

# **DEFENCE**

## **CHAPTER THREE CAPITAL INVESTMENT PROGRAM**

### **CAPITAL INVESTMENT PROGRAM**

**Overview**

**Defence Capability Plan**

**Approved Major Capital Equipment Program**

**Capital Facilities Projects**

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## OVERVIEW

The Capital Investment Program includes elements of the operating budget where these funds relate to the development, progression and acquisition of capital equipment projects. In accordance with Australian Accounting Standards, Defence is required to classify certain investment costs such as research and development, project studies, design work, specialist and professional advice and project office overheads as operating expenses rather than through the capital appropriation.

The Capital Investment Program is comprised of:

- the Defence Capability Plan;
- the Approved Major Capital Equipment Program;
- the Capital Facilities Program;
- Other Capital Purchases; and
- Capital Receipts.

Including capital receipts, the capital investment program for 2005-06 totals \$4,570m, with a further \$15,363m to be spent over the forward estimates period, as summarised in Table 3.1.



**Table 3.1: 2005-06 Capital Investment Program Incorporating Forward Estimates**

Group/Item Description	Projected	Budget	Variation	Forward	Forward	Forward
	Result	Estimate	2004-05	Estimates	Estimates	Estimates
	2004-05	2005-06	to	2006-07	2007-08	2008-09
	\$m	\$m	2005-06	\$m	\$m	\$m
			\$m			
Capital	-	152.8	152.8	627.9	1,164.5	1,897.6
Operating	2.4	182.5	180.1	170.1	206.2	241.6
<b>Sub-total Defence Capability Plan<sup>(1)</sup></b>	<b>2.4</b>	<b>335.2</b>	<b>332.8</b>	<b>798.1</b>	<b>1,370.6</b>	<b>2,139.2</b>
Capital	2,641.2	2,813.6	172.4	2,418.1	2,223.6	1,918.9
Operating	419.0	416.4	-2.5	338.7	301.6	197.5
<b>Sub-total Approved Major Capital Program<sup>(2)</sup></b>	<b>3,060.2</b>	<b>3,230.0</b>	<b>169.8</b>	<b>2,756.9</b>	<b>2,525.2</b>	<b>2,116.4</b>
Capital	357.3	423.9	66.7	376.4	347.0	342.1
Operating	43.0	23.2	-19.8	23.8	25.2	23.6
<b>Sub-total Capital Facilities<sup>(3)</sup></b>	<b>400.3</b>	<b>447.1</b>	<b>46.9</b>	<b>400.2</b>	<b>372.2</b>	<b>365.7</b>
Other Capital <sup>(4)</sup>	685.7	582.7	-103.0	543.5	518.1	488.8
Foreign Exchange Provision - Capital <sup>(5)</sup>	-	-	-	308.6	297.6	377.4
<b>Total Capital Component</b>	<b>3,684.2</b>	<b>3,973.0</b>	<b>288.8</b>	<b>4,274.5</b>	<b>4,550.7</b>	<b>5,024.8</b>
Total Operating Component	464.3	622.1	157.7	532.7	533.0	462.7
<b>Total Capital Investment Program</b>	<b>4,148.6</b>	<b>4,595.1</b>	<b>446.5</b>	<b>4,807.1</b>	<b>5,083.7</b>	<b>5,487.6</b>
<b>Net Capital Receipts<sup>(6)</sup></b>	<b>-80.9</b>	<b>-24.9</b>	<b>-56.0</b>	<b>-5.8</b>	<b>-5.1</b>	<b>-4.4</b>
<b>Total Capital Investment</b>	<b>4,067.7</b>	<b>4,570.2</b>	<b>390.5</b>	<b>4,801.3</b>	<b>5,078.6</b>	<b>5,483.1</b>

**Notes**

1. See Table 3.2 for Major Defence Capability Projects to be considered in 2005-06.
2. See further details at Table 3.3.
3. See further details at Table 3.4.
4. See further details at Table 3.9.
5. Foreign exchange provision held centrally by Defence for progressive adjustment in future budgets.
6. See further details at Table 3.10.

## Reprogramming of Capital Investment Program

As part of the 2005-06 Budget, the Government agreed to bring forward \$300m in Defence Capability Plan funds from beyond the forward estimates which had previously been reprogrammed in 2004-05 Budget.

## DEFENCE CAPABILITY PLAN

The Defence Capability Plan is a costed, detailed development plan for Australia's military capabilities over a ten-year period. The plan is reviewed regularly to take account of changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget. The plan sets out the proposed investment in new equipment under five capability goals: land forces, air combat, maritime forces, strike and information capability.

Since the Defence White Paper was announced in 2000, the Government has approved about 139 major projects or phases of projects with an all-up cost of around \$22 billion. Further projects will be considered by the Government in 2005-06.

### **Major projects recently approved by the Government**

Projects that have recently been approved by the Government, but which have not yet been transferred to the approved major capital equipment program, are:

- a deployable medical capability project which will improve the ability of deployed forces to draw on remote medical services through state-of-the-art communications and information technology equipment; and
- a soldier enhancement project which will provide our infantry soldiers with enhanced night fighting equipment, improved load carrying equipment, additional protective clothing, improved body armour and a significant increase in communications equipment.

Table 3.2 provides details of the projects to be considered in 2005-06.

**Table 3.2: Major Defence Capability Projects to be Considered in 2005-06<sup>(1) (2)</sup>**

<b>Project Number</b>	<b>Project Title</b>
AIR 5376 Phase 2.3BF	F/A-18 Electronic Warfare Self Protection – Jammers component
AIR 5376 Phase 2.3BF	Hornet Structural Refurbishment Stage 2 – Additional
AIR 5405 Phase 1	Replacement Mobile Regional Operations Centre
AIR 5418 Phase 1	Follow-on Stand-off Weapon Capability <sup>(3)</sup>
JP 129 Phase 2	Airborne Surveillance for Land Operations
JP 2048 Phase 4A/4B	Amphibious Deployment and Sustainment
JP 2077 Phase 2B	Improved Logistics Information Systems <sup>(3)</sup>
JP 2097 Phase 1	REDFIN – Enhancements to Special Operations Capability
JP 2098 Phase 1	Joint Coalition Training Capability
JP 5408 Phase 2B	ADF Global Positioning System Enhancement
LAND 144 Phase 1	Counter Mine Capability
SEA 4000 Phase 3.1	Air Warfare Destroyer – Long Lead Items

**Notes**

1. In addition, it is planned to consider first pass approvals for a variety of projects including the Pilot Training System, Multi-mission Unmanned Aerial Vehicle, Enhancements to Special Operations Capability, Artillery Replacement systems, Soldier Combat Systems and Air Warfare Destroyer.
2. Capability and Technology Demonstrator projects, Project Development activities and some sensitive projects are not included in the list.
3. These projects were listed for approval in the *Portfolio Budget Statements 2004-05* p. 81. In both cases, the projects obtained first pass approval and will be considered for second pass approval in this period.

## APPROVED MAJOR CAPITAL EQUIPMENT PROGRAM

The approved major capital equipment program is comprised of those projects which generally cost in excess of \$20m and which, following approval, are transferred from the Defence Capability Plan to the Defence Materiel Organisation for the acquisition phase. Following implementation of the new two-pass approval process as part of the Defence Procurement Review, the Government approval threshold has been increased to \$50m. Projects costing between \$8m and \$50m are approved jointly by the Ministers for Defence and Finance and Administration.

Following the establishment of the Defence Materiel Organisation as a prescribed agency on 1 July 2005, funding for approved major capital equipment projects, including project management and overhead costs will be provided by Defence under separate Material Acquisition Agreements for each project.

As an enabling organisation to Defence, the Defence Materiel Organisation will continue to contribute to Defence's outcomes and outputs. The Defence Materiel Organisation budget is detailed separately in the Defence Materiel Organisation's Chapter Three - Planned Outcome Performance, including an overview of the top 30 projects. A summary of the total approved major capital equipment program is shown in Table 3.3.

**Table 3.3: The Approved Major Capital Equipment Program**

	2005-06 Budget	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m
Top 30 Project Gross Plans (Constant 2005-06 dollars)	2,853.5	2,747.4	2,094.6	1,247.7
Other Projects Gross Plans (Constant 2005-06 dollars)	866.1	794.4	389.5	181.0
Sub-total Gross Capital Program	3,719.5	3,541.8	2,484.1	1,428.7
<b>Programming Adjustment/Slippage</b>	<b>-489.5</b>	<b>-839.0</b>	<b>-57.0</b>	<b>565.6</b>
<b>Outturning Adjustment</b>	<b>-</b>	<b>54.1</b>	<b>98.1</b>	<b>122.1</b>
<b>Total Net Major Capital Program<sup>(1)</sup></b>	<b>3,230.0</b>	<b>2,756.9</b>	<b>2,525.2</b>	<b>2,116.4</b>

**Note**

1. Cross-reference to Table 3.1.

## CAPITAL FACILITIES PROJECTS

The capital facilities program is comprised of approved and unapproved major and medium projects.

Major capital facilities projects have expenditure over \$6m and are subject to Government approval and review by the Joint Standing Committee on Public Works. Medium facilities projects have expenditure between \$250,000 and \$6m. Projects between \$5m and \$6m are subject to Government approval but are not reviewed by the Joint Standing Committee on Public Works. Projects under \$5m are approved by departmental delegates. Details of these projects are provided in this section.

The capital facilities program is designed to give priority to projects that support the Defence Capability Plan, sustain current capability requirements, support other Government initiatives, meet legislative obligations and assist initiatives that support people. A significant proportion of the program funding is directed towards the provision of basic engineering and infrastructure services, either in support of new projects or upgrades to existing facilities.

The 2005-06 Budget provides \$447.1m for the major capital facilities program. Details are shown in Table 3.4 and information is also provided on the major and medium facilities projects foreshadowed for approval in 2005-06.

**Table 3.4: The Major Capital Facilities Program**

	Projected Result 2004-05 \$m	Budget Estimate 2005-06 \$m	Variation 2004-05 to 2005-06 \$m	Forward Estimate 2006-07 \$m	Forward Estimates 2007-08 \$m	Forward Estimates 2008-09 \$m
Approved Capital Facilities Projects	357.3	240.1	-117.2	76.4	8.2	10.0
Unapproved Capital Facilities Projects	-	183.8	183.8	299.9	338.8	332.1
Total Capital	357.3	423.9	66.7	376.4	347.0	342.1
Total Operating	43.0	23.2	-19.8	23.8	25.2	23.6
<b>Total Major Capital Facilities Program<sup>(1)</sup></b>	<b>400.3</b>	<b>447.1</b>	<b>46.9</b>	<b>400.2</b>	<b>372.2</b>	<b>365.7</b>

**Note**

1. Cross-reference to Table 3.1.

### Approved Major Capital Facilities Projects

Table 3.5 provide details on progress and planned expenditure in 2005-06 for major facilities projects, which are those projects which cost over \$6m.



**Table 3.5: Approved Major Capital Facilities Projects by State and Federal Electorate**

<b>Program of Major Works (by State, Federal Electorate and Locality)</b>	<b>Total Estimated Expenditure</b>	<b>Estimated Cumulative Expenditure to 30 June 2005</b>	<b>Budget Estimate 2005-06</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>NEW SOUTH WALES</b>			
<b>Gilmore</b>			
Nowra: HMAS Albatross – Base Redevelopment	110.3	106.7	3.5
<b>Hughes</b>			
Holsworthy: Special Forces Training Facilities	79.6	16.2	50.0
<b>Kingsford Smith</b>			
Randwick: Disposal and Rationalisation – interim works	8.8	4.0	4.5
<b>Macquarie</b>			
Richmond: RAAF Richmond Reinvestment	35.0	24.8	10.2
<b>Parramatta</b>			
Ermington: pre-disposal site works	33.1	14.7	7.5
<b>Paterson</b>			
Williamstown: RAAF Williamstown – Redevelopment Stage 1 and Airborne Early Warning and Control Works	129.2	49.3	27.5
<b>Total New South Wales</b>	<b>396.0</b>	<b>215.7</b>	<b>103.2</b>
<b>VICTORIA</b>			
<b>Melbourne Ports</b>			
Fishermans Bend: relocation of Defence Science and Technology Organisation Platforms Sciences Laboratory	106.2	52.0	20.0
<b>Total Victoria</b>	<b>106.2</b>	<b>52.0</b>	<b>20.0</b>
<b>QUEENSLAND</b>			
<b>Herbert</b>			
Townsville: Lavarack Barracks Redevelopment Stage 3	171.1	164.6	6.5
<b>Total Queensland</b>	<b>171.1</b>	<b>164.6</b>	<b>6.5</b>
<b>SOUTH AUSTRALIA</b>			
<b>Wakefield</b>			
Edinburgh: Defence Science and Technology Organisation Edinburgh – extension to Joint Electronic Warfare Building	19.9	6.8	11.7
<b>Total South Australia</b>	<b>19.9</b>	<b>6.8</b>	<b>11.7</b>
<b>NORTHERN TERRITORY</b>			
<b>Lingiari</b>			
Timber Creek: Bradshaw Field Training Area Infrastructure	64.8	39.3	23.0
<b>Solomon</b>			
Darwin: the 1 <sup>st</sup> Aviation Regiment relocation	82.0	50.2	31.8
<b>Total Northern Territory</b>	<b>146.8</b>	<b>89.5</b>	<b>54.8</b>
<b>TOTAL</b>	<b>840.0</b>	<b>528.6</b>	<b>196.2</b>

## New South Wales

### Nowra – HMAS Albatross – Base Redevelopment

This project replaces existing facilities and services that are beyond economical repair, and includes the redevelopment of the operational and administration support facilities. Major work elements that have been completed include

aircraft support, storage and maintenance facilities, the air traffic control tower, explosive ordnance facilities, training facilities and aircraft pavements. Key elements scheduled for 2005-06 include the construction of a helicopter flight deck procedural trainer where shipboard procedures can be simulated. This project contributes to Navy capability.

#### **Holsworthy – Special Forces Training Facilities**

This project provides specialised ranges and training facilities to support special forces units based at Holsworthy. To date, civil works have been undertaken to prepare for the development of the infrastructure. Key elements scheduled for 2005-06 include construction of ranges and supporting infrastructure. This project contributes to Army and joint capabilities.

#### **Randwick – Disposal and Rationalisation – Interim Works**

This project, which is related to the Defence property disposal program, will allow the disposal of surplus land at Randwick. There has been progressive remediation of the surplus land. A community centre has been constructed in preparation for transfer to the Randwick City Council for community use. Key elements scheduled for 2005-06 include the development of a public environmental park and preparation of a further segment of the property for disposal. The revenue received from the sale of the property will be returned to consolidated revenue.

#### **Richmond – RAAF Richmond – Reinvestment**

This project involves a limited capital reinvestment to address pressing infrastructure deficiencies. The building works associated with the reinvestment project will support the current operations of the Air Lift Group as well as providing an upgrade of the base engineering infrastructure. Construction commenced in June 2004 and will be completed by the end of 2005. Key elements scheduled for 2005-06 include completion of the combined headquarters building, high voltage electrical reticulation and upgrade of the stormwater system. This project contributes to Air Force capability.

#### **Ermington – Pre-Disposal Site Works**

This project involves preparing the Ermington site for disposal. It includes two elements: progressive site filling and stabilisation of the soil, and the installation of infrastructure services which will enable the site to be sold progressively over the coming years. The sale of Stage 1 was achieved on schedule in June 2004. Stage 2 is on the market, and is scheduled to be sold by June 2005. Planning of the site is proceeding in close consultation with the Ermington Residents' Committee. Key elements scheduled for 2005-06 include the completion of Stages 1 and 2 infrastructure services installation, and the disposal of the next sale lot. The revenue received from the sale of the property will be returned to consolidated revenue.

### **Williamtown – RAAF Williamtown – Redevelopment Stage 1 and Airborne Early Warning and Control Works**

This project provides a range of new and redeveloped facilities and infrastructure necessary for the introduction into service of the airborne early warning and control capability at RAAF Williamtown. To date, the No. 2 Squadron Headquarters facilities have been delivered and work has commenced on other elements. Key elements scheduled for 2005-06 include the No. 2 Squadron hangar, pavement and airfield works and engineering services. This project contributes to Air Force capability.

## **Victoria**

### **Fishermans Bend – Relocation of Defence Science and Technology Organisation Platforms Sciences Laboratory**

This project will relocate Defence Science and Technology Organisation functions from Maribyrnong to Fishermans Bend and includes the integration of common functions and the construction of enhanced research and laboratory facilities. To date, an extension to the maritime and aircraft structures testing laboratory has been completed along with construction and partial fit-out of the chemical, biological, radiological, nuclear defence centre building. Key elements scheduled for 2005-06 include commencing construction of a conference centre, continued fitout of the chemical, biological, radiological, nuclear defence centre building and further work to Maritime Platforms Division facilities. This project contributes to Navy, Army and Air Force capabilities.

## **Queensland**

### **Townsville – Lavarack Barracks – Redevelopment Stage 3**

This project provides new working facilities for Army units at Lavarack Barracks. To date, facilities for the 1<sup>st</sup> and 2<sup>nd</sup> Battalions, the Royal Australian Regiment, along with training facilities and some base infrastructure upgrades have been completed. This project will be completed with the handover of the Headquarters 3<sup>rd</sup> Brigade precinct and a dental centre in the second half of 2005. This project contributes to Army capability.

## **South Australia**

### **Edinburgh – Defence Science and Technology Organisation Edinburgh – Extension to Joint Electronic Warfare Building**

This project will provide facilities to support the collocation of electronic warfare activities, and additional space for the software support facilities for a number of different ADF platforms that are, or will shortly be, fitted with electronic warfare equipment. Construction is proceeding on schedule and completion is expected by mid-2006. This project contributes to joint forces capabilities.

## **Northern Territory**

### **Timber Creek – Bradshaw Field Training Area Infrastructure**

This project will provide engineering services and infrastructure to allow the use of Bradshaw as a field training area for the 1<sup>st</sup> Brigade. To date, access has been provided to the training area by the construction of a bridge over the Victoria River and civil works have commenced. Key elements scheduled for 2005-06 include internal access roads, a training force maintenance area, base camp, range control and caretaker facilities. This project contributes to Army capability.

### **Darwin – the 1<sup>st</sup> Aviation Regiment Relocation**

This project will provide new facilities for the relocation to Darwin of the 1<sup>st</sup> Aviation Regiment which is currently dispersed in Darwin, Oakey and Townsville. The project includes purpose-built working, training and domestic accommodation facilities. Construction commenced in April 2004 and will be completed by the end of 2005. This project contributes to Army capability.

## **Approved Project being developed for Private Financing Arrangements**

### **New South Wales**

#### **Eden-Monaro – Headquarters Joint Operations Command (formerly Headquarters Australian Theatre)**

The Headquarters Joint Operations Command Project will collocate the Chief and Deputy Chief of Joint Operations, strategic and joint staffs, and the Component Commanders and their staffs, into Headquarters Joint Operations Command at a site 11 kilometres south west of Bungendore, New South Wales. To date, Government and Parliamentary approval has been received for Defence to invite tenders to deliver the building, infrastructure and services components of the project under private financing arrangements, subject to value for money being demonstrated. Tenders are currently being evaluated and environmental clearance to proceed is being obtained. In 2005-06, the tender evaluation will be presented for the Government's approval, contracts will be finalised and delivery of the project will commence.

The Headquarters will represent an investment at an estimated cost of \$318m (2003-04 outturned prices) in buildings, infrastructure, fit-out, land acquisition, and command, control, communications, computing and information systems.

A traditional (or direct) procurement strategy will be used to acquire, install and maintain the command, control, communications, computing and information systems. This project contributes to Command of Operations capability.

## Major Capital Facilities Projects Foreshadowed for Government and Joint Standing Committee on Public Works Consideration in 2005-06

During 2005-06, Defence expects to present proposals to the Government and then to the Joint Standing Committee on Public Works for a number of facilities projects. Table 3.6 provides details of the proposed major capital projects expected for referral and consideration by the Joint Standing Committee on Public Works in 2005-06.

**Table 3.6: Proposed Major Capital Projects for Parliamentary Consideration in 2005-06**

<b>Program of Major Works (by state, federal electorate and locality)</b>	<b>Referral Date</b>	<b>Indicative Hearing Date</b>
<b>NEW SOUTH WALES</b>		
<b>Hughes</b>		
Holsworthy: Special Operations Working Accommodation and Base Redevelopment Stage 1	May 2005	June/July 2005
<b>VICTORIA</b>		
<b>Jagajaga</b>		
Watsonia: Defence Force School of Signals	October 2005	December 2005
<b>QUEENSLAND</b>		
<b>Blair</b>		
Amberley:		
RAAF Amberley – relocation of 9 <sup>th</sup> Force Support Battalion	June 2005	August 2005
RAAF Amberley – Engineering Services Upgrade	June 2005	August 2005
<b>Forde</b>		
Canungra: Kokoda Barracks Redevelopment	May 2005	June/July 2005
<b>Leichhardt</b>		
Cairns: HMAS Cairns Redevelopment	March 2006	April 2006
<b>SOUTH AUSTRALIA</b>		
<b>Wakefield</b>		
Port Wakefield: Ammunition Facility	February 2005	21 April 2005
<b>NORTHERN TERRITORY</b>		
<b>Solomon</b>		
Darwin:		
Darwin Naval Base – Patrol Boat Facilities	May 2005	June/July 2005
RAAF Darwin Redevelopment Stage 2	February 2006	April 2006
Robertson Barracks – Redevelopment	February 2006	April 2006
<b>OTHER</b>		
<b>Gippsland and Riverina</b>		
East Sale and Wagga Wagga: RAAF College	June 2005	August 2005
<b>Location to be Decided</b>		
Relocation of 171 Aviation Squadron	September 2005	November 2005
Construction of facilities for the multi-role tanker transport aircraft	June 2005	August 2005
<b>MALAYSIA</b>		
RAAF Butterworth: Headquarters Rationalisation	June 2005	August 2005

## **New South Wales**

### **Holsworthy – Special Operations and Working Accommodation and Base Redevelopment Stage 1**

This project combines five project elements: the redevelopment of infrastructure supporting the Holsworthy Barracks area; the delivery of facilities to support the establishment of a full-time Commando capability; the establishment of the Tactical Assault Group (East); facilities for the Incident Response Regiment; and facilities for the establishment of Special Operations Command. The Government has previously approved the four special operations elements and they have been grouped to achieve planning and construction synergies. Construction is expected to commence on high-priority work packages in early 2006 subject to Government and Parliamentary consideration mid-2005. This project contributes to Army and joint capabilities.

## **Victoria**

### **Watsonia – Defence Force School of Signals**

This project will provide new working facilities, improved security arrangements and updated living-in accommodation for the Defence Force School of Signals and the Regional Training Centre at Simpson Barracks, Watsonia. The scope is being refined in a detailed business case to be presented for Government approval in late 2005. Subject to approval, construction is expected to commence in mid-2006 and be completed in 2008. This project contributes to Army, Navy and Air Force capabilities.

## **Queensland**

### **Amberley – RAAF Amberley – Relocation of 9<sup>th</sup> Force Support Battalion**

This project will provide new working accommodation for the relocation of 9<sup>th</sup> Force Support Battalion elements to RAAF Amberley. The works to support the relocation of this Army unit include workshops, administration buildings, hardstands and vehicle shelters. Subject to approval, construction is scheduled to commence in early 2006 with target completion in late 2007. This project contributes to Army capability.

### **Amberley – RAAF Amberley – Engineering Services Upgrade**

This project will upgrade trunk engineering services at RAAF Amberley. Works will include refurbishment and upgrading of the electrical reticulation, trunk communications, water, stormwater, and sewerage infrastructure. Subject to approval, construction of priority works packages should commence in late 2005 with target completion in mid-2008. This project contributes to Air Force capability.

### **Canungra – Redevelopment of Kokoda Barracks (formerly Canungra Army Base Redevelopment)**

This project will provide upgraded training and mess facilities, working accommodation, and living-in accommodation for the Army training units located at Kokoda Barracks, Canungra. The project also includes the upgrading of infrastructure services. Subject to approval, construction is scheduled to commence in late 2005 with target completion in late 2007. This project contributes to Army capability.

### **Cairns – HMAS Cairns – Redevelopment**

This project will provide a combination of new and refurbished facilities to accommodate a full range of operational and support functions at HMAS Cairns including appropriate berthing space and shore services to accommodate all vessels to be home-ported at HMAS Cairns. The proposed facilities will also enable HMAS Cairns to provide support for all Navy vessels operating in Far North Queensland and the Armidale-class patrol boat as it is introduced into service. Subject to approval, construction is expected to commence in late 2006 with target completion in late 2010. This project contributes to Navy capability.

## **South Australia**

### **Port Wakefield – Port Wakefield Ammunition Facility**

This project will provide a new facility for the breakdown and analysis of medium to heavy weight ammunition and ordnance. The project will deliver buildings and supporting infrastructure with associated upgrades to security and range control facilities. Subject to Parliamentary consideration (outcome pending at time of publication), tendering for a contractor should proceed imminently with target completion late 2006. This project contributes to Navy, Army and Air Force capabilities.

## **Northern Territory**

### **Darwin – Darwin Naval Base – Patrol Boat Facilities**

This project will provide upgraded facilities at the Darwin Naval Base for the new Armidale-class patrol boats. Subject to approval, construction is expected to commence in early 2006 and will be completed in stages to allow the continued operation of the naval base and support the introduction into service of the Armidale-class patrol boat. The project is due for completion by the end of 2006. This project contributes to Navy capability.

### **Darwin – RAAF Darwin Redevelopment Stage 2**

This project will provide upgrades to existing facilities including fuel farms, workshops, fitness centre, airfield lighting and a new logistics headquarters. The scope is still being refined in a detailed business case to be presented for Government approval in late 2005. Subject to approval, construction is expected

to commence in early 2007 and to be completed in late 2008. This project contributes to Air Force capability.

### **Darwin – Robertson Barracks Redevelopment**

This project will provide new and upgraded facilities for training, emergency response, working accommodation and equipment support. The scope is still being refined in a detailed business case to be presented for the Government's approval in late 2005. Subject to approval, construction is expected to commence in early 2007 and will be completed in stages. The target completion date is late 2008. This project contributes to Army capability.

### **Other**

#### **East Sale and Wagga Wagga – RAAF College**

This project will relocate the RAAF College from RAAF Base Williams (Point Cook, Victoria) and RAAF Base Edinburgh in South Australia to RAAF Base East Sale in Victoria and RAAF Base Wagga in New South Wales. The project will provide working, training and living-in accommodation for headquarters, administrative staff and students. Subject to approval, construction is planned to commence in late 2005 with a completion target of late 2008. This project contributes to Air Force capability.

### **Location Yet to be Decided**

#### **Re-location of 171 Aviation Squadron**

This project will relocate 171 Aviation Squadron from Townsville to a southern base in the vicinity of Sydney. The scope is still being refined in a detailed business case to be presented for Government approval in mid-2005. Subject to approval, construction is expected to commence in 2006 and be complete by late 2008. This project contributes to Army capability.

#### **Construction of Facilities for the Multi-Role Tanker Transport Aircraft (formerly Construction of Air-to-Air Refuelling Facilities)**

This project will provide facilities to support the relocation of the ADF's air-to-air refuelling capability and to support the introduction of the new multi-role tanker transport aircraft to be delivered under the ADF's air refuelling capability project. The works for the multi-role tanker transport aircraft include construction of administration buildings, airfield pavement upgrades, maintenance facilities and the provision of hydrant refuelling. Subject to approval, construction is scheduled to commence in late 2005, with target completion in early 2008. This project contributes to Air Force capability.

### **Malaysia**

#### **Butterworth – Australian Defence Force Headquarters Rationalisation**

This project will replace working accommodation for ADF units at Butterworth. Subject to approval, construction is expected to commence in early 2006 and be



complete by late 2006. This project contributes to Army and Air Force capability.

## Other Major Capital Facilities Projects foreshadowed for 2005-06

### Defence Site Platypus Contamination Remediation

The Government announced in 2004 that the site of the former HMAS Platypus in Neutral Bay, Sydney, New South Wales, will be transferred to the Sydney Harbour Federation Trust for conservation for future generations. As part of this agreement, contamination remediation works at this site will be funded by Defence.

## Approved Medium Capital Facilities Projects

Table 3.7 provides details of expenditure in 2005-06 for medium capital facilities projects. Medium facilities projects are those expected to cost between \$250,000 and \$6m.

**Table 3.7: Approved Medium Capital Facilities by State and Federal Electorate**

Program of Medium Works (by State, Federal Electorate and Locality)	Total Estimated Expenditure \$'000	Estimated Cumulative Expenditure to 30 June 2005 \$'000	2005-06 Budget Estimate \$'000
<b>NEW SOUTH WALES</b>			
<b>Lindsay</b>			
Orchard Hills: Encanister-Decanister Facility	4,500	2,700	1,800
<b>Macquarie</b>			
RAAF Richmond: Fuel Farm Upgrade	4,640	3,960	600
<b>Paterson</b>			
RAAF Williamtown:			
Hornet Upgrade Facilities	800	500	300
Tactical Air Defence Radar System Vehicle Shelters	1,000	700	300
<b>Sydney</b>			
Garden Island: Navy Heritage Centre	5,500	3,500	2,000
<b>Total New South Wales</b>	<b>16,440</b>	<b>11,360</b>	<b>5,000</b>
<b>VICTORIA</b>			
<b>Corio</b>			
Geelong: construction of Army Multi-User Depot	4,250	200	3,750
<b>Gippsland</b>			
East Sale: East Sale Childcare Centre	3,564	3,000	500
<b>Indi</b>			
Latchford Barracks: Weapons Training Simulation System	1,600	750	850
<b>Lalor</b>			
RAAF Williams:			
Defence International Training Centre	2,440	300	2,100
RAAF Band Training and Rehearsal Facility	4,100	50	2,000
<b>McEwen</b>			
Puckapunyal:			
Australian Light Armoured Vehicle Mission Essential Training Facility	3,560	2,850	700
Regional Training and Simulation Centre	2,200	300	1,125
<b>Total Victoria</b>	<b>21,714</b>	<b>7,450</b>	<b>11,025</b>

## Chapter Three

### QUEENSLAND

#### Brisbane

##### Enoggera:

Bushmaster Critical Infrastructure Upgrade (formerly the critical infrastructure upgrade) <sup>(1)</sup>	3,200	920	2,139
Australian Light Armoured Vehicle workshops	4,500	2,400	1,500

#### Groom

Oakey: Museum of Australian Army Flying	1,600	1,000	500
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#### Herbert

##### Lavarack Barracks:

Helicopter Underwater Escape Training Facility	2,200	500	1,735
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Combat Training Centre – Live Simulation, Range Instrumentation and Information System

Maintenance and Storage Facility	2,800	1,800	1,000
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RAAF Townsville: Base Training and Support Facility	5,300	300	4,700
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#### Kennedy

Townsville: Field Training Area Air Weapons Range	4,200	300	3,600
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<b>Total Queensland</b>	<b>23,800</b>	<b>7,220</b>	<b>15,174</b>
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### SOUTH AUSTRALIA

#### Wakefield

Edinburgh: Aircraft Signature Turntable	1,600	930	670
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<b>Total South Australia</b>	<b>1,600</b>	<b>930</b>	<b>670</b>
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### WESTERN AUSTRALIA

#### Brand

Garden Island: HMAS Stirling Wharf Services Upgrade	5,850	4,300	1,400
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#### Curtin

Irwin Barracks: Weapons Training Simulation System	1,600	750	850
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<b>Total Western Australia</b>	<b>7,450</b>	<b>5,050</b>	<b>2,250</b>
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### NORTHERN TERRITORY

#### Lingiari

Bathurst Island: radar facilities	5,800	4,150	1,500
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Katherine: RAAF Tindal Advanced Medium Range

Air-to-Air Missile Secure Facility / Advanced Short			
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Range Air-to-Air Missile Secure Facility	1,610	1,000	600
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#### Solomon

##### Darwin:

Darwin Naval Base – Wharf Upgrade for Patrol

Boats	5,530	1,700	3,800
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Married Quarters Electrical Upgrade	4,850	4,250	600
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Special Operations Forward Mounting Facility <sup>(1)</sup>	2,500	-	2,500
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<b>Total Northern Territory</b>	<b>20,290</b>	<b>11,100</b>	<b>9,000</b>
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### AUSTRALIAN CAPITAL TERRITORY

#### Fraser

Canberra: Federation Guard facilities	4,200	2,800	800
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<b>Total Australian Capital Territory</b>	<b>4,200</b>	<b>2,800</b>	<b>800</b>
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<b>TOTAL</b>	<b>95,494</b>	<b>45,910</b>	<b>43,919</b>
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#### Note

- Regionally delivered medium capital works.

## Proposed Medium Capital Projects for Consideration in 2005-06

Table 3.8 lists new medium capital facilities projects (costing between \$250,000 and \$6m) foreshadowed for consideration in 2005-06.

### **Table 3.8: Proposed Medium Capital Projects for Consideration in 2005-06**

#### **Program of Medium Works (State, Federal Electorate and Locality)**

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##### **NEW SOUTH WALES**

###### **Hughes**

Holsworthy:

- Defence Police Training Centre
- Childcare Centre

###### **North Sydney**

HMAS Waterhen: relocation of Mine Warfare and Clearance Divers Systems Program Office

###### **Paterson**

RAAF Williamtown:

- Air Defence Ground Environment / Air Traffic Control System Program Office
- Aircraft Wash Facilities

##### **VICTORIA**

###### **McEwen**

Puckapunyal: tank facilities

##### **WESTERN AUSTRALIA**

###### **Brand**

HMAS Stirling:

- Guided Weapons In-Service Support Facility (formerly Joint Ammunition Logistics Organisation West – Working Accommodation)
- Light Weight Torpedo facilities
- Submarine Software Systems Group
- Submarine Land Based Test Facility
- Anzac Ship Support Centre Expansion for Anti-Ship Missile Defence
- Navy Personnel and Training Centre (West)

###### **Kalgoorlie**

Taylor Barracks: trainee accommodation

##### **NORTHERN TERRITORY**

###### **Lingiari**

Delamere: radar facilities

Mount Bundy: military operations in urban terrain

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## OTHER CAPITAL PURCHASES

Other capital purchases consist of Minor Capital Equipment projects, purchase of repairable items and Other Plant and Equipment which exceeds the asset capitalisation threshold of \$10,000 (for grouped assets, \$50,000) but are not designated minor capital projects. Minor capital projects cover new equipment, modifications to existing equipment or enhancements to new equipment, and are generally valued at between \$250,000 and \$20m. Minor projects costing between \$8m and \$20m are approved jointly by the Ministers for Defence and Finance and Administration. Projects costing below \$5m are approved by the Service Chiefs and Group Heads, or their nominated delegates.

Repairable items are items such as engines, gearboxes, and components of platforms which are acquired as others wear out or become unserviceable.

Other capital equipment includes capitalisation of tangible assets costing more than \$10,000. This includes other projects, plant and equipment, software and intangibles.

Defence plans to spend \$613.3m on other capital purchases in 2005-06, which is \$25.7m less than the projected result in 2004-05. Details are shown in Table 3.9 and information on the variations follows.

**Table 3.9: Other Capital Purchases Budget**

Group/Item Description	Projected Result 2004-05	Budget Estimate 2005-06	Variation 2004-05 to 2005-06	Forward Estimates 2006-07	Forward Estimates 2007-08	Forward Estimates 2008-09
	\$m	\$m	\$m	\$m	\$m	\$m
Minor Capital	180.3	170.9	-9.4	203.1	192.7	216.7
Repairable Items	247.8	252.4	4.6	207.4	185.7	124.3
Other Plant and Equipment	257.6	159.4	-98.3	132.9	139.7	147.8
<b>Total Other Capital<sup>(1)</sup></b>	<b>685.7</b>	<b>582.7</b>	<b>-103.0</b>	<b>543.5</b>	<b>518.1</b>	<b>488.8</b>

**Note**

1. Cross-reference to Table 3.1.

### **Minor Capital (-\$9.4m)**

The variation of -\$9.4m relates to changes in the number, value and schedule across a wide range of minor projects.

### **Repairable Items (+\$4.6m)**

The variation relates to changes in quantities of repairable items and reclassification of expenditure associated with purchasing additional repairable items, following decisions to buy new items rather than pursue uneconomical repairs.

**Other Property, Plant and Equipment (-\$98.3m)**

The variation relates primarily to the reclassification of the Defence Materiel Organisation's other property, plant and equipment budget which will be paid to the Defence Materiel Organisation as a Suppliers Expense under Material Support Agreements from 1 July 2005.

## CAPITAL RECEIPTS

The Capital Receipts Program comprises proceeds from property sales which are returned to the Government in the form of equity and proceeds from the sale of specialist military equipment and Other Plant and Equipment items which are retained by Defence. Details are shown in Table 3.10.

**Table 3.10: Capital Receipts Budget**

Group/Item Description	Projected Result	Budget Estimate	Variation 2004-05 to 2005-06	Forward Estimates 2006-07	Forward Estimates 2007-08	Forward Estimates 2008-09
	2004-05 \$m	2005-06 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Property Sales</b>						
Proceeds from the sale of land and buildings	76.2	88.6	12.4	-	-	-
Less Capital withdrawal (DoFA requirement)	61.8	70.2	8.4	-	-	-
Proceeds retained by Defence <sup>(1)</sup>	14.4	18.4	4.0	-	-	-
Proceeds from sale of Specialist Military Equipment	5.8	-	-5.8	-	-	-
Proceeds from sale of other property, plant and Other equipment	60.7	6.5	-54.2	5.8	5.1	4.4
<b>Net Capital Receipts<sup>(2)</sup></b>	<b>80.9</b>	<b>24.9</b>	<b>-56.0</b>	<b>5.8</b>	<b>5.1</b>	<b>4.4</b>

**Note**

1. Proceeds retained by Defence to fund property sale costs.
2. Cross-reference to Table 3.1.

The variation in proceeds from sale of Other Property, Plant and Equipment relates primarily to the sale of commercial vehicles, which from 1 July 2005 will be reflected on the Defence Materiel Organisation's balance sheet.