

Chapter 15 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 6223 in June 1992 to an estimated 13 165 in June 2008.
- » Of all the Australian permanent defence force personnel, 10 per cent are based in the Territory. Recurrent defence expenditure by the Commonwealth in the Territory totalled \$1.08 billion in 2006-07.
- » Recently completed defence activities include the replacement of the 1st Brigade's fleet of Leopard tanks with 59 re-conditioned United States M1A1 Abrams tanks, 41 of which are in the Territory.
- » The Territory's economy will benefit from new and ongoing local supply and support contracts.

The Territory is an integral component of Australia's security strategy by virtue of location. The strategic decisions outlined in the Defence White Paper 2000 have placed a greater emphasis on national security and increasing capabilities to respond to threats of terrorism, international emergencies and coastal surveillance. The Commonwealth will release a new Defence White Paper in 2008.

The Australian Defence Force (ADF) is committing significant resources to increase its land, air and sea capabilities by gradually upgrading the current fleet of tanks, patrol boats, aircraft and helicopters Australia-wide. Major Territory defence sites are an important component of Australia's northern borders protection and will greatly benefit from the increase in capabilities from the acquisition of the Abrams tanks, Tiger helicopters and the Armidale Class patrol boats. Defence will remain an important element of the Territory economy for the foreseeable future.

Defence Force Activity

The defence force presence in the Northern Territory 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, which includes Headquarters Northern Command;
- Robertson Barracks near Palmerston;
- HMAS Coonawarra in Darwin;
- RAAF Base Darwin;
- RAAF Base Tindal near Katherine;
- the Joint (United States and Australia) Defence Facility Pine Gap near Alice Springs.

Other defence sites include the Naval Fuel Installation (Stokes Hill), Joint Logistics Unit North (in Winnellie), Defence Establishment Berrimah, Bradshaw Field Training Area (near Timber Creek), Mount Bundy Field Training Area (near the Mary River), Delamere Bombing Range (near Katherine) and the Jindalee Operational Radar Network (JORN) facility near Alice Springs.

Army The largest operational base in the Territory is Robertson Barracks, which is home to the Army's 1st Brigade. The defence force build up during 1992-2001 primarily reflected the major relocation of the 1st Brigade to the Territory over this period. In March 2007, the 1st Brigade's former fleet of Leopard tanks was replaced with 41 re-conditioned United States M1A1 Abrams tanks (plus a variety of support vehicles). The Abrams tanks were ready for deployment in July 2007.

The North West Mobile Force (NORFORCE) surveillance unit monitors the remote northern borders, more than 1900 kilometres of coastline, for poachers, illegal fishing and illegal immigration. When at full operational level, NORFORCE has more than 600 personnel, mostly reservists. It is one of the largest employers of Indigenous Territorians, after the Northern Territory Government, with around 420 Indigenous part-time reservists.

Navy Border protection is the primary focus of the Royal Australian Navy (RAN) operations in the Territory. Darwin home ported patrol boats play an integral role in the surveillance of Australia's northern approaches and form part of Operation Resolute, which targets illegal fishing and smuggling in Australia's northern waters.

HMAS Coonawarra is home to the majority of the RAN's Armidale Class patrol boats. Ten of these patrol boats are home ported in Darwin, of which two vessels operate out of Port Dampier in Western Australia at any one time, with crew and services provided from Darwin. These patrol boats have replaced the former fleet of ten Fremantle Class patrol boats that were decommissioned in early 2007. The new fleet will increase the RAN's surveillance and response capabilities, such as the apprehension of illegal fishing vessels. Construction at the naval base to provide accommodation for the larger Armidale Class patrol boats began in early 2005 and is being completed in stages to allow for the continued operation of the naval base. Construction is scheduled for completion in mid-2008.

Air Force The main operational and strategic Air Force base in the north of Australia is the Royal Australian Air Force (RAAF) Base Tindal, home to a Fighter Attack F/A18C fighter squadron. In addition, RAAF Base Darwin is 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. RAAF Base Darwin is the forward operating base for RAAF operations and exercises, and regularly hosts foreign aircraft during these exercises.

In the Territory, the RAAF also operates the Delamere Bombing Range facility (south-west of Katherine) and one of Australia's three JORN surveillance units (near Alice Springs).

Headquarters Northern Command Headquarters Northern Command (HQNORCOM), based at Larrakeyah Barracks, is the joint force headquarters responsible for the defence of northern Australia. Its jurisdiction includes the Territory, north Queensland and the northern half of Western Australia. HQNORCOM is engaged with the Joint Offshore Protection Command and 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 is a 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 half are Australian) and, together with more than 3000 dependants, this facility is responsible for about 12 per cent of the Alice Springs population.

Defence Population

The Territory has 10 per cent of all Australian permanent defence force personnel, a significant contribution to its population of 214 975 (as at 30 June 2007), which accounts for just 1 per cent of the total Australian population. More than 6 per cent of total defence expenditure occurs in the Territory (Table 15.1).

Table 15.1: Population, Permanent Defence Force Members and Defence Expenditure Proportions, 2006-07

	Defence Personnel ¹ %	Defence Expenditure %	Total Australian Population %
New South Wales	31.9	32.2	32.8
Victoria	11.1	15.6	24.8
Queensland	23.2	22.4	19.9
South Australia	5.1	6.2	7.5
Western Australia	7.3	8.8	10.0
Tasmania	0.3	1.6	2.3
Northern Territory	10.2	6.2	1.0
Australian Capital Territory	9.5	6.9	1.6
Australia	100.0	100.0	100.0

¹ Excludes civilians, reserve forces and personnel serving overseas

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

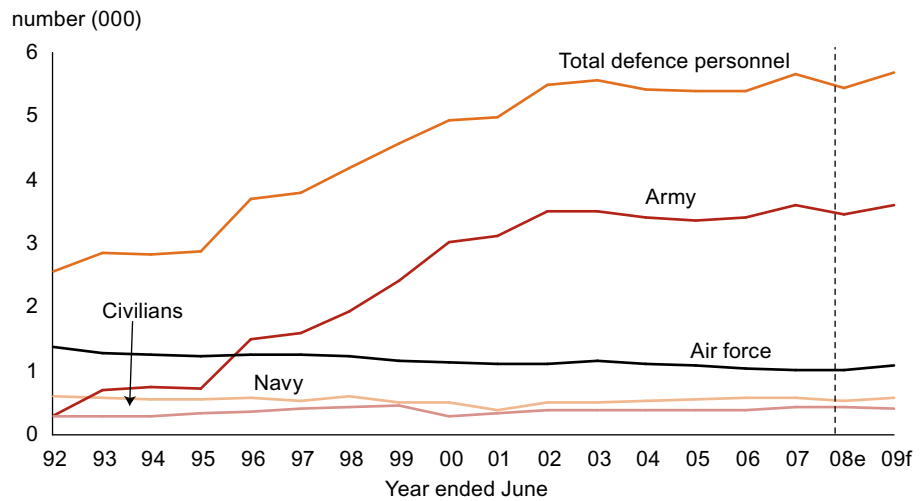
In 1992, the Territory's population was boosted by the Army Presence in the North (APIN) program, which involved the relocation of about 2300 defence personnel to Darwin over the period 1992-2001 from Holsworthy in New South Wales and Puckapunyal in Victoria.

Since the first major relocation in the early 1990s, the Territory's total defence community (including personnel and their families) has increased from 6223 in June 1992 to an estimated 13 165 in June 2008. This represents about 6.0 per cent of the Territory's population, up from 3.7 per cent in June 1992.

In June 2008, 443 civilian defence personnel and 780 reservists will be based in the Territory. The most recent defence relocation to the Territory was the 1st Aviation Regiment from Queensland in 2006, which increased the total number of defence personnel and their families in the Territory by an estimated 300 people.

The number of defence force personnel based in the Territory (including Department of Defence civilians, but excluding reservists) increased from 2569 in June 1992 to an estimated 5451 in June 2008. This comprises an estimated 3460 army personnel, 540 navy personnel, 1008 air force personnel, totalling 5008 military personnel, plus 443 defence civilians (Chart 15.1).

Chart 15.1: Defence Personnel Stationed in the Northern Territory



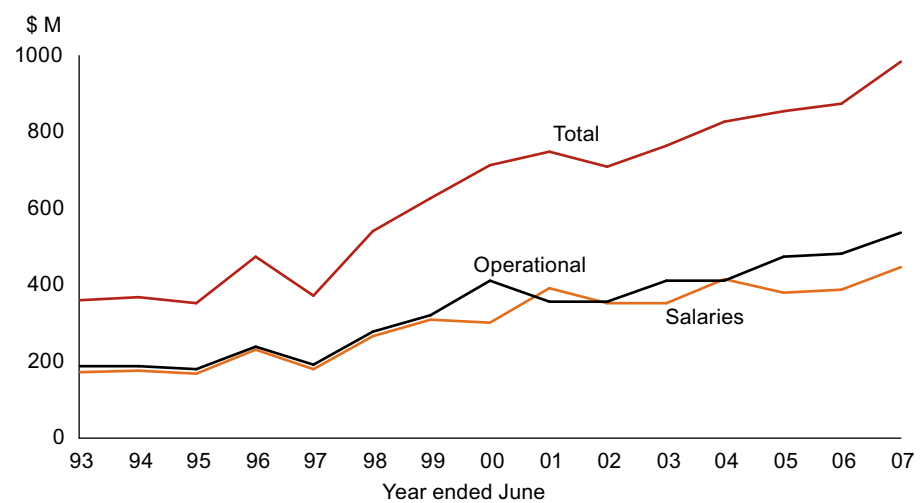
Source: Department of Defence, ABS Cat. No. 3101, unpublished ABS data

The defence presence contributes to the Territory economy through consumption and investment expenditure as well as through the partners of defence personnel, often skilled, who enter the Territory's labour force. Defence personnel do not, however, contribute to the official employment statistics published by the Australian Bureau of Statistics (ABS) which, for reasons of definition, focus on resident civilian employment. Because of this, ABS employment statistics under-record the number of jobs in the Territory by at least 5 per cent (refer to chapter 4, Labour Market). The 2003 Defence Census found that around 56 per cent of defence partners who are not permanent defence force members worked full time, forming an important source of labour for the economy. Of all defence 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. Outcomes from the Defence Census 2007 are expected to be released in mid-2008.

Defence Recurrent Expenditure

Defence recurrent expenditure (which includes weapons and platforms, salaries and other operational expenses) is an important contributor to the Territory economy. The ABS estimates that defence recurrent expenditure in the Territory was \$1.08 billion in 2006-07, equivalent to 8.1 per cent of the Territory's gross state product, up from \$967 million in 2005-06 (Chart 15.2).

Chart 15.2: Defence Recurrent Consumption Expenditure in the Northern Territory



Source: Northern Territory Treasury, Department of Defence, ABS unpublished data

Defence Salaries Salaries paid to defence personnel equalled \$474 million in 2006-07, representing about 44 per cent of total recurrent defence expenditure (Chart 15.2). The increase in defence expenditure reflects a rise in salaries attributable to the deployment of Territory defence personnel to Iraq. Defence salaries and defence personnel and family purchases are an important contributor to consumer demand in the Territory. Strengthening consumer demand in turn stimulates other areas in the economy such as employment growth. The increase in salaries in part reflects a rise in the number of defence personnel deployed on missions to Timor during 2004-05 and Iraq during 2006-07. The flow-on effect of defence salaries on private consumption expenditure in the local economy has continued to be an important contributor to growth in the Territory.

Defence Operational Expenditure In 2006-07, defence operational expenditure totalled \$537 million and accounted for just over half of total defence recurrent expenditure in the Territory (Chart 15.2). This expenditure category includes items such as weapons and platforms and other defence (including ammunition, transport costs, catering and office supplies).

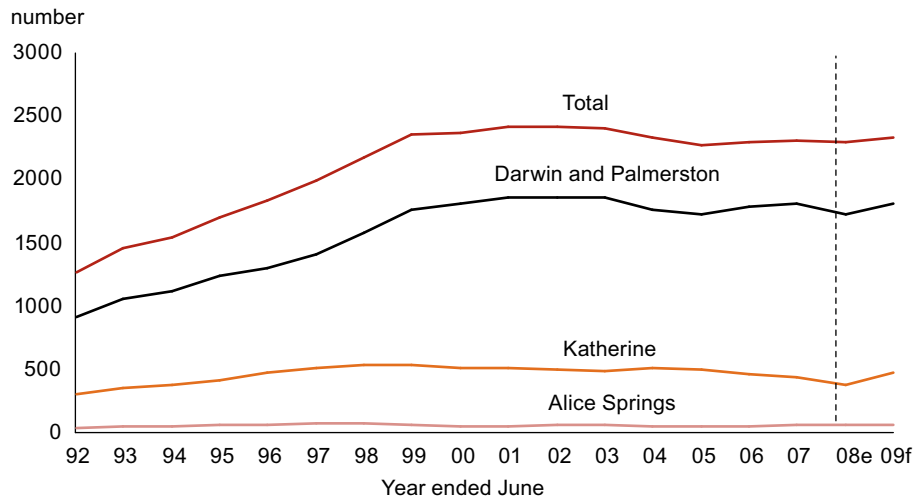
Defence Industry Defence contracts are also an important contributor to operational expenditure. The value and number of defence contracts with Territory businesses has increased, as well as greater levels of outsourcing of defence services. In 2006-07, the Department of Defence estimates that the defence presence in the Northern Territory was supported through local contracts with a total value just under \$200 million. The increased capacity of local businesses to meet specialised defence requirements has contributed to the growth in defence operational expenditure in the Territory. Business relationships between the ADF and local enterprises have provided opportunities for new capacity and capability to be developed, broadening and enhancing the local economy. Examples of contracts awarded locally in 2006-07 include:

- more than 100 local contractors involved in the supply and support services for the new Armidale Class patrol boats, which includes the provision of medical and security services; and
- the Bradshaw Field Training Area project saw 90 per cent of its \$65 million worth of contracts awarded to local businesses, including subcontracting projects to local Indigenous communities in remote areas.

Defence Housing

Since 1992, residential construction booms in the Territory have been impacted by defence demand for housing. The relocation of defence personnel and their families to the Top End has resulted in a significant increase in the Territory's population, with an associated increase in demand for housing and other goods and services. Defence Housing Australia (DHA) currently manages 2290 dwellings in the Territory, with the majority located in Darwin and Palmerston (Chart 15.3). The stock of defence housing grew strongly between 1992 and 1999, with average annual growth in DHA dwelling stock of 9.4 per cent. The decline in total dwelling stock over the two years to June 2005 is largely associated with a decline in new acquisitions and a decline in the number of properties leased to DHA (which is generally for a term of 12 years) to more sustainable levels.

Chart 15.3: Defence Housing Australia (DHA) Dwelling Stock



e: estimate; f: forecast
 Source: Northern Territory Treasury, Defence Housing Australia

The composition of defence housing varies to accommodate the different living arrangements of defence families. The number of off-base properties has increased nearly three-fold since the early 1990s. As at June 2007, the number of off-base properties in Darwin was 988, Katherine 185, Alice Springs 61 and Nhulunbuy 16. On-base property numbers included RAAF Base Darwin 408, Larrakeyah 131 and RAAF Base Tindal 193.

Planned Housing Developments

Lyons The creation of the new \$280 million Darwin suburb of Lyons is well under way with DHA releasing the first houses for defence families in August 2007. The Lyons development is a joint venture between DHA and the Canberra Investment Corporation, which will provide 650 fully serviced residential land allotments. Of these, at least 300 blocks, positioned throughout the development, will be supplied to ADF members and their families. DHA has been taking delivery of 75 lots per year, since 2006, with an additional 75 lots made available to the public every year.

Muirhead In late 2006, DHA purchased 152 hectares of land at Muirhead (adjacent to Lyons) at a total value of \$18 million. DHA plans to commence the development of the new suburb in 2009-10 to coincide with the conclusion of the Lyons development in 2011. Muirhead has the potential to yield more than 700 allotments, a proportion of which will be made available for sale to the public. This residential construction by DHA will ensure that defence demand for new housing is met to replace older housing both on and off base.

Larrakeyah Barracks There is a proposed redevelopment of the Larrakeyah Barracks, involving major renovations to the older DHA stock. As a result of the renovations, the on-base housing stock is expected to decrease.

Tindal Defence houses at RAAF Base Tindal in the Northern Territory continue to be upgraded as part of an \$18 million major refurbishment program. This program includes upgrading amenities to provide additional living/family areas, master bedrooms, new kitchens and internal repainting.

Alice Springs There are no planned defence housing developments for Alice Springs in the foreseeable future.

Defence Capital Expenditure

Two projects that the Department of Defence is undertaking are upgrading of the Bradshaw Field Training Area Infrastructure and the Darwin Naval Base Patrol Boat Facilities. These upgraded facilities will provide increased capabilities and support existing infrastructure.

Table 15.2: Approved Major Capital Facilities Projects

	Total Estimated Expenditure	Cumulative Expenditure to 30 June 2007	2007-08 Estimate
	\$M	\$M	\$M
Bradshaw Field Training Area Infrastructure	72.6	64.5	2.0
Darwin Naval Base – Patrol Boat Facilities	19.2	9.8	5.4

Source: Department of Defence

Bradshaw Field Training Area Infrastructure

This project provides engineering services and infrastructure to allow the use of Bradshaw as a field training area for the 1st Brigade. Works include roads, training force maintenance area, base camp, range control and caretaker facilities. The residual works are scheduled for completion by 2008-09.

Darwin Naval Base Patrol Boat Facilities

This project provides upgraded facilities at HMAS Coonawarra for the new Armidale Class patrol boats. Construction commenced in early 2005 and is being completed in stages to allow for the continued operation of the naval base and to support the staged introduction into service of the Armidale Class patrol boats. The revised expenditure estimate reflects actual achievement in 2006-07. The project is scheduled for completion in 2008-09.

Table 15.3: Major Projects under Consideration by the Commonwealth Government in 2007-08

	Current Status	Expenditure \$M
RAAF Darwin Redevelopment Stage 2	In development	49.8
Robertson Barracks Redevelopment	In development	72.0
RAAF Tindal Redevelopment Stage 5	In development	58.7
RAAF Tindal Airborne Early Warning and Control Facilities	In development	64.2

Source: Department of Defence

The major projects outlined in Table 15.3 are subject to parliamentary clearance from the Commonwealth. As these major projects were initiated by the previous Commonwealth, there is an element of uncertainty around the timeframes currently in place.

RAAF Darwin Redevelopment Stage 2

This project, if approved, will upgrade existing facilities including fuel farms and workshops and construct a new logistics headquarters, with the Commonwealth committing \$49.8 million. At peak construction, it is expected that around 50 construction industry jobs will be created, offering opportunities for skilled consultants, local sub-contractors and the construction industry in general during the construction period. Once approved, construction is expected to commence in early 2009, with completion expected in 2011.

Robertson Barracks Redevelopment

This project comprises three individual project elements: the Robertson Barracks Redevelopment project, Land 907 facilities project and the Hardened and Networked Army facilities project, with the Commonwealth committing \$72 million. The Robertson Barracks Redevelopment will provide new and upgraded facilities for training, emergency response, working accommodation and equipment support. The Land 907 facilities project will provide parking and working accommodation for heavy tank transport vehicles and other tank support services. The Hardened and

Networked Army project will provide additional working accommodation and other support facilities. If approved, construction is expected to commence in early 2009, with completion expected in 2010.

RAAF Tindal Redevelopment Stage 5

This project comprises a number of elements to expand and upgrade existing working accommodation, construct new working accommodation and to augment electrical and water supply infrastructure, with the Commonwealth committing \$58.7 million. If approved, construction is expected to begin early 2009, with completion expected in late 2010.

RAAF Tindal Airborne Early Warning and Control Facilities

This project, if approved, will provide facilities and infrastructure at RAAF Base Tindal to support the introduction of the new Airborne Early Warning and Control aircraft, with the Commonwealth committing \$64.2 million. The scope of work includes new taxiways, operational facilities and working accommodation. If approved, construction is expected to begin in early 2009, with completion expected in late 2010.

Defence Operations, Exercises and Deployments

Operation Resolute

Defence force personnel based in the Territory are involved in the ongoing primary defence operation, Operation Resolute. This defence operation is conducted to protect Australia's Exclusive Economic Zone from illegal fishing, smuggling and unauthorised arrivals.

Operation Overwatch

Territory-based defence personnel play a significant role in Australia's military involvement in Iraq as part of the Overwatch Battle Group (West), particularly in the areas of transport, security, air traffic control and medical support.

Operation Outreach

Operation Outreach is the Australian Defence Force contribution to the Commonwealth's Northern Territory Emergency Response (NTER). This contribution to the whole of government effort is primarily centred on provision of operational command elements and the delivery of logistical support services such as vehicular and airborne transport, communications, temporary accommodation, contracting support and general sustainment support. Defence's contribution to the NTER is \$19 million over 2007-08. Approximately 130 defence personnel are involved, with members from NORFORCE supported by detachments from Navy, Air Force and other units from around Australia.

Direct funding from the Commonwealth in 2006-07 for these activities was \$15.5 million, of which \$8 million has been spent. Department of Defence estimates that 70 per cent of the expenditure would contribute to the Northern Territory economy.

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Program (AACAP) is an ongoing commitment that reinforces the strong association between Army and the Indigenous people of Northern Australia. It is a joint initiative between the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and Army that aims to improve health and living standards in Aboriginal communities.

Army provides soldiers and equipment to complete project management, construction, health care and training support to communities. The program has facilitated the provision of essential housing, infrastructure, health and training support provided to remote communities across Australia.

AACAP mainly operates in the Northern Territory but some projects have been undertaken in Western Australia, South Australia and Queensland. AACAP projects have been allocated \$20 million for the three-year period 2006-09.

Defence Exercises

Defence exercises are regularly staged in the Territory and adjacent waters. These provide a major boost to the economy through supply and support contracts and increased visitor numbers. In 2007-08, the Territory hosted three major exercises:

- Exercise Albatross Ausindo 2007 was a combined Royal Australian Air Force and Indonesian Air Force maritime surveillance exercise held off the coast of Darwin in July 2007.
- Exercise Talisman Sabre 07, a biennial exercise conducted between 19 June and 2 July 2007, was held primarily at Shoalwater Bay in Central Queensland. Some defence activities were carried out at Bradshaw Field Training Area and at Delamere Bombing Range.
- Exercise Arnhem Thunder was held for two weeks in August 2007 and involved around 500 Air Force personnel and 25 aircraft.

Other Defence-Related Activities

The Territory also benefits in a direct way from visiting naval ships and in an indirect way from the Territory Government's involvement in defence-related support activities.

Navy Ships

A large number of RAN and international navy ships visit the Territory when regular exercises, rest and recreation, and naval or humanitarian missions occur. Examples include relief operations in response to the 2004 Asian tsunami and 2005 East Timor civil disturbance. These visits provide a significant economic contribution, particularly the 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. The Defence Support Division of the Territory Government estimates that each Royal Australian Navy and United States Navy sailor spends about \$228 a day while in Port. In 2007, 47 major naval ships visited the Port of Darwin for a total of 149 ship visit days, compared to 59 navy ships and 214 ship visit days in 2006. The decline in the number of major naval ships visiting the Port of Darwin is due to a number of factors including operational demands and ability to guarantee berthage.

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 facilitate the growth of Territory industry capability to capture defence-related opportunities. 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 and Defence Families Association to assist defence personnel and their families posted to the Territory.

Defence Outlook

Darwin's position at Australia's northern approach will remain of strategic relevance to Australia's defence. The most recent relocation of the 1st Aviation Regiment will increase already significant levels of defence investment and consumption expenditure in the Territory. The replacement of patrol boats and tanks based in the Territory, and the arrival of the Tiger helicopters, will provide opportunities for local business to undertake maintenance and other defence-related support activities, as well as attracting national and international businesses to the Territory.

The Territory's total defence community (including personnel and their families) is forecast to increase from an estimated 12 935 in June 2007 to 13 165 by June 2008. The number of permanent defence force personnel is forecast to increase by 100 over 2007-08 to 5451 by June 2008. This increase is expected as a result of the recruitment efforts made by the ADF to boost personnel numbers across Australia.

The \$280 million Lyons development project will boost the Territory economy over the next five years with the construction of an estimated 650 houses.

The Northern Territory Government has allocated 54 hectares of land close to Robertson Barracks for the development of an industry park to include a Defence Support Hub. This will provide a location for the defence support industry to grow and align its capability to deliver support to the armoured and non-armoured vehicles based at the barracks. New long-term support contracts for the defence platforms based in the Northern Territory are expected to create new jobs and contribute to the economy.

In 2008-09, the Territory is to host two major defence exercises:

- Exercise Singaroo, to be held in July 2008, is a biennial naval and air exercise between Australia and Singapore, conducted in the Arafura Sea off the Territory coast; and
- Exercise Pitch Black 08, to be conducted in July/August 2008, a biennial exercise involving the RAAF and air forces from France, Singapore, Thailand, the United Kingdom and the United States. It is the RAAF's largest exercise, involving about 1500 defence personnel.