DEPARTMENT OF DEFENCE

Entity Resources and Planned Performance

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Department of Defence

Section 1: Defence Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The *2020 Defence Strategic Update* and *2020 Force Structure Plan*, released on 1 July 2020, outline a new strategy for Defence and the capability investments to deliver it.

The *2020 Defence Strategic Update* sets out the challenges in Australia's strategic environment and their implications for Defence planning. This Strategic Update provides the Government's new strategic Defence policy framework which identifies geographical, operational and capability priorities. This framework gives a tight focus for planning, and ensures alignment with broader Government initiatives such as the Pacific Step-Up and efforts to build a secure, prosperous and inclusive Indo-Pacific of independent, sovereign and resilient states.

The implementation of the *2016 Defence White Paper* has seen substantial progress in building a more potent, capable and agile Australian Defence Force. Because of this, Defence is much better positioned to defend Australia and its interests. However, important adjustments to defence policy are set out in the *2020 Defence Strategic Update* to respond to the rapid changes in the strategic environment. The *2020 Defence Strategic Update* replaces the Strategic Defence Framework set out in the *2016 Defence White Paper* with three new strategic objectives:

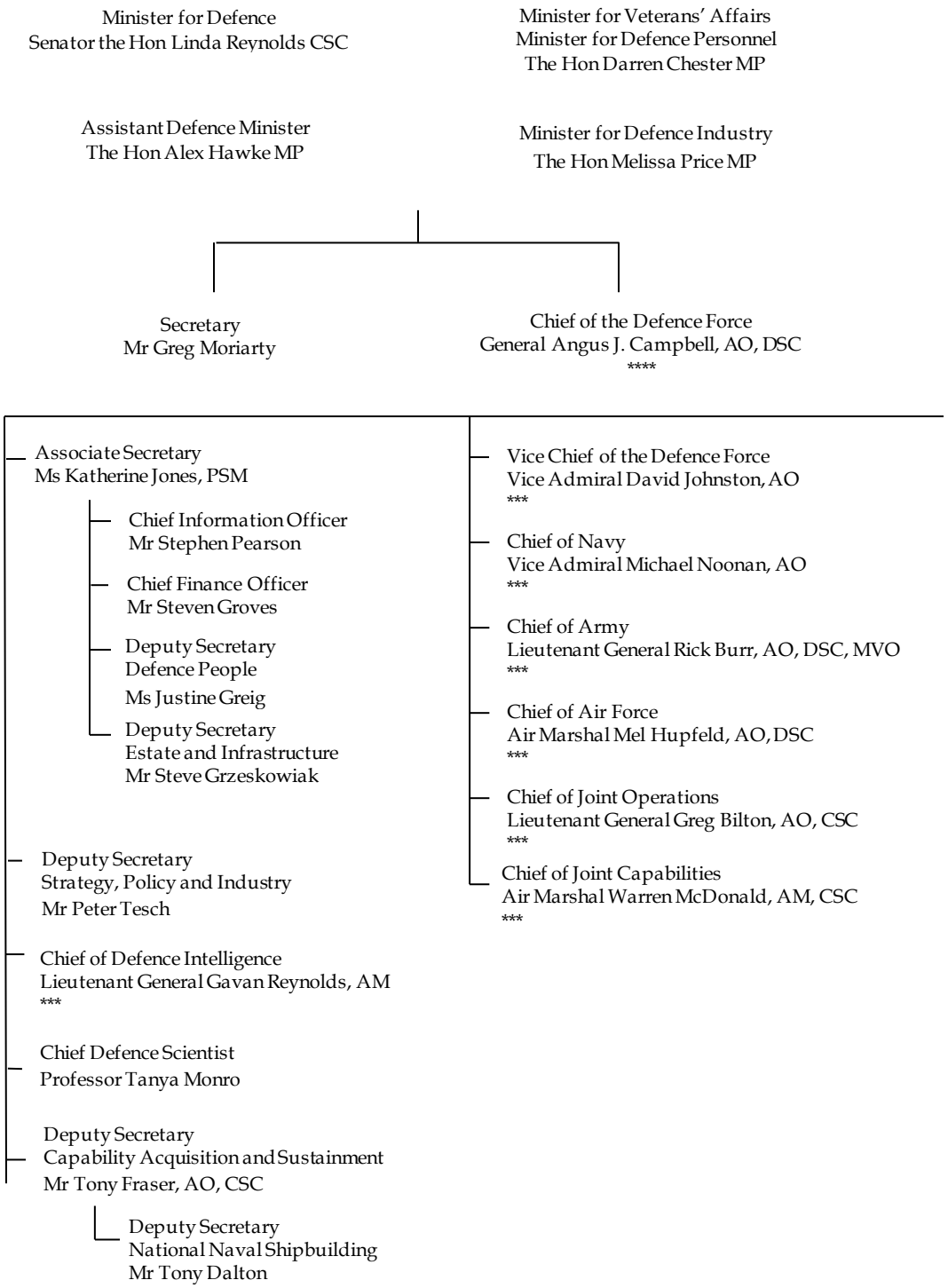
- to **shape** Australia's strategic environment;
- to **deter** actions against Australia's interests; and
- to **respond** with credible military force, when required.

These new objectives will guide all aspects of Defence's planning including force structure planning, force generation, international engagement and operations. To implement the new objectives, Defence will:

- prioritise our immediate region (the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific) for the Australian Defence Force's geographical focus;
- increase the Australian Defence Force's self-reliance in delivering deterrent effects;
- expand Defence's capability to respond to grey-zone activities, working closely with other arms of Government;
- enhance the lethality of the Australian Defence Force for the sorts of high-intensity operations that are the most likely and highest priority in relation to Australia's security;
- maintain the Australian Defence Force's ability to deploy forces globally where the Government chooses to do so, including in the context of US-led coalitions; and
- enhance Defence's capacity to support civil authorities in response to natural disasters and crises.

The *2020 Defence Strategic Update* is underpinned by the *2020 Force Structure Plan* that provides the detail on capability investments required to implement this new strategy. The *2020 Force Structure Plan* includes $270 billion in new capability investment for the Australian Defence Force over the decade to 2029-2030. This includes investments in the supporting infrastructure required to build and sustain military power; including a robust, resilient and internationally competitive defence industrial base. The plan reinforces Defence's sovereign industrial capability priorities and the Government remains committed to maximising opportunities for Australian defence industry to benefit from the significant investment in new capability over the next decade. The plan also delivers increased funding to innovation and capability acceleration programs to generate and deliver on Australian industry's innovative solutions for Defence capability. Rapid technological change and shifting geopolitical dynamics mean it is increasingly important for Defence to leverage the best innovation on offer within Australia.

Figure 2: Defence Organisational Chart



Stars (*) refer to ADF Star Rank

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

Senior Executive Changes

The following changes have taken place since the *Portfolio Additional Estimates Statements 2019–20*:

- On 4 September 2019, Air Marshal Gavin 'Leo' Davies, AO, CSC, the previous Chief of Air Force, transitioned to the Reserves.
- On 16 March 2020, Ms Rebecca Skinner, the previous Associate Secretary, transferred to Services Australia.
- From 16 March until 22 June 2020, Mr Steven Groves was appointed as the Acting Associate Secretary.
- On 23 June 2020, Ms Katherine Jones, PSM was appointed as the Associate Secretary.
- On 1 July 2020, Lieutenant General Gavan Reynolds, AM was appointed as the inaugural Chief of Defence Intelligence.

Organisational Structure

The following changes have taken place since the *Portfolio Additional Estimates Statements 2019–20*:

- On 1 September 2020, a new Defence Intelligence Group was established, bringing together intelligence enterprise capabilities. This new structure will align Defence intelligence management with the enterprise approach adopted throughout the National Intelligence Community.
- On 1 September 2020, Strategic Policy and Intelligence Group became Strategy, Policy, and Industry Group to reflect the creation of the Defence Intelligence Group.

Program Structure

No changes have taken place since the *Portfolio Additional Estimates Statements 2019-20.*

1.2 DEFENCE RESOURCE STATEMENT

Table 1a: Total Defence Resourcing

Serial No.	2019-20 Estimated Actual $'000		2020-21 Previous Estimate $'000	2020-21 Budget Estimate $'000	Variation $'000	Variation %	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
		Defence resourcing							
1	34,290,209	Appropriation for departmental outcomes	35,408,700	27,325,191	-8,083,509	-22.8	27,731,361	29,316,078	30,405,804
2	-	Departmental capital budget	-	2,718,949	2,718,949	-	2,764,976	2,925,245	3,080,148
3	4,015,029	Equity injection appropriation	5,749,426	11,671,009	5,921,584	103.0	14,064,357	16,185,138	17,993,813
4	-	Prior year appropriation	-	-	-	-	-	-	-
5	**38,305,238**	**Current year's appropriation (1 + 2 + 3 + 4)**	**41,158,125**	**41,715,149**	**557,024**	**1.4**	**44,560,694**	**48,426,461**	**51,479,765**
6	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
7	-	Other appropriation receivable movements	-	-	-	-	-	-	-
8	-	Return to the Official Public Account[1]	-	-	-	-	-	-	-
9	**-**	**Funding from / to the OPA (6 + 7 + 8)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	**38,305,238**	**Funding from Government (5 + 9)**	**41,158,125**	**41,715,149**	**557,024**	**1.4**	**44,560,694**	**48,426,461**	**51,479,765**
11	357,389	Capital receipts	103,099	296,132	193,033	187.2	420,676	467,534	341,077
12	735,231	Own source revenue (s74 receipts)[2]	559,151	601,139	41,988	7.5	609,228	614,378	636,741
13	-	Prior year receipts	-	-	-	-	-	-	-
14	**1,092,621**	**Funding from other sources (11 + 12 + 13)**	**662,250**	**897,272**	**235,022**	**35.5**	**1,029,904**	**1,081,912**	**977,818**
15	**39,397,859**	**Total Defence funding (10 + 14)**	**41,820,375**	**42,612,421**	**792,046**	**1.9**	**45,590,598**	**49,508,373**	**52,457,582**
		Administered[3]							
16	2,980,811	Administered special appropriations	7,089,298	2,859,256	-4,230,042	-59.7	3,091,942	3,174,573	3,358,916
17	1,615,447	Own source revenue	1,263,973	1,346,373	82,400	6.5	1,239,099	1,169,841	1,091,389
18	-1,615,447	Returns to the Official Public Account	-1,263,973	-1,346,373	-82,400	6.5	-1,239,099	-1,169,841	-1,091,389
19	**2,980,811**	**Total Administered funding (16 + 17 + 18)**	**7,089,298**	**2,859,256**	**-4,230,042**	**-59.7**	**3,091,942**	**3,174,573**	**3,358,916**
20	**42,378,670**	**Total Defence resourcing (15 + 19)**	**48,909,673**	**45,471,677**	**-3,437,996**	**-7.0**	**48,682,540**	**52,682,946**	**55,816,498**
		Appropriation carried forward							
21	249,000	Appropriation receivable including previous year's outputs	255,893	249,000	-6,893	-2.7	249,000	249,000	249,000
22	427,418	Cash in bank - Departmental	76,179	334,859	258,680	339.6	334,859	334,859	334,859
23	146,014	Cash in bank - Administered	158,466	180,375	21,909	13.8	180,375	180,375	180,375
24	**822,432**	**Total appropriations carried forward (21 + 22 + 23)**	**490,538**	**764,234**	**273,696**	**56.0**	**764,234**	**764,234**	**764,234**

Notes

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

2. All figures are net of GST.

3. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 49 shows estimates of total expenses for the Defence Superannuation Schemes.

Adoption of net cash funding presentation

Total appropriation for Defence is tied to the 10 year funding envelope set out in the *2020 Defence Strategic Update* and represents the funds expended by Defence to deliver its departmental outcomes and maintain the ongoing program of investment in new and existing equipment and facilities. Historically, Defence has reported appropriation revenues equal to total budgeted expenses, with the remaining funding provided as an equity injection. As such, it has not previously budgeted for an operating loss.

From the 2020-21 Budget, Defence will adopt a 'net cash funding' presentation. This will result in the budgeted financial statements recording operating losses for the first time. This is the result of a revised split between the appropriations that are provided as operating revenues and those that are provided as equity injections. An operating loss will be reported as the operating revenue appropriation will no longer include the cost of depreciation, inventory consumption and associated write-downs. Instead, the acquisition of new assets and inventory will be fully funded via capital appropriations, providing a clearer line of sight between appropriation funding and planned outlays.

The overall Defence funding does not change as a result of this new presentation. The appropriation split recognises the difference between the acquisition of major new capability, which is largely capital in nature, and the operating costs associated with sustainment and enhancement of existing capability and the Defence workforce. This new presentation is consistent with the presentation of the budgeted financial statements of other Australian Government agencies. The following table reconciles the change in presentation. Consistent with the 2019-20 Budget, the 2019-20 Estimated Actuals will not apply the new presentation.

Table 1b: Comparison of Net Cash Appropriations with Previous Arrangements

	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m
Defence funding under previous arrangements				
Revenue from Government	35,561.5	36,379.2	38,130.2	40,322.0
Capital Appropriation - Equity Injection	6,153.7	8,181.5	10,296.3	11,157.7
Total funding under previous arrangements	**41,715.1**	**44,560.7**	**48,426.5**	**51,479.8**
Defence funding under net cash arrangements				
Revenue from Government	27,325.2	27,731.4	29,316.1	30,405.8
Capital Appropriation - Departmental Capital Budget	2,718.9	2,765.0	2,925.2	3,080.1
Capital Appropriation - Equity Injection	11,671.0	14,064.4	16,185.1	17,993.8
Total funding under net cash arrangements	**41,715.1**	**44,560.7**	**48,426.5**	**51,479.8**

Under the net cash presentation, capital funding comprises a departmental capital budget (DCB) for the purchase of minor assets and Defence inventory, and a capital appropriation equity injection for the purchase of major assets under the Capability Acquisition Program. The Defence workforce and operating costs continue to be funded via revenue from Government. Defence projects are funded and managed on a whole-of-life basis and comprise both capital and operating costs.

1.3 BUDGET MEASURES

2020-21 Budget Measures and Other Budget Adjustments

Table 2: Defence 2020-21 Budget Measures

	Program	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total Forward Estimates $m
Departmental Budget Measures						
Pacific Step-Up — delivering security infrastructure in the Southwest Pacific[1]	2.1	-	-	-	-	**-**
Critical Technology — establishing an enhanced capability[1]	2.13	-	-	-	-	**-**
Department of Veterans' Affairs — additional resourcing[1]	2.12	-	-	-	**-**	**-**
Simplifying Australian Defence Force Disaster and Emergency Response[1]	2.14	-	-	-	-	**-**
Joint Strike Fighter Industry Support Program[1]	2.7	-	-	-	**-**	**-**
JobMaker Plan — accelerated Defence initiatives to support COVID-19 recovery[1][2]	Various	-	-	-	-	**-**
Equity injection for Australian Naval Infrastructure[3]	2.5	nfp	nfp	nfp	nfp	**nfp**
Joint Transition Authority — establishment	2.12	2.8	2.8	2.5	2.5	**10.6**
School Pathways Program	2.1	-1.2	-1.2	-	-	**-2.4**
COVID-19 Response Package — Australian Defence Force deployment	1.3	80.7	-	-	-	**80.7**
Total Departmental Budget Measures		**82.3**	**1.6**	**2.5**	**2.5**	**88.9**
Other Budget Adjustments						
Foreign Exchange	Various	-45.2	-460.2	-862.2	-860.0	**-2,227.6**
Defence contribution to Australian Public Service Commission	2.1	-1.5	-1.5	-1.5	-1.5	**-5.9**
Capability Development Investment Funding[4]	2.8	-7.7	-	-	-	**-7.7**
Departmental Capital Budget[4]	Various	-30.0	-45.0	-30.0	-30.0	**-135.0**
Operation MANITOU	1.2	42.4	-5.1	21.6	-	**59.0**
Operation ACCORDION	1.2	192.3	8.9	32.0	-	**233.2**
Operation HIGHROAD	1.2	84.2	-0.0	0.2	-	**84.3**
Operation RESOLUTE	1.3	59.4	-	-	-	**59.4**
Operation OKRA	1.2	184.2	39.7	45.2	-	**269.2**
Other Budget Adjustments[5]	Various	nfp	nfp	nfp	nfp	**nfp**
Total Other Departmental Budget Adjustments		**478.1**	**-463.1**	**-794.7**	**-891.5**	**-1,671.1**
Variation to Defence Departmental Funding		**560.4**	**-461.5**	**-792.2**	**-889.0**	**-1,582.2**

Notes

1. Defence will be absorbing the cost of this measure.
2. This measure represents up to $1 billion in economic stimulus for the Australian economy in response to COVID-19.
3. This expenditure for this budget measure is not for publication (nfp) due to commercial sensitivities.
4. Capability Development Investment Funding and Departmental Capital Budget transferred to the Australian Signals Directorate.
5. The expenditure under this budget adjustment is not for publication (nfp) due to national security reasons.

Operations Summary

Table 3: Net Additional Cost of Operations to 2023-24[1][2]

	Actual Result to 2018-19 $m	2019-20 Estimated Actual $m	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
Operation MANITOU	222.3	64.1	66.3	20.7	21.6	-	**395.0**
Operation ACCORDION	861.9	207.3	221.1	29.9	32.0	-	**1,352.2**
Operation HIGHROAD	526.4	76.7	85.3	0.0	0.2	-	**688.6**
Operation RESOLUTE	397.3	57.0	59.4	-	-	-	**513.7**
Operation OKRA	1,319.1	200.5	215.0	59.3	45.2	-	**1,839.1**
COVID-19 Response Package - Australian Defence Force deployment[3]	-	-	80.7	-	-	-	**80.7**
Total Net Additional Costs	**3,327.0**	**605.6**	**727.8**	**109.9**	**99.0**	**-**	**4,869.3**
Sources of Funding for Operations							
Government Supplementation	3,311.3	605.6	727.8	109.9	99.0	-	**4,853.6**
Department of Defence (Absorbed)	15.7	-	-	-	-	-	**15.7**
Total Cost	**3,327.0**	**605.6**	**727.8**	**109.9**	**99.0**	**-**	**4,869.3**

Notes

1. This table reflects on-going and new Operations funded under No Win/No Loss arrangements for 2020-21.
2. The Net Additional Cost of Operations include the budget adjustments shown under Table 2: Defence 2020-21 Budget Measures.
3. Otherwise known as Defence Operation COVID-19 ASSIST.

1.4 KEY COST CATEGORIES ESTIMATES

Table 4a: Defence and ASD Funding from Government[1]

Serial No.		2019-20 Estimated Actual $m	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
1	Defence	38,305.2	41,715.1	44,560.7	48,426.5	51,479.8	**186,182.1**
2	Australian Signals Directorate	879.7	1,030.9	1,049.2	979.9	987.5	**4,047.5**
3	**Consolidated Defence and ASD Funding**	**39,184.9**	**42,746.0**	**45,609.9**	**49,406.3**	**52,467.3**	**190,229.6**

Note

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

Table 4b: Defence Planned Expenditure by Key Cost Categories[1]

Serial No.		2019-20 Estimated Actual $m	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
1	Workforce	12,877.9	13,410.5	13,766.9	14,108.3	14,481.3	**55,767.0**
2	Operations	821.7	741.4	113.7	102.6	3.7	**961.4**
3	Capability Acquisition Program	11,212.1	14,281.2	16,806.8	18,765.5	20,598.1	**70,451.6**
4	Capability Sustainment Program	12,095.9	12,580.0	13,217.3	14,876.0	15,637.7	**56,311.0**
5	Operating	2,150.1	1,599.4	1,685.8	1,656.0	1,736.8	**6,678.0**
6	**Total Defence Planned Expenditure**	**39,157.7**	**42,612.4**	**45,590.6**	**49,508.4**	**52,457.6**	**190,169.0**

Note

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

Table 5: Capability Acquisition Program[1]

Serial No.		2019-20 Estimated Actual $m	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
1	Military Equipment Acquisition Program	8,620.0	10,742.4	12,359.7	13,794.6	15,539.4	**52,436.1**
2	Enterprise Estate and Infrastructure Program[2]	1,976.2	2,609.6	3,390.2	3,905.9	4,004.3	**13,909.9**
3	ICT Acquisition Program	572.4	772.5	862.4	895.4	857.5	**3,387.8**
4	Minors Program	43.5	156.7	194.6	169.7	196.9	**717.8**
5	**Total Capability Acquisition Program[3]**	**11,212.1**	**14,281.2**	**16,806.8**	**18,765.5**	**20,598.1**	**70,451.6**

Notes

1. These categories are funded by appropriations and own source revenue.
2. Formerly 'Facilities and Infrastructure Program'.
3. The Capability Acquisition Program includes unapproved and approved projects.

Table 6: Capability Sustainment Program[1]

Serial No.		2019-20 Estimated Actual $m	2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
1	Navy Sustainment	2,633.1	2,825.0	2,946.6	3,303.8	3,487.5	**12,562.8**
2	Army Sustainment	1,638.3	1,890.3	2,072.6	2,544.1	2,790.1	**9,297.1**
3	Air Force Sustainment	2,919.5	3,144.8	3,295.4	3,872.5	4,075.6	**14,388.2**
4	Chief Information Officer Sustainment[2]	1,303.5	1,057.0	1,097.1	1,162.3	1,252.9	**4,569.4**
5	Joint Capabilities Group Sustainment	290.8	321.2	383.8	462.2	535.3	**1,702.5**
6	Strategic Policy & Intelligence Sustainment	105.6	112.3	141.2	150.6	213.5	**617.6**
7	Estate & Infrastructure Group Sustainment[3]	3,062.8	3,151.8	3,153.4	3,219.3	3,061.1	**12,585.6**
8	Other Minor Sustainment	142.4	77.5	127.3	161.3	221.7	**587.8**
9	**Total Capability Sustainment Program[4]**	**12,095.9**	**12,580.0**	**13,217.3**	**14,876.0**	**15,637.7**	**56,311.0**

Notes

1. These categories are funded by appropriations and own source revenue.
2. Chief Information Officer Sustainment includes all ICT sustainment for the Department.
3. Estate & Infrastructure Group Sustainment includes all estate maintenance, garrison support and associated costs for the Department.
4. Total sustainment includes both current and future sustainment.

Table 7: Retained Capital Receipts

Serial No.		2020-21 Budget Estimate $m	2021-22 Forward Estimate $m	2022-23 Forward Estimate $m	2023-24 Forward Estimate $m	Total $m
	Property Sales					
	Proceeds from the sale of land and buildings	41.7	39.5	73.9	90.3	**245.4**
	Proceeds from the sale of housing	14.7	15.4	15.5	16.1	**61.6**
	Total proceeds from the sale of property	**56.4**	**54.9**	**89.4**	**106.4**	**307.0**
	Costs from the sale of property[1]	-15.5	-9.7	-7.3	-5.7	**-38.2**
1	**Net property proceeds retained by Defence**	**40.8**	**45.2**	**82.0**	**100.7**	**268.8**
2	**Proceeds from sale of specialist military equipment**	**51.5**	**17.0**	**-**	**-**	**68.5**
3	**Proceeds from sale of infrastructure, plant and equipment**	**19.2**	**20.2**	**24.9**	**28.8**	**93.0**
4	**Retained Capital Receipts (1 + 2 + 3)**	**111.4**	**82.3**	**106.8**	**129.4**	**429.9**

Note

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

1.5 PEOPLE

Workforce Overview

Defence continues to reshape its workforce to deliver capabilities identified in the *2016 Defence White Paper* and the *2020 Force Structure Plan*, and to deliver the organisational capability envisaged in the First Principles Review. There has been steady growth in the workforce this financial year, with significant effort in the recruitment and retention of the shipbuilding, cyber, STEM (Science, Technology, Engineering and Mathematics), and ICT workforces. These efforts will continue in support of workforce growth required in the *2020 Force Structure Plan*.

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

The ADF Total Workforce System continues to be embedded across Defence as the employment framework that enables flexible service. While ADF enlistments remain strong, there are some areas that require improvement, including critical categories and recruitment of women and Indigenous Australians.

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

Workforce Summary

The average full-time workforce is forecast to be 77,139 in 2020-21, comprising 60,826 permanent ADF (79 per cent) and 16,313 APS employees (21 per cent). The service breakdown of the ADF Permanent Force is:

- 15,063 Navy personnel
- 30,996 Army personnel
- 14,767 Air Force personnel

The forecast for service categories 3, 4 and 5 in 2020-21 is 1,133,037 days of service performed by an estimated 21,061 members of the Reserve Forces. As part of the COVID-19 Response Package, Defence has expanded the employment opportunities for ADF Reservists who may have lost civilian income with an allocation of up to an extra 210,000 days, accessible over two financial years, and also targeted recruitment of up to an additional 500 ADF Reservists. Information about the ADF Total Workforce System and structure of service categories is available on the department's website here: https://www.defence.gov.au/PayandConditions/ADF/ADF-TWS.asp

Over the Forward Estimates, the ADF and APS workforce (excluding service categories 3, 4 and 5) will increase by 2,043 from the forecast of 77,139 in 2020-21 to 79,182 in 2023-24.

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

Under the *2016 Defence White Paper* and *2020 Force Structure Plan*, the permanent ADF workforce will grow to around 62,700 over the Forward Estimates. Across 2020-21 and the Forward Estimates, the Defence APS workforce is expected to grow to around 16,450. The majority of growth in the workforce is to meet the priorities outlined in the *2016 Defence White Paper* and *2020 Force Structure Plan*. These include transitioning to new platforms and building capacity in emerging capabilities such as space, intelligence, cyber and electronic warfare. Increasing commitments to international engagement and regional presence, rapid technological advancement within the region and increasing support to domestic emergencies such as bushfires and the pandemic remain a priority.

Defence People

In 2020-21, Defence will continue to progress the actions outlined in the *Defence Strategic Workforce Plan 2016-2026* to build a workforce system that is able to support Defence's capability requirements. The actions provide an integrated, enterprise approach to recruiting, career and talent management, workforce mobility, education and training, learning and development, transition and re-engagement, and partnerships with other Government departments, industry and academia. A major revision will be undertaken to produce a new Defence Strategic Workforce Plan looking out to 2040, to support the *2020 Force Structure Plan* capability realisation and address key risks, and to provide the necessary reshaping and rebalancing needed to deliver new capabilities. Key reform and workforce initiatives for 2020-21 include:

- a Recruitment Services Contract working towards a modernised ADF Recruiting System, including an interactive procurement process with industry engagement.
- an ADF Employment Offer Modernisation Program.
- Transition Programs to provide members and their families with contemporary transition advice and support.

Defence will continue to focus on transformation of the ADF transition process, in conjunction with our partnering stakeholders, the Department of Veterans' Affairs and the Commonwealth Superannuation Corporation.

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

Defence will further embed its ADF Total Workforce System to ensure integration into all aspects of the people system. The Total Workforce System will provide greater organisational agility through a more flexible use of the entire ADF workforce (Permanent and Reserve components), and the use of the contingent workforce to provide new approaches to delivering capability.

The needs-based ADF Transition business model is enhancing the preparation and support provided to ADF members, and their families, transitioning out of Defence. The model prepares ADF members and families throughout their military career to provide a foundation through which to deliver specialist support at the time of transition. The needs based approach, delivered by qualified Transition Coaches identifies those who require additional support to find civilian employment or meaningful engagement. It also provides appropriate links to DVA, broader government and community support, referrals to health and wellbeing services, and assists ADF members and their families prepare for civilian life. This includes supporting ADF members and their families for up to 24 months after leaving Defence.

In 2020-21, Defence will expand the Personalised Career and Employment Program (PCEP) to transitioning members in the 25-30 year old age cohort. PCEP provides up to three months of support, targeting early service leavers through accelerated job search and employment support.

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

These cultural priorities have been embodied in Group and Service Cultural Plans. This includes Navy's cultural program, Next Generation Navy; Army's commitment to Good Soldiering; and Air Force's New Horizon.

Defence continues its formal collaboration with the Australian Human Rights Commission to support and improve the implementation of our reform priorities and to embed cultural change across the organisation.

The Defence Reconciliation Action Plan provides the overarching strategy for Defence's commitment to Reconciliation to meet the Government's Indigenous participation rate of 2.7 per cent and the Government's *Closing the Gap* framework.

Defence's Indigenous workforce continues to grow, with 2.9 per cent of ADF and APS personnel identifying as Indigenous.

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

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

Table 8: Planned Workforce Allocation for the 2020-21 Budget and Forward Estimates - Average Full-time[1]

		2019-20 Estimated Actual	2020-21 Budget Estimate[2]	2021-22 Forward Estimate[2]	2022-23 Forward Estimate[2]	2023-24 Forward Estimate[2]
	ADF Permanent Force[3]					
	Navy	14,821	15,063	15,350	15,648	15,863
	Army	29,923	30,996	31,122	31,237	31,391
	Air Force	14,365	14,767	14,987	15,169	15,472
1	**Total Permanent Force**	**59,109**	**60,826**	**61,459**	**62,054**	**62,726**
	Civilian Employees					
	APS	16,129	16,313	16,405	16,439	16,456
2	**Total Civilian Employees**	**16,129**	**16,313**	**16,405**	**16,439**	**16,456**
	Total Workforce Strength (1 + 2)	**75,238**	**77,139**	**77,864**	**78,493**	**79,182**

Notes

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

Table 9: Planned Workforce Allocation for the 2020-21 Budget and Forward Estimates - Reserve (Service Categories 3, 4 and 5)[1][2][3]

		2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
	Service Category 3 and 5					
	Navy	112,514 (1,823)	120,000 (1,850)	120,000 (1,900)	120,000 (1,950)	120,000 (2,000)
	Army	775,012 (15,721)	775,000 (15,750)	715,000 (16,000)	725,000 (16,250)	735,000 (16,500)
	Air Force	231,935 (3,604)	236,710 (3,424)	241,000 (3,500)	246,000 (3,500)	251,000 (3,500)
1	**Sub-total Service Category 3 and 5**	**1,119,461 (21,148)**	**1,131,710 (21,024)**	**1,076,000 (21,400)**	**1,091,000 (21,700)**	**1,106,000 (22,000)**
	Service Category 4					
	Air Force	1,388 (41)	1,327 (37)	1,480 (40)	1,680 (40)	1,880 (40)
2	**Sub-total Service Category 4**	**1,388 (41)**	**1,327 (37)**	**1,480 (40)**	**1,680 (40)**	**1,880 (40)**
	Total Reserves (1 + 2)	**1,120,849 (21,189)**	**1,133,037 (21,061)**	**1,077,480 (21,440)**	**1,092,680 (21,740)**	**1,107,880 (22,040)**

Notes

1. Reserves include all active members (Service Categories 3, 4 and 5), excluding Reservists undertaking continuous full-time service (Service Option C), who are reported in Table 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.
3. This includes (in part) additional days over two financial years for ADF Reservists as part of the national response to the COVID-19 pandemic.

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

	2019-20 Estimated Actual	2020-21 Budget Estimate
Navy[1]		
One Star and above	58	58
Senior Officers[2]	745	751
Officers	2,929	3,021
Other Ranks	11,089	11,233
Total Navy	**14,821**	**15,063**
Army[1]		
One Star and above	88	90
Senior Officers[2]	976	942
Officers	5,434	5,817
Other Ranks	23,425	24,147
Total Army	**29,923**	**30,996**
Air Force[1]		
One Star and above	55	51
Senior Officers[2]	760	767
Officers	4,225	4,423
Other Ranks	9,325	9,526
Total Air Force	**14,365**	**14,767**
APS[1]		
Senior Executives[3]	153	157
Senior Officers[2]	5,335	5,395
Other APS Staff	10,641	10,761
Total APS	**16,129**	**16,313**
Total Workforce	**75,238**	**77,139**

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2019-20 and 2020-21.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The 2020-21 figures for Senior Executive Service include the Secretary of the Department of Defence, 13 Chiefs of Division and 1 Medical Officer (Grades 6).

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.

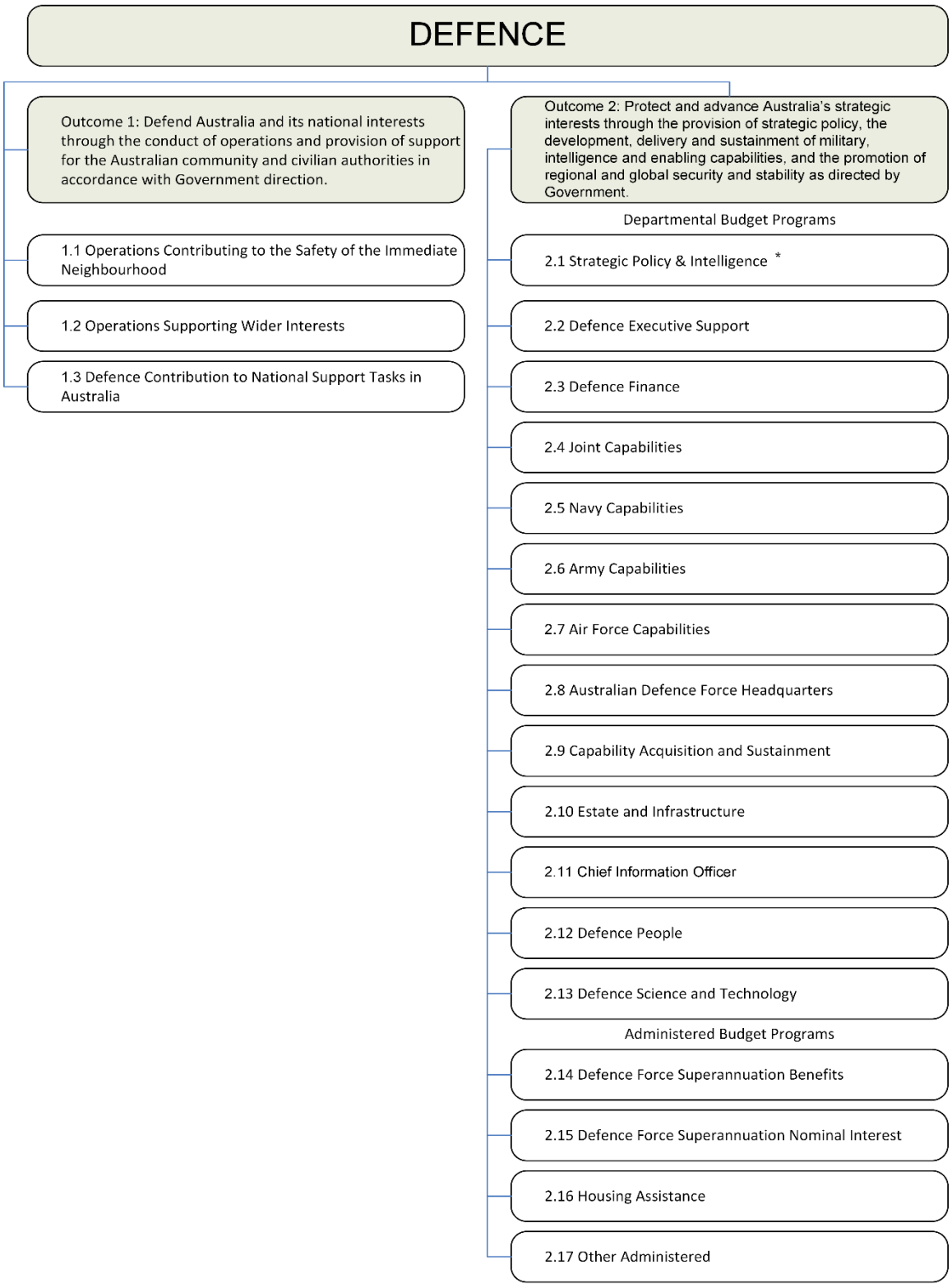
Note:

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 a complete picture of an entity's planned and actual performance.

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

The most recent annual performance statement can be found at:
http://www.defence.gov.au/AnnualReports/.

Figure 3: Structure of Defence's Outcomes



* From 2021-22 Defence Intelligence will be a separate Budget Program, and Strategic Policy and Intelligence will be renamed Strategy, Policy and Industry.

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

Outcome 1 Strategy

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

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

Operations include:

- ACCORDION – Provide support to Operations HIGHROAD, OKRA, MANITOU and other ADF activities from within the Gulf States.
- ARGOS – Contribute to the international effort to enforce United Nations Security Council resolutions on North Korea.
- ASLAN – Contribute to the United Nations Mission in South Sudan.
- AUGURY – ADF support to the Whole of Government Counter Terrorism mission, this includes all operations overseas as well as the domestic response framework.
- BUSHFIRE ASSIST 2019-2020 – ADF Support to national disaster relief efforts.
- CHARTER – Contribute to the United Nations Peacekeeping Force in Cyprus.
- COVID-19 ASSIST – ADF support to the planning and execution of the Whole of Government response to COVID-19 pandemic.
- GATEWAY – Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
- HIGHROAD – Ongoing contribution to the NATO-led mission in Afghanistan supporting Afghanistan's security, development and governance.
- LINESMEN – ADF support to demilitarisation observation and reporting under the Inter-Korean Comprehensive Military Agreement.
- MANITOU – Contribute to maritime security in the Middle East Region (MER) including the Arabian Gulf, Gulf of Aden, the Red Sea and Indian Ocean.
- MAZURKA – Contribute to the Multinational Force and Observers in Sinai.
- OKRA – Contribute to the Coalition to defeat Daesh in Iraq and Syria.
- ORENDA – Contribute to the United Nations Multidimensional Integrated Stabilization Mission in Mali.
- PALADIN – Contribute to the United Nations Truce Supervision Organisation in the Middle East.
- RENDER SAFE – ADF led mission to safely dispose of Second World War Explosive Remnants of War from South Pacific island nations.
- RESOLUTE - Contribute to the whole-of-government maritime surveillance and response in the maritime approaches to Australia.
- SOLANIA – Contribute to maritime surveillance within the Pacific Region.

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

Linked Programs

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood					
Revenues from other sources	-	-	-	-	-
Expenditure funded by appropriations	8,452	375	2,339	2,387	2,469
Program 1.2 - Operations Supporting Wider Interests					
Revenues from other sources	10,244	9,349	-	-	-
Expenditure funded by appropriations	589,840	591,277	111,332	100,172	1,213
Program 1.3 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Expenditure funded by appropriations	213,170	140,392	22	22	22
Total resourcing					
Total Departmental revenue from other sources	10,244	9,349	-	-	-
Total operating expense funded by appropriation	704,412	585,806	52,654	53,513	3,704
Total capital expenditure funded by appropriation	107,050	-	-	-	-
Equity injection:					
- Bill 1 DCB	-	146,238	61,039	49,068	-
- Bill 2 Equity	-	-	-	-	-
Total resources for Outcome 1	**821,706**	**741,393**	**113,694**	**102,581**	**3,704**

Contributions to Outcome 1

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

Program 1.1 Objective

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

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

Delivery	This program will be achieved by: • Conducting and sustaining operations contributing to the security and safety of the immediate neighbourhood in accordance with Government direction. • Delivering intelligence services. • Supporting the Whole of Government Step-Up in the Pacific.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Assessment of operations against directed outcomes agreed with government.	All Government directed outcomes are met. *Achieved.*
2020-21	*Conduct operations and national security support tasks which achieve Government directed outcomes.*	*All Government-directed outcomes are met and expected outcomes achieved.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes	Defend and protect Australia and advance its strategic interests.

Material changes to Program 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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	148	-	-	-	-
Suppliers	8,240	375	2,339	2,387	2,469
Net losses from sale of assets	-	-	-	-	-
Other expenses	2	-	-	-	-
	8,389	375	2,339	2,387	2,469
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	-	-	-	-	-
Total operating expenses	**8,389**	**375**	**2,339**	**2,387**	**2,469**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	63	-	-	-	-
Purchases of inventory	-	-	-	-	-
Total capital expenditure	**63**	**-**	**-**	**-**	**-**
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood Total funded expenditure[1]	**8,452**	**375**	**2,339**	**2,387**	**2,469**

Note

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

Program 1.2: Operations Supporting Wider Interests

Program 1.2 Objective		
Operations supporting wider interests are designed to contribute to United Nations' and international efforts to uphold global security.		
Delivery	This program will be achieved by: • Conducting and sustaining operations supporting wider interests in accordance with Government direction. • Delivering intelligence services.	
Performance information		
Year	**Performance criteria**[1]	**Targets**
2019-20	Assessment of operations against directed outcomes agreed with government.	All Government-directed outcomes are met. *Achieved.*
2020-21	*Conduct operations and national security support tasks which achieve Government directed outcomes.*	*All Government-directed outcomes are met and expected outcomes achieved.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 1.2 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 13: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	65,857	61,940	-	-	-
Suppliers	443,369	401,616	50,293	51,104	1,213
Net losses from sale of assets	-	-	-	-	-
Other expenses	4	-	-	-	-
	509,229	463,556	50,293	51,104	1,213
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	46,522	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	46,522	-	-	-	-
Total operating expenses	**555,751**	**463,556**	**50,293**	**51,104**	**1,213**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	2,670	41,558	49,429	36,978	-
Purchases of inventory	88,185	95,513	11,610	12,090	-
Total capital expenditure	**90,855**	**137,070**	**61,039**	**49,068**	**-**
Program 1.2 Operations Supporting Wider Interests Total funded expenditure[1]	**600,084**	**600,626**	**111,332**	**100,172**	**1,213**

Note

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

Program 1.3 Defence Contribution to National Support Tasks in Australia

Program 1.3 Objective

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.

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.

Delivery	This program will be achieved by: • Contributing to national security and support tasks as directed by Government. • Delivering intelligence services.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Assessment of Defence support provided to contribute to whole-of-Government outcomes.	All Government-directed tasks are met. *Achieved.*
2020-21	*Conduct operations and national security support tasks which achieve Government directed outcomes.*	*All Government-directed outcomes are met and expected outcomes achieved.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes	Defend and protect Australia and advance its strategic interests.

Material changes to Program 1.3 resulting from the following measures:

COVID-19 Response Package – Australian Defence Force deployment

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	55,071	41,488	-	-	-
Suppliers	141,967	89,737	22	22	22
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
	197,038	131,225	22	22	22
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	8,459	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	8,459	-	-	-	-
Total operating expenses	**205,497**	**131,225**	**22**	**22**	**22**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	98	380	-	-	-
Purchases of inventory	16,034	8,787	-	-	-
Total capital expenditure	**16,132**	**9,167**	**-**	**-**	**-**
Program 1.3 Defence Contribution to National Support Tasks in Australia Total funded expenditure[1]	**213,170**	**140,392**	**22**	**22**	**22**

Note

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

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

Outcome 2 Strategy

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

Australia's defence policy must be agile and adaptive to be responsive to the evolving strategic environment. Defence undertakes a strategic risk review cycle that continuously scans the strategic environment to inform risk mitigation including through the Department's highest level classified planning document, the *Defence Planning Guidance*. The risk review cycle ensures Defence can respond to identified strategic risks and keep our strategic guidance agile in a rapidly changing environment.

The *2020 Defence Strategic Update* and *2020 Force Structure Plan* update Defence's strategic policy and the capability investments to deliver it.

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

Defence prioritises the preparedness of current capability to meet Government-directed requirements. Concurrently, Defence is focused on building a more potent, capable and agile future force to better meet and respond to future challenges. This includes using our current capability to shape and deter within our region, and ensure our investment decisions realise our capability needs.

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

Defence designs the future force, and develops and integrates capability to provide the Government with options to mitigate strategic national security risks. It ensures Defence can provide responsive military options including civil aid and assistance in multiple domains as a joint force, bringing together the warfighting domains of land, air, sea, information and cyber, and space.

Defence is working as an integrated organisation that delivers cohesive strategic and operational effects across the full spectrum of warfighting domains. Ensuring the workforce is skilled, equipped and trained, ready to utilise integrated capability equipment and systems for joint effect, is paramount.

Intelligence is a critical enabler for Defence. It underpins the integration, interoperability and support to our next-generation platforms, ensuring a capability edge through superior battlespace awareness. Defence continues to work closely with the Australian Signals Directorate so that current and future national intelligence challenges are met and support the ADF.

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

In 2020-21, Defence looks to enhance Australia's defence capability, deepen our international security partnerships and collaborate across government, as well as with defence industry and science and technology research partners, in support of our nation's security.

Defence conducts research into high priority areas for future Defence capability, anticipating advances in emerging science and technology that present threats, risks and opportunities. Defence's capability development options will continue to be enhanced through collaboration with research and industry partners, national and globally.

In line with *2020 Force Structure Plan*, the Integrated Investment Program will continue to prioritise investment decisions through Government to enhance Defence capability. A contestability function informs the risk assessment and decision support framework to ensure that investment proposals are aligned with strategy and resources.

A strong partnership with defence industry will be critical in delivering the *2020 Force Structure Plan*. Defence is working to maximise opportunities for Australian industry involvement in defence projects.

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

Defence will improve the resilience and self-reliance of Defence's space capabilities. This work includes continued investment to further improve space domain awareness capabilities, satellite communications systems and space-based intelligence, surveillance and reconnaissance sensors. Defence will upgrade its position, navigation and timing systems to assure access in a contested environment and develop options to counter emerging threats to Australia's free use of the space domain.

Defence and the Australian Signals Directorate will enhance offensive cyber capabilities, and the ability to deploy these capabilities on operations, to ensure Defence can play its part in deterring and responding to the cyber threats facing the ADF and Australia. The ADF continues to accelerate the development of its cyber workforce, and develop its cyber resilience across all warfighting domains.

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

Building a diverse, inclusive and integrated ADF, Australian Public Service and Defence industry workforce is the foundation for delivering organisational capability, ensuring Defence is fit-for-purpose and able to deliver its long-term strategy. To provide a strategic advantage for Defence, including for future ADF operations, Defence continues to implement the Defence Strategic Workforce Plan.

The modernisation of Australia's defence capability will rely on a diverse and flexible workforce both in Defence and defence industry, along with people possessing skills in Science, Technology, Engineering and Mathematics (STEM). Through the first Defence Industry Skilling and STEM Strategy, Defence will help Australian defence industry to meet their workforce skills requirements over the coming decade.

Defence priorities for 2020-21 include the continued improvement of health services to ensure Defence achieves its mission through the delivery of command-responsive, member-centred health care for ADF members. This includes the continued implementation of the ADF Health Services Contract, delivery of the first ADF Health Strategy, and expansion of the ADF Centre for Mental Health. Other health priorities include the improved mental health and wellbeing program through the Defence Mental Health and Wellbeing Strategy, for both ADF and APS personnel.

In 2020-21, Defence will continue to mature its control functions, financial management, internal audit, inspector-general and judge advocate, providing assurance to Defence senior committees that Government-directed outcomes are being delivered in accordance with legislative and policy requirements.

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

Continuous transformational reform within Defence is essential to implementing the Government's objectives as set out in the *2020 Defence Strategic Update*, and to build Defence's capacity to shape, deter and respond in an increasingly uncertain environment. This is an enduring commitment to transformational reform that will be purposeful, outcomes orientated and prioritised to ensure Defence delivers outcomes effectively and efficiently into the future.

Defence is changing the way it conducts its business by enhancing integration and connectivity across the organisation. This will significantly increase efficiency. Key to this process are Defence's Enterprise Information Management and Enterprise Resource Planning projects. These projects are very ambitious and the largest such initiatives ever undertaken by the Australian Government. Successful implementation will fundamentally improve the administration of the entire Defence enterprise.

Linked Programs

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

Australian Federal Police
Program 1.1 - Federal Policing and National Security Program 1.2 - International Police Assistance
Contribution to Outcome 2 by linked programs
Under a Memorandum of Understanding there is a framework for cooperation between the participants to strengthen and consolidate sharing of information to promote security and stability within Australia. The Australian Federal Police deliver security services for Defence, in accordance with the Memorandum of Understanding, between the Department of Defence and the Australian Federal Police for the Provision of Protective Services at Defence Sites, 2015-2020. Under a Memorandum of Understanding, the placement of Australian Federal Police advisors at the Australian Civil-Military Centre (ACMC) supports a high-priority Australian Government initiative to enhance the effectiveness of national and regional civil-military-police interaction in conflict and disaster management and promotes regional and global security.

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

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

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

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

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

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

Defence Housing Australia
Program 1.1 - The provision of Defence housing and housing related services
Contribution to Outcome 2 by linked programs
Under a Services Agreement and in accordance with the *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 Agriculture, Water and the Environment
Program 1.6 - Management of Hazardous Wastes, Substances and Pollutants
Contribution to Outcome 2 by linked programs
Defence actively participates in forums and initiatives led by the Department of Agriculture, Water and the Environment to ensure alignment with national approaches for the effective and efficient management of hazardous waste, substances and pollutants.

Department of Agriculture, Water and the Environment
Program 2.4.1 – Antarctic Support
Contribution to Outcome 2 by linked programs
The Department of Defence provides a range of logistics support services and advice to the Australian Antarctic program, including C130J and C-17 airlift capability to supplement existing flights in the delivery of cargo and contributing to aeromedical emergency responses in the region.

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

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

Department of Industry, Innovation and Science (through AusIndustry)
Program 1.1 - Supporting Science and Commercialisation
Contribution to Outcome 2 by linked programs
The Department of Defence works collaboratively with the Department of Industry, Science, Energy and Resources 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 investment in defence capability over the next decade. The CDIC provides advice, assistance and grants to eligible businesses to be better positioned to support the Department of Defence. It also facilitates access to Defence's innovation programs for Australian industry, academia and research organisations, working closely with the Defence Innovation Hub and Next Generation Technologies Fund. The CDIC also focuses on maximising Australian industry involvement in major acquisition programs.

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

Department of Social Services
Program 2.1 - Families and Communities
Contribution to Outcome 2 by linked programs
Defence and the Department of Social Services have worked collaboratively in the development of the legislation for the commencement of the National Redress Scheme, a recommendation of the Royal Commission into Institutional Child Sexual Abuse, which commenced on 1 July 2018. Defence has also been engaged with the 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
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. 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. Close and ongoing cooperation between DVA and Defence under this Memorandum of Understanding, and ongoing DVA engagement with members starting as early as practical in their careers and continuing through their service and during and after their transition from permanent or continuous full time service, results in better outcomes for members and their families. Such cooperation and engagement is particularly important where a member suffers a serious injury or illness or where the member is identified for medical separation from the ADF. Defence and DVA work collaboratively on areas of research, mental health, rehabilitation and looking at medical aspects of transition. Defence is also engaged with the DVA for the future contracting of health care arrangements. This is supported through Schedule 6 of the *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).

Outcome 2 Resources

Table 15: Total Budgeted Resources Available for Outcome 2

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Program 2.1 Strategic Policy and Intelligence					
Revenues from other sources	5,206	4,519	4,639	4,768	4,899
Expenditure funded by appropriations	925,363	1,126,808	1,217,900	1,352,114	1,367,459
Program 2.2 Defence Executive Support					
Revenues from other sources	35,298	32,571	33,357	34,191	34,913
Expenditure funded by appropriations	426,719	433,632	637,727	668,100	618,708
Program 2.3 Defence Finance					
Revenues from other sources	116,993	6,699	6,877	7,056	7,237
Expenditure funded by appropriations	168,891	141,582	149,691	155,663	161,863
Program 2.4 Joint Capabilities Group					
Revenues from other sources	20,333	9,947	3,976	4,072	4,171
Expenditure funded by appropriations	1,467,607	2,005,316	2,312,704	2,930,804	3,441,561
Program 2.5 Navy Capabilities					
Revenues from other sources	126,823	54,336	55,777	57,181	58,738
Expenditure funded by appropriations	7,408,751	9,001,272	10,185,006	11,050,919	11,952,897
Program 2.6 Army Capabilities					
Revenues from other sources	26,723	18,093	24,080	17,888	18,414
Expenditure funded by appropriations	8,804,597	9,814,768	9,961,604	11,256,392	12,319,763
Program 2.7 Air Force Capabilities					
Revenues from other sources	51,435	43,809	44,863	46,012	47,189
Expenditure funded by appropriations	9,194,427	9,531,282	10,522,848	10,664,468	10,581,933
Program 2.8 Australian Defence Force Headquarters					
Revenues from other sources	5,102	721	303	314	323
Expenditure funded by appropriations	186,085	259,569	271,229	318,710	342,474
Program 2.9 Capability Acquisition and Sustainment					
Revenues from other sources	40,751	7,252	1,063	1,079	1,095
Expenditure funded by appropriations	639,120	728,369	762,908	804,338	822,196
Program 2.10 Estate and Infrastructure					
Revenues from other sources	592,949	549,465	728,634	760,059	629,784
Expenditure funded by appropriations	5,099,640	5,011,708	5,305,662	5,821,114	6,560,666
Program 2.11 Chief Information Officer					
Revenues from other sources	36,120	38,797	39,710	40,645	41,604
Expenditure funded by appropriations	1,830,071	1,550,939	1,542,372	1,679,633	1,852,161
Program 2.12 Defence People					
Revenues from other sources	62	-	-	-	-
Expenditure funded by appropriations	516,041	558,576	573,671	593,595	610,923
Program 2.13 Defence Science and Technology					
Revenues from other sources	4,491	-	-	-	-
Expenditure funded by appropriations	533,628	520,797	519,046	535,763	530,172

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Program 2.14 Defence Force Superannuation Benefits					
Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)	-	-	-	-	-
Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)	100,026	162,568	46,555	37,576	32,116
Military Superannuation and Benefits Act, 1991 Part V, s.17[1]	1,112,392	724,413	416,329	420,145	430,060
Australian Defence Force Cover Act 2015	12,508	21,183	31,979	44,978	62,219
Expenses not requiring appropriation	5,104,940	5,428,167	1,828,377	1,833,531	1,807,078
Total Administered expenses[3]	**6,329,866**	**6,336,331**	**2,323,240**	**2,336,230**	**2,331,473**
Administered revenues from other sources	1,351,453	1,245,883	1,152,202	1,066,486	989,175
Total Program 2.14	**4,978,413**	**5,090,448**	**1,171,038**	**1,269,744**	**1,342,298**
Program 2.15 Defence Force Superannuation Nominal Interest					
Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)	38,375	35,000	34,475	31,817	30,434
Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)	1,608,370	1,477,432	1,701,552	1,682,046	1,719,594
Military Superannuation and Benefits Act, 1991 Part V, s.17[1]	-	315,587	726,273	811,650	930,244
Australian Defence Force Cover Act 2015	-	817	3,993	6,743	10,934
Expenses not requiring appropriation	1,841,355	1,396,590	2,358,046	2,496,141	2,546,007
Total Administered expenses	**3,488,100**	**3,225,426**	**4,824,339**	**5,028,397**	**5,237,213**
Administered revenues from other sources	-	-	-	-	-
Total Program 2.15	**3,488,100**	**3,225,426**	**4,824,339**	**5,028,397**	**5,237,213**
Program 2.16 Housing Assistance					
Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38	207	312	252	203	163
Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84	108,933	121,944	130,534	139,415	143,152
Expenses not requiring appropriation	1,508	-	-	-	-
Total Administered expenses	**110,648**	**122,256**	**130,786**	**139,618**	**143,315**
Administered revenues from other sources	17,384	16,852	17,444	18,015	18,465
Total Program 2.16	**93,264**	**105,404**	**113,342**	**121,603**	**124,850**
Program 2.17 Other Administered					
Administered revenues from other sources	101,325	75,306	68,804	86,259	87,058
Total Program 2.17	**-101,325**	**-75,306**	**-68,804**	**-86,259**	**-87,058**
Total resourcing					
Total operating expense funded by appropriation	25,797,792	26,440,898	27,194,074	28,770,297	30,088,814
Total capital expenditure funded by appropriation	7,388,118	-	-	-	-
Total Administered[2]	2,980,811	2,859,256	3,091,942	3,174,573	3,358,916
Total Departmental revenue from other sources	1,062,287	766,208	943,279	973,265	848,367
Total Administered revenue from other sources	1,470,162	1,338,041	1,238,450	1,170,760	1,094,698
Prior year appropriation	-	-	-	-	-
Equity injection:					
- Bill 1 DCB	-	2,572,711	2,703,937	2,876,177	3,080,148
- Bill 2 Equity	4,015,029	11,671,009	14,064,357	16,185,138	17,993,813
Total resources for Outcome 2	**42,714,199**	**45,648,123**	**49,236,039**	**53,150,210**	**56,464,757**

Notes

1. 2019-20 Estimated Actuals also includes estimated resourcing used to meet payments for Defence Force Superannuation Nominal Interest under Military Superannuation and Benefits Act, 1991 Part V, s.17. The corresponding estimates for resourcing required to meet payments for 2020-21 onwards are disclosed under Program 2.15.

2. Includes estimated resourcing required to meet payments for the Defence Superannuation Benefits. Table 49 shows estimates of total expenses for the Defence Superannuation Schemes.

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

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence[1]

Program 2.1 Objective	
To deliver high-quality policy advice to Government, the Secretary and Chief of the Defence Force, to protect and advance Australia's strategic interests.	
Delivery	The program will be achieved by: • Providing the Minister with quality, relevant and timely strategic policy advice. • Undertaking regular review of strategic risks and mitigations through Defence's strategic-level documents. • Conducting international engagement to enhance Australia's strategic position as directed by Government in accordance with the 2016 Defence White Paper and to enhance Defence's engagement in the Southwest Pacific. • Engaging with industry to enhance the Australian industrial base that supports Defence capability. • Developing, delivering and sustaining intelligence capability to meet Government, Defence and partner requirements.

Performance information

Year	Performance criteria[2]	Targets
2019-20	Our strategic policy is regularly reviewed and updated.	Defence strategic policy and risk review informs decision making to ensure strategy, capability and resources are aligned to Government priorities. *Achieved.*
	Defence international engagement meets Defence International Engagement Policy objectives.	Australia's strategic position is enhanced through international engagement by Defence. *Achieved.*
	Defence industry engagement meets requirements of the Defence Industry Policy Statement.	Defence capability is enabled through industry and innovation *Achieved.*
	Defence intelligence outputs align with Government intelligence priorities.	Intelligence services and capabilities are delivered according to Government priorities. *Achieved.*

Year	Performance criteria[2]	Targets
2020-21	*Defence maintains future-focused strategic policy to guide Defence initiatives and address strategic risks.*	*Strategic policy reflects the evolving geostrategic environment and aligns with and shapes Government objectives.*
	Defence protects and advances Australia's interests globally to address current and future challenges.	*Defence international engagement priorities are met.*
	Defence engages industry to enhance support of sovereign capability.	*Defence Industry Policy Statement.*
	Defence maintains intelligence analysis and capability to deliver Government and Defence strategic objectives.	*Intelligence service and capabilities are delivered according to Government priorities.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.1 resulting from the following measures: Nil		

Notes

1. From 2021-22 Defence Intelligence will be a separate Budget Program, and Strategic Policy and Intelligence will be renamed Strategy, Policy and Industry.
2. 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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	181,992	172,230	181,186	184,743	189,004
Suppliers	540,905	566,364	595,230	587,546	654,079
Net losses from sale of assets[1]	-	-3	-3	-4	-4
Other expenses	143,574	67,065	63,067	36,268	36,270
	866,470	805,656	839,480	808,553	879,349
Expenses not requiring appropriation					
Depreciation and amortisation	14,487	16,234	33,762	60,455	93,532
Inventory consumption	42	18,723	18,425	18,095	17,569
Net write-down and net impairment of assets	1,768	1,862	2,543	3,383	3,735
	16,297	36,819	54,730	81,934	114,836
Total operating expenses	**882,766**	**842,475**	**894,210**	**890,487**	**994,185**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	64,020	306,305	363,359	528,337	472,940
Purchases of inventory	79	19,365	19,700	19,992	20,069
Total capital expenditure	**64,099**	**325,671**	**383,059**	**548,329**	**493,009**
Program 2.1 Strategic Policy and Intelligence Total funded expenditure[2][3]	**930,569**	**1,131,327**	**1,222,539**	**1,356,881**	**1,372,358**

Notes

1. Whilst the amounts shown in 2020-21, 2021-22, 2022-23 and 2023-24 represent a gain for this program, at the portfolio level, Defence has budgeted for a net loss from sale of assets in these years.
2. The change in estimates includes movements of functions and their associated budgets within Defence.
3. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

Table 17: Strategic Policy and Intelligence Deliverables (Hydrographic Products and Services)

Deliverables	2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Year 1	2022-23 Forward Year 2	2023-24 Forward Year 3
Maritime Safety Updates[1]	100%	100%	100%	100%	100%
Charting Projects[2]	9	15	15	15	15
Nautical Publications[3]	30	29	30	29	29
Survey Projects[4]	13	13	14	15	15
Australian Hydrographic Office (AHO) Availability[5]	250	249	248	248	247

Notes

1. Maritime Safety Updates (MSU) are urgent safety-critical revisions to nautical charts and publications or other hydrographic products and services. All Priority 1 MSU will be applied to product and released within the agreed 20 day timeframe, with a PBS Target of 100 per cent achievement.
2. A Charting Project includes all charting activities involved in compiling and publishing all paper and electronic charts or other charting services, for a particular geographic area. When all affected products are updated through different charting activities a Charting Project is considered complete. In 2019-20, nine projects were completed, with a further five projects reaching 95% complete due to the impact of COVID-19 disruptions.
3. The Nautical Publications produced are 25 fortnightly Notices to Mariners, four annual publications, and selected additional publications in some years.
4. A Survey Project is a major hydrographic survey activity to support the national tasking within a particular geographic area. The Hydroscheme Industry Partnership Program (HIPP) commenced on 26 February 2020. Survey project rate of effort is still being refined for the outer years and is determined by staffing levels and industry capacity.
5. AHO Availability is those periods the AHO, as a Defence capability, is materielly ready and its personnel state and level of competence enables the AHO to provide hydrographic products and services immediately in accordance with the *Navigation Act 2012* (Commonwealth). The AHO is open 0700-1830 Monday to Friday, closed for Public Holidays and the Christmas stand down period; availability outside these hours is upon request.

Program 2.2: Defence Executive Support

Program 2.2 Objective		
To integrate parts of Defence to deliver more effective and efficient outcomes, particularly in the areas of service delivery. The Associate Secretary operates the One Defence business model on behalf of the Secretary and Chief of the Defence Force.		
Delivery	This program will be achieved by: • Delivering integrated, secure and fit-for-purpose enabling services. • Resourcing, implementing and reviewing Defence's continuing enterprise reform program.	
Performance information		
Year	**Performance criteria**[1]	**Targets**
2019-20	The delivery of services by enabling Groups is progressively integrated.	Services are delivered in accordance with agreed measures. *Partially Achieved.*
	Defence's strategic centre sets priorities, manages resources and steers the organisation to implement Government policy and legislative requirements.	Defence senior committees and accountable officers undertake informed decision-making to ensure strategy, capability and resources are aligned to highest priorities. *Achieved.*
	Agreed reform programs, including legal services, enterprise resource management, security services, information management and strategic communications, are progressed as planned.	Reform implementation plan milestones are met. *Achieved.*
2020-21	*Agreed reform programs are progressed as planned.*	*Reform program milestones are met and benefits realised.*
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	*Service Delivery enables Defence to meet Government outcomes.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.2 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 18: Cost Summary for Program 2.2 Defence Executive Support

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	104,808	104,119	105,105	107,213	109,238
Suppliers	353,344	247,621	343,391	335,388	332,527
Net losses from sale of assets	-	-	-	-	-
Other expenses	3,797	-	-	-	-
	461,949	351,740	448,496	442,600	441,766
Expenses not requiring appropriation					
Depreciation and amortisation	508	3,546	14,612	31,584	48,032
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets[1]	-638	10	8	5	1
	-130	3,555	14,620	31,589	48,033
Total operating expenses	**461,819**	**355,295**	**463,116**	**474,189**	**489,799**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	68	114,464	222,588	259,691	211,856
Purchases of inventory	-	-	-	-	-
Total capital expenditure	**68**	**114,464**	**222,588**	**259,691**	**211,856**
Program 2.2 Defence Executive Support Total funded expenditure[2][3]	**462,017**	**466,203**	**671,084**	**702,291**	**653,621**

Notes

1. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.
2. The change in estimates includes movements of functions and their associated budgets within Defence.
3. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.3: Defence Finance

Program 2.3 Objective		
To produce quality financial products to deliver Defence and Government-directed outcomes.		
Delivery	The program is achieved by: • Delivering enterprise resource planning and budget management in accordance with Commonwealth legislation and policy frameworks. • Strengthening Defence's financial management and improvement programs through uniform financial management approaches and a streamlined accountability structure. • Working with all Services and Groups to identify costs drivers for all key business elements.	
Performance information		
Year	**Performance criteria**[1]	**Targets**
2019-20	Production of Defence's Budget and annual Financial Statements.	Defence meets legislated financial requirements and timeframes. *Achieved.*
	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. *Achieved.*
2020-21	*An integrated service delivery system that enables Defence to achieve Australian Government outcomes.*	*Service Delivery enables Defence to meet Government outcomes.*
	Quality and timeliness of Defence's financial management, reporting and advice.	*Defence meets legislated financial requirements and timeframes.* *Financial advice meets stakeholder needs.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.3 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 19: Cost Summary for Program 2.3 Defence Finance[1]

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees[2]	86,629	80,177	84,013	86,930	91,788
Suppliers	34,602	64,531	68,774	71,830	73,200
Net losses from sale of assets	-	-	-	-	-
Other expenses	157,388	3,573	3,781	3,959	4,112
	278,619	148,281	156,568	162,719	169,100
Expenses not requiring appropriation					
Depreciation and amortisation	-	-	-	-	-
Inventory consumption	3,766	-	-	-	-
Net write-down and net impairment of assets	-	-	-	-	-
	3,766	-	-	-	-
Total operating expenses	**282,385**	**148,281**	**156,568**	**162,719**	**169,100**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	126	-	-	-	-
Purchases of inventory	7,138	-	-	-	-
Total capital expenditure	**7,264**	**-**	**-**	**-**	**-**
Program 2.3 Defence Finance Total funded expenditure[3]	**285,883**	**148,281**	**156,568**	**162,719**	**169,100**

Notes

1. The Defence Finance Program includes budget adjustments applied at the whole of Defence level, and not otherwise applied to other programs.
2. Full-time equivalent headcount is held in this Program from time to time for future prioritisation.
3. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.4: Joint Capabilities

Program 2.4 Objective	
To provide joint capabilities and joint enabling elements, including information warfare effects, logistics, health, military police, youth development and education and training, that contribute to the Australian Defence Force's capacity to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect national interests.	
Delivery	This program will be achieved through: • Delivery of health services to ADF personnel and health support to families that meet the requirements of the ADF. • Delivery of logistics support and services that meet the requirements of the ADF. • Delivery of future-focused, joint professional military education and individual training that prepares ADF personnel for future warfare and meets the requirements of the ADF and wider Department of Defence. • Coordination of a joint approach to Defence's Reserve and Youth Safety Policies, Youth development, experience and recognition programs to meet the requirements of the ADF and the community. • Development of national and international civil-military partnerships and cooperation to meet the requirements of the ADF, the wider Department of Defence, and Whole of Government. • Delivery of Information Warfare effects and support that meet the requirements of the ADF. • Delivery of Defence's responsibilities in the Australian National Action Plan for Women, Peace and Security. • Delivery of a joint military policing capability that meets the requirements of the ADF. • Management of ADF participation in conventional and adaptive sports, both domestically and internationally, in support of member well-being and Defence's international objectives. • Delivery of military legal advice and support.

Performance information		
Year	**Performance criteria**[1]	**Targets**
2019-20	Defence's integrated capabilities including workforce are generated, trained and sustained to meet preparedness requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. *Achieved.*
	Appropriate support and services are provided to Defence people and their families.	Delivery meets appropriate standards, including welfare support, transition services and health services. *Achieved.*
	Joint enabling elements are generated and sustained at the required rate and standard to support the delivery of Defence capability.	Joint enabling elements effectively support the delivery of Defence capability. *Achieved.*
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Joint enabling elements are generated and sustained at the required rate and standardised to support the delivery of Defence capability.	*Joint Health Services are provided to Australian Defence Force personnel to enable Defence preparedness.* *Joint Logistics capability that provides comprehensive and assured support to Australian Defence Force operations.* *Delivery of military education and training programs that prepare Australian Defence Force personnel.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	*To transition Australian Defence Force personnel across the service spectrum with a focus on planning for their personal security.*
	Appropriate support and services are provided to Defence families.	*Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.4 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 20: Cost Summary for Program 2.4 Joint Capabilities

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	626,312	623,111	643,262	665,537	684,741
Suppliers	474,923	976,576	1,076,711	1,228,401	1,217,232
Net losses from sale of assets	-	-	-	-	-
Other expenses	3,445	1	2	2	2
	1,104,681	1,599,689	1,719,975	1,893,940	1,901,974
Expenses not requiring appropriation					
Depreciation and amortisation	39,324	27,122	45,291	99,186	183,038
Inventory consumption	54,346	41,914	49,173	50,958	52,120
Net w rite-dow n and net impairment of assets	335,437	247,917	230,517	214,321	199,279
	429,107	316,953	324,981	364,466	434,437
Total operating expenses	**1,533,788**	**1,916,642**	**2,044,956**	**2,258,406**	**2,336,411**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	280,245	364,959	535,448	977,532	1,477,593
Purchases of inventory	103,015	50,615	61,257	63,404	66,165
Total capital expenditure	**383,260**	**415,574**	**596,705**	**1,040,936**	**1,543,758**
Program 2.4 Joint Capabilities Total funded expenditure[1]	**1,487,940**	**2,015,263**	**2,316,680**	**2,934,876**	**3,445,732**

Note

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

Program 2.5: Navy Capabilities

Program 2.5 Objective

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

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

Performance information

Year	Performance criteria[1]	Targets
2019-20	Defence's integrated capabilities including workforce are generated, trained and sustained to meet preparedness requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. *Achieved.*
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.5 resulting from the following measures and adjustments: Nil

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	2,395,511	2,428,522	2,538,509	2,510,590	2,590,202
Suppliers	2,493,910	2,817,013	2,849,939	3,202,328	3,427,715
Net losses from sale of assets[1]	-	-9,100	-4,685	3,698	196
Other expenses	14,056	7,832	7,367	6,877	6,392
	4,903,477	5,244,267	5,391,130	5,723,493	6,024,505
Expenses not requiring appropriation					
Depreciation and amortisation	1,374,997	1,584,772	1,820,303	1,923,253	2,196,965
Inventory consumption	321,856	431,621	428,853	440,794	489,160
Net w rite-dow n and net impairment of assets	4,831	8,916	25,534	42,444	60,855
	1,701,684	2,025,310	2,274,690	2,406,491	2,746,980
Total operating expenses	**6,605,161**	**7,269,577**	**7,665,819**	**8,129,984**	**8,771,485**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	2,022,001	3,320,362	4,336,654	4,855,089	5,377,599
Purchases of inventory	610,095	490,979	512,999	529,518	609,531
Total capital expenditure	**2,632,097**	**3,811,341**	**4,849,653**	**5,384,607**	**5,987,130**
Program 2.5 Navy Capabilities Total funded expenditure[2]	**7,535,573**	**9,055,608**	**10,240,783**	**11,108,100**	**12,011,635**

Notes

1. Whilst the amounts show n in 2020-21 and 2021-22 represent a gain for this program, at the portfolio level, Defence has budgeted for a net loss from sale of assets in these years.
2. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and ow n source revenue. This excludes expenses not requiring appropriation.

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

Deliverables		2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Year 1	2022-23 Forward Year 2	2023-24 Forward Year 3
17	Major Combatants[2]	2,833	3,141	3,154	3,534	3,736
19	Minor Combatants[3]	3,897	4,302	3,873	3,537	3,187
5	Amphibious and Afloat Support[4]	919	1,023	1,011	1,168	1,056
10	Maritime Teams[5]	3,637	2,988	2,988	3,466	3,650
7	Hydrographic Force[6]	1,670	1,972	1,785	1,755	1,526

Notes

1. A Unit Availability Day (UAD) is a day when a unit is materielly ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Anzac Class Frigates (FFH), Hobart Class Air Warfare Destroyers (DDG) and Collins Class Submarines (CCSM). Increase in UAD over Forward Estimates period due to introduction into service of DDGs.
3. Minor Combatants comprises Armidale Class Patrol Boats (ACPB), Cape Class Patrol Boats (CCPB) and the Coastal Minehunters (MHC). UAD fluctuations due to remediation of extant issues reported in *Portfolio Additional Estimates Statements 2019-20*.
4. Amphibious and Afloat Support comprises the Oil Tanker, Replenishment Ships (AOR), Landing Ship Dock and Landing Helicopter Dock (LHD).
5. Maritime Teams comprises Clearance Diving, Deployable Geospatial Support and Mobile Meteorological and Oceanographic (METOC) teams. Fluctuations of UAD over the Forward Estimates period are due to anticipated staffing changes.
6. Hydrographic Force comprises the hydrographic ships, survey motor launches and meteorological and oceanographic centres. UAD decrease due to planned withdrawal from service of HMAS *Melville.*

Table 23: Navy Deliverables (Flying Hours)

Deliverables		2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Year 1	2022-23 Forward Year 2	2023-24 Forward Year 3
24	MH-60R	4,900	7,200	7,200	7,200	7,200
-	MRH90 Taipan[1]	-	-	-	-	-

Notes

1. Navy is operating MRH90s; however, their flying hours have been included under Army Aviation, as Army is joint capability manager for the aircraft.

Program 2.6: Army Capabilities

Program 2.6: Objective

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

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

Performance information

Year	Performance criteria[1]	Targets
2019-20	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. *Achieved.*
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.5 resulting from the following measures and adjustments: Nil

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	4,337,364	4,351,231	4,430,183	4,577,327	4,682,855
Suppliers	1,864,487	2,019,337	2,188,114	2,461,830	2,765,115
Net losses from sale of assets[1]	-	-2,740	-7,437	116	956
Other expenses	1,654	114	116	120	122
	6,203,505	6,367,943	6,610,977	7,039,392	7,449,048
Expenses not requiring appropriation					
Depreciation and amortisation	1,516,290	1,546,201	1,796,969	1,457,199	1,666,847
Inventory consumption	281,989	554,477	503,676	558,596	543,098
Net write-down and net impairment of assets[2]	-66,080	19,589	39,677	61,255	81,689
	1,732,199	2,120,267	2,340,323	2,077,051	2,291,634
Total operating expenses	**7,935,704**	**8,488,210**	**8,951,300**	**9,116,444**	**9,740,682**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	2,093,291	2,835,814	2,748,548	3,542,257	4,199,579
Purchases of inventory	534,524	629,104	626,158	692,630	689,550
Total capital expenditure	**2,627,815**	**3,464,918**	**3,374,707**	**4,234,887**	**4,889,129**
Program 2.6 Army Capabilities Total funded expenditure[3]	**8,831,320**	**9,832,861**	**9,985,684**	**11,274,280**	**12,338,177**

Notes

1. Whilst the amounts shown in 2020-21 and 2021-22 represent a gain for this program, at the portfolio level, Defence has budgeted for a net loss from sale of assets in these years.
2. Defence has a net reversal of write-downs and net reversal of impairment of assets in 2019-20.
3. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

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

Deliverables		2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Year 1	2022-23 Forward Year 2	2023-24 Forward Year 3
10	CH-47F Chinook	2,307.3	2,600	2,600	2,600	2,600
34	S-70A-9 Black Hawk[1]	2,055.7	1,500	600[2]	-	-
22	ARH Tiger	3,456.4	4,500	4,500	4,500	4,500
47	MRH90 Taipan	5,168.4	7,950	9,250	10,300	10,300

Notes

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

Program 2.7: Air Force Capabilities

Program 2.7 Objective

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

Delivery	This program will be achieved by: • Delivering air and space power as part of the joint force. • Developing an intelligent and skilled workforce. • Evolving Air Force culture. • Deepening relationships, strengthening engagement, and • Agile and coherent governance.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support tasks. *Achieved.*
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes	Defend and protect Australia and advance its strategic interests.

Material changes to Program 2.5 resulting from the following measures and adjustments: Nil

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	2,367,125	2,349,350	2,388,897	2,491,166	2,579,551
Suppliers	2,788,945	3,121,986	3,247,176	3,552,245	3,751,917
Net losses from sale of assets	-	470	786	447	570
Other expenses	9,296	6,468	6,588	6,726	6,867
	5,165,366	5,478,274	5,643,448	6,050,584	6,338,905
Expenses not requiring appropriation					
Depreciation and amortisation	1,670,900	1,928,066	2,039,408	2,090,085	2,285,675
Inventory consumption	234,423	461,596	406,966	524,839	502,702
Net write-down and net impairment of assets	30,058	25,575	40,653	59,989	78,115
	1,935,380	2,415,237	2,487,028	2,674,914	2,866,492
Total operating expenses	**7,100,746**	**7,893,511**	**8,130,475**	**8,725,498**	**9,205,397**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	3,636,135	3,584,642	4,413,776	4,008,601	3,650,856
Purchases of inventory	444,361	512,175	510,487	651,294	639,361
Total capital expenditure	**4,080,496**	**4,096,817**	**4,924,263**	**4,659,896**	**4,290,217**
Program 2.7 Air Force Capabilities Total funded expenditure[1]	**9,245,862**	**9,575,091**	**10,567,711**	**10,710,480**	**10,629,122**

Note

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

Table 27: Air Force Deliverables (Flying Hours)

Deliverables[1]		2019-20 Estimated Actual	2020-21 Budget Estimate	2021-22 Forward Year 1	2022-23 Forward Year 2	2023-24 Forward Year 3
0	PC-9/A[2]	3,714	-	-	-	
49	PC-21	12,873	23,652	23,652	23,652	23,652
12	KA350 King Air[3]	4,556	8,300	8,300	8,300	8,300
12	C-130J Hercules	6,948	7,350	7,350	7,350	7,350
8	C-17A Globemaster III[4]	5,350	6,200	6,200	6,200	6,200
10	C-27J Spartan[5]	3,014	7,500	7,500	7,500	7,500
7	KC-30A MRTT	4,674	4,700	4,700	4,700	4,700
2	737 BBJ[6]	995	1,600	1,600	1,600	1,600
0	CL-604 Challenger[7]	116	-	-	-	-
3	Falcon-7X[8]	1,102	2,403	2,403	2,403	2,403
2	AP-3C Orion	540	600	600	300	-
11	P-8A Poseidon[9]	4,847	5,775	6,325	6,600	6,600
6	E-7A Wedgetail	3,254	3,600	3,600	3,600	3,600
38	F/A-18A/B Hornet[10]	6,458	4,750	1,500	-	-
24	F/A-18F Super Hornet[11]	3,110	4,050	4,050	4,050	4,050
33	Hawk 127[12]	4,488	6,500	6,500	6,500	6,500
11	E/A-18G Growler[13]	1,675	2,800	2,800	2,800	2,800
22	F-35A Lightning II[14]	3,096	8,204	11,831	14,519	14,900
0	MC-55A Peregrine[15]	-	-	-	300	900
0	MQ-4C Triton[16]	-	-	-	-	250

Notes

1. Fleet sizes represent totals at commencement of 2020-21.
2. Type withdrawal of PC-9/A aircraft was completed by 31 December 2019, following transition to the PC-21 aircraft.
3. Actual KA350 flying hours in 2019-20 has been impacted by COVID-19, changes in operational tasking and aircraft availability.
4. Actual C-17A flying hours in 2019-20 has been impacted by COVID-19, and a reduction in demand to support operations.
5. Actual C-27J flying hours in 2019-20 has been impacted by aircraft availability issues, a reduction in demand due to support operations and COVID-19.
6. Actual 737 BBJ flying hours in 2019-20 has been impacted by reduced demand to support Government.
7. CL-604 aircraft numbers reflects the phased Type withdrawal of the aircraft during 2019-20 due to transition to the Falcon FX.
8. Falcon 7X aircraft numbers reflects the introduction of the aircraft in 2019-20 as Air Force transitions from the CL-604. Actual Falcon FX flying hours in 2019-20 has been impacted by reduced demand to support Government.
9. Actual P-8A flying hours in 2019-20 has been impacted by COVID-19 and minor reduction in aircraft availability.
10. The F/A-18A/B aircraft numbers reflects the phased withdrawal of the aircraft due to transition to the F-35A. Actual flying hours has been impacted by COVID-19, aircraft availability and adverse weather conditions.
11. Actual F/A-18F flying hours in 2019-20 has been impacted by COVID-19 and aircraft availability.
12. Actual Hawk 127 flying hours in 2019-20 has been impacted by aircraft availability following a temporary suspension of operations for technical reasons.
13. Actual E/A-18G Growler flying hours in 2019-20 has been impacted by increased simulator usage and reduction in aircraft and aircrew availability.
14. The F-35A aircraft numbers reflects the phased delivery of the aircraft as Air Force transitions from the F/A-18A/B. Actual F-35A flying hours in 2019-20 has been impacted by reduced aircraft availability.
15. The MC-55A planned flying hours reflects the phased introduction of the aircraft from 2022-23.
16. The MQ-4C planned flying hours reflects the phased introduction of the aircraft from 2023-24.

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	This program will be achieved by: • 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. • Assess the future force requirements to inform force design, preparedness and training needs.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Our Future Joint force is designed, integrated and developed through the analysis of the future operating environment, development of potential responses and Government direction.	The force-in-being and future force are designed, integrated and developed in accordance with strategic policy and risk. *Achieved.*
	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.	Forces meet preparedness requirements and are available for the conduct of operations and national support task. *Achieved.*
	Biannual Integrated Investment Program updates are agreed by Government.	The Integrated Investment Program is delivered as agreed with Government. *Achieved.*
2020-21	*Defence designs the future force to address strategic risks.*	*Our future joint force is designed, integrated and developed through the analysis of strategic policy and risk.*
	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.8 resulting from the following measures: Nil

Note

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

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	28,438	28,263	28,302	30,430	31,027
Suppliers	150,171	156,860	140,697	153,400	188,427
Net losses from sale of assets	-	-	-	-	-
Other expenses	743	21	22	22	23
	179,352	185,144	169,020	183,852	219,477
Expenses not requiring appropriation					
Depreciation and amortisation	3,077	5,220	10,208	17,066	24,738
Inventory consumption	11	-	-	-	-
Net write-down and net impairment of assets[1]	-925	112	102	90	79
	2,164	5,331	10,310	17,156	24,817
Total operating expenses	**181,516**	**190,475**	**179,330**	**201,008**	**244,294**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	11,814	75,147	102,512	135,171	123,321
Purchases of inventory	21	-	-	-	-
Total capital expenditure	**11,835**	**75,147**	**102,512**	**135,171**	**123,321**
Program 2.8 Australian Defence Force Headquarters Total funded expenditure[2]	**191,187**	**260,290**	**271,532**	**319,024**	**342,797**

Notes

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

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

Program 2.9: Capability Acquisition and Sustainment

Program 2.9 Objective

To acquire and sustain Defence equipment, including supplies and services, in the quantities and to the service levels required by Defence and approved by Government.

Delivery	This program will be achieved by effectively partnering with Industry to: • Manage the acquisition of Defence equipment, supplies and services to meet Government and Defence requirements. • Sustain agreed Defence equipment, supplies and services to meet Government and Defence requirements.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Assessment of acquisition projects delivery to meet Government and Defence requirements	Deliver Government approved acquisition projects to budget, schedule and agreed capability scope. *Achieved.*
	Progress to deliver a sustainable, sovereign national naval shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan	The national naval shipbuilding enterprise is designed and delivered in accordance with the Naval Shipbuilding Plan and biannual updates to Government. *Achieved.*
	Assessment of sustainment products delivery to meet Capability Manager requirements.	Deliver sustainment products to meet Capability Manager requirement *Achieved.*
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
	Progress to deliver a sustainable, sovereign shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan.	*Deliver the naval shipbuilding enterprise in accordance with the Naval Shipbuilding Plan to schedule, budget and scope.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.9 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 29: Cost Summary for Program 2.9 Capability Acquisition and Sustainment

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	451,536	485,291	497,024	507,089	517,325
Suppliers	227,505	271,115	266,948	298,328	305,966
Net losses from sale of assets[1]	-	-20,786	-	-	-
Other expenses[2]	-350	-	-	-	-
	678,690	735,620	763,971	805,417	823,291
Expenses not requiring appropriation					
Depreciation and amortisation	620	478	340	217	34
Inventory consumption	22	2	2	2	2
Net write-down and net impairment of assets[3]	16	-3	-4	-5	-6
	658	476	338	214	30
Total operating expenses	**679,349**	**736,097**	**764,309**	**805,631**	**823,321**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	1,138	-	-	-	-
Purchases of inventory	42	-	-	-	-
Total capital expenditure	**1,180**	**-**	**-**	**-**	**-**
Program 2.9 Capability Acquisition and Sustainment Total funded expenditure[4]	**679,871**	**735,620**	**763,971**	**805,417**	**823,291**

Notes

1. Whilst the amount shown in 2020-21 represents a gain for this program, at the portfolio level, Defence has budgeted for a net loss from sale of assets in this year.
2. Whilst the amount shown in 2019-20 represents a gain for this program, at the portfolio level, Defence has a net foreign exchange loss in this year.
3. Defence has budgeted a net reversal of write-downs and net reversal of impairment of assets in 2020-21, 2021-22, 2022-23 and 2023-24.
4. Total Program funded expenditure includes operating expenses and capital expenditure funded by Appropriation and own source revenue. This excludes expenses not requiring appropriation.

Program 2.10: Estate and Infrastructure

Program 2.10 Objective

To deliver integrated estate and infrastructure services to enable Defence Force Operations and to contribute to Defence outcomes.

Delivery	This program will be achieved by: • Managing and sustaining the Defence estate to meet Government and Defence requirements by developing and delivering major infrastructure, environmental and property programs. • Delivering integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force. The approved 2020-21 Enterprise Estate and Infrastructure Program, a component of the Integrated Investment Program, is outlined at Appendix D.

Performance information

Year	Performance criteria[1]	Targets
2019-20	The delivery of services by enabling Groups is progressively integrated.	Services are delivered in accordance with agreed measures. *Partially Achieved.*
	The management and sustainment of the Estate meets the requirements of the Capability Managers.	The Defence Estate Strategy implementation plan is delivered as agreed. *Achieved.*
2020-21	*Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.*	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes	*Service Delivery enables Defence to meet Government outcomes*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.10 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 30: Cost Summary for Program 2.10 Estate and Infrastructure

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	1,049,868	1,107,994	1,148,603	1,192,064	1,219,375
Suppliers	3,038,016	2,785,843	2,846,616	2,898,567	2,716,735
Net losses from sale of assets	-	47,125	21,516	3,973	15,676
Other expenses	307,508	98,972	96,858	95,062	93,459
	4,395,393	4,039,934	4,113,593	4,189,665	4,045,246
Expenses not requiring appropriation					
Depreciation and amortisation	1,221,781	1,256,857	1,267,948	1,297,305	1,341,614
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	1,539	35,251	37,515	40,564	44,652
	1,223,320	1,292,108	1,305,463	1,337,869	1,386,266
Total operating expenses	**5,618,712**	**5,332,042**	**5,419,056**	**5,527,535**	**5,431,511**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	1,297,196	1,521,239	1,920,702	2,391,508	3,145,204
Purchases of inventory	1	-	-	-	-
Total capital expenditure	**1,297,197**	**1,521,239**	**1,920,702**	**2,391,508**	**3,145,204**
Program 2.10 Estate and Infrastructure Total funded expenditure[1]	**5,692,590**	**5,561,173**	**6,034,295**	**6,581,173**	**7,190,449**

Note

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

Program 2.11: Chief Information Officer

Program 2.11 Objective	
A modern, secure, sustainable and scalable information environment to enable Australian Defence Force Operations and support Defence business.	
Delivery	This program will be achieved by: • Planning and governing Defence ICT ensuring the appropriate networking and operation of ICT systems. • Delivering ICT capabilities for Defence by: ▪ Working with stakeholders to shape business requirements and understand priorities; ▪ Partnering with industry to deliver outcomes; and ▪ Building the ICT organisation to shape and direct the future priorities.

Performance information

Year	Performance criteria[1]	Targets
2019-20	The delivery of services by enabling Groups is progressively integrated.	Services are delivered in accordance with agreed measures and within allocated resources. *Partially Achieved.*
2020-21	*Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.*	*Deliver the 2020 Force Structure Plan and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and agreed within capability scope.*
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	*Service Delivery enables Defence to meet Government outcomes.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.11 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 31: Cost Summary for Program 2.11 Chief Information Officer

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	113,725	112,996	114,244	116,641	119,100
Suppliers	1,489,090	1,074,380	1,115,039	1,202,162	1,386,434
Net losses from sale of assets	-	-	-	-	-
Other expenses	479	-	-	-	-
	1,603,295	1,187,377	1,229,284	1,318,803	1,505,534
Expenses not requiring appropriation					
Depreciation and amortisation	367,037	277,366	279,358	277,079	282,755
Inventory consumption	86	-	-	-	-
Net w rite-dow n and net impairment of assets	6,749	5,049	5,378	5,332	5,301
	373,871	282,414	284,736	282,412	288,056
Total operating expenses	**1,977,166**	**1,469,791**	**1,514,020**	**1,601,214**	**1,793,590**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	262,734	402,360	352,798	401,475	388,231
Purchases of inventory	162	-	-	-	-
Total capital expenditure	**262,896**	**402,360**	**352,798**	**401,475**	**388,231**
Program 2.11 Chief Information Officer Total funded expenditure[1]	**1,866,191**	**1,589,736**	**1,582,082**	**1,720,278**	**1,893,765**

Note

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

Program 2.12: Defence People

Program 2.12 Objective	
To deliver a program that enables the required people capability to operate and support Defence equipment and systems, and to manage the business of Defence.	
Delivery	The program will be achieved by: • Providing timely, accurate and high-quality advice on key people issues to the Secretary, CDF and Government. • Produce a revised Defence Strategic Workforce Plan looking out to 2040, to attract, recruit, develop and retain a highly skilled workforce. • Implementing the ADF Total Workforce System to support individual and organisational flexibility. • Implementing, evaluating and embedding Defence's cultural reform strategy, Pathway to Change: Evolving Defence Culture 2017-22. • Driving a high performing culture where leadership, professionalism and corporate behaviour are rewarded and valued. • Delivering a compliant Workplace Health and Safety System that ensures Defence provides a safe work environment for its people. • Delivering welfare services to agreed standards, and implement initiatives to improve the delivery of welfare services to current and former members of the Australian Defence Force. • Deliver a new Recruiting Services Contract.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Defence's workforce has the agility and skills to meet current and future demand to deliver capability.	Milestones within the Defence Strategic Workforce Plan, Total Workforce Model are implemented and critical skillset levels achieved. *Partially Achieved.*
	Implementation of the six key cultural priorities.	Cultural reform priorities are implemented as set out in the Pathway to Change: Evolving Defence Culture 2017-22 strategy. *Partially Achieved.*
	The workforce is safe and supported.	Defence is compliant with Work Health and Safety legislation, regulations and standards to ensure the wellbeing of its workforce and members of the broader Australian community. *Partially Achieved.*
	Appropriate support and services are provided to Defence people and their families.	Delivery meets appropriate standards, including welfare support, transition services and health services. *Achieved.*
	The delivery of services by enabling Groups is progressively integrated.	Services are delivered in accordance with agreed measures. *Partially Achieved.*

Year	Performance criteria[1]	Targets
2020-21	*Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.*	*Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.*
	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	*Service Delivery enables Defence to meet Government outcomes.*
	Defence workforce has the agility, skills and culture to meet current and future demands to deliver capability.	*Key workforce effects outlined in the Defence Strategic Workforce Plan and Total Workforce System are achieved, including critical skillset levels.* *Cultural reform priorities are implemented as set out in Pathway to Change: Evolving Defence Culture 2017-22.* *Embed the One Defence leadership behaviours.*
	A compliant Work Health and Safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community.	*Minimise the exposure to unnecessary health, wellness and safety risk.*
	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	*To transition Australian Defence Force personnel across the service spectrum with a focus on planning for their personal security.*
	Appropriate support and services are provided to Defence families	*Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.12 resulting from the following measures: Nil		

Note

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

Table 32: Cost Summary for Program 2.12 Defence People

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	166,279	182,936	184,994	188,811	192,637
Suppliers	343,383	370,353	383,260	399,279	412,792
Net losses from sale of assets	-	-	-	-	-
Other expenses	3,486	4,142	4,249	4,312	4,276
	513,147	557,431	572,502	592,402	609,705
Expenses not requiring appropriation					
Depreciation and amortisation	18,367	12,680	12,639	12,620	12,542
Inventory consumption	-	-	-	-	-
Net write-down and net impairment of assets	15,944	105	105	106	107
	34,312	12,785	12,744	12,727	12,649
Total operating expenses	**547,459**	**570,216**	**585,246**	**605,128**	**622,354**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	2,956	1,145	1,169	1,193	1,218
Purchases of inventory	-	-	-	-	-
Total capital expenditure	**2,956**	**1,145**	**1,169**	**1,193**	**1,218**
Program 2.12 Defence People Total funded expenditure[1]	**516,103**	**558,576**	**573,671**	**593,595**	**610,923**

Note

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

Program 2.13: Defence Science and Technology

Program 2.13 Objective

To deliver scientific advice and innovative technology solutions for Defence and national security.

Delivery	This program is achieved by: • Undertaking science and technology activities to support Defence operations, the sustainment and enhancement of current capability, and the development and acquisition of future capability. • Undertaking strategic research to develop leap-ahead capabilities for Defence, investigate emerging and future technologies and build the Department's science and technology capability. • Engaging across the national and international science and technology enterprise to build the scale of expertise and innovation needed to solve the complex problems facing Defence.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Science and technology activities support Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.	The balance of investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities. Achieved.
	Strategic research enables Defence to anticipate and exploit advances in science and technology for future Defence capability.	Strategic research investments (including the Next Generation Technologies Fund) are creating disruptive scientific and technological opportunities for Defence. Achieved.
	Defence capability is enhanced by outreach and partnerships with the broader community, including publicly funded research agencies, academia, industry and allied international research agencies.	Collaboration and outreach activities are delivering Defence capability in line with agreed Defence priorities. Achieved.
2020-21	*Strategic research and development enables Defence to anticipate and exploit advances in science and technology for future Defence capability.*	*Stakeholder satisfaction on delivering strategic research investments.* *Achieve performance standards set out in the Government agreed impact framework for the Defence Innovation System.*
	Science and technology activities support Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability, enhanced by collaboration and strategic partnerships.	*The balance of investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities.* *Collaboration and outreach activities support delivery of Defence capability in line with agreed Defence priorities.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes	Defend and protect Australia and advance its strategic interests.

Material changes to Program 2.13 resulting from the following measures: Nil

Note

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

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses funded by appropriation and own source revenue					
Employees	311,463	303,871	309,996	316,215	322,559
Suppliers	183,390	201,872	168,903	215,916	206,715
Net losses from sale of assets	-	-	-	-	-
Other expenses	11,282	9	9	10	10
	506,136	505,752	478,909	532,141	529,284
Expenses not requiring appropriation					
Depreciation and amortisation	30,777	21,668	20,485	17,610	13,416
Inventory consumption	2	-	-	-	-
Net write-down and net impairment of assets[1]	-396	1,829	2,000	1,932	1,860
	30,382	23,497	22,485	19,542	15,275
Total operating expenses	**536,518**	**529,249**	**501,394**	**551,683**	**544,559**
Capital expenditure funded by appropriation					
Purchases of non-financial asset	31,980	15,044	40,138	3,622	889
Purchases of inventory	3	-	-	-	-
Total capital expenditure	**31,983**	**15,044**	**40,138**	**3,622**	**889**
Program 2.13 Defence Science and Technology Total funded expenditure[2]	**538,119**	**520,797**	**519,046**	**535,763**	**530,172**

Notes

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

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

Administered Program 2.14: Defence Force Superannuation Benefits

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 commenced 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
2019-20	Timely and accurate administration of the Administered Programs.	*Administration meets agreed requirements.* *Achieved.*
2020-21	*Timely and accurate administration of the Administered Programs.*	*Administration meets agreed requirements.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes

Defend and protect Australia and advance its strategic interests.

Material changes to Program 2.14 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

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

Note

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

Administered Program 2.15: Defence Force Superannuation Nominal Interest

Administered Program 2.15 Objective

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

Delivery	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. 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. • 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 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.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Timely and accurate administration of the Administered Programs.	Administration meets agreed requirements. *Achieved.*
2020-21	*Timely and accurate administration of the Administered Programs.*	*Administration meets agreed requirements.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.15 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

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

Administered Program 2.16: Housing Assistance

Administered Program 2.16 Objective

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

Delivery	This program will be achieved by: • 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. Notes about this program: • 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.

Performance information

Year	Performance criteria[1]	Targets
2019-20	Eligible ADF members continue to access the scheme.	The scheme is consistently identified in surveys as a contributor to the retention of ADF personnel *Achieved.*
2020-21	*Eligible Australian Defence Force members continue to access the Defence Home Ownership Assistance Scheme.*	*The scheme is consistently identified in surveys as a contributor to the retention of Australian Defence Force personnel.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.

Purposes	Defend and protect Australia and advance its strategic interests.

Material changes to Program 2.16 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 36: Cost Summary for Administered Program 2.16 Housing Assistance

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	110,648	122,256	130,786	139,618	143,315
Total expenses	**110,648**	**122,256**	**130,786**	**139,618**	**143,315**
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	17,384	16,852	17,444	18,015	18,465
Other	-	-	-	-	-
Total income	**17,384**	**16,852**	**17,444**	**18,015**	**18,465**
Program 2.16 Housing Assistance	**93,264**	**105,404**	**113,342**	**121,603**	**124,850**

Administered Program 2.17: Other Administered

Administered Program 2.17 Objective

This program comprises three elements:

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

Delivery	Report on interest and other receipts transferred to the Official Public Account.

Performance information

Year	Performance criteria[1]	2019-20 Actual Achievement/Targets
2019-20	Timely and accurate administration of the Administered Programs.	Administration meets agreed requirements. *Achieved.*
2020-21	*Timely and accurate administration of the Administered Programs.*	*Administration meets agreed requirements.*
2021-22 and beyond	As per 2020-21.	As per 2020-21.
Purposes	Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.17 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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
Expenses					
Total expenses	**-**	**-**	**-**	**-**	**-**
Income					
Revenues					
Interest	20,809	17,514	17,074	14,930	12,334
Dividends	25,604	17,272	16,623	17,542	20,851
Other	54,912	40,520	35,107	53,787	53,873
Total income	**101,325**	**75,306**	**68,804**	**86,259**	**87,058**
Program 2.17 Other Administered	**-101,325**	**-75,306**	**-68,804**	**-86,259**	**-87,058**

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 2020-21 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and Program expenses, movements in administered funds, special accounts and government indigenous expenditure.

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

	Outcome	Opening 2020-21 / *2019-20* $'000	Receipts 2020-21 / *2019-20* $'000	Payments 2020-21 / *2019-20* $'000	Adjustments 2020-21 / *2019-20* $'000	Closing Balance 2020-21 / *2019-20* $'000
Services for Other Entities and Trust Moneys - Defence Special Account – Public Governance, Performance and Accountability Act 2013	**2**	**-**	**-**	**-**	**-**	**-**
	2	*115,240*	*1,852*	*-*	*-117,092*	*-*
Defence Endowments Special Account – Public Governance, Performance and Accountability Act 2013	**2**	**-**	**-**	**-**	**-**	**-**
	2	*51*	*-*	*-*	*-51*	*-*
Fedorczenko Legacy Special Account – Public Governance, Performance and Accountability Act 2013	**2**	**-**	**-**	**-**	**-**	**-**
	2	*167*	*-*	*-*	*-167*	*-*
Defence Endowments, Bequest and Other Trust Moneys Special Account – Public Governance, Performance and Accountability Act 2019	**2**	**153,085**	**206,878**	**-172,517**	**-**	**187,446**
	2	*-*	*207,507*	*-171,732*	*117,310*	*153,085*
Total Special Accounts 2020-21		**153,085**	**206,878**	**-172,517**	**-**	**187,446**
2019-20 estimated actual		*115,458*	*209,359*	*-171,732*	*-*	*153,085*

Notes

1. 2020-21 estimates in bold.
2. 2019-20 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 39: Australian Government Indigenous Expenditure[1]

	Program	Bill No. 1 $'000
Defence Indigenous Employment Strategy	2.12	
Departmental 2020-21 Budget Estimate		8,593
Departmental 2019-20 Estimated Actual		*9,088*
Army Aboriginal Community Assistance Program	2.6	
Departmental 2020-21 Budget Estimate		6,700
Departmental 2019-20 Estimated Actual		*4,474*
Total 2020-21 Revised Estimates		**15,293**
Total 2019-20 Budget Estimates		*13,562*

Note
1. All amounts are GST exclusive.

Defence Indigenous Employment Strategy

Defence remains committed to Reconciliation and the National Agreement on *Closing the Gap*. The Defence Reconciliation Action Plan (D-RAP) 2019-2022 provides the strategic roadmap on how Defence will enhance its commitment to provide better socio-economic outcomes for Aboriginal and Torres Strait Islander Peoples. The D-RAP focus areas include:

- Building stronger relationships with Aboriginal and Torres Strait Islander Peoples and communities.
- Cultivating a deeper understanding and respect for Aboriginal and Torres Strait Islander culture, history and contemporary issues across the organisation.
- Increasing Aboriginal and Torres Strait Islander participation through employment and procurement opportunities.
- Improving the retention of Aboriginal and Torres Strait Islander personnel, and providing career development opportunities.

As at 30 June 2020, ADF Indigenous participation in Defence against the Australian Government target of 2.7 per cent, is at 3.2 per cent, with the APS Indigenous workforce reflecting 2.3 per cent.

Defence has set ambitious Indigenous representation targets of 3.0 per cent for the Defence Australian Public Service (APS) workforce by 2022, and 5.0 per cent for the Australian Defence Force (ADF) by 2025.

Defence continues to follow Australian Government targets under the Indigenous Procurement Policy (IPP). Since the introduction of the IPP in 2015, over $2 billion of Commonwealth Government contracts have been awarded to Indigenous businesses. Of this, Defence has awarded over $1 billion in contract value to Indigenous-owned businesses.

Defence will continue to partner with Indigenous communities to co-design initiatives that provide direct support and outcomes for Indigenous Australians. This includes:

- Dual-naming major Defence bases in Traditional language which acknowledges Indigenous culture and communities.
- Establishing an enhanced Indigenous Liaison Officer network, specialised Indigenous appointments and external promotion of Indigenous Affairs through the media.

- Appointing a fulltime Navy Indigenous Advisor and Army announced the appointment of their second Indigenous Elder. Air Force are strengthening their community relationship with the National Aboriginal Community Controlled Organisation, extending the Kummundoo Program for a further five years.
- The Defence Force Recruiting Specialist Recruitment Teams now including Indigenous and non-Indigenous Navy, Army and Air Force members who are responsible for mentoring and supporting the transition of Indigenous candidates into the ADF.

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. Air Force creates individual Pathway Programs developed to suit the candidate's needs and growth areas. Indigenous Youth Programs are run on Air Force Bases as engagement and recruitment opportunities.

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 Program (AACAP) is a joint initiative between Army and the National Indigenous Australians Agency (NIAA). The aim of AACAP is to improve the infrastructure, health and living conditions within remote aboriginal communities. This aim supports the federal government's commitment to 'closing the gap' between indigenous and non-indigenous Australians. One project is undertaken each calendar year. These AACAP projects leverage the ability of Army to deliver a range of services in remote areas, providing infrastructure works, employability skills training, health promotion and community support in a holistic and effective manner. Army also benefits from the opportunities afforded by the conduct of AACAP Projects to exercise and test various operational capabilities. The planned 2020 Project in Pormpuraaw in Far North Queensland was postponed due to COVID-19 impacts and will be rescheduled for completion as the 2021 project.

Air Force Kummundoo Program (Health)

Kummundoo initiative involves a partnership between Air Force and National Aboriginal Community Controlled Health Organisation (NACCHO), as the national peak body for Aboriginal and Torres Strait Islander health, through which Air Force can contribute to enhancing primary health care outcomes in Aboriginal and Torres Strait Islander communities. It creates opportunities for Air Force people to deploy into unique environments to assist Aboriginal and Torres Strait Islander communities on mutually agreed projects.

3.1.2 Grants

The following are total approved grants (GST exclusive) for 2020-21.

Table 40: Approved Grants

	Total Approved 2019-20 Estimated Actual $'000	Total Approved 2020-21 Budget Estimate $'000
Grant Sub-Programs:		
ADF Long Tan Awards	1,688	1,800
ADF Future Innovator Awards[1]	-	1,800
Army History Research	82	94
Australia-US Multidisciplinary University Research Initiative (AUSMURI)[2]	3,000	3,000
Centre for Defence Industry Capability (CDIC)	17,613	22,822
Defence Cooperative Research Centre (DCRC)	7,427	8,909
Family Support Funding Program (FSFP)	1,377	1,552
Industry Skilling Program Enhancement (ISPE) through School Pathways Programs (SPP)	1,400	1,400
New Air Combat Capability (NACC)	2,560	809
Skilling Australia's Defence Industry (SADI) Grants Program	-	39,000
Strategic Policy Grants Program	5,822	5,899
	40,969	**87,085**
Other Grants:		
Australian Strategic Policy Institute (ASPI)	-	-
Australian Women's Pilots' Association	58	-
City of Parramatta RSL	9	-
Stand Tall for PTSD	350	-
War Widows' Guild of Australia NSW Limited	10	-
Williamstown Pre-School Inc.	73	-
Kapani Warrior	20	-
	520	**-**
Total Grants Approved[2]	**41,489**	**87,085**

Notes

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

Explanation of Grants

The following is a description of the approved grants expected to be undertaken in 2020-21:

ADF Long Tan Awards

The ADF Long Tan Youth Leadership and Teamwork Awards is an on-going grants sub-program that recognises students who demonstrate leadership and teamwork within both the school and the broader local community. At the same time, they recognise those who display strong values, such as doing one's best, respect for others and "mateship", characteristics that are integral to Australian society.

ADF Future Innovators Awards

The ADF Future Innovators Award is a newly established sub-program that encourages Year 10 and Year 12 high school students in their pursuit of Science, Technology, Engineering and Mathematics (STEM) studies, and recognises their innovative talents. STEM skills are integral to Australia's expertise, productivity and prosperity. As STEM skills are the foundation of more than 40 per cent of full-time ADF roles, Defence is looking for young innovators to join the ADF's STEM ranks and tackle the challenges of a fast evolving, technological world.

Army History Research Program

The Army History Research Program is an on-going grants program for individuals or entities who can promote the study and understanding of the Australian Army's history.

Australia-US Multidisciplinary University Research Initiative (AUSMURI)

AUSMURI is an on-going grants program that encourages Australian universities to collaborate with universities in the United States and explore opportunities in designated topics. It complements the Multidisciplinary University Research Initiative (MURI) grant program administered by the US Department of Defense. AUSMURI supports Australian universities which are part of successful bids in the US MURI process.

Centre for Defence Industry Capability

The Centre for Defence Industry Capability (CDIC) provides advisory and facilitation services to businesses nationwide, including business improvement, skills development and supply chain facilitation services:

- Capability Improvement Grants of up to $250,000 to engage a consultant or expert to implement business improvements;
- Sovereign Industrial Capability Priority Grant of up to $1 million to invest in projects that build capabilities aligned with Defence's stated Sovereign Industrial Capability Priorities; and
- Defence Global Competitiveness Grant of up to $150,000 to invest in projects that overcome barriers to accessing export opportunities.

Defence Cooperative Research Centre

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

Family Support Funding Program

The Family Support Funding Program (FSFP) is an on-going grants program that enables community organisations to deliver support and services of value to Defence families and their communities. The FSFP provides funding to not-for-profit organisations to facilitate the coming together of Defence families to support their overall wellbeing and engagement within their local communities and to empower them to thrive and contribute to community capacity building.

Industry Skilling Program Enhancement through School Pathways Programs

The Schools Pathways Program (SPP) is an on-going grants program that is aimed at reducing the skills shortage in Defence industry by increasing the pool of STEM educated students and informing Australia's youth about employment opportunities and pathways into the Defence industry.

Skilling Australia's Defence Industry

The Skilling Australia's Defence Industry Grants Program (SADI) is a grant program that will run over three years from 2019-20 to 2021-22. The program is a key initiative of the Defence Industry Skilling and STEM Strategy launched in February 2019.

SADI supports Defence Industry Small to Medium Enterprises to have a highly skilled workforce that can fulfil current and future Defence capability needs.

New Air Combat Capability

The New Air Combat Capability (NACC-ISP) is an on-going grant program that provides support to Australian industry and research organisations involved in the Joint Strike Fighter (JSF) program. The purpose of the program is to enable Australian companies and research organisations to support the development of new or improved capability to win work in the production, sustainment and follow-on development phases of the F-35 JSF program. The NACC–ISP is a grant program that is delivered with the assistance of Department of Industry, Science and Innovation through the CDIC and AusIndustry.

Strategic Policy Grants Program

The Strategic Policy Grants program is an on-going grant program that supports research, events and professional development activities that will improve Defence's strategic policy advice and enhance the public debate on Defence-focused national security issues.

Other Grants

Defence may also issue grants to individuals and entities who propose initiatives outside of the specified grant programs, these opportunities will be selected on merit and must meet the strategic policy objectives of the Department of Defence and the Australian Government.

3.2 RESOURCE SUMMARY

Table 41: Defence Resource Statement — Budget Estimates for 2020-21 as at Budget October 2020

	Actual available appropriation 2019-20 $'000	Estimate of prior year amounts available in 2020-21 $'000	Proposed at Budget 2020-21 $'000	Total Estimate 2020-21 $'000
Departmental				
Annual appropriations - ordinary annual services	34,334,948	-	27,325,191	27,325,191
Draw down of prior year appropriations	-	-	-	-
Prior year appropriations available	40,085	249,000	-	249,000
Equity injection	4,015,029	-	11,671,009	11,671,009
Departmental Capital Budget	-	-	2,718,949	2,718,949
Total departmental annual	**38,390,062**	**249,000**	**41,715,149**	**41,964,149**
Total departmental resourcing	**38,390,062**	**249,000**	**41,715,149**	**41,964,149**
Administered				
Annual appropriations - ordinary annual services	2,980,811	-	2,859,256	2,859,256
Prior year appropriations available	-	-	-	-
Equity injection	-	-	-	-
Total administered annual	**2,980,811**	**-**	**2,859,256**	**2,859,256**
Total administered special appropriations				
Special accounts				
Opening balance	115,458	153,085	-	153,085
Non-appropriation receipts	209,359	-	206,878	206,878
Payments made	-171,732	-	-172,517	-172,517
Adjustments	-	-	-	-
Total special accounts	**153,085**	**153,085**	**34,361**	**187,446**
Total administered resourcing	**3,133,896**	**153,085**	**2,893,617**	**3,046,702**

Table 42: Third Party Payments to and from other Agencies[1]

	Estimated Actual 2019-20 $'000	Budget Estimate 2020-21 $'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	97,995	63,234
Payments made to Defence Housing Australia for the provision of services (Departmental)	590,039	577,444
Receipts from Australian Signals Directorate for provision of services (Departmental)	89,276	92,559
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	105,196	24,723
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	33,641	33,978
Payments made to the Department of Finance for the provision of services (Departmental)	40,620	70,102
Payments made to Comcare for workers compensation premiums (Departmental)	19,346	20,393
Payments made to the Australian Federal Police for the provision of services (Departmental)	40,916	50,804

Note

1. Third party payments to and from other Agencies include:
- Inter-agency transactions in excess of $20m per annum;
- Inter-agency transactions that were in excess of $20m in the previous year's annual statements; and
- Inter-agency transactions relating to Budget Measures as disclosed in Defence Budget Measures.

3.3 BUDGETED FINANCIAL STATEMENTS

3.3.1 Departmental and Administered Budgeted Financial Statements

Table 43: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services) (for the period ended 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
EXPENSES					
Employee benefits	12,342,127	12,433,518	12,654,319	12,974,757	13,329,402
Supplier expenses	15,527,768	16,673,912	16,750,549	18,254,015	19,047,208
Grants	164,683	74,193	70,482	43,913	44,018
Depreciation and amortisation	6,258,163	6,680,208	7,341,323	7,283,662	8,149,187
Finance costs	125,639	113,430	111,577	109,446	107,514
Write-down of assets and impairment of assets	708,667	774,857	867,302	975,054	1,088,483
Foreign exchange losses	142,755	-	-	-	-
Net losses from sale of assets	-	14,966	10,176	8,230	17,394
Other	223,287	575	-	-	-
Total expenses	**35,493,089**	**36,765,661**	**37,805,727**	**39,649,076**	**41,783,207**
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	518,092	553,644	561,218	565,337	586,464
Other revenue	118,306	47,495	48,010	49,041	50,277
Total own-source revenue	**636,397**	**601,139**	**609,228**	**614,378**	**636,741**
Gains					
Foreign exchange	98,834	-	-	-	-
Reversals of previous asset write-downs	380,362	428,645	483,272	545,637	612,816
Net gains from sale of assets	100,647	-	-	-	-
Other gains[1]	236,653	174,418	334,051	358,887	211,626
Total gains	**816,496**	**603,063**	**817,323**	**904,524**	**824,442**
Total own-source income	**1,452,893**	**1,204,203**	**1,426,551**	**1,518,902**	**1,461,183**
Net cost of (contribution by) services	**34,040,195**	**35,561,458**	**36,379,176**	**38,130,174**	**40,322,025**
Revenue from Government	34,290,209	27,325,191	27,731,361	29,316,078	30,405,804
Surplus (Deficit) attributable to the Australian Government	**250,014**	**-8,236,267**	**-8,647,815**	**-8,814,096**	**-9,916,221**
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	105,836	-	**-**	**-**	**-**
Total other comprehensive income/(loss)	**105,836**	-	**-**	**-**	**-**
Total comprehensive income/(loss) attributable to the Australian Government	**355,850**	**-8,236,267**	**-8,647,815**	**-8,814,096**	**-9,916,221**
Note: Impact of Net Cash Appropriation Arrangements[2]					
Surplus/ (Deficit) attributable to the Australian Government prior to Net Cash Appropriation Adjustments[2]	**250,014**	**61,752**	**241,425**	**242,119**	**60,357**
Less: Items previously included in revenue appropriation:					
Depreciation and amortisation	n.a.	6,680,208	7,341,323	7,283,662	8,149,187
Inventory consumption	n.a.	1,508,318	1,407,053	1,593,304	1,604,670
Net write-down and net impairment of assets	n.a.	346,212	384,030	429,417	475,668
Add: Repayment of lease liabilities funded through revenue appropriations	n.a.	236,719	243,166	250,168	252,947
Surplus (Deficit) attributable to the Australian Government as per above	**250,014**	**-8,236,267**	**-8,647,815**	**-8,814,096**	**-9,916,221**

Notes

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

2. Defence has adopted Net cash funding arrangements from 2020-21 . The move aligns Defence's funding and reporting with other Commonwealth agencies. Refer table 1b and related disclosures in relation to Adoption of net cash funding presentation for further details.

Table 44: Budgeted Departmental Balance Sheet (as at 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
ASSETS					
Financial assets					
Cash and cash equivalents	427,418	334,859	334,859	334,859	334,859
Trade and other receivables	60,545	60,545	60,545	60,545	60,545
Tax assets	229,965	229,965	229,965	229,965	229,965
Appropriation receivable	249,000	249,000	249,000	249,000	249,000
Other receivables	580,931	580,929	580,927	580,925	580,923
Total financial assets	**1,547,859**	**1,455,298**	**1,455,296**	**1,455,294**	**1,455,292**
Non-financial assets					
Land and buildings	19,965,134	20,850,951	22,226,188	24,335,984	26,694,869
Infrastructure, plant and equipment	8,223,375	8,355,429	8,732,098	8,812,800	8,682,397
Specialist military equipment	71,753,855	76,445,214	82,296,730	89,727,019	98,093,645
Intangibles	899,284	1,124,281	1,477,604	1,928,145	2,262,908
Heritage and cultural	474,107	449,227	424,348	399,581	374,946
Inventories	7,369,485	7,371,277	7,373,735	7,373,281	7,372,826
Prepayments	1,825,942	2,108,374	2,479,859	2,899,939	3,296,924
Total non-financial assets	**110,511,182**	**116,704,753**	**125,010,562**	**135,476,749**	**146,778,515**
Assets held for sale	215,822	215,822	215,822	215,822	215,822
Total assets	**112,274,863**	**118,375,873**	**126,681,680**	**137,147,865**	**148,449,629**
LIABILITIES					
Payables					
Suppliers	2,719,992	2,873,366	3,113,256	3,384,641	3,609,180
Other	704,903	638,223	681,784	726,849	791,220
Total payables	**3,424,895**	**3,511,590**	**3,795,039**	**4,111,490**	**4,400,401**
Interest bearing liabilities					
Leases	2,884,524	2,647,805	2,404,640	2,154,472	1,901,525
Total interest bearing liabilities	**2,884,524**	**2,647,805**	**2,404,640**	**2,154,472**	**1,901,525**
Provisions					
Employee provisions	3,412,595	3,509,937	3,593,941	3,697,557	3,805,617
Restoration, decontamination and decommissioning	1,414,034	1,414,034	1,414,034	1,414,034	1,414,034
Other	332,561	332,561	332,561	332,561	332,561
Total provisions	**5,159,190**	**5,256,533**	**5,340,537**	**5,444,153**	**5,552,213**
Total liabilities	**11,468,609**	**11,415,928**	**11,540,216**	**11,710,114**	**11,854,138**
NET ASSETS	**100,806,254**	**106,959,946**	**115,141,464**	**125,437,751**	**136,595,491**
EQUITY					
Contributed equity	35,794,975	50,184,933	67,014,267	86,124,649	107,198,610
Reserves	27,983,805	27,983,805	27,983,805	27,983,805	27,983,805
Retained surplus (accumulated deficit)	37,027,474	28,791,207	20,143,392	11,329,296	1,413,075
Total equity	**100,806,254**	**106,959,946**	**115,141,464**	**125,437,751**	**136,595,491**

Table 45: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	34,126,033	27,325,191	27,731,361	29,316,078	30,405,804
Goods and services	558,697	461,085	561,218	565,337	586,464
Net GST received	2,081,767	2,271,870	2,475,934	2,767,521	3,055,524
Interest	11,607	-	-	-	-
Other cash received	183,744	47,497	48,012	49,043	50,279
Cash transfer from the Official Public Account (receivables)	1,191,013	-	-	-	-
Total cash received	**38,152,861**	**30,105,643**	**30,816,525**	**32,697,979**	**34,098,071**
Cash used					
Employees	11,972,383	12,314,991	12,526,741	12,826,061	13,156,957
Suppliers	14,777,443	15,278,818	15,465,639	16,803,835	17,609,272
Net GST paid	2,046,281	2,271,870	2,475,934	2,767,521	3,055,524
Grants	166,141	74,193	70,482	43,913	44,018
Other cash used	216,485	575	-	-	-
Cash transfer to the Official Public Account (receivables)	1,191,013	-	-	-	-
Total cash used	**30,369,746**	**29,940,448**	**30,538,796**	**32,441,330**	**33,865,772**
Net cash from (used by) operating activities	**7,783,115**	**165,195**	**277,729**	**256,649**	**232,299**
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	66,473	56,381	54,865	89,372	106,366
Proceeds from sales of infrastructure, plant and equipment	12,848	19,167	20,207	24,862	28,811
Proceeds from sales of specialist military equipment	144,523	51,484	17,004	-	-
Proceeds from sales of heritage and cultural assets	-	-	-	-	-
Other cash received	844	-	-	-	-
Total cash received	**224,688**	**127,032**	**92,076**	**114,234**	**135,177**
Cash used					
Purchase of land and buildings	804,995	1,713,513	2,083,465	2,870,509	3,330,681
Purchase of infrastructure, plant and equipment	1,003,918	727,532	954,989	679,294	522,114
Purchase of specialist military equipment	7,703,468	9,754,699	11,523,909	12,947,952	14,640,101
Purchase of intangibles	194,155	387,676	524,758	643,699	556,389
Purchase of inventory	1,803,661	1,806,539	1,742,211	1,968,929	2,024,676
Selling costs on sale of assets	20,495	34,637	15,063	11,269	7,015
Finance costs	91,924	113,430	111,577	109,446	107,514
Total cash used	**11,622,616**	**14,538,026**	**16,955,973**	**19,231,098**	**21,188,490**
Net cash from (used by) investing activities	**-11,397,928**	**-14,410,993**	**-16,863,897**	**-19,116,863**	**-21,053,313**
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,015,029	11,671,009	14,064,357	16,185,138	17,993,813
Appropriations - departmental capital budget	-	2,718,949	2,764,976	2,925,245	3,080,148
Prior year appropriation	-	-	-	-	-
Total cash received	**4,015,029**	**14,389,958**	**16,829,333**	**19,110,383**	**21,073,961**
Cash used					
Repayment of debt	259,927	236,719	243,166	250,168	252,947
Total cash used	**259,927**	**236,719**	**243,166**	**250,168**	**252,947**
Net cash from (used by) financing activities	**3,755,102**	**14,153,239**	**16,586,168**	**18,860,215**	**20,821,014**
Net increase (decrease) in cash and cash equivalents held	140,289	-92,559	-	-	-
Cash and cash equivalents at the beginning of the reporting period	286,961	427,418	334,859	334,859	334,859
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	168	-	-	-	-
Cash and cash equivalents at the end of the reporting period	**427,418**	**334,859**	**334,859**	**334,859**	**334,859**

Table 46: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2020-21)

	Retained Earnings $'000	Asset Revaluation Reserve $'000	Contributed Equity/ Capital $'000	Total Equity $'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	37,027,474	27,983,805	35,794,975	**100,806,254**
Adjustment for changes in accounting policies	-	-	-	**-**
Adjusted opening balance	**37,027,474**	**27,983,805**	**35,794,975**	**100,806,254**
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	**-**
Subtotal comprehensive income	**-**	**-**	**-**	**-**
Surplus (Deficit) for the period	-8,236,267	-	-	**-8,236,267**
Total comprehensive income recognised directly in equity	**-8,236,267**	**-**	**-**	**-8,236,267**
Transactions with owners				
Distribution to owners				
Returns on capital:				
Restructuring	-	-	-	**-**
Other	-	-	-	**-**
Contributions by owners				
Appropriation (equity injection)	-	-	11,671,009	**11,671,009**
Departmental Capital Budget	-	-	2,718,949	**2,718,949**
Other	-	-	-	**-**
Sub-total transaction with owners	**-**	**-**	**14,389,958**	**14,389,958**
Transfers between equity components	-	-	-	**-**
Estimated closing balance as at 30 June 2021	**28,791,207**	**27,983,805**	**50,184,933**	**106,959,946**

Table 47: Departmental Capital Budget Statement (for the period ended 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
CAPITAL APPROPRIATIONS					
Departmental Capital					
Departmental Capital Budget	-	2,718,949	2,764,976	2,925,245	3,080,148
Bill 2 Equity	4,015,029	11,671,009	14,064,357	16,185,138	17,993,813
Total capital appropriations	**4,015,029**	**14,389,958**	**16,829,333**	**19,110,383**	**21,073,961**
Represented by:					
Purchase of non-financial assets	2,211,368	12,583,419	15,087,122	17,141,454	19,049,285
Purchase of inventory	1,803,661	1,806,539	1,742,211	1,968,929	2,024,676
Annual finance lease costs	-	-	-	-	-
Other items	-	-	-	-	-
Total Items	**4,015,029**	**14,389,958**	**16,829,333**	**19,110,383**	**21,073,961**
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,015,029	14,389,958	16,829,333	19,110,383	21,073,961
Funded by prior year appropriation	-	-	-	-	-
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources[1]	7,495,168	-	-	-	-
Total	**11,510,197**	**14,389,958**	**16,829,333**	**19,110,383**	**21,073,961**
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	11,642,898	14,559,058	17,157,933	19,463,683	21,279,861
plus borrowing/finance costs	91,924	113,430	111,577	109,446	107,514
less gifted assets	132,701	169,100	328,600	353,300	205,900
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	**11,602,121**	**14,503,388**	**16,940,910**	**19,219,828**	**21,181,475**

Note

1. Includes the following sources of funding:
   - annual appropriations;
   - donations and contributions;
   - gifts;
   - internally developed assets;
   - s74 relevant agency receipts; and
   - proceeds from the sale of assets.

Table 48: Statement of Departmental Asset Movements (Budget year 2020-21)

	Land $'000	Buildings $'000	Specialist Military Equipment $'000	Infrastructure, Plant and Equipment $'000	Intangibles $'000	Heritage and Cultural Assets $'000	Assets Held for Sale $'000	Total $'000
As at 1 July 2020								
Gross book value	5,482,190	13,351,900	73,520,674	8,311,325	2,198,881	495,429	231,357	**103,591,756**
Gross book value - ROU	61,809	2,085,879	296,548	592,563	-	-	-	**3,036,799**
Accumulated depreciation/amortisation and impairment	-	879,280	2,055,078	635,224	1,299,597	21,322	15,535	**4,906,036**
Accumulated depreciation/amorisation and impairement - ROU	-	137,364	8,289	45,289	-	-	-	**190,942**
Opening net book balance	**5,543,999**	**14,421,135**	**71,753,855**	**8,223,375**	**899,284**	**474,107**	**215,822**	**101,531,577**
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	8,315	1,705,198	9,754,699	727,532	387,676	-	-	**12,583,419**
By purchase - appropriation equity - ROU	-	24,550	-	17,611	-	-	-	**42,161**
By purchase - donated funds	70,788	50,387	-	47,925	-	-	-	**169,100**
By purchase - donated funds - ROU	-	-	-	-	-	-	-	**-**
By finance lease	-	-	-	-	-	-	-	**-**
By finance lease - ROU	-	-	-	-	-	-	-	**-**
Total additions	**79,103**	**1,755,585**	**9,754,699**	**775,457**	**387,676**	**-**	**-**	**12,752,519**
Total additions - ROU	**-**	**24,550**	**-**	**17,611**	**-**	**-**	**-**	**42,161**
Other movements								
Reclassifications[1]	-	-30,985	247,246	6,422	-	-	-	**222,683**
Reclassifications - ROU	-	-	-	-	-	-	-	**-**
Depreciation and amortisation	-	640,976	5,030,923	539,804	162,679	24,880	-	**6,399,263**
Depreciation and amortisation - ROU	-	187,553	31,476	61,916	-	-	-	**280,945**
Other disposals[2]	65,620	48,287	248,187	65,715	-	-	-	**427,809**
Other disposals - ROU	-	-	-	-	-	-	-	**-**
Total other movements	**-65,620**	**-720,248**	**-5,031,864**	**-599,098**	**-162,679**	**-24,880**	**-**	**-6,604,388**
Total other movements - ROU	**-**	**-187,553**	**-31,476**	**-61,916**	**-**	**-**	**-**	**-280,945**
As at 30 June 2021								
Gross book value	5,495,673	15,028,213	83,274,432	9,027,488	2,586,557	495,429	231,357	**116,139,150**
Gross book value - ROU	61,809	2,110,429	296,548	610,174	-	-	-	**3,078,960**
Accumulated depreciation/amortisation and impairment	-	1,520,256	7,086,001	1,175,029	1,462,276	46,202	15,535	**11,305,298**
Accumulated depreciation/amortisation and impairment - ROU	-	324,917	39,765	107,205	-	-	-	**471,887**
Closing net book value	**5,557,482**	**15,293,469**	**76,445,214**	**8,355,429**	**1,124,281**	**449,227**	**215,822**	**107,440,925**

Notes

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

Table 49: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	20,809	17,514	17,074	14,930	12,334
Dividends	25,604	17,272	16,623	17,542	20,851
Military superannuation contributions	1,351,453	1,245,883	1,152,202	1,066,486	989,175
Fees	17,384	16,852	17,444	18,015	18,465
Other	54,912	40,520	35,107	53,787	53,873
Total non-taxation	**1,470,162**	**1,338,041**	**1,238,450**	**1,170,760**	**1,094,698**
Total revenues administered on behalf of Government	**1,470,162**	**1,338,041**	**1,238,450**	**1,170,760**	**1,094,698**
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	110,648	122,256	130,786	139,618	143,315
Military retention benefits	99,566	75,231	75,231	75,231	47,971
Military superannuation benefits	9,718,400	9,486,526	7,072,348	7,289,396	7,520,715
Total expenses administered on behalf of Government	**9,928,614**	**9,684,013**	**7,278,365**	**7,504,245**	**7,712,001**

Table 50: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	146,014	180,375	180,375	180,375	180,375
Trade and other receivables	61,412	47,436	46,787	47,706	51,015
Investments accounted for using the equity method	2,711,504	2,778,492	2,845,480	2,912,468	2,979,456
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	**3,428,510**	**3,515,883**	**3,582,222**	**3,650,129**	**3,720,426**
Non-financial assets					
Prepayments	250,157	219,626	144,395	69,164	21,193
Total non-financial assets	**250,157**	**219,626**	**144,395**	**69,164**	**21,193**
Total assets administered on behalf of Government	**3,678,667**	**3,735,509**	**3,726,617**	**3,719,293**	**3,741,619**
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	154,574	188,935	188,935	188,935	188,935
Total payables	**154,574**	**188,935**	**188,935**	**188,935**	**188,935**
Provisions					
Superannuation - DFRB[1]	460,300	323,883	304,751	287,386	270,570
Superannuation - DFRDB[2]	51,559,000	32,992,689	32,896,116	32,815,533	32,691,928
Superannuation - MSBS[3]	134,511,000	62,546,606	66,271,468	70,008,760	73,726,875
Superannuation - ADF Super[4]	1,620,900	975,817	1,477,852	2,092,949	2,820,369
Total provisions	**188,151,200**	**96,838,995**	**100,950,187**	**105,204,628**	**109,509,742**
Total liabilities administered on behalf of Government	**188,305,774**	**97,027,930**	**101,139,122**	**105,393,563**	**109,698,677**

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

	2019-20 Estimated Actual $'000	2020-21 Budget Estimate $'000	2021-22 Forward Estimate $'000	2022-23 Forward Estimate $'000	2023-24 Forward Estimate $'000
OPERATING ACTIVITIES					
Cash received					
Interest	20,809	17,514	17,074	14,930	12,334
Military superannuation contributions	1,498,429	1,245,883	1,152,204	1,066,486	989,176
Fees	17,454	16,852	17,444	18,015	18,465
Other	54,210	40,520	35,105	53,787	53,872
Total cash received	**1,590,902**	**1,320,769**	**1,221,827**	**1,153,218**	**1,073,847**
Cash used					
Subsidies paid	109,140	122,256	130,786	139,618	143,315
Military benefits	2,871,671	2,737,000	2,961,156	3,034,955	3,215,601
Total cash used	**2,980,811**	**2,859,256**	**3,091,942**	**3,174,573**	**3,358,916**
Net cash from or (used by) operating activities	**-1,389,909**	**-1,538,487**	**-1,870,115**	**-2,021,355**	**-2,285,069**
INVESTING ACTIVITIES					
Cash received					
Dividends	24,545	25,604	17,272	16,623	17,542
Total cash received	**24,545**	**25,604**	**17,272**	**16,623**	**17,542**
Cash used					
Loans	**-**	**-**	**-**	**-**	**-**
Total cash used	**-**	**-**	**-**	**-**	**-**
Net cash from (used by) investing activities	**24,545**	**25,604**	**17,272**	**16,623**	**17,542**
Net increase (decrease) in cash held	**-1,365,364**	**-1,512,883**	**-1,852,843**	**-2,004,732**	**-2,267,527**
Cash at the beginning of reporting period	114,576	146,014	180,375	180,375	180,375
Cash from the Official Public Account for appropriations	2,980,811	2,859,256	3,091,942	3,174,573	3,358,916
Cash to the Official Public Account	-1,615,447	-1,346,373	-1,239,099	-1,169,841	-1,091,389
Net increase (decrease) in Special Account	31,438	34,361	-	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	**146,014**	**180,375**	**180,375**	**180,375**	**180,375**

3.3.2 Notes to the Financial Statements

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

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