

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 1/1.1

Topic: Spending on Defence programs

Senator: Ludwig

Question reference number: F134

Type of question: Hansard, F&PA Committee, Page 64, 20 November 2014

Date set by the committee for the return of answer: Wednesday, 31 December 2014

Number of pages: 1

Question:

Senator LUDWIG: To take the Department of Defence—if we can just unpack one and see where we go—its spending was \$438 million lower 'due to foreign exchange effects and lower than anticipated spending on Defence operations'. That has all been put into one figure. Is there a breakdown of that, or do you just gross it up? Is there a breakdown of that figure into the foreign exchange effect and the lower than anticipated spending on Defence programs? I am trying to understand if they missed out by \$437 million on foreign exchange and \$1 million on anticipated spending, for instance.

...

Senator LUDWIG: Can you take it on notice to tell me the difference—

Ms Huxtable: The precise detail?

Senator LUDWIG: yes—between the two.

Ms Huxtable: I can. But I can tell you that generally—

Senator LUDWIG: I understand, yes. That is very helpful.

Ms Huxtable: 90 per cent or more of it is the lower expenditure on military operations.

Senator LUDWIG: Was there an estimate of Defence operations spending for 2013-14, and what was the actual amount? Do you estimate the total expenditure?

...

Senator LUDWIG: I can go through the tables and find that if I want to?

Ms Huxtable: We can take on notice the specific detail, if you wish.

Answer:

As set out in the 2013-14 Defence Annual Report:

- Defence spending was \$438 million lower due primarily to a net underspend of \$269 million on Defence operations and an underspend of \$52 million dollars in foreign exchange funding.
- The estimate of Defence operations spending for 2013-14 was \$1,071 million.
- The actual amount spent on Defence operations in 2013-14 was \$794 million.

The difference between actual spending and estimated spending does not equate to the underspend figure above. Defence is not supplemented for the net additional cost of operations costing less than \$10 million in a given year.