

Chapter 16 Defence

Key points

- The defence presence in the Territory has more than doubled since the early 1990s, with the number of defence personnel and their families increasing from around 6 200 in June 1992 to an estimated 12 900 by June 2004.
- Approximately 10 per cent of Australian defence force combat personnel are now based in the Territory.
- Since 1995, when the Army relocation began in earnest, defence expenditure in the Territory has increased at an average rate of 14.5 per annum.
- Major activities underway or planned include the formation of the Army's 1st Aviation Regiment (including 17 new Tiger Helicopters and a related \$75 million building program at the Army's Robertson Barracks in Darwin) and around \$50 million of additional work on the Army's Bradshaw Field Training Area (near Timber Creek).
- To help accommodate some of the 200 defence personnel and families expected to relocate to Darwin for the 1st Aviation Regiment, the Defence Housing Authority (DHA) is expected to commission the construction of housing stock worth around \$70 million over the next few years (from 2005) on land at Lee Point in Darwin's northern suburbs.
- Emphasis on Territory-based support and maintenance for military hardware such as helicopters, tanks and patrol boats is expected to increase over coming years.

The 1987 Defence White Paper outlined a strategic decision to adopt a northern defence posture, recognising that any potential threat to Australia's security was likely to be from the north. The Northern Territory, by virtue of its location, became a key component of defence planning and has since been a focus for operations. This includes the relocation of a significant proportion of defence capacity (primarily Army) to the Top End, particularly in the latter half of the 1990s.

Much of the increase is associated with the Army Presence in the North (APIN) program, which commenced in 1992. The APIN program has provided substantial benefits to the Territory economy, including stronger population growth and industry development opportunities. In addition, Australia's significant role in the peacekeeping effort in East Timor following the independence ballot saw Darwin used as a United Nations base for operations. This provided a short-term but significant boost in defence-related activity and expenditure in the Territory through 1999 and 2000. More recently, the Territory has benefited from the increased focus on border protection.

Table 16.1: Population, Permanent Defence Force Members and Defence Expenditure (2002-03)

	Total Population %	Defence Force Members %	Defence Expenditure %
New South Wales	33.6	29.5	30.8
Victoria	24.7	13.0	16.3
Queensland	19.1	24.6	23.5
South Australia	7.7	4.5	5.6
Western Australia	9.8	7.3	7.9
Tasmania	2.4	0.2	0.8
Northern Territory	1.0	10.0	7.8
Australian Capital Territory	1.6	7.1	7.4
Australia	100.0	100.0*	100.0

*Includes some overseas deployments not recorded under state or territory shares.

Source: NT Treasury, ABS Cat. No. 3101.0 and unpublished data, Department of Defence

Defence strategic priorities have continued to develop since the Defence White Paper. There is now a greater emphasis on contributing to the security of the immediate neighbourhood (such as Australia's role in East Timor and the Solomon Islands), greater preparedness for emergency management (such as the evacuation effort following the Bali bombings, and counter-terrorism exercises and training), and increased coastal surveillance. With the expanding northern defence role, defence will remain an integral element of the Territory economy into the future.

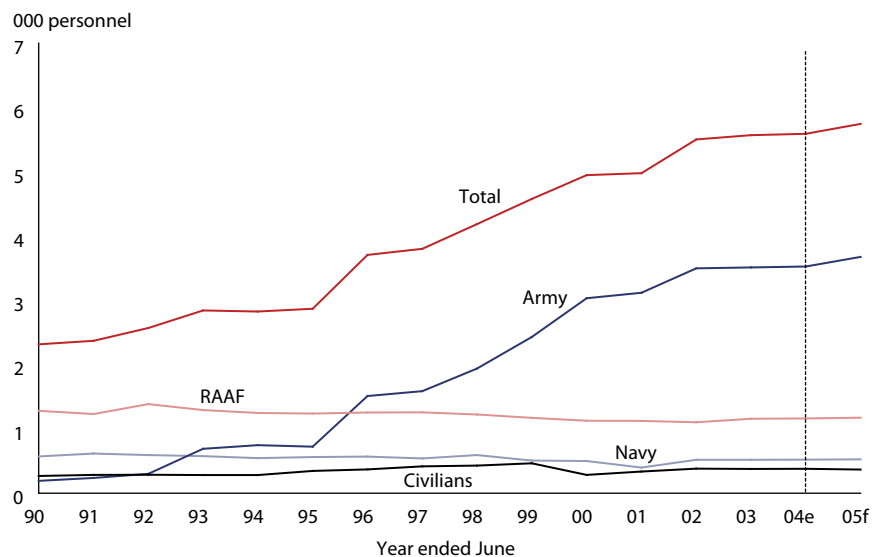
Defence Population Growth and Housing Impact

One significant impact of APIN is the more than doubling of Australian Defence Force personnel stationed in the Territory (including Department of Defence civilians), which increased from around 2 600 in June 1992 to an estimated 5 600 for June 2004. Over the same period, the defence community (personnel and their families) is estimated to have increased from 6 200 to 12 900. The defence community represents 6.5 per cent of the Territory's current population, up from 3.7 per cent in June 1992. If the growth in defence personnel and family members over the 12 years since APIN started were to be excluded from the Territory's population figures, it is estimated that the Territory's average annual population growth rate since 1992 of 1.5 per cent would instead be approximately 0.3 percentage points lower at 1.2 per cent.

The defence population contributes to the economy not only through consumption and investment but also through skilled partners of defence force members entering the labour force. The 2003 Defence Census found that approximately 56 per cent of partners who were not permanent defence force members worked full time. Of all partners, 48 per cent had formal qualifications (bachelor degree or higher, certificate or diploma, trade or vocational qualification) and 22 per cent were undertaking some form of study.

Increase in Defence Personnel Numbers

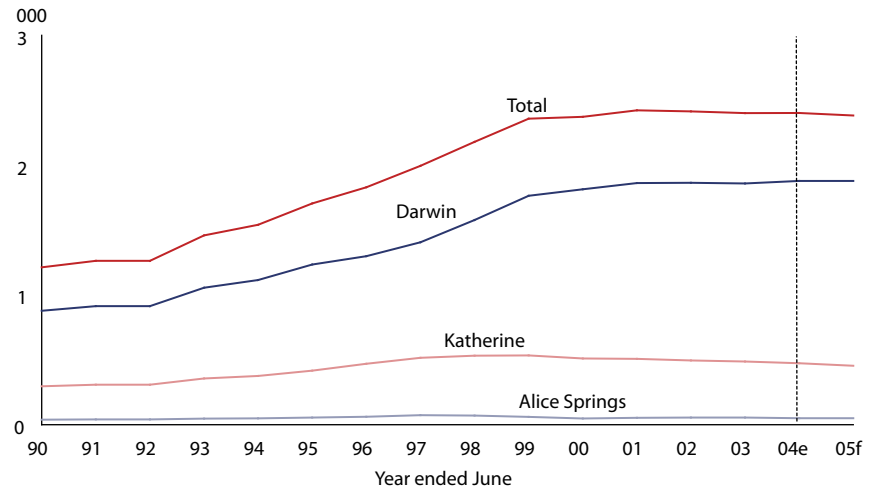
Chart 16.1: Defence Personnel Stationed in the Territory



e: estimate; f: forecast
Source: NT Treasury, Department of Defence

Defence Housing

Chart 16.2: Defence Housing Authority Total Yearly Stock (number)



e: estimate; f: forecast

Source: NT Treasury, Defence Housing Authority

Defence Housing Authority

The Defence Housing Authority (DHA) currently manages an estimated 2 400 dwellings in the Territory. The Territory housing construction boom, which was largely the result of increased defence demand, peaked in the late 1990s. Defence housing grew strongly between 1992 and 1999, with average growth in dwelling stock of almost 10 per cent per annum. However, since 1999 there have only been marginal additions to dwelling stock numbers.

In 2003, DHA opened the Vantage Point Apartment complex, a three-tower, 95-unit development on the fringe of the Darwin CBD. The inner-city apartments now allow DHA to provide a greater range and style of accommodation for defence personnel. Further DHA activity will be required in coming years due to lease expiries and stock disposal. On the construction side, DHA plans to invest some \$70 million for around 300 houses over the next few years (from 2005) at the new Lee Point suburban development. This development will help provide suitable accommodation stock into the future for defence personnel and families, including those expected to relocate to Darwin with the 1st Aviation Regiment, and will increase DHA-managed dwelling stock by more than 12 per cent (to around 2 700 dwellings) from 2004-05 onwards.

Defence

Defence Activities

Northern Command Restructuring

Following the restructure of the Australian Defence Force command and control structure in early 2004, the operational responsibilities of Headquarters Northern Command (HQNORCOM) were subsumed into a national-level Joint Operations Command. Under the new structure, NORCOM (Northern Command) will continue as a decentralised element of Joint Operations Command located in Darwin, with its mounting base and liaison functions unchanged. The number of personnel deployed to NORCOM and Defence Force units in the Darwin region are not expected to change as a result of the new structure.

Joint Logistic Unit-North

The Joint Logistic Unit-North (JLUN), established in 1988, is a business unit within defence, formed as part of a program to increase the efficiency of logistics support for defence operations. Efficiencies are achieved through integration of Army, Navy and Airforce logistic support functions. It also acts as an interface between business and defence in relation to the provision of logistic supplies.

Major defence operations and joint exercises are a regular feature of defence activity in the Territory. Both provide a significant boost to the local economy through supply and support contracts and increased visitor numbers. Operation Citadel, Australia's defence commitment to the United Nations' peacekeeping force in East Timor (replacing Operation Tanager), will wind down this year, as the United Nations presence shifts from a military focus to a civilian and commercial presence. The primary defence operations in the Top End at present are Operation Cranberry, which focuses on the detection of illegal smuggling and fishing in northern waters, and Operation Relex II, which contributes to the program to detect, intercept and deter vessels carrying unauthorised arrivals entering Australia through north-west maritime approaches.

Defence exercises are regularly staged in the Territory. A major exercise in 2003 was Exercise Kakadu, involving around 2 000 naval and airforce personnel from Australia and a number of other countries in simulated war scenarios in the seas off Darwin over 11 days. Also held in 2003 was Exercise Southern Frontier, a 3-month exercise involving approximately 300 visiting US Marines and Australian personnel at Royal Australian Air Force Base Tindal (Katherine) and RAAF Base Darwin. A series of smaller local exercises was also conducted in the Territory in 2003. The construction of additional infrastructure at the Bradshaw Field Training Area (some 600 kilometres south of Darwin near Timber Creek) will add to the stock of facilities that can be utilised for hosting training exercises.

Defence Personnel Visits

In all, a large number of interstate and international defence personnel regularly visit the Territory for defence exercises and recreational visits. Visiting personnel provide a significant boost to the economy of the regions they visit. This is particularly the case with sailors on recreational leave or restocking port stopovers in Darwin Harbour. The Northern Territory Chamber of Commerce and Industry estimates that personnel on shore leave spend approximately \$150 per person per day. Each ship remains in port for an average of around four days, with crews varying from 100 up to as many as 1 000. The number of navy ship visits to the Port of Darwin in 2003 was 53, for a total of 253 visit days spent in port. This is down from 314, 481 and 601 total naval ship visit days in 2002, 2001 and 2000 respectively.

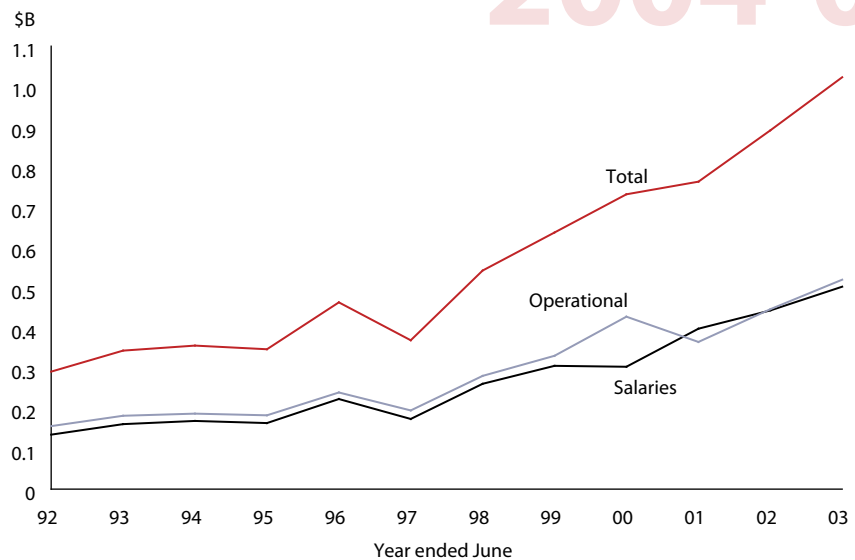
Defence and Industry

Defence Expenditure

Defence expenditure makes a substantial contribution to the Northern Territory economy. The ABS estimates that defence recurrent expenditure (salaries and other operational expenses) in the Territory was just over \$1 billion in real terms in 2002-03, up from \$891 million in 2001-02. Salaries expenditure (\$503 million in 2002-03) typically equates to around half of total recurrent defence expenditure. Salaries paid to defence personnel act as an important driver of consumer demand in the Territory, representing some 7.0 per cent of total consumption expenditure in the Territory economy for 2002-03.

Recurrent expenditure shown in Chart 16.3 excludes the large capital works program in the 1990s associated with APIN (estimated at around \$1 billion) that included significant expenditure on Robertson Barracks and upgrades to RAAF bases in Darwin and Katherine.

Chart 16.3 Defence Recurrent Expenditure in the Territory



Source: NT Treasury, ABS unpublished data

Increasing Defence Contracts

The value and number of defence contracts with Territory businesses have increased with the expanded defence presence, greater levels of out-sourcing of defence services and the increased capacity of Territory business to meet defence requirements. These relationships have provided opportunities for new capacity and capability to be developed, broadening and enhancing the local economy. For example, during the East Timor peace-keeping operations, defence activities injected around \$240 million into the Territory economy.

As local businesses become increasingly able to meet defence tender requirements, there will be greater opportunities for local business investment in capital and skills development. Examples of locally-awarded contracts include the maintenance and repair of the existing Leopard tanks and Fremantle Class patrol boats, and the provision of medical and security services.

Defence Support Division

The relationship between defence and the Northern Territory is somewhat symbiotic – defence benefits from the support of local industry and the Northern Territory economy and community benefit from the defence presence. To this end, the Northern Territory Government has established a Defence Support Division (DSD) to match Territory industry capability with defence-related opportunities. The DSD encourages the involvement of Territory businesses in supporting defence, while also working to stimulate the growth of future defence industry capability in the Northern Territory, thereby maximising the benefits to local industry and the economy.

Army

Relocation of 1st Brigade to the Top End

Over the past decade, the number of army personnel stationed in the Territory has increased from 302 in June 1992 to an estimated 3 527 in June 2004. The APIN program is the primary driving force behind the defence build-up in the Top End. APIN involved the relocation of a significant number of defence personnel, mostly from the 1st Brigade from Holsworthy in New South Wales and Puckapunyal in Victoria (around 2 300 personnel altogether). The relocation required the construction of the Robertson Barracks complex, and the influx of defence personnel and families was a significant boost to the development of the Palmerston town centre and suburbs.

The relocation of 1st Brigade began in 1992 with the arrival of 500 2nd Cavalry Regiment personnel, with its armoured reconnaissance vehicles. This was followed by the 1st Armoured Regiment with its Leopard tanks, 1st Combat Engineer Regiment (engineers), 1 Combat Service Support Battalion (logistics), 1 Command Support Regiment (communications) and the 5/7 Infantry Battalion (mechanised infantry). The program concluded with the arrival of 8/12 Medium Regiment (medium artillery) in December 2000. Over 350 armoured vehicles and a squadron of helicopters are now based in Darwin.

The army also operates the Norforce surveillance unit, comprising 600 personnel, of whom approximately 500 are reservists. Almost 50 per cent of the soldiers are Indigenous, with 80 per cent of these coming from remote northern communities.

Formation of 1st Aviation Regiment

Most of the relocation of personnel to the Territory occurred between 1995 and 2000. Since then numbers continue to increase, but at a much slower rate. The next major increase in defence capacity in the Territory and associated personnel transfer will be the formation of the Army's 1st Aviation Regiment at Robertson Barracks near Darwin. The Regiment will be equipped with 17 armed reconnaissance Tiger helicopters and will require the relocation of around 200 personnel, beginning in 2004-05.

Navy

The number of Navy personnel in the Territory has changed little over the past decade, averaging around 550 personnel. Navy personnel are estimated at 522 in 2004, relatively unchanged from 2003.

Border Protection Focus

Protecting Australia's borders has emerged as a priority for the Commonwealth Government. The Navy plays an integral role in the border protection operations, with Darwin-based patrol boats undertaking surveillance patrols of Australia's northern maritime approaches. Ten of the Navy's 15 Fremantle Class patrol boats are based in Darwin, with the remaining five based in Cairns. Darwin is also the home port for two of the Navy's six heavy landing craft.

Patrol Boats Based in Darwin

The relocation of an additional four patrol boats to the Darwin-based Navy patrol boat group in late 2001 reflected the increasing strategic importance of Darwin to Australia's defence program. The patrol boats play a key role in undertaking important sea surveillance work in the ongoing Operation Cranberry. In addition to surveillance operations, the patrol boats are involved in search and rescue operations, and conduct goodwill visits to neighbouring countries.

The upgraded Darwin Naval Base at Larrakeyah includes a 725 tonne Syncrolift facility, which provides maintenance and technical support for warships, training for personnel and operational sea relief billets. Larger maintenance tasks on base tend to be contracted to local industry. The new Armidale Class patrol boats will replace the Fremantle Class patrol boats from 2005, and will continue to be based and maintained in Darwin.

RAAF

The number of Royal Australian Air Force (RAAF) personnel in the Territory has fallen slightly over the past decade, down from 1 385 in June 1992 to an estimated 1 163 in June 2003. This decline reflects the introduction of new technology and the impact of outsourcing, rather than any real reduction in capability.

RAAF Bases in the Top End

RAAF Base Tindal, originally called Carson's Airfield, was built during World War II. It was extensively redeveloped in the mid 1980s for 75 Squadron and its F/A-18 Hornets.

As Australia's northern-most airfield, RAAF Base Darwin is the home of 396 Combat Support Wing, which commands the Darwin, Townsville, Learmonth, Curtin and Scherger air bases, as well as the RAAF support element at the Royal Malaysian Air Force base at Butterworth. RAAF Base Darwin is a forward operating base for the F/A-18s and regularly hosts foreign aircraft during regional and other exercises. It was also the main staging post for the East Timor relief effort. Aircraft participating in border protection operations also operate from RAAF Darwin.

Air-space Surveillance

The RAAF also runs the air combat Delamere Air Weapons Range Facility south west of Katherine. One of Australia's Jindalee 'Over The Horizon' radar surveillance units is located near Alice Springs, and assists in wide-area surveillance operations of the sea-air gap at distances of up to 2 000 kilometres from the Australian coastline.

Pine Gap

Pine Gap Joint Defence Facility

The Joint Defence Facility at Pine Gap was established in 1970 and represents a critical component of the United State's global missile defence and early warning system. The facility is jointly administered by the Australian and US defence departments and is located close to Alice Springs.

It is estimated that employment at the facility is relatively stable at around 900 personnel, of whom about half are Australian personnel. Facility personnel and their dependants, at around 3 000 people, represent approximately 11 per cent of the population of Alice Springs.

Defence Outlook

Opportunities to Continue

While the major impetus of the APIN program has passed, Darwin's position at Australia's northern approach will continue to see it remain a strategic defence base. The upcoming relocation of the 1st Aviation Regiment will provide for continued significant defence investment and expenditure in the Territory. This activity and the upcoming replacement of major defence equipment in the Territory will provide significant opportunities for local business to compete for maintenance and other contracts.

Defence capital expenditure in the Territory will be boosted by infrastructure investment for the relocation of the 1st Aviation Regiment, which will include facilities and working areas within the Robertson Barracks for 17 Tiger helicopters and some 400 service personnel (including around 200 newly-relocated personnel). Capital expenditure for the project is estimated at \$75 million, with construction to begin in mid 2004, and scheduled for completion in late 2005.

Supply and support contracts for the new Armidale Class patrol boat and Abram tanks are also likely to provide significant and ongoing benefits to the Territory economy. The maintenance and support of the tanks is estimated to be worth more than \$10 million a year, while maintenance and support of the new patrol boats is estimated to be around \$2 million a year. Further construction work at Darwin Naval Base to accommodate the new patrol boats is estimated at \$11 million.

Furthermore, around \$50 million of additional work is flagged for the Bradshaw Field Training Area. The work will provide the necessary infrastructure to allow the use of Bradshaw as an appropriately equipped field training area for the 1st Brigade. Work of around \$5.5 million is also expected for the Army's Robertson Barracks and Mt Bundy Training Area for urban terrain training facilities. Examples of other major upcoming projects include an \$11 million perimeter fence for securing RAAF Base Tindal, and \$3.5 million for fuel tanker vehicle shelters at RAAF Bases Tindal and Darwin.

The DHA plans to invest some \$70 million for around 300 houses from 2005 at the new Lee Point suburban development. This will help accommodate some of the 200 defence personnel and families to be relocated to Darwin for the 1st Aviation Regiment.

A major air combat exercise, Pitch Black 2004, will be held in late July and early August of 2004. The exercise is expected to provide a boost to the local economy, as it involves some 1 600 defence personnel from both Australia and overseas. Other major upcoming exercises include Southern Frontier 2004 (similar to the same exercise in 2003), with an estimated 450 visiting United States personnel involved in a 3-month exercise from June to September 2004, and Aces North 2004, an exercise involving around 500 Australian and United States personnel from late May to late June 2004.

Increased military personnel numbers and visiting foreign military elements will continue to provide benefits to industries such as retail, tourism and hospitality, with secondary impacts on the Territory economy. The ability of Territory industry to support defence operations and activities is important in developing local industries and skills.