



Australian Government  
Department of Defence

# Budget 2015-16



# DEFENDING AUSTRALIA AND ITS NATIONAL INTERESTS



The first responsibility of a national Government is the safety and security of its people. As Defence Minister, I take this responsibility very seriously.

The 2015–16 Budget delivers on the Government's promise to grow, rather than cut, the Defence budget. The Government remains firm on its commitment to increase Defence spending to two per cent of GDP within a decade.

Since its election, the Government has invested more than \$22 billion in Defence capability projects. New projects will be announced in the Defence White Paper, which will be delivered later this year and underpinned by a fully-costed Force Structure Review. The White Paper will outline the Government's long-term Defence strategy that will guide Australia's defence capability over the coming decades.

In conjunction with the White Paper, the Government will publish a fully-costed 10 year Defence Investment Plan, a Defence Industry Policy Statement and an enterprise-level Naval Shipbuilding Plan. Together, these policies and plans will ensure Australia has a sustainable and viable industry. Until the White Paper and Force Structure Review are released, the Government will continue to approve and fund the most urgent capability projects, listed in the 2015–16 Portfolio Budget Statements.

The Government continues to support our deployed Defence Force personnel including those in Iraq, Afghanistan, the Middle East and on maritime operations. I recently farewelled troops who joined the Building Partner Capacity training mission in Iraq, the next phase of Australia's contribution to the international coalition effort to help the Iraqi Government disrupt, degrade and, ultimately, defeat Daesh.

Back home, the much-anticipated First Principles Review was released on 1 April 2015. The implementation of the recommendations will see Defence functioning as a wholly integrated organisation that delivers enhanced joint capability. While this review has reset the reform agenda for Defence, the Pathway to Change cultural reform program initiatives continue. These cultural reforms focus on initiatives creating a fair, inclusive, diverse and respectful work environment.

In an increasingly challenging global environment, the Government is now, more than ever, committed to countering both new and traditional threats that challenge our national interest and security.

A handwritten signature in blue ink, which appears to read 'Kevin Andrews', is positioned above the printed name and title.

Kevin Andrews  
Minister for Defence

# BUDGET SNAPSHOT

In the 2015–16 Budget, the Government has reaffirmed its commitment to growing the Defence budget to two per cent of GDP within a decade.

The Government will provide Defence with \$31.9 billion in 2015–16 and \$132.6 billion over the Forward Estimates. This is an increase of \$9.9 billion over the Forward Estimates when compared to the 2014–15 Budget and represents record expenditure on Defence.

Key measures in the 2015–16 Budget include:

- » **Operations** – the Government has agreed to additional funding of \$752.7 million in the 2015–16 Budget and \$802.4 million over the Forward Estimates. This takes total operations funding to \$910.7 million in 2015–16 and \$1,071.8 million over the Forward Estimates.
- » **Capability** – over the past 12 months the Government has committed more than \$5 billion to new Defence capabilities including:
  - » two additional Boeing C-17A Globemaster III aircraft to bolster the Royal Australian Air Force's existing fleet of six strategic lift aircraft
  - » the new Helicopter Aircrew Training System – a fully integrated modern training environment preparing aircrew for the new generation of advanced combat helicopters
  - » state-of-the-art Special Forces vehicles being assembled in Australia.
- » **Future capability** – in 2015–16, the Government will enhance its strong record of investment in Defence capability. A complete program of capital investment in new capabilities will accompany the 2015 Defence White Paper.
- » **Defence Force pay** – on 16 April 2015, the Chief of the Defence Force, Air Chief Marshal Mark Binskin AC and the Government applied to the Defence Force Remuneration Tribunal, seeking to increase the Workplace Remuneration Arrangement for Australian Defence Force (ADF) personnel from 1.5 to 2.0 per cent per annum. This decision reflects the special contribution the ADF makes towards the security of our nation.
- » **Sir John Monash Centre** – the Government has previously announced that it would provide initial funding of \$2.8 million in the Budget to commence the establishment of an Australian interpretive centre at Villers-Bretonneux, near the site of the Australian National Memorial on the Somme. The Government will commit a further \$18 million in 2015–16 and \$89 million in the Forward Estimates to complete the project. The interpretive centre will provide a focal point for Australian visitors and tell the proud story of the soldiers who served on the Western Front battlefields during World War I.



**THE GOVERNMENT  
HAS REAFFIRMED  
ITS COMMITMENT  
TO GROWING THE  
DEFENCE BUDGET**

*A Royal Australian Air Force C-17A Globemaster prepares to unload Australian Aid at Kathmandu International Airport, Nepal. The aircraft will then fly evacuees to Bangkok as part of Operation Nepal Assist 2015.*



*Left: F/A-18A Hornets release flares in the late afternoon light in the skies over Iraq.*

*Right: Commander JTF 633, Rear Admiral Trevor Jones AO, CSC, RAN shakes hands with Major General Fallah, Commander Iraqi Counter Terrorism Training School, Iraqi Army, after an Anzac Day Dawn Service in Iraq.*

# DEFENCE OPERATIONS

The Government is focused on the safety, security and stability in the immediate region as well as providing support to coalition forces around the world.

## Iraq (Operation Okra)

Operation Okra is Australia's military contribution to the United States-led international coalition. It aims to disrupt and degrade the Daesh terrorist threat in Iraq and assist the Iraqi Security Forces in regaining control of their own country. By doing so, it will help promote stability in the Middle East Region and assist in preventing the spread of violent extremism to Australia and our region. As announced by the Prime Minister on 14 April 2015, Operation Okra includes a contribution of up to 330 military personnel to the international Building Partner Capacity training mission at Taji. This operation helps build the capacity of the Iraqi Security Forces to reclaim and hold territory from Daesh.

The Government has agreed to additional funding of \$359.8 million in the 2015–16 Budget and \$381.6 million over the Forward Estimates. This takes total funding to \$390.8 million in 2015–16 and \$418.3 million over the Forward Estimates.

## Afghanistan (Operation Highroad)

Operation Highroad is Australia's military contribution to the NATO-led 'Train, Advise and Assist' Resolute Support Mission in Afghanistan. The Resolute Support Mission is currently planned for a two-year period with 2016 scheduled to end NATO's military mission in Afghanistan.

The Government has agreed to additional funding of \$115.1 million in 2015–16 and \$134.4 million over the Forward Estimates.

## Afghanistan (Operation Slipper)

Australia's contribution to the International Security Assistance Force campaign in Afghanistan under Operation Slipper ceased on 31 December 2014 and the military contribution to Afghanistan is now provided under Operation Highroad.

While Operation Slipper has ceased, there is \$121.9 million in 2015–16 and \$225.8 million over the Forward Estimates for repair of equipment returned to Australia and two further USD \$80 million contributions to the sustainment of the Afghan National Security Forces.

## Maritime Security (Operation Manitou)

Operation Manitou covers ADF maritime operations, including counter-piracy, in the maritime domain of the Middle East Region, which includes the waters of the Arabian Gulf, Red Sea and western Indian Ocean due south of the eastern Pakistan border and north of the Mozambique border.

The Government has agreed to additional funding of \$40.3 million in the 2015–16 Budget and \$41.3 million over the Forward Estimates. This takes the total funding to \$43.2 million in 2015–16 and \$45.9 million over the Forward Estimates.

## Gulf States Supporting Operations in the Middle East Region (Operation Accordion)

Operation Accordion covers ADF operations in the Gulf States of Bahrain, Qatar and the United Arab Emirates, in support of Operation Highroad (Afghanistan), Operation Okra (Iraq) and Operation Manitou.

The Government has agreed to additional funding of \$189.3 million in the 2015–16 Budget and \$191.3 million over the Forward Estimates. This takes the total funding to \$191.0 million in 2015–16 and \$193.0 million over the Forward Estimates.

## Operation Resolute

The Government has agreed to extend Operation Resolute, the military contribution to whole-of-Government maritime security activities to protect Australia's borders and offshore maritime interests and deter people smuggling. This includes the ADF's important contribution to the Government's successful Operation Sovereign Borders.

The Government has agreed to additional funding of \$48.1 million in the 2015–16 Budget and \$53.8 million over the Forward Estimates. This takes the total funding to \$48.7 million in 2015–16 and \$54.4 million over the Forward Estimates.

*Members of HMAS Success boarding party while in the Middle East Region as part of Operation Manitou.*

**SAFETY, SECURITY  
AND STABILITY**







*Left: The Royal Australian Navy's latest helicopter, the MH60R 'Romeo' Seahawk, flies past the Navy's latest ship, NUSHIP Canberra in Sydney, NSW.*

*Centre: A member of the Royal Australian Air Force (RAAF) marshals a RAAF C-17 Globemaster following the aircraft's arrival in the Middle East.*

*Right: HMAS Dechaineux and HMAS Waller conduct manoeuvres in Cockburn Sound, Indian Ocean.*

# STRONG INVESTMENT IN DEFENCE CAPABILITY

Strong Government investment in Defence capabilities ensures the men and women of the ADF have the capabilities they need to carry out their vital role of protecting Australia and its national interests.

In 2013–14, the Government approved over \$17 billion in capability projects, including additional 58 Joint Strike Fighter aircraft.

Since the last Budget, the Government has approved a further \$5 billion in new capital investment, including:

- » two additional Boeing C-17A Globemaster III aircraft to bolster the Royal Australian Air Force's existing fleet of six strategic lift aircraft
- » the new Helicopter Aircrew Training System – a fully integrated modern training environment preparing aircrew for the new generation of advanced combat helicopters
- » new and improved personal protective equipment including new-generation body armour
- » state-of-the-art Special Forces vehicles being assembled in Australia
- » the final elements required to complete the transformation of Army's artillery capability to a state-of-the-art digital system
- » deployable air traffic control systems to better support humanitarian and disaster relief operations
- » transportable satellite terminals that allow our deployed forces to use the Wideband Global Satellite system to communicate back to Australia
- » first pass for the future Mounted Combat Reconnaissance Capability that will replace the workhorse Australian Light Armoured Vehicle (ASLAV) reconnaissance vehicle.

In 2015–16, the Government will enhance its strong record of investment in Defence capability. A complete program of capital investment in new capabilities, including a detailed enterprise-level Naval Shipbuilding Plan, will accompany the 2015 Defence White Paper.

Earlier this year, the Government announced the acquisition strategy for the Future Submarine Program. This Program is the largest Defence procurement program in Australia's history and represents an investment in the order of \$50 billion in Australia's security. The Government expects that significant work will be undertaken in Australia during the build phase of the future submarine including combat system integration, design assurance and land based testing. This will result in the creation of at least 500 new high-skill jobs in Australia, the majority of which will be based in South Australia.

# DEFENCE WHITE PAPER

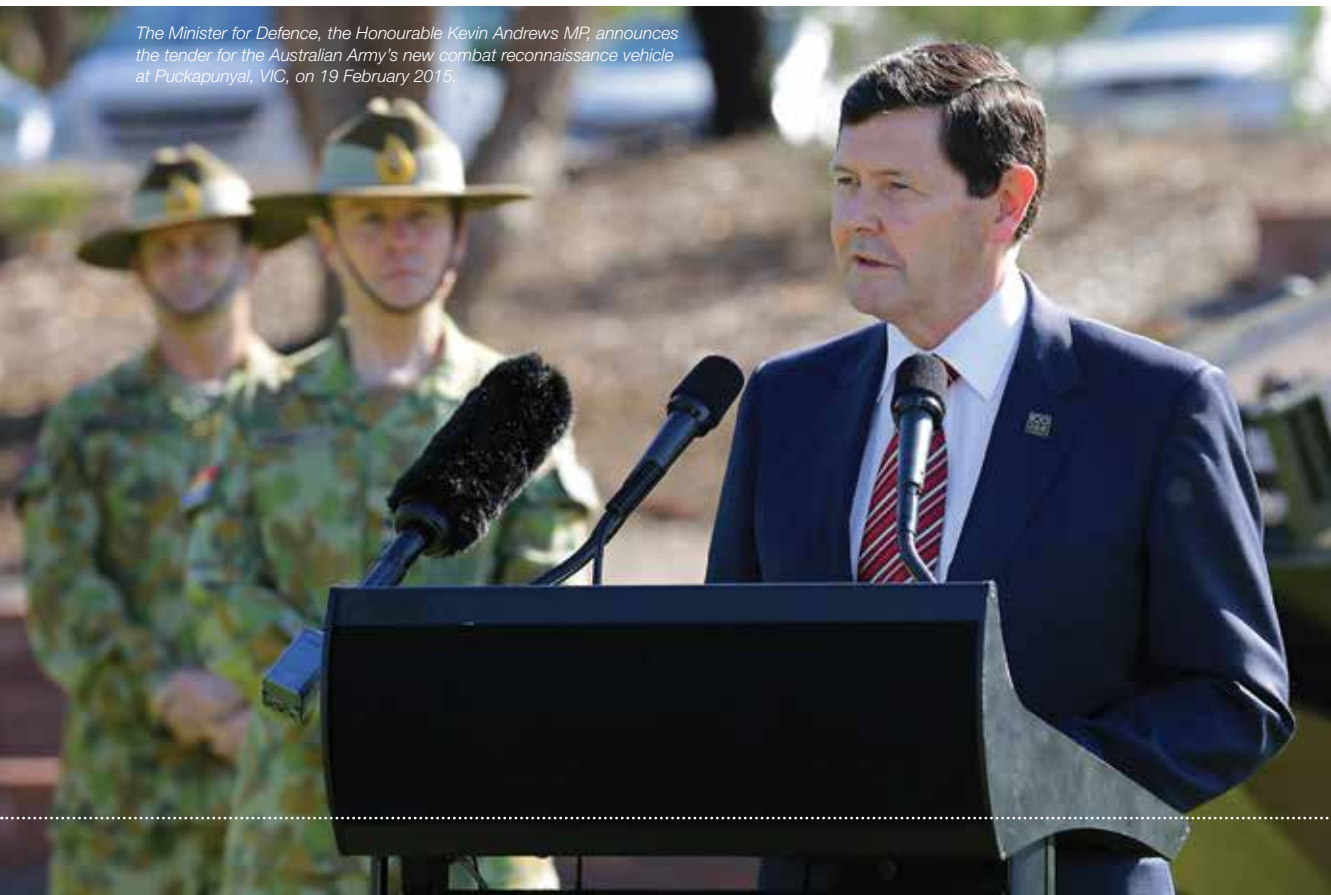
Defence White Papers are the Government's most important guidance about Australia's long-term defence policy settings and capability. The Government will release its Defence White Paper in 2015.

The Government has committed to release a White Paper later this year, which will articulate the Government's major long-term defence strategy. It will provide a costed, affordable and enduring plan to achieve Australia's defence and national security objectives, align policy, strategy and capability plans with our resources and enable Defence to address key challenges and set a new course for the future.

The White Paper development process is taking a careful and methodical approach as these decisions will guide Australia's defence capability over the coming decades. It will include a comprehensive review of Australia's strategic environment, the changes underway in our region and across the globe and the implications for Australia. It will outline the tasks the Government expects the ADF to undertake and how those tasks will be achieved within our resources.

The 2015 Defence White Paper is being developed in conjunction with a range of complementary work, including a fully costed 10 year Defence Investment Plan, a Defence Industry Policy Statement, an Enterprise-Level Naval Shipbuilding Plan and the Developing Northern Australia White Paper.

*The Minister for Defence, the Honourable Kevin Andrews MP, announces the tender for the Australian Army's new combat reconnaissance vehicle at Puckapunyal, VIC, on 19 February 2015.*



# THE REVIEW FOUND THERE NEEDS TO BE A BETTER BALANCE BETWEEN OPERATIONAL EXCELLENCE AND ORGANISATIONAL EFFECTIVENESS



## FIRST PRINCIPLES REVIEW

*"The Review delivers on a Coalition election commitment to ensure that Defence is appropriately structured and organised and has the right business practices in place to support the Australian Defence Force in the 21st century."* – **Kevin Andrews, Minister for Defence**

On 1 April 2015, Minister Andrews released the First Principles Review of Defence. The independent review team, chaired by former managing director of Rio Tinto, David Peever, acknowledged Defence has implemented significant changes and improvements since the 1990s and has a proven record of delivering in the field, on operations and in humanitarian and emergency support roles at home and abroad.

Despite Defence's outstanding operational record, the Review found there needs to be a better balance between operational excellence and organisational effectiveness, proposing Defence move from the current federated approach into a wholly integrated organisation that delivers enhanced joint capability.

The Government agreed – or agreed in-principle – to 75 of the 76 recommendations, which cover four key areas:

- » a stronger and more strategic centre able to provide clear direction and contestability of decision making, along with enhanced oversight of resources and monitoring of organisational performance





*HMAS Warramunga is moved from the turntable to the ship lift at the BAE Systems Henderson Shipyard, WA, where it will be lowered and refloated for the first time. The undocking process is key milestone in the Anti-Ship Missile Defence upgrade program for the ship and its crew.*

- » an end-to-end approach to capability development with a robust and tailored investment approval process and a new 'smart buyer' arrangement for the acquisition and sustainment of defence capability
- » improved delivery of corporate services with a focus on enterprise approaches, integration and customer-centric practice, including a new approach to estate management
- » a planned and professional workforce with a strong performance management culture at its core.

Implementation of the recommendations will be led jointly by the Secretary of Defence, Dennis Richardson AO, and the Chief of the Defence Force, Air Chief Marshal Mark Binskin AC. Implementation has commenced, with the majority of changes to be made within two years.

An external Oversight Board will monitor the progress of implementation and provide regular updates to the Government. The Board, chaired by Mr Peever, will include Ms Erica Smyth and the following members of the Review team: Professor Robert Hill AC, Mr Lindsay Tanner, Professor Peter Leahy AC and Mr Jim McDowell.

**The First Principles Review of Defence can be found at:**

<http://www.defence.gov.au/publications/reviews/firstprinciples>



## DEFENCE WILL IMPLEMENT WORKFORCE REFORM IN ACCORDANCE WITH THE FIRST PRINCIPLES REVIEW AND DEVELOP AN UPDATED STRATEGIC WORKFORCE PLAN

# DEFENCE PEOPLE – SUSTAINABLE, AFFORDABLE AND DIVERSE

The size and form of the Defence Australian Public Service (APS) will be influenced by implementation of the First Principles Review as well as the forthcoming Defence White Paper and Force Structure Review. The total Defence workforce in 2015–16 is forecast to be 76,846, comprising 57,982 ADF permanent force, 18,380 APS and 484 contractors.

In 2015–16, there will be significant focus on implementation of the Defence White Paper and the First Principles Review. This includes strategic and organisational reform required through the First Principles Review, laying the groundwork for transition to the future force and implementation of a new ADF superannuation scheme for those joining the ADF (serving and returning members) from 1 July 2016. Through the 2015 Defence White Paper, the Government will be looking to reinvest in both the ADF and APS workforce to meet the demands of a higher technology future defence force.

Defence will implement workforce reform in accordance with the First Principles Review and develop an updated Strategic Workforce Plan. This will include developing workforce plans for the enabling workforce and APS job families, with a focus on skills and competencies, performance and talent management, work value and span of control for managers. Defence will also commence implementation of an ADF Total Workforce Model to enhance workplace flexibility, increase the retention of skilled people and improve the ability to meet future personnel capability requirements.



*Far left: Conducting pre-trial checks on the Flight Motion Simulator before a hardware-in-the-loop (HWIL) simulated flight engagement.*

*Left: Former Defence Indigenous Development Program graduates, now part of the Boatswain mate capability onboard HMAS Tobruk, transit towards Vanuatu, to take part in Operation Pacific Assist 2015.*

*Right: Australian Army Lieutenant Robert Bitters pours ration pack chocolate into the hand of a young boy from Happy Land on Erromango Island, Vanuatu, during Operation Pacific Assist 2015.*

*Far right: No.2 Operational Conversion Unit A Flight Commander, Squadron Leader James Atkinson is hugged by his four year old son Joshua after completing his 3000th hour in the F/A 18 hornet at RAAF Base Williamtown, NSW.*

Efforts will continue to create a sustainable, affordable and diverse workforce, which remains a key component of Defence's cultural reform program. In particular, measures are being taken to increase the representation and employment opportunities for women, Indigenous Australians and people from culturally and linguistically diverse backgrounds. Specific actions are also underway to support the employment of people with disability. These reforms reflect continued implementation of Defence's Diversity and Inclusion Strategy.

Defence will also generate the required people capability that underpins the White Paper strategy through a more effective and efficient Human Services (HR) framework, including through streamlining HR policies and governance and IT reform for payroll and HR management systems.

The health, safety and wellbeing of our people are critical for sustaining capability and will be a continuing priority for Defence.

# FURTHER INFORMATION

## DEFENCE WEBSITE

For comprehensive Defence news and information visit the Defence website: [www.defence.gov.au](http://www.defence.gov.au). The website contains links to the three Services, our Defence Ministers, Defence publications and media, current operations, Defence jobs, and a wealth of information for Defence personnel, their families and the general public.

## THE SERVICES

For information about the Navy, Army and Air Force visit:

<http://www.navy.gov.au/>  
<http://www.army.gov.au/>  
<http://www.airforce.gov.au/>

## DEFENCE MINISTERS

Links to the Minister for Defence, Assistant Minister for Defence and Parliamentary Secretary to the Minister for Defence websites are available at:

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

## FIRST PRINCIPLES REVIEW

The First Principles Review of Defence, released on April 1 2015, is available at:

<http://www.defence.gov.au/publications/reviews/firstprinciples/>

## OPERATIONS

Information about domestic and overseas operations on which Defence personnel are deployed is available at:

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

## DEFENCE JOBS

For information about Defence jobs visit:

<http://www.defencejobs.gov.au/>

## 2015–16 BUDGET

Further information about the 2015–16 Budget is available at:

[www.defence.gov.au/budget](http://www.defence.gov.au/budget) (Defence)  
[www.budget.gov.au](http://www.budget.gov.au) (all areas of Government)



A British CH-47 Chinook delivers a shipping container whilst an Australian Bushmaster Infantry Mobility Vehicle guards a landing zone in the Chora valley, Afghanistan, during Operation Spin Ghar.