

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 6200 in June 1992 to an estimated 13 000 at 30 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 attributed to the Territory has increased at an average rate of 11 per cent per annum.
- Major defence activities under way in the Territory include the relocation of the Army's 1st Aviation Regiment which includes a \$75 million building program at Robertson Barracks in Darwin and construction of the \$65 million Bradshaw Field Training Area near Timber Creek.
- Some 200 defence personnel and their families are expected to relocate to Darwin with the 1st Aviation Regiment. The Defence Housing Authority (DHA) plans to invest around \$70 million to develop the new suburb of Lyons (at Lee Point). Over the next five years this project will comprise around 300 new DHA homes and a further 350 allotments will be available for private development.
- Territory-based support and maintenance for military hardware such as helicopters, tanks and patrol boats is expected to continue over coming years, fostering the development of local skills and business opportunities.

Defence White Paper

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 capability (primarily Army) to the Top End, particularly in the second half of the 1990s.

Army Presence in the North

The Army Presence in the North (APIN) program commenced in 1992. The APIN program initially provided substantial benefits to the Territory economy through infrastructure investment and stronger population growth, while long-term industry development opportunities have been associated with ongoing defence demand for goods and services. In addition, Australia's significant role in the peacekeeping effort in East Timor following the independence ballot saw Darwin used as a base for United Nations 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 (2003-04)

	Defence Personnel* %	Defence Expenditure %	Total Population %
New South Wales	30.6	30.6	33.5
Victoria	12.7	16.9	24.7
Queensland	24.7	22.9	19.3
South Australia	5.0	6.0	7.6
Western Australia	7.6	8.7	9.9
Tasmania	0.3	1.6	2.4
Northern Territory	9.7	6.3	1.0
Australian Capital Territory	9.4	7.0	1.6
Australia	100.0	100.0	100.0

* Excludes civilians and personnel serving overseas

Source: Department of Defence ABS Cat. No. 3101, unpublished ABS data

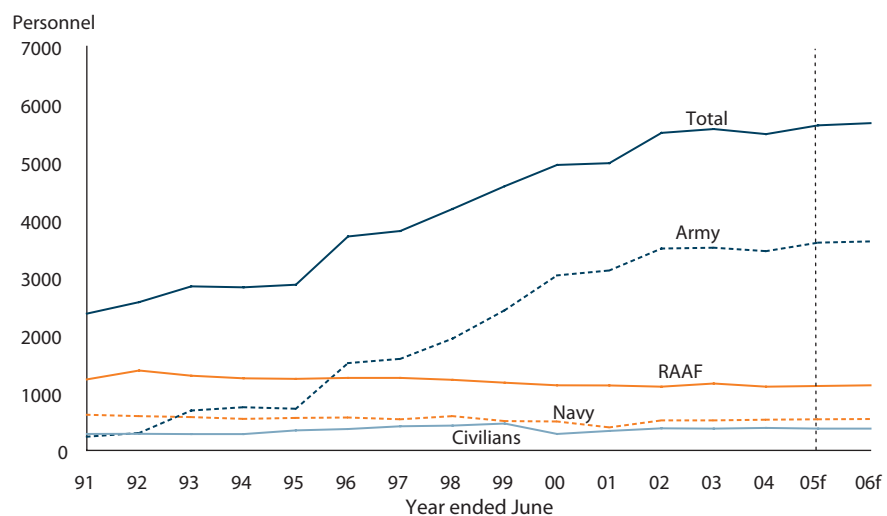
Defence strategic priorities have continued to develop, and with the 2000 Defence White Paper there is now a greater emphasis on contributing to the security of the immediate region (such as Australia's role in East Timor and the Solomon Islands), greater preparedness for emergency management (such as the Asian tsunami assistance effort, and counter-terrorism exercises and training), and increased coastal surveillance. With the expansion of the northern defence role and the strategic importance of Darwin as a mounting base defence will remain an integral element of the Territory economy into the foreseeable future.

Defence Population Growth and Housing Impact

One significant impact of APIN has been the more than doubling of Australian Defence Force personnel stationed in the Territory (including Department of Defence civilians), which increased from around 2600 in June 1992 to about 5500 as at 30 June 2004. Over the same period, the defence community (personnel and their families) is estimated to have increased from 6200 to 13 000. The defence community currently represents 6.5 per cent of the Territory's population, up from 3.7 per cent in June 1992. If the growth in defence personnel and family members over the 13 years since APIN started was 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 have been around 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 partners, often skilled, entering the labour force. The 2003 Defence Census found that around 56 per cent of partners who were not also 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.

Chart 16.1: Defence Personnel Stationed in the Territory

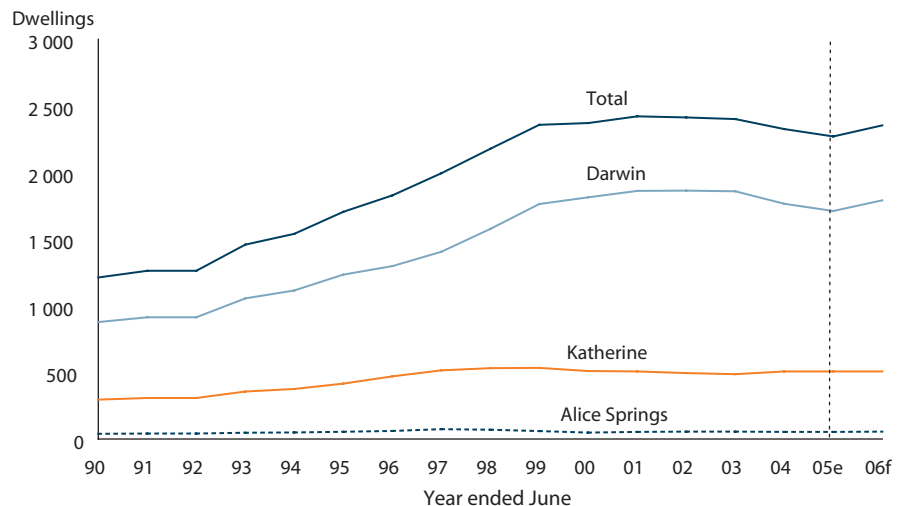


e: estimate; f: forecast

Source: NT Treasury, Department of Defence

Defence Housing

Chart 16.2: Defence Housing Authority Dwelling Stock (number)



e: estimate; f: forecast

Source: NT Treasury, Defence Housing Authority

The relocation of large numbers of defence personnel and their families to the Top End has resulted in a significant and permanent increase in the Territory's population, and demand for housing and other goods and services. The major impact of the defence relocation on housing construction was in the mid to late 1990s, although a major round of construction is scheduled to commence in late 2005.

Defence Housing Authority (DHA)

The Defence Housing Authority (DHA) currently manages around 2300 dwellings in the Northern Territory. The Territory housing construction boom of the late 1990s was largely the result of increased defence demand. Defence housing grew strongly between 1994 and 1999, with average growth in dwelling stock of almost 9 per cent per annum. However, since 1999 there has been a marginal decline in the stock of dwellings as DHA has divested itself of older stock.

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.

Lee Point Development

The combination of lease expiries and stock disposals, coupled with increasing demand for housing, will require significantly greater investment in coming years. DHA plans to invest around \$70 million in the Lee Point (Lyons) suburban development. This project will comprise 300 new DHA homes and a further 350 allotments available for public sale. This project is one of Darwin's largest residential developments in recent times, and will increase DHA-managed dwelling stock by about 13 per cent (to around 2600 dwellings) when the project is completed.

Defence Activities

Following the restructuring of the Australian Defence Force command and control in early 2004, the operational responsibilities of Headquarters Northern Command (HQNORCOM) were subsumed into a national-level Joint Operations Command. Under the new structure, Darwin-based Northern Command (NORCOM) continues as a decentralised element of Joint Operations Command, with its mounting base and liaison functions unchanged. The number of personnel deployed to NORCOM and Defence Force units in the Darwin region has changed with the new structure.

Joint Logistic Unit-North

Established in 1998, the Joint Logistic Unit-North (JLUN) is a Department of Defence business unit formed as part of a program to increase the efficiency of logistics support for defence operations. Efficiencies are achieved through the integration of Army, Navy and Airforce logistical support functions. It also acts as an interface between business and defence in relation to the provision of logistical supplies. Defence, through its prime contractor TenixToll, recently implemented the Defence Integrated Distribution System (DIDS) which rationalises a number of defence logistics and repair contracts. At this stage, the impact of the rationalisation on work currently undertaken in the Territory is unknown, although the level of work undertaken locally will ultimately depend on a combination of cost effectiveness and ability to meet defence requirements.

Operations and Joint Exercises

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, has concluded with the United Nations presence shifting from a military focus to Operation Spire, a civilian and commercial presence.

The primary defence operations in the Top End at present are Operation Cranberry, targeting illegal smuggling and fishing in northern waters, and Operation Reflex II, which contributes to the program to detect, intercept and deter vessels carrying unauthorised arrivals entering Australia through the North-West maritime approaches.

Overseas Operations

Since the commencement of Australia's military involvement in Iraq in early 2003, Territory based defence personnel have played a significant role. The 2nd Cavalry Regiment and its Australian Light Armoured Vehicles (ASLAVs) have formed the backbone of Australian operations in both transport and security roles. Other Territory personnel to serve in Iraq include air traffic controllers and medical personnel. The Australian Government recently announced a significant increase in its military commitment to Iraq from mid 2005, which will include a taskforce of 450 personnel to support and protect Japanese troops in southern Iraq. The majority of the taskforce will be drawn from Darwin's 1st Brigade, including personnel from the 2nd Cavalry Regiment, 5/7 Royal Australian Regiment and 40 ASLAVs.

As part of the Australian Government's Boxing Day Tsunami relief effort known as Operation Sumatra Assist, the Darwin-based 1st Combat Engineers Regiment were deployed to the Banda Aceh region of Indonesia to provide humanitarian relief and reconstruction assistance for a period of three months.

Defence Exercises

Defence exercises are regularly staged in the Territory and in 2004 the Territory hosted Exercise Pitch Black, the RAAF's largest exercise for the year. This multinational air combat exercise involved 1500 personnel from four nations and is estimated to have injected \$7 million into the Territory economy. Exercise Singaroo, involving Australian and Singaporean forces, was staged in coastal waters off Darwin in August 2004. In addition to these exercises, a series of smaller land and sea exercises was conducted in the region in 2004. The construction of the Bradshaw Field Training Area will add to the stock of facilities that can be utilised for hosting training exercises. This facility has been earmarked for use as part of the development of an Australia-United States Joint Combined Training Centre.

In all, a large number of interstate and international defence personnel regularly visit the Territory for exercises and recreational visits, providing a significant boost to the economy. This is particularly the case of sailors on recreational leave and/or restocking port stopovers in Darwin. The Chamber of Commerce Northern Territory estimates that personnel on shore leave spend around \$150 per person per day. Each ship remains in port for an average of four days, with crew sizes varying from 100 to 1000.

In 2004, 94 navy ships visited the Port of Darwin for a total of 320 visit days, down from 357 and 420 visit days in 2003 and 2002 respectively. In total, 10 098 crew (excluding Royal Australian Navy Patrol Boats) visited Darwin in 2004, down from 14 395 in 2003 and 14 580 in 2002. Among the ship visits in 2004, 12 were United States Navy vessels, down from 25 in 2002 and 22 in 2003, and 8 were by other foreign navy vessels (1 Indian, 1 New Zealand, 4 Singaporean, and 2 Vietnamese) compared to 10 in 2002 and 8 in 2003.

Defence and Industry

Defence Expenditure

Defence expenditure makes a substantial contribution to the Northern Territory economy. The Australian Bureau of Statistics estimates that defence recurrent expenditure (salaries and other operational expenses) in the Territory was \$828 million in real terms in 2003-04, up from \$784 million in 2002-03. Salaries (\$399 million in 2003-04) typically equate to around half of total recurrent defence expenditure. Salaries paid to defence personnel act as an important component of consumer demand in the Territory, accounting for around 5 per cent of total consumption expenditure in the Territory economy in 2003-04.

Increasing Defence Contracts

Over the past 10 years, 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 businesses to meet specialised defence requirements. These relationships have provided opportunities for new capacity and capability to be developed, broadening and enhancing the local economy. As an example, during the East Timor operations, defence activities injected around \$240 million into the Territory economy.

As businesses continue to develop the capacity to meet defence tender requirements, there are likely to be greater opportunities for local business investment in infrastructure and skills development. Nonetheless, local suppliers will need to be competitive against national and interstate competitors. Examples of locally awarded contracts include maintenance and repair of the existing Leopard Tanks and Fremantle Class patrol boats, the servicing of RAAF aircraft and the provision of medical and security services.

Chart 16.3: Defence Recurrent Expenditure in the Territory



Source: ABS unpublished data

Defence Support Division The relationship between defence and the Northern Territory is somewhat symbiotic, with defence benefiting from the support of local industry, and the Northern Territory economy and community benefiting from the defence presence. The Northern Territory Government has established the Defence Support Division (DSD) to assist in matching Territory industry capability with defence-related opportunities. With the Australian Industry and Defence Network-NT, the DSD aims to maximise local industry benefits by identifying opportunities and encouraging Territory businesses to develop skills and partnerships to supply defence requirements. The DSD also has a role in developing the defence industry capability in the Northern Territory based on an understanding of changing defence requirements.

Army

Relocation of 1st Brigade Over the past decade the number of army personnel stationed in the Territory has increased from 302 in June 1992 to 3403 in June 2004. The APIN program has been the primary force behind the defence build up in the Top End. APIN involved the relocation of around 2300 1st Brigade defence personnel from Holsworthy in New South Wales and Puckapunyal in Victoria. Significant infrastructure investment, including construction of the Robertson Barracks complex, preceded the relocation 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 the early 1990s, with the arrival of 500 2nd Cavalry Regiment personnel, and armoured reconnaissance vehicles. This was followed by the 1st Armoured Regiment with its Leopard tanks, 1st Combat Engineer Regiment (engineers), 1st Combat Service Support Battalion (logistics), 1st 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. More than 350 armoured vehicles and a squadron of helicopters are currently 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 around 80 per cent of Indigenous soldiers coming from remote northern communities.

Relocation of 1st Aviation Regiment The majority of the relocation of personnel to the Territory occurred between 1995 and 2000. Since then numbers have continued 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 relocation of the Army's 1st Aviation Regiment to Robertson Barracks near Darwin. The unit will be equipped with 17 Tiger armed reconnaissance helicopters and will require the relocation of an additional 200 personnel. The 1st Brigade will also see its aging Leopard tanks gradually replaced from 2007, with 41 re-conditioned US M1A1 Abrams tanks plus a variety of support vehicles.

Navy

Border Protection Priority The number of Navy personnel based in the Territory has changed little over the past decade, averaging around 550 personnel. Protecting Australia's borders has emerged as a priority for the Australian Government in recent years. The Navy plays an integral role in border protection operations, with Darwin-based patrol boats undertaking surveillance patrols of Australia's northern 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 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 surveillance work as part of Operation Cranberry. In addition to surveillance operations, the patrol boats are involved in search and rescue operations and conduct goodwill visits to neighbouring countries.

A large proportion of the supply, maintenance and repair work on the current fleet of Fremantle Class patrol boats is carried out in Darwin. With the phasing in of the new and larger Armidale Class patrol boats, upgrades to the existing 750 tonne Syncrolift and wharf will be required if maintenance work is to continue to be undertaken in the Territory. Public Works Committee approval is yet to be obtained for these civil works that are expected to cost \$11 million.

Defence has recently relocated its Patrol Boat System Program Office to Darwin to enable better engagement and monitoring of local contractors involved in the repair and maintenance of the Fremantle Class patrol boats (until they are phased out), and the through life support of the Armidale Class patrol boats. The relocation of the office is expected to lead to improved working relationships between Defence and local businesses supporting Navy operations.

RAAF

The number of RAAF personnel in the Territory has fallen over the past decade, down from 1385 in June 1992 to 1084 in June 2004. This decline reflects the introduction of new technology and the impact of outsourcing rather than any real reduction in capability.

Top End RAAF Bases 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. RAAF Tindal is currently undergoing a number of major upgrades to perimeter security (\$9.5 million) and on-base accommodation (\$4.2 million).

As Australia's most northerly 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 Air Weapons Range Facility at Delamere, 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 2000 kilometres from the Australian coastline.

Pine Gap

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

It is estimated that employment at the facility is relatively stable at around 900 personnel, of whom about half are Australian. Facility personnel and their dependants, estimated at around 3000 people, represent about 11 per cent of the population of Alice Springs.

Defence Outlook

Continuing Opportunities

While the major impetus of the APIN program has passed, Darwin's position at Australia's northern approach will see it remain a strategic defence base. The relocation of the 1st Aviation Regiment will increase the already significant defence investment and consumption expenditure in the Territory. Further out, the replacement of major defence equipment based in the Territory, namely the patrol boats and tanks, will provide opportunities for local business to compete for maintenance and other contracts as well as attracting national and international firms to be based in the Territory to service contracts.

The Defence Housing Authority (DHA) plans to invest around \$70 million to develop the suburb of Lyons and construct about 300 houses from 2005. This will bring DHA housing stock in the Northern Territory to around 2600 dwellings.

Capital Expenditure

Defence capital expenditure in the Territory will also be boosted by infrastructure investment for the relocation of the 1st Aviation Regiment. This will include facilities and working areas within Robertson Barracks for 17 Tiger helicopters and some 280 service personnel (of whom around 200 will be newly relocated personnel), and 30 prime contractor personnel. Investment for the project is estimated at \$75 million, and is scheduled for completion in late 2005.

Supply and support contracts for the new Armidale Class patrol boats 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 Armidale Class 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, civilian and building works for the \$65 million development of the Bradshaw Field Training Area (around 600 kilometres south-west of Darwin near Timber Creek) are due for completion in late 2005. This will provide the necessary infrastructure to allow the use of Bradshaw as a field training area for the 1st Brigade and as part of the Australian-United States Joint Combined Training Centre. A further \$28 million of work is yet to be done to complete the project. Work of around \$5.5 million is also expected for Robertson Barracks and the Army's Mount Bundy Training Area for urban terrain training facilities. Other defence projects on the drawing board include a \$29 million redevelopment of RAAF Base Tindal, and a \$20 million redevelopment of RAAF Base Darwin.

Defence Exercises in 2005-06

The number of major defence exercises to be held in the Territory will be limited in 2005-06 as overseas operational commitments, such as Operation Catalyst in Iraq, continue to be the focus of defence resources. One major exercise for 2005 is Talisman Sabre 05, to be held predominantly at Shoalwater Bay in Queensland. More than 15 000 Australian and US personnel and numerous naval vessels, aircraft and vehicles are expected to participate in the exercise. The exercise will be a key opportunity to train Australian and US combined forces in mid to high-intensity combat operations. Elements of this exercise will impact on the Territory with the use of the Delamere Bombing Range and the visitation and replenishment of naval vessels en route from Western Australia and US naval bases.

Exercise Albatross AusIndo, scheduled to be held in the Territory in 2005, is Australia's first joint exercise with the Indonesian military since 1999 and signals the beginning of increased military cooperation with Indonesia.

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