

## Chapter 16 Defence

### Key Points

- The Australian Defence Force contributes significantly to the Northern Territory economy. 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 about 6200 in June 1992 to an estimated 12 900 in June 2006.
- About 10 per cent of Australian permanent defence force personnel are now based in the Territory. Recurrent defence expenditure in the Territory totalled \$839 million in 2004-05.
- Major defence activities under way in the Territory include the construction of the \$65 million Bradshaw Field Training Area near Timber Creek and the development of the \$170 million new suburb of Lyons (at Lee Point).
- Supply and support contracts for the new Armidale Class patrol boats, Abrams tanks and Tiger helicopters will provide significant and ongoing benefits to the Territory economy.

The 1987 Defence White Paper outlined a strategic decision to adopt a northern defence position, recognising that any potential threat to Australia's security is likely to come from the north. The Territory, by virtue of its location, became a key component of defence planning and subsequently a focus for operations, which included the relocation of a significant proportion of defence capability to the Top End.

Defence strategic priorities have continued to develop and, since the 2000 Defence White Paper, there is now a greater emphasis on contributing to the security of the immediate region, building capacity to respond to emergencies and terrorism and increased coastal surveillance. With the expansion of the northern defence role, Darwin's importance as a strategic defence base, which is home to Headquarters Northern Command, will remain an integral element of the Territory economy into the foreseeable future.

About 10 per cent of all Australian permanent defence force personnel are based in the Territory, which is significant compared to the Territory's 1 per cent share of the total Australian population. About 6 per cent of total national defence expenditure occurs in the Territory (Table 16.1).

Table 16.1: Population, Permanent Defence Force Members and Defence Expenditure Proportions, 2004-05

	Defence Personnel* %	Defence Expenditure %	Total Population %
New South Wales	31.9	31.2	33.3
Victoria	11.8	16.1	24.7
Queensland	24.2	23.0	19.5
South Australia	4.9	6.2	7.6
Western Australia	7.7	8.7	9.9
Tasmania	0.3	1.6	2.4
<b>Northern Territory</b>	<b>9.9</b>	<b>6.2</b>	<b>1.0</b>
Australian Capital Territory	9.3	7.0	1.6
Australia	100.0	100.0	100.0

\* Excludes civilians, reserve forces and personnel serving overseas

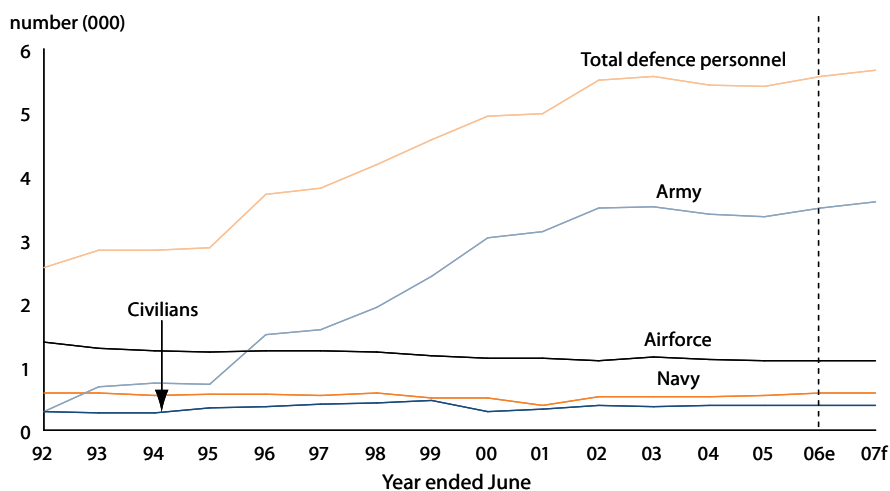
Source: Department of Defence, ABS Cat. No. 3101.0, unpublished ABS data

## Defence Population

The Army Presence in the North (APIN) program commenced in 1992 and involved the relocation of the Army's 1st Brigade to Darwin over the period 1992-2001. The APIN program was the primary force behind the defence build up in the Top End. The relocation involved about 2300 1st Brigade defence personnel from Holsworthy in New South Wales and Puckapunyal in Victoria (along with a large number of armoured vehicles, support vehicles and supporting equipment).

Since the early 1990s, Australian Defence Force personnel based in the Territory (including Department of Defence civilians) have more than doubled, increasing from about 2600 in June 1992 to an estimated 5600 in June 2006. In the Territory, army personnel, estimated at 3500 in June 2006, account for about 63 per cent of total defence personnel. The number of navy personnel based in the Territory has changed little over the past decade, averaging around 550 personnel, but is expected to increase to about 580 in June 2006, while the number of airforce personnel is estimated to have fallen from 1385 in June 1992 to about 1100 in June 2006. In June 2006, there will be an estimated 400 civilian defence personnel and about 780 reservists based in the Territory (Chart 16.1).

Chart 16.1: Defence Personnel Stationed in the Northern Territory



e: estimate; f: forecast

Source: Northern Territory Treasury, Department of Defence

The defence presence in the Territory contributes to the economy not only through consumption and investment, but also through the partners of defence personnel, 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.

The total Northern Territory defence community – personnel and their families – is estimated to have increased from about 6200 in June 1992 to an estimated 12 900 in June 2006. The defence community currently represents 6.3 per cent of the Territory's population, up from 3.7 per cent in June 1992. Since 1992, the number of defence members and families based in the Territory has contributed 0.3 percentage points to the Territory's average annual population growth rate of 1.5 per cent.

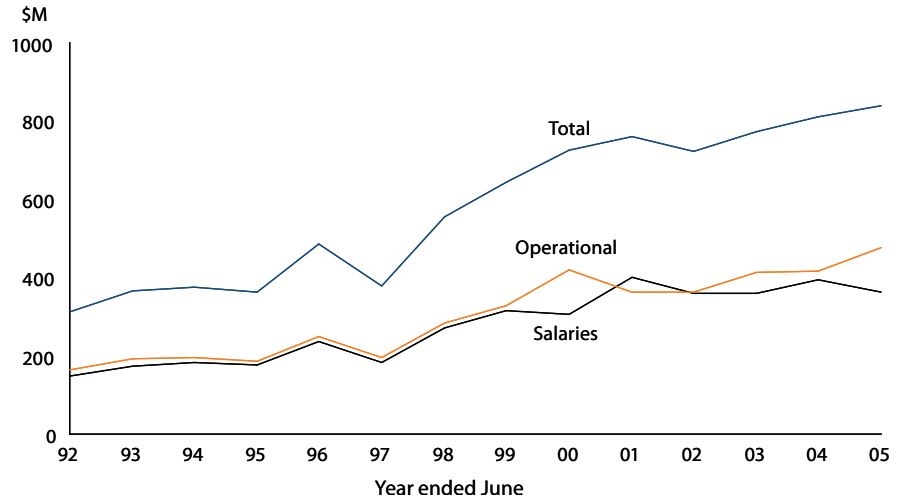
Another significant increase to the Territory defence community was associated with the relocation of the Army's 1st Aviation Regiment to Robertson Barracks near Palmerston, and the 17 new Tiger Armed Reconnaissance helicopters that will arrive later in 2006. The relocation included about 300 personnel and their families.



## Defence Expenditure

The Australian Bureau of Statistics (ABS) estimates that defence recurrent expenditure (weapons and platforms, salaries and other operational expenses) in the Territory was \$839 million in 2004-05, up from \$812 million in 2003-04. Salaries paid to defence personnel (\$363 million in 2004-05) represent close to 50 per cent of total recurrent defence expenditure over the past decade (Chart 16.2). Defence salaries are an important driver of consumer demand in the Territory, equivalent to 4.2 per cent of total consumption expenditure in the Territory economy in 2004-05.

Chart 16.2: Defence Recurrent Consumption Expenditure in the Northern Territory



Source: ABS unpublished data

### Navy Ships

Darwin is an important naval port, with a large number of Royal Australian Navy (RAN) and international navy ships visiting the Territory each year for regular exercises, rest and recreational visits, and missions such as relief operations following the 2004 Asian tsunami. These visits provide a significant economic boost, particularly expenditure by sailors on shore leave and re-supply and service stopovers in Darwin. Ships remain in port for an average of four days, with crew sizes between 100 and 1000. It is estimated that each United States Navy sailor spends \$150-\$200 a day. In 2005, 77 navy ships visited the Port of Darwin for a total of 267 visit days, compared to 94 navy ships and 320 visit days in 2004.

### Defence Support Division

The defence presence in the Territory provides significant opportunities for local industry. In 2003, the Territory Government established the Defence Support Division (DSD) to help accelerate the growth of Territory industry capability to capture defence-related opportunities. In conjunction 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. Further, the DSD aims to develop local defence industry capability based on an understanding of changing defence requirements. More recently, the DSD has taken on the additional role of Defence Community Liaison to help support defence organisations such as the Defence Community Organisation, Defence Housing Authority (DHA) and Defence Families Association assist defence personnel and their families posted to the Territory.

Over the past ten years, the value and number of defence contracts with Territory businesses have grown steadily. Other developments include the greater levels of outsourcing 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.

**Defence Contracts** Examples of locally awarded contracts include maintenance and repair of the existing Leopard tanks and Fremantle Class patrol boats. More than 100 local contractors are already engaged with supply and support contracts associated with the new Armidale Class patrol boats and the provision of medical and security services. In addition, 90 per cent of the \$82 million building works associated with the relocation of the 1st Aviation Regiment was awarded to local construction companies and is scheduled for completion by mid 2006. This includes the construction of new facilities and working areas within Robertson Barracks to house the new Tiger helicopters and defence personnel. The \$65 million development of the Bradshaw Field Training Area (due for completion by the end of 2006) for the army, which will form part of the Australian-United States Joint Combined Training Capability, provided employment opportunities for Indigenous enterprises and other Territory businesses.

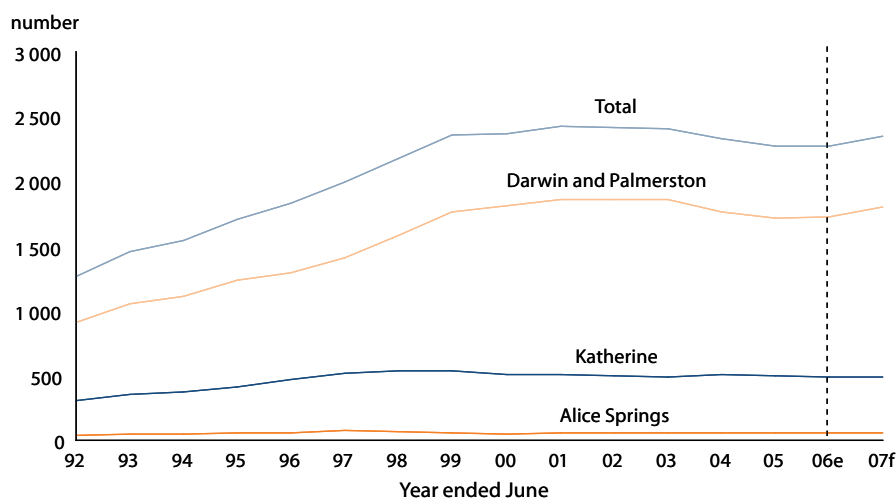
**Defence Housing** The Territory residential construction boom of the late 1990s was largely the result of increased defence demand for housing. The relocation of large numbers of defence personnel and their families to the Top End has resulted in a significant and permanent increase in the Territory's population, with an associated increase in demand for housing and other goods and services. Another major round of construction is expected to commence in mid to late 2006 associated with the development of the new suburb of Lyons located at Lee Point in Darwin.

In 2003, the DHA opened the Vantage Point Apartment complex (a three tower, 95 unit development on the fringe of the Darwin central business district) to cater for defence personnel who prefer a different style of accommodation.

DHA currently manages around 2200 dwellings in the Northern Territory, with the majority located in Darwin and Palmerston (Chart 16.3). Defence housing grew strongly between 1992 and 1999, with average growth in dwelling stock of 9.4 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.

Due to the combination of expired leases, stock disposals and an increasing demand for housing, DHA plans to invest around \$170 million in the development of the new suburb of Lyons over the next five years. This project will comprise 300 new DHA homes and a further 350 allotments available for sale to the public. When completed, this project will increase DHA-managed dwelling stock by about 14 per cent to about 2500 dwellings. The land clearing stage of the Lyons development has commenced. Stage 1 of the construction phase, which includes around 75 DHA homes, is expected to begin in mid to late 2006 and is due for completion in 2007. In 2005-06, DHA plans to complete an additional 21 homes in the suburb of Rosebery in Palmerston.

Chart 16.3: Defence Housing Authority Dwelling Stock



e: estimate; f: forecast

Source: Northern Territory Treasury, Defence Housing Authority



## Defence Force Industry

The Australian Defence Force (ADF) is made up of the three primary services – Army, Navy and Air Force – along with other groups involved in support and coordination functions. Major defence sites in the Northern Territory include:

- Larrakeyah Barracks in Darwin;
- Robertson Barracks near Palmerston;
- HMAS Coonawarra in Darwin;
- RAAF Base Darwin;
- RAAF Base Tindal near Katherine; and
- the Joint (United States and Australia) Defence Facility Pine Gap near Alice Springs.

Other defence sites include the Defence Establishment Berrimah, Bradshaw Field Training Area (near Timber Creek), Mount Bundy Field Training Area (near the Mary River) and Delamere Bombing Range (near Katherine).

**Army** In June 2006, there are expected to be an estimated 3500 full-time army personnel stationed in the Territory.

Robertson Barracks, located near Palmerston, is the largest operational base in the Territory and is home to the Army's 1st Brigade. The relocation of the 1st Brigade in the 1990s and construction of the Robertson Barracks complex provided a significant boost to the Territory economy and to the development of the Palmerston town centre and suburbs. The relocation of the 1st Aviation Regiment from Queensland to the Northern Territory will continue to provide a further boost to the local economy.

The Army also operates the Norforce surveillance unit (NORFORCE) comprising around 600 personnel when at full operational level. About 65-70 per cent of personnel are Indigenous, with a significant proportion from remote communities.

**Navy** In June 2006, there are expected to be an estimated 580 full-time Royal Australian Navy (RAN) personnel stationed in the Territory.

Border protection is the primary focus of RAN operations in the Territory, with Darwin-based patrol boats undertaking surveillance patrols of Australia's northern approaches. The patrol boats play an important role in Operation Cranberry to target illegal fishing and smuggling in northern waters, and are also involved in search and rescue operations.

HMAS Coonawarra is home to the majority of the RAN's Fremantle Class patrol boats. These patrol boats will be replaced by a fleet of 14 new Armidale Class patrol boats by early 2008, with eight based in Darwin, and an additional two operating out of Dampier in Western Australia, with crew and services provided from Darwin. Civil works at HMAS Coonawarra have commenced to extend the synchro-lift and wharf to accommodate the larger Armidale Class patrol boats and to provide a new port services building and crew change facility. Construction is due for completion by the end of 2006 at an estimated cost of about \$19 million.

**Air Force** In June 2006, there is expected to be an estimated 1200 Royal Australian Air Force (RAAF) personnel stationed in the Territory.

RAAF Base Tindal is the main operational base in the north and is home to an F/A-18 fighter squadron. It is also a strategic base for logistics support to deployed forces. RAAF Base Darwin, Australia's most northern airfield, is a forward operating base for RAAF operations and exercises and regularly hosts foreign aircraft during these exercises. RAAF Base Darwin is also home to No. 396 Combat Support Wing, which commands squadrons based in Darwin, Townsville and Butterworth (Malaysia), and is used as a base for surveillance aircraft.

The Territory is also home to the Delamere Air Weapons Range facility (south-west of Katherine) and one of Australia's three Jindalee Over the Horizon radar surveillance units (near Alice Springs).

**Headquarters Northern Command** Headquarters Northern Command (HQNORCOM), the joint force headquarters responsible for the defence of northern Australia, is based at Larrakeyah Barracks in Darwin. Its jurisdiction includes the Territory, north Queensland and the northern half of Western Australia.

HQNORCOM is also engaged with the Joint Offshore Protection Command that is responsible for the implementation, coordination and management of offshore maritime security, including the protection of offshore oil and gas assets.

**Joint Defence Facility Pine Gap** The Joint Defence Facility at Pine Gap near Alice Springs is 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 employs an estimated 900 personnel, of whom about half are Australian. Facility personnel and their dependants, estimated at about 3000, represent 12 per cent of the Alice Springs population.

**Operations and Deployments** At present there are two ongoing primary defence operations in the Top End:

- Operation Cranberry provides assistance to the civil Coast Watch surveillance program to protect Australia's northern waters; and
- Operation Reflex II contributes to the detection, interception and deterrence of vessels carrying unauthorised arrivals in Australia's north-west waters.

Territory-based defence personnel have played a significant role in Australia's military involvement in Iraq, particularly in the areas of transport, security, air traffic control and medical support. In addition, most of the 450 troops that make up the Al Muthanna Task Group that provide support and security for Japanese reconstruction and support troops in southern Iraq, are drawn from 1st Brigade personnel based in the Territory.

Territory-based defence personnel have also been involved in relief operations as part of Australia's response to the 2004 Asian tsunami and the Pakistan earthquake in November 2005.



**Exercises** Defence exercises are regularly staged in the Territory and provide a major boost to the economy through supply and support contracts and increased visitor numbers. In 2005-06, the Territory hosted three major exercises:

- Exercise Kakadu VII was the latest in a series of multinational maritime exercises in the seas adjoining Darwin. It involved more than 1700 defence personnel from Australia, New Zealand, Singapore, Malaysia, Papua New Guinea and Indonesia with observers from India, France, Thailand and Korea.
- Exercise Albatross Ausindo, conducted in April 2005, was the first combined defence exercise with Indonesia since 1999. The maritime air exercise, which aims to enhance maritime security and foster closer relations between Indonesia and Australia, will be conducted again in May 2006.
- Exercise Pacific Protector 06, a major Proliferation Security Initiative, was conducted in the Darwin area during April 2006 and attracted representatives from 32 countries.

## Outlook

Although the initial impact of the APIN program on the Territory economy has passed, Darwin's position at Australia's northern approach will see it remain of strategic relevance to Australia's defence. The relocation of the 1st Aviation Regiment will continue to increase already significant levels of defence investment and consumption expenditure in the Territory.

The \$170 million Lyons development project will boost the Northern Territory economy over the next three to four years with the construction of 300 houses. When completed, it will bring DHA housing stock in the Northern Territory to around 2500 dwellings.

The replacement of patrol boats, helicopters and tanks based in the Territory will provide opportunities for local business to compete for maintenance and other contracts, as well as attracting national and international business to the Territory.

**Defence Support Hub** To further develop the Army's land operations capability in the north, the 1st Brigade's current defence tank fleet (Leopard tanks) will gradually be replaced from 2007 with 41 re-conditioned US M1A1 Abrams tanks (plus a variety of support vehicles). In support of the arrival of new Abrams tanks, the Government has announced the release of 60 hectares of land close to Robertson Barracks for the development of an industry park that will include a Defence Support Hub to provide a location for maintenance and support contracts to be carried out in the Territory.

**Darwin Naval Base Upgrade** To accommodate the new Armidale Class patrol boats, additional construction work at HMAS Coonawarra has commenced at an estimated cost of \$19 million. This is due for completion by the end of 2006.

**Planned Capital Expenditure** Looking further ahead, a redevelopment of Robertson Barracks is planned and includes the provision of new and upgraded facilities for training, emergency response, working accommodation and equipment support. Another major potential upgrade is RAAF Darwin Redevelopment Stage Two, which involves upgrades to existing facilities including fuel farms, workshops, a fitness centre, airfield lighting and a new logistics headquarters. Further redevelopment work at RAAF Tindal is also planned. New fuel storage facilities for the RAN and ongoing maintenance of field training areas are also potential areas for future development.

Defence Exercises in 2006-07

Exercise Pitch Black is a biennial exercise involving the RAAF and air forces from various other countries. In 2004, the exercise involved more than 1500 personnel from Australia, Singapore, Thailand and France, and injected about \$7 million into the Northern Territory economy. The next Pitch Black Exercise is planned for July/August 2006 and is likely to have a similar impact on the Territory economy.

Other future exercise activity that will involve Territory based ADF units may include:

- Exercise Albatross Ausindo, to be conducted again in May 2006;
- Exercise Aces North, a combined Australian and US air strike exercise planned for May/June 2006;
- Exercise Southern Frontier, involving United States Marine Corps operating from RAAF Base Tindal and planned for September/October 2006;
- Exercise Predator's Gallop, developing the 1st Brigade's key war-fighting capabilities and conducted at major field training areas located in either Queensland or the Northern Territory; and
- Exercise Talisman Sabre 07, a biennial joint exercise that may include some activity at Bradshaw Field Training Area west of Darwin. In 2005 it was conducted in northern Queensland, and involved more than 6000 Australian and 11 000 US personnel from navy, army, air force, marine and special forces units.