



Budget

2019-20

Portfolio Budget Statements 2019-20
Budget Related Paper No. 1.4A

Defence Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

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THE HON CHRISTOPHER PYNE MP
MINISTER FOR DEFENCE
LEADER OF THE HOUSE
MEMBER FOR STURT

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2019-20 Budget for the Defence portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

Christopher Pyne MP

Abbreviations and Conventions

The following notations may be used:

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nfp	not for publication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

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

Enquiries

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

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

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

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USER GUIDE

The purpose of the *2019-20 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

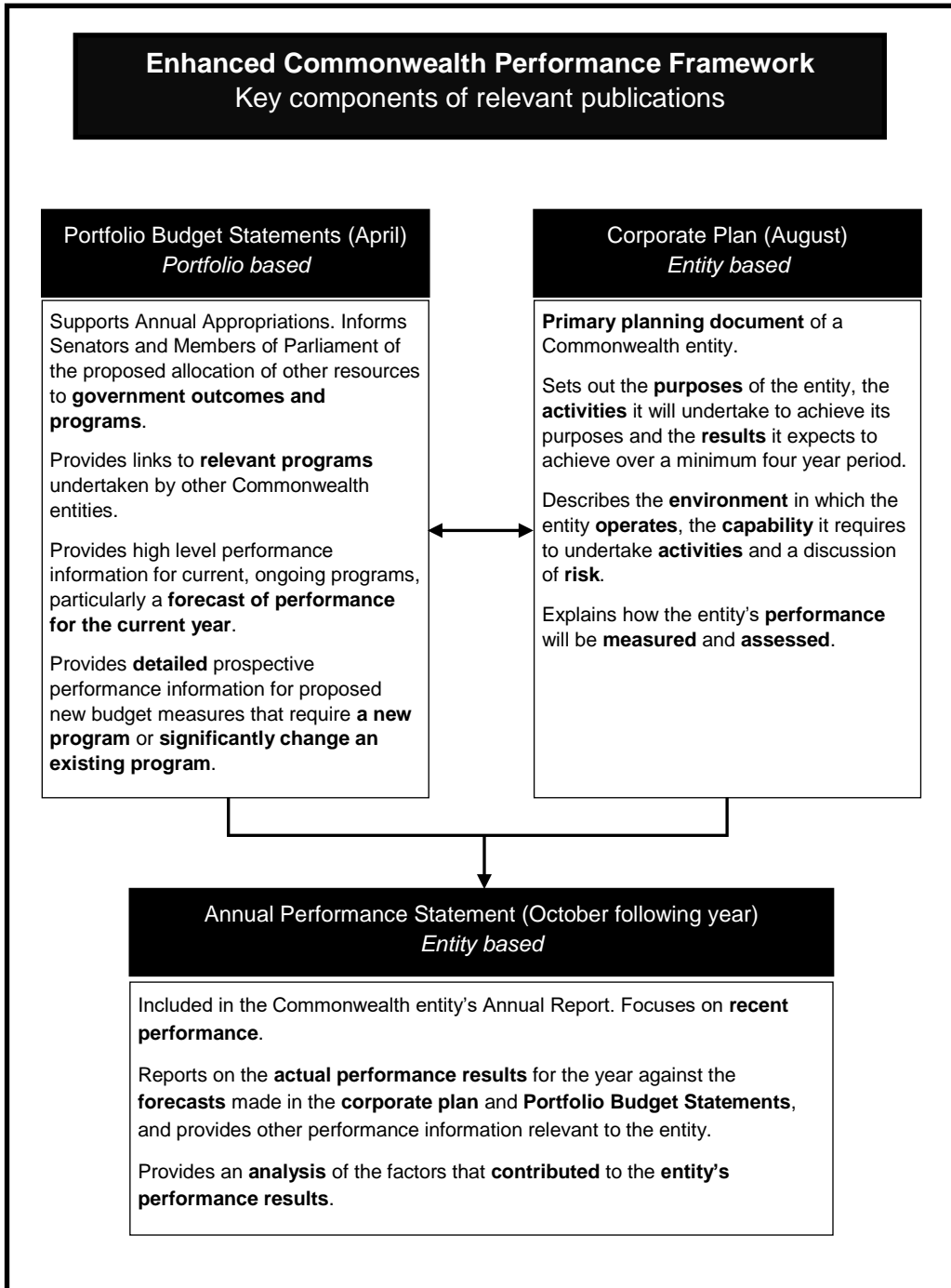
A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2019-20 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2019-20 for the parliamentary departments). In this sense, the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

The Enhanced Commonwealth Performance Framework

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and Planned Performance.



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PORTFOLIO OVERVIEW

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DEFENCE PORTFOLIO OVERVIEW

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

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

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

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

The Department of Veterans' Affairs (DVA) and associated bodies - as designated in the Administrative Arrangements Order - also form part of the Defence Portfolio. DVA is administered separately to Defence, and information related to the department can be found in its portfolio budget and portfolio additional estimate statements.

Defence's primary roles are to protect and advance Australia's strategic interests through the promotion of security and stability, provide military capabilities to defend Australia and its national interests, and support the Australian community and civilian authorities as directed by the Government. The Defence budget will grow to 2 per cent of Australia's Gross Domestic Product by 2020-21 - equating to approximately \$200 billion in Australia's defence capability over 10 years.

The 2016 Defence White Paper, released on 25 February 2016, set out the Government's comprehensive long-term plan for Australia's defence, and set the strategic direction of the portfolio. While the strategic change forecast in the 2016 White Paper is occurring at varying rates across the globe, Defence will continue to build and enable capability - including international relationships and approaches to our region - to support national security interests.

Ministers and their Portfolio Responsibilities

CHANGES AFFECTING THE PORTFOLIO

The Hon Christopher Pyne MP was sworn in as the Minister for Defence on the 28 August 2018.

Senator the Hon Linda Reynolds CSC was sworn in on 2 March 2019 as the Minister for Defence Industry.

Senator the Hon David Fawcett was sworn in on 28 August 2018 as the Assistant Minister for Defence.

The Hon Darren Chester MP continues as the Minister for Veterans' Affairs, Minister for Defence Personnel, and Minister Assisting the Prime Minister for the Centenary of ANZAC.

The Ministers and their portfolio responsibilities are as follows:

The Hon Christopher Pyne MP, Minister for Defence

- Oversight of all aspects of the Defence Portfolio
- Strategic policy
- ADF Operations
- International Engagement
- Defence Budget
- Defence White Paper implementation
- Force Posture
- Force Structure
- Development of capability requirements, delivery of capability acquisition projects, and delivery of capability sustainment
- Capability/cost trade off during capability life cycle
- Intelligence
- Australian Signals Directorate
- Science and Technology policy, and support to operations and oversight of DST

Senator the Hon Linda Reynolds CSC, Minister for Defence Industry

- Support the Minister for Defence in the management of capability acquisition and sustainment projects
- Development of Australian Industry involvement during the capability life cycle
- Deliver Defence Industry agenda, including the implementation of the Defence Industrial Capability Plan
- Development of the Skilling and STEM strategy in consultation with the Minister for Defence
- Support and develop Australian Defence Industry
- Encourage Australian Defence Industry involvement in global supply chains, including the Global Supply Chain Program
- Defence Export Strategy Implementation including international equipment disposal
- Centre for Defence Industry Capability
- Defence Innovation Hub
- Science and Technology engagement with Australian industry, including the Next Generation Technology Fund

The Hon Darren Chester MP, Minister for Veterans' Affairs', Minister for Defence Personnel and Minister for Assisting the Prime Minister for the Centenary of ANZAC

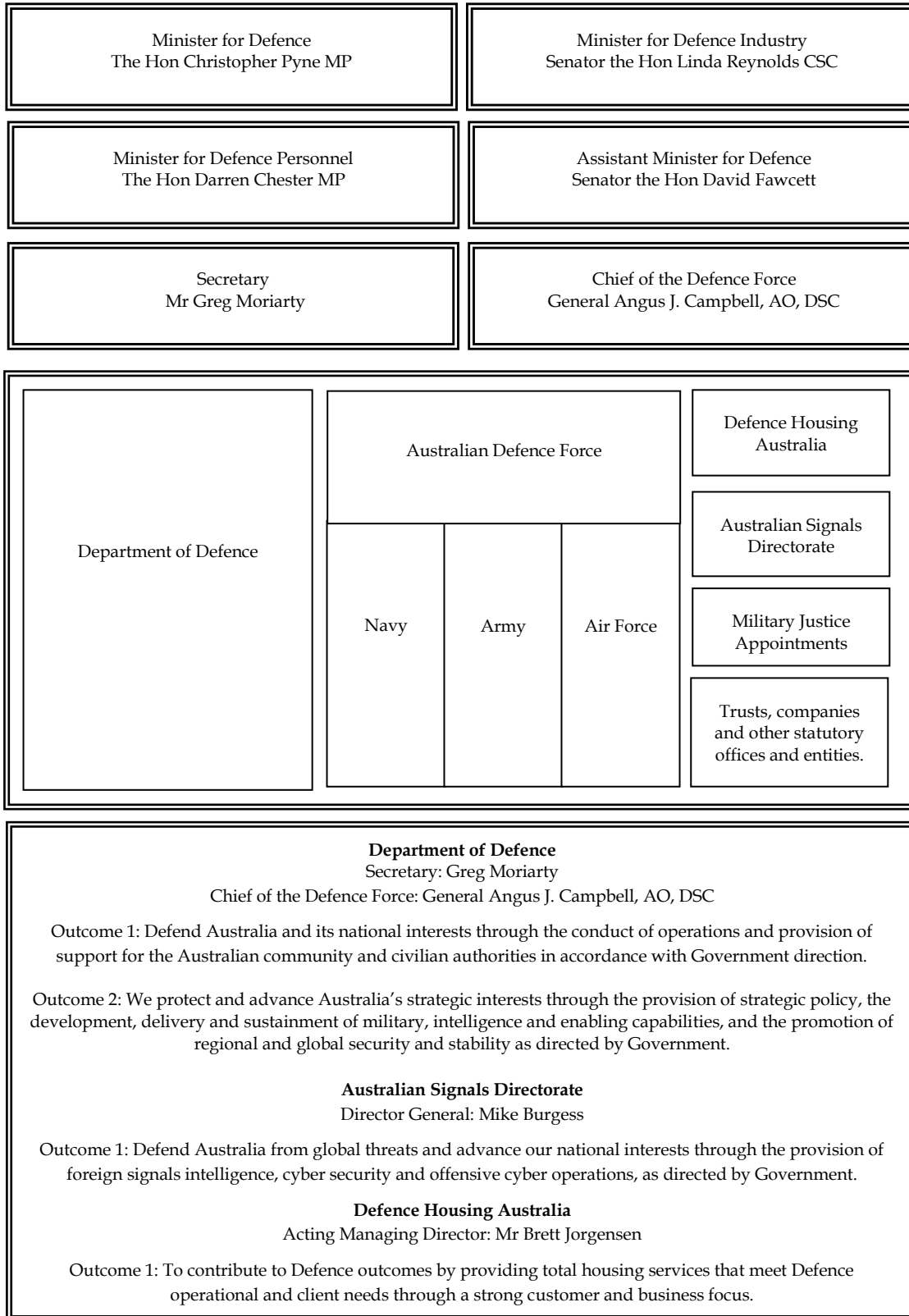
- Personnel policy and support
- Defence Health Services
- Military justice
- Honours and Awards
- Army, Navy and Air Force Cadets
- Parliamentary Exchange Program
- Transition from ADF
- Defence Housing Australia

Senator the Hon David Fawcett, Assistant Minister for Defence

- Defence ICT and Chief Information Officer Group
- Defence estate and infrastructure policy and projects, including garrison support
- Estate and equipment disposals
- Defence's response to perfluorinated chemicals matters
- Implementation of the Defence First Principles Review
- Australian Government Security Vetting Agency, security vetting policy and procedures
- Test and Evaluation policy and procedures
- Review of the Woomera Prohibited Area

PORTFOLIO STRUCTURE AND OUTCOMES

Figure 1: Defence Portfolio Structure and Outcomes



Defence Portfolio Bodies

Army and Air Force Canteen Service

Chairman: Ms Leonie Taylor, FCA FAICD

The Army and Air Force Canteen Service (AAFCANS), a Commonwealth authority established under the Army and Air Force Canteen Service Regulations 1959 supplies goods, facilities and services to, or for the entertainment and recreation of, members of the Army and the Air Force including persons employed in, or in connection with, Army or Air Force installations and dependants of those members or persons, visitors to such installations and members of the Australian Army or Air Force Cadets.

Australian Military Forces Relief Trust Fund

Chairman: Brigadier Wade Stothart, DSC AM CSC

The Australian Military Forces Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits to members of the ADF who have served in, or in association with, the Army and to the dependants of such members.

Royal Australian Air Force Veterans' Residences Trust

Chairman: Air Commodore (Rtd) David E. Tindal AM

The Royal Australian Air Force Veterans' Residences Trust, a Commonwealth authority established by the *Royal Australian Air Force Veterans' Residences Act 1953*, provides residences in which eligible former members, including dependants, of the Royal Australian Air Force, Royal Australian Air Force Nursing Service and Women's Auxiliary Australian Air Force who are in necessitous circumstances and, if the Trust so approves, the dependants of such eligible persons, may be accommodated or supported.

Royal Australian Air Force Welfare Trust Fund

Chairman: Chaplain Mark Willis

The Royal Australian Air Force Welfare Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Royal Australian Air Force and to the dependants of such members.

Royal Australian Navy Central Canteens Board

Chairman: Commodore Michael Miko

The Royal Australian Navy Central Canteens Board (RANCCB), a corporate Commonwealth entity established under the Navy (Canteens) Regulations 1954, administers the Royal Australian Navy Central Canteens Fund. The principal activities of the RANCCB are to provide welfare and lifestyle related benefits and services to Navy members and their families.

Royal Australian Navy Relief Trust Fund

Chairman: Rear Admiral Brett Wolski, AM RAN

The Royal Australian Navy Relief Trust Fund, a Commonwealth authority established under the *Services Trust Funds Act 1947*, provides benefits for members of the Defence Force who have served in, or in association with, the Navy and to the dependants of such members.

AAF Company

President: Brigadier Wade Stothart, DSC AM CSC

The AAF Company is a Commonwealth company that undertakes the management and trusteeship of the unincorporated funds known as the 'Army Amenities Fund' and the 'Mess Trust Fund'. The AAF Company promotes and supports the objectives of the Army Amenities Fund which provides amenities for members of the Australian Army.

Australian Strategic Policy Institute Limited

Chairman: Lieutenant General (Rtd) Ken Gillespie, AC DSC CSM

The Australian Strategic Policy Institute Limited is a Commonwealth company that provides policy-relevant research and analysis to inform Government decisions and public understanding of strategic and defence issues.

Royal Australian Air Force Welfare Recreational Company

Chairman: Air Commodore Philip Tammen, AM

The Royal Australian Air Force Welfare Recreational Company is a Commonwealth company that provides access to discounted recreational accommodation and manages and promotes the Royal Australian Air Force Central Welfare Trust Fund owned recreational facilities for the Royal Australian Air Force members, their families and other eligible persons. It also provides financial support to, and assists in the provision of, recreational facilities and services to the Royal Australian Air Force members.

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

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

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

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

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

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

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

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

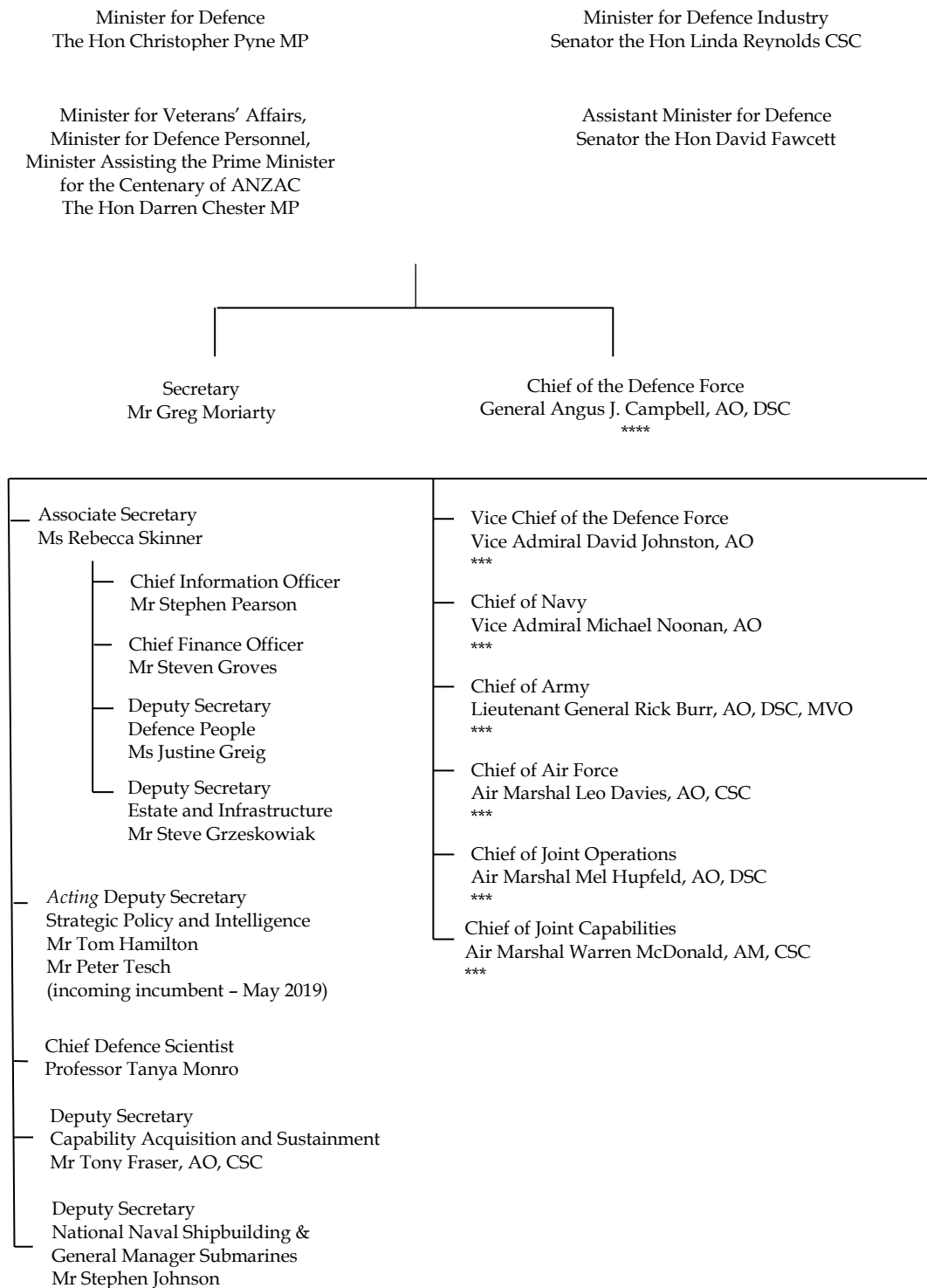
A stable Indo-Pacific region and a rules-based global order.

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

¹ Defence White Paper 2016, p.32

Since the release of the 2016 Defence White Paper, some strategic trends have accelerated – arguably faster than was anticipated when the White Paper was drafted. Defence responded to some of these trends, along with other agencies, in devising new measures under the Pacific Step-Up announced by Government in late 2018. Defence’s Pacific Step-Up initiatives build on the longstanding Defence Cooperation Program which has made a significant contribution to the region since the early 1960’s (See Appendix A). Defence will continue to pay close attention to strategic trends and their impact on Australian interests as they develop to ensure it is positioned to seize opportunities and manage risks as our strategic circumstances change.

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 *2018-19 Portfolio Additional Estimates Statements*:

- On 11 March 2019, Professor Tanya Monro was appointed as the Chief Defence Scientist.
- Mr Peter Tesch will be appointed as the incoming Deputy Secretary Strategic Policy and Intelligence with effect May 2019.

Organisational Structure

No changes have taken place since the *2018-19 Portfolio Additional Estimates Statements*.

Program Structure

The following changes have taken place since the *2018-19 Portfolio Additional Estimates Statements*:

- The 'Chief Finance Officer' program was renamed to 'Defence Finance'.

1.2 DEFENCE RESOURCE STATEMENT

Table 1: Total Defence Resourcing

Serial No.	2018-19		2019-20	2019-20	Variation \$'000	Variation %	2020-21	2021-22	2022-23
	Estimated Actual \$'000 ⁽¹⁾		Previous Estimate \$'000	Budget Estimate \$'000			Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
Defence resourcing									
1	32,673,073	Appropriation for departmental outcomes	32,431,501	33,878,310	1,446,809	4.5	34,302,063	36,355,667	39,316,636
2	3,406,065	Equity injection appropriation	5,233,532	3,946,645	-1,286,887	-24.6	6,537,405	8,363,056	9,454,312
3	620,000	Prior year appropriation	-	-	-	-	-	-	-
4	36,699,139	Current year's appropriation (1 + 2 + 3)	37,665,033	37,824,956	159,923	0.4	40,839,468	44,718,723	48,770,949
5	-	Draw down of appropriations carried forward	-	-	-	-	-	-	-
6	-	Other appropriation receivable movements	-	-	-	-	-	-	-
7	-942	Return to the Official Public Account ⁽²⁾	-966	-	966	-100.0	-	-	-
8	-942	Funding from / to the OPA (5 + 6 + 7)	-966	-	966	-100.0	-	-	-
9	36,698,197	Funding from Government (4 + 8)	37,664,067	37,824,956	160,889	0.4	40,839,468	44,718,723	48,770,949
10	56,201	Capital receipts	88,714	133,265	44,551	50.2	244,985	95,726	110,645
11	619,018	Own source revenue (s74 receipts) ⁽³⁾	579,141	603,560	24,419	4.2	593,697	620,923	617,246
12	-	Prior year receipts	-	-	-	-	-	-	-
13	675,219	Funding from other sources (10 + 11 + 12)	667,855	736,824	68,969	10.3	838,683	716,649	727,891
14	37,373,415	Total Defence funding (9 + 13)	38,331,922	38,561,780	229,858	0.6	41,678,151	45,435,372	49,498,840
Administered									
15	8,477,557	Administered special appropriations	6,904,782	6,943,861	39,079	0.6	7,116,321	7,292,670	7,478,963
16	1,455,494	Own source revenue	1,248,208	1,358,706	110,498	8.9	1,263,972	1,179,579	1,094,838
17	-1,455,494	Returns to the Official Public Account	-1,248,208	-1,358,706	-110,498	8.9	-1,263,972	-1,179,579	-1,094,838
18	8,477,557	Total Administered funding (15 + 16 + 17)	6,904,782	6,943,861	39,079	0.6	7,116,321	7,292,670	7,478,963
19	45,850,972	Total Defence resourcing (14 + 18)	45,236,704	45,505,641	268,937	0.6	48,794,472	52,728,042	56,977,803
Appropriation carried forward									
Appropriation receivable including previous year's									
20	48,558	outputs	666,947	48,558	-618,389	-92.7	48,558	48,558	48,558
21	72,241	Cash in bank - Departmental	72,241	72,241	-	-	72,241	72,241	72,241
22	101,284	Cash in bank - Administered	107,057	145,174	38,117	35.6	145,174	145,174	145,174
22	222,082	Total appropriations carried forward (20 + 21)	846,245	265,973	-580,272	-69.0	265,973	265,973	265,973

Notes

- Annual appropriation amounts appearing for 2018-19 include the Appropriation Bills (No. 3) and (No. 4) 2018-2019, which have not been enacted at the time of publication.
- Represents net transfers to and from the Official Public Account.
- All figures are net of GST.

1.3 BUDGET MEASURES

2019-20 Budget Measures and Other Budget Adjustments

Table 2: Defence 2019-20 Budget Measures

Program	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Forward Estimates \$m
Departmental Budget measures						
Australian Naval Infrastructure Pty Ltd — additional equity injection ^[1]	2.5	nfp	nfp	nfp	nfp	nfp
Whole-of-Government — Cyber Uplift for Federal Government Systems and for the 2019 Federal Election ^[2]	nfp	nfp	nfp	nfp	nfp	nfp
Expanding Questacon's Education Outreach Offering Choice in Australian Defence Force Superannuation Scheme ^[3]	2.12	-	-2.0	-2.1	-2.1	-
Additional Funding to Support Defence Capability	Various	-	-	-	-	-
Increasing Analytical Capabilities	Various	-	-	75.0	75.0	150.0
	2.3	-	0.2	0.2	0.2	0.8
Total Departmental Budget Measures		-	-1.8	-1.9	73.1	75.2
Other budget adjustments						
Foreign Exchange	Various	97.9	168.3	-262.3	-405.0	-27.3
Department of Defence - re-profiling	Various	620.0	-620.0	-	-	-620.0
Special Purpose Aircraft	2.7	-	7.0	-	-	7.0
Australian Government Security Vetting Agency (AGSVA) - ceasing the surcharge applied to security clearance fees and charges ^[3]	2.2	-	-	-	-	-
Operation Steadfast ^[4]	1.2	-	-	-	-	-
Operation Manitou	1.2	-	53.5	5.2	25.8	-
Operation Accordion	1.2	-	191.0	4.1	21.0	-
Operation Highroad	1.2	-	86.8	1.1	0.2	-
Operation Resolute	1.3	-	34.8	-8.8	-	-
Operation Okra	1.2	-	241.2	3.9	19.6	-
Total Other Departmental Budget Adjustments		717.9	162.8	-256.8	-338.4	-27.3
Variation to Defence Departmental Funding		717.9	160.9	-258.7	-265.3	47.8
						-315.3

Notes

1. This budget measure is not for publication (nfp) due to commercial sensitivities.
2. This budget measure is nfp due to national security reasons.
3. This adjustment will have a nil underlying cash impact on Defence.
4. Defence will be absorbing the cost of this measure, being \$0.1m in 2019-20.

Operations Summary

Table 3: Net Additional Cost of Operations to 2022-23^{[1][2]}

	Actual Result to 2017-18 \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total \$m
Operation Manitou	180.2	64.9	72.4	23.9	25.8	-	367.2
Operation Accordion	678.4	235.8	215.8	28.8	21.0	-	1,179.8
Operation Highroad	439.7	91.9	86.8	1.1	0.0	-	619.5
Operation Resolute ^[3]	331.9	53.2	59.3	-	-	-	444.4
Operation Okra	1,120.1	306.5	269.3	30.8	19.6	-	1,746.3
Operation Augury - Philippines ^[4]	12.5	40.1	-	-	-	-	52.6
Defence Support to the 2018 Commonwealth Games	7.7	0.3	-	-	-	-	8.0
Total Net Additional Costs	2,770.5	792.7	703.6	84.6	66.4	-	4,417.8
Sources of Funding for Operations							
Government Supplementation	2,770.5	792.7	703.6	84.6	66.4	-	4,417.8
Total Cost	2,770.5	792.7	703.6	84.6	66.4	-	4,417.8

Notes

1. This table reflects on-going and new Operations funded under No Win/No Loss arrangements.
2. The Net Additional Cost of Operations include the budget adjustments shown under Table 2: Defence 2019-20 Budget Measures.
3. The value of Operation Resolute includes funding for expanded activities under Operation Sovereign Borders.
4. A decision was made early May 2018 that the figures for Operation Augury - Philippines could be publicly released, but this was not determined in time to incorporate the figures in the published *PBS 2018-19*.

1.4 CAPITAL INVESTMENT PROGRAM

Table 4: Capital Investment Program^[1]

Serial No.		2019-20	2020-21	2021-22	2022-23	Total
		Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
1	Major Capital Investment Program	8,687.9	10,966.0	12,823.6	14,580.4	47,057.9
2	Capital Facilities Program	2,093.0	2,316.2	2,976.9	3,154.8	10,541.0
3	ICT Investment Plan	864.1	839.3	880.0	1,004.6	3,588.1
4	Minors Program	123.4	215.8	289.6	295.6	924.4
5	Total Capital Investment Program	11,768.4	14,337.3	16,970.2	19,035.5	62,111.3

Note

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

Table 5: Capability Sustainment Program

Serial No.		2019-20	2020-21	2021-22	2022-23	Total
		Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
1	Navy Sustainment	2,413.1	2,803.7	2,950.9	3,220.3	11,388.0
2	Army Sustainment	1,697.4	1,950.2	2,139.8	2,507.5	8,294.9
3	Air Force Sustainment	3,078.3	3,191.3	3,343.4	3,728.9	13,341.8
4	Chief Information Officer Sustainment ^[1]	1,308.8	1,271.3	1,382.0	1,558.0	5,520.1
5	Joint Capabilities Group Sustainment	496.8	508.4	539.5	614.9	2,159.5
6	Strategic Policy & Intelligence Sustainment	129.0	117.8	191.9	136.3	575.1
7	Australian Defence Force Headquarters Sustainment	2.2	3.4	5.2	2.3	13.0
8	Estate & Infrastructure Group Sustainment ^[2]	2,921.8	2,719.9	2,836.3	2,965.8	11,443.7
9	Other Minor Sustainment	43.9	44.1	46.4	344.3	478.7
10	Total Sustainment^[3]	12,091.3	12,610.0	13,435.3	15,078.3	53,214.9

Notes

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

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

3. Total sustainment includes both current and future sustainment.

Table 6: Retained Capital Receipts

Serial No.		2019-20	2020-21	2021-22	2022-23	Total
		Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
	Property Sales					
	Proceeds from the sale of land and buildings	90.5	203.5	52.5	70.2	416.7
	Proceeds from the sale of housing	14.2	14.7	15.4	15.5	59.7
	Total proceeds from the sale of property	104.7	218.2	67.9	85.7	476.4
	Costs from the sale of property ^[1]	-9.9	-6.2	-4.2	-3.4	-23.7
1	Net property proceeds retained by Defence	94.8	211.9	63.7	82.3	452.7
2	Proceeds from sale of specialist military equipment	7.5	7.5	7.5	-	22.6
3	Proceeds from sale of infrastructure, plant and equipment	21.0	19.3	20.3	25.0	85.6
4	Retained Capital Receipts (1 + 2 + 3)	123.3	238.7	91.4	107.2	560.5

Note

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

1.5 PEOPLE

Workforce Overview

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

Workforce Summary

The average full-time workforce is forecast to be 76,362 in 2019-20, comprising 60,090 permanent ADF (79 per cent) and 16,272 APS employees (21 per cent). The service breakdown of the ADF Permanent Force is:

14,776 Navy personnel

30,821 Army personnel

14,493 Air Force personnel

The forecast for service categories 3, 4 and 5 in 2019-20 is 1,000,400 days of service performed by an estimated 20,450 members of the Reserve Forces. Information about the ADF Total Workforce Model and structure of service categories is available on the department's website here: <http://www.defence.gov.au/ADF-TotalWorkforceModel/Default.asp>.

Over the forward estimates period, the workforce (excluding service categories 3, 4 and 5) will increase by 1,203 from the forecast of 76,362 in 2019-20 to 77,565 in 2022-23.

The planned strength of the Defence workforce is shown in Tables 7 and 8, while a breakdown by Service and rank/level is at Table 9.

Under the 2016 Defence White Paper, the permanent ADF workforce will grow to around 62,400 over the coming decade. Over 2019-20 and the Forward Estimates, the Defence APS workforce is expected to stabilise around 16,200. The majority of growth in the workforce is to meet the priorities outlined in the 2016 Defence White Paper. These include enhancements to intelligence, space and cyber security capabilities and naval shipbuilding.

Defence People

In 2019-20 Defence will continue progressing the actions outlined in the *Defence Strategic Workforce Plan 2016-2026* to address key areas of workforce risk and build a workforce system that is able to support Defence's capability requirements. The actions provide an integrated, enterprise approach to recruiting, career and talent management, workforce mobility, education and training, learning and development, transition and re-engagement, and partnerships with other Government departments, industry and academia. Defence will continue to focus on transformation of the transition process, in conjunction with our partnering stakeholders, the Department of Veterans' Affairs and the Commonwealth Superannuation Corporation.

A key aspect of the *Defence Strategic Workforce Plan 2016-2026* is to build the capability and capacity of its STEM (Science, Technology, Engineering and Mathematics) workforce. Work in this area will be guided by the Defence STEM strategy, which outlines the actions that will be undertaken to develop a culture that supports STEM personnel, align workforce planning with STEM capability requirements, and build collaboration with stakeholders to produce mutually beneficial STEM workforce outcomes.

Defence will further the implementation of the ADF Total Workforce Model to ensure integration into all aspects of the people system. The Total Workforce Model will provide greater organisational agility through a more flexible use of the entire ADF workforce (Permanent and Reserve components).

The new ADF Transition business model is enhancing the process for ADF members, and their families, transitioning out of Defence. The model assists in identifying those who require additional support to find civilian employment or meaningful engagement, provides appropriate links to community support and referrals to health and wellbeing services, and assists ADF members and their families prepare for civilian life.

Defence has reaffirmed its commitment to cultural reform through the next iteration of Pathway to Change, '*Pathway to Change: Evolving Defence Culture 2017-2022*', which provides strategic direction for the Department's ongoing cultural reform journey.

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

Another key element of the *Pathway to Change 2017-22* is building capability through inclusion. Defence will continue to develop its inclusive environment to ensure we attract and develop the best talent that Australia has to offer regardless of gender, race, religion, disability or sexual orientation.

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

Defence's Indigenous workforce continues to grow, with 2.5 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 7: Planned Workforce Allocation for the 2019-20 Budget and Forward Estimates—Average Full-time^[1]

	2018-19 Estimated Actual	2019-20 Budget Estimate ^[2]	2020-21 Forward Estimate ^[2]	2021-22 Forward Estimate ^[2]	2022-23 Forward Estimate ^[2]
ADF Permanent Force^[3]					
Navy	14,143	14,776	14,825	14,946	15,078
Army	30,223	30,821	30,997	31,125	31,216
Air Force	14,299	14,493	14,763	14,956	15,108
1 Total Permanent Force	58,665	60,090	60,585	61,027	61,402
Civilian Employees					
APS	16,010	16,272	16,195	16,167	16,163
2 Total Civilian Employees	16,010	16,272	16,195	16,167	16,163
Total Workforce Strength (1 + 2)	74,675	76,362	76,780	77,194	77,565

Notes

1. All numbers for the full-time workforce elements represent average full-time equivalents.
2. 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 8: Planned Workforce Allocation for the 2019-20 Budget and Forward Estimates—Reserve (Service Categories 3, 4 and 5)^{[1][2]}

	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate
Service Category 3 and 5					
Navy	95,000 (1,700)	96,000 (1,750)	98,000 (1,800)	100,000 (1,900)	100,000 (2,000)
Army	675,000 (15,250)	685,000 (15,500)	695,000 (15,750)	705,000 (16,000)	715,000 (16,250)
Air Force	212,975 (3,160)	218,000 (3,160)	223,000 (3,160)	228,000 (3,160)	233,000 (3,160)
1 Sub-total Service Category 3 and 5	982,975 (20,110)	999,000 (20,410)	1,016,000 (20,710)	1,033,000 (21,060)	1,048,000 (21,410)
Service Category 4					
Air Force	1,345 (40)	1,400 (40)	1,450 (40)	1,500 (40)	1,550 (40)
2 Sub-total Service Category 4	1,345 (40)	1,400 (40)	1,450 (40)	1,500 (40)	1,550 (40)
Total Reserves (1 + 2)	984,320 (20,150)	1,000,400 (20,450)	1,017,450 (20,750)	1,034,500 (21,100)	1,049,550 (21,450)

Notes

- 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 7.
- As the number of days or hours worked by Reserve members can vary greatly, figures in Table 8 show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.

Table 9: Breakdown of Average Personnel Numbers by Service and Rank

	2018-19 Estimated Actual	2019-20 Budget Estimate
Navy^[1]		
One Star and above	55	55
Senior Officers ^[2]	667	675
Officers	2,920	3,005
Other Ranks	10,501	11,041
Total Navy	14,143	14,776
Army^[1]		
One Star and above	82	84
Senior Officers ^[2]	886	903
Officers	5,637	5,749
Other Ranks	23,618	24,085
Total Army	30,223	30,821
Air Force^[1]		
One Star and above	53	53
Senior Officers ^[2]	699	700
Officers	4,421	4,460
Other Ranks	9,126	9,280
Total Air Force	14,299	14,493
APS^[1]		
Senior Executives ^[3]	148	150
Senior Officers ^[2]	5,189	5,274
Other APS Staff	10,673	10,848
Total APS	16,010	16,272
Total Workforce	74,675	76,362

Notes

1. Permanent Forces and APS numbers are forecasts of the average strength for 2018-19 and 2019-20.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and APS Executive Level 1 and 2.
3. The 2019-20 figures for Senior Executive Service include the Secretary of the Department of Defence, 12 Chiefs of Division and 2 Medical Officers (Grades 5 to 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.

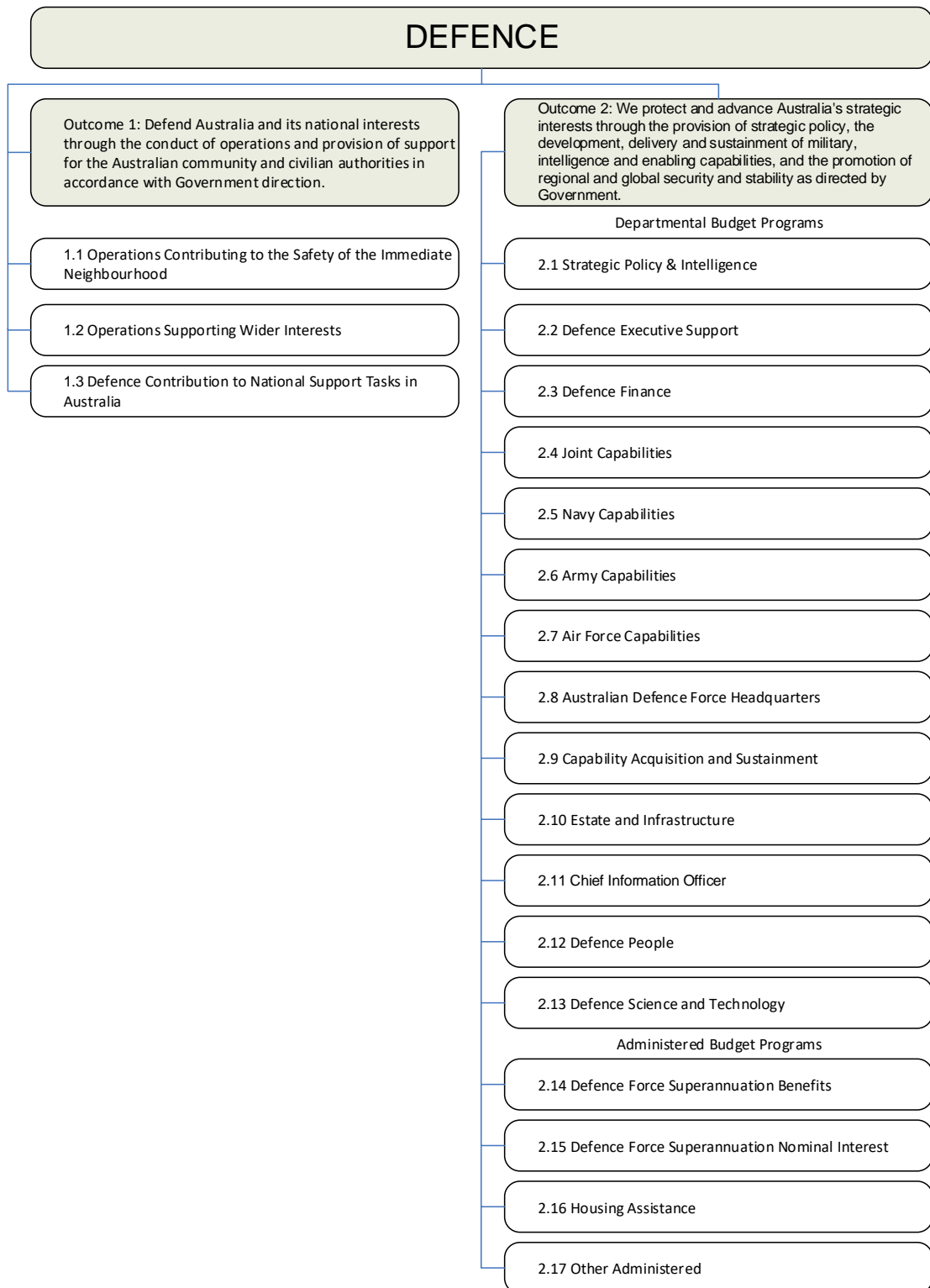
Note:

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 an entity's complete performance story.

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

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

Figure 3: Structure of Defence's Outcomes



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

Outcome 1 Strategy

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

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

Operations include:

- ACCORDION – Provide support to Operation 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 – PHILIPPINES – Conduct exercise and peer participation activities with the Armed Forces of the Philippines focused on regional counter-terrorism.
- CHARTER – Contribute to the United Nations Peacekeeping Force in Cyprus.
- Defence Assistance to the Civil Community (DACC) – Contribute to Commonwealth and State/Territory Governments with emergency and non-emergency tasks as required. On a case by case basis, support events of national significance as requested by relevant authorities.
- GATEWAY – Conduct northern Indian Ocean and South China Sea maritime surveillance patrols.
- HIGHROAD – Ongoing contribution to the NATO-led mission in Afghanistan supporting Afghanistan’s security, development and governance.
- MANITOU – 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.
- PALADIN – Contribute to the United Nations Truce Supervision Organisation in the Middle East.
- RESOLUTE – Contribute to the whole-of-government maritime surveillance and response in the maritime approaches to Australia.
- SOLANIA – 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.

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 10: Total Budgeted Resources Available for Outcome 1

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Program 1.1 - Operations Contributing to the Security of the Immediate Neighbourhood					
Revenues from other sources	-	-	-	-	-
Departmental outputs	41,123	2,285	2,291	2,349	2,426
Program 1.2 - Operations Supporting Wider Interests					
Revenues from other sources	21,633	27,537	-	-	-
Departmental outputs	667,312	644,557	84,722	66,670	105
Program 1.3 - Defence Contribution to National Support Tasks in Australia					
Revenues from other sources	-	-	-	-	-
Departmental outputs	32,407	59,297	-	-	-
Total resourcing					
Total Departmental outputs	740,842	706,139	87,013	69,019	2,531
Total Departmental revenue from other sources	21,633	27,537	-	-	-
Total resources for Outcome 1	762,475	733,676	87,013	69,019	2,531

Contributions to Outcome 1

Program 1.1: Operations Contributing to the Safety of the Immediate Neighbourhood
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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	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Conducting and sustaining operations contributing to the security and safety of the immediate neighbourhood in accordance with Government direction. • Delivering intelligence services.
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Performance information

Year	Performance criteria^[1]	Targets
2018-19	Assessment of operational deployments against outcomes agreed with government.	All operational requirements are met. <i>Expected to be met.</i>
2019-20	<i>Assessment of operations against directed outcomes agreed with Government.</i>	<i>All Government-directed outcomes are met.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 11: Cost Summary for Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	2,483	-	-	-	-
Suppliers	38,640	2,285	2,291	2,349	2,426
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	41,123	2,285	2,291	2,349	2,426
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 1.1 Operations Contributing to the Security of the Immediate Neighbourhood	41,123	2,285	2,291	2,349	2,426

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
2018-19	Assessment of operational deployments against outcomes agreed with government.	All operational requirements are met. <i>Expected to be met.</i>
2019-20	<i>Assessment of operations against directed outcomes agreed with Government.</i>	<i>All Government-directed outcomes are met.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 12: Cost Summary for Program 1.2 Operations Supporting Wider Interests

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	87,063	91,141	-	-	-
Suppliers	601,882	579,622	83,316	66,670	105
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	1,331	1,406	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	688,945	672,094	84,722	66,670	105
Income					
Revenues					
Goods and services	21,633	27,537	-	-	-
Other revenue	-	-	-	-	-
Total revenue	21,633	27,537	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	21,633	27,537	-	-	-
Program 1.2 Operations Supporting Wider Interests	667,312	644,557	84,722	66,670	105

Outcome 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: <ul style="list-style-type: none"> Contributing to national security and support tasks as directed by Government. Delivering intelligence services.
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Performance information		
Year	Performance criteria ^[1]	Targets
2018-19	Defence provides capacity and capability in support of whole-of-Government outcomes.	All operational requirements are met. <i>Expected to be met.</i>
2019-20	<i>Assessment of Defence support provided to contribute to whole-of-Government outcomes.</i>	<i>All Government-directed tasks are met.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.	
Material changes to Program 1.3 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 13: Cost Summary for Program 1.3 Defence Contribution to National Support Tasks in Australia

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	1,166	8,468	-	-	-
Suppliers	31,241	50,829	-	-	-
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	32,407	59,297	-	-	-
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	-	-	-	-	-
Program 1.3 Defence Contribution to National Support Tasks in Australia	32,407	59,297	-	-	-

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

Outcome 2 Strategy

Australia's defence capabilities strengthen Australia's security and ability to shape and influence its strategic environment and to respond to current and future challenges. How they are deployed and developed is determined by a strong strategic centre that ensures Defence is a strategy and policy-led organisation.

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

International engagement is integrated as a core function of Defence, aligned with the Strategic Defence Objectives. 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. As part of this, 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 respond to conduct military operations and provide civil aid and assistance in multiple domains as a joint force, bringing together land, air, sea, intelligence, electronic warfare, space, and information (including cyber), platforms and personnel.

Defence is working to deliver an organisation that is more integrated to deliver cohesive strategic and military effects across a joint warfighting domain. 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 will continue to work closely with the Australian Signals Directorate following its establishment as a statutory agency, 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 Australian Defence Force 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 2019-20, 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 strategic research into high-impact areas for future Defence capability, anticipating advances in emerging science and technology that pose threats and opportunities. Defence's capability development options will continue to be enhanced through collaboration with research and industry partners, national and globally.

The Integrated Investment Program will continue to facilitate prioritised investment decisions through Government to enhance Defence capability. The Program is supported by a contestability function that informs the development of the risk assessment and decision support framework to ensure that investment proposals are aligned with strategy and resources.

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

Defence will continue to develop future satellite communications, navigation warfare and protected position navigation and timing capabilities. This work includes strengthening development of Defence space capabilities such as Air Force space situational awareness capabilities and geospatial-intelligence space-based sensors.

Defence will continue to support and implement whole-of-government security reforms and launch the new Defence Industry Security Program to better protect Defence and defence industry against the threat of 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 will continue to implement the Defence Strategic Workforce Plan, including growing its cyber and intelligence workforce. Defence will introduce further workforce measures to develop the engineering and program management capability to enable the national naval shipbuilding enterprise. This will be coupled with continued implementation of key policy enablers, including the ADF Total Workforce Model, and cultural reform strategies under *Pathway to Change: Evolving Defence Culture 2017-22*.

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). With the release of 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 2019-20 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.

Defence will work closely with the Department of Veterans' Affairs to enhance the transition process for current serving ADF members. Under Defence's Transition Transformation program, Defence will enhance the support provided to ADF members, and their families, when leaving the military.

In 2019–20, 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 remain focused on its reform agenda. Defence will continue to focus on the ongoing change required from existing reform programs. Defence will keep the focus on improvement, and develop its internal capacity to identify and undertake new reform programs to continue to improve and enhance the One Defence environment.

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) work collaboratively with Government agencies to implement, deliver and monitor security policy and procedures across the Commonwealth (excluding authorised vetting agencies) as well as provide the delivery of security vetting functions on behalf of the Commonwealth in line with Government requirements.

Australian Federal Police
Program 1.1 - Federal Policing and National Security 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 National Audit Office
Program 1.1 - Financial statements audits of Australian Government entities Program 1.2 - Performance audits of Australian Government programs and entities
Contribution to Outcome 2 by linked program
Defence Finance Group facilitates the Australian National Audit Office's (ANAO) financial statements audit activities in Defence. Audit and Fraud Control Division conducts internal audits and facilitates the ANAO's performance audit and priority assurance review activities in Defence.

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

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

Bureau of Meteorology
Program 1.1 - Bureau of Meteorology
Contribution to Outcome 2 by linked program
Under a Strategic Partnering Agreement, the Bureau of Meteorology provides the Department of Defence with a range of meteorological and oceanographic services to support and enhance the operational effectiveness of the Australian Defence Force.

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

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

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

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

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

Department of the Environment and Energy
Program 1.6 - Management of Hazardous Wastes, Substances and Pollutants
Program 4.1 - Energy
Contribution to Outcome 2 by linked programs
Defence actively participates in fora and initiatives led by Department of the Environment and Energy to ensure alignment with national approaches for the effective and efficient management of hazardous waste, substances and pollutants.
Defence actively participates in fora 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
<p>Defence contributes to growing business investment and improving business capability by collaborating with Industry through the Centre for Defence Industry Capability (CDIC). The CDIC, funded by Defence and delivered by Department of Industry, Innovation and Science, is a key initiative of the 2016 Defence Industry Policy Statement and contributes to improving business capability, productivity and global competitiveness, aligning with Defence's capability requirements. It is a cornerstone of the government's strategy for resetting the Defence-industry partnership. The CDIC provides advice, assistance and grants to eligible businesses to be better positioned to support Defence and also facilitates industry access to Defence's innovation programs by working closely with the Defence Innovation Hub and Next Generation Technologies Fund.</p> <p>Defence is investing \$200 billion in growing Australia's defence capability over the next decade, including through major projects such as the Future Frigate and Future Submarine Programs. The CDIC is supporting the competitiveness and growth of Australia's defence industry to win work on those and other Defence programs, as well as connecting businesses to export opportunities.</p>

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

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

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

Outcome 2 Resources

Table 14: Total Budgeted Resources Available for Outcome 2

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Program 2.1 Strategic Policy and Intelligence					
Revenues from other sources	5,029	5,229	5,309	5,492	5,689
Departmental outputs	697,705	757,540	627,809	764,235	792,176
Program 2.2 Defence Executive Support					
Revenues from other sources	34,912	31,845	32,641	33,458	23,776
Departmental outputs	252,772	261,976	253,261	255,161	207,608
Program 2.3 Defence Finance					
Revenues from other sources	17,558	7,731	7,941	8,119	8,298
Departmental outputs	169,304	178,108	170,702	173,519	485,877
Program 2.4 Joint Capabilities Group					
Revenues from other sources	171,769	168,929	169,140	169,366	169,651
Departmental outputs	1,851,943	1,882,479	1,906,191	2,022,584	2,224,446
Program 2.5 Navy Capabilities					
Revenues from other sources	61,570	63,225	65,411	67,722	70,007
Departmental outputs	6,296,957	6,574,517	7,025,596	7,536,171	8,213,898
Program 2.6 Army Capabilities					
Revenues from other sources	33,534	34,375	30,201	29,078	23,161
Departmental outputs	7,545,104	7,623,190	8,333,832	8,608,849	9,222,580
Program 2.7 Air Force Capabilities					
Revenues from other sources	48,461	52,730	54,746	57,569	58,532
Departmental outputs	7,057,159	7,498,572	8,230,245	8,510,520	8,852,699
Program 2.8 Australian Defence Force Headquarters					
Revenues from other sources	327	352	367	426	503
Departmental outputs	93,782	157,396	158,987	180,703	178,530
Program 2.9 Capability Acquisition and Sustainment					
Revenues from other sources	17,563	1,408	3,262	1,461	1,477
Departmental outputs	630,716	673,003	707,929	742,706	790,233
Program 2.10 Estate and Infrastructure					
Revenues from other sources	364,675	371,619	511,338	405,946	414,204
Departmental outputs	4,721,221	4,894,228	4,427,224	4,825,952	5,401,305
Program 2.11 Chief Information Officer					
Revenues from other sources	43,424	46,638	48,669	50,228	51,527
Departmental outputs	1,647,186	1,671,007	1,364,269	1,669,633	1,960,791
Program 2.12 Defence People					
Revenues from other sources	4	4	4	4	4
Departmental outputs	498,438	531,873	534,383	547,363	565,582
Program 2.13 Defence Science and Technology					
Revenues from other sources	4,850	4,827	5,158	5,642	5,932
Departmental outputs	468,754	468,282	474,621	449,252	418,381

Table 14: Total Budgeted Resources Available for Outcome 2 (continued)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Program 2.14 Defence Force Superannuation Benefits					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	-	-	-	-	-
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	114,434	64,448	54,829	46,172	38,476
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	3,916,892	2,040,818	1,910,543	1,780,795	1,665,170
<i>Australian Defence Force Cover Act 2015</i>	311,921	274,144	376,106	481,916	586,764
Total Administered expenses	4,343,247	2,379,410	2,341,478	2,308,883	2,290,410
Administered revenues from other sources	1,342,307	1,244,386	1,148,470	1,063,383	985,433
Total Program 2.14	3,000,940	1,135,024	1,193,008	1,245,500	1,304,977
Program 2.15 Defence Force Superannuation Nominal Interest					
<i>Defence Force Retirement Benefits Act, 1948 Part 1, s.15D and VIC, s.82ZJ (1)</i>	12,564	17,646	16,704	15,765	14,852
<i>Defence Force Retirements and Death Benefits Act, 1973 Part XII, s.125 (3)</i>	1,364,436	1,641,468	1,643,341	1,641,257	1,636,745
<i>Military Superannuation and Benefits Act, 1991 Part V, s.17</i>	2,631,265	2,760,180	2,944,619	3,125,854	3,304,868
<i>Australian Defence Force Cover Act 2015</i>	12,054	22,901	39,393	61,293	88,773
Total Administered expenses	4,020,319	4,442,195	4,644,057	4,844,169	5,045,238
Administered revenues from other sources	-	-	-	-	-
Total Program 2.15	4,020,319	4,442,195	4,644,057	4,844,169	5,045,238
Program 2.16 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s.38</i>	386	312	252	203	163
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s.84</i>	113,605	121,944	130,534	139,415	143,152
Total Administered expenses	113,991	122,256	130,786	139,618	143,315
Administered revenues from other sources	16,237	16,852	17,444	18,015	18,465
Total Program 2.16	97,754	105,404	113,342	121,603	124,850
Program 2.17 Other Administered					
Administered revenues from other sources	111,584	98,303	98,375	91,266	94,860
Total Program 2.17	-111,584	-98,303	-98,375	-91,266	-94,860
Total resourcing					
Total Departmental outputs	31,931,039	33,172,171	34,215,050	36,286,648	39,314,105
Total Administered	7,007,429	5,584,319	5,852,032	6,120,006	6,380,206
Total Departmental revenue from other sources	803,677	788,912	934,187	834,511	832,761
Total Administered revenue from other sources	1,470,128	1,359,541	1,264,289	1,172,664	1,098,758
Prior year appropriation	620,000	-	-	-	-
Equity injection	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Total resources for Outcome 2	45,238,338	44,851,589	48,802,963	52,776,885	57,080,142

Contributions to Outcome 2

Program 2.1: Strategic Policy and Intelligence

Program 2.1 Objective

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

Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • 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.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	Quality, relevant and timely strategic policy advice is available for Government.	The Minister is able to make informed decisions in a timely fashion based on advice received. <i>Expected to be met.</i>
	Defence's strategic policy is updated to reflect changes in Defence strategic risks.	Defence's strategic review framework supports and manages risk through annual review. <i>Expected to be met.</i>
	Defence intelligence outputs align with Government intelligence priorities.	Government intelligence priorities are met. <i>Expected to be met.</i>
	The objectives of the Defence Industry Policy Statement are met.	Delivery of the outcomes of the Defence Industry Policy Statement. <i>Expected to be met.</i>
	Defence has met its commitments to Government and the intention of the Defence International Engagement Policy.	Short-term (2018-2022) government objectives are met including those outlined in the Defence International Engagement Policy. <i>Expected to be met.</i>

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Year	Performance criteria⁽¹⁾	Targets
2019-20	<i>Our strategic policy is regularly reviewed and updated.</i>	<i>Defence strategic policy and risk review informs decision making to ensure strategy, capability and resources are aligned to Government priorities.</i>
	<i>Defence international engagement meets Defence International Engagement Policy objectives.</i>	<i>Australia's strategic position is enhanced through international engagement by Defence.</i>
	<i>Defence industry engagement meets requirements of the Defence Industry Policy Statement.</i>	<i>Defence capability is enabled through industry and innovation.</i>
	<i>Defence intelligence outputs align with Government intelligence priorities.</i>	<i>Intelligence services and capabilities are delivered according to Government priorities.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.1 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 15: Cost Summary for Program 2.1 Strategic Policy and Intelligence

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	116,191	161,174	157,804	179,095	192,024
Suppliers	439,365	458,676	440,700	536,498	532,430
Grants	137,944	137,427	26,628	26,994	22,277
Depreciation and amortisation	8,554	4,730	7,132	26,189	50,002
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	681	760	855	954	1,139
Net losses from sale of assets ^[1]	-	-	-	-3	-7
Other expenses	-	-	-	-	-
Total expenses	702,734	762,769	633,118	769,727	797,865
Income					
Revenues					
Goods and services	4,237	4,392	4,517	4,641	4,769
Other revenue	7	2	1	1	4
Total revenue	4,244	4,394	4,518	4,642	4,773
Gains					
Reversal of previous asset write-downs	778	833	792	850	916
Net gains from sale of assets ^[2]	6	2	-1	-	-
Other gains	-	-	-	-	-
Total gains	785	835	791	850	916
Total income	5,029	5,229	5,309	5,492	5,689
Program 2.1 Strategic Policy and Intelligence	697,705	757,540	627,809	764,235	792,176

Notes

1. Whilst the amounts shown in 2021-22 and 2022-23 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. Whilst the amount shown in 2020-21 represents a loss for this program, at the portfolio level, Defence has budgeted for a net gain from sale of assets in this year.

Table 16: Strategic Policy and Intelligence Deliverables (Hydrographic Products and Services)^[1]

Deliverables	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Year 1	2021-22 Forward Year 2	2022-23 Forward Year 3
Maritime Safety Updates ^[2]	100%	100%	100%	100%	100%
Charting Projects ^[3]	15	15	15	15	15
Nautical Publications ^[4]	30	29	29	30	29
Survey Projects ^[5]	13 ^[6]	13 ^[7]	13	14	15
Australian Hydrographic Office (AHO) Availability ^[8]	247 ^[9]	250	249	248	248

Notes

1. In accordance with First Principles Review recommendations, the functions of the Australian Hydrographic Office (AHO) transferred from Navy to the Australian Geospatial-Intelligence Organisation (AGO) within the Strategic Policy and Intelligence Group in 2016-17. Information relating to HydroScheme Products and the Chart Production Office component of Hydrographic Force Unit Availability Days are now included in this table. Full details of hydrographic products and services are contained in HydroScheme – which represents the AHO's national surveying and charting program for 2017 to 2020.
2. 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.
3. 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.
4. The Nautical Publications produced are 25 fortnightly Notices to Mariners, three annual publications, and selected additional publications each year. In 2019-20, the three annual publications will be Australian National Tide Tables, AusTides and the Solomon Islands National Tide Tables, which is produced by the AHO as the Primary Charting Authority for Solomon Islands.
5. A Survey Project is a major hydrographic survey activity within a particular geographic area.
6. The 2018-19 PBS target for Survey Projects has been revised from 15 to 13 due to availability of RAN assets.
7. The SEA2400-1 HydroScheme Industry Partnership Program (HIPP) commences early 2020. HIPP will ensure an efficient, effective and sustainable hydrographic survey, oceanographic and marine geophysical data collection programme through partnership with industry. From 2019-20 onwards Survey Project targets are dependent on funding from SEA2400-1.
8. AHO Availability is those periods the AHO, as a Defence capability, is materially ready and its personnel state and level of competence enables the AHO to provide hydrographic products and services in accordance with the Navigation Act 2012 (Commonwealth), immediately. The office is open 0700-1830 Monday to Friday, closed for Public Holidays and the Christmas stand down period; availability outside these hours is upon request.
9. AHO Availability targets have been revised due to miscalculation of Public Holidays.

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: <ul style="list-style-type: none"> • 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
2018-19	Business outcomes are improved as part of broader Defence reform.	Defence reform is achieved in accordance with Reform Implementation Plans as agreed by the Defence Committee. <i>Expected to be met.</i>
	The Service Delivery system enables Australian Defence Force operations.	Enabling services are delivered in accordance with agreed requirements. <i>Expected to be met.</i>
	Enterprise planning and performance monitoring processes are delivered in line with the One Defence Business Framework, supporting Defence capability.	Defence meets its non-financial performance management and risk management obligations. <i>Expected to be met.</i>
2019-20	<i>The delivery of services by enabling Groups is progressively integrated.</i>	<i>Services are delivered in accordance with agreed measures.</i>
	<i>Defence's strategic centre sets priorities, manages resources and steers the organisation to implement Government policy and legislative requirements.</i>	<i>Defence senior committees and accountable officers undertake informed decision-making to ensure strategy, capability and resources are aligned to highest priorities.</i>
	<i>Agreed reform programs, including legal services, enterprise resource management, security services, information management and strategic communications, are progressed as planned.</i>	<i>Reform implementation plan milestones are met.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 17: Cost Summary for Program 2.2 Defence Executive Support

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	107,146	105,086	104,244	105,789	108,245
Suppliers	180,033	188,244	181,288	182,486	122,830
Grants	-	-	-	-	-
Depreciation and amortisation	494	480	359	333	298
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	11	11	11	11	11
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	287,684	293,821	285,902	288,619	231,384
Income					
Revenues					
Goods and services	34,775	31,705	32,498	33,312	23,626
Other revenue	124	127	130	133	137
Total revenue	34,899	31,832	32,628	33,445	23,763
Gains					
Reversal of previous asset write-downs	13	13	13	13	13
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	13	13	13	13	13
Total income	34,912	31,845	32,641	33,458	23,776
Program 2.2 Defence Executive Support	252,772	261,976	253,261	255,161	207,608

Program 2.3: Defence Finance^[1]

Program 2.3 Objective		
To produce quality financial products to deliver Defence and Government-directed outcomes.		
Delivery	The program is achieved by: <ul style="list-style-type: none"> • Delivering enterprise resource planning and budget management in accordance with Commonwealth legislation and policy frameworks. • Strengthening Defence's financial management and improvement programs through uniform financial management approaches and a streamlined accountability structure. • Working with all Services and Groups to identify costs drivers for all key business elements. 	
Performance information		
Year	Performance criteria^[2]	Targets
2018-19	Quality and timeliness of financial advice to the Minister, the Secretary and Chief of the Defence Force.	Financial advice meets the Minister, Secretary and Chief of the Defence Force's requirements <i>Expected to be met.</i>
	Production of Defence's Budget, Financial Statements and the annual Defence Management and Finance Plan.	Produced in accordance within agreed statutory timeframes. <i>Expected to be met.</i>
	Status of Financial Statements.	Financial Statements are unqualified. <i>Expected to be met.</i>
2019-20	<i>Production of Defence's Budget and annual Financial Statements.</i>	<i>Defence meets legislated financial requirements and timeframes.</i>
	<i>Quality and timeliness of financial advice to the Minister, the Secretary and Chief of the Defence Force.</i>	<i>Financial advice meets the Minister, Secretary and Chief of the Defence Force's requirements.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.	
Material changes to Program 2.3 resulting from the following measures: Nil		

Notes

1. Program 2.3 name has changed from 'Chief Finance Officer' to 'Defence Finance'.
2. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Table 18: Cost Summary for Program 2.3 Defence Finance^[1]

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees ^[2]	93,741	113,313	104,548	93,750	93,988
Suppliers	89,127	68,423	69,632	82,727	394,329
Grants	-	-	-	-	-
Depreciation and amortisation	221	307	660	1,187	1,843
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	3,773	3,796	3,803	3,974	4,016
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	186,862	185,839	178,643	181,638	494,176
Income					
Revenues					
Goods and services	1,198	1,301	1,381	1,426	1,469
Other revenue	10,057	-	-	-	-
Total revenue	11,255	1,301	1,381	1,426	1,469
Gains					
Reversal of previous asset write-downs	1,242	1,242	1,242	1,242	1,242
Net gains from sale of assets	-	-	-	-	-
Other gains	5,061	5,188	5,318	5,451	5,587
Total gains	6,303	6,430	6,560	6,693	6,829
Total income	17,558	7,731	7,941	8,119	8,298
Program 2.3 Defence Finance	169,304	178,108	170,702	173,519	485,877

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.

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.

Performance information		
Year	Performance criteria ⁽¹⁾	Targets
2018-19	Effective implementation of the 2016 Defence White Paper.	The 2016 Defence White Paper implementation plan activities for 2018-22 are delivered as agreed with Government. <i>Expected to be met.</i>
	Chief of Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
	Defence's joint capability is generated and sustained to ensure forces are available to meet Government requirements.	Forces meet preparedness requirements to conducted joint, combined and interagency operations as directed by Government. <i>Expected to be met.</i>
	Quality of health services delivered to Australian Defence Force members and families.	Delivery meets standards. <i>Expected to be met.</i>
2019-20	<i>Defence's integrated capabilities including workforce are generated, trained and sustained to meet preparedness requirements.</i>	<i>Forces meet preparedness requirements and are available for the conduct of operations and national support tasks.</i>
	<i>Appropriate support and services are provided to Defence people and their families.</i>	<i>Delivery meets appropriate standards, including welfare support, transition services and health services.</i>
	<i>Joint enabling elements are generated and sustained at the required rate and standard to support the delivery of Defence capability.</i>	<i>Joint enabling elements effectively support the delivery of Defence capability.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 19: Cost Summary for Program 2.4 Joint Capabilities

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	621,401	654,380	677,973	704,672	749,921
Suppliers	795,435	786,803	766,713	828,623	931,554
Grants	1,700	2,118	2,138	2,157	2,177
Depreciation and amortisation	30,810	32,536	50,644	75,411	124,075
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	574,367	575,572	577,863	581,088	586,369
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	2,023,712	2,051,408	2,075,331	2,191,950	2,394,097
Income					
Revenues					
Goods and services	7,776	4,730	4,862	4,981	5,095
Other revenue	-	166	170	174	178
Total revenue	7,776	4,896	5,032	5,155	5,273
Gains					
Reversal of previous asset write-downs	163,994	164,033	164,108	164,211	164,378
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	163,994	164,033	164,108	164,211	164,378
Total income	171,769	168,929	169,140	169,366	169,651
Program 2.4 Joint Capabilities	1,851,943	1,882,479	1,906,191	2,022,584	2,224,446

Program 2.5: Navy Capabilities

Program 2.5 Objective

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

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

Year	Performance criteria ⁽¹⁾	Targets
2018-19	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2019-20	<i>Defence's integrated capabilities including workforce are generated, trained and sustained to meet preparedness requirements.</i>	<i>Forces meet preparedness requirements and are available for the conduct of operations and national support tasks.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.

Purposes Purpose 1 – Defend and protect Australia and advance its strategic interests.

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

- Additional Funding to Support Defence Capability
- Department of Defence – re-profiling

Note

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

Table 20: Cost Summary for Program 2.5 Navy Capabilities

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	2,252,329	2,264,144	2,337,049	2,439,877	2,665,381
Suppliers	2,470,509	2,811,711	3,072,733	3,339,914	3,669,533
Grants	150	-	-	-	-
Depreciation and amortisation	1,496,965	1,409,304	1,509,095	1,622,007	1,723,442
Finance cost	34,908	36,551	40,939	48,341	51,371
Write-down of assets and impairment of assets	103,135	116,033	131,191	148,985	170,479
Net losses from sale of assets	530	-	-	4,769	3,698
Other expenses	-	-	-	-	-
Total expenses	6,358,527	6,637,743	7,091,007	7,603,893	8,283,904
Income					
Revenues					
Goods and services	21,156	21,872	22,464	23,168	23,798
Other revenue	33,699	34,541	35,404	36,289	37,218
Total revenue	54,855	56,413	57,868	59,457	61,016
Gains					
Reversal of previous asset write-downs	6,715	7,148	7,660	8,265	8,991
Net gains from sale of assets ^[1]	-	-336	-117	-	-
Other gains	-	-	-	-	-
Total gains	6,715	6,812	7,543	8,265	8,991
Total income	61,570	63,225	65,411	67,722	70,007
Program 2.5 Navy Capabilities	6,296,957	6,574,517	7,025,596	7,536,171	8,213,898

Note

1. Whilst the amounts shown in 2019-20 and 2020-21 represent a loss for this program, at the portfolio level, Defence has budgeted for a net gain from sale of assets in these years.

Table 21: Navy Deliverables (Unit Availability Days)^[1]

Deliverables		2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Year 1	2021-22 Forward Year 2	2022-23 Forward Year 3
19	Major Combatants ^[2]	3,053	3,078	3,488	3,695	3,684
21	Minor Combatants ^[3]	4,098	4,382	4,440	4,474	4,355
5	Amphibious and Afloat Support ^[4]	1,263	952	1,082	1,173	1,324
7	Maritime Teams ^[5]	2,331	2,376	2,365	2,365	2,365
7	Hydrographic Force ^[6]	1,897	1,763	1,785	1,525	1,525

Notes

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Adelaide Class Frigates (FFG), Anzac Class Frigates (FFH), Hobart Class Air Warfare Destroyers (DDG) and Collins Class Submarines (CCSM). Adelaide Class Frigates are due to be withdrawn from service that is HMAS *Newcastle* June 2019 and HMAS *Melbourne* September 2019. Hobart Class Destroyers, HMA Ships *Brisbane* and *Sydney* will begin to accrue UAD in 2019-20, and 2020-21 respectively.
3. Minor Combatants comprises Armidale Class Patrol Boats (ACPB), Cape Class Patrol Boats (CCPB) and the Coastal Minehunters (MHC). First Arafura Class OPV from 2022-23 Forward Year 3, UADs as projected due to transition of capability with ACPB/CCPB.
4. Amphibious and Afloat Support comprises the Oil Tanker, Replenishment Ships (AOR), Landing Ship Dock and Landing Helicopter Dock (LHD). UAD decrease due to planned maintenance periods and the withdrawal of HMA Ships *Success* and *Sirius* in June 2019 and June 2021 respectively. Replacement vessels will be introduced into service from 2019-20.
5. Maritime Teams comprises Clearance Diving, Deployable Geospatial Support and Mobile Meteorological and Oceanographic (METOC) teams.
6. Hydrographic Force comprises the hydrographic ships, survey motor launches and meteorological and oceanographic centres. Reduction in estimated UAD due to planned withdrawal from service of HMAS *Melville*.

Table 22: Navy Deliverables (Flying Hours)

Deliverables		2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Year 1	2021-22 Forward Year 2	2022-23 Forward Year 3
24	MH-60R	5,920	7,200	7,200	7,200	7,200
-	MRH90 Taipan ^[1]	-	-	-	-	-
1	Laser airborne depth sounder aircraft (LADS) ^[2]	1,260	1,260	-	-	-

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.
2. LADS capability ceases 6 November 2019. LADS capability will be replaced by the Hydro Industry Partnership Program (HIPP), due to commence in Q1 2020. The HIPP is Capability Element 1 of SEA 2400.

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	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • 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.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2019-20	<i>Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.</i>	<i>Forces meet preparedness requirements and are available for the conduct of operations and national support tasks.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.

Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.
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Material changes to Program 2.5 resulting from the following measures and adjustments:

- Additional Funding to Support Defence Capability
- Department of Defence – re-profiling

Note

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

Table 23: Cost Summary for Program 2.6 Army Capabilities

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	4,290,291	4,380,217	4,448,861	4,561,358	4,658,572
Suppliers	2,059,155	2,163,054	2,713,400	2,857,977	3,281,316
Grants	495	497	100	102	105
Depreciation and amortisation	1,173,216	1,047,407	1,124,028	1,131,543	1,196,757
Finance cost	4,239	4,898	5,743	7,099	7,706
Write-down of assets and impairment of assets	51,241	61,492	71,902	87,286	101,170
Net losses from sale of assets ^[1]	-	-	-	-7,437	116
Other expenses	-	-	-	-	-
Total expenses	7,578,638	7,657,565	8,364,034	8,637,927	9,245,741
Income					
Revenues					
Goods and services	21,361	21,985	17,411	23,381	17,172
Other revenue	649	665	682	699	716
Total revenue	22,010	22,650	18,093	24,080	17,888
Gains					
Reversal of previous asset write-downs	4,030	4,233	4,668	4,998	5,273
Net gains from sale of assets	7,494	7,492	7,440	-	-
Other gains	-	-	-	-	-
Total gains	11,524	11,725	12,108	4,998	5,273
Total income	33,534	34,375	30,201	29,078	23,161
Program 2.6 Army Capabilities	7,545,104	7,623,190	8,333,832	8,608,849	9,222,580

Note

1. Whilst the amount shown in 2021-22 represents a gain for this program, at the portfolio level, Defence has budgeted for a net loss from sale of assets in this year.

Table 24: Army Deliverables (Rate of Effort – Flying Hours)

Deliverables		2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Year 1	2021-22 Forward Year 2	2022-23 Forward Year 3
10	CH-47F Chinook	2200	2400	2600	2600	2600
34	S-70A-9 Black Hawk	3000	2500	1500	600 ^[1]	-
41	B206B-1 Kiowa	316.7 ^[2]	-	-	-	-
22	ARH Tiger	5300	5300	5300	5300	5300
47	MRH90 Taipan	8430	9670	10300	10300	10300

Notes

1. S-70A-9 Black Hawk will be retired from service in December 2022.
2. B206B-1 was retired from service on 18 October 2018.

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

Year	Performance criteria ^[1]	Targets
2018-19	Chief of the Defence Force preparedness levels meet Government requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met.</i>
2019-20	<i>Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.</i>	<i>Forces meet preparedness requirements and are available for the conduct of operations and national support tasks.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.

Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.
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Material changes to Program 2.5 resulting from the following measures and adjustments:

- Additional Funding to Support Defence Capability
- Department of Defence – re-profiling

Note

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

Table 25: Cost Summary for Program 2.7 Air Force Capabilities

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	2,241,743	2,327,752	2,491,241	2,618,966	2,839,356
Suppliers	2,945,178	3,316,072	3,738,746	3,917,038	4,027,451
Grants	1,954	1,881	-	-	-
Depreciation and amortisation	1,772,220	1,736,155	1,858,327	1,805,184	1,827,128
Finance cost	20,350	23,515	27,571	34,082	36,998
Write-down of assets and impairment of assets	124,174	145,926	169,106	189,533	178,298
Net losses from sale of assets	-	-	-	3,286	2,000
Other expenses	-	-	-	-	-
Total expenses	7,105,619	7,551,302	8,284,992	8,568,089	8,911,231
Income					
Revenues					
Goods and services	38,028	39,120	40,097	41,204	42,357
Other revenue	5,602	5,743	5,886	6,033	6,184
Total revenue	43,630	44,863	45,983	47,237	48,541
Gains					
Reversal of previous asset write-downs	8,306	8,982	9,699	10,332	9,991
Net gains from sale of assets ^[1]	-3,475	-1,115	-936	-	-
Other gains	-	-	-	-	-
Total gains	4,831	7,867	8,763	10,332	9,991
Total income	48,461	52,730	54,746	57,569	58,532
Program 2.7 Air Force Capabilities	7,057,159	7,498,572	8,230,245	8,510,520	8,852,699

Note

1. Whilst the amounts shown in 2018-19, 2019-20 and 2020-21 represent a loss for this program, at the portfolio level, Defence has budgeted for a net gain from sale of assets in these years.

Table 26: Air Force Deliverables (Flying Hours)

Deliverables		2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Year 1	2021-22 Forward Year 2	2022-23 Forward Year 3
38	PC-9/A ^[1]	13,580	3,826	-	-	-
40	PC-21 ^[2]	4,900	19,626	23,652	23,652	23,652
12	KA350 King Air ^[3]	5,000	8,300	8,300	8,300	8,300
12	C-130J Hercules	7,350	7,350	7,350	7,350	7,350
8	C-17A Globemaster III ^[4]	7,000	6,200	6,200	6,200	6,200
10	C-27J Spartan ^[5]	3,200	7,500	7,500	7,500	7,500
5	KC-30A MRTT ^[6]	5,660	4,700	4,700	4,700	4,700
2	737 BBJ	1,600	1,600	1,600	1,600	1,600
3	CL-604 Challenger	2,403	2,403	2,403	2,403	2,403
2	AP-3C Orion ^[7]	1,714	600	600	600	300
8	P-8A Poseidon	4,254	5,400	5,775	6,325	6,600
6	E-7A Wedgetail	3,400	3,600	3,600	3,600	3,600
71	F/A-18A/B Hornet ^[8]	10,750	8,100	4,750	1,500	-
24	F/A-18F Super Hornet ^[9]	3,700	4,050	4,050	4,050	4,050
33	Hawk 127	6,500	6,500	6,500	6,500	6,500
11	E/A-18G Growler	1,800	2,400	2,800	2,800	2,800
10	F-35A Lightning II ^[10]	2,200	4,564	8,204	11,831	14,519
1	MC-55A Peregrine ^[11]	-	-	-	-	300

Notes

1. PC-9/A hours reflect workforce constraints associated with the introduction into service of PC-21. By 2019-20 the PC-9/A aircraft fleet is expected to reduce from 60 to 38 aircraft.
2. PC-21 hours reflect changes in training constraints. By 2019-20 the PC-21 aircraft fleet is expected to increase from 22 to 40 aircraft.
3. KA350 hours reflect changes in aircraft availability due to modification rework. The KA350 aircraft fleet reduced from 16 to 12 aircraft following the disbandment of Number 38 Squadron.
4. C-17A hours include operational assignments.
5. C-27J hours reflect changes due to delayed certification and the relocation of Number 35 Squadron to Amberley.
6. KC-30A hours include operational assignments.
7. AP-3C hours reflect the phased withdrawal of aircraft, the AP-3C aircraft fleet reduced from 15 to 2 aircraft.
8. F/A-18A/B hours reflect workforce transition changes related to introduction into service of F-35A.
9. F/A-18F hours reflect changes in aircraft availability.
10. F-35A hours reflect the introduction into service of F-35A.
11. MC-55A hours reflect the introduction into service of MC-55A.

Program 2.8: Australian Defence Force Headquarters Command

Program 2.8 Objective

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Designing the future force through management of the capability lifecycle and the integrated investment program. • Integrating and preparing capability elements, and planning for the effective conduct of joint, combined and interagency operations. • Monitoring preparedness for Government-directed operations and national support tasks through the preparedness management system. • Assess the future force requirements to inform force design, preparedness and training needs.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	Chief of the Defence Force preparedness levels meet Government Requirements.	Chief of the Defence Force preparedness levels are achieved as agreed with Government. <i>Expected to be met</i>
	Effective implementation of the 2016 Defence White Paper.	The 2016 Defence White Paper implementation plan activities for 2018-22 are delivered as agreed with Government. <i>Expected to be met.</i>
	Effective implementation of the Integrated Investment Program.	The Integrated Investment Program is delivered as agreed with Government. <i>Expected to be met.</i>
	Operational outcomes meet the requirements of Government policy.	All operational requirements are met. <i>Expected to be met.</i>
	The future force design is realised through resourcing delivered through the Integrated Investment Program.	Future force design development aligns to strategic policy. <i>Expected to be met.</i>
2019-20	<i>Our Future Joint force is designed, integrated and developed through the analysis of the future operating environment, development of potential responses and Government direction.</i>	<i>The force-in-being and future force are designed, integrated and developed in accordance with strategic policy and risk.</i>
	<i>Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet preparedness requirements.</i>	<i>Forces meet preparedness requirements and are available for the conduct of operations and national support tasks.</i>
	<i>Biannual Integrated Investment Program updates are agreed by Government.</i>	<i>The Integrated Investment Program is delivered as agreed with Government.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.

Purposes Purpose 1 – 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 27: Cost Summary for Program 2.8 Australian Defence Headquarters Command

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	24,477	33,183	34,050	34,069	34,900
Suppliers	65,507	117,635	112,727	127,085	115,295
Grants	-	-	-	-	-
Depreciation and amortisation	4,055	6,595	11,655	18,524	26,336
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	70	335	922	1,452	2,501
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	94,109	157,748	159,354	181,129	179,033
Income					
Revenues					
Goods and services	249	263	258	298	339
Other revenue	-	-	-	-	-
Total revenue	249	263	258	298	339
Gains					
Reversal of previous asset write-downs	78	89	110	129	163
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	78	89	110	129	163
Total income	327	352	367	426	503
Program 2.8 Australian Defence Force Headquarters	93,782	157,396	158,987	180,703	178,530

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
2018-19	Capability proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.	Deliver Government approved acquisition projects to budget, schedule and agreed capability scope. <i>Expected to be met.</i>
	Sustainment products are delivered consistent with capability manager requirements.	Deliver sustainment products to meet capability manager requirements. <i>Expected to be met.</i>
2019-20	<i>Assessment of acquisition projects delivery to meet Government and Defence requirements.</i>	<i>Deliver Government approved acquisition projects to budget, schedule and agreed capability scope.</i>
	<i>Progress to deliver a sustainable, sovereign national naval shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan.</i>	<i>The national naval shipbuilding enterprise is designed and delivered in accordance with the Naval Shipbuilding Plan and biannual updates to Government.</i>
	<i>Assessment of sustainment products delivery to meet Capability Manager requirements.</i>	<i>Deliver sustainment products to meet Capability Manager requirements.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 28: Cost Summary for Program 2.9 Capability Acquisition and Sustainment

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	433,859	448,981	465,885	475,468	484,867
Suppliers	201,489	212,498	232,370	255,763	293,906
Grants	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	12,932	12,932	12,936	12,936	12,936
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	648,279	674,411	711,191	744,167	791,709
Income					
Revenues					
Goods and services	16,873	1,011	2,864	1,063	1,079
Other revenue	-	-	-	-	-
Total revenue	16,873	1,011	2,864	1,063	1,079
Gains					
Reversal of previous asset write-downs	397	397	398	398	398
Net gains from sale of assets	292	-	-	-	-
Other gains	-	-	-	-	-
Total gains	690	397	398	398	398
Total income	17,563	1,408	3,262	1,461	1,477
Program 2.9 Capability Acquisition and Sustainment	630,716	673,003	707,929	742,706	790,233

Program 2.10: Estate and Infrastructure Group

Program 2.10 Objective

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

Delivery	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> Managing and sustaining the Defence estate to meet Government and Defence requirements by developing and delivering major infrastructure and property programs. Delivering integrated estate and infrastructure services to enable Defence people, equipment and systems, including base support for the Australian Defence Force. <p>The approved 2019-20 Facilities and Infrastructure Program, a component of the Integrated Investment Program, is outlined at Appendix D.</p>
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	The management and sustainment of the estate meets the requirements of the Capability Managers.	The Defence Estate Strategy implementation plan is delivered as agreed. <i>Expected to be met.</i>
	Service delivery is aligned to capability outputs.	<5% service failures impacting operational capability. <i>Expected to be met.</i>
	Service delivery meets customer requirements.	An increase in the overall customer satisfaction rate. <i>Expected to be met.</i>
2019-20	<i>The delivery of services by enabling Groups is progressively integrated.</i>	<i>Services are delivered in accordance with agreed measures.</i>
	The management and sustainment of the Estate meets the requirements of the Capability Managers.	The Defence Estate Strategy implementation plan is delivered as agreed.
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 29: Cost Summary for Program 2.10 Estate and Infrastructure Group

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	1,115,257	1,146,179	1,145,530	1,174,060	1,211,582
Suppliers	2,826,253	2,989,144	2,618,786	2,818,238	3,288,296
Grants	-	-	-	-	-
Depreciation and amortisation	1,000,880	1,010,985	1,067,710	1,132,290	1,204,330
Finance cost	97,780	93,487	94,777	91,790	89,515
Write-down of assets and impairment of assets	10,110	10,893	11,759	13,960	19,702
Net losses from sale of assets	-	-	-	1,559	2,083
Other expenses	35,616	15,158	-	-	-
Total expenses	5,085,896	5,265,847	4,938,562	5,231,898	5,815,509
Income					
Revenues					
Goods and services	359,387	364,044	378,778	396,537	404,591
Other revenue	4,767	4,688	4,727	4,843	4,772
Total revenue	364,154	368,732	383,505	401,380	409,363
Gains					
Reversal of previous asset write-downs	4,027	4,326	4,448	4,566	4,841
Net gains from sale of assets ^[1]	-3,506	-1,439	123,385	-	-
Other gains	-	-	-	-	-
Total gains	521	2,887	127,833	4,566	4,841
Total income	364,675	371,619	511,338	405,946	414,204
Program 2.10 Estate and Infrastructure	4,721,221	4,894,228	4,427,224	4,825,952	5,401,305

Note

1. Whilst the amounts shown in 2018-19 and 2019-20 represent a loss for this program, at the portfolio level, Defence has budgeted for a net gain from sale of assets in these years.

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	<p>This program will be achieved by:</p> <ul style="list-style-type: none"> • Planning and governing Defence ICT ensuring the appropriate networking and operation of ICT systems. • Delivering ICT capabilities for Defence by: <ul style="list-style-type: none"> ▪ Working with stakeholders to shape business requirements and understand priorities; ▪ Partnering with industry to deliver outcomes; and ▪ Building the ICT organisation to shape and direct the future priorities.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	ICT services meet requirements.	ICT capabilities are delivered in accordance with the Integrated Investment Program requirements as governed by the Investment Committee. <i>Expected to be met.</i>
2019-20	<i>The delivery of services by enabling Groups is progressively integrated.</i>	<i>Services are delivered in accordance with agreed measures and within allocated resources.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.

Purposes Purpose 1 – 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 30: Cost Summary for Program 2.11 Chief Information Officer

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	114,366	115,481	115,067	116,895	119,526
Suppliers	1,350,892	1,392,082	1,059,014	1,341,149	1,603,627
Grants	-	-	-	-	-
Depreciation and amortisation	213,665	196,952	223,136	242,057	266,280
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	11,686	13,130	15,721	19,761	22,885
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1,690,609	1,717,645	1,412,938	1,719,861	2,012,318
Income					
Revenues					
Goods and services	34,627	37,054	38,797	39,710	40,645
Other revenue	-	-	-	-	-
Total revenue	34,627	37,054	38,797	39,710	40,645
Gains					
Reversal of previous asset write-downs	8,797	9,584	9,872	10,518	10,882
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	8,797	9,584	9,872	10,518	10,882
Total income	43,424	46,638	48,669	50,228	51,527
Program 2.11 Chief Information Officer	1,647,186	1,671,007	1,364,269	1,669,633	1,960,791

Program 2.12: Defence People

Program 2.12 Objective		
To deliver a program that enables the required people capability to operate and support Defence equipment and systems, and to manage the business of Defence.		
Delivery	<p>The program will be achieved by:</p> <ul style="list-style-type: none"> • Providing timely, accurate and high-quality advice on key people issues to the Secretary, CDF and Government. • Implementing the 2016-2026 Defence Strategic Workforce Plan to attract, recruit, develop and retain a highly skilled workforce. • Implementing the ADF Total Workforce Model to support individual and organisational flexibility. • Implementing, 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. 	
Performance information		
Year	Performance criteria⁽¹⁾	Targets
2018-19	Progress in the delivery of actions from the 2016-2026 Defence Strategic Workforce Plan.	2018-22 targets of the 2016-2026 Defence Strategic Workforce Plan are achieved. <i>Expected to be met.</i>
	All elements of the ADF Total Workforce Model, including Service Category 6 (mature) are implemented.	The Defence Workforce has the agility and skills required to meet current and future demand to support capability. <i>Expected to be met.</i>
	Implementation of the six key cultural priorities through the regular enterprise performance reviews.	Cultural reform priorities are implemented as set out in the Pathway to Change strategy. <i>Expected to be met.</i>
	Quality of welfare services delivered to Defence personnel and families.	Delivery of welfare services meets standards. <i>Expected to be met.</i>
	Australian Defence Force members and families are supported through the delivery of welfare services.	Support is delivered in a timely and professional manner. <i>Expected to be met.</i>

Year	Performance criteria⁽¹⁾	Targets
2019-20	<i>Defence's workforce has the agility and skills to meet current and future demand to deliver capability.</i>	<i>Milestones within the Defence Strategic Workforce Plan, Total Workforce Model are implemented and critical skillset levels achieved.</i>
	<i>Implementation of the six key cultural priorities.</i>	<i>Cultural reform priorities are implemented as set out in the Pathway to Change: Evolving Defence Culture 2017-22 strategy.</i>
	<i>The workforce is safe and supported.</i>	<i>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.</i>
	<i>Appropriate support and services are provided to Defence people and their families.</i>	<i>Delivery meets appropriate standards, including welfare support, transition services and health services.</i>
	<i>The delivery of services by enabling Groups is progressively integrated.</i>	<i>Services are delivered in accordance with agreed measures.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 31: Cost Summary for Program 2.12 Defence People

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	193,568	190,891	189,213	190,504	193,336
Suppliers	298,193	334,188	339,261	350,966	366,354
Grants	1,600	1,700	1,450	1,450	1,450
Depreciation and amortisation	5,077	5,094	4,460	4,444	4,442
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	4	4	4	4	4
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	498,443	531,877	534,387	547,368	565,586
Income					
Revenues					
Goods and services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Reversal of previous asset write-downs	4	4	4	4	4
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	4	4	4	4	4
Total income	4	4	4	4	4
Program 2.12 Defence People	498,438	531,873	534,383	547,363	565,582

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	<p>This program is achieved by:</p> <ul style="list-style-type: none"> • Undertaking research activities focused on supporting Defence and national security operations, sustainment and enhancement of current capability, and supporting the development and acquisition of future capability. • Conducting strategic research to anticipate and exploit advances in science and technology for strategic advantage. • Drawing on world-class science and technology capabilities, extensive networks and partnerships with external organisations and outreach activities to enable knowledge and innovation integration for Defence. • Promoting defence science and STEM education in the broader Australian community.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	Science and technology research supports Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.	Science and Technology activities are balanced to support Defence operational and capability priorities in accordance with the 2016 Defence White Paper. <i>Expected to be met.</i>
	Defence's strategic research builds understanding of future Defence capability.	Strategic research activities are aligned with Integrated Investment Program priorities. <i>Expected to be met.</i>
	Defence's capability is enhanced by collaborative research partnerships with PFRAS, academia, industry and international research agencies.	Collaborative activities with academia, industry and allied defence research agencies are aligned to the 2016 Defence White Paper and Defence Industry Policy Statement priorities. <i>Expected to be met.</i>
2019-20	<i>Science and technology activities support Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.</i>	<i>The balance of investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities.</i>
	<i>Strategic research enables Defence to anticipate and exploit advances in science and technology for future Defence capability.</i>	<i>Strategic research investments (including the Next Generation Technologies Fund) are creating disruptive scientific and technological opportunities for Defence.</i>
	<i>Defence capability is enhanced by outreach and partnerships with the broader community, including publicly funded research agencies, academia, industry and allied international research agencies.</i>	<i>Collaboration and outreach activities are delivering Defence capability in line with agreed Defence priorities.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 32: Cost Summary for Program 2.13 Defence Science and Technology

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Employees	296,980	301,512	306,560	313,098	319,378
Suppliers	139,299	145,586	148,009	118,634	82,498
Grants	-	-	-	-	-
Depreciation and amortisation	35,639	24,172	23,222	20,981	20,064
Finance cost	-	-	-	-	-
Write-down of assets and impairment of assets	1,685	1,838	1,987	2,180	2,373
Net losses from sale of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	473,604	473,109	479,778	454,893	424,313
Income					
Revenues					
Goods and services	2,801	2,598	2,753	3,010	3,074
Other revenue	118	123	128	134	139
Total revenue	2,919	2,721	2,881	3,144	3,213
Gains					
Reversal of previous asset write-downs	1,931	2,106	2,277	2,498	2,719
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	1,931	2,106	2,277	2,498	2,719
Total income	4,850	4,827	5,158	5,642	5,932
Program 2.13 Defence Science and Technology	468,754	468,282	474,621	449,252	418,381

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	<p>This program will be achieved by reporting on superannuation contributions and the movement in liabilities associated with the five military superannuation schemes.</p> <p>Notes about this program:</p> <ul style="list-style-type: none"> • 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. • <i>ADF Super is the current superannuation scheme for new ADF members. It commenced on 1 July 2016.</i> • 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.
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Performance information

Year	Performance criteria ⁽¹⁾	Targets
2018-19	Provision of timely payments to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions.	Payments are provided within agreed timeframes to the Commonwealth Superannuation Corporation and quality administration of DFRB, DFRDB, MSBS and ADF Super employer and member contributions. <i>Expected to be met.</i>
2019-20	<i>Timely and accurate administration of the Program.</i>	<i>Administration meets agreed requirements.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.	

Material changes to Program 2.1 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 33: Cost Summary for Administered Program 2.14 Defence Force Superannuation Benefits

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Military retention benefits	109,016	121,811	113,698	92,646	71,288
Military superannuation benefits ^[1]	4,234,231	2,257,599	2,227,780	2,216,237	2,219,122
Total expenses	4,343,247	2,379,410	2,341,478	2,308,883	2,290,410
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	1,342,307	1,244,386	1,148,470	1,063,383	985,433
Total income	1,342,307	1,244,386	1,148,470	1,063,383	985,433
Program 2.14 Defence Force Superannuation Benefits	3,000,940	1,135,024	1,193,008	1,245,500	1,304,977

Note

1. The decrease from 2018-19 to 2019-20 predominately relates to the change in the interest rate.

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

Year	Performance criteria ^[1]	Targets
2018-19	Provide quality administration services for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions.	Administration services are provided as agreed for DFRB, DFRDB, MSBS and ADF Cover nominal interest transactions. <i>Expected to be met.</i>
2019-20	<i>Timely and accurate administration of the Program.</i>	<i>Administration meets agreed requirements.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 34: Cost Summary for Administered Program 2.15 Defence Force Superannuation Nominal Interest

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Retention benefits	-	-	-	-	-
Military superannuation benefits ^[1]	4,020,319	4,442,195	4,644,057	4,844,169	5,045,238
Total expenses	4,020,319	4,442,195	4,644,057	4,844,169	5,045,238
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Military superannuation contributions	-	-	-	-	-
Total income	-	-	-	-	-
Program 2.15 Defence Force Superannuation Nominal Interest	4,020,319	4,442,195	4,644,057	4,844,169	5,045,238

Note

1. The increase from 2018-19 to 2019-20 predominately relates to the change in the interest rate.

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

Year	Performance criteria ^[1]	Targets
2018-19	Eligible ADF members continue to access the scheme.	The uptake of new subsidised loans is maintained at current levels. <i>Expected to be met.</i>
	Eligible ADF members are offered competitive home loan interest rates by the home loan provider.	Interest rates offered are equal to or lower than standard product offerings. <i>Expected to be met.</i>
2019-20	<i>Eligible ADF members continue to access the scheme.</i>	<i>The scheme is consistently identified in surveys as a contributor to the retention of ADF personnel.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – 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 35: Cost Summary for Administered Program 2.16 Housing Assistance

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Net foreign exchange losses	-	-	-	-	-
Housing subsidies	113,991	122,256	130,786	139,618	143,315
Total expenses	113,991	122,256	130,786	139,618	143,315
Income					
Revenues					
Interest	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Dividends	-	-	-	-	-
License fees	16,237	16,852	17,444	18,015	18,465
Other	-	-	-	-	-
Total income	16,237	16,852	17,444	18,015	18,465
Program 2.16 Housing Assistance	97,754	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.
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Performance information		
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Year	Performance criteria ^[1]	Targets
2018-19	Account and report 'Other Administered'.	Accounting and reporting is accurate. <i>Expected to be met.</i>
2019-20	<i>Timely and accurate administration of the Program.</i>	<i>Administration meets agreed requirements.</i>
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Purpose 1 – Defend and protect Australia and advance its strategic interests.	

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

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

Table 36: Cost Summary for Administered Program 2.17 Other Administered

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Expenses					
Total expenses	-	-	-	-	-
Income					
Revenues					
Interest	24,809	23,335	22,919	22,730	22,072
Dividends	20,538	41,705	41,826	34,711	38,428
Other	66,237	33,263	33,630	33,825	34,360
Total income	111,584	98,303	98,375	91,266	94,860
Program 2.17 Other Administered	-111,584	-98,303	-98,375	-91,266	-94,860

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 2019-20 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 37: Summary of Estimated Special Account Balances^{[1][2][3]}

	Outcome	Opening Receipts		Payments	Adjustments	Closing Balance
		2019-20 2018-19	2019-20 2018-19	2019-20 2018-19	2019-20 2018-19	2019-20 2018-19
		\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Defence Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	101,073	377,133	-333,239	-	144,967
	<i>2</i>	<i>108,180</i>	<i>322,949</i>	<i>-317,235</i>	<i>-12,821</i>	<i>101,073</i>
Defence Endowments Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	50	1	-1	-	50
	<i>2</i>	<i>50</i>	<i>1</i>	<i>-1</i>	-	<i>50</i>
Fedorczenko Legacy Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	161	3	-7	-	157
	<i>2</i>	<i>165</i>	<i>3</i>	<i>-7</i>	-	<i>161</i>
Young Endeavour Youth Program Special Account – <i>Public Governance, Performance and Accountability Act 2013</i>	2	-	-	-	-	-
	<i>2</i>	<i>1,578</i>	<i>55</i>	<i>-22</i>	<i>-1,611</i>	-
Total Special Accounts 2019-20		101,284	377,137	-333,247	-	145,174
<i>2018-19 estimated actual</i>		<i>109,973</i>	<i>323,008</i>	<i>-317,265</i>	<i>-14,432</i>	<i>101,284</i>

Notes

1. 2019-20 estimates in bold.
2. 2018-19 estimated actuals in italics.
3. These are all Special Public Monies.

3.1.1 Australian Government Indigenous Expenditure

Table 38: Australian Government Indigenous Expenditure^[1]

	Program	Bill No. 1 \$'000
Defence Indigenous Employment Strategy	2.12	
Departmental 2019-20 Budget Estimate		8,359
<i>Departmental 2018-19 Estimated Actual</i>		8,857
Army Aboriginal Community Assistance Program	2.6	
Departmental 2019-20 Budget Estimate		6,700
<i>Departmental 2018-19 Estimated Actual</i>		6,700
Total 2019-20 Revised Estimates		15,059
<i>Total 2018-19 Budget Estimates</i>		<i>15,557</i>

Note

1. All amounts are GST exclusive.

Defence Indigenous Employment Strategy

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

The Defence Reconciliation Action Plan provides the overarching strategy for Defence's commitment to Indigenous inclusion. The fourth iteration of the Plan is being finalised and will focus on four key action areas:

- 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.
- Monitoring and reporting on the Defence Reconciliation Action Plan.

Defence's Indigenous workforce continues to grow, with 2.5 per cent of Australian Defence Force and Australian Public Service personnel identifying as Indigenous.

In 2017-18, Defence awarded 605 contracts to Indigenous businesses. This was an achievement against the target of 420 contracts. These procurements totalled \$455.2 million expenditure under the Commonwealth Indigenous Procurement Policy.

Defence Indigenous Programs

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

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

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

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

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

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Program (AACAP) is a collaborative partnership between the Department of the Prime Minister and Cabinet (PM&C) and the Australian Army which aims to improve environmental health and living conditions in remote Indigenous communities. One project is undertaken each calendar year targeting improvements in housing and essential services including water, power, sewerage and health. Community selection capitalises on Army's ability to deploy and sustain a construction camp for a prolonged period in a remote area of Australia, to holistically deliver a range of services to Indigenous communities which would not normally be available through other project means. The 2019 Project is to be delivered in Jigalong in the Pilbara region of Western Australia. The 2020 Project will be in Pormpuraaw in Far North Queensland.

3.1.2 Grants

Table 39: Approved Grants

The following are grants that have been approved since the 2018-19 Portfolio Budget Statements.

	Total Grant Amount Approved \$'000
Approved since 2018-19 PAES	
Grant Sub-Programs	
Centre for Defence Industry Capability Program	100
The Industry Skilling Program Enhancement (ISPE) through School Pathways Programs (SPP)	540
Total grants approved since 2018-19 PAES	640
Grant Sub-Programs	
Army History Research Grants Scheme	49
Centre for Defence Industry Capability Program	1,283
New Air Combat Capability – Industry Support Program	2,250
Strategic Policy Grants Program	5,828
The Industry Skilling Program Enhancement (ISPE) through School Pathways Programs (SPP)	860
Individual Grants	
City of Parramatta RSL Sub-Branch of the Returned and Services League of Australia (NSW)	9
Stand Tall for PTSD	350
The Australian Strategic Policy Institute Limited (ASPI)	20,000
War Widows' Guild of Australian NSW Limited	10
Williamstown Pre-School Inc.	73
Total previously approved grants	30,712
Total grants approved since the 2018-19 Portfolio Budget Statements	31,352

3.2 RESOURCE SUMMARY

Table 40: Budgeted Departmental Net Cost of Service (cash) (for the period ended 30 June)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
NET COST OF SERVICE (CASH)					
Cost of Service					
Employee payments	11,880,789	12,285,376	12,513,410	12,942,724	13,606,636
Supplier payments	12,921,891	13,501,224	13,531,133	14,513,137	16,318,423
Purchase of specialist military equipment	8,480,402	8,421,945	10,681,980	13,282,730	14,361,035
Purchase of inventory	1,653,689	1,715,279	1,768,731	1,856,691	1,988,618
Purchase of other property, plant and equipment	2,089,780	2,328,914	3,008,576	2,661,871	3,053,932
Net cash to / (from) the Official Public Account	942	-	-	-	-
Other cash used	2,272,004	2,415,052	2,418,600	2,694,827	2,960,320
Total cash used	39,299,498	40,667,790	43,922,430	47,951,981	52,288,965
Own source receipts	2,600,359	2,842,834	3,082,962	3,233,258	3,518,016
Total cash received	2,600,359	2,842,834	3,082,962	3,233,258	3,518,016
Net cost of service (cash)	36,699,139	37,824,956	40,839,468	44,718,723	48,770,949
FUNDED BY					
Appropriation Bill 1/3 (price of outcomes)	32,673,073	33,878,310	34,302,063	36,355,667	39,316,636
Appropriation carried forward from previous year	620,000	-	-	-	-
Appropriation Bill 2/4 (equity injection)	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Total funding source	36,699,139	37,824,956	40,839,468	44,718,723	48,770,949
Change in cash	-	-	-	-	-

Table 41: Defence Resource Statement – Budget Estimates for 2019-20 as at April 2019

	Actual available appropriation 2018-19 \$'000	Estimate of prior year amounts available in 2019-20 \$'000	Proposed at Budget 2019-20 \$'000	Total Estimate 2019-20 \$'000
Departmental				
Annual appropriations - ordinary annual services	32,673,073	-	33,878,310	33,878,310
Draw down of prior year appropriations	620,000	-	-	-
Prior year appropriations available	48,558	48,558	-	48,558
Equity injection	3,406,065	-	3,946,645	3,946,645
Total departmental annual	36,747,696	48,558	37,824,956	37,873,513
Total departmental resourcing	36,747,696	48,558	37,824,956	37,873,513
Administered				
Annual appropriations - ordinary annual services	8,477,557	-	6,943,861	6,943,861
Prior year appropriations available	-	-	-	-
Equity injection	-	-	-	-
Total administered annual	8,477,557	-	6,943,861	6,943,861
<i>Total administered special appropriations</i>				
Special accounts				
Opening balance	109,973	101,284	-	101,284
Non-appropriation receipts	323,008	-	377,137	377,137
Payments made	-317,265	-	-333,247	-333,247
Adjustments	-14,432	-	-	-
Total special accounts	101,284	101,284	43,890	145,174
Total administered resourcing	8,578,841	101,284	6,987,751	7,089,035

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

	Estimated Actual 2018-19 \$'000	Budget Estimate 2019-20 \$'000
Receipts from Defence Housing Australia for interest on loans, dividends and competitive neutrality payments (Administered)	92,311	92,717
Payments made to Defence Housing Australia for the provision of services (Departmental)	577,476	544,923
Receipts from Australian Signals Directorate for provision of services (Departmental)	92,274	89,276
Payments made to Department of Foreign Affairs and Trade for the provision of services (Departmental)	24,615	24,723
Payments made to the Commonwealth Superannuation Corporation (CSC) for the provision of services (Departmental)	34,293	35,346
Payments made to the Department of Finance for the provision of services (Departmental)	68,858	70,102
Payments made to Comcare for workers compensation premiums (Departmental)	22,201	22,522
Payments made to the Australian Federal Police for the provision of services (Departmental)	47,092	48,913

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)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
EXPENSES					
Employee benefits	11,992,060	12,341,903	12,578,023	13,007,599	13,671,075
Supplier expenses	14,532,200	15,616,851	15,578,986	16,826,117	18,711,950
Grants	143,843	143,623	30,316	30,703	26,009
Depreciation and amortisation	5,741,796	5,474,719	5,880,428	6,080,149	6,444,998
Finance costs	157,277	158,451	169,030	181,312	185,590
Write-down of assets and impairment of assets	893,869	944,053	999,467	1,062,124	1,101,884
Foreign exchange losses	-	-	-	-	-
Net losses from sale of assets	-	-	-	2,174	7,890
Other	35,616	15,158	-	-	-
Total expenses	33,496,662	34,694,759	35,236,250	37,190,178	40,149,397
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	564,101	557,611	546,680	572,731	568,014
Other revenue	55,023	46,055	47,128	48,306	49,348
Total own-source revenue	619,124	603,667	593,807	621,036	617,362
Gains					
Reversals of previous asset write-downs	200,313	202,990	205,291	208,024	209,812
Net gains from sale of assets	282	4,604	129,771	-	-
Other gains	5,061	5,188	5,318	5,451	5,587
Total gains	205,656	212,782	340,380	213,475	215,399
Total own-source income	824,780	816,449	934,187	834,511	832,761
Net cost of (contribution by) services	32,671,881	33,878,310	34,302,063	36,355,667	39,316,636
Revenue from Government	32,673,073	33,878,310	34,302,063	36,355,667	39,316,636
Surplus (Deficit) attributable to the Australian Government	1,192	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	1,192	-	-	-	-

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

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	72,241	72,241	72,241	72,241	72,241
Trade and other receivables	85,279	85,279	85,279	85,279	85,279
Tax assets	75,702	70,318	65,464	60,759	56,011
Appropriation receivable	48,558	48,558	48,558	48,558	48,558
Other receivables	184,702	180,855	180,853	180,851	180,849
Total financial assets	466,481	457,251	452,395	447,688	442,937
Non-financial assets					
Land and buildings	19,558,622	20,003,073	21,169,283	22,287,786	23,458,430
Infrastructure, plant and equipment	7,969,791	8,422,130	8,838,491	8,895,873	9,028,425
Specialist military equipment	65,794,710	69,492,116	75,130,796	83,103,899	91,843,347
Intangibles	677,297	702,787	677,446	666,959	851,910
Heritage and cultural	462,591	440,444	418,297	396,150	374,003
Inventories	6,592,437	6,256,396	5,920,328	5,584,243	5,248,141
Prepayments	1,538,843	1,541,124	1,544,870	1,548,938	1,548,989
Total non-financial assets	102,594,291	106,858,069	113,699,512	122,483,848	132,353,245
Assets held for sale	47,432	47,432	47,432	47,432	47,432
Total assets	103,108,204	107,362,752	114,199,338	122,978,968	132,843,614
LIABILITIES					
Payables					
Suppliers	2,008,926	2,221,784	2,406,259	2,695,623	2,973,729
Other	171,154	171,156	171,157	171,157	171,156
Total payables	2,180,080	2,392,939	2,577,415	2,866,780	3,144,885
Interest bearing liabilities					
Leases	1,484,972	1,443,160	1,398,453	1,349,852	1,297,849
Total interest bearing liabilities	1,484,972	1,443,160	1,398,453	1,349,852	1,297,849
Provisions					
Employee provisions	2,972,312	3,045,842	3,127,783	3,210,599	3,294,202
Restoration, decontamination and decommissioning	1,255,927	1,319,253	1,396,726	1,489,720	1,590,349
Other	312,565	312,565	312,565	312,565	312,565
Total provisions	4,540,804	4,677,660	4,837,074	5,012,884	5,197,116
Total liabilities	8,205,856	8,513,760	8,812,942	9,229,516	9,639,850
NET ASSETS	94,902,348	98,848,992	105,386,396	113,749,452	123,203,764
EQUITY					
Contributed equity	31,628,697	35,575,342	42,112,745	50,475,801	59,930,114
Reserves	26,727,755	26,727,755	26,727,755	26,727,755	26,727,755
Retained surplus (accumulated deficit)	36,545,895	36,545,895	36,545,895	36,545,895	36,545,895
Total equity	94,902,348	98,848,992	105,386,396	113,749,452	123,203,764

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

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	32,673,073	33,878,310	34,302,063	36,355,667	39,316,636
Goods and services	563,995	557,504	546,570	572,618	567,898
Net GST received	1,925,140	2,106,010	2,244,279	2,516,609	2,790,125
Other cash received	55,023	46,055	47,128	48,306	49,348
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	35,217,231	36,587,880	37,140,039	39,493,199	42,724,007
Cash used					
Employees	11,880,789	12,285,376	12,513,410	12,942,724	13,606,636
Suppliers	12,921,891	13,501,224	13,531,133	14,513,137	16,318,423
Net GST paid	1,925,140	2,106,010	2,244,279	2,516,609	2,790,125
Grants	143,843	143,623	30,316	30,703	26,009
Other cash used	35,616	15,158	-	-	-
Cash transfer to the Official Public Account (receivables)	942	-	-	-	-
Total cash used	26,908,221	28,051,392	28,319,138	30,003,173	32,741,193
Net cash from (used by) operating activities	8,309,010	8,536,488	8,820,902	9,490,026	9,982,814
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of land and buildings	28,925	104,729	218,161	67,855	85,662
Proceeds from sales of infrastructure, plant and equipment	19,434	20,987	19,275	20,322	24,983
Proceeds from sales of specialist military equipment	7,841	7,549	7,549	7,549	-
Total cash received	56,201	133,265	244,985	95,726	110,645
Cash used					
Purchase of land and buildings	1,265,977	1,139,083	1,882,514	1,844,859	1,947,018
Purchase of infrastructure, plant and equipment	711,425	1,059,633	1,042,966	724,129	813,373
Purchase of specialist military equipment	8,480,402	8,421,945	10,681,980	13,282,730	14,361,035
Purchase of intangibles	112,378	130,197	83,096	92,883	293,541
Purchase of inventory	1,653,689	1,715,279	1,768,731	1,856,691	1,988,618
Selling costs on sale of assets	21,694	13,324	7,741	10,596	7,222
Finance costs	99,264	95,125	91,557	88,318	84,961
Total cash used	12,344,829	12,574,586	15,558,585	17,900,207	19,495,768
Net cash from (used by) investing activities	-12,288,628	-12,441,321	-15,313,599	-17,804,481	-19,385,124
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Prior year appropriation	620,000	-	-	-	-
Total cash received	4,026,065	3,946,645	6,537,405	8,363,056	9,454,312
Cash used					
Repayment of debt	46,447	41,812	44,707	48,601	52,003
Total cash used	46,447	41,812	44,707	48,601	52,003
Net cash from (used by) financing activities	3,979,618	3,904,833	6,492,698	8,314,455	9,402,309
Net increase (decrease) in cash and cash equivalents held					
Cash and cash equivalents at the beginning of the reporting period	72,241	72,241	72,241	72,241	72,241
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	72,241	72,241	72,241	72,241	72,241

Table 46: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2019-20)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	36,545,895	26,727,755	31,628,697	94,902,348
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	36,545,895	26,727,755	31,628,697	94,902,348
Comprehensive income				
Comprehensive income recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Subtotal comprehensive income	-	-	-	-
Surplus (Deficit) for the period	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital:				
Restructuring	-	-	-	-
Other	-	-	-	-
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	3,946,645	3,946,645
Other	-	-	-	-
Sub-total transaction with owners	-	-	3,946,645	3,946,645
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2020	36,545,895	26,727,755	35,575,342	98,848,992

Table 47: Departmental Capital Budget Statement

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injection	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Total capital appropriations	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Represented by:					
Purchase of non-financial assets	3,359,618	3,904,833	6,492,698	8,314,455	9,402,309
Annual finance lease costs	46,447	41,812	44,707	48,601	52,003
Other items	-	-	-	-	-
Total Items	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	3,406,065	3,946,645	6,537,405	8,363,056	9,454,312
Funded by prior year appropriation	620,000	-	-	-	-
Funded by finance lease costs	-	-	-	-	-
Funded internally from departmental resources ^[1]	6,544,117	6,804,213	7,153,151	7,581,546	7,960,655
Total	10,570,182	10,750,858	13,690,556	15,944,601	17,414,967
Reconciliation of cash used to acquire assets to asset movement table					
Total purchases	10,570,182	10,750,858	13,690,556	15,944,601	17,414,967
less additions by finance lease	-	-	-	-	-
less additions by creditors/borrowings	-	-	-	-	-
plus borrowing/finance costs	99,264	95,125	91,557	88,318	84,961
plus annual finance lease costs	46,447	41,812	44,707	48,601	52,003
less gifted assets	-	-	-	-	-
less s75/restructuring	-	-	-	-	-
Total cash used to acquire assets	10,715,893	10,887,795	13,826,820	16,081,520	17,551,931

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 (2019-20)

	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 2019								
Gross book value	5,954,668	14,639,091	71,728,485	9,212,583	2,123,611	561,756	64,177	104,284,371
Accumulated depreciation/amortisation and impairment	-	1,035,137	5,933,775	1,242,792	1,446,314	99,165	16,745	9,773,928
Opening net book balance	5,954,668	13,603,954	65,794,710	7,969,791	677,297	462,591	47,432	94,510,443
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity	3,989	1,135,094	8,421,945	1,059,633	130,197	-	-	10,750,858
By transfer from another agency	-	-	-	-	-	-	-	-
By purchase - donated funds	-	-	-	-	-	-	-	-
By finance lease	-	-	-	-	-	-	-	-
Total additions	3,989	1,135,094	8,421,945	1,059,633	130,197	-	-	10,750,858
Other movements								
Assets held for sale	-	-	-	-	-	-	-	-
Reclassifications ^[1]	-	-10,102	181,482	27,707	3	-	-	199,088
Depreciation and amortisation	-	593,227	4,219,265	535,375	104,705	22,147	-	5,474,719
Disposal of entities or other operations (including restructuring)	-	-	-	-	-	-	-	-
Other disposals ^[2]	78,883	32,625	323,793	44,212	-	-	-	479,512
Total other movements	78,883	615,749	4,724,539	607,294	104,708	22,147	-	6,153,320
As at 30 June 2020								
Gross book value	5,879,774	15,751,663	79,645,156	10,200,297	2,253,806	561,756	64,177	114,356,629
Accumulated depreciation/amortisation and impairment	-	1,628,364	10,153,040	1,778,167	1,551,019	121,312	16,745	15,248,647
Closing net book value	5,879,774	14,123,299	69,492,116	8,422,130	702,787	440,444	47,432	99,107,981

Notes

1. Reclassification 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)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	24,809	23,335	22,919	22,730	22,072
Dividends	20,538	41,705	41,826	34,711	38,428
Military superannuation contributions	1,342,307	1,244,386	1,148,470	1,063,383	985,433
Fees	16,237	16,852	17,444	18,015	18,465
Other	66,237	33,263	33,630	33,825	34,360
Total non-taxation	1,470,128	1,359,541	1,264,289	1,172,664	1,098,758
Total revenues administered on behalf of Government	1,470,128	1,359,541	1,264,289	1,172,664	1,098,758
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	113,991	122,256	130,786	139,618	143,315
Military retention benefits	109,016	121,811	113,698	92,646	71,288
Military superannuation benefits	8,254,550	6,699,794	6,871,837	7,060,406	7,264,360
Total expenses administered on behalf of Government	8,477,557	6,943,861	7,116,321	7,292,670	7,478,963

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

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	101,284	145,174	145,174	145,174	145,174
Trade and other receivables	81,664	82,498	82,814	75,899	79,820
Investments accounted for using the equity method	2,709,501	2,776,987	2,842,345	2,904,418	2,963,474
Loans	509,580	509,580	509,580	509,580	509,580
Total financial assets	3,402,029	3,514,239	3,579,913	3,635,071	3,698,048
Non-financial assets					
Prepayments	266,246	278,335	209,337	116,691	45,403
Total non-financial assets	266,246	278,335	209,337	116,691	45,403
Total assets administered on behalf of Government	3,668,275	3,792,574	3,789,250	3,751,762	3,743,451
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other	110,253	154,143	154,143	154,143	154,143
Total payables	110,253	154,143	154,143	154,143	154,143
Provisions					
Superannuation - DFRB ⁽¹⁾	371,408	351,602	332,825	313,109	295,437
Superannuation - DFRDB ⁽²⁾	33,609,365	33,671,551	33,685,578	33,584,704	33,500,840
Superannuation - MSBS ⁽³⁾	54,687,750	58,492,389	62,246,876	65,919,800	69,584,189
Superannuation - ADF Super ⁽⁴⁾	328,897	613,221	1,006,214	1,512,240	2,133,959
Total provisions	88,997,421	93,128,763	97,271,493	101,329,854	105,514,426
Total liabilities administered on behalf of Government	89,107,674	93,282,905	97,425,636	101,483,997	105,668,569

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)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	24,809	23,335	22,919	22,730	22,072
Military superannuation contributions	1,342,308	1,244,386	1,148,469	1,063,384	985,434
Fees	16,237	16,852	17,444	18,015	18,465
Other	45,585	51,588	33,435	33,625	34,156
Total cash received	1,428,939	1,336,160	1,222,267	1,137,753	1,060,127
Cash used					
Subsidies paid	113,990	122,256	130,786	139,618	143,315
Military benefits	2,514,581	2,702,351	2,773,807	3,002,045	3,079,789
Total cash used	2,628,571	2,824,607	2,904,593	3,141,663	3,223,104
Net cash from or (used by) operating activities	-1,199,633	-1,488,447	-1,682,325	-2,003,910	-2,162,977
INVESTING ACTIVITIES					
Cash received					
Dividends	26,555	22,546	41,705	41,826	34,711
Total cash received	26,555	22,546	41,705	41,826	34,711
Cash used					
Loans	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	26,555	22,546	41,705	41,826	34,711
Net increase (decrease) in cash held	-1,173,078	-1,465,901	-1,640,620	-1,962,084	-2,128,266
Cash at the beginning of reporting period	109,972	101,284	145,174	145,174	145,174
Cash from the Official Public Account for appropriations	2,628,571	2,824,607	2,904,593	3,141,663	3,223,104
Cash to the Official Public Account	-1,455,494	-1,358,706	-1,263,972	-1,179,579	-1,094,838
Net increase (decrease) in Special Account	-8,688	43,890	-	-	-
Effect of exchange rate movements on cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	101,284	145,174	145,174	145,174	145,174

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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APPENDIX A: DEFENCE COOPERATION PROGRAM

The Defence Cooperation Program (DCP) has made a significant contribution to Australia's international defence engagement since the 1960s. The program:

- promotes the capacity of partners;
- improves Australia's capacity to work with partners in response to common security challenges; and
- builds strong people-to-people links with regional militaries at the tactical, operational and strategic levels.

The DCP supports Australia's strategic interests. In line with those interests, the DCP-priority countries and regions include Papua New Guinea, Indonesia, Timor-Leste, the South Pacific, South East Asia, Pakistan and the Middle East. The objective is to maximise Australia's security through developing close and enduring links with partners that support their capacity to protect their sovereignty, work effectively with the Australian Defence Force and contribute to regional security. Defence's new Pacific Step-Up initiatives (refer Section 1.1) continue to build on the substantive DCP activities already underway in the Pacific.

To achieve its objectives, the DCP suite of activities includes education courses, training, personnel exchanges, capacity building, military secondments, strategic dialogues, visits, subject matter expert exchanges, infrastructure support, and exercises and operations. These activities focus on enhancing the ADF's operational familiarity with different environments and on building partner capacity in humanitarian assistance and disaster relief, peacekeeping, counter-terrorism, maritime security, and military governance and professionalism.

The Australian Defence Force conducts exercises with other militaries in order to build partner capacity and enhance Australia's capacity to work with partners in response to regional security contingencies. These exercises are conducted in the air, land and maritime domains and take place both in Australia and across the region. Exercising together promotes interoperability and builds familiarity between our armed forces and those of our regional military partners.

The DCP supports the provision of education and training positions in Australia for international military personnel. Junior and senior officers from regional countries undertake short-and long-term courses at Australian military and civilian educational institutions. This training builds military professionalism by equipping participants with the skills they will use throughout their military careers. International military personnel also return home having developed a better understanding of Australia and having built networks with counterparts in the Australian Defence Force. These people-to-people links are further maintained through military alumni associations.

Australia maintains regular defence talks with regional countries in order to exchange views on regional security issues and to discuss defence cooperation priorities. The DCP also supports a program of visits by senior defence representatives to and from Australia. Through these visits, Australia gains an improved understanding of regional militaries and the strategic outlook of neighbouring countries.

Through capacity-building activities Defence seeks to develop the institutional and governance frameworks of regional defence organisations as well as the capabilities of their security forces. The DCP achieves these objectives through Australian Defence Force mobile training teams, support for logistics and infrastructure development, and the posting of Defence personnel as advisers to regional defence and security organisations. Professional and capable militaries are better able to operate with the Australian Defence Force and to contribute to regional security and stability.

A key element of the DCP, and the centrepiece of Australia's defence engagement in the South Pacific, is the Pacific Patrol Boat Program, through which Australia has provided 22 Patrol Boats (with in country advisory personnel, maintenance support, crew training and technical assistance) to 12 Pacific Island countries. The Program engages Pacific navies and police maritime wings and is designed to help Pacific island countries improve their ability to independently police their maritime zones. Under the follow-on Pacific Maritime Security Program, Australia is replacing the Pacific Patrol Boats with new larger and more capable vessels. Austal Ships Pty Ltd will construct 21 Guardian Class Patrol Boats for gifting to Pacific Island nations and Timor-Leste from 2018. The first Guardian Class Patrol Boat was handed over to Papua New Guinea on 30 November 2018. The Pacific Maritime Security Program expands the scope of the Pacific Patrol Boat Program by including a region-wide integrated aerial surveillance and support for enhancing regional coordination.

Australia's DCP with PNG is our largest with any country, having significantly increased over recent years, with a budget of \$42.7 million for FY 2018-19. The PNG DCP supports the PNG Defence Force (PNGDF) to be a more capable, sustainable and professional regional security partner, supported by the PNG Department of Defence (DoD), with 35 Australian Defence personnel currently posted to PNG.

Current areas of focus for the PNG DCP include the revitalisation of the PNGDF maritime element, strengthening our relationship with the PNG DoD, and assisting PNG to strengthen its Major Event Security capabilities. The PNG DCP further aims to facilitate the conduct of bilateral exercises, mobile training teams, infrastructure and logistics support, capability development, governance, and training support.

Table 52: Defence Cooperation Program Budget 2019-20

	2017-18 Actual \$'000	2018-19 Budget Estimate \$'000	2018-19 Estimated Actuals \$'000	2019-20 Budget Estimate \$'000
Papua New Guinea	34,146	42,700	39,228	40,898
South Pacific Region	54,679	84,907	82,295	82,432
South-East Asia	17,642	21,909	20,223	21,779
Other regional activities ^[1]	6,141	9,306	7,221	9,379
Defence International Training Centre ^[2]	4,850	4,677	4,677	4,677
Total	117,459	163,499	153,644	159,165

Notes

1. Sri Lanka has been included as a Defence Cooperation Country from 2019-20.
2. The Defence International Training Centre (DITC) provides training in Australia to the defence forces of South-East Asia and South Pacific nations and to other selected overseas personnel. The DITC is managed by Joint Capabilities Group.

Table 53: South Pacific Region Budget 2019-20

	2017-18 Actual \$'000	2018-19 Budget Estimate \$'000	2018-19 Estimated Actuals \$'000	2019-20 Budget Estimate \$'000
Timor Leste	6,772	6,929	6,153	6,740
Vanuatu	518	816	365	842
Solomon Islands	1,116	800	921	855
Tonga	2,604	2,900	2,991	2,969
Samoa	91	240	374	252
Cook Islands	80	200	208	198
Republic of the Marshall Islands	456	437	478	476
Federated States of Micronesia	242	225	236	239
Fiji	2,801	3,612	5,453	3,634
Tuvalu	200	346	334	346
Kiribati	342	470	419	470
Palau	421	400	415	432
DCP Scheduled Support	6,899	7,832	6,587	7,979
Pacific Patrol Boat Program	32,137	59,700	57,363	57,000
Total	54,679	84,907	82,295	82,432

Table 54: South-East Asia Region Budget 2019-20

	2017-18 Actual \$'000	2018-19 Budget Estimate \$'000	2018-19 Estimated Actuals \$'000	2019-20 Budget Estimate \$'000
Philippines	2,764	3,500	3,150	3,300
Thailand	2,754	3,200	3,347	3,113
Malaysia	3,712	4,499	4,049	4,320
Indonesia	3,949	5,700	4,604	5,900
Vietnam	2,857	2,800	2,974	3,000
Cambodia and Laos	1,251	1,600	1,440	1,580
Brunei	102	340	334	300
Myanmar	251	270	324	266
Total	17,642	21,909	20,223	21,779

APPENDIX B: TOP 30 ACQUISITION PROJECTS BY 2019-20 FORECAST EXPENDITURE

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Air Domain					
New Air Combat Capability (NACC) Initial Aircraft and Additional Aircraft to form 3 Squadrons	AIR 6000 Phase 2A/B	16,524	4,647	2,389	<p>The project is approved to acquire 72 F-35A Lighting II (Joint Strike Fighter) aircraft and supporting elements to form four squadrons: three squadrons for operations and one squadron for training. The Prime Contractor, Lockheed Martin, is contracted to the United States Government to develop and produce F-35A aircraft. Australia is procuring the aircraft through a government-to-government agreement.</p> <p>The first two Australian F-35A aircraft arrived in December 2018 and are based at RAAF Williamstown.</p> <p>During 2019-20 the project will deliver the last four of eight production Lot 11 aircraft and will begin the delivery of the 15 Lot 12 aircraft. The Australian Validation and Verification program commenced in early 2019. Pilots will continue to be trained in the United States (US) but maintenance training has commenced in Australia.</p> <p>The Australian Reprogramming Laboratory will commence operation in the United States (US) and the sustainment system for Australian-based support will continue to be deployed in step with requirements.</p>
Maritime Patrol and Response Aircraft System	AIR 7000 Phase 2	5,377	3,901	360	<p>The P-8A Poseidon Maritime Patrol and Response Aircraft weapon system is being acquired from the United States (US) Navy under a Cooperative Program. This includes 12 aircraft, a suite of aircrew and maintenance training systems, three Mobile Tactical Operations Centres, and logistics support elements.</p> <p>During 2019-20 the project will take delivery of the remaining four aircraft and the final Mobile Tactical Operation Centre. Major financial requirements in 2019-20 relate to the delivery of aircraft, sonobuoys and other spares, and upgrades of training devices to the final aircraft configuration.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Air Domain (Continued)					
Pilot Training System	AIR 5428 Phase 1	1,251	668	302	<p>This project will establish a new, integrated fixed wing Pilot Training System for the Australian Defence Force, including advanced trainer aircraft, synthetic training systems as well as enhanced curriculum and training media.</p> <p>During 2019-20 the last 15 training aircraft, final Flight Simulator and maturation of Training Courseware and associated Learning Environment elements will be delivered to support pilot and flying instructor training at RAAF East Sale, Victoria and RAAF Base Pearce, Western Australia. Final Operational Capability is forecast for December 2021.</p>
Airborne Early Warning & Control (AEW&C) Interoperability Compliance Upgrade	AIR 5077 Phase 5A	1,193	600	180	<p>This project will deliver inter-operability compliance upgrades to the E-7A Wedgetail airborne early warning and control aircraft and its associated support systems.</p> <p>During 2019-20 the project will deliver mission computing and Identification Friend or Foe upgrades on two interim aircraft and associated support systems. The project will also finalise the design and progress the development for the additional interoperability upgrades approved by Government.</p>
EA-18G Growler Airborne Electronic Enabling Capabilities	AIR 5349 Phase 3	3,510	2,476	129	<p>This project will deliver an Airborne Electronic Attack Capability based on the EA-18G Growler platform, including an ALQ-99 Tactical Jamming System, anti-radiation captive training missiles, additional air-to-air missiles, simulators and other training devices. Aircrew and maintenance training will also be delivered. All aircraft have now been delivered.</p> <p>The project will continue to progress delivery of a Mobile Threat Training Emitter System for electronic warfare training at ranges west of Amberley in Queensland and at Delamere in the Northern Territory, plus air-to-air and anti-radiation weapons for raise-train-sustain activities over the period 2019-22.</p>
Future Naval Aviation Combat System (FNACS)	AIR 9000 Phase 8	3,215	2,363	113	<p>The project has delivered all 24 Seahawk Romeo aircraft, with the final delivery to Australia occurring in September 2016. Six minor Australian-led modifications are being progressively integrated in the aircraft.</p> <p>The Seahawk Romeo capability is operated from HMAS <i>Albatross</i> in Nowra and is currently supporting eight embarked flights in Navy ships.</p> <p>Final Operational Capability is forecast for 2023, when the third and final Hobart Class guided missile destroyer (DDG) is modified for embarked operations.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Air Domain (Continued)					
Battlefield Airlift - Caribou Replacement	AIR 8000 Phase 2	1,442	841	94	This project has acquired ten C-27J 'Spartan' aircraft to replace the retired Caribou aircraft. All 10 aircraft have been accepted and have entered operational service. During 2019-20 work will continue to complete final delivery of materiel including spares, repairable items and test equipment procured by the project. Further work includes fleet modification to install updated Identification Friend or Foe equipment, and will commence in Australia. The project expects to finalise the contracting for the development and delivery of aircrew training devices and services.
Multi-Role Helicopter (MRH)	AIR 9000 Phase 2	3,771	3,256	56	<p>Project AIR 9000 Phase 2, 4 and 6 acquired 47 MRH90 Taipan multi-role helicopters and support systems for the Army and the Navy. Phase 2 acquired 12 aircraft for an additional Army air mobile squadron. Phase 4 will replace the Black Hawk fleet. Phase 6 replaced Navy Sea Kings helicopters.</p> <p>During 2019-20 the project is focused on the introduction of the MRH90 Taipan multi-role helicopter into 6 Aviation Regiment, Holsworthy Barracks, in the aviation support to Special Operations role. Key capabilities being developed for Army and Navy operations include replacement Enhanced Cargo Hook System, a Fast Roping Rappelling and Extraction System and a Gun Mount.</p> <p>The 47th and final production aircraft was accepted into service in July 2017 and the fleet was modified to the latest production baseline.</p> <p>The project will continue work on the capabilities required to enable achievement of the remaining operational milestones in the lead up to Final Operational Capability in 2021.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Joint Domain					
Battlefield Command Systems (Tranche 2)	LAND 200 Phase 2-A	961	325	263	<p>The Battlefield Command System provides Army with tactical digital radios and an integrated Battle Management System that is transforming command and control of Land forces from a paper-based system to a modern digital system. LAND 200 Tranche 2 will integrate the Battlefield Command System into 540 new platforms (M1A1 Tank, M88 Armoured Recovery Vehicle, Medium Heavy Cargo Trucks, Protected Mobility Vehicle – Light, and Protected Mobility Vehicle – Medium (Gateway)); enhance the Tranche 1 software; deliver a new Enterprise Battle Management System (BMS-C2) software license; deliver a new Tactical Communications Network; deliver a new Weapon Integrated Battle Management System; and embed training into the Army's individual and collective training institutions.</p> <p>During 2019-20 the project will deliver the Battle Management System Version 9 software, Tactical Communications System's Final Capability Acceptance, accept additional radios and will conduct several platform integration design reviews.</p>
Battlespace Communications System (Land)	JP 2072 Phase 2B	943	483	207	<p>This project will provide Army and Air Force with a deployable, wideband communications backbone by replacing the existing Battlefield Telecommunications Network (Parakeet) with a deployable network capability (Currawong).</p> <p>A complementary support system will also be established to sustain the capability. Contracts were signed with Boeing Defence Australia in September 2015 for both acquisition and support of the capability. Currawong achieved Initial Operating Capability in March 2018 for the Release 1 Capability. Release 1 equipment was delivered to all Army and Air Force units by the end of 2018.</p> <p>In parallel, design commenced on Release 2 capability segments, with the Detailed Design successfully conducted in December 2018.</p> <p>Verification and Validation for Release 2 will occur throughout 2019 as well as the detail design for a Release 3 Capability.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Joint Domain (Continued)					
Civil Military Air Traffic System (CMATS)	AIR 5431 Phase 3	976	271	93	<p>This project will provide the Defence element of a single national Civil Military Air Traffic Management System, being progressed jointly under the OneSKY Australia program with Airservices Australia. Airservices is the lead agency for OneSKY. The joint project will provide operational benefits and efficiencies for military and civil airspace users, and reduced acquisition and support costs for Airservices and Defence. The Defence scope element includes 12 Air Traffic Management automation systems, communications infrastructure, training systems and Defence's share of a Joint Software Support Facility.</p> <p>In February 2018, Airservices Australia signed the Civil Military Air Traffic Management System Acquisition and Support contracts with Thales, and Defence signed with Airservices to on-supply Defence elements of Civil Military Air Traffic Management System to Defence.</p> <p>Preliminary Design Review is expected quarter three 2019. Changes to the Thales Contract and the On Supply Agreement to reflect the agreed de-scoping options will be completed before the end of 2019.</p>
ADF Identification Friend or Foe and Automatic Dependent Surveillance - Broadcast	JP 90 Phase 1	436	184	78	<p>This project is upgrading legacy platforms that have military Mode 4 Identification Friend or Foe and civilian Modes A/C Secondary Surveillance Radar systems to Mode 5 Identification Friend or Foe and Mode Select (Mode S) respectively. A new complementary technology, Automatic Dependent Surveillance - Broadcast will also be implemented. The project's scope includes eight platforms: KC-30A multi-role tanker transport aircraft, NH90 Multi-Role Helicopters, Tiger Armed Reconnaissance Helicopters, HMAS <i>Choules</i>, HMAS <i>Sirius</i>, Huon Class Minehunters, RBS-70 short-range anti-aircraft missile systems and the Tactical Air Defence Radar System. During remaining 2019-20 key project activities include: First of Type installation for the KC-30A; US Department of Defense Identification Friend or Foe Certification for HMAS <i>Sirius</i>, HMAS <i>Choules</i> and Huon Class Minehunters; Final Operational Capability for HMAS <i>Sirius</i>, HMAS <i>Choules</i> and Army's Robotic System-70. The approved Materiel Acquisition Agreement for the project and transition of the Tactical Air Defence Radar System Identification Friend or Foe upgrade to the Surveillance and Control Systems Program Officer is also planned for 2019-20.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Joint Domain (Continued)					
Jindalee Operational Radar Network (JORN) Phase 6	AIR 2025 Phase 6	1,118	98	72	<p>This project will deliver a major redesign and upgrade to Australia's Jindalee Operational Radar Network. Jindalee Operational Radar Network is an Australian developed, world leading, Over-The-Horizon Radar capability that provides long range surveillance of Australia's northern approaches.</p> <p>The capability consists of three radars located in Longreach (Queensland), Laverton (Western Australia), and Alice Springs (Northern Territory), and is controlled from RAAF Base Edinburgh (South Australia).</p> <p>The Phase 6 upgrade includes a major redesign of the Jindalee Operational Radar Network system with the majority of electronics and software within the system to be updated to ensure that Australia remains at the leading edge of Over-The-Horizon-Radar technology beyond 2040.</p> <p>During 2019-20 the project will engage in design activities with the prime contractor BAE Systems.</p>
Maritime Communication Modernisation	SEA 1442 Phase 4	440	190	57	<p>This project is upgrading the communications capability of the Anzac Class Frigates. The modernised capability will include improved communications management systems, secure voice and tactical intercom systems; secure switching, tactical radio systems, and a high data rate line-of-sight capability.</p> <p>During 2019-20 the project will complete First of Class acceptance testing of the modernised communications systems, commence acceptance testing of ship two and commence installation on ships three and four. The ship installation schedule is aligned with the Anzac Mid-life Capability Assurance Program. The project will also trigger the support system arrangements.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Joint Domain (Continued)					
Satellite Ground Station (SGS) - East and Wideband SATCOM Network Management System	JP 2008 Phase 5B2	234	119	57	<p>This project will improve the operational performance and integrity of the ADF's satellite network through the procurement of a Satellite Ground Station-East and Network Management System. The Satellite Ground Station-East will provide flexibility for the ADF beyond line of sight communications, which will provide redundancy and mitigate against failure of the Satellite Ground Station-West. The Network Management System will deliver an integrated network management capability, providing Defence with consolidated information on the state of all Defence wideband Satellite communication Systems.</p> <p>Northrop Grumman Australia was awarded contracts for acquisition and support of Satellite Ground Station-East and the Network Management System in May 2017. Detailed Design Review was completed in November 2018 and construction of the facility to support the ground station commenced in late 2018.</p> <p>During 2019-20 the project will complete construction activities and continue testing and certification of terminals and customisation and configuration of the Network Management System. The capability is expected to be introduced in to service from mid-2021 and achieve Final Operational Capability in 2022.</p>
Land Domain					
Overlander - Protected Mobility Vehicle-Light (Hawkei)	LAND 121 Phase 4	1,980	581	292	<p>This project will deliver 1,100 Protected Mobility Vehicles – Light ('Hawkei') for command, liaison, utility and reconnaissance roles. In addition, approximately 1,058 companion trailers will be acquired to enhance payload carrying capacity.</p> <p>The Hawkei balances requirements for survivability, mobility, payload, communications, useability and sustainability, providing a high level of protection against blast and ballistic threats, with the mobility to enable operations in high risk areas. The prime contractor is Thales Australia.</p> <p>During 2019-20 the project will progress vehicle design maturity and resolve reliability issues, to enable the commencement of Full-Rate Production. The Integrated Logistic Support system will continue to be developed.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Land Domain (Continued)					
Overlander Medium and Heavy Capability (MHC), Field Vehicles, Modules and Trailers (FVMT)	LAND 121 Phase 3B	3,400	2,292	238	<p>This project is delivering modern medium weight (4x4), medium (6x6) and heavy (8x8 and 10x10) trucks in nine variants, in both protected and unprotected configurations, including: recovery trucks, integrated load-handling systems, modules (including stores, fuel and flatracks) and a variety of trailers ranging from medium weight cargo to heavy tank transporters.</p> <p>The prime contractors are Rheinmetall MAN Military Vehicles Australia, Haulmark Trailers (Australia), Thales Australia and Mercedes-Benz Australia-Pacific.</p> <p>During 2019-20 the project will conduct the Operational Test and Evaluation required to achieve Initial Operating Capability and then begin rolling out the additional quantities of production vehicles, modules, trailers and support systems.</p>
Mounted Combat Reconnaissance Capability	LAND 400 Phase 2	5,812	257	200	<p>This project will deliver 211 Boxer 8x8 Combat Reconnaissance Vehicles for Reconnaissance, Joint Fires and Surveillance, Multi-Purpose, Command, Repair and Recovery roles. An additional 12 Mission Modules will be acquired providing the Army the ability to re-role Drive Modules. The vehicles will replace the ADF's current reconnaissance capability, the Australian Light Armoured Vehicle. The Combat Reconnaissance Vehicle will modernise Army's Armoured Fighting Vehicle capability, providing mounted support to Defence operations into the future. The primary role of the vehicles will be to perform ground-based reconnaissance and counter-reconnaissance activities. The prime contractor is Rheinmetall Defence Australia. During 2019-20 characterisation testing, feasibility studies on Electronic Architecture and Sub-systems will be conducted in parallel with the production of an initial 25 vehicles in a combination of reconnaissance and multi-purpose roles.</p>
Night Fighting Equipment Replacement	LAND 53 Phase 1BR	443	208	91	<p>This project is replacing land-based night vision equipment and laser aiming devices that attach to specified weapons of the ADF. The equipment is being progressively delivered over the period 2017 to 2023.</p> <p>Initial Operating Capability was declared by the Chief of Army in December 2018. Final Materiel Release is scheduled for March 2023, with Final Operational Capability to be declared in September 2023. The prime contractor is L3 Oceania (acquisition and support).</p> <p>During 2019-20 the project will deliver replacement night fighting equipment to regular infantry battalions and establish arrangements that will sustain the capability.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Land Domain (Continued)					
The Follow-on Acquisition of Medium & Heavy Field Vehicles and Trailers	LAND 121 Phase 5	1,202	38	84	<p>This project will complete the medium and heavy vehicle capability replacement program commenced under project Land 121 Phase 3B. It will acquire an additional 1044 medium and heavy vehicles, 872 modules and 812 trailers.</p> <p>The prime contractors are Rheinmetall MAN Military Vehicles Australia and Haulmark Trailers (Australia).</p> <p>During 2019-20 the project will deliver quantities of production vehicles, modules and trailers, in conjunction with LAND 121 Phase 3B deliveries.</p>
Maritime Domain					
Future Frigate - Design and Construction	SEA 5000 Phase 1	6,265	468	492	<p>The Future Frigate Program will replace Australia's existing fleet of eight Anzac Class Frigates with a new fleet of nine Anti-Submarine Warfare Frigates. The Future Frigate project will introduce into service the next generation of naval surface combatants.</p> <p>The Head Contract was signed with ASC Shipbuilding a subsidiary of BAE Systems in December 2018. The effective date of the contract is in February with BAE working under an Advanced Work Arrangement prior to effective date. The Hunter Class will be based on BAE Systems' Type 26 Global Combat Ship, modified to meet Australian requirements. The design changes include the Aegis combat management system with an Australian interface which will be developed by Saab Australia and the Australian designed and build CEA Phased Array Radar (CEAFAR2). Project Offices in Adelaide and overseas are being established. Key milestones are the commencement of construction at the Osborne Shipyard with prototyping in 2020 and work on the first frigate to begin within 24 months of prototyping commencing. Under the current contract the Combat System design will commence and United States (US) Foreign Military Sales activities will continue in order to integrate the Australian CEA Technologies Phased Array Radar system with the Combat Management System. Facilities and Infrastructure design activity will continue to mature.</p> <p>During 2019-20 the preliminary design will be progressed with successful exit of System Requirements Review planned in this period.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Maritime Domain (Continued)					
Air Warfare Destroyer Program	SEA 4000 Phase 3	9,104	7,813	356	<p>The Air Warfare Destroyer program is delivering three Hobart Class Air Warfare Destroyers and their support system to the Royal Australian Navy, under an alliance-based contracting arrangement between ASC Shipbuilder Pty Ltd, Raytheon Australia Pty Ltd and the Commonwealth represented by Defence.</p> <p>The prime contractor is the Air Warfare Destroyer Alliance, with support from ship build manager, Navantia.</p> <p>During 2019-20 this project will deliver the third and final ship, NUSHIP <i>Sydney</i>, to Navy.</p>
Offshore Patrol Vessel	SEA 1180 Phase 1-A	3,724	360	349	<p>This project will replace and improve upon the capability delivered by the current 13 Armidale Class Patrol Boats by acquiring 12 new vessels based on an existing Off The Shelf design.</p> <p>Build commenced of the first Arafura Class Offshore Patrol Vessel on schedule at Osborne, South Australia in November 2018.</p> <p>During 2019-20 the project will progress the build of the first Arafura Class Offshore Patrol Vessel and commence the build of the second vessel in the Osborne Shipyard.</p>
Future Submarine Design and Construction	SEA 1000 Phase 1B	2,240	779	289	<p>This project will deliver Australia's regionally superior Attack Class Future Submarine with sovereignty over its operation and sustainment.</p> <p>During 2019-20 the Future Submarine Program will continue working with Naval Group and Lockheed Martin Australia on the design of the Future Submarine. Work will also continue on the infrastructure requirements needed to support the build of the 12 submarines in Adelaide.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Maritime Domain (Continued)					
Maritime Operational Support Capability	SEA 1654 Phase 3	1,070	572	192	<p>This project will replace the Royal Australian Navy's existing afloat support capability, HMAS <i>Success</i> and HMAS <i>Sirius</i>, with a single Class of replenishment ships to sustain deployed maritime forces.</p> <p>In May 2016 the Commonwealth entered into contracts with Navantia S.A. for the acquisition and initial five-year sustainment of the two replacement replenishment ships.</p> <p>In November 2017 the Minister for Defence announced the replacement replenishment ships would be named HMAS <i>Supply</i> and HMAS <i>Stalwart</i>.</p> <p>During 2019-20 the project will continue the build of the replacement replenishment ships and is expected to achieve a number of key milestones including the start of Sea Trials for <i>Supply</i>, the launch of <i>Stalwart</i>, plus other construction progress milestones and completion of a number of mandated system reviews.</p>
Collins Sonar Capability Assurance Program	SEA 1439 Phase 6	672	174	105	<p>This project will provide a capability assurance program for the Collins Class Submarine sonar system to achieve a capability edge relative to regional navies. Delivery of tranche 1 for all six submarines received second-pass approval in April 2018. The First of Class installation is underway in HMAS <i>Waller</i>, Full Cycle Docking is scheduled to be completed June 2020.</p> <p>In 2019-20 the project will also undertake initial design activity to refine the scope for Tranche 2 and Ongoing Sonar Capability Assurance in preparation for seeking second-pass approval by April 2022.</p>
Collins Communications and Electronic Warfare Improvement Program	SEA 1439 Phase 5B2	608	264	96	<p>This project will provide major improvement to the communications and microwave electronic warfare systems of the Collins Class Submarines, through delivery of two stages. Stage 1 will update the obsolete communications centre and microwave electronic warfare equipment onboard the Collin Class Submarines. Stage 1 received second-pass approval in June 2015 and has now been implemented in HMAS <i>Collins</i> and HMAS <i>Sheean</i>.</p> <p>During 2019-20 further installations will be conducted in HMAS <i>Waller</i> and HMAS <i>Rankin</i>. Stage 2 will deliver capability enhancements, including the introduction of high data rate satellite communications and enhanced network and ICT infrastructure. Stage 2 received second-pass approval in March 2017. The First of Class install is underway in HMAS <i>Waller</i>, Full Cycle Docking is scheduled to be completed June 2020.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Project Number/ Phase	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m	Top 30 Major Project Descriptions
Maritime Domain (Continued)					
Submarine Escape Rescue and Abandonment Systems	SEA 1354 Phase 1	379	66	83	<p>This project will provide a new sovereign deployable submarine rescue system that will support both the Collins and Attack Class Submarines, and also includes modifications to Collins Class Submarines to improve submarine escape and abandonment capability. The project received second-pass approval in April 2018.</p> <p>A contract has been awarded for delivery of the new submarine rescue system by late 2022 and the follow on first six years of sustainment. The Collins Class platform modification scope will be contracted to ASC as the Platform System Integrator.</p>
Pacific Patrol Boat Replacement	SEA 3036 Phase 1	504	120	78	<p>The Pacific Patrol Boat Replacement project will replace existing Pacific Patrol vessels as part of the Pacific Maritime Security Program. This involves the construction of 21 vessels, 19 of which will be gifted to the 12 Pacific Island countries that currently operate Pacific Patrol vessels within the South Pacific and two of which will be gifted to Timor Leste.</p> <p>Construction of the 21 vessels commenced in 2017-18 and the first vessel was gifted to Papua New Guinea in November 2018. Delivery of boats is to continue at a rate of one every three or four months. Four vessels are to be delivered within 2019-20 and the final vessel is scheduled for delivery late 2023.</p>
ANZAC Air Search Radar Replacement	SEA 1448 Phase 4B-A	429	208	71	<p>This project is replacing the SPS-49(V) 8 Air Search Radar on the eight Anzac Class Frigates with a modern digital Long Range Air Search Radar. This Long Range Air Search Radar complements the Anti-Ship Missile Defence capabilities and functionality of the short range, active Phased Array Radar, delivered under project SEA1448 Phase 2B.</p> <p>The project will also replace the existing Identification Friend or Foe system with a new system to comply with future military and civil aviation requirements.</p> <p>In 2019-20 the project will continue the build and installation of the new integrated radar system subsequent to the delivery and fitting of the first Radar in early 2019. Initial Materiel Release is planned for October 2019.</p>

Table 55: Top 30 Acquisition Projects by 2019-20 Forecast Expenditure (Gross Plan) (Continued)

Project Name	Approved Project Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	Budget Estimate 2019-20 \$m
Total Top 30 Projects (Gross Plan)	79,222	34,619	7,467
Other Approved Project Gross Plans	39,517	29,252	1,197
Total Approved Projects (Gross Plan)	118,738	63,872	8,664
Management Margin Slippage			-1,485
Payments Required for the Approved Program			7,179

APPENDIX C: TOP 30 SUSTAINMENT PRODUCTS BY 2019-20 FORECAST EXPENDITURE

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Air Domain			
F/A18F Super Hornet & Growler Weapon System	CAF21	511	<p>RAAF 82 Wing operates fleets of F/A-18F Super Hornet and EA-18G Growler Block II aircraft for the provision of airpower through the delivery of Air Combat and Airborne Electronic Attack capabilities. The Super Hornet achieved Final Operational Capability in December 2012. The Chief of Air Force declared Initial Operational Capability of Growler in March 2019. In-service support arrangements are through prime contracts with Boeing Defence Australia (platform stewardship), Raytheon Australia (training support) and GE II (engine support).</p> <p>Through 2019-20 spiral capability upgrades will continue on both Super Hornet and Growler aircraft, which include upgrades to both aircraft hardware and software. The focus for the Growler platform is shifting towards Final Operational Capability in 2022. Growler aircrew training will be a priority with the introduction of the Mobile Threat Training Emitter System.</p>
Multi Role Helicopter - TLH MRH90	CA48	251	<p>The final MRH90 Taipan multi-role helicopter production aircraft was accepted into service in July 2017.</p> <p>In-Service Support is provided by a prime contract with Airbus Australia Pacific which expires in 2021. Work on the award term extension for support beyond 2021 has commenced.</p> <p>The MRH90 Taipan multi-role helicopter fleet is located at: 5th Aviation Regiment; 6th Aviation Regiment; Army Aviation Training Centre; 808 Squadron and Airbus Australia Pacific's deep maintenance facility in Brisbane.</p> <p>Aircraft availability continues to be a key focus for 2019-20 and work to optimise MRH90 Taipan multi-role helicopter scheduled and operational maintenance support arrangements continues. Finalisation of the MRH90 Taipan multi-role helicopter First of Class Flight Trials will commence in HMAS <i>Canberra</i> in April 2019.</p> <p>The introduction of MRH90 Taipan multi-role helicopter into 6th Aviation Regiment, Plan Palisade, to replace Black Hawks in the aviation support to Special Operations role is sustainment's current priority. The first two MRH90 Taipan multi-role helicopters were delivered to Holsworthy Barracks in February 2019.</p>
Airborne Early Warning and Control System - AEWC	CAF20	243	<p>The Airborne Early Warning and Control weapon system comprises six aircraft and associated Ground Support Segments. Boeing Defence Australia (as the prime contracting partner) together with Boeing Defence Systems, Northrop Grumman Systems Corporation, and BAE Systems Australia, provide a performance based support arrangement for maintenance, logistics, engineering, training and program management in order to support the capability.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Air Domain (Continued)			
F-35 Joint Strike Fighter	CAF30	191	<p>The project AIR 6000 Phase 2A/B is acquiring 72 F-35A Joint Strike Fighter aircraft (including simulators associated role equipment) to be managed by the Air Combat System Program Office. The first two aircraft arrived at Williamtown Air Force Base in December 2018. The remaining aircraft will be progressively delivered to support an Initial Operational Capability declaration planned for December 2020 and a Final Operating Capability declaration planned for December 2023.</p> <p>During 2019-20 the primary focus is to support the Air Force's sovereign Verification and Validation Program to enable a planned Initial Operational Capability declaration by December 2020 and the continued development and maturing of regional maintenance, Off Board Information Systems, training support arrangements and the Global Support System.</p>
F/A-18 Hornet Weapon System	CAF02	180	<p>The F/A-18 A/B Classic Hornet weapon system comprises 71 aircraft and related support systems. The weapon system is supported by Boeing Defence Australia as the weapon system support integrator, together with a broad range of other Defence Industry providers, including General Electric, BAE Systems Australia, Raytheon Australia, RUAG Australia, Northrop Grumman and Cubic Defense Applications.</p> <p>During 2019-20 the focus will be on the continued implementation of commercial arrangements, introduced in 2018-19, to better align with contemporary contracting arrangements. Implementation of these reforms will continue to provide an efficient and effective outcome to Air Force.</p>
Armed Reconnaissance Helicopter Weapons System	CA12	162	<p>All 22 Tiger armed reconnaissance helicopters are in-service in their final mature configuration. In-Service Support is provided under a prime contract with Airbus Australia. An Award Term Review is underway to extend the contract beyond its current December 2020 expiry.</p> <p>All caveats associated with Tiger armed reconnaissance helicopters Final Operational Capability have been closed by Chief of Army who stated that "Tiger is now a mature system that is able to meet the needs of Defence".</p> <p>In 2018 Tiger armed reconnaissance helicopters flew their highest annual rate of effort on record.</p> <p>During 2019-20 Defence will be working closely with Airbus Australia Pacific to further improve Tiger armed reconnaissance helicopters serviceability and rate of effort achievement. Other key areas of activity are the refinement of the through life support arrangements to improve aircraft availability and reliability and reduce overall cost of ownership for Defence.</p>
Lead-In Fighter Hawk 127 Weapon System	CAF03	137	<p>The lead-in fighter fleet consists of 33 Hawk 127 lead-in fighter and associated ground and related support systems. BAE Systems Australia Limited provides total logistics support for the Hawk 127 lead-in fighter fleet under an In-Service Support contract, with home base operations at RAAF Base Pearce and RAAF Base Williamtown. During 2019-20 BAE Systems Australia will transition to performing platform steward activities through the extended In-Service Support contract. Project AIR 5438 Phase 1A - Lead-In Fighter Capability Assurance Program is on schedule to achieve Final Operating Capability by December 2019. Activities will also include increased focus on planned withdrawal date considerations, including aligning with project AIR 6002 Phase 1 - Lead-In Fighter aircraft replacement.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Air Domain (Continued)			
MH-60R Seahawk Romeo Helicopter	CN35	130	<p>Project AIR 9000 Phase 8 has delivered all 24 MH-60R Seahawk Romeo Helicopters, with the final delivery to Australia having occurred in September 2016. Six minor Australian-led modifications are being progressively embodied in the aircraft by the Nowra-based Industry partner 'Maritime Helicopter Support Company'.</p> <p>The Seahawk Romeo capability is operated from HMAS <i>Albatross</i> in Nowra and is supporting eight embarked flights in Navy ships.</p>
C-17 Heavy Air Lift Weapons System	CAF19	123	<p>The C-17A Globemaster III capability comprises eight aircraft and associated training devices (including a flight simulator). The majority of sustainment support for aircraft and training systems is provided via US Air Force Foreign Military Sales global support arrangements for the worldwide C-17A Globemaster III fleet. These global sustainment arrangements are supplemented by a complementary Australian-based contract with Boeing Defence Australia for support services at RAAF Amberley.</p> <p>During 2019-20 the focus will be on continuing optimisation of the deeper maintenance program and maturation of the new US Air Force support services contract with Boeing for training systems.</p>
KC-30A Weapon System Multi-role Tanker Transport	CAF22	119	<p>The KC-30A Multi Role Tanker Transport capability comprises six aircraft and related training devices (including a flight simulator). All six aircraft are capable of air-to-air refuelling from pod and boom systems, and airlift logistics support. A seventh aircraft will be delivered in late 2019.</p> <p>The capability is supported by Northrop Grumman Australia, Airbus Defence and Space, and CAE.</p> <p>During 2019-20 the focus will remain on maturing sustainment processes, while continuing to support military operations and the further expansion of aircraft types certified as capable of air-to-air refuelling from the KC-30A Multi Role Tanker Transport.</p>
C130J-30 Hercules Weapon System	CAF06	113	<p>The C-130J Hercules fleet consists of 12 aircraft and associated devices (including a flight simulator). The C-130J Hercules is supported by two prime performance based contracts: Airbus Group Australia Pacific provides deeper level maintenance, logistics and engineering support for the aircraft, and StandardAero provides support for the propulsions system.</p> <p>During 2019-20 the focus will be on effectively managing the fleet's deeper maintenance and major modification program to install frequency converters (to enable enhanced air-land integration) and improve engine availability and reliability.</p>
P-8A Poseidon Maritime Surveillance Aircraft	CAF35	103	<p>Project AIR 7000 Phase 2B will acquire 12 manned Maritime Patrol and Response Aircraft (P-8A Poseidon Maritime Surveillance Aircraft), mission support and training systems and facilities as partial replacement of the AP-3C Orion aircraft.</p> <p>During 2019-20 the focus will be on developing a mature through-life sustainment stewardship construct, whilst maintaining agreed Air Force availability performance requirements.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Air Domain (Continued)			
Pilot Training System	CAF37	75	<p>Project AIR 5428 Phase 1 is establishing a new, integrated fixed wing Pilot Training System for the Australian Defence Force, including advanced trainer aircraft, synthetic training systems, as well as enhanced curriculum and training media. Pilot Training System services have been provided by the Prime Contractor, Lockheed Martin Australia since July 2017 in support of Qualified Flying Instructor continuation training and conversions.</p> <p>Pilot training commenced in January 2019, and the period 2019-20 will see a continued transition from acquisition to sustainment as services are rolled out at RAAF East Sale, RAAF Pearce, RAAF Edinburgh and RAAF Williamtown.</p>
C27J Spartan Battlefield Airlifters	CAF34	69	<p>The C27J Spartan Battlefield Airlifters fleet consists of 10 aircraft, with the mature training system yet to be delivered. The C27J Spartan Battlefield Airlifters is supported by two prime performance based contracts. Northrop Grumman Australia Technology Services provides logistics and engineering support for the aircraft and Standard Aero Limited provides support for the propulsions system.</p> <p>During 2019-20 the focus will be on continuing to mature the C27J Spartan Battlefield Airlifters sustainment system and the support contracts, concurrent with supporting an increasing flying rate of effort.</p>
Joint Domain			
Army Munitions and Army Guided Weapons	CA59 & CA60	157	<p>The ADF's land inventory of explosive ordnance consists of small arms ammunition, pyrotechnics, mortar and artillery ammunition, special purpose ammunition, demolitions stores and Army's guided weapons. Guided weapons are the Javelin anti-tank missile, RBS 70 Bolide Missile anti-aircraft missile and the AGM114 Air to Ground missile. Land Explosive Ordnance System Project Office manages and sustains the inventory of guided and non-guided ammunition for Army, in addition to Navy and Air Force where Army is the lead service.</p> <p>During 2019-20 the focus will be to continue to provide explosive ordnance that is safe and suitable for service inclusive of deployed units in support of operations and in satisfying the broader raise, train and sustain demands of explosive ordnance for the ADF.</p>
Wide Area Surveillance (OTHR)	CAF13	90	<p>The Wide Area Surveillance Capability consists of Space and High Frequency Radar systems. The High Frequency Radar system comprises three Over-The-Horizon-Radars based in Longreach, Queensland; Laverton, Western Australia; and Alice Springs, Northern Territory and is known as the Jindalee Operational Radar Network. The radars are maintained by BAE Systems Australia. The Space Surveillance capability includes Overhead Persistent Infrared sensors and a C-Band Radar surveillance system which provides data into No 1 Remote Surveillance Unit at RAAF Base Edinburgh along with the High Frequency Radar feeds.</p> <p>During 2019 BAE Systems Australia will continue to 'bed-in' the new sustainment reform contract and progress multiple obsolescence remediation projects to ensure the capability remains effective until the radar upgrade is conducted under project AIR 2025 Phase 6. During 2020 BAE Systems Australia and Defence are installing a trial solar energy system at the No 3 Radar site near Alice Springs in an effort to reduce operating costs and improve energy reliability.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Joint Domain (Continued)			
Air Force Munitions and Air Force Guided Weapons	CAF32 & CAF33	83	<p>The ADF's inventory consists of guided missiles; bombs, fuses and guided bomb components; and inert and training bombs employed by Air Force platforms. The inventory also includes countermeasures, impulse cartridges, cannon ammunition, safety pyrotechnics, and emergency egress power and cartridge actuated devices employed by Air Force.</p> <p>During 2019-20 the focus will be the remediation of Explosive Ordnance inventory post operations using Australian domestic manufacture where possible, while satisfying the broader raise, train and sustain demands for explosive ordnance.</p>
Navy Munitions and Navy Guided Weapons	CN37 & CN38	76	<p>The ADF's inventory consists of navigational outfits, medium and large calibre gunnery, pyrotechnics and cartridge actuated devices, countermeasures, force protection and demolition products utilised by Navy. Navy's Guided Weapons are categorised into four main areas: Missiles, Minewarfare, Heavy Weight Torpedoes and Lightweight Torpedoes. Navy's Guided Weapons Explosive Ordnance activities also includes sustainment of Guided Weapons used by Army and Air Force where Navy is the lead service.</p> <p>During 2019-20 the focus will be on continuing to provide explosive ordnance that is safe and suitable for service to deployed units in support of operations, satisfying the broader Navy raise, train and sustain demands for explosive ordnance, continuing to remediate Navy Missile and Torpedo Maintenance Facilities and planning and conducting weapons engineering, maintenance and technical activities in support of the management of Navy explosive ordnance inventory.</p>
Battlespace Communication Systems	CA31	73	<p>The Battlespace Communications System comprises a range of deployable data and voice communication systems used by the three Services for battlespace command and control. This includes new generation radios in mounted and dismounted configurations. Battlespace Communications also has new generation trunk communication equipment including the Integrated Battlefield Communications Network to transfer secure data, voice and video. The Battlespace Communications System further includes communications harness systems for vehicles.</p>
Explosive Ordnance Manufacturing Facilities	CJC01	73	<p>The Explosive Ordnance Manufacturing Facilities provide Defence with a domestic munitions manufacturing capability. The objective of Explosive Ordnance Manufacturing Facilities is to provide for the safe, environmentally compliant and sustainable operation of the facilities to meet specified ADF domestic munitions requirements that are acquired by Defence through separate Army, Navy and Air Force product schedules and provide a continued capability through commercial operations and enable further enhancement of the facilities and planning for future manufacturing opportunities.</p>
ATC Capability (Air Traffic Control)	CAF12	67	<p>The Air Traffic Management system includes fixed and deployable sensors; data processing and display systems; navigation aids; and command, control and communications (C3) systems. No. 44 Wing of the Royal Australian Air Force uses these systems to deliver fixed and deployed Air Base Air Traffic Services, Battlefield Airspace Control, and Air Navigation Services for ADF operations and national tasking. The focus in 2019-20 is targeted obsolescence management activities to reduce risk to capability until existing capabilities are replaced by major, minor and sustainment projects between 2019 and 2025. Significant engineering and logistical solutions will be implemented during 2019-20 and beyond. During 2019-20 the Air Traffic Management support organisation will also continue to support the broader Defence shift from a largely transactional role to one with greater focus on contracting, assurance, planning and governance with industry expanding its role in supporting capability delivery.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Joint Domain (Continued)			
Command and Intelligence Systems	CA40	63	<p>The Command and Intelligence Systems product schedule sustains deployable command and intelligence systems, including software applications, deployable hardware systems and specialist military equipment.</p> <p>The capabilities are delivered, sustained and maintained through various contracts. The primary contractors are Thales Australia and Fujitsu.</p> <p>The key components of the Command and Intelligence Systems product schedule are:</p> <ul style="list-style-type: none"> - Deployable Wide Area Network - The Generation 1 Deployable Local Area Network fleet (including the associated Deployable Standard Operating Environment) - The Generation 2.1 Enhanced Deployable Local Area Network - Minor Systems - Deployable Geospatial and Intelligence Systems - Special Operations Command Support System <p>The delivery of the Enhanced Deployable Local Area Network, originally scheduled for 2016, suffered a delay and impacted the Middle East Region Communications and Information Systems refresh program.</p> <p>Significant progress has now occurred with delivery into the Middle East Region. Defence is investing in cybersecurity fortifications for the Deployable Local Area Network whilst in parallel driving delivery of the Enhanced Deployable Local Area Network which offers further cybersecurity protections.</p>
Land Domain			
ADF Clothing	CA39	108	<p>ADF Clothing comprises over 16,000 line items of uniform, footwear and other items supplied by the textile, clothing and footwear industry.</p> <p>During 2019-20 key activities will include:</p> <ul style="list-style-type: none"> • the continued manufacture and delivery of Australian Multicam Uniforms to Army and the introduction into service of the new Maritime Multicam Pattern Uniform to Navy; • introduction of the new suite of ADF Combat Boots; • continued engagement with Navy, Army and Air Force regarding design and technical enhancements of combat and non combat clothing items; and • ongoing procurement to meet clothing and footwear requirements for the ADF's operations and raise, train and sustain activities.

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Land Domain (Continued)			
ADO Commercial Vehicles Fleet	CA19	75	<p>The Australian Defence Organisation's Commercial Vehicle Fleet comprises approximately 6,000 Defence owned Commercial vehicles and trailers. The fleet ranges from passenger sedans through to heavy rigid trucks, touring coaches and aviation refuelling vehicles. An additional 30 road-train systems as well as 16 aviation refuelling systems are leased under the program. The main support provider is SG Fleet, contracted to provide fleet management services as part of a whole of Australian Government Fleet Services Contract.</p> <p>During 2019-20 approximately 400 passenger and light-medium commercial vehicles are scheduled to be replaced with like for like vehicles, as part of a rolling replacement program. In 2019-20, the fleet will continue to focus on improving overall vehicle utilisation and reducing costs.</p>
Maritime Domain			
Collins Class Submarine	CN10	566	<p>The Collins Program objective is to sustain the Collins Class Submarine materiel capability (including the associated escape and rescue capability), minimise the logistic costs of ownership, and provide sustainable and cost effective design, engineering and logistics support for platform systems and combat systems, through agreements with industry partners including ASC Pty Ltd, Raytheon Australia, Thales Australia, BAE Systems, PMB Defence and other providers.</p> <p>Collins Sustainment Program (CN10) was removed from the Projects of Concern List in October 2017. The Submarine Enterprise continues to achieve the RAN's availability requirement (based on Coles' international benchmark).</p> <p>In 2019-20 the program will be concentrating on achieving greater efficiencies, improving deployability of the Collins Class and continuing planning for a life of type extension.</p>
Anzac Class Frigate	CN02	339	<p>The support objective is to maintain the materiel capability of the eight Anzac Class Frigates through the provision of materiel support and ongoing maintenance of the ships and associated equipment, systems and operator training facilities.</p> <p>During 2019-20 the focus will be on completing the scheduled Anzac Class maintenance activities along with the successful completion of the installation and integration of Anzac Midlife Capability Assurance Programme inclusive of Platform Systems Remediation, project SEA 1442 Phase 4 (Maritime Communications Modernisation Project), and project SEA 1448 Phase 4B (Anzac Air Search Radar Replacement) on HMAS <i>Anzac</i>, HMAS <i>Waramanga</i> and HMAS <i>Perth</i>.</p>
Destroyer Designated Guided (Air Warfare)	CN40	188	<p>The support objective is to maintain the materiel capability of the in-service Hobart Class Destroyers through the provision of materiel support and ongoing maintenance of the ships and associated equipment, systems and operator training facilities.</p> <p>During 2019-20 the focus will be on completing the scheduled Hobart Class maintenance activities for the two in-service ships, the implementation of HMAS <i>Hobart</i> and HMAS <i>Brisbane</i> Post Delivery Upgrades, inclusive of the project AIR 9000 Phase 8 MH-60R Helicopter upgrade, and preparations for the arrival of the last ship, NUSHIP <i>Sydney</i>, into the guided missile destroyer (DDG) support system.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

Product Name	Product Serial	Budget Estimate 2019-20 \$m	Top 30 Sustainment Product Descriptions
Maritime Domain (Continued)			
Canberra Class Landing Helicopter Dock	CN34	132	<p>The support objective is to maintain the materiel capability of the two Canberra Class Landing Helicopter Dock vessels and 12 Landing Helicopter Dock Landing Craft, through the provision of materiel support and ongoing maintenance of the ships and associated equipment, systems and operator training facilities.</p> <p>During 2019-20 the focus will be on supporting the program to achieve Final Operational Capability for the Landing Helicopter Dock and Landing Helicopter Dock Landing Craft capabilities, whilst completing a phase-in of the new support contract and workforce by July 2019, phase-out of the existing contracts, and continuing activity to remediate the deficiencies in the platform and support systems delivered under projects JP2048 Phase 3 and Phase 4A/B.</p>
Maritime Cross Platform	CN49	76	<p>The Maritime Cross Platform schedule is responsible for the sustainment of seaworthy materiel that is common across multiple Classes and platforms, and for which Maritime Cross Platform Systems Program Office is the identified Designated Logistics Manager. The materiel includes common standardised items related to combat systems, platform and propulsion systems, and survivability systems e.g. safety and internal platform communications.</p> <p>During 2019-20 the focus will be on continuing to deliver cross platform support to Maritime capability, the product schedule will undergo a review in order to determine the optimal delivery model and associated future industry engagement strategy to best support expanded efforts across the continuous national naval shipbuilding enterprise and sustainment.</p>
Hydrographic Support	CN46	70	<p>The Hydrographic Survey system comprises two Leeuwin Class Hydrographic Ships, four Paluma Class Survey Motor Launches and six Survey Motor Boats (embarked in the Hydrographic Ships). Sustainment of the Hydrographic Survey System is through a prime contracting partner that provides a performance based support arrangement for maintenance, logistics, engineering, training, and program management in order to support the capability. In addition it includes the Laser Airborne Depth Sounder II system and its host, the Dash 8-200 aircraft and Antarctic Survey Vessel and other Hydrographic Survey Platforms.</p> <p>During 2019-20 the focus will be on the maintenance of seaworthiness across the Hydrographic Survey system, including the management of implications from the extension to the Planned Withdrawal Date for HMAS <i>Leeuwin</i> and the development of a new Support Procurement Strategy to reform commercial arrangements. Additionally, Defence will manage the retirement from service of the Laser Airborne Depth Sounder II system (scheduled for November 2019) and the continued introduction into service of the Rapid Environmental Assessment capability being delivered under project SEA 1770 Phase 1.</p>

Table 56: Top 30 Sustainment Products by End of Financial Year Outcome 2019-20 (Continued)

	Budget Estimate 2019-20 \$m
Total – Top 30 Products	4,644
Other Approved Sustainment Product Estimates	1,887
Total Sustainment Product Funds Available	6,531
Support to Operations	257
Total Sustainment and Operations Funding	6,788

APPENDIX D: FACILITIES AND INFRASTRUCTURE PROGRAM

The Facilities and Infrastructure Program component of the Integrated Investment Program comprises approved and yet to be approved major and medium capital facilities projects.

Major capital facilities projects are defined as having expenditure over \$15m (excluding GST) and are subject to Government approval, and formal review by the Parliamentary Standing Committee on Public Works (PWC). Medium facilities projects have expenditure between \$2m and \$15m with projects over \$8m subject to Government approval. Projects valued between \$2m and \$15m are required to be notified to, and agreed by, the PWC but may not be formally reviewed by the Committee. Details of approved major and medium projects are provided in this Appendix.

The Facilities and Infrastructure Program is comprised of projects that support and sustain current and future capability requirements, other government initiatives, meet legislative obligations and provide engineering and infrastructure services and upgrades to existing facilities.

Approved Major Capital Facilities Projects

The table below and the following descriptions provide details on the progress and expenditure during 2019-20 on Major Capital Facilities projects.

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
New Air Combat Capability Facilities Project (AIR 6000 Phase 2A/B)^[1]				
RAAF Williamtown	NSW - Paterson	-	885.3	15.9
RAAF Tindal	NT - Lingiari	-	391.2	77.6
RAAF Darwin	NT - Solomon	-	-	2.3
RAAF Townsville	QLD - Herbert	-	-	2.3
RAAF Learmonth	WA - Durack	-	-	-
Defence Establishment Myambat	NSW - Hunter	-	3.4	7.2
Total		1,485.8	1,279.9	105.3
Enhanced Land Force (ELF) Stage 2^[1]				
Lone Pine Barracks	NSW - Hunter	-	115.8	-
Puckapunyal Training Area	VIC - Nicholls	-	11.7	-
Simpson Barracks, Watsonia	VIC - Jagajaga	-	20.2	-
RAAF Amberley	QLD - Blair	-	9.6	-
Lavarack Barracks, Townsville	QLD - Herbert	-	62.0	-
Townsville Training Area	QLD - Kennedy	-	3.9	-
Greenbank Training Area	QLD - Rankin	-	120.7	-
Gallipoli Barracks, Enoggera	QLD - Ryan	-	807.9	-
Wide Bay Training Area	QLD - Wide Bay	-	91.8	-
Kokoda Barracks, Canungra	QLD - Wright	-	71.8	-
Cultana Training Area	SA - Grey	-	69.4	0.2
RAAF Edinburgh	SA - Spence	-	34.5	-
Majura Field Training Area	ACT - Fenner	-	22.4	-
Total		1,457.8	1,441.8	0.2
HMAS Cerberus Redevelopment				
HMAS Cerberus	VIC - Flinders	465.6	67.5	141.0

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate (Continued)

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
Maritime Patrol Aircraft Replacement (AIR 7000 Phase 2B)^[1]				
RAAF Edinburgh	SA - Spence	-	396.9	50.3
RAAF Darwin	NT - Solomon	-	3.0	63.9
RAAF Townsville	QLD - Herbert	-	-	16.1
RAAF Pearce	WA - Pearce	-	-	48.8
HMAS <i>Stirling</i>	WA - Brand	-	4.3	2.1
Total		707.9	404.2	181.2
Larrakeyah Defence Precinct Redevelopment Program				
Larrakeyah Defence Precinct	NT - Solomon	495.5	1.7	81.2
Air Traffic Control Complex Infrastructure Project and Fixed Base Defence Air Traffic Management and Control System (AIR 5431 Phases 2 and 3)^[1]				
RAAF Amberley	QLD - Blair	-	48.7	1.5
Army Aviation Centre Oakey	QLD - Groom	-	36.1	1.1
RAAF Townsville	QLD - Herbert	-	41.8	1.4
RAAF Richmond	NSW - Macquarie	-	31.8	3.2
HMAS <i>Albatross</i>	NSW - Gilmore	-	23.0	0.7
RAAF Williamtown	NSW - Paterson	-	48.5	2.8
RAAF East Sale	VIC - Gippsland	-	9.6	1.1
RAAF Woomera	SA - Grey	-	0.9	-
RAAF Edinburgh	SA - Spence	-	7.4	1.7
RAAF Gingin	WA - Pearce	-	7.5	1.8
RAAF Pearce	WA - Pearce	-	35.6	2.9
RAAF Darwin	NT - Solomon	-	17.2	23.9
RAAF Tindal	NT - Lingiari	-	47.3	2.6
Total		409.9	355.2	44.7
Battlefield Airlifter Facilities (AIR 8000 Phase 2)				
RAAF Amberley	QLD - Blair	370.4	348.6	17.9
HMAS <i>Stirling</i> Redevelopment Stage 3A				
HMAS <i>Stirling</i> , Rockingham	WA - Brand	366.8	217.0	100.8
Growler Airborne Electronic Attack Capability Facilities (AIR 5349 Phase 3)^[1]				
RAAF Amberley	QLD - Blair	-	254.3	19.8
Delamere Weapons Range	NT - Lingiari	-	76.0	20.0
Total		388.6	330.3	39.8
Pilot Training System Facilities (AIR 5428 Phase 1)^[1]				
RAAF East Sale	VIC - Gippsland	-	179.4	4.3
RAAF Pearce	WA - Pearce	-	93.3	-
RAAF Edinburgh	SA - Spence	-	-	10.0
RAAF Williamtown	NSW - Paterson	-	-	2.5
RAAF Gingin	WA - Pearce	-	9.4	-
Total		329.8	282.0	16.8
RAAF Base Williamtown Redevelopment Stage 2				
RAAF Williamtown	NSW - Paterson	274.0	199.9	58.0

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate (Continued)

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
LAND 121 Stage 2A⁽¹⁾				
Lavarack Barracks, Townsville	QLD - Herbert	-	121.3	8.8
Gallipoli Barracks, Enoggera	QLD - Ryan	-	58.9	1.3
RAAF Williamtown	NSW - Paterson	-	12.7	0.5
Holsworthy Barracks, Holsworthy	NSW - Hughes	-	1.3	0.1
Puckapunyal Training Area	VIC - Nicholls	-	24.3	-
Campbell Barracks	WA - Curtin	-	6.1	1.6
RAAF Edinburgh	SA - Spence	-	8.9	-
Robertson Barracks	NT - Lingiari	-	0.6	0.3
RAAF Darwin	NT - Solomon	-	2.5	0.2
Total		276.5	236.7	12.7
Maritime Operational Support Capability Facilities (SEA 1654 Phase 3)⁽¹⁾				
HMAS <i>Stirling</i>	WA - Brand	-	9.3	109.0
Randwick Barracks	NSW - Kingsford Smith	-	1.8	11.6
Garden Island Defence Precinct	NSW - Sydney	-	-	0.1
Total		220.5	11.1	120.7
Explosive Ordnance Logistics Reform Program⁽¹⁾				
RAAF Amberley	QLD - Blair	-	10.3	5.9
Mount Stuart	QLD - Kennedy	-	4.8	0.7
RAAF Darwin	NT - Solomon	-	8.6	2.7
Defence Establishment Myambat	NSW - Hunter	-	22.4	39.5
Twofold Bay	NSW - Eden-Monaro	-	4.0	11.5
HMAS <i>Cerberus</i>	VIC - Flinders	-	4.9	-
Mangalore	VIC - Nicholls	-	11.8	16.7
Point Wilson	VIC - Corio	-	5.0	8.5
Fort Direction	TAS - Franklin	-	1.0	-
RAAF Edinburgh	SA - Spence	-	5.3	3.9
HMAS <i>Stirling</i>	WA - Brand	-	7.3	8.3
Total		230.9	85.3	97.7
Campbell Barracks Redevelopment				
Campbell Barracks	WA - Curtin	230.4	230.2	0.2
C-17 Maintenance Facility, Aircraft Apron and Associated Infrastructure (AIR 8000 Phase 3)				
RAAF Amberley	QLD - Blair	219.4	168.4	36.9
Garden Island (East) Critical Infrastructure Recovery (CIRP) Stage 1				
Garden Island Defence Precinct	NSW - Sydney	213.4	28.7	86.3
Garden Island (East) Critical Infrastructure Recovery (CIRP) Stage 2				
Garden Island Defence Precinct	NSW - Sydney	286.5	3.2	84.1
Defence Force School of Signals (DFSS) Redevelopment Project				
Simpson Barracks, Watsonia	VIC - Jagajaga	-	-	13.0
HMAS <i>Cerberus</i>	VIC - Flinders	-	-	0.9
Total		115.6	94.4	13.9
DEF101 Data Centre Upgrade				
HMAS <i>Harman</i>	ACT - Bean	129.9	2.3	48.9

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate (Continued)

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
Naval Guided Weapons Maintenance Facilities Project				
Defence Establishment Orchard Hills	NSW - Lindsay	95.5	1.0	22.6
Joint Health Command Garrison Facilities Upgrades⁽¹⁾				
Simpson Barracks, Watsonia	VIC - Jagajaga	-	1.6	11.6
Puckapunyal Training Area	VIC - Nicholls	-	1.7	13.4
Albury-Wodonga, South Bandiana	VIC - Indi	-	2.0	11.8
Royal Military College	ACT - Canberra	-	3.5	29.8
Holsworthy Barracks	NSW - Hughes	-	0.8	6.5
Robertson Barracks	NT - Lingiari	-	1.3	1.0
Larrakeyah Barracks	NT - Solomon	-	1.8	12.9
Army Aviation Centre Oakey	QLD - Groom	-	1.8	11.7
Gallipoli Barracks, Enoggera	QLD - Ryan	-	1.2	7.1
Campbell Barracks	WA - Curtin	-	2.0	12.8
RAAF Townsville	QLD - Herbert	-	1.2	11.1
RAAF Pearce	WA - Pearce	-	0.3	2.1
Total		212.5	19.1	131.8
Airfield Capital Works P0007(East Sale, Pearce, Gingin and Oakey)⁽¹⁾				
RAAF East Sale	VIC - Gippsland	-	-	93.0
RAAF Pearce	WA - Pearce	-	-	-
RAAF Gingin	WA - Pearce	-	-	-
Army Aviation Centre Oakey	QLD - Groom	-	-	35.6
Total		149.0	1.4	128.6
Airfield Capital Works P0006 (Curtin, Tindal and Townsville)⁽¹⁾				
RAAF Townsville	QLD - Herbert	-	-	7.0
RAAF Curtin	WA - Durack	-	14.0	-
RAAF Tindal	NT - Lingiari	-	48.1	1.0
Total		95.3	62.1	8.0
Space Surveillance Telescope (JP 3029 Phase 2)				
Harold E Holt, Exmouth	WA - Durack	97.2	84.4	6.0
Russell Office Precinct Upgrade R5 and R6 Midlife upgrade				
Russell Offices	ACT - Canberra	75.4	26.3	34.8
Defence High Performance Computing Centre				
RAAF Edinburgh	SA - Spence	68.8	2.0	57.4
Land 17 Phase 1B/1C⁽¹⁾				
Gallipoli Barracks, Enoggera	QLD - Ryan	-	7.9	-
Lavarack Barracks	QLD - Herbert	-	10.0	-
Robertson Barracks	NT - Lingiari	-	10.3	1.2
Puckapunyal Training Area	VIC - Nicholls	-	9.6	-
Campbell Barracks	WA - Curtin	-	4.7	-
Holsworthy Barracks	NSW - Hughes	-	5.1	-
RAAF Williamtown	NSW - Paterson	-	6.0	-
Proof & Experimental Establishment - Port Wakefield	SA - Grey	-	1.3	-
Total		57.1	54.8	1.2

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate (Continued)

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
AIR 2025 Phase 6 Jindalee Operational Radar Networks (JORN) Facilities Project				
Alice Springs	NT - Lingiari	50.7	1.4	33.0
LAND 4502 Phase 1 Additional CH-47F Chinook Facilities				
RAAF Townsville	QLD - Herbert	49.9	1.3	33.3
REDFIN Infrastructure (JP 2097 Phase 1B)⁽¹⁾				
Holsworthy Barracks	NSW - Hughes	-	18.1	0.6
Campbell Barracks	WA - Curtin	-	17.0	3.3
Defence Establishment Howard Springs	NT - Lingiari	-	5.3	-
Lavarack Barracks	QLD - Herbert	-	4.0	-
Total		50.5	44.4	3.9
Replacement Aviation Refuelling Vehicles Infrastructure (JP 157 Phase 1)⁽¹⁾				
RAAF Amberley	QLD - Blair	-	-	-
RAAF Townsville	QLD - Herbert	-	-	2.1
RAAF Williamtown	NSW - Paterson	-	-	-
RAAF Richmond	NSW - Macquarie	-	-	0.9
Holsworthy Barracks	NSW - Hughes	-	-	1.0
RAAF Darwin	NT - Solomon	-	-	-
Robertson Barracks	NT - Lingiari	-	-	-
RAAF Tindal	NT - Lingiari	-	-	-
RAAF Learmonth	WA - Durack	-	-	-
RAAF Curtin	WA - Durack	-	-	-
HMAS <i>Stirling</i>	WA - Brand	-	-	-
RAAF Edinburgh	SA - Spence	-	-	-
Woomera Test Facility	SA - Grey	-	-	0.9
Total		40.4	9.2	4.9
LAND 200 Tranche 2 Battlefield Communications Systems Facilities Project				
Robertson Barracks	NT - Lingiari	-	-	1.7
RAAF Edinburgh	SA - Spence	-	-	0.9
Lavarack Barracks	QLD - Herbert	-	-	5.4
Puckapunyal Training Area	VIC - Nicholls	-	-	4.0
Singleton Military Area	NSW - Hunter	-	-	5.5
Watsonia Barracks	VIC - Jagajaga	-	-	1.9
Bandiana	VIC - Indi	-	-	3.7
Total		24.3	0.1	23.1
LAND 998 Phase 1 Replacement Aviation Fire Truck Facilities Project				
RAAF Amberley	QLD - Blair	-	-	-
RAAF Tindal	NT - Lingiari	-	-	3.8
RAAF Williamtown	NSW - Paterson	-	-	5.6
RAAF Richmond	NSW - Macquarie	-	-	-
Robertson Barracks	NT - Lingiari	-	-	-
Gallipoli Barracks	QLD - Ryan	-	-	-
Lavarack Barracks	QLD - Herbert	-	-	-
Total		21.5	11.2	9.5

Table 57: Approved Major Capital Facilities Projects by State and Federal Electorate (Continued)

	State and Electorate	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2019 \$m	2019-20 Budget Estimate \$m
Puckapunyal Military Area High Voltage Upgrade				
Puckapunyal Training Area	VIC - Nicholls	32.7	30.4	0.6
LAND 2110 Phase 1B – Chemical, Biological, Radiological and Nuclear Defence (CBRND) Facilities				
HMAS <i>Stirling</i>	WA - Brand	-	-	0.7
Bindoon Training Area	WA - Pearce	-	-	0.1
Robertson Barracks	NT - Lingiari	-	-	2.4
RAAF Edinburgh	SA - Spence	-	-	2.0
Lavarack Barracks	QLD - Herbert	-	-	1.1
Gallipoli Barracks	QLD - Ryan	-	-	0.3
RAAF Amberley	QLD - Blair	-	-	1.1
Holsworthy Barracks	NSW - Hughes	-	-	0.6
Kapooka Military Area	NSW - Riverina	-	-	1.2
RAAF Base Wagga	NSW - Riverina	-	-	0.4
HMAS <i>Creswell</i>	ACT - Fenner	-	-	0.7
Majura Range	ACT - Canberra	-	-	1.1
HMAS <i>Cerberus</i>	VIC - Flinders	-	-	0.4
Dutson Air Weapons Range	VIC - Gippsland	-	-	0.6
Total		16.7	1.0	12.7
HMAS <i>Moreton</i> Unit Relocation				
HMAS <i>Moreton</i>	QLD – Griffith	15.6	8.8	1.1
Projects in or about to enter Defects Liability Period^[2]				3.8
Total^[3]		9,828.3	-	1,804.5

Notes

1. These projects cross state and electoral boundaries. Estimated cumulative expenditure to 30 June 2019 and expenditure estimates for 2019-20 are provided in the table per location.
2. This amount represents the expenditure estimates for contract administration of six completed projects during their first year in-use.
3. Sum of the individual items may differ to the totals due to rounding. Budget estimates shown as 0.0 are amounts greater than \$0 but less than \$50,000.

Explanation of Projects

New South Wales

RAAF Base Williamtown Redevelopment Stage 2

This project will sustain and improve the functionality and capability of RAAF Base Williamtown, NSW, including upgrades or replacement of critical ageing infrastructure to meet future requirements. The project is scheduled for completion by late 2021.

Garden Island (East) Critical Infrastructure Recovery Project (CIRP) Stage 1

This project will address critical structural, condition and engineering services risks on the Cruiser Wharf at Garden Island (East), Sydney, NSW. The project is scheduled for completion by early 2022.

Garden Island (East) Critical Infrastructure Recovery Project (CIRP) Stage 2

This project will provide upgraded wharves and engineering services to address condition, capacity and compliance issues on the Cruiser Wharf at Garden Island (East), Sydney, NSW. This project is scheduled for completion by late 2023.

Naval Guided Weapons Maintenance Facilities Project

This project will deliver new facilities at Defence Establishment Orchard Hills that will enhance maintenance of existing and new guided weapons. The project is scheduled for completion by mid 2021.

Queensland

Battlefield Airlifter Facilities (AIR 8000 Phase 2)

This project will provide facilities at RAAF Base Amberley, QLD to accommodate and support the operation of the new C-27J Battlefield Airlifter aircraft. The project is scheduled for completion by mid 2019.

C-17 Maintenance Facility, Aircraft Apron and Associated Infrastructure (AIR 8000 Phase 3)

This project will provide a maintenance facility, working accommodation, an aircraft apron and associated facilities at RAAF Base Amberley. This project is scheduled for completion by late 2019.

HMAS *Moreton* Unit Relocation

This project will ensure that Navy's operational and administrative functions are retained after the partial disposal of surplus Defence land at Bulimba Barracks. The project will also provide new facilities and services on the remaining portion of the site to replace those functions that will be displaced. The project is scheduled for completion by mid 2019.

LAND 4502 Phase 1 Additional CH-47F Chinook Facilities

This project will provide new facilities for 5 Aviation Regiment to support the introduction and sustainment of three new additional CH-47F Chinook Medium Lift Helicopters and associated integration systems at RAAF Base Townsville. The project is scheduled for completion by mid 2021.

Western Australia

Space Surveillance Telescope (JP 3029 Phase 2)

This project will provide facilities and infrastructure to support the operations of the Space Surveillance Telescope, which will enable ADF space surveillance capability, enhanced global surveillance capability, and an increased ability to track space debris. The project is scheduled for completion by late 2019.

HMAS *Stirling* Redevelopment Stage 3A

This project will provide upgrades and refurbishment of existing critical shortfalls to infrastructure and facilities. The project is scheduled for completion by early 2020.

Campbell Barracks Redevelopment

This project will provide a new Headquarters for the Special Air Services Regiment, communications facilities, working accommodation, storage facilities and supporting site infrastructure at Campbell Barracks, WA. The project is scheduled for completion by April 2019.

Northern Territory

Larrakeyah Defence Precinct Redevelopment Program

This program of works will upgrade critical base infrastructure, improve the working environment for Defence personnel including new facilities for the North West Mobile Force (NORFORCE), and support future growth on Larrakeyah Defence Precinct. This project will also deliver a new wharf, fuel storage and refuelling capabilities to support Navy's major surface combatant ships operating in the north of Australia. The project is scheduled for completion by late 2022.

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

This project will provide new facilities and infrastructure to support the mid-life upgrade of the JORN capability under AIR2025 Phase 6, with priority works at the JORN Radar 3 Receive (Mount Everard) and Transmit (Harts Range) sites near Alice Springs, NT. The project is scheduled for completion by late 2020.

South Australia

Defence High Performance Computing Centre

This project will provide facilities to house the high performance computing equipment as well as secure meeting, auditorium, and training facilities located at DSTG Edinburgh. The project is scheduled for completion by mid 2020.

Victoria

HMAS *Cerberus* Redevelopment

This project will provide engineering services upgrade, consolidation of Living-In-Accommodation and Mess Facilities, co-location of Clothing Store with Naval Store, School of Survivability and Ship Safety upgrade, Gym upgrade, Armoury, Explosive Ordnance and Weapons Storage Facility upgrade, and demolition. The project is scheduled for completion by mid 2025.

Puckapunyal Military Area High Voltage Upgrade

This project will provide an essential upgrade to the High Voltage power supply and reticulation network at the Puckapunyal Military Area, VIC. The project is scheduled for completion by April 2019.

Defence Force School of Signals (DFSS) Redevelopment Project

This project will provide working accommodation at Simpson barracks, VIC to support DFSS Maritime Communications and Information Systems Wing at HMAS *Cerberus*. Construction is scheduled to be complete by early 2020.

Australian Capital Territory

Russell Office Precinct Upgrade R5 and R6 Midlife upgrade

The project will provide essential building and engineering services upgrades to extend the life of Russell Buildings R5 and R6. The project is scheduled for completion by mid 2020.

DEF101 Data Centre Upgrade

This project will provide enabling infrastructure to support and ensure ongoing communications capability at HMAS *Harman* through expansion and fit out of existing facilities. The project is scheduled for completion by late 2021.

Various Locations

New Air Combat Capability Facilities Project (AIR 6000 Phase 2A/B)

This project will provide new and upgraded facilities and infrastructure to support the introduction of the Joint Strike Fighter at RAAF Base Williamtown, Newcastle, NSW, and RAAF Base Tindal, Katherine, NT with support facilities and infrastructure provided at Defence Establishment Myambat, NSW and three Forward Operating Bases. The project is scheduled for completion by mid 2020.

Explosive Ordnance Logistics Reform Program

This project will address explosive ordnance storage capacity shortfalls through delivery of new and enhanced explosive ordnance facilities at 11 Defence sites. The project is scheduled for completion by late 2020.

Enhanced Land Force (ELF) Stage 2

This project will provide modern purpose-built facilities and supporting infrastructure for the 8th/9th Battalion, the Royal Australian Regiment and supporting elements of the Army's 7th Brigade at Gallipoli Barracks in Enoggera, Brisbane. The project includes the construction of new and refurbished accommodation and training facilities, as well as common use facilities and site infrastructure upgrades, at Enoggera and other Defence sites across four States and both mainland Territories.

Facilities at Townsville, Singleton, Duntroon and Watsonia provide modern accommodation and supporting infrastructure for increased Army career training. In Sydney, at RAAF Bases Amberley and Edinburgh, and at nine other Defence Training Areas, new and refurbished facilities with site infrastructure upgrades will be provided for Army and joint enabling elements supporting the Enhanced Land Force capabilities.

All works are complete with the exception of works at Cultana Training Area, including delivery of a wash point approved as part of Hardened Networked Army Phase 2 facilities project, which are scheduled for completion by April 2019.

Maritime Patrol Aircraft Replacement (AIR 7000 Phase 2B)

This project will provide new and upgraded facilities and infrastructure to support the introduction of the P-8A aircraft at RAAF Base Edinburgh, SA, RAAF Base Townsville, QLD, RAAF Base Pearce, WA and RAAF Base Darwin, NT, as well as additional explosive ordnance facilities at HMAS *Stirling*. The project is scheduled for completion by early 2020.

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

This project will provide facilities across 13 bases in support of replacement Air Traffic Management Surveillance, Command and Control Systems under AIR 5431 Phases 2 and 3, incorporating the replacement of aged and degraded Air Traffic Control Towers. The project is scheduled for completion by late 2021

LAND 121 Stage 2A

This project will provide facilities across nine bases to sustain the B-vehicle fleet in accordance with the Basis of Issue for Army, RAAF and JLC. These facilities will maintain (workshops and repair parts storage), support (fuel points, loading ramps, wash points and weigh bridges) and sustain (shelters and hardstand) the vehicles from vehicle acquisition Phase 3A (G-Wagon), Phase 3B (Light/Light Weight and Medium/Heavy) and Phase 4 (Protected Mobility Vehicles Light). The project is scheduled for completion by early 2020.

Airfield Capital Works P0006 (Curtin, Tindal and Townsville)

This project will resurface asphalt pavement and replace airfield lighting at RAAF Base Curtin, WA, RAAF Base Tindal, NT and RAAF Base Townsville, QLD. The project is scheduled for completion by mid 2022.

REDFIN Infrastructure (JP 2097 Phase 1B)

This project will provide facilities for the Special Operations Vehicle fleet to support mobility and communications for Special Operations Forces. The project is scheduled for completion by mid 2019.

Pilot Training System Facilities (AIR 5428 Phase 1)

This project will provide fit-for-purpose facilities to support the modern joint training system being delivered by the AIR5428-1 Capability Project, with the facilities planned to be delivered at RAAF Base East Sale, VIC, RAAF Base Pearce and RAAF Gingin, WA, RAAF Base Williamtown, NSW and RAAF Base Edinburgh, SA. The project is scheduled for completion in late 2020.

LAND 17 Phase 1B/1C

This project will provide facilities at eight Defence establishments to provide the necessary working, storage, maintenance and training facilities to support the additional Lightweight Towed Howitzer and simulation capability being acquired under LAND 17 Phase 1B/1C. The project is scheduled for completion by late 2019.

Maritime Operational Support Capability Facilities (SEA 1654 Phase 3)

This project will provide new and upgraded facilities and infrastructure to support the introduction of a single Class of Auxiliary Oiler Replenishment vessels, being provided under SEA 1654 Phase 3 MOSC Project. This project is scheduled for completion by late 2020.

Airfield Capital Works P0007 (East Sale, Pearce, Gingin and Oakey)

This project will provide major maintenance to aircraft pavement and aeronautical ground lighting to RAAF Bases Pearce, Gingin, East Sale and Army Aviation Centre Oakey. The project is scheduled for completion by late 2020.

Joint Health Command Garrison Facilities Upgrades

This project will provide fit for purpose, contemporary Garrison Health Facilities at 13 sites across Australia. The project is scheduled for completion by late 2020.

Replacement Aviation Refuelling Vehicles Infrastructure (JP 157 Phase 1)

This project will provide new and upgraded facilities to support a new fleet of aviation refuelling vehicles at 15 locations. The project is scheduled for completion by late 2019.

LAND 200 Tranche 2 Battlefield Communications Systems Facilities Project

This project will provide training and storage infrastructure to support the rollout of Battlefield Management Systems (BMS) at 7 locations. The project is scheduled for completion by late 2019.

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

This project will provide new and refurbished facilities including training and storage facilities at 14 Defence sites to support Australian Defence Force CBRND activities. Construction is scheduled to commence in mid 2019 and is scheduled for completion by late 2019.

LAND 998 Phase 1 Replacement Aviation Fire Truck Facilities Project

This project will provide garaging, chemical storage, testing and training facilities on seven locations to support the introduction into service of the replacement aviation fire trucks being procured under LAND 998 Phase 1. The project is scheduled for completion by early 2020.

Growler Airborne Electronic Attack Capability Facilities (AIR 5349 Phase 3)

This project will provide necessary working accommodation, maintenance, warehousing and training facilities at RAAF Base Amberley, QLD to support the introduction of the Growler Airborne Electronic Attack Capability. The project is scheduled for completion by mid 2020.

APPENDIX E: STATUS OF MAJOR PROJECTS FORESHADOWED FOR GOVERNMENT AND PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS CONSIDERATION (PWC) IN 2019-20

Program of Works Foreshadowed for Consideration and Approval

During 2019-20, Defence expects to present a number of facilities proposals to the Parliamentary Standing Committee on Public Works (PWC). The following tables detail the proposed major and medium capital projects expected to be referred to the PWC in Financial Year 2019-20.

Table 58: Major Capital Facilities Projects Foreshadowed for PWC Consideration and Approval in 2019-20

	State/Electorate	Actual/Indicative PWC Referral Date	Actual/Indicative PWC Hearing Date ^[1]	Parliamentary Approval Date ^[2]
Navy Capability Infrastructure Sub-program (combining facilities for SEA 5000 Phase 1 Future Frigates and SEA 1180 Phase 1 Offshore Patrol Vessels Project Batch 1)	Multiple	Mid 2019	Mid 2019	Late 2019
LAND 121 Phase 5B Unit Sustainment Facilities	Multiple	Mid 2019	Late 2019	Late 2019
LAND 400 Phase 2/3 Armoured Fighting Vehicle Facilities Program	Multiple	Mid 2019	Late 2019	Late 2019
Mulwala Decommissioning and Demolition Project	NSW – Farrer	Late 2019	Late 2019	Late 2019
RAAF Base Tindal Redevelopment Stage 6	NT – Lingiari	Late 2019	Late 2019	Late 2019
United States Force Posture Initiative RAAF Base Tindal Airfields Works and Associated Infrastructure	NT – Lingiari	Late 2019	Late 2019	Late 2019
SEA 1397 Phase 5D Nulka Assembly Maintenance Facilities	NSW – Lindsay	Late 2019	Late 2019	Late 2019
Facilities for LAND 555 Phase 6 Force Level Electronic Warfare, Signals, Intelligence and Vehicles	QLD – Groom	Late 2019	Late 2019	Early 2020
Facility Upgrade for Australian Defence Simulation & Training Centre & JP 9711 Phase 1 Core System Simulation Capability	ACT – Bean	Late 2019	Early 2020	Early 2020
Cultana Training Area Redevelopment Stage 2	SA – Grey	Late 2019	Early 2020	Early 2020
Edinburgh Defence Precinct Mid Term Refresh	SA – Spence	Late 2019	Early 2020	Early 2020
JP 9131 Cyber Capability Facility Project	ACT – Bean	Late 2019	Early 2020	Early 2020

	State/Electorate	Actual/Indicative PWC Referral Date	Actual/Indicative PWC Hearing Date ^[1]	Parliamentary Approval Date ^[2]
Holsworthy Barracks Mid Term Refresh	NSW – Hughes	Early 2020	Mid 2020	Mid 2020
Puckapunyal Military Area Health and Wellbeing Centre	VIC – Nicholls	Early 2020	Mid 2020	Mid 2020
Puckapunyal Military Area Mid Term Refresh	VIC – Nicholls	Mid 2020	Mid 2020	Late 2020
JP 2060 Phase 3 Australian Defence Force Deployable Health Capability Facilities	Multiple	Early 2020	Mid 2020	Mid 2020
RAAF Base Townsville Mid Term Refresh	QLD – Herbert	Early 2020	Mid 2020	Mid 2020
Townsville Field Training Area Mid Term Refresh	QLD – Kennedy	Early 2020	Mid 2020	Mid 2020
HMAS Cairns Mid Term Refresh	QLD – Leichhardt	Early 2020	Mid 2020	Mid 2020
RMAF Base Butterworth Mid Term Refresh	International	Mid 2020	Mid 2020	Mid 2020
Swartz Barracks Mid Term Refresh	QLD – Groom	Mid 2020	Mid 2020	Mid 2020
COCOS (Keeling) Island Runway Upgrade & Refurbishment	International	Mid 2020	Mid 2020	Late 2020

Notes

1. Hearing dates are subject to the PWC's consideration and agreement.
2. Forecasted approval dates are shown as "Early", "Mid", "Late".

Table 59: Medium Projects Foreshadowed for Consideration and Approval

	State/Electorate	PWC Notification ^[1]
Facilities for SEA 1442 Phase 6 Collins Satellite Communication	Multiple	Mid 2019
Facilities for LAND 154 Phase 2 Stage 1 Joint Counter Improvised Explosive Device Capability	Multiple	Mid 2019
Facilities for A-COY41 Royal New South Wales Regiment in the Tweed Heads	NSW – Richmond	Late 2019
Facilities for Section Urban Assault Range	NSW – Hunter	Early 2020

Note

1. Notification dates are subject to the PWC's consideration and agreement.

Explanation of Projects

Project Narratives by State and Various Locations

South Australia

Cultana Training Area Redevelopment Stage 2

This proposed project will provide new infrastructure and facilities to develop the expanded Cultana Training Area into a Tier 1 training range. Subject to Government and Parliamentary approvals, construction is planned to commence in mid 2020 and be completed by late 2021.

Edinburgh Defence Precinct Mid Term Refresh

This proposed project will ensure the precinct's infrastructure and assets remain fit for purpose, safe and operational. Requirements include replacing substations, upgrading the central emergency power system, cabling for the power control and monitoring system, upgrading sewer and storm water infrastructure, fire-fighting and potable water distribution, and high voltage upgrading. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2020 and be completed by early 2022.

Queensland

Facilities for LAND 555 Phase 6 Force Level Electronic Warfare, Signals, Intelligence and Vehicles

This project will provide vehicle storage, a workshop extension and hardstand to accept training modules at Borneo Barracks. Subject to Parliamentary approval, construction is planned to commence in early 2020 and be completed by early 2021.

RAAF Base Townsville Mid Term Refresh

This proposed project will provide mid life refurbishments to critical infrastructure at the base as part of the North Queensland Mid Term Refresh Program. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2021 and be completed by early 2023.

Townsville Field Training Area Mid Term Refresh

This proposed project will provide mid life refurbishments to critical infrastructure at the training area as part of the North Queensland Mid Term Refresh Program. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2021 and be completed by early 2023.

HMAS Cairns Mid Term Refresh

This proposed project will provide mid life refurbishments to critical infrastructure at the base as part of the North Queensland Mid Term Refresh Program. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2021 and be completed by early 2023.

Swartz Barracks Mid Term Refresh

This proposed project will upgrade storm water, ICT and electrical infrastructure to support the ongoing training and operations on base while its long term future is determined. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2021 and be completed by mid 2023.

Victoria

Puckapunyal Military Area Health and Wellbeing Centre

This proposed project will construct a Health and Wellbeing Centre to support capability. Proposed scope includes replacing/refurbishing ageing/non-compliant facilities, including the pool, multi-purpose exercise room, lockers, and change rooms. Subject to Government and Parliamentary approvals, construction is planned to commence in late 2020 and be completed by late 2021.

Puckapunyal Military Area Mid Term Refresh

This proposed project will address condition, capacity and compliance issues with existing infrastructure on site. Proposed scope includes water trench-ring main works, storm water upgrades to the retention pond, dam works, stabilizing the sewerage embankment and expanding storage facilities. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2021 and be completed by mid 2022.

New South Wales

SEA 1397 Phase 5D Nulka Assembly Maintenance Facilities

This proposed project will provide a NULKA round assembly facility to support the production and maintenance of the new decoys. Subject to Government and Parliamentary approvals, construction is planned to commence in mid 2020 and be completed by mid 2021.

Holsworthy Barracks Mid Term Refresh

This proposed project will address power supply reliability issues, serviceability of high voltage infrastructure and serviceability of training live-in-accommodation. Subject to Government and Parliamentary approvals, construction is planned to commence in mid 2021 and be completed by mid 2022.

Mulwala Decommissioning and Demolition Project

This proposed project will decommission and demolish 116 aged and contaminated redundant factory buildings at the Mulwala Propellant and Explosives Facility. Subject to Parliamentary approval, construction is planned to commence in mid 2020 and be completed by mid 2022.

Australian Capital Territory

Facility Upgrade for Australia Defence Simulation & Training Centre & JP 9711 Phase 1 Core System Simulation Capability

This proposed project will provide training facilities at HMAS Harman in support of capability. Subject to Parliamentary approval, construction is planned to commence in mid 2020 and be completed by mid 2022.

JP 9131 Cyber Capability Facility Project

This proposed project will provide facilities at HMAS Harman in support of capability. Subject to Government and Parliamentary approvals, construction is planned to commence in mid 2020 and be completed by late 2022.

Northern Territory

RAAF Base Tindal Redevelopment Stage 6

This proposed project will provide critical base infrastructure, trunk engineering services (power, water, sewage) and some living-in-accommodation to ensure reliability of essential base services. Subjective to Government and Parliamentary approvals, construction is planned to commence in early 2020 and be completed by late 2024.

United States Force Posture Initiative RAAF Base Tindal Airfields Works and Associated Infrastructure

This proposed project will deliver airfield improvements. Proposed scope includes lengthening and widening the runway, and constructing a new air movements terminal, aircraft apron and aviation fuel farm. Subject to Government and Parliamentary approvals, construction is planned to commence in early 2020 and be completed by late 2024.

Various Locations

Navy Capability Infrastructure Sub-program

This proposed program of works will provide new and upgraded facilities and infrastructure required around Australia to support the Navy's introduction into service and sustainment of the new Hunter Class Frigates (SEA5000 Phase 1) and Arafura Class Offshore Patrol Vessels (SEA1180 Phase 1). Works are planned at HMAS Stirling WA, HMAS Coonawarra NT, HMAS Cairns QLD, Garden Island Defence Precinct NSW, Henderson WA and Osborne SA. Subject to Parliamentary approvals, construction is planned to commence in late 2019 and be completed by mid 2027.

SEA 5000 Phase 1 – Future Frigates

This proposed project will provide upgraded facilities and infrastructure to support the introduction of a new Class of frigates to replace the current Anzac Class Frigates. Subject to Parliamentary approval, construction is planned to commence in late 2019 and be completed by mid 2025.

SEA 1180 Phase 1 – Offshore Patrol Vessels (OPV) Batch 1

This proposed project will provide berthing, training, maintenance, logistics, and support facilities at HMAS *Stirling*, HMAS *Coonawarra*, and HMAS *Cairns* to support the introduction into service of 12 new OPVs. Subject to Parliamentary approval, construction is planned to commence in mid 2020 and be completed by mid 2027.

LAND 121 Phase 5B Unit Sustainment Facilities

This proposed project will provide facilities to sustain the associated capability at various sites around Australia. Proposed scope includes workshops and storage facilities, fuel and wash points, loading ramps and weigh bridges, vehicle shelters and hardstand. Subject to Parliamentary approval, construction is planned to commence in mid 2021 and be completed by mid 2024.

LAND 400 Phase 2/3 Armoured Fighting Vehicle Facilities Program

This proposed project will provide upgrades to support capability. Proposed scope includes upgrading unit facilities and training areas at various sites around Australia. Subject to Parliamentary approval, construction is planned to commence in early 2020 and be completed by late 2029.

JP 2060 Phase 3 Australian Defence Force Deployable Health Capability Facilities

This proposed project will provide the ADF with fit for purpose facilities at various sites around Australia. Subject to Government and Parliamentary approvals, construction is planned to commence in late 2020 and be completed by late 2022.

International

RMAF Base Butterworth Mid Term Refresh

This proposed project will provide mid life refurbishments to critical assets to support the continued service delivery of existing capabilities provided from this base. Subject to Government and Parliamentary approvals, construction is planned to commence in late 2020 and be completed by late 2021.

COCOS (Keeling) Island Runway Upgrade & Refurbishment

This proposed project will provide airfield pavement and aeronautical ground lighting works to meet capability requirements. Subject to Government and Parliamentary approvals, construction is planned to commence in late 2020 and be completed by late 2023.

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AUSTRALIAN SIGNALS DIRECTORATE

Agency Resources and Planned Performance

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AUSTRALIAN SIGNALS DIRECTORATE

Section 1: ASD Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Signals Directorate defends Australia from global threats and advances the national interest through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

To do this, ASD leverages its in-depth understanding of communications technology – including how it might be vulnerable to people who want to harm Australian interests; and how offshore communications can be exploited to provide foreign intelligence or to counter threats targeting Australian interests.

ASD is a statutory agency within the Defence portfolio, and reports directly to the Minister for Defence. All of ASD's activities are subject to oversight from the Inspector-General of Intelligence and Security.

ASD operates under the *Intelligence Services Act 2001*, which specifies the organisation's functions to:

- collect foreign signals intelligence;
- communicate foreign signals intelligence;
- prevent and disrupt offshore cyber enabled crime;
- provide cyber security advice and assistance to Australian governments, businesses and individuals;
- support military operations;
- protect the specialised tools ASD uses to fulfil its functions; and
- cooperate with and assist the national security community's performance of its functions.

The organisation has five strategic objectives:

ASD **delivers strategic advantage** for Australia by providing foreign signals intelligence that protects and advances Australia's national interest. Foreign intelligence collection activities are guided by priorities set by the Office of National Intelligence and endorsed by Government.

ASD is the Australian Government's **leading cyber security** agency, and aims to make Australia the safest place to connect online and foster national cyber security resilience. ASD's Australian Cyber Security Centre monitors cyber threats targeting Australian interests, and provides advice and information to help protect Australians. When serious cyber incidents occur, ASD leads the Australian Government response to help mitigate the threat and strengthen defences.

ASD has a long history of **supporting Australian military operations**, with the organisation's heritage dating back to World War Two. Today, ASD supports Australian Defence Force operations across the globe, including by providing intelligence and offensive cyber capabilities to enable the warfighter and protect ADF personnel and assets. ASD also draws on its deep technical expertise to help the ADF stay ahead of technology advancements in the region, including the introduction of 5th generation weapons and cyber-warfare capabilities.

ASD capabilities play an important role in **countering cyber-enabled threats**. The organisation protects Australia and Australians by preventing and disrupting offshore cyber-enabled crime, including organised criminal groups using malware to target Australians, and terrorists who use the Internet to plan and incite attacks against Australian interests.

Finally, ASD **provides trusted advice and expertise** to Government, business and the community. ASD draws on its deep technical understanding of communications technology to help the Government and the public understand the nature of the cyber threat environment, how they might be vulnerable and what they can do to protect themselves.

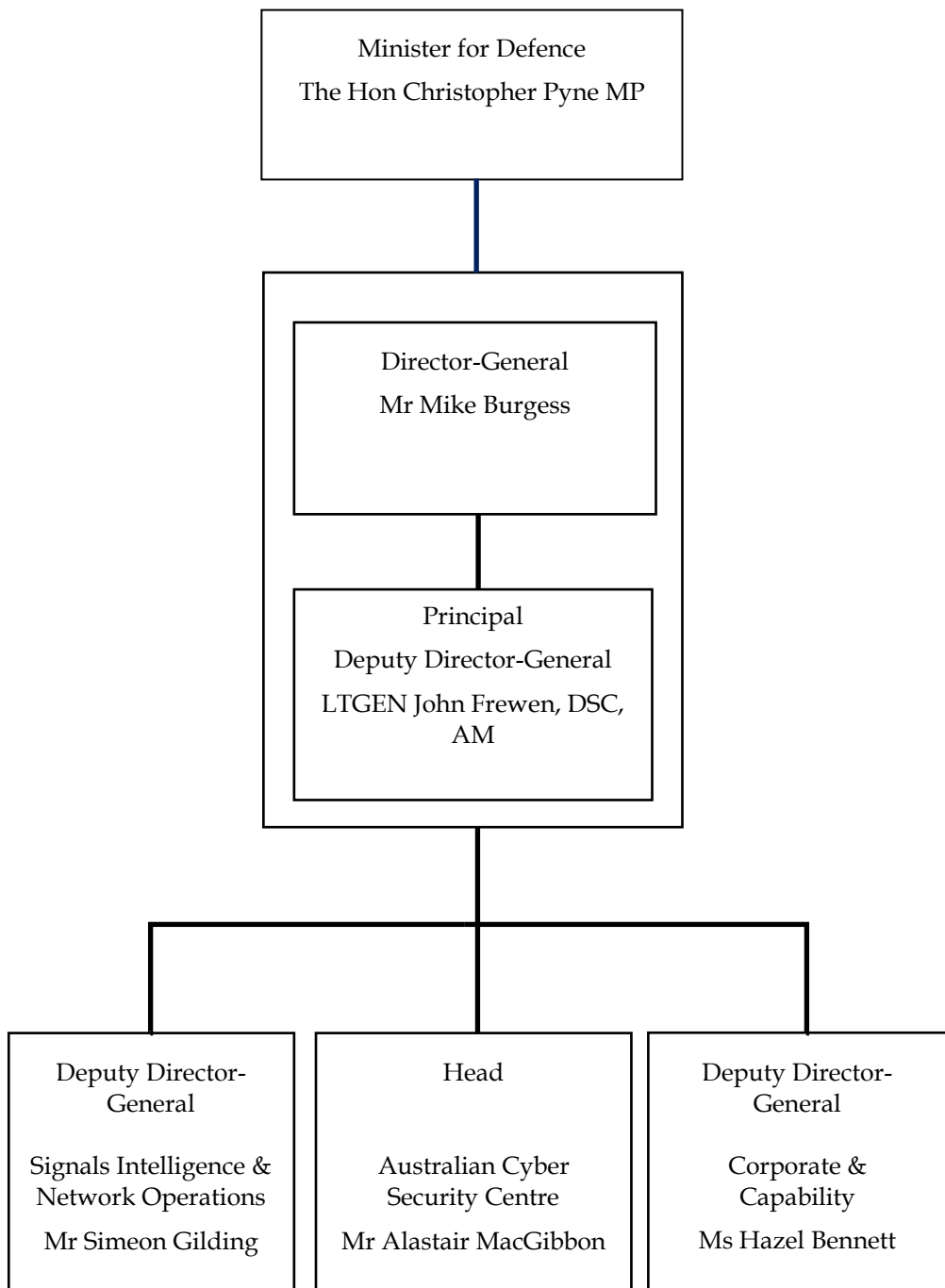
To achieve these objectives, ASD needs to keep pace with the latest technology trends and invest in cutting-edge capabilities. ASD's activities are enabled by innovative techniques, including specialist tools to detect threats in large volumes of data. ASD's mastery of technology also underpins the formulation of sound advice to protect Australia from sophisticated cyber threats.

Partnerships are critical to the organisation's success. ASD works closely with agencies in the Australian national security community, overseas intelligence partners, academia and industry. This level of collaboration is essential to comprehensively understand the threat environment and to stay at the leading edge of technology.

ASD's success is based on the ingenuity of its workforce. The organisation seeks to recruit and develop a curious and imaginative workforce who are not deterred by difficult challenges. Recruiting the requisite specialist expertise has become increasingly challenging, given the high demand for staff with these skillsets. ASD's recent transition to a statutory agency provides an opportunity to design new career pathways and employment opportunities that reflect the specialist nature of the work that ASD does, so that it can better recruit, retain, train and develop its specialist staff.

This combination of a uniquely skilled workforce, empowered by innovative technology and partner capabilities, positions the organisation to deliver trusted intelligence, advice and effects for Australia's national interest in a constrained fiscal environment.

Figure 4: ASD Organisational Structure



1.2 ASD RESOURCE STATEMENT

Table 60: ASD Resource Statement – Budget Estimates for 2019-20

	Actual available appropriation 2018-19 \$'000	Estimate of prior year amounts available in 2019-20 \$'000	Proposed at Budget 2019-20 \$'000	Total Estimate 2019-20 \$'000
Departmental				
Annual appropriations - ordinary annual services				
Departmental appropriation	742,020	-	744,212	744,212
s74 External Revenue	3,444	-	4,072	4,072
Annual appropriations - other services - non-operating				
Equity injection	124,980	-	173,240	173,240
Receipts from other entities on account of restructure	9,581	-	-	-
Total departmental resourcing	880,025	-	921,524	921,524
Total resourcing for ASD	880,025	-	921,524	921,524

1.3 BUDGET MEASURES

2019-20 Budget Measures and Other Budget Adjustments

Table 61: ASD 2019-20 Budget Measures

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Forward Estimates \$m
Other Budget Adjustments						
Foreign Exchange ^[1]	2.1	2.9	3.0	3.0	..	8.9
Additional Measures	-	0.7	-	-	-	0.7
Total Other Departmental Budget Adjustments	2.1	3.6	3.0	3.0	-	9.6
Variation to ASD Departmental Funding	2.1	3.6	3.0	3.0	-	9.6

Note

1. The value of Foreign Exchange in 2022-23 is \$0.014m

Section 2: ASD Outcomes and Planned Performance

2.1 OUTCOME AND PERFORMANCE INFORMATION

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

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

Note:

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

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

<https://www.asd.gov.au/publications/plans/corporate-plan-2018.htm>.

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

Outcome Expense Statement

Table 62: Budgeted Expenses for Outcome 1

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Program 1.1 - Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations					
Departmental expenses	831,294	833,287	856,304	885,635	851,345
Departmental total	831,294	833,287	856,304	885,635	851,345
Total expenses for Program 1.1	831,294	833,287	856,304	885,635	851,345

	2018-19	2019-20
Average Staffing Level (number)	nfp	nfp

Contributions to Outcome 1

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

Program 1.1 Objective

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

Delivery	Collecting foreign intelligence, and identifying and disrupting potential threats to Australia's national security. Providing advice, assurance, reporting and services to the Australian Government, government agencies, the Australian Defence Force, and businesses and individuals.
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Performance information

Year	Performance criteria ⁽¹⁾	Targets
2018-19	Effective advice, reporting and services that assist Australian governments, government agencies, the Australian Defence Force and businesses to develop policy, manage security risks (including for individuals) and disrupt threats to Australia's security and interests.	Our stakeholders value the unique insights and support ASD provides to their mission. <i>Expected to be met.</i>
2019-20	As per 2018-19.	As per 2018-19.
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.	

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*.

Section 3: ASD Explanatory Tables and Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 EXPLANATORY TABLES

Table 63: Third Party Payments to and from Other Agencies^[1]

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000
Payments made to Department of Defence for provision of services (Departmental)	92,274	89,276

Note

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

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 64: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
EXPENSES					
Employee benefits	228,344	269,950	281,049	294,862	294,415
Supplier expenses	518,127	478,339	490,255	505,777	471,928
Grants	-	-	-	-	-
Depreciation and amortisation	84,823	84,998	85,000	84,996	85,002
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	831,294	833,287	856,304	885,635	851,345
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	6,323	4,073	2,853	2,922	2,998
Rental revenue	1	3	4	2	2
Total own-source revenue	6,324	4,076	2,857	2,924	3,000
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	6,324	4,076	2,857	2,924	3,000
Net cost of (contribution by) services	-824,970	-829,211	-853,447	-882,711	-848,345
Revenue from Government	742,020	744,212	768,446	797,715	763,333
Surplus (Deficit) attributable to the Australian Government	-82,950	-84,999	-85,001	-84,996	-85,012
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-82,950	-84,999	-85,001	-84,996	-85,012
Total comprehensive income attributable to the Australian Government	-82,950	-84,999	-85,001	-84,996	-85,012

Table 65: Budgeted Departmental Balance Sheet (as at 30 June)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	52,551	54,455	56,771	58,013	55,306
Trade and other receivables	4,353	4,353	4,353	4,353	4,353
Tax assets	-	-	-	-	-
Appropriation receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Total financial assets	56,904	58,808	61,124	62,366	59,659
Non-financial assets					
Land and buildings	2,584	2,581	2,580	2,579	2,576
Property, plant and equipment	294,773	380,915	476,342	497,553	482,103
Intangibles	7,714	9,818	12,293	12,844	12,442
Other non-financial assets	15,707	15,707	15,707	15,707	15,707
Total non-financial assets	320,778	409,021	506,922	528,683	512,828
Assets held for sale	-	-	-	-	-
Total assets	377,682	467,829	568,046	591,049	572,487
LIABILITIES					
Payables					
Suppliers	36,630	38,536	40,852	42,094	39,385
Other	-	-	-	-	-
Total payables	36,630	38,536	40,852	42,094	39,385
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	64,184	64,184	64,184	64,184	64,184
Other	-	-	-	-	-
Total provisions	64,184	64,184	64,184	64,184	64,184
Total liabilities	100,814	102,720	105,036	106,278	103,569
NET ASSETS	276,868	365,109	463,010	484,771	468,918
EQUITY					
Contributed equity	359,818	533,058	715,960	822,717	891,876
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	-82,950	-167,949	-252,950	-337,946	-422,958
Total equity	276,868	365,109	463,010	484,771	468,918

Table 66: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	742,020	744,212	768,446	797,715	763,333
Goods and services	3,444	4,072	2,852	2,919	2,995
Net GST received	46,999	46,130	49,026	50,578	47,193
Interest	-	-	-	-	-
Other cash received	-	-	-	-	-
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	792,463	794,414	820,324	851,212	813,521
Cash used					
Employees	227,495	267,013	278,233	292,530	291,939
Suppliers	472,634	479,365	490,750	506,862	477,106
Net GST paid	46,999	46,130	49,026	50,578	47,193
Grants	-	-	-	-	-
Other cash used	-	-	-	-	-
Cash transfer to the Official Public Account (receivables)	-	-	-	-	-
Total cash used	747,128	792,509	818,009	849,970	816,238
Net cash from (used by) operating activities	45,335	1,905	2,315	1,242	-2,717
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of intangibles	-	-	-	-	-
Other cash received	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of infrastructure, plant and equipment	126,034	172,300	182,902	106,757	69,148
Purchase of intangibles	1,311	941	-	-	-
Selling costs on sale of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Total cash used	127,345	173,241	182,902	106,757	69,148
Net cash from (used by) investing activities	-127,345	-173,241	-182,902	-106,757	-69,148
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	124,980	173,240	182,903	106,756	69,158
Receipts from other entities on account of restructure	9,581	-	-	-	-
Total cash received	134,561	173,240	182,903	106,756	69,158
Cash used					
Repayment of debt	-	-	-	-	-
Cash to the Official Public Account	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	134,561	173,240	182,903	106,756	69,158
Net increase (decrease) in cash and cash equivalents held	52,551	1,904	2,316	1,242	-2,707
Cash and cash equivalents at the beginning of the reporting period	-	52,551	54,455	56,771	58,013
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	52,551	54,455	56,771	58,013	55,306

Table 67: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2019-20)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2019					
Balance carried forward from previous period	-82,950	-	-	359,818	276,868
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	-82,950	-	-	359,818	276,868
Comprehensive income					
Comprehensive income recognised directly in equity:	-84,999	-	-	-	-84,999
Gain/loss on revaluation of property	-	-	-	-	-
Subtotal comprehensive income	-84,999	-	-	-	-84,999
Surplus (Deficit) for the period	-	-	-	-	-
Total comprehensive income recognised directly in equity	-84,999	-	-	-	-84,999
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital:					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	173,240	173,240
Other	-	-	-	-	-
Sub-total transaction with owners	-	-	-	173,240	173,240
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2020	-167,949	-	-	533,058	365,109

Table 68: Statement of Asset Movements (2019-20)

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	2,591	366,195	21,108	389,894
Accumulated depreciation/amortisation and impairment	7	71,422	13,394	84,823
Opening net book balance	2,584	294,773	7,714	305,071
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	172,300	941	173,241
By transfer from another agency	-	-	-	-
Total additions	-	172,300	941	173,241
Other movements				
Reclassifications	-	2,583	-2,583	-
Depreciation and amortisation	3	83,575	1,420	84,998
Disposal of entities or other operations (including restructuring)	-	-	-	-
Total other movements	3	86,158	-1,163	84,998
As at 30 June 2020				
Gross book value	2,591	535,912	24,632	563,135
Accumulated depreciation/amortisation and impairment	10	154,997	14,814	169,821
Closing net book value	2,581	380,915	9,818	393,314

3.2.2 Notes to the Financial Statements

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

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DEFENCE HOUSING AUSTRALIA

Agency Resources and Planned Performance

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Defence Housing Australia

Section 1: DHA Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The main function of Defence Housing Australia (DHA) is to provide housing and related services to members of the Australian Defence Force (ADF) and their families in response to Defence requirements. In fulfilling its role, DHA contributes to Defence retention, recruitment and operational goals.

DHA manages about 18,400 dwellings in all states and territories of Australia, valued at about \$11.1 billion.

Under a range of services agreements between DHA and the Department of Defence, DHA offers the following services to approximately 60,000 ADF members:

- family housing for members with dependents;
- housing for single members living off-base;
- administration and management for ADF families and single members living in the private sector and receiving Rent Allowance (RA); and
- allocation of all on-base single member accommodation across 52 Defence bases and establishments.

To meet the ADF housing requirements, DHA is active in Australian residential housing markets, constructing, purchasing and leasing houses for ADF personnel and raising capital through the sale of properties. DHA acquires and develops land to build enduring and sustainable communities of mixed military and private owners and tenants. DHA also acquires retail land and manages dwelling construction.

DHA is a Government Business Enterprise (GBE) operating under the provisions of *Defence Housing Australia Act 1987* (DHA Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is required to maintain a strong balance sheet and to meet shareholder return obligations. DHA sits within the Defence portfolio and reports to the Minister for Defence Personnel and the Minister for Finance as joint Shareholder Ministers.

DHA is not directly funded from the Federal Budget. DHA is a full tax paying entity and contributes 60% of Net Profit after Tax as an annual dividend to the Australian Government. DHA helps to finance its activities by selling and leasing back dwellings through its property investment program and selling land and property that is surplus to its requirements.

DHA Organisational Structure

The composition of DHA's Board of Directors and associated committees is detailed below. As at 19 February 2019, the DHA Board members were:

Chairman	The Hon J.A.L. (Sandy) Macdonald
Acting Managing Director	Mr Brett Jorgensen
Commercial Director	Hon Alan Ferguson
Commercial Director	Mr Robert Fisher AM
Commercial Director	Ms Andrea Galloway
Commercial Director	Mr Ewen Jones
Nominee Secretary of Defence	Mr Martin Brady AO
Nominee Chief of Defence Force	Commodore Vicki McConachie CSC RANR
Nominee Secretary of Finance	Ms Janice Williams

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

DHA also has an Advisory Committee in accordance with the DHA Act that had the following members as at 19 February 2019:

Chairperson	Commodore Vicki McConachie CSC RANR
Convenor of Defence Families of Australia	Ms Maree Sirois
Appointee of Chief of Navy	RADM Mark Hammond (Deputy Chief of Navy)
Appointee of Chief of Army	MAJGEN Anthony Rawlins DSC (Deputy Chief of Army)
Appointee of Chief of Air Force	AVM Gavin Turnbull AM (Deputy Chief of Air Force)
Appointee of Defence Housing Australia	Mr Brett Jorgensen (Acting Managing Director)

DHA's wholly owned subsidiary entity DHA Investment Management Limited was deregistered by the Australian Securities and Investments Commission (ASIC) effective 13 January 2019 following both DHA IML and DHA Board approval.

The DHA IML Board was dissolved as of 13 January 2019, and Shareholder Ministers subsequently notified.

The chart below shows DHA's Senior Executive.

Figure 5: DHA Organisational Structure



1.2 DHA RESOURCE STATEMENT

Table 69: DHA Resource Statement – Budget Estimates for 2019-20 as at Budget April 2019^[1]

	2018-19 Estimated actual \$'000	2019-20 Estimate \$'000
Opening balance/cash reserves at 1 July	188,430	98,036
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department	532,993	560,287
Amounts from other entities	-	-
Total amounts received from related entities	532,993	560,287
Total funds from Government	532,993	560,287
Funds from other sources		
Interest	3,569	3,772
Sale of goods and services	447,879	674,637
Total funds from other sources	451,448	678,409
Total net resourcing for DHA	984,441	1,238,696
	2018-19	2019-20
Average staffing level (number)	643	643

Note

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

1.3 BUDGET MEASURES

There are no budget measures relating to DHA for the April 2019 Budget.

Section 2: DHA Outcomes and Planned Performance

2.1 OUTCOME AND PERFORMANCE INFORMATION

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

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

Note:

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

The most recent Statement of Corporate Intent (DHA) can be found at: https://www.dha.gov.au/docs/default-source/pdf/statement-of-corporate-intent-official-document.pdf?sfvrsn=22c96b2a_2

The most recent annual performance statement can be found at: <https://www.dha.gov.au/annual-reports/2017-2018/>

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

Outcome Expense Statement

Table 70: Budgeted Expenses for Outcome 1

Outcome 1: To contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus					
	2018-19	2019-20	2020-21	2021-22	2022-23
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1: (Other Departmental - DHA)					
Revenue from Government					
Payment from related entities	577,476	544,923	547,977	549,233	555,532
Revenues from other independent sources	444,476	658,953	606,136	600,135	686,646
Total expenses for Program 1.1	1,021,952	1,203,876	1,154,113	1,149,368	1,242,178
<hr/>					
	2018-19	2019-20			
Average staffing level (number)	643	643			

Contributions to Outcome 1

Program 1.1: The provision of Defence housing and housing related services

Program 1.1 Objectives

Include:

- Provide quality housing and related services; and
- Provide value to shareholders.

Delivery

- Deliver housing provisioning schedule outcomes in line with Defence requirements.
- Deliver land development and acquisition/construction activities in key Defence locations to support provisioning requirements and generate revenue.
- Sustainably optimise revenue and profit.

Performance information

Year	Performance criteria	Targets
2018-19	<ul style="list-style-type: none"> • Houses supplied against provisioning schedule • Members satisfied with their service residence • Return on equity 	<ul style="list-style-type: none"> • > 99% • > 80% • 2.4% <p style="text-align: right;"><i>Expected to be met</i></p>
2019-20	<ul style="list-style-type: none"> • Houses supplied against provisioning schedule • Members satisfied with their service residence • Return on equity 	<ul style="list-style-type: none"> • > 99% • > 80% • 4.4%
2020-21 and beyond	<ul style="list-style-type: none"> • Houses supplied against provisioning schedule • Members satisfied with their service residence • Return on equity 	<ul style="list-style-type: none"> • > 99% • > 80% • 4.3%

Section 3: DHA Explanatory Tables and Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 EXPLANATORY TABLES

Not applicable to DHA.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 71: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June^[1]

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
INCOME					
Revenue					
Sale of goods and rendering of services	1,018,383	1,200,061	1,147,947	1,142,998	1,236,281
Interest	3,569	3,815	6,166	6,370	5,897
Total revenue	1,021,952	1,203,876	1,154,113	1,149,368	1,242,178
Total income	1,021,952	1,203,876	1,154,113	1,149,368	1,242,178
EXPENSES					
Employee benefits	69,658	71,414	73,213	75,059	76,950
Suppliers	857,329	997,860	949,451	956,295	1,045,048
Depreciation and amortisation	27,190	24,620	24,451	24,753	24,922
Finance costs	24,809	23,335	22,919	22,730	22,072
Write-down and impairment of assets	6,601	4,926	4,991	5,059	5,120
Losses from asset sales	969	745	934	747	1,106
Total expenses	986,556	1,122,900	1,075,959	1,084,643	1,175,218
Profit/(loss) before income tax	35,396	80,976	78,154	64,725	66,960
Income tax expense	13,346	27,031	27,109	22,498	24,907
Net profit/(loss)	22,050	53,945	51,045	42,227	42,053
Profit/(loss) attributable to the Australian Government	22,050	53,945	51,045	42,227	42,053
Total comprehensive income attributable to the Australian Government	22,050	53,945	51,045	42,227	42,053

Note

- The 2018-19 estimated actual data in this table is based on DHA's Q2 Forecast converted to fair value. The budget and forward estimated data are based on DHA's 2018-19 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Budget Submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 72: Budgeted Departmental Balance Sheet (as at 30 June)^{[1][2][3]}

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	98,036	179,657	202,272	172,182	195,304
Trade and other receivables	47,981	22,381	1,962	-9,489	-11,819
Other investments	619	619	619	619	619
Other financial assets	1,212	1,671	1,693	1,713	1,746
Total financial assets	147,848	204,328	206,546	165,025	185,850
Non-financial assets					
Land and buildings	2,027,888	2,083,806	2,124,670	2,169,002	2,203,098
Property, plant and equipment	14,137	13,222	12,487	11,709	11,041
Intangibles	2,252	2,131	2,033	1,930	1,841
Inventories	1,058,208	1,033,523	1,060,732	1,113,478	1,128,060
Tax assets	24,404	13,689	12,372	16,210	14,449
Other non-financial assets	33,561	33,863	33,683	33,753	34,280
Total non-financial assets	3,160,450	3,180,234	3,245,977	3,346,082	3,392,769
Assets held for sale	57,820	59,059	59,523	59,942	60,048
Total assets	3,366,118	3,443,621	3,512,046	3,571,049	3,638,667
LIABILITIES					
Payables					
Suppliers	15,924	-21,322	-20,927	-20,521	-20,105
Dividends	20,538	39,697	39,818	32,703	36,420
Other payables	64,070	103,221	112,172	119,142	126,359
Total payables	100,532	121,596	131,063	131,324	142,674
Interest bearing liabilities					
Loans	509,580	509,580	509,580	509,580	509,580
Total interest bearing liabilities	509,580	509,580	509,580	509,580	509,580
Provisions					
Employee provisions	21,456	18,419	18,955	19,504	20,067
Other provisions	103,449	99,084	96,331	93,899	91,649
Total provisions	124,905	117,503	115,286	113,403	111,716
Total liabilities	735,017	748,679	755,929	754,307	763,970
Net assets	2,631,101	2,694,942	2,756,117	2,816,742	2,874,697
EQUITY					
Parent entity interest					
Contributed equity	396,148	396,148	396,148	396,148	396,148
Reserves	2,185,708	2,237,309	2,289,265	2,342,374	2,396,704
Retained surplus (accumulated deficit)	49,245	61,485	70,704	78,220	81,845
Total parent entity interest	2,631,101	2,694,942	2,756,117	2,816,742	2,874,697
Attributed to non-controlling interest	-	-	-	-	-
Total non-controlling interest	-	-	-	-	-
Total equity	2,631,101	2,694,942	2,756,117	2,816,742	2,874,697

Notes

- Equity is the residual interest in assets after the deduction of liabilities.
- Prepared on Australian Accounting Standards Basis.
- The 2018-19 estimated actual data in this table is based on DHA's Q2 Forecast converted to fair value. The budget and forward estimated data are based on DHA's 2018-19 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Budget Submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 73: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)^{[1][2]}

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	960,686	1,225,661	1,168,366	1,154,449	1,238,611
Interest	3,569	3,772	6,164	6,368	5,894
Other	49,755	31,280	6,017	5,652	5,621
Total cash received	1,014,010	1,260,713	1,180,547	1,166,469	1,250,126
Cash used					
Employees	63,339	74,451	72,677	74,510	76,387
Suppliers	930,620	1,016,394	982,010	1,014,511	1,065,967
Borrowing costs	24,809	23,335	22,919	22,730	22,072
Other	11,903	10,658	22,878	25,036	21,580
Total cash used	1,030,671	1,124,838	1,100,484	1,136,787	1,186,006
Net cash from/(used by) operating activities	-16,661	135,875	80,063	29,682	64,120
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	16,784	29,792	37,347	29,866	44,235
Total cash received	16,784	29,792	37,347	29,866	44,235
Cash used					
Purchase of property, plant and equipment and intangibles	63,962	61,500	53,090	47,812	50,522
Total cash used	63,962	61,500	53,090	47,812	50,522
Net cash from/(used by) investing activities	-47,178	-31,708	-15,743	-17,946	-6,287
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Dividends paid	26,555	22,546	41,705	41,826	34,711
Total cash used	26,555	22,546	41,705	41,826	34,711
Net cash from/(used by) financing activities	-26,555	-22,546	-41,705	-41,826	-34,711
Net increase/(decrease) in cash held	-90,394	81,621	22,615	-30,090	23,122
Cash and cash equivalents at the beginning of the reporting period	188,430	98,036	179,657	202,272	172,182
Cash and cash equivalents at the end of the reporting period	98,036	179,657	202,272	172,182	195,304

Notes

1. Prepared on Australian Accounting Standards basis.
2. The 2018-19 estimated actual data in this table is based on DHA's Q2 Forecast converted to fair value. The budget and forward estimated data are based on DHA's 2018-19 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Budget Submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 74: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2019-20)^{[1][2]}

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019					
Balance carried forward from previous period	49,245	2,185,708	-	396,148	2,631,101
Adjusted opening balance	49,245	2,185,708	-	396,148	2,631,101
Comprehensive income					
Surplus/(deficit) for the period	53,945	-	-	-	53,945
Total comprehensive income	53,945	-	-	-	53,945
Transactions with owners					
Distributions to owners					
Returns on capital:					
Dividends	-41,705	-	-	-	-41,705
Contributions by owners					
Other	-	51,601	-	-	51,601
Sub-total transactions with owners	-41,705	51,601	-	-	9,896
Estimated closing balance as at 30 June 2020	61,485	2,237,309	-	396,148	2,694,942
Closing balance attributable to the Australian Government	61,485	2,237,309	-	396,148	2,694,942

Notes

1. Prepared on Australian Accounting Standards basis.
2. The 2018-19 estimated actual data in this table is based on DHA's Q2 Forecast converted to fair value. The budget and forward estimated data are based on DHA's 2018-19 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Budget Submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

Table 75: Statement of Asset Movements (2019-20)^{[1][2]}

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	L&B, IP&E held for sale	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019						
Gross book value	1,083,910	943,984	34,629	19,282	57,820	2,139,625
Accumulated depreciation/ amortisation and impairment	-	-6	-20,492	-17,030	-	-37,528
Opening net book balance	1,083,910	943,978	14,137	2,252	57,820	2,102,097
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase - other	27,719	26,351	3,634	1,228	-	58,932
Total additions	27,719	26,351	3,634	1,228	-	58,932
Other movements						
Assets held for sale or in a disposal group held for sale	-15,515	-15,516	-	-	31,031	1
Revaluation	18,532	14,347	-	-	-	32,879
Depreciation/amortisation expense	-	-	-4,549	-1,349	-	-5,898
Disposals	-	-	-	-	-29,792	-29,792
Total other movements	3,018	-1,169	-4,549	-1,349	1,239	-2,810
As at 30 June 2020						
Gross book value	1,114,647	969,167	38,263	20,510	59,059	2,201,645
Accumulated depreciation/ amortisation and impairment	-	-6	-25,041	-18,379	-	-43,426
Closing net book balance	1,114,647	969,161	13,222	2,131	59,059	2,158,219

Notes

1. Prepared on Australian Accounting Standards basis.
2. The 2018-19 estimated actual data in this table is based on DHA's Q2 Forecast converted to fair value. The budget and forward estimated data are based on DHA's 2018-19 Corporate Plan. The Corporate Plan is prepared on a cost basis, whilst the Budget Submission has been prepared on a fair value basis, in line with the PGPA Act Financial Reporting Rules.

GLOSSARY

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

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

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

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

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

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

ACRONYMS

A

AAF	Army Amenities Fund
AAFCONS	Army and Air Force Canteen Service
ACPB	Armidale Class Patrol Boats
ADF	Australian Defence Force
AGSVA	Australian Government Security Vetting Agency
ANAO	Australian National Audit Office
AO	Amphibious and Afloat Support – Oil Tanker
AOR	Amphibious and Afloat Support – Replenishment Ship
APS	Australian Public Service
ASD	Australian Signals Directorate
ASPI	Australian Strategic Policy Institute

C

CASG	Capability Acquisition and Sustainment Group
CDF	Chief of the Defence Force
CFO	Chief Finance Officer

D

DACC	Defence Assistance to the Civil Community
DDG	Hobart Class Air Warfare Destroyers
DFG	Defence Finance Group
DFRB	Defence Force Retirement Benefits
DFRDB	Defence Force Retirement and Death Benefits Scheme
DHA	Defence Housing Australia
DPG	Defence People Group

F

FFG	Adelaide Class Frigate
FFG	Guided Missile Frigate
FFH	Anzac Class Frigate
FTE	Full Time Equivalent

H

HMAS Her Majesty's Australian Ship

I

ICT Information and Communications Technology

L

LHD Landing Helicopter/Heavy Dock

LSD Landing Ship Dock

M

MHC Coastal Mine Hunter

MRH Multi-Role Helicopter

MRTT Multi-Role Tanker Transport

MSBS Military Superannuation and Benefits Scheme

N

NATO North Atlantic Treaty Organization

P

PAES Portfolio Additional Estimates Statements

PGPA Public Governance, Performance and Accountability

PWC Committee on Public Works

R

RAN Royal Australian Navy

RANCCB Royal Australian Navy Central Canteens Board

S

S&T Science & Technology

U

UAD Unit Availability Days