 and 1 Medical Officer Grade 5.
4. The reduction in 2018-19 is attributable to Machinery of Government changes.

Section 2: Defence Outcomes and Planned Performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

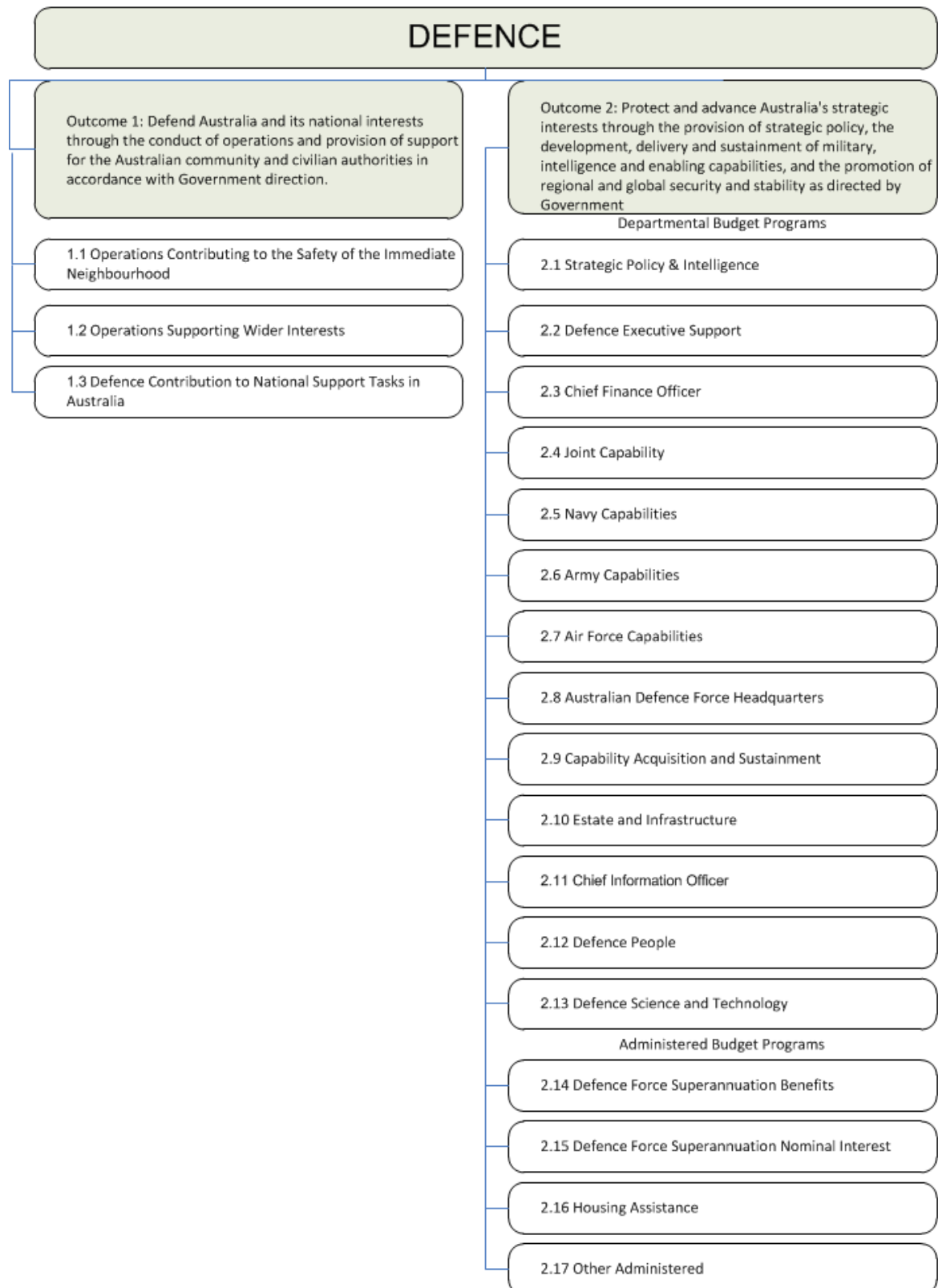
Note:

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

The most recent corporate plan for Defence can be found at:
<http://www.defence.gov.au/publications/corporateplan/>.

The most recent annual performance statements can be found at:
<http://www.defence.gov.au/AnnualReports/16-17/>.

Figure 3: Structure of Defence's Outcomes



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

Outcome 1 Strategy

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

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

Operations include:

- ACCORDION – Provide support to Operation HIGHROAD, OKRA, MANITOU and other ADF activities from within the Gulf States.
- AUGURY – PHILIPPINES – Conduct exercise and peer participation activities with the Armed Forces of the Philippines focused on regional counter-terrorism.
- ASLAN – United Nations mission in South Sudan.
- Defence Assistance to the Civil Community (DACC) – Contribute to Commonwealth and State/Territory Governments with emergency and non-emergency tasks as required. On a case by case basis, support events of national significance as requested by relevant authorities.
- GATEWAY – Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
- HIGHROAD – Ongoing contribution to the NATO-led mission in Afghanistan supporting Afghanistan's security, development and governance.
- MANITOU – Contribution to maritime security in the Middle East Region (MER) including the Arabian Gulf, Gulf of Aden, the Red Sea and the Indian Ocean.
- MAZURKA – Contribute to the Multinational Force and Observers in the Sinai.
- OKRA – Contribute to the Coalition to defeat Daesh in Iraq and Syria.
- PALADIN – Contribute to the United Nations Truce Supervision Organisation in the Middle East.
- RESOLUTE – Contribute to the whole-of-government maritime surveillance and response in the maritime approaches to Australia.
- SOLANIA – Conduct South West Pacific maritime surveillance patrols.
- SOUTHERN DISCOVERY – Provide ADF support to the Australian Antarctic Division.

Linked Programs

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

Department of Home Affairs
Program 1.1 Border Enforcement
Contribution to Outcome 1 by linked programs
Provides security of the Australia's maritime borders from unauthorised maritime arrivals, prohibits imports and exports, illegal exploitation of natural resources and other maritime threats to Australian sovereignty.

Outcome 1 Resources

Table 11: Total Budgeted Resources Available for Outcome 1

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood					
Revenues from other sources	-	-	-	-	-
Departmental outputs	39,784	41,196	2,185	2,238	2,292
Program 1.2 - Operations Supporting Wider Interests					
Revenues from other sources	22,809	21,446	-	-	-
Departmental outputs	815,448	696,791	71,865	70,421	105
Program 1.3 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Departmental outputs	89,553	53,414	24,457	8,849	-
Total resourcing					
Total Departmental outputs	944,785	791,401	98,507	81,508	2,397
Total Departmental revenue from other sources	22,809	21,446	-	-	-
Total resources for Outcome 1	967,594	812,847	98,507	81,508	2,397

Contributions to Outcome 1

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

Program 1.1 Objective

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

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Conducting and sustaining operations contributing to the security and safety of the immediate neighbourhood in accordance with Government strategic direction. • Delivering intelligence services. • Delivering Defence Cooperation Program and international engagement activities.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2018-19	<i>Assessment of operational deployments against outcomes agreed with Government.</i>	<i>All Government directed tasks are met.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 1 – Defend Australia and its national interests.	
Material changes to Program 1.1 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 12: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	1,943	2,483	-	-	-
Suppliers	37,841	38,713	2,185	2,238	2,292
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	39,784	41,196	2,185	2,238	2,292
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood	39,784	41,196	2,185	2,238	2,292

Program 1.2: Operations Supporting Wider Interests

Program 1.2 Objective	
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Operations supporting wider interests are designed to contribute to United Nations' and international efforts to uphold global security.	
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Conducting and sustaining operations supporting wider interests in accordance with Government strategic direction. • Delivering intelligence services. • Maintaining permanent Defence staff in the United Nations Department of Peacekeeping Operations, and the Defence Peace Operations Training Centre's contribution to improving regional nations' peacekeeping capabilities.
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Performance information		
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Year	Performance criteria^[1]	Targets
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2018-19	<i>Assessment of operational deployments against outcomes agreed with Government.</i>	<i>All Government directed tasks are met.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 1 – Defend Australia and its national interests.	

Material changes to Program 1.2 resulting from the following measures: Nil.
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Note

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

Table 13: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	90,889	85,413	-	-	-
Suppliers	747,343	632,824	71,865	70,421	105
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	20	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	5	-	-	-	-
Total expenses	838,257	718,237	71,865	70,421	105
Income					
Revenues					
Goods and services	22,809	21,446	-	-	-
Other revenue	-	-	-	-	-
Total revenue	22,809	21,446	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	22,809	21,446	-	-	-
Program 1.2 Operations Supporting Wider Interests	815,448	696,791	71,865	70,421	105

Outcome 1.3 Defence Contribution to National Support Tasks in Australia
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<p>Program 1.3 Objective</p> <p>To undertake tasks that include: planning and conduct of operations to provide security of the Australian coastline from unauthorised maritime arrivals, smuggling, quarantine evasion and other intrusions to Australian sovereignty; counter-terrorism responses; search and rescue; humanitarian assistance and disaster relief. Defence contributes to the Department of Home Affairs civil surveillance program and Maritime Border Command tasking, providing maritime surveillance assets that are tasked routinely in accordance with the Government's direction.</p> <p>Defence, through the Defence Assistance to the Civil Community (DACC) program, supports the Commonwealth and State/Territory Governments with emergency and non-emergency tasks, as well as supporting events of national significance as requested by relevant authorities and the general public.</p> <table border="1"> <tr> <td>Delivery</td> <td> <p>This program will be achieved by:</p> <ul style="list-style-type: none"> Contributing to national security and support tasks as directed by Government. Delivering intelligence services. </td> </tr> </table> <table border="1"> <tr> <th colspan="3">Performance information</th></tr> <tr> <th>Year</th><th>Performance criteria^[1]</th><th>Targets</th></tr> <tr> <td>2017-18</td><td>Operational outcomes meet the requirements of Government policy.</td><td>All operational requirements are met. <i>Expected to be met.</i></td></tr> <tr> <td>2018-19</td><td><i>Assessment of capacity and capability provide in support of whole-of-Government outcomes.</i></td><td><i>All Government directed tasks are met.</i></td></tr> <tr> <td>2019-20 and beyond</td><td>As per 2018-19.</td><td>As per 2018-19.</td></tr> <tr> <td>Purposes</td><td colspan="2" rowspan="2">Purpose 1 – Defend Australia and its national interests.</td></tr> <tr> <td colspan="3">Material changes to Program 1.3 resulting from the following measures: Nil.</td></tr> </table>	Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Contributing to national security and support tasks as directed by Government. Delivering intelligence services. 	Performance information			Year	Performance criteria ^[1]	Targets	2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>	2018-19	<i>Assessment of capacity and capability provide in support of whole-of-Government outcomes.</i>	<i>All Government directed tasks are met.</i>	2019-20 and beyond	As per 2018-19.	As per 2018-19.	Purposes	Purpose 1 – Defend Australia and its national interests.		Material changes to Program 1.3 resulting from the following measures: Nil.		
Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Contributing to national security and support tasks as directed by Government. Delivering intelligence services. 																						
Performance information																							
Year	Performance criteria ^[1]	Targets																					
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>																					
2018-19	<i>Assessment of capacity and capability provide in support of whole-of-Government outcomes.</i>	<i>All Government directed tasks are met.</i>																					
2019-20 and beyond	As per 2018-19.	As per 2018-19.																					
Purposes	Purpose 1 – Defend Australia and its national interests.																						
Material changes to Program 1.3 resulting from the following measures: Nil.																							

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Contributing to national security and support tasks as directed by Government. Delivering intelligence services.
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Year	Performance criteria ^[1]	Targets
2017-18	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2018-19	<i>Assessment of capacity and capability provide in support of whole-of-Government outcomes.</i>	<i>All Government directed tasks are met.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.

Purposes	Purpose 1 – Defend Australia and its national interests.
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Note

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

Table 14: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	11,709	1,166	-	-	-
Suppliers	77,844	52,248	24,457	8,849	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	89,553	53,414	24,457	8,849	-
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 1.3 Defence Contribution to National Support Tasks in Australia	89,553	53,414	24,457	8,849	-

Outcome 2: We 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

Capability delivery is a core business process that enables Defence to perform its mission of defending Australia and its national interests now and into the future. Defence must procure capability efficiently and effectively. In 2018-19, Defence will continue building the new levels of capability required by Government and described in the 2016 Defence White Paper and the Integrated Investment Program. Major investments will enhance Australian Defence Force capability to conduct operations to deter and defeat threats to Australia, operate over longer distances to conduct independent combat operations in our region, and make more effective contributions to multinational coalitions.

Australia's defence industry is a major partner in the Government's plans for current and future Defence capabilities. It is vital that Australia maintains a science and technology base and defence industry capable of supporting Defence's acquisition and sustainment requirements during peacetime and operations. A highly skilled and capable Australian defence industry is necessary for Defence to achieve its strategic objectives and deliver large-scale, complex projects and sustain military capability. Defence will work with industry to reflect a shared policy agenda that supports the growth and competitiveness of Australian businesses.

Over 2018-19, the implementation of the Naval Shipbuilding Plan will continue in an environment where the successful tenderers for the major programs will be known. Naval Group Australia is progressing work on the Future Submarine (SEA1000), Lurssen Australia and its partners are progressing the Offshore Patrol Vessel (SEA1180) and a decision is expected on the Future Frigate (SEA5000) before the end of 2017-18. Work continues to implement the enterprise wide programs such as the Naval Shipbuilding College, the development of industrial bases to support Sovereign Shipbuilding, and the development and maintenance of Whole of Government relationships necessary for the national shipbuilding endeavour. Defence will continue to implement policies to plan and guide development of the defence industry over the next decade to ensure that Australian industry partners can meet Defence capability needs and mature into an internationally competitive and sustainable industry.

In 2018-19, Defence will commence implementation of the Defence Industrial Capability Plan (DICP), the Defence Skilling and STEM strategy and the Defence Industry Participation Policy. This will include embedding the management of the Sovereign Industrial Capability Priorities, established as part of the DICP, across Defence.

By the end of 2018-19, Defence will have significantly advanced the implementation of the Defence Export Strategy, including establishing the Australian Defence Exports Office and announcement of the Australian Defence Exports Advocate.

In 2018-19 we will implement a principles-based security policy. The Australian Government Security Vetting Agency (AGSVA) will concentrate on sustained achievement of its performance benchmarks with a continued focus on positive vetting backlog remediation. AGSVA will support and implement whole of Government personnel security reforms aimed at mitigating the insider threat.

The Defence Environmental Policy and 2016-2036 Defence Environmental Strategy will be delivered through the Defence Environmental Plan across Defence, with a focus on enabling the Defence mission through compliance, trust, accountability and efficiency. Priority action areas for 2018-19 will focus on increased resilience and environmental stewardship across Defence,

while ensuring stronger integration of environmental and sustainability considerations into the Capability Life Cycle.

Information management is a critical enabler for Defence. In the military environment, information management must provide the war fighter with common battlespace awareness and information superiority through integrated and interoperable information. It underpins the next generation of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems, and links sensors and weapons platforms. It is crucial to offset the relatively small size of the Australian Defence Force and enable a competitive war fighting advantage over Australia's adversaries.

To enable a competitive war fighting advantage, Defence will continue a period of change as the organisation undergoes a digital transformation to transform the Australian Defence Force into a fifth generation force. As outlined in the Information, Communications and Technology Strategy 2016-2020, central to this change is the ability to manage information and enhance system interoperability, which are fundamental enablers to Australia's future war fighting capability.

In 2018-19, the focus will remain on providing comprehensive health care to Australian Defence Force members, delivering quality and safe health and wellbeing services and programs that are efficient and effective in enabling Australian Defence Force capability. Defence will continue to work closely with the Department of Veterans' Affairs to enhance the transition process for serving and ex-serving members. Other health priorities in 2018-19 include the continued delivery of: the improved mental health and wellbeing program through the Defence Mental Health and Wellbeing Strategy, the eHealth system and a newly contracted supply arrangement for Australian Defence Force Health Services.

The delivery of a fully integrated and agile Joint Logistics program to the Australian Defence Force will continue for all capabilities, whether in service, or under development within the Defence White Paper. This will be achieved through the integration of logistics functions, resources, capability and infrastructure across the Defence Logistics Enterprise and in partnership with Defence industry to deliver three essential capability outputs; Logistics Support to Operations and Readiness Activities; a Strong Strategic Centre for Defence Logistics; and Logistics Support and Advice throughout the Capability Life Cycle.

Building a diverse and inclusive workforce remains a key priority for the organisation. Attracting and retaining people that represent the Australian population in its diversity ensures that we are getting the best talent that Australia can provide. In 2018-19, Defence will continue to implement strategies such as the Australian Defence Force Total Workforce Model, which enable us to build and maintain a diverse, motivated, engaged and talented workforce.

A key focus for 2018-19 is the continued implementation of the 10-year Defence Strategic Workforce Plan that sets out the skills Defence needs and details how Defence will attract, retain and develop its people. The Strategic Workforce Plan provides workforce priorities, initiatives and resources for attracting, growing and retaining the people Defence needs.

Defence will continue its cultural reform journey through implementation of the next iteration of Pathway to Change. *Pathway to Change: Evolving Defence Culture 2017-22* is an enterprise level strategy underpinned by a refreshed cultural intent statement and six cultural reform priorities: leadership accountability, capability through inclusion, ethics and workplace behaviours, health, wellness and safety, workplace agility and flexibility, and leading and developing integrated teams.

Linked Programs

Attorney General's
Program 1.2 - Attorney General's Department operating expenses - National Security and Criminal Justice
Contribution to Outcome 2 by linked programs
Under the Service Level Charter, the Australian Government Service Vetting Agency (AGSVA) works collaboratively with Government agencies to implement, deliver and monitor security policy and procedures across the Commonwealth (excluding authorised vetting agencies) as well as provide the delivery of security vetting functions on behalf of the Commonwealth in line with Government requirements.

Australian Federal Police
Program 1.1 - Federal Policing and National Security
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding there is a framework for cooperation between the participants to strengthen and consolidate sharing of information to promote security and stability within Australia. Under a Memorandum of Understanding, deliver agreed protective security base support services to Defence.

Australian National Audit Office
Program 1.1 - Financial statements audits of Australian Government entities
Contribution to Outcome 2 by linked program
Audit and Fraud Control Division conducts internal audits and facilitates the Australian National Audit Office's (ANAO) performance audit and priority assurance review activities in Defence.

Australian Security Intelligence Organisation
Program 1.1 - Security Intelligence
Contribution to Outcome 2 by linked program
Australian Security Intelligence Organisation exercises its foreign collection powers under warrant at the request of the Minister for Defence or the Minister for Foreign Affairs.

Australian Signals Directorate
Program 1.1 – Foreign Signals Intelligence, Cyber Security, Offensive Cyber Operations
Contribution to Outcome 2 by linked program
Consistent with the functions of the Australian Signals Directorate as detailed in the <i>Intelligence Services Act 2001</i> , the agency provides foreign signals intelligence, cyber security advice, offensive cyber operations, and corporate shared services, in order to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence.

Bureau of Meteorology
Program 1.1 – Bureau of Meteorology
Contribution to Outcome 2 by linked program
Under a Memorandum of Understanding, provide weather station support to training area and range management for the support of Defence training exercises.

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

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

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

Department of Home Affairs

Program 1.7 – National Security and Criminal Justice

Contribution to Outcome 2 by linked programs

Under a Memorandum of Understanding, the placement of Emergency Management Australia secondees at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management to promote regional and global security and stability.

Defence Force Ombudsman

Program 1.1 – Office of the Commonwealth Ombudsman

Contribution to Outcome 2 by linked programs

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

Department of the Environment and Energy

Program 1.6 – Management of Hazardous Wastes, Substances and Pollutants

Contribution to Outcome 2 by linked programs

The Department of the Environment and Energy contributes to the development, delivery and sustainment of military, intelligence and enabling capability through the provision of the National Oil Supplies Emergency Committee (Department of Environment and Energy Committee). Defence, as the largest single user of fuel within Government, participates in forums and discussions and provides input to energy security policy.

Department of Foreign Affairs and Trade

Program 1.1 – Foreign Affairs and Trade Operations

Contribution to Outcome 2 by linked programs

Under a Memorandum of Understanding, the placement of Department of Foreign Affairs and Trade secondees at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military interaction in conflict and disaster management and promotes regional and global security.

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 contributes to growing business investment and improving business capability by collaborating with the Department of Industry, Innovation and Science through the Centre for Defence Industry Capability (CDIC). 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 \$200 billion investment in defence capability over the next decade. The CDIC provides advice, assistance and grants to eligible businesses to be better positioned to support 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. The CDIC supports the development and implementation of major policies that will plan and guide the Australian defence industry. For example, the Defence Export Strategy outlined that the Centre will manage an additional \$4.1 million per annum in grants to help build the capability of small to medium enterprises to compete internationally. The Centre also has a major focus on supporting Defence major capital acquisition programs including the continuous shipbuilding programs and the F-35 Joint Strike Fighter Programs to maximise Australian industry involvement.</p>

Department of Infrastructure and Regional Development
Program 1.1 – The Australian Transport Safety Bureau
Program 1.1 – The Civil Aviation Safety Authority
Contribution to Outcome 2 by linked programs
<p>Under a Memorandum of Understanding, Defence and the Australian Transport Safety Bureau share expertise, training opportunities, experience and equipment in transport safety investigations and support the adoption of a systematic approach to aviation safety. The Australian Transport Safety Bureau supports Defence Aviation Safety investigations by contributing to the prevention of recurrence. The adoption of a systemic approach to aviation safety enhances capability through the prevention of accident and series incidents.</p> <p>The Memorandum of Understanding between Defence and the Civil Aviation Safety Authority harmonises military and civil aviation regulation and management. This harmonisation reaches into areas such as the shared use of airfields, the provision of air traffic services through Airservices Australia, and the use of civil registered aircraft and Unmanned Aerial Systems by the Australian Defence Force. Agreement between civil and military regulators leads to cooperation and reduces duplication in air traffic management, aviation landing and approach procedures, aviation rescue and fire-fighting services and airport infrastructure.</p>

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

Department of Veterans' Affairs
Program 1.1 – Veterans' Income Support and Allowances
Program 1.2 – Veterans' Disability Support
Program 1.6 – Military Rehabilitation and Compensation Acts Payment – Income Support and Compensation
Contribution to Outcome 2 by linked programs
<p>The Department of Veterans' Affairs (DVA) and Defence are committed to delivering the best possible outcomes to current and former members of the Australian Defence Force and their eligible family members.</p> <p>Under a Memorandum of Understanding, Defence and DVA work cooperatively to deliver care and support to current and former members of the permanent and reserve forces and their families.</p> <p>Close and ongoing cooperation between DVA and Defence under this Memorandum of Understanding, and ongoing DVA engagement with members throughout their service and following their transition from permanent or continuous full time service, results in better outcomes for members and their families. Such cooperation and engagement is particularly important where a member suffers a serious injury or illness or where the member is identified for medical separation from the ADF.</p> <p>Defence and DVA work collaboratively on areas of research, mental health, rehabilitation and looking at medical aspects of transition. Defence is also engaged with DVA for the future contracting of health care arrangements.</p> <p>This is supported through Schedule 6 of the <i>Agreement between Defence and Veterans' Affairs for the Provision of Mental Health Support Services by the Veterans and Veterans Families Counselling Service (VVCS) to ADF Personnel (Agreement for Services)</i>.</p> <p>Under a Memorandum of Understanding, the DVA provides services for the administration of the Defence Homeowners Assistance Scheme (DHOAS) and the Defence Homeowners Scheme (DHOS), including the accurate and timely processing of subsidy payments, member applications and issuing of Subsidy Certificates.</p>

Outcome 2 Resources

Table 15: Total Budgeted Resources Available for Outcome 2^[1]

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Program 2.1 Strategic Policy and Intelligence					
Revenues from other sources	6,789	7,125	7,738	8,241	8,897
Departmental outputs	1,162,456	759,193	705,222	628,138	741,901
Program 2.2 Defence Executive Support					
Revenues from other sources	23,425	34,899	34,904	35,777	36,673
Departmental outputs	246,886	214,908	202,754	205,364	216,339
Program 2.3 Chief Finance Officer					
Revenues from other sources	4,938	6,259	6,489	6,699	6,877
Departmental outputs	207,956	145,309	134,547	114,939	105,089
Program 2.4 Joint Capabilities Group					
Revenues from other sources	168,065	169,126	165,497	165,640	165,756
Departmental outputs	1,710,192	1,503,836	1,507,274	1,708,067	1,892,644
Program 2.5 Navy Capabilities					
Revenues from other sources	60,555	61,400	63,268	65,022	67,029
Departmental outputs	6,750,755	6,286,506	6,062,302	7,318,875	7,321,958
Program 2.6 Army Capabilities					
Revenues from other sources	30,054	34,850	35,724	31,288	37,363
Departmental outputs	7,393,181	7,500,795	7,588,074	8,121,374	8,669,422
Program 2.7 Air Force Capabilities					
Revenues from other sources	52,499	56,060	57,598	58,988	60,584
Departmental outputs	6,964,710	7,585,556	7,612,979	7,889,961	8,514,578
Program 2.8 Australian Defence Force Headquarters					
Revenues from other sources	-	181	172	195	229
Departmental outputs	118,686	104,530	206,789	336,827	480,451
Program 2.9 Capability Acquisition and Sustainment					
Revenues from other sources	963	2,727	1,011	2,864	1,063
Departmental outputs	691,354	529,770	554,702	577,877	590,611
Program 2.10 Estate and Infrastructure					
Revenues from other sources	332,692	366,039	370,402	508,710	403,363
Departmental outputs	4,490,084	4,651,537	4,588,417	4,209,093	4,496,863
Program 2.11 Chief Information Officer					
Revenues from other sources	6,572	42,757	45,680	48,218	49,781
Departmental outputs	1,468,535	1,385,936	1,771,199	1,784,679	2,007,528
Program 2.12 Defence People					
Revenues from other sources	-	-	-	-	-
Departmental outputs	550,974	565,001	577,797	591,571	606,880
Program 2.13 Defence Science and Technology					
Revenues from other sources	5,126	5,270	5,619	5,985	6,392
Departmental outputs	471,866	446,928	423,738	430,654	420,423

Table 15: Total Budgeted Resources Available for Outcome 2 (continued)

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 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>	120,984	79,838	67,926	58,491	49,057
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,919,709	2,183,097	2,024,089	1,905,568	1,780,062
<i>Australian Defence Force Cover Act 2015</i>	101,880	151,020	235,853	334,911	444,346
Total Administered expenses	3,142,573	2,413,955	2,327,868	2,298,970	2,273,465
Administered revenues from other sources	1,237,907	1,165,712	1,102,275	1,045,995	990,338
Total Program 2.14	1,904,666	1,248,243	1,225,593	1,252,975	1,283,127
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>	13,295	18,816	17,839	16,887	15,912
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,437,009	1,651,709	1,656,134	1,658,032	1,655,812
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,258,287	2,572,762	2,760,133	2,944,193	3,125,083
<i>Australian Defence Force Cover Act 2015</i>	2,382	8,119	17,792	32,213	52,046
Total Administered expenses	3,710,973	4,251,406	4,451,898	4,651,325	4,848,853
Administered revenues from other sources	-	-	-	-	-
Total Program 2.15	3,710,973	4,251,406	4,451,898	4,651,325	4,848,853
Program 2.16 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	476	386	312	252	203
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	116,400	116,025	124,704	133,500	142,446
Total Administered expenses	116,876	116,411	125,016	133,752	142,649
Administered revenues from other sources	15,599	16,237	16,852	17,444	18,015
Total Program 2.16	101,277	100,174	108,164	116,308	124,634
Program 2.17 Other Administered					
Administered revenues from other sources	91,401	129,694	117,585	99,681	99,273
Total Program 2.17	-91,401	-129,694	-117,585	-99,681	-99,273
Total resourcing					
Total Departmental outputs	32,227,635	31,679,805	31,935,793	33,917,418	36,064,687
Total Administered	5,625,515	5,470,129	5,668,070	5,920,927	6,157,341
Total Departmental revenue from other sources	691,678	786,693	794,102	937,627	844,007
Total Administered revenue from other sources	1,344,907	1,311,643	1,236,712	1,163,120	1,107,626
Equity injection	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Total resources for Outcome 2	41,885,255	42,308,713	44,816,374	48,396,123	52,211,619

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence

Program 2.1 Objective

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

Delivery

The program will be achieved by:

- Providing Ministers with quality, relevant and timely strategic policy advice.
- Undertaking regular review of strategic risks and mitigations through Defence's strategic-level documents.
- Conducting international engagement to enhance Australia's strategic position as directed by Government in accordance with the 2016 Defence White Paper.
- Engaging with industry to enhance the Australian industrial base, which supports Defence capability.
- Developing, delivering and sustaining intelligence capability to meet Government, Defence and partner requirements.

Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Government has confidence in the relevance and quality of Defence policy advice.	Minister expresses high to very high confidence in Defence advice. <i>Expected to be met.</i>
	Proposals presented to Government for decision incorporate all relevant considerations.	Stakeholders express high confidence in Defence engagement. <i>Expected to be met.</i>
	The intent of the Defence Industry Policy Statement is met.	The Centre for Defence Industry Capability and the Defence Innovation Hub operate in accordance with the Defence Industry Policy Statement. <i>Expected to be met.</i>
	Defence intelligence outputs align with Government intelligence priorities.	Whole-of-Government and Australian Defence Force intelligence requirements are met. <i>Expected to be met.</i>

Year	Performance criteria ^[1]	Targets
2018-19	<i>Quality, relevant and timely strategic policy advice is available for Government.</i>	<i>Ministers are able to make informed decisions in a timely fashion based on advice received.</i>
	<i>Defence’s strategic policy is updated to reflect changes in Defence strategic risks.</i>	<i>Defence’s strategic review framework supports and manages risk through annual review.</i>
	<i>Defence intelligence outputs align with Government intelligence priorities.</i>	<i>Government intelligence priorities are met.</i>
	<i>The objectives of the Defence Industry Policy Statement are met.</i>	<i>Delivery of the outcomes of the Defence Industry Policy Statement.</i>
	<i>Defence has met its commitments to Government and the intention of the Defence International Engagement Policy.</i>	<i>Short-term (2018-2022) Government objectives are met including those outlined in the Defence International Engagement Policy.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.1 resulting from the following measures:		
<ul style="list-style-type: none">• Department of Defence — re-profiling of expenditure• Defence Industrial Capability Plan — establishment of the Sovereign Industrial Capability Grant Program• Defence Export Strategy		

Note

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

Table 16: Cost Summary for Program 2.1 Strategic Policy and Intelligence

	2017-18 Estimated Actual ⁽¹⁾ \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	354,338	166,373	167,315	170,798	183,631
Suppliers	641,746	411,564	353,169	365,735	449,393
Grants	111,764	120,443	120,790	19,628	19,994
Depreciation and amortisation	55,694	61,128	63,790	71,433	87,744
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	5,703	6,806	7,887	8,778	10,032
Net losses from sale of assets	-	4	8	7	4
Other expenses	-	-	-	-	-
Total expenses	1,169,245	766,318	712,960	636,379	750,798
Income					
Revenues					
Goods and services	4,366	4,237	4,392	4,517	4,640
Other revenue	2	-	-	-	-
Total revenue	4,368	4,237	4,392	4,517	4,640
Gains					
Reversal of previous asset write-downs	2,420	2,888	3,346	3,724	4,257
Net gains from sale of assets	1	-	-	-	-
Other gains	-	-	-	-	-
Total gains	2,421	2,888	3,346	3,724	4,257
Total income	6,789	7,125	7,738	8,241	8,897
Program 2.1 Strategic Policy and Intelligence	1,162,456	759,193	705,222	628,138	741,901

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Table 17: Strategic Policy and Intelligence Deliverables (Hydrographic Products and Services)^[1]

Deliverables	2017-18 Estimated Actual^[2]	2018-19 Budget Estimate	2019-20 Forward Year 1	2020-21 Forward Year 2	2021-22 Forward Year 3
Maritime Safety Updates ^[3]	1,100 ^[4]	100% ^[5]	100%	100%	100%
Charting Projects ^[6]	15	15	15	15	15
Nautical Publications ^[7]	29	30	29	29	30
Survey Projects ^[8]	15	15	15 ^[9]	15	15
AHO Availability ^[10]	249	249	250	249	249

Notes

1. In accordance with First Principles Review recommendations, the functions of the Australian Hydrographic Office (AHO) transferred from Navy to the Strategic Policy and Intelligence Group in 2016-17. Information relating to HydroScheme Products and the Chart Production Office component of Hydrographic Force Unit Availability Days are now included in this table. Full details of hydrographic products and services are contained in HydroScheme.
2. The 2017-18 Estimated Actual figure represents the Portfolio Budget Statements (PBS) 2017-18 target. No changes were made at Portfolio Additional Estimates Statements (PAES).
3. A Maritime Safety Update/s (MSU) is an urgent safety-critical revision to nautical charts and publications or other hydrographic products and services.
4. Up until 2017-18, the PBS target for MSU was quantitative, measuring output against an estimated total volume of 1,100 MSU applied to Electronic Navigational Charts.
5. From 2018-19, the PBS target will be qualitative, measuring performance against a goal of 100% of Priority 1 MSU to be applied to product and released within expected timeframes.
6. A Charting Project includes the charting activities involved in compiling and publishing all paper and electronic charts, or other charting services, for a particular geographic area. A Charting Project is considered complete when all affected products are updated through different charting activities.
7. The Nautical Publications produced are 25 fortnightly Notices to Mariners, three annual publications, and selected additional publications each year. In 2018-19, the three annual publications will be Australian National Tide Tables; AusTides and the inaugural Solomon Islands Tide Tables, which will be produced by the AHO as the Primary Charting Authority for Solomon Islands.
8. A Survey Project is a major hydrographic survey activity within a particular geographic area.
9. The SEA2400-1 HydroScheme Industry Partnership Program (HIPP) commences early 2020.
10. AHO Availability is when 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 in accordance with the Navigation Act 2012 (Cth), immediately.

Program 2.2: Defence Executive Support

Program 2.2 Objective

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Resourcing, implementing and reviewing Defence's enterprise reform program. • Integrating enabling services to deliver a single Defence enterprise. • Integrating policy and business solutions that drive Defence performance, risk and governance accountabilities as a part of enterprise management.
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Performance information

Year	Performance criteria^[1]	Targets
2017-18	Enterprise planning and performance monitoring processes are delivered in line with the requirements of the Public Governance, Performance and Accountability Act 2013.	Defence meets its non-financial performance management and risk management obligations under the Public Governance, Performance and Accountability Act 2013. <i>Expected to be met.</i>
	The Service Delivery System enables Australian Defence Force operations.	Enabling services are delivered in accordance with agreed requirements. <i>Expected to be met.</i>
	Performance information uses validated information to support decision-making.	All performance information is supported by a reliable and validated data source. <i>Expected to be met.</i>
2018-19	<i>Business outcomes are improved as part of broader Defence reform.</i>	<i>Defence reform is achieved in accordance with Reform Implementation Plans.</i>
	<i>The Service Delivery system enables Australian Defence Force operations.</i>	<i>Enabling services are delivered in accordance with agreed requirements.</i>
	<i>Enterprise planning and performance monitoring processes are delivered in line with the One Defence Business Framework, supporting Defence capability.</i>	<i>Defence meets its non-financial performance management and risk management obligations.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.

Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.
Material changes to Program 2.2 resulting from the following measures: <ul style="list-style-type: none"> Department of Defence – re-profiling of expenditure 	

Note

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

Table 18: Cost Summary for Program 2.2 Defence Executive Support

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	108,616	101,387	101,472	103,001	105,300
Suppliers	161,171	147,906	135,691	137,778	147,377
Grants	-	-	-	-	-
Depreciation and amortisation	524	514	495	362	335
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	270,311	249,807	237,658	241,141	253,012
Income					
Revenues					
Goods and services	23,415	34,775	34,777	35,647	36,540
Other revenue	10	124	127	130	133
Total revenue	23,425	34,899	34,904	35,777	36,673
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	23,425	34,899	34,904	35,777	36,673
Program 2.2 Defence Executive Support	246,886	214,908	202,754	205,364	216,339

Program 2.3: Chief Finance Officer

Program 2.3 Objective

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

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

Year	Performance criteria ^[1]	Targets
2017-18	Quality and timeliness of financial advice to the Minister, the Secretary and Chief of the Defence Force.	Financial advice meets the Minister, Secretary and Chief of the Defence Force's requirements. <i>Expected to be met.</i>
	Production of Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan.	Produced in accordance within agreed statutory timeframes. <i>Expected to be met.</i>
	Status of Financial Statements.	Financial Statements are unqualified. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.3 resulting from the following measures:

- Department of Defence – re-profiling of expenditure
- Implementation of OPCAT

Note

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

Table 19: Cost Summary for Program 2.3 Chief Finance Officer

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees ⁽¹⁾	129,714	97,694	107,597	100,349	88,927
Suppliers	83,167	53,855	33,420	18,388	17,255
Grants	-	-	-	-	-
Depreciation and amortisation	13	19	19	2,901	5,784
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	212,894	151,568	141,036	121,638	111,966
Income					
Revenues					
Goods and services	-	1,198	1,301	1,381	1,426
Other revenue	-	-	-	-	-
Total revenue	-	1,198	1,301	1,381	1,426
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	4,938	5,061	5,188	5,318	5,451
Total gains	4,938	5,061	5,188	5,318	5,451
Total income	4,938	6,259	6,489	6,699	6,877
Program 2.3 Chief Finance Officer	207,956	145,309	134,547	114,939	105,089

Note

1. Full-time equivalent headcount is held in this Program from time to time for future prioritisation.

Program 2.4: Joint Capabilities

Program 2.4 Objective

To develop and deliver joint capabilities to support the Australian Defence Force and to protect and advance Australia and its national interests.

Joint Capabilities Group develops and realises joint enabling projects, services and information warfare effects supporting implementation of the 2016 Defence White Paper. This is achieved through the acquisition and support of Joint Health Services, Joint Logistical Services, Defence Training and Education as well as the delivery of Joint Capabilities in the Information Warfare domain that support the Australian Defence Force.

Delivery	<p>This program will be achieved through:</p> <ul style="list-style-type: none"> • Delivery of health support to meet the requirements of the Australian Defence Force. • Effective and efficient logistics support and services being provided to meet the requirements of the Australian Defence Force. • Provision of joint training and education to meet the requirements of the Australian Defence Force. • Delivery and implementation of the 2016 Defence White Paper. • Effective and efficient Information Warfare support that allows the Australian Defence Force to operate in contested and congested environments including the ability to undertake cyber related activities as required.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Chief of Defence Force preparedness levels meet Government requirements.	<p>Chief of the Defence Force preparedness levels are achieved as agreed with Government.</p> <p><i>Expected to be met.</i></p>
	Quality of health services delivered to Australian Defence Force members and families.	<p>Delivery meets standards.</p> <p><i>Expected to be met.</i></p>
	Effective implementation of the 2016 Defence White Paper.	<p>The 2016 Defence White Paper implementation plan activities for 2017-21 are delivered as agreed with Government.</p> <p><i>Expected to be met.</i></p>

Year	Performance criteria ^[1]	Targets
2018-19	<i>Effective implementation of the 2016 Defence White Paper.</i>	<i>The 2016 Defence White Paper implementation plan activities for 2018-22 are delivered as agreed with Government.</i>
	<i>Chief of Defence Force preparedness levels meet Government requirements.</i>	<i>Chief of the Defence Force preparedness levels are achieved as agreed with Government.</i>
	<i>Defence's joint capabilities are generated and sustained to ensure forces are available to meet Government requirements.</i>	<i>Forces meet preparedness requirements to conducted joint, combined and interagency operations as directed by Government.</i>
	<i>Quality of health services delivered to Australian Defence Force members and families.</i>	<i>Delivery meets standards.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.4 resulting from the following measures:		
<ul style="list-style-type: none">• Department of Defence – re-profiling of expenditure		

Note

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

Table 20: Cost Summary for Program 2.4 Joint Capabilities

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	586,638	609,596	651,967	682,445	722,750
Suppliers	742,282	495,820	415,595	542,677	622,370
Grants	-	-	-	-	-
Depreciation and amortisation	20,859	39,010	76,611	119,925	184,557
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	528,478	528,537	528,598	528,659	528,722
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,878,257	1,672,962	1,672,771	1,873,707	2,058,400
Income					
Revenues					
Goods and services	6,600	7,801	3,988	4,108	4,201
Other revenue	158	-	166	170	174
Total revenue	6,758	7,801	4,154	4,278	4,375
Gains					
Reversal of previous asset write-downs	161,307	161,325	161,343	161,362	161,381
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	161,307	161,325	161,343	161,362	161,381
Total income	168,065	169,126	165,497	165,640	165,756
Program 2.4 Joint Capabilities	1,710,192	1,503,836	1,507,274	1,708,067	1,892,644

Program 2.5: Navy Capabilities

Program 2.5 Objective

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Conducting raise, train and sustain activities to ensure maritime forces are available to meet Government direction. • Contributing maritime forces to joint, combined and interagency operations as directed by Government. • Contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of maritime capability. • Conducting international engagement activities in support of the Defence International Engagement Policy implementation.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.5 resulting from the following measures:		
<ul style="list-style-type: none">• Department of Defence — re-profiling of expenditure		

Note

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

Table 21: Cost Summary for Program 2.5 Navy Capabilities

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	2,153,716	2,202,156	2,276,367	2,353,016	2,477,479
Suppliers	2,927,423	2,414,707	2,331,241	3,339,611	3,008,990
Grants	1,380	150	-	-	-
Depreciation and amortisation	1,689,467	1,682,080	1,463,449	1,632,936	1,832,187
Finance cost	33,237	42,336	47,586	51,212	58,209
Write-down of assets and impairment of assets	6,026	6,250	6,561	6,876	7,258
Net losses from sale of assets	61	228	366	245	4,864
Other expenses	-	-	-	-	-
Total expenses	6,811,310	6,347,906	6,125,570	7,383,897	7,388,987
Income					
Revenues					
Goods and services	21,464	21,156	21,872	22,464	23,168
Other revenue	32,777	33,699	34,541	35,404	36,289
Total revenue	54,241	54,855	56,413	57,868	59,457
Gains					
Reversal of previous asset write-downs	6,314	6,545	6,855	7,154	7,572
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	6,314	6,545	6,855	7,154	7,572
Total income	60,555	61,400	63,268	65,022	67,029
Program 2.5 Navy Capabilities	6,750,755	6,286,506	6,062,302	7,318,875	7,321,958

Table 22: Navy Deliverables (Unit Availability Days)^[1]

		2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Year 1	2020-21 Forward Year 2	2021-22 Forward Year 3
19	Major Combatants ^[2]	3,795	3,147	3,068	3,606	3,499
21	Minor Combatants ^[3]	4,542	4,481	4,647	4,703	4,750
5	Amphibious and Afloat Support ^[4]	1,315	1,273	943	896	557
7	Maritime Teams ^[5]	2,555	2,297	2,299	2,297	2,297
7	Hydrographic Force ^[6]	1,628	1,901	1,767	1,888	1,775

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 Adelaide Class Frigates (FFG), Anzac Class Frigates (FFH), Hobart Class Air Warfare Destroyers (DDG) and Collins Class Submarines (CCSM). Adelaide class frigates are to be withdrawn from service over the forward estimates period; HMAS *Newcastle* June 2019 and HMAS *Melbourne* September 2019. Hobart class destroyers, HMA Ships *Hobart*, *Brisbane* and *Sydney* will begin to accrue UAD in 2018/19, 2019/20, and 2020/21 respectively.
3. Minor Combatants comprises Armidale Class Patrol Boats (ACPB), Cape Class Patrol Boats (CCPB) and Coastal Minehunters (MHC).
4. Amphibious and Afloat Support comprises the Oil Tanker (AO), Replenishment Ship (AOR), Landing Ship Dock and Landing Helicopter Dock (LHD). UAD decrease due to planned maintenance periods and the withdrawal of HMA Ships *Sirius* and *Success* in June 2019 and June 2021 respectively. Replacement vessels will be introduced into service from 2019/20.
5. Maritime Teams comprises Clearance Diving, Deployable Geospatial Support and Mobile Meteorological and Oceanographic (METOC) teams.
6. Hydrographic Force comprises the hydrographic ships, survey motor launches and meteorological and oceanographic centres.

Table 23: Navy Deliverables (Flying Hours)

		2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Year 1	2020-21 Forward Year 2	2021-22 Forward Year 3
24	MH-60R	6,050	7,200	7,200	7,200	7,200
-	MRH-90 ^[1]	-	-	-	-	-
1	Laser airborne depth sounder aircraft (LADS) ^[2]	1,120	1,225	350	-	-

Notes

1. Navy is operating MRH-90s; however, their flying hours have been included under Army Aviation, as Army is joint capability manager for the aircraft.
2. LADS capability ceases 6 November 2019.

Program 2.6: Army Capabilities

Program 2.6: Objective

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Conducting raise, train and sustain activities to ensure land forces are available to meet Government direction. • Contributing land forces to joint, combined and interagency operations as directed by Government. • Contributing to a single end-to-end capability development function within Defence to maximise the efficient, effective and professional delivery of land capability. • Conducting international engagement activities in support of the Defence International Engagement Policy implementation.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia's strategic interest.	

Material changes to Program 2.6 resulting from the following measures:

- Department of Defence — re-profiling of expenditure

Note

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

Table 24: Cost Summary for Program 2.6 Army Capabilities

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	4,078,684	4,289,040	4,386,338	4,495,556	4,666,022
Suppliers	1,968,989	1,931,585	1,843,069	2,109,542	2,297,866
Grants	743	495	497	100	102
Depreciation and amortisation	1,365,668	1,303,765	1,381,905	1,534,959	1,729,267
Finance cost	3,497	4,908	5,998	6,648	7,801
Write-down of assets and impairment of assets	5,653	5,852	5,991	5,857	5,727
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	7,423,235	7,535,645	7,623,798	8,152,662	8,706,785
Income					
Revenues					
Goods and services	16,807	21,361	21,985	17,411	23,381
Other revenue	633	649	665	682	699
Total revenue	17,440	22,010	22,650	18,093	24,080
Gains					
Reversal of previous asset write-downs	5,075	5,346	5,582	5,755	5,846
Net gains from sale of assets	7,539	7,494	7,492	7,440	7,437
Other gains	-	-	-	-	-
Total gains	12,614	12,840	13,074	13,195	13,283
Total income	30,054	34,850	35,724	31,288	37,363
Program 2.6 Army Capabilities	7,393,181	7,500,795	7,588,074	8,121,374	8,669,422

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

		2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Year 1	2020-21 Forward Year 2	2021-22 Forward Year 3
7	CH-47F Chinook	2,000	2,200	2,400	2,600	2,600
34	S-70A-9 Black Hawk	4,550	3,000	2,500	1,500	1,500
41	B-206B-1 Kiowa ^[1]	3,800	1,800	-	-	-
22	ARH Tiger	3,000 ^[2]	5,300	5,300	5,300	5,300
47	MRH 90 Taipan	7,600	8,430	9,670	10,300	10,300

Notes

1. B-206B-1 Last Helicopter Qualification Course planned in 2018 before transition to AIR 9000 Ph 7 HATS (Navy).
2. 2017-18 Forecast RoE for ARH Tiger was 5030. The difference is due to the cessation of ARH operations in 2017.

Program 2.7: Air Force Capabilities
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Program 2.7 Objective

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

Delivery

This program will be achieved by:

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

Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.7 resulting from the following measures:

- Department of Defence – re-profiling of expenditure

Note

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

Table 26: Cost Summary for Program 2.7 Air Force Capabilities

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	2,056,513	2,107,388	2,335,809	2,426,478	2,522,474
Suppliers	3,130,487	3,485,060	3,166,240	3,255,245	3,580,964
Grants	1,956	1,831	1,831	-	-
Depreciation and amortisation	1,797,087	2,002,866	2,114,570	2,212,186	2,410,463
Finance cost	14,897	20,908	25,554	28,322	33,237
Write-down of assets and impairment of assets	13,930	13,965	14,005	14,046	14,094
Net losses from sale of assets	2,340	9,598	12,568	12,671	13,930
Other expenses	-	-	-	-	-
Total expenses	7,017,209	7,641,616	7,670,577	7,948,949	8,575,162
Income					
Revenues					
Goods and services	38,028	41,224	42,396	43,433	44,646
Other revenue	5,465	5,602	5,743	5,886	6,033
Total revenue	43,493	46,826	48,139	49,319	50,679
Gains					
Reversal of previous asset write-downs	9,006	9,234	9,459	9,669	9,905
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	9,006	9,234	9,459	9,669	9,905
Total income	52,499	56,060	57,598	58,988	60,584
Program 2.7 Air Force Capabilities	6,964,710	7,585,556	7,612,979	7,889,961	8,514,578

Table 27: Air Force Deliverables (Flying Hours)

Deliverables		2017-18 Estimated Actual	2018-19 Budget Estimate	2019-20 Forward Year 1	2020-21 Forward Year 2	2021-22 Forward Year 3
62	PC-9/A ^[1]	16,952	16,452	3,826	-	-
-	PC-21 ^[2]	2,200	7,000	19,626	23,652	23,652
16	KA350 King Air	8,700	8,700	8,300	8,300	8,300
12	C-130J Hercules	7,350	7,350	7,350	7,350	7,350
8	C-17A Globemaster III ^[3]	7,000	6,200	6,200	6,200	6,200
10	C-27J Spartan ^[4]	4,000	5,000	7,500	7,500	7,500
5	KC-30A MRTT ^[5]	6,000	3,900	4,700	4,700	4,700
2	737 BBJ	1,600	1,600	1,600	1,600	1,600
3	CL-604 Challenger	2,403	2,403	2,403	2,403	2,403
15	AP-3C Orion ^[6]	4,060	1,600	600	300	-
8	P-8A Poseidon ^[7]	2,562	4,254	5,400	5,775	6,325
6	E-7A Wedgetail	3,600	3,600	3,600	3,600	3,600
71	F/A-18A/B Hornet ^[8]	12,000	11,200	8,100	4,750	1,500
24	F/A-18F Super Hornet ^[9]	8,094	4,050	4,050	4,050	4,050
33	Hawk 127	6,500	6,500	6,500	6,500	6,500
12	E/A-18G Growler ^[10]	1,600	1,900	2,400	2,800	2,800
2	F-35A Lightning II ^[11]	752	2,538	4,564	8,204	11,831

Notes

1. PC-9/A hours reflect the phased withdrawal of the aircraft.
2. PC-21 hours reflect the planned schedule for introduction to service and increased pilot training commitments.
3. C-17A Globemaster III hours for 2017-18 include operational assignments.
4. C-27J Spartan hours reflect the planned schedule for introduction to service.
5. KC-30A MRTT hours for 2017-18 include operational assignments and in the forward estimates, reflect the planned introduction of additional aircraft.
6. AP-3C Orion hours reflect the phased withdrawal of aircraft.
7. P-8A Poseidon hours reflect the planned schedule for introduction to service.
8. F/A-18A/B Hornet hours for 2017-18 include operational assignments and in the forward estimates, reflect the planned transition to F-35A Lightning II aircraft.
9. F/A-18F Super Hornet hours for 2017-18 include operational assignments.
10. E/A-18G Growler hours reflect the planned schedule for introduction to service.
11. F-35A Lightning II hours for 2017-18 are for training aircraft and in the forward estimates, reflect the planned schedule for introduction to service.

Program 2.8: Australian Defence Force Headquarters
Program 2.8 Objective

To design, integrate and prepare military capability that meets the current and future requirements of Government, and conduct joint, combined and interagency operations as directed by Government.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Designing the future force through management of the capability lifecycle and the Integrated Investment Program. • Integrating and preparing capability elements, and planning for the effective conduct of joint, combined and interagency operations. • Monitoring preparedness for Government-directed operations and national support tasks through the preparedness management system. • Effective policy and oversight of the administration of Defence's Reserve and Youth programs. • Delivery and implementation of the 2016 Defence White Paper. • Effective management of the operations of the Australian Civil-Military Centre.
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Performance information

Year	Performance criteria^[1]	Targets
2017-18	Chief of the Defence Force preparedness levels meet Government Requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
	Effective implementation of the 2016 Defence White Paper.	The 2016 Defence White Paper implementation plan activities for 2017-21 are delivered as agreed with Government. <i>Expected to be met.</i>
	Effective management of the Integrated Investment Program.	The Integrated Investment Program is delivered as agreed with Government. <i>Expected to be met.</i>
	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
2018-19	Chief of the Defence Force preparedness levels meet Government Requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government.
	Effective implementation of the 2016 Defence White Paper.	The 2016 Defence White Paper implementation plan activities for 2018-22 are delivered as agreed with Government.

Year	Performance criteria ^[1]	Targets
2018-19 (cont)	Effective implementation of the Integrated Investment Program.	The Integrated Investment Program is delivered as agreed with Government.
	Operational outcomes meet the requirements of Government policy.	All operational requirements are met.
	The future force design is realised through resourcing delivered through the Integrated Investment Program.	Future force design development aligns to strategic policy.
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.8 resulting from the following measures:		
<ul style="list-style-type: none">Department of Defence — re-profiling of expenditure		

Note

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

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

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	25,691	32,224	31,412	32,689	33,627
Suppliers	84,486	66,538	164,071	281,218	414,019
Grants	5,820	-	-	-	-
Depreciation and amortisation	2,689	5,949	11,478	23,115	33,034
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	118,686	104,711	206,961	337,022	480,680
Income					
Revenues					
Goods and services	-	181	172	195	229
Other revenue	-	-	-	-	-
Total revenue	-	181	172	195	229
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	181	172	195	229
Program 2.8 Australian Defence Force Headquarters	118,686	104,530	206,789	336,827	480,451

Program 2.9: Capability Acquisition and Sustainment

Program 2.9 Objective

To purchase and maintain Defence equipment and supplies in the quantities and to the service levels required by Defence and approved by Government.

Delivery	<p>This program will be achieved by effectively partnering with Industry to:</p> <ul style="list-style-type: none"> • Manage the acquisition and sustainment of Defence materiel equipment to meet Government and Defence requirements. • Deliver agreed materiel equipment support to meet operational requirements.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Capability proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.	Deliver Government approved acquisition projects to budget, schedule and agreed capability scope. <i>Expected to be substantially met.</i>
	Capability is sustained, consistent with Government requirements.	Sustainment meets capability manager requirements. <i>Expected to be substantially met.</i>
2018-19	<i>Capability proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.</i>	<i>Deliver Government approved acquisition projects to budget, schedule and agreed capability scope.</i>
	<i>Sustainment products are delivered consistent with Capability Manager requirements.</i>	<i>Deliver sustainment products to meet Capability Manager requirements.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	

Material changes to Program 2.9 resulting from the following measures:

- Department of Defence — re-profiling of expenditure

Note

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

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

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	437,682	426,908	413,439	419,552	430,806
Suppliers	254,635	105,589	142,274	161,189	160,868
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	692,317	532,497	555,713	580,741	591,674
Income					
Revenues					
Goods and services	963	2,727	1,011	2,864	1,063
Other revenue	-	-	-	-	-
Total revenue	963	2,727	1,011	2,864	1,063
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	963	2,727	1,011	2,864	1,063
Program 2.9 Capability Acquisition and Sustainment	691,354	529,770	554,702	577,877	590,611

Program 2.10: Estate and Infrastructure Group

Program 2.10 Objective

To deliver integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force, to protect and advance Australia's strategic interests.

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Managing and sustaining the Defence estate to meet Government and Defence requirements by developing and delivering major infrastructure, property and infrastructure programs. Delivering integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force. <p>The approved 2018-19 Facilities and Infrastructure Program, a component of the Integrated Investment Program, is outlined at Appendix D.</p>
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	The estate meets the requirements of the Capability Managers	The Defence Estate Strategy implementation plan is delivered as agreed <i>Expected to be met.</i>
2018-19	<i>The management and sustainment of the estate meets the requirements of the Capability Managers.</i>	<i>The Defence Estate Strategy implementation plan is delivered as agreed.</i>
	<i>Service delivery is aligned to capability outputs.</i>	<i><5% service failures impacting operational capability.</i>
	<i>Service delivery meets customer requirements.</i>	<i>An increase in the overall customer satisfaction rate.</i>
2019-20 and beyond	As per 2018-19.	As 2018-19.

Purposes	Purpose 2 – Protect and advance Australia's strategic interest.
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Material changes to Program 2.10 resulting from the following measures:

- Department of Defence – re-profiling of expenditure
- Supporting Sustainable Access to Drinking Water
- Per-and Poly-Fluorinated Alkyl Substances – research and associated activities

Note

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

Table 30: Cost Summary for Program 2.10 Estate and Infrastructure Group

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	1,149,742	1,121,306	1,146,834	1,165,933	1,212,925
Suppliers	2,537,801	2,839,160	2,785,843	2,545,570	2,703,337
Grants	-	-	-	-	-
Depreciation and amortisation	981,467	928,396	908,789	892,276	866,974
Finance cost	97,341	96,467	95,708	96,947	97,616
Write-down of assets and impairment of assets	15,092	15,831	16,449	17,077	17,815
Net losses from sale of assets	-	1,132	1,439	-	1,559
Other expenses	41,333	15,284	3,757	-	-
Total expenses	4,822,776	5,017,576	4,958,819	4,717,803	4,900,226
Income					
Revenues					
Goods and services	323,886	357,264	361,510	376,196	393,875
Other revenue	4,920	4,767	4,688	4,727	4,843
Total revenue	328,806	362,031	366,198	380,923	398,718
Gains					
Reversal of previous asset write-downs	3,760	4,008	4,204	4,402	4,645
Net gains from sale of assets	126	-	-	123,385	-
Other gains	-	-	-	-	-
Total gains	3,886	4,008	4,204	127,787	4,645
Total income	332,692	366,039	370,402	508,710	403,363
Program 2.10 Estate and Infrastructure	4,490,084	4,651,537	4,588,417	4,209,093	4,496,863

Program 2.11: Chief Information Officer
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Program 2.11 Objective		
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To deliver a modern, secure, sustainable and scalable information environment to enable current and future military and business operations.		
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Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Planning and governing Defence ICT to ensure the appropriate networking and operation of ICT systems.
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Performance information		
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Year	Performance criteria ^[1]	Targets
2017-18	ICT services meet requirements.	ICT capabilities are delivered in accordance with the Integrated Investment Program requirements as governed by the Investment Committee. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.11 resulting from the following measures:		
<ul style="list-style-type: none">• Department of Defence – re-profiling of expenditure		

Note

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

Table 31: Cost Summary for Program 2.11 Chief Information Officer

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	123,996	131,212	131,789	134,341	137,271
Suppliers	1,166,523	1,093,775	1,442,998	1,405,962	1,586,634
Grants	-	-	-	-	-
Depreciation and amortisation	166,314	184,546	221,763	270,390	309,668
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	18,274	19,160	20,329	22,204	23,736
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,475,107	1,428,693	1,816,879	1,832,897	2,057,309
Income					
Revenues					
Goods and services	-	34,627	37,054	38,797	39,710
Other revenue	-	-	-	-	-
Total revenue	-	34,627	37,054	38,797	39,710
Gains					
Reversal of previous asset write-downs	7,754	8,130	8,626	9,421	10,071
Net gains from sale of assets ^[1]	-1,182	-	-	-	-
Other gains	-	-	-	-	-
Total gains	6,572	8,130	8,626	9,421	10,071
Total income	6,572	42,757	45,680	48,218	49,781
Program 2.11 Chief Information Officer	1,468,535	1,385,936	1,771,199	1,784,679	2,007,528

Note

1. Whilst the amount shown represents losses for this Program, at the Portfolio level, Defence has budgeted for a total net gain from the sale of assets.

Program 2.12: Defence People
Program 2.12 Objective

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

Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • Providing timely, accurate and high-quality advice on key people issues to the Secretary, CDF and Government. • Implementing the 2016-2026 Defence Strategic Workforce Plan to attract, recruit, develop and retain a highly skilled workforce. • Implementing the ADF Total Workforce Model to support individual and organisational flexibility. • Implementing and evaluating Defence's cultural reform strategy, Pathway to Change: Evolving Defence Culture 2017-22. • Delivering a fully compliant Workplace Health and Safety System to ensure Defence provides a safe work environment for its people. • Driving a high performing culture where leadership, professionalism and corporate behaviour are rewarded and valued. • Deliver 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.
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Performance information

Year	Performance criteria^[1]	Targets
2017-18	Achievement of ADF recruitment targets.	Meet recruitment targets as specified by the Services. <i>Expected to be met.</i>
	Achieve ongoing cultural reform and workforce culture initiatives that embed diversity and inclusion.	Workforce diversity is increased. Cultural reform initiatives are implemented as set out in the Pathway to Change strategy. <i>Expected to be met.</i>
	Actions identified in the 2016-2026 Defence Strategic Workforce Plan are implemented to attract, recruit, develop and retain a highly skilled workforce.	Implementation milestones are achieved. <i>Expected to be met.</i>

Year	Performance criteria ^[1]	Targets
2017-18 (cont)	Enhanced linkages between Defence and the Department of Veterans’ Affairs enable greater support to veterans and ADF members.	Improved electronic information exchange is implemented as agreed between Defence and the Department of Veterans’ Affairs. <i>Expected to be met.</i>
	Australian Defence Force members and families are supported through the delivery of the family support program, transition services and bereavement support.	Support is delivered in a timely and professional manner. <i>Expected to be met.</i>
2018-19	<i>Progress in the delivery of actions from the 2016-2026 Defence Strategic Workforce Plan.</i>	<i>Implementation milestones are achieved.</i>
	<i>All elements of the ADF Total Workforce Model, including Service Category 6 (mature) are implemented.</i>	<i>The Defence Workforce has the agility and skills required to meet current and future demand to support capability.</i>
	<i>Implementation of the six key cultural priorities through the regular enterprise performance reviews.</i>	<i>Cultural reform priorities are implemented as set out in the Pathway to Change strategy.</i>
	<i>Quality of welfare services delivered to Defence personnel and families.</i>	<i>Delivery of welfare services meets standards.</i>
	<i>Australian Defence Force members and families are supported through the delivery of welfare services and support services.</i>	<i>Support is delivered in a timely and professional manner.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia’s strategic interest.	
Material changes to Program 2.12 resulting from the following measures:		
• Department of Defence — re-profiling of expenditure		

Note

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

Table 32: Cost Summary for Program 2.12 Defence People

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	201,736	180,309	179,189	180,955	183,256
Suppliers	342,945	378,807	392,629	405,521	418,545
Grants	1,592	1,600	1,700	1,450	1,450
Depreciation and amortisation	4,701	4,285	4,279	3,645	3,629
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	550,974	565,001	577,797	591,571	606,880
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 2.12 Defence People	550,974	565,001	577,797	591,571	606,880

Program 2.13: Defence Science and Technology

Program 2.13 Objective

To enable the delivery of a national security capability through science and technology services.

Delivery	<p>This program is achieved by:</p> <ul style="list-style-type: none"> • Conducting applied research focused on supporting Defence and national security operations, sustaining and enhancing current capability, and supporting the development and acquisition of future capability. • Drawing on world-class science and technology staff and research facilities, and extensive networks and partnerships with external organisations including academia, industry and international research agencies to enable knowledge and innovation integration for Defence. • Promoting defence science and STEM education in the broader Australian community.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Emerging science and technology is used to support development of best value capability.	Science and technology activities are balanced to support Defence capability and operational priorities in accordance with 2016 Defence White Paper. <i>Expected to be met.</i>
	Defence's strategic research builds understanding of future Defence capability.	Strategic research activities are aligned with Integrated Investment Program priorities. <i>Expected to be met.</i>
	Defence Science and Technology capability enhanced through the delivery of collaborative partnerships with industry, academia and international research agencies.	Collaborative activities with industry, academia and allied defence research agencies are aligned to 2016 Defence White Paper and Defence Industry Policy Statement priorities. <i>Expected to be met.</i>

Year	Performance criteria ^[1]	Targets
2018-19	Science and technology research supports Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.	Science and Technology activities are balanced to support Defence operational and capability priorities in accordance with the 2016 Defence White Paper
	Defence's strategic research builds understanding of future Defence capability	Strategic research activities are aligned with Integrated Investment Program priorities.
	Defence's capability is enhanced by collaborative research partnerships with Public Fundraising Regulatory Associations, academia, industry and international research agencies.	Collaborative activities with academia, industry and allied defence research agencies are aligned to the 2016 Defence White Paper and Defence Industry Policy Statement priorities.
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	
Material changes to Program 2.13 resulting from the following measures:		
<ul style="list-style-type: none">Department of Defence — re-profiling of expenditure		

Note

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

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

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Employees	297,363	301,848	303,127	310,811	317,584
Suppliers	144,631	115,502	92,064	92,809	78,928
Grants	-	-	-	-	-
Depreciation and amortisation	30,111	29,375	28,016	26,164	22,649
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	4,887	5,473	6,150	6,855	7,654
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	476,992	452,198	429,357	436,639	426,815
Income					
Revenues					
Goods and services	2,940	2,830	2,887	2,948	3,010
Other revenue	113	118	123	128	134
Total revenue	3,053	2,948	3,010	3,076	3,144
Gains					
Reversal of previous asset write-downs	2,073	2,322	2,609	2,909	3,248
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	2,073	2,322	2,609	2,909	3,248
Total income	5,126	5,270	5,619	5,985	6,392
Program 2.13 Defence Science and Technology	471,866	446,928	423,738	430,654	420,423

Administered Program 2.14: Defence Force Superannuation Benefits

Administered Program 2.14 Objective

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

Delivery

This program will be achieved by reporting on superannuation contributions and the movement in liabilities associated with the five military superannuation schemes.

Notes about this program:

- The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members.
- The DFRDB was closed to new participants in 1991. Since 1 July 2016, DFRDB members who re-enter the ADF no longer rejoin DFRDB as contributing members but instead join the ADF's current superannuation arrangement and become either a member of the default scheme, ADF Super, or elect to become a member of another fund of their choice.
- The MSBS commenced in 1991 and is available to re-entered members with a preserved employer benefit only. The MSBS closed to new participants on 1 July 2016.
- ADF Super is the current superannuation scheme for new ADF members. It will commence on 1 July 2016.
- ADF Cover is the statutory death and invalidity scheme and applies to all members of the ADF's current superannuation arrangement, regardless of whether they are a member of the default scheme, ADF super, or have elected to become a member of another fund of their choice.
- All five schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation.
- Since 1991, Defence has paid the MSBS Retention Benefit to eligible MSBS members after 15 years of continuous eligible service. The purpose of the Retention Benefit is to encourage members to serve until they have completed 20 years of service. Due to legislative amendments passed in 2005, the Retention Benefit is not available to members who enlisted after 6 October 2005.

Performance information		
Year	Performance criteria ^[1]	Targets
2017-18	Provision of timely payments to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions.	Payments are provided within agreed timeframes to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia’s strategic interests.	
Material changes to Program 2.14 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 34: Cost Summary for Administered Program 2.14 Defence Force Superannuation Benefits

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Military retention benefits	93,548	107,299	120,288	120,636	101,736
Military superannuation benefits ^[1]	3,049,025	2,306,656	2,207,580	2,178,334	2,171,729
Total expenses	3,142,573	2,413,955	2,327,868	2,298,970	2,273,465
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	1,237,907	1,165,712	1,102,275	1,045,995	990,338
Total income	1,237,907	1,165,712	1,102,275	1,045,995	990,338
Program 2.14 Defence Force Superannuation Benefits	1,904,666	1,248,243	1,225,593	1,252,975	1,283,127

Note

1. The decrease from 2017-18 to 2018-19 predominately relates to the change in the interest rate impacting the actuarial losses within equity.

Administered Program 2.15: Defence Force Superannuation Nominal Interest

Administered Program 2.15 Objective
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To administer nominal interest for the three defined benefit military superannuation schemes: the Defence Forces Retirement Benefits (DFRB) scheme, the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS), as well as the statutory death and invalidity scheme, ADF Cover.

Delivery	<p>This program will be achieved by reporting on superannuation nominal interest associated with the three military superannuation schemes and the statutory death and invalidity scheme.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> • The DFRB commenced in 1948 and only covers members or their dependants who were in receipt of a pension at the time DFRDB commenced. This scheme does not have any contributing members. • The DFRDB was closed to new participants in 1991. • The MSBS commenced in 1991 and is available to all full-time members of the ADF. • ADF Cover is the statutory death and invalidity scheme that accompanies the new accumulation military superannuation scheme, ADF Super. • All four schemes are managed on Defence's behalf by the Commonwealth Superannuation Corporation.
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Performance information

Year	Performance criteria ^[1]	Targets
2017-18	Provide quality administration services for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions.	Administration services are provided as agreed for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	<i>As per 2018-19.</i>	<i>As per 2018-19.</i>
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.15 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 35: Cost Summary for Administered Program 2.15 Defence Force Superannuation Nominal Interest

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	-	-	-	-	-
Military superannuation benefits	3,710,973	4,251,406	4,451,898	4,651,325	4,848,853
Total expenses	3,710,973	4,251,406	4,451,898	4,651,325	4,848,853
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-
Total income	-	-	-	-	-
Program 2.15 Defence Force Superannuation					
Nominal Interest	3,710,973	4,251,406	4,451,898	4,651,325	4,848,853

Administered Program 2.16: Housing Assistance
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Administered Program 2.16 Objective
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<p>The Defence Home Ownership Assistance Scheme (DHOAS) was established in order to support the Government's retention and recruitment initiatives and influence ADF members' decision to stay beyond critical career points. The scheme came into effect on 1 July 2008.</p>

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

Year	Performance criteria ^[1]	Targets
2017-18	Members respond to and take up the scheme.	6,000 applications received with 3,800 members taking up the scheme. <i>Expected to be met.</i>
	Ensure that interest rates provided to ADF members by the Home Loan Providers are competitive with other interest rates in the market.	Interest rates offered are consistently lower than other interest rates in the market. <i>Expected to be met.</i>
2018-19	<i>Eligible ADF members continue to access the scheme.</i>	<i>The uptake of new subsidised loans is maintained at current levels.</i>
	<i>Eligible ADF members are offered competitive home loan interest rates by the home loan provider.</i>	<i>Interest rates offered are equal to or lower than standard product offerings.</i>
2019-20 and beyond	As per 2018-19.	<i>Growth of the scheme is increased by 3% annually.</i>
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	

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

Note

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

Table 36: Cost Summary for Administered Program 2.16 Housing Assistance

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	116,876	116,411	125,016	133,752	142,649
Total expenses	116,876	116,411	125,016	133,752	142,649
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	15,599	16,237	16,852	17,444	18,015
Other	-	-	-	-	-
Total income	15,599	16,237	16,852	17,444	18,015
Program 2.16 Housing Assistance	101,277	100,174	108,164	116,308	124,634

Administered Program 2.17: Other Administered
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<p>Administered Program 2.17 Objective</p> <p>This program comprises three elements:</p> <ol style="list-style-type: none"> 1. Interest earned on overdue accounts and on official bank accounts held to facilitate operational requirements. 2. Interest on Government loans to fund the building of new accommodation, dividends and tax equivalent payments received from the DHA. 3. Revenue received from science and technology royalties where the royalties offset Departmental cost of an activity, to the extent there was no appropriation for the activity.

Delivery	Report on interest and other receipts transferred to the Official Public account.
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Performance information		
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Year	Performance criteria ^[1]	Targets
2017-18	Account and report 'Other Administered'.	Accounting and reporting is accurate. <i>Expected to be met.</i>
2018-19	<i>As per 2017-18.</i>	<i>As per 2017-18.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	Purpose 2 – Protect and advance Australia's strategic interests.	

Material changes to Program 2.17 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 Administered Program 2.17 Other Administered

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
Expenses					
Total expenses	-	-	-	-	-
Income					
Revenues					
Interest	25,866	25,908	25,887	25,887	25,887
Dividends	29,944	55,494	55,449	36,865	35,592
Other	35,591	48,292	36,249	36,929	37,794
Total income	91,401	129,694	117,585	99,681	99,273
Program 2.17 Other Administered	-91,401	-129,694	-117,585	-99,681	-99,273

Section 3: Defence Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive overview of agency finances for the 2018-19 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 and government indigenous expenditure.

Table 38: Summary of Estimated Special Account Balances ^{[1][2][3]}

		Opening	Receipts	Payments	Adjustments	Closing
		2018-19	2018-19	2018-19	2018-19	Balance
		2017-18	2017-18	2017-18	2017-18	2017-18
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys -	2	91,167	194,261	-197,205	-	88,223
Defence Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	<i>86,527</i>	<i>47,400</i>	<i>-42,760</i>	-	<i>91,167</i>
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	49	1	-1	-	49
	2	<i>49</i>	<i>1</i>	<i>-1</i>	-	<i>49</i>
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	168	3	-7	-	164
	2	<i>168</i>	<i>6</i>	<i>-6</i>	-	<i>168</i>
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	1,568	55	-22	-	1,601
	2	<i>1,520</i>	<i>222</i>	<i>-174</i>	-	<i>1,568</i>
Total Special Accounts 2018-19		92,952	194,320	-197,235	-	90,037
<i>2017-18 estimated actual</i>		<i>88,264</i>	<i>47,629</i>	<i>-42,941</i>	-	<i>92,952</i>

Notes

1. 2018-19 estimates in bold.
2. 2017-18 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 39: Australian Government Indigenous Expenditure

	Program	Bill No. 1 \$'000
Defence Indigenous Employment Strategy^{[1][2]}	2.12	
Departmental 2018-19 Budget Estimate		11,347
Departmental 2017-18 Estimated Actual		11,104
Army Aboriginal Community Assistance Program^{[1][3]}	2.6	
Departmental 2018-19 Budget Estimate		6,700
Departmental 2017-18 Estimated Actual		6,700
Total 2018-19 Revised Estimate		18,047
Total 2017-18 Budget Estimate		17,804

Notes

1. All amounts are GST exclusive.
2. Defence People Group Indigenous Affairs management replaces Defence Indigenous Employment Strategy.
3. Defence Indigenous Programs includes Australian Defence Force and Defence Australian Public Service recruitment and employment programs.

Defence Indigenous Employment Strategy

Defence is committed to meeting and sustaining an Indigenous participation rate of 2.7 per cent and an Indigenous procurement target of three per cent to support the Government's Closing the Gap agenda.

The Defence Reconciliation Action Plan provides the overarching strategy for Defence's commitment to Indigenous inclusion. The Plan includes a number of actions under the themes of Respect, Relationships and Opportunities, with the key areas of focus being to:

- offer employment opportunities to Aboriginal and Torres Strait Islander people across Australia;
- provide professional and career development opportunities for our Aboriginal and Torres Strait Islander workforce; and
- provide Indigenous businesses with contracting opportunities.

Defence's Indigenous workforce continues to grow, with over 2.3 per cent of the total Australian Defence Force and Australian Public Service workforce being Indigenous.

In 2016-17, Defence awarded 617 contracts to Indigenous businesses against the planned target of 420 contracts, totalling \$108.6 million. This was almost 40 per cent of all expenditure under the Commonwealth Indigenous Procurement Policy. Defence was awarded Supply Nation Government Member of the Year 2017 for its efforts.

Defence Indigenous Programs

Defence continues to offer a range of programs for Indigenous Australians interested in a career in the Australian Defence Force or Defence Australian Public Service workforce and existing Indigenous members of Defence.

The Australian Defence Force continues to conduct the Navy and Army Indigenous Development Programs and Indigenous Pre-Recruit Program across Australia.

Defence participates in a number of Indigenous Australian Public Service programs that enable employment pathways into Defence through apprentice, trainee and graduate recruitment.

A number of programs are offered to existing personnel to support their career development and retention, including a mentoring program for Indigenous Australian Public Servants, Indigenous leadership training and a regional Defence Aboriginal and Torres Strait Islander Network.

Defence is ensuring a culturally inclusive and respectful workplace by incorporating Indigenous awareness sessions into existing leadership development programs and seeking the advice of Defence Indigenous cultural advisory groups.

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Programme (AACAP) is a collaborative partnership between the Department of the Prime Minister and Cabinet (PM&C) and the Australian Army which aims to improve environmental health and living conditions in remote Indigenous communities. One project is undertaken each calendar year targeting improvements in housing and essential services including water, power, sewerage and health. Community selection capitalises on Army's ability to deploy and sustain a construction camp for a prolonged period in a remote area of Australia, to holistically deliver a range of services to Indigenous communities which would not normally be available through other project means. The 2018 Project is being delivered in Yalata, South Australia, over the period April to November 2018. Development for the 2019 Project in Jigalong in the Pilbara region of Western Australia is underway.

3.1.2 Grants

Table 40: Approved Grants

The following are grants that have been approved since the *2017-18 Portfolio Additional Estimates Statements*.

	2017-18 Estimated Actual \$'000	Total Grant Amount Approved \$'000	2018-19 Budget Estimate \$'000
Approved since 2017-18 PAES			
Individual Grants			
American Australian Association Ltd	3,300	13,200	3,300
Australasian Legal Information Institute (AustLII)	66	198	66
University of Tasmania	250	250	-
Total grants approved since 2017-18 PAES	3,616	13,648	3,366
Grant Programs			
Family Support Funding Program	623	723	832
Long Tan Awards	1,667	1,667	-
The Schools Pathway Program	1,115	1,115	-
Centre for Defence Industry Capability (CDIC) Program	934	1,011	-
Army History Unit Program	65	67	-
New Air Combat Capability - Industry Support Program	2,639	3,877	-
Individual Grants			
Army and Air Force Canteens Services (AAFCANS) Special Amenity Grant	400	2,000	400
ANU – School of Pacific & Asian Studies	300	300	-
Australian Strategic Policy Institute	3,528	3,528	-
Australian Surf Rowers league Inc	180	530	150
Australian War Memorial	250	500	-
Australian Women's Pilots' Association	14	14	-
DIIS - Skilling Australian Defence Industry	39	39	-
Find AE1 Ltd	500	1,200	-
Kokatha Aboriginal Corporation RNTB	23	23	-
Maralinga Tjarutja	9	9	-
PHM Technology	124	124	-
Salt Ash Public School Parents and Friends	44	44	-
Total previously approved grants	12,454	16,771	1,382
Total grants	16,070	30,419	4,748

3.2 RESOURCE SUMMARY

Table 41: Budgeted Departmental Net Cost of Service (cash) (for the period ended 30 June)

	2017-18 Estimated Actual ^[1] \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	11,703,338	11,775,594	12,167,615	12,490,662	13,001,854
Supplier payments	11,961,894	12,296,039	12,488,505	13,631,376	14,923,583
Purchase of specialist military equipment	7,248,647	7,732,907	8,755,053	9,707,021	11,003,804
Purchase of inventory	1,781,399	1,657,535	1,587,670	1,779,163	1,870,283
Purchase of other property, plant and equipment	2,754,310	2,464,006	2,592,407	3,462,540	3,800,092
Net cash to / (from) the Official Public Account	919	942	966	990	1,015
Other cash used	2,060,778	2,182,581	2,242,548	2,332,501	2,533,951
Total cash used	37,511,285	38,109,604	39,834,763	43,404,255	47,134,582
Ow n source receipts	2,343,345	2,577,955	2,618,766	2,948,298	3,029,540
Total cash received	2,343,345	2,577,955	2,618,766	2,948,298	3,029,540
Net cost of service (cash)	35,167,940	35,531,649	37,215,997	40,455,957	44,105,042
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	33,172,420	32,471,206	32,034,300	33,998,926	36,067,084
Appropriation carried forw ard from previous year	-	-	-	-	-
Appropriation Bill 2/4 (equity injection)	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Total funding source	35,167,940	35,531,649	37,215,997	40,455,957	44,105,042
Change in cash	-	-	-	-	-

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Table 42: Consolidated Budgeted Departmental Net Cost of Service (cash) for the Department of Defence (Including ASD) (for the period ended 30 June)

	2017-18 Estimated Actual ^[1] \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	11,703,338	12,022,877	12,435,400	12,769,022	13,293,356
Supplier payments	11,961,894	12,649,213	12,865,402	14,049,881	15,328,876
Purchase of specialist military equipment	7,248,647	7,732,907	8,755,053	9,707,021	11,003,804
Purchase of inventory	1,781,399	1,657,535	1,587,670	1,779,163	1,870,283
Purchase of other property, plant and equipment	2,754,310	2,601,247	2,717,909	3,551,754	3,860,636
Net cash to / (from) the Official Public Account	919	942	966	990	1,015
Other cash used	2,060,778	2,182,581	2,242,548	2,332,501	2,533,951
Total cash used	37,511,285	38,847,302	40,604,948	44,190,333	47,891,921
Own source receipts	2,343,345	2,491,038	2,534,984	2,861,372	2,940,403
Total cash received	2,343,345	2,491,038	2,534,984	2,861,372	2,940,403
Net cost of service (cash)	35,167,940	36,356,264	38,069,964	41,328,961	44,951,518
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	33,172,420	33,192,938	32,745,514	34,740,044	36,832,225
Appropriation carried forward from previous year	-	-	-	-	-
Appropriation Bill 2/4 (equity injection)	1,995,519	3,163,326	5,324,450	6,588,917	8,119,294
Total funding source	35,167,940	36,356,264	38,069,964	41,328,961	44,951,518
Change in cash	-	-	-	-	-

Table 43: Total Departmental and Administered Consolidated Cash Budget for the Department of Defence^[1]

	2018-19 Budget Estimate \$m
APPROPRIATIONS AND CAPITAL	
Appropriation (Bill 1)	32,471.2
Appropriation - Contributed Equity (Bill 2)	3,060.4
Appropriations for military superannuation ^[2]	2,677.2
less: Returns to the OPA	-1,313.5
Total cash available	36,895.4
OPERATING ACTIVITIES	
Cash received	
Goods and services	550.7
Net GST received	1,877.4
Interest	25.9
Other cash	113.4
Fees	16.2
Total cash received	2,583.7
Cash used	
Employees	10,609.9
Suppliers	12,296.0
Net GST paid	1,877.4
Grants	124.5
Other cash	15.3
Subsidies paid	116.4
Military benefits	2,560.8
Total cash used	27,600.3
Net cash from or (used by) operating activities	-25,016.7
INVESTING ACTIVITIES	
Cash received	
Proceeds from sales of land and buildings	77.9
Proceeds from sales of infrastructure, plant and equipment	19.4
Proceeds from sales of specialist military equipment	7.5
Proceeds from sales of heritage and cultural assets	-
Dividends	36.3
Other	-
Total cash received	141.2
Cash used	
Purchase of land and buildings	1,196.7
Purchase of infrastructure, plant and equipment	809.4
Purchase of specialist military equipment	7,732.9
Purchase of heritage and cultural assets	-
Purchase of intangibles	457.9
Purchase of inventory	1,657.5
Selling costs on sale of assets	19.7
Finance costs	99.3
Total cash used	11,973.4
Net cash from or (used by) investing activities	-11,832.2
FINANCING ACTIVITIES	
Cash used	
Repayment of debt	46.4
Total cash used	46.4
Net cash from or (used by) financing activities	-46.4
Net increase or (decrease) in cash and cash equivalents held	-
Cash and cash equivalents at the beginning of the reporting period	88.8
Effect of exchange rate movements on cash and cash equivalents	-
Cash and cash equivalents at the end of the reporting period	88.8

Notes

- Figures show n eliminate transactions flow ing betw een Departmental and Administered funding.
- Cross reference with Table 60 Budgeted Administered Statement of Cash Flow s for the Department of Defence for the period ended 30 June.

Table 44: Defence Resource Statement – Budget Estimates for 2018-19 as at May 2018

Serial No.		Estimate of prior year amounts available in 2018-19 \$'000	Proposed + at Budget 2018-19 \$'000	= Total Estimate 2018-19 \$'000	Total available Appropriation 2017-18 \$'000
	ORDINARY ANNUAL SERVICES				
	Outcome 1	-	791,401	791,401	944,785
	Outcome 2	-	31,679,805	31,679,805	32,227,635
1	Total Departmental outputs	-	32,471,206	32,471,206	33,172,420
2	Total ordinary annual services (1)	-	32,471,206	32,471,206	33,172,420
	OTHER SERVICES				
	Departmental non-operating				
	Equity injections	-	3,060,443	3,060,443	1,995,519
3	Total Departmental non-operating	-	3,060,443	3,060,443	1,995,519
4	Total other services (3)	-	3,060,443	3,060,443	1,995,519
5	Total available annual appropriation (2+4)	-	35,531,649	35,531,649	35,167,940
	SPECIAL APPROPRIATIONS				
	Special appropriations limited by criteria/entitlement				
	<i>Defence Forces Retirement Benefits Act, 1948 Part 1 s.15D and VIC, s.82ZJ</i>	-	18,816	18,816	13,295
	<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s.125</i>	-	1,731,547	1,731,547	1,557,993
	<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	-	4,755,859	4,755,859	5,177,996
	<i>Australian Defence Force Cover Act 2015</i>	-	159,139	159,139	104,262
	<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	-	386	386	476
	<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	-	116,025	116,025	116,400
6	Total special appropriations	-	6,781,772	6,781,772	6,970,422
7	Total appropriations (5+6)	-	42,313,421	42,313,421	42,138,362
	Funding from other sources	-	2,013,162	2,013,162	1,948,922
	Returns to the OPA (net)	-	-1,313,526	-1,313,526	-1,350,858
	Previous years' outputs (appropriation receivable)	425,991	-	425,991	425,991
	Cash available	88,823	-	88,823	88,823
8	Total other available resources	514,813	699,636	1,214,449	1,112,877
9	Total resourcing (7+8)	514,813	43,013,057	43,527,870	43,251,239
	Special Accounts				
	Opening Balance	92,952	-	92,952	88,264
	Appropriation Receipts	-	-	-	-
	Appropriation Receipts - other agencies	-	-	-	-
	Non-Appropriation Receipts to Special Accounts	-	194,320	194,320	47,629
10	Total special accounts	92,952	194,320	287,272	135,893

Table 45: Third Party Payments to and from other Agencies^[1]

	Estimated Actual 2017-18 \$'000	Budget Estimate 2018-19 \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	84,886	98,425
Payments made to Defence Housing Australia for the provision of services (Departmental)	679,937	570,252
Receipts from Australian Signals Directorate for provision of services (Departmental)	-	92,274
Payments made to Australian Signals Directorate for the provision of services (Departmental)	-	2,647
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	24,252	24,615
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	33,708	38,284
Payments made to the Department of Finance for the provision of services (Departmental)	67,645	68,858
Payments made to Comcare for workers compensation premiums (Departmental)	29,781	24,529
Payments made to the Australian Federal Police for the provision of services (Departmental)	45,447	47,092

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

	2018-19 Previous Estimate ^[1] \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
EXPENSES				
Employee benefits	11,811,077	11,856,503	45,426	0.4
Supplier expenses	14,015,509	14,263,652	248,143	1.8
Grants	122,616	124,519	1,903	1.6
Depreciation and amortisation	5,996,348	6,241,933	245,585	4.1
Finance costs	177,797	164,619	-13,178	-7.4
Write-down of assets and impairment of assets	641,119	601,874	-39,245	-6.1
Losses from sale of assets	-	3,467	3,467	-
Other	10,800	15,284	4,484	41.5
Total expenses	32,775,266	33,271,851	496,585	1.5
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sales of goods and rendering of services	465,246	550,827	85,581	18.4
Other revenue	46,507	44,959	-1,548	-3.3
Total own-source revenue	511,753	595,786	84,033	16.4
Gains				
Reversals of previous asset write-downs	213,306	199,798	-13,508	-6.3
Sale of assets	2,751	-	-2,751	-100.0
Other gains	5,061	5,061	-	-
Total gains	221,118	204,859	-16,259	-7.4
Total own-source income	732,871	800,645	67,774	9.2
Net cost of (contribution by) services	32,042,395	32,471,206	428,811	1.3
Revenue from Government	32,042,395	32,471,206	428,811	1.3
Surplus (Deficit) attributable to the Australian Government	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-

Note

1. These figures include balances relating to Australian Signals Directorate (ASD).

Table 47: Variation in Budgeted Departmental Balance Sheet (as at 30 June)

	2018-19 Previous Estimate ^[1] \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS				
Financial assets				
Cash and cash equivalents	88,823	88,823	-	-
Trade and other receivables	69,093	69,093	-	-
Tax assets	244,327	244,327	-	-
Appropriation receivable	425,991	425,991	-	-
Other receivables	239,924	238,678	-1,246	-0.5
Total financial assets	1,068,158	1,066,911	-1,247	-0.1
Non-financial assets				
Land and buildings	19,342,519	18,826,404	-516,115	-2.7
Infrastructure, plant and equipment	8,991,236	8,639,546	-351,690	-3.9
Specialist military equipment	61,936,393	62,051,664	115,271	0.2
Intangibles	911,019	1,246,483	335,464	36.8
Heritage and cultural	607,187	548,610	-58,577	-9.6
Inventories	6,240,379	6,023,049	-217,330	-3.5
Prepayments	1,909,793	1,925,439	15,646	0.8
Total non-financial assets	99,938,526	99,261,195	-677,331	-0.7
Assets held for sale	62,436	62,437	1	-
Total assets	101,069,120	100,390,543	-678,577	-0.7
LIABILITIES				
Payables				
Suppliers	2,465,680	2,627,130	161,450	6.5
Other	342,552	356,108	13,556	4.0
Total payables	2,808,232	2,983,238	175,006	6.2
Interest bearing liabilities				
Leases	1,479,358	1,463,473	-15,885	-1.1
Total interest bearing liabilities	1,479,358	1,463,473	-15,885	-1.1
Provisions				
Employee provisions	2,813,263	2,806,979	-6,284	-0.2
Restoration, decontamination and decommissioning	1,298,479	1,281,316	-17,163	-1.3
Other	51,694	51,694	-	-
Total provisions	4,163,436	4,139,989	-23,447	-0.6
Total liabilities	8,451,026	8,586,700	135,674	1.6
NET ASSETS	92,618,094	91,803,843	-814,251	-0.9
EQUITY				
Contributed equity	32,388,071	31,573,822	-814,249	-2.5
Reserves	24,622,020	24,622,018	-2	-
Retained surplus (accumulated deficit)	35,608,003	35,608,003	-	-
Total equity	92,618,094	91,803,843	-814,251	-0.9

Note

1. These figures include balances relating to Australian Signals Directorate (ASD).

Table 48: Variation in Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2018-19 Previous Estimate ⁽¹⁾ \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Appropriations	32,042,395	32,471,206	428,811	1.3
Goods and services	465,234	550,721	85,487	18.4
Net GST received	1,811,064	1,877,377	66,313	3.7
Other cash received	46,504	44,961	-1,543	-3.3
Total cash received	34,365,197	34,944,265	579,068	1.7
Cash used				
Employees	11,743,345	11,775,594	32,249	0.3
Suppliers	12,750,097	12,296,039	-454,058	-3.6
Net GST paid	1,811,064	1,877,377	66,313	3.7
Grants	122,616	124,519	1,903	1.6
Other cash used	10,800	15,284	4,484	41.5
Cash transfer to the Official Public Account (receivables)	942	942	-	-
Total cash used	26,438,864	26,089,754	-349,110	-1.3
Net cash from (used by) operating activities	7,926,333	8,854,511	928,178	11.7
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings	79,176	77,925	-1,251	-1.6
Proceeds from sales of infrastructure, plant and equipment	19,326	19,422	96	0.5
Proceeds from sales of specialist military equipment	7,549	7,549	-	-
Total cash received	106,051	104,896	-1,155	-1.1
Cash used				
Purchase of land and buildings	1,494,153	1,196,717	-297,436	-19.9
Purchase of infrastructure, plant and equipment	1,087,364	809,430	-277,934	-25.6
Purchase of specialist military equipment	7,435,314	7,732,907	297,593	4.0
Purchase of intangibles	98,844	457,859	359,015	363.2
Purchase of inventory	1,326,920	1,657,535	330,615	24.9
Selling costs on sale of assets	14,721	19,690	4,969	33.8
Finance costs	110,306	99,264	-11,042	-10.0
Total cash used	11,567,622	11,973,402	405,780	3.5
Net cash from (used by) investing activities	-11,461,571	-11,868,506	-406,935	3.6
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity	3,570,643	3,060,443	-510,200	-14.3
Total cash received	3,570,643	3,060,443	-510,200	-14.3
Cash used				
Repayment of debt	35,405	46,447	11,042	31.2
Total cash used	35,405	46,447	11,042	31.2
Net cash from (used by) financing activities	3,535,238	3,013,996	-521,242	-14.7
Net increase (decrease) in cash and cash equivalents held	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	88,823	88,823	-	-
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	88,823	88,823	-	-

Note

1. These figures include balances relating to Australian Signals Directorate (ASD).

Table 49: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2017-18 Estimated Actual ^[1] \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
EXPENSES					
Employee benefits	11,808,970	11,856,503	12,232,655	12,575,925	13,082,053
Supplier expenses	15,049,289	14,263,652	13,396,810	14,742,753	15,488,943
Grants	123,255	124,519	124,818	21,178	21,546
Depreciation and amortisation	6,114,594	6,241,933	6,275,164	6,790,292	7,486,291
Finance costs	148,972	164,619	174,846	183,129	196,863
Write-down of assets and impairment of assets	598,043	601,874	605,970	610,352	615,038
Foreign exchange losses	-	-	-	-	-
Losses from sale of assets	-	3,467	6,889	-	12,920
Other	41,338	15,284	3,757	-	-
Total expenses	33,884,461	33,271,851	32,820,908	34,923,629	36,903,654
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	461,254	550,827	533,345	549,961	575,890
Other revenue	44,077	44,959	46,051	47,126	48,304
Total own-source revenue	505,331	595,786	579,396	597,087	624,194
Gains					
Reversals of previous asset write-downs	197,709	199,798	202,024	204,396	206,925
Sale of assets	4,063	-	-	117,902	-
Other gains	4,938	5,061	5,188	5,318	5,451
Total gains	206,710	204,859	207,212	327,616	212,376
Total own-source income	712,041	800,645	786,608	924,703	836,570
Net cost of (contribution by) services	33,172,420	32,471,206	32,034,300	33,998,926	36,067,084
Revenue from Government	33,172,420	32,471,206	32,034,300	33,998,926	36,067,084
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
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 attributable to the Australian Government	-	-	-	-	-

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Table 50: Budgeted Departmental Balance Sheet (as at 30 June)

	2017-18 Estimated Actual ⁽¹⁾ \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	88,823	88,823	88,823	88,823	88,823
Trade and other receivables	69,093	69,093	69,093	69,093	69,093
Tax assets	244,327	244,327	244,327	244,327	244,327
Appropriation receivable	425,991	425,991	425,991	425,991	425,991
Other receivables	243,765	238,678	234,831	234,829	234,827
Total financial assets	1,071,998	1,066,911	1,063,065	1,063,063	1,063,061
Non-financial assets					
Land and buildings	18,249,585	18,826,404	19,614,391	21,091,851	23,137,463
Infrastructure, plant and equipment	8,501,781	8,639,546	8,725,931	9,029,414	9,176,269
Specialist military equipment	59,655,554	62,051,664	66,128,408	70,705,152	76,422,689
Intangibles	941,665	1,246,483	1,594,610	1,909,473	2,162,238
Heritage and cultural	577,157	548,610	520,063	491,516	462,969
Inventories	6,398,697	6,023,049	5,647,370	5,271,658	4,895,923
Prepayments	1,921,340	1,925,439	1,927,720	1,931,466	1,935,534
Total non-financial assets	96,245,779	99,261,195	104,158,493	110,430,530	118,193,085
Assets held for sale	62,437	62,437	62,437	62,437	62,437
Total assets	97,380,214	100,390,543	105,283,995	111,556,030	119,318,583
LIABILITIES					
Payables					
Suppliers	2,451,730	2,627,130	2,578,243	2,619,788	2,580,087
Other	339,449	356,108	360,804	365,663	370,442
Total payables	2,791,179	2,983,238	2,939,047	2,985,451	2,950,529
Interest bearing liabilities					
Leases	1,511,569	1,463,473	1,417,664	1,368,795	1,315,880
Total interest bearing liabilities	1,511,569	1,463,473	1,417,664	1,368,795	1,315,880
Provisions					
Employee provisions	2,743,969	2,806,979	2,867,323	2,947,728	3,023,148
Restoration, decontamination and decommissioning	1,215,961	1,281,316	1,360,721	1,452,078	1,560,469
Other	51,694	51,694	51,694	51,694	51,694
Total provisions	4,011,624	4,139,989	4,279,738	4,451,500	4,635,311
Total liabilities	8,314,372	8,586,700	8,636,449	8,805,746	8,901,720
NET ASSETS	89,065,842	91,803,843	96,647,546	102,750,284	110,416,864
EQUITY					
Contributed equity	28,514,321	31,573,822	36,754,552	43,210,592	51,247,536
Reserves	24,943,518	24,622,018	24,284,991	23,931,689	23,561,325
Retained surplus (accumulated deficit)	35,608,003	35,608,003	35,608,003	35,608,003	35,608,003
Total equity	89,065,842	91,803,843	96,647,546	102,750,284	110,416,864

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Table 51: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2017-18 Estimated Actual ^[1] \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	33,172,420	32,471,206	32,034,300	33,998,926	36,067,084
Goods and services	461,254	550,721	533,236	549,849	575,775
Net GST received	1,744,362	1,877,377	1,956,547	2,156,642	2,352,040
Other cash received	44,299	44,961	46,053	47,128	48,306
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	35,422,335	34,944,265	34,570,136	36,752,545	39,043,205
Cash used					
Employees	11,703,338	11,775,594	12,167,615	12,490,662	13,001,854
Suppliers	11,961,894	12,296,039	12,488,505	13,631,376	14,923,583
Net GST paid	1,744,362	1,877,377	1,956,547	2,156,642	2,352,040
Grants	123,255	124,519	124,818	21,178	21,546
Other cash used	41,338	15,284	3,757	-	-
Cash transfer to the Official Public Account (receivables)	919	942	966	990	1,015
Total cash used	25,575,106	26,089,754	26,742,207	28,300,848	30,300,038
Net cash from (used by) operating activities	9,847,229	8,854,511	7,827,929	8,451,697	8,743,166
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	62,296	77,925	54,404	167,861	25,555
Proceeds from sales of infrastructure, plant and equipment	23,585	19,422	20,977	19,269	20,315
Proceeds from sales of specialist military equipment	7,549	7,549	7,549	7,549	7,549
Total cash received	93,430	104,896	82,930	194,679	53,419
Cash used					
Purchase of land and buildings	1,375,484	1,196,717	1,376,493	2,044,815	2,580,314
Purchase of infrastructure, plant and equipment	1,043,150	809,430	711,237	892,397	708,170
Purchase of specialist military equipment	7,248,647	7,732,907	8,755,053	9,707,021	11,003,804
Purchase of intangibles	335,675	457,859	504,677	525,329	511,608
Purchase of inventory	1,781,399	1,657,535	1,587,670	1,779,163	1,870,283
Selling costs on sale of assets	15,130	19,690	19,030	16,979	22,005
Finance costs	99,067	99,264	95,441	91,772	88,472
Total cash used	11,898,553	11,973,402	13,049,601	15,057,477	16,784,656
Net cash from (used by) investing activities	-11,805,123	-11,868,506	-12,966,671	-14,862,798	-16,731,237
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Total cash received	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Cash used					
Repayment of debt	37,626	46,447	42,955	45,930	49,888
Total cash used	37,626	46,447	42,955	45,930	49,888
Net cash from (used by) financing activities	1,957,893	3,013,996	5,138,742	6,411,101	7,988,071
Net increase (decrease) in cash and cash equivalents held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	88,823	88,823	88,823	88,823	88,823
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	88,823	88,823	88,823	88,823	88,823

Note

1. These figures include balances relating to Australian Signals Directorate (ASD) for 2017-18.

Table 52: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2018-19)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	35,608,003	24,943,518	28,514,321	89,065,842
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	35,608,003	24,943,518	28,514,321	89,065,842
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-321,500	-	-321,500
Subtotal comprehensive income	-	-321,500	-	-321,500
Surplus (Deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-321,500	-	-321,500
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-942	-942
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	3,060,443	3,060,443
Other	-	-	-	-
Sub-total transaction with owners	-	-	3,059,501	3,059,501
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2019	35,608,003	24,622,018	31,573,822	91,803,843

Table 53: Departmental Capital Budget Statement

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Total capital appropriations	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Represented by:					
Purchase of non-financial assets	1,957,893	3,013,996	5,138,742	6,411,101	7,988,071
Annual finance lease costs	37,626	46,447	42,955	45,930	49,888
Other items	-	-	-	-	-
Total Items	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,995,519	3,060,443	5,181,697	6,457,031	8,037,959
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[1]	8,007,437	7,136,471	6,165,763	6,712,531	6,765,937
Total	10,002,956	10,196,913	11,347,460	13,169,562	14,803,896
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	10,002,956	10,196,913	11,347,460	13,169,562	14,803,896
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	99,067	99,264	95,441	91,772	88,472
plus annual finance lease costs	37,626	46,447	42,955	45,930	49,888
less gifted assets	-	-	-	-	-
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	10,139,649	10,342,624	11,485,856	13,307,264	14,942,256

Note

1. Includes the following sources of funding:

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

Table 54: Statement of Departmental Asset Movements (2018-19)

	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 2018								
Gross book value	5,303,066	13,916,867	65,168,552	9,625,185	2,205,352	672,647	62,437	96,954,106
Accumulated depreciation/amortisation and impairment	-	970,348	5,512,998	1,123,404	1,263,687	95,490	-	8,965,927
Opening net book balance	5,303,066	12,946,519	59,655,554	8,501,781	941,665	577,157	62,437	87,988,179
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	7,519	1,189,198	7,694,431	715,623	457,859	-	-	10,064,630
By transfer from another agency	-	-	-	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	7,519	1,189,198	7,694,431	715,623	457,859	-	-	10,064,630
Other movements								
Assets held for sale	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-	11,641	22,791	-	-	-	34,432
Depreciation and amortisation	-	544,267	4,988,462	527,616	153,041	28,547	-	6,241,933
Disposal of entities or other operations (including restructuring)	54,450	14,797	-	19,320	-	-	-	88,567
Other disposals ^[2]	-	6,384	321,500	53,713	-	-	-	381,597
Total other movements	54,450	565,448	5,298,321	577,858	153,041	28,547	-	6,677,665
As at 30 June 2019								
Gross book value	5,256,135	15,084,884	72,553,124	10,290,566	2,663,211	672,647	62,437	106,583,004
Accumulated depreciation/amortisation and impairment	-	1,514,615	10,501,460	1,651,020	1,416,728	124,037	-	15,207,860
Closing net book value	5,256,135	13,570,269	62,051,664	8,639,546	1,246,483	548,610	62,437	91,375,144

Notes

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

Table 55: Variation in Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2018-19 Previous Estimate \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT				
Revenue				
Non-taxation				
Interest	25,887	25,908	21	0.1
Dividends	55,494	55,494	-	-
Military superannuation contributions	1,165,712	1,165,712	-	-
License Fees	16,237	16,237	-	-
Other	35,863	48,292	12,429	34.7
Total non-taxation	1,299,193	1,311,643	12,450	1.0
Total revenues administered on behalf of Government	1,299,193	1,311,643	12,450	1.0
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT				
Subsidies	125,393	116,411	-8,982	-7.2
Military retention benefits	107,299	107,299	-	-
Military superannuation benefits	5,519,965	6,558,062	1,038,097	18.8
Total expenses administered on behalf of Government	5,752,657	6,781,772	1,029,115	17.9

Table 56: Variation in Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2018-19 Previous Estimate \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	74,717	56,260	-18,457	-24.7
Investments accounted for using the equity method	2,612,451	2,623,489	11,038	0.4
Loans	509,580	509,580	-	-
Total financial assets	3,196,748	3,189,329	-7,419	-0.2
Non-financial assets				
Prepayments	328,609	328,610	1	-
Total non-financial assets	328,609	328,610	1	-
Total assets administered on behalf of Government	3,525,357	3,517,939	-7,418	-0.2
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
Payables				
Other	6,427	6,427	-	-
Total payables	6,427	6,427	-	-
Provisions				
Superannuation - DFRB ^[1]	340,933	375,227	34,294	10.1
Superannuation - DFRDB ^[2]	29,863,678	33,908,795	4,045,117	13.5
Superannuation - MSBS ^[3]	39,736,498	54,691,354	14,954,856	37.6
Superannuation - ADF Super ^[4]	350,092	244,495	-105,597	-30.2
Total provisions	70,291,201	89,219,871	18,928,670	26.9
Total liabilities administered on behalf of Government	70,297,628	89,226,298	18,928,670	26.9

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

	2018-19 Previous Estimate \$'000	2018-19 Budget Estimate \$'000	Variation \$'000	Variation %
OPERATING ACTIVITIES				
Cash received				
Interest	25,887	25,908	21	0.1
Military superannuation contributions	1,165,712	1,165,712	0	0.0
Fees	16,237	16,237	-	-
Other	56,257	68,447	12,190	21.7
Total cash received	1,264,093	1,276,304	12,211	1.0
Cash used				
Subsidies paid	125,393	116,411	-8,982	-7.2
Military benefits	2,562,354	2,560,830	-1,524	-0.1
Total cash used	2,687,747	2,677,241	-10,506	-0.4
Net cash from or (used by) operating activities	-1,423,654	-1,400,937	22,717	-1.6
INVESTING ACTIVITIES				
Cash received				
Dividends	36,280	36,280	-	-
Total cash received	36,280	36,280	-	-
Cash used				
Loans	-	-	-	-
Total cash used	-	-	-	-
Net cash from or (used by) investing activities	36,280	36,280	-	-
Net increase (decrease) in cash held	-1,387,374	-1,364,657	22,717	-1.6
Cash at the beginning of the reporting period	-	-	-	-
Cash from the Official Public Account for appropriations	2,687,747	2,677,241	-10,506	-0.4
Cash to the Official Public Account	-1,300,373	-1,312,584	-12,211	0.9
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-

Table 58: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	25,866	25,908	25,887	25,887	25,887
Dividends	29,944	55,494	55,449	36,865	35,592
Military superannuation contributions	1,237,907	1,165,712	1,102,275	1,045,995	990,338
Fees	15,599	16,237	16,852	17,444	18,015
Other	35,591	48,292	36,249	36,929	37,794
Total non-taxation	1,344,907	1,311,643	1,236,712	1,163,120	1,107,626
Total revenues administered on behalf of Government	1,344,907	1,311,643	1,236,712	1,163,120	1,107,626
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	116,876	116,411	125,016	133,752	142,649
Military retention benefits	93,548	107,299	120,288	120,636	101,736
Military superannuation benefits	6,759,998	6,558,062	6,659,478	6,829,659	7,020,582
Total expenses administered on behalf of Government	6,970,422	6,781,772	6,904,782	7,084,047	7,264,967

Table 59: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	57,201	56,260	44,764	15,350	4,051
Investments accounted for using the equity method	2,574,260	2,623,489	2,691,978	2,728,528	2,757,865
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	3,141,041	3,189,329	3,246,322	3,253,458	3,271,496
Non-financial assets					
Prepayments	299,609	328,610	342,222	266,286	164,550
Total non-financial assets	299,609	328,610	342,222	266,286	164,550
Total assets administered on behalf of Government	3,440,650	3,517,939	3,588,544	3,519,744	3,436,046
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	6,427	6,427	6,427	6,427	6,427
Total payables	6,427	6,427	6,427	6,427	6,427
Provisions					
Superannuation - DFRB ^[1]	395,739	375,227	355,706	336,215	315,750
Superannuation - DFRDB ^[2]	33,792,550	33,908,795	33,973,279	33,985,946	33,880,884
Superannuation - MSBS ^[3]	50,807,877	54,691,354	58,486,713	62,234,997	65,900,002
Superannuation - ADF Super ^[4]	90,174	244,495	487,733	836,883	1,302,058
Total provisions	85,086,340	89,219,871	93,303,431	97,394,041	101,398,694
Total liabilities administered on behalf of Government	85,092,767	89,226,298	93,309,858	97,400,468	101,405,121

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

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	25,866	25,908	25,887	25,887	25,887
Military superannuation contributions	1,237,907	1,165,712	1,102,275	1,045,995	990,336
Fees	15,599	16,237	16,852	17,444	18,015
Other	31,864	68,447	47,700	47,759	47,821
Total cash received	1,311,236	1,276,304	1,192,714	1,137,085	1,082,059
Cash used					
Subsidies paid	116,876	116,411	125,016	133,752	142,649
Military benefits	2,412,944	2,560,830	2,709,819	2,783,747	3,015,931
Total cash used	2,529,820	2,677,241	2,834,835	2,917,499	3,158,580
Net cash from or (used by) operating activities	-1,218,584	-1,400,937	-1,642,121	-1,780,414	-2,076,521
INVESTING ACTIVITIES					
Cash received					
Dividends	38,703	36,280	55,494	55,449	36,865
Total cash received	38,703	36,280	55,494	55,449	36,865
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	38,703	36,280	55,494	55,449	36,865
Net increase (decrease) in cash held	-1,179,881	-1,364,657	-1,586,627	-1,724,965	-2,039,656
Cash at the beginning of reporting period	-	-	-	-	-
Cash from the Official Public Account for appropriations	2,529,820	2,677,241	2,834,835	2,917,499	3,158,579
Cash to the Official Public Account	-1,349,939	-1,312,584	-1,248,208	-1,192,534	-1,118,923
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-	-	-

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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