

DEFENCE

CHAPTER THREE

CAPITAL INVESTMENT

PROGRAM

OVERVIEW

DEFENCE CAPABILITY PLAN

**THE APPROVED MAJOR CAPITAL EQUIPMENT
PROGRAM**

CAPITAL FACILITIES PROJECTS

OTHER CAPITAL PURCHASES

CAPITAL RECEIPTS

OVERVIEW

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.

As well as capital expenditure which is reported in Defence's Capital Budget Statement (Table 7.5 in Chapter Seven – Budgeted Financial Statements), the Capital Investment Program includes elements of the operating budget where these funds relate to the development, progression and acquisition of capital equipment projects. Under the Australian Accounting Standards, Defence is required to expense certain investment costs such as research and development, project studies, design work, specialist and professional advice and project office overheads in the Statement of Income and Expenses, rather than capitalise them in the balance sheet.

As a consequence, and to make all investment expenditure transparent, both the capital and operating elements of the investment program are presented here for completeness. The investment program for 2006-07 totals \$5,731.0m, including \$645.8m in operating funds, as summarised in Table 3.1.

Table 3.1: 2006-07 Capital Investment Program Incorporating Forward Estimates

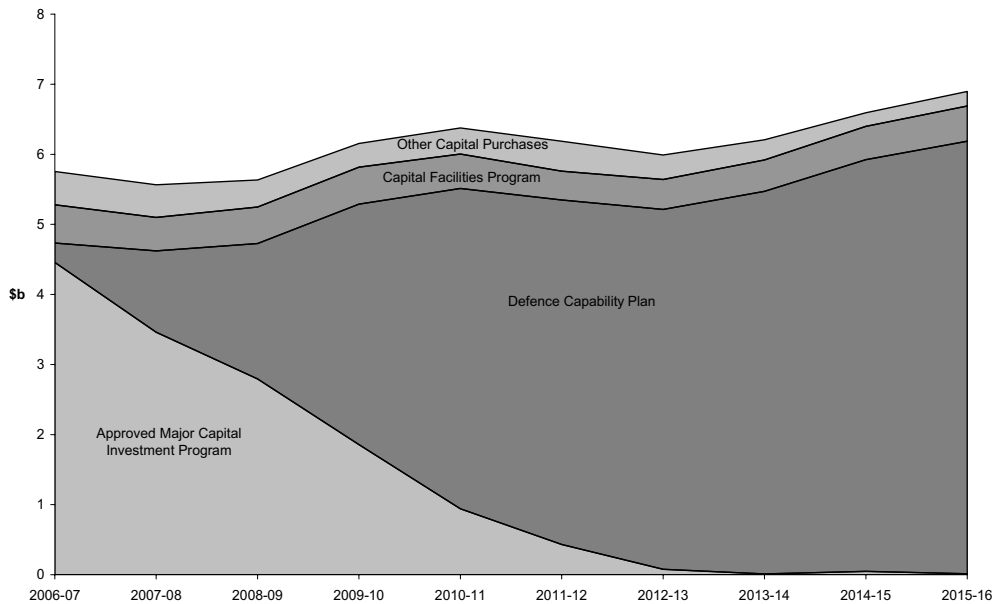
Group/Item Description	Estimated Actual	Budget Estimate	Variation 2005-06 to	Forward Estimates	Forward Estimates	Forward Estimates
	2005-06 \$m	2006-07 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Capital	0.0	155.6	155.6	881.4	1,669.0	2,973.1
Operating	14.4	121.8	107.4	278.9	265.4	459.3
Sub total Defence Capability Plan⁽¹⁾	14.4	277.4	263.0	1,160.3	1,934.4	3,432.4
Capital	2,812.4	3,965.8	1,153.4	3,153.7	2,582.6	1,728.7
Operating	526.7	491.8	-34.9	308.5	210.1	127.7
Sub total Approved Major Capital Program⁽²⁾	3,339.1	4,457.6	1,118.5	3,462.2	2,792.7	1,856.4
Capital	305.3	459.1	153.8	428.9	382.7	335.4
Operating	41.3	32.2	-9.1	33.9	32.2	32.8
Sub total Capital Facilities⁽³⁾	346.6	491.3	144.7	462.8	414.9	368.2
Other Capital	788.7	527.9	-260.8	479.4	491.8	499.5
Total Capital Component	3,906.4	5,108.4	1,202.0	4,943.4	5,126.1	5,536.7
Total Operating Component	582.4	645.8	63.4	621.3	507.7	619.8
Total Capital Investment Program	4,488.8	5,754.2	1,265.4	5,564.7	5,633.8	6,156.5
Net Capital Receipts⁽⁴⁾	-24.9	-23.2	1.7	-22.5	-21.8	-4.6
Total Capital	4,463.9	5,731.0	1,267.1	5,542.2	5,612.0	6,151.9

Notes

1. See Table 3.2 and Table 3.3 for Major Defence Capability Projects to be considered in 2006-07.
2. Does not include projects recently approved by Government. See further details at Table 3.4.
3. See further details at Table 3.5.
4. See further details at Table 3.10.

Including the three per cent increase in Defence Capability Plan funding beyond 2010-11 which was agreed as part of the 2006-07 Budget, and other new measures announced in the Budget, including the acquisition of C-17 Heavy Lift aircraft, Defence is planning to spend \$61 billion over ten years on the Investment Program as depicted in Chart 3.1. Expenditure on investment will grow from \$4.5 billion in 2005-06 to \$6.9 billion by 2015-16, representing an increase of \$2.4 billion or 53 per cent in nominal terms.

Chart 3.1: Defence Capital Investment Program 2006-07 to 2015-16



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 and was reviewed and revised and as part of the 2006-07 Budget, having regard for the Defence Update 2005. A public version of the *Defence Capability Plan 2006-16* is to be released in June 2006.

Since the Defence White Paper was announced in 2000, the Government has approved around 150 major projects or phases of projects with an all-up cost of approximately \$26 billion. Further projects will be considered by the Government in 2006-07.

Tables 3.2 and 3.3 provide details of the projects to be considered in 2006-07, against which Defence is planning to spend \$277.4m in the coming financial year.

Table 3.2: Defence Capability Plan Projects to be Considered for Second Pass Approval in 2006-07⁽¹⁾⁽²⁾

Project Number	Project Title
Maritime Forces Capability Goal	
AIR 5276 Phase 8B	AP-3C Electronic Support Measure - Acquisition
AIR 5276 CAP 1	AP-3C Capability Assurance Program
JP 2048 Phases 4A/4B	Amphibious Deployment and Sustainment ⁽³⁾
SEA 1428 Phase 4	Evolved Seasparrow Missiles
SEA 4000 Phase 3	Air Warfare Destroyer
Air Combat Capability Goal	
AIR 5376 Phase 2.3C	F/A-18 Electronic Warfare Self Protection – Jammers ⁽³⁾
Land Forces Capability Goal	
LAND 58 Phase 3	Weapon Locating Radar Life of Type Extension
LAND 121 Phase 3A	Overlander-Field Vehicles & Trailers
LAND 121 Phase 3B	Overlander-Field Vehicles & Trailers
LAND 125 Phase 3	Soldier Enhancement Version 2
Networked Information Capability Goal	
JP 126 Phase 2	Joint Theatre Distribution System
JP 2030 Phase 8	ADF Joint Command Support Environment
JP 2077 Phase 2B	Improved Logistics Information Systems
JP 2089 Phase 2	Tactical Information Exchange Domain (Data Links)
JP 2090 Phase 1C	Combined Information Environment

Notes

1. Capability and Technology Demonstrator projects, Project Development activities and some sensitive projects are not included in the list.
2. Defence will only progress these projects to Government approval if quality decision data can be provided (as required by the *Defence Procurement Review 2003* (the Kinnaid Review)).

3. These projects were listed for approval in the *Portfolio Budget Statements 2005-06* (p. 70). With the exception of AIR 5376 Phase 2.3C, these projects obtained first-pass approval and will be considered for second-pass approval in this period.

Table 3.3: Significant DCP Projects to be Considered for First Pass Approval in 2006-07⁽¹⁾⁽²⁾

Project Number	Project Title
Maritime Forces Capability Goal	
AIR 9000 Phase 3	Seahawk Mid-life Upgrade and Life Extension
AIR 9000 Phase 7A	Navy Helicopter Training System
SEA 1439 Phase 5B.2A	Collins Continuous Improvement Program
Air Combat Capability Goal	
AIR 6000 Phase 2A/2B	New Aerospace Combat Capability
Land Forces Capability Goal	
AIR 8000 Phase 1	C-130H Refurbishment/ Replacement
AIR 8000 Phase 2	Battlefield Airlifter
LAND 146 Phase 2	Combat Identification for Land Forces
LAND 53 Phase 1BR	NINOX - Night Fighting Equipment Replacement
Networked Information Capability Goal	
JP 5408 Phase 3	ADF Navigation Warfare Capability
JP 2077 Phase 2D	Improved Logistics Information Systems
Strike Capability Goal	
JP 2097 Phase 1	REDFIN - Enhancements to Special Operations Capability
Across All Capability Goals	
JP 2085 Phase 2	Explosive Ordnance Warstock

Notes

1. Project development activities and some sensitive projects are not included in the list.
2. Defence will only progress these projects to Government approval if quality decision data can be provided (as required by the *Defence Procurement Review 2003* (the Kinnaird review)).

THE APPROVED MAJOR CAPITAL EQUIPMENT PROGRAM

The approved major capital equipment program is comprised of those projects funded from the Defence Capability Plan and which, following approval, are transferred from the Defence Capability Plan to the Defence Materiel Organisation (DMO) for the acquisition phase. The Cabinet approval threshold is \$50m. Projects costing between \$8m and \$50m are approved jointly by the Minister for Defence and the Minister for Finance and Administration.

Funding for approved major capital equipment projects, including project management and overhead costs, is provided by Defence to the DMO under separate Materiel Acquisition Agreements for each project.

As an enabling organisation to Defence, the DMO contributes to Defence's outcomes and outputs. The DMO budget is detailed separately in the DMO's Chapter Three - Planned Outcome Performance, including an overview of the top 30 projects.

A summary of the total approved major capital equipment program, including the small elements managed by the Chief of Capability Development and the Defence Science and Technology Organisation, is shown in Table 3.4.

Table 3.4: The Approved Major Capital Equipment Program

	2006-07 Budget	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m
Top 30 Project Gross Plans	3,978	3,053	2,477	1,810
Other Projects Gross Plans	876	710	475	245
Sub-total Gross Capital Program	4,854	3,763	2,952	2,055
Programming Adjustment/Slippage	-426	-314	-161	-200
Subtotal DMO Managed Element	4,428	3,449	2,791	1,855
Capability Development Group	12	-	-	-
Defence Science and Technology Organisation	17	13	2	1
Other Defence Groups	1	-	-	-
Total Net Major Capital Program⁽¹⁾	4,458	3,462	2,793	1,856

Note

1. Cross references to Table 3.1.

CAPITAL FACILITIES PROJECTS

The capital facilities program comprises 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 Statutory 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 Statutory 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 2006-07 Budget provides \$491.3m for major and medium capital facilities projects. The Major Capital Facilities Projects are detailed below, and the Medium Capital Facilities Projects can be found on page 76. Details are shown in Table 3.5 and information is also provided on the major and medium facilities projects foreshadowed for approval in 2006-07.

Table 3.5: The Major Capital Facilities Program

	Estimated Actual 2005-06 \$m	Budget Estimate 2006-07 \$m	Variation 2005-06 to 2006-07 \$m	Forward Estimate 2007-08 \$m	Forward Estimates 2008-09 \$m	Forward Estimates 2009-10 \$m
Approved Capital Facilities Projects	305.3	425.7	120.4	360.1	126.3	17.0
Unapproved Capital Facilities Projects	-	33.4	33.4	68.8	256.4	318.4
Total Capital	305.3	459.1	153.8	428.9	382.7	335.4
Total Operating	41.3	32.2	-9.1	33.9	32.2	32.8
Total Major Capital Facilities Program ⁽¹⁾	346.6	491.3	144.7	462.8	414.9	368.2

Note

1. Cross reference to Table 3.1.

APPROVED MAJOR CAPITAL FACILITIES PROJECTS

Table 3.6 provides details on progress and planned expenditure in 2006-07 for approved major capital facilities projects, which are those projects which cost over \$6m.

Table 3.6: Approved Major Capital Facilities Projects by State and Federal Electorate

Program of Major Works (by State, Federal Electorate and Locality)	Total Estimated Expenditure (1)	Estimated Cumulative Expenditure to 30 June 2006	Budget Estimate 2006-07
	\$m	\$m	\$m
NEW SOUTH WALES			
Hughes			
Holsworthy:			
Special Forces Training Facilities	79.6	68.5	11.1
Special Operations Working Accommodation and Base Redevelopment Stage 1	207.7	7.6	62.4
171 Aviation Squadron Relocation	92.0	2.0	33.4
Kingsford Smith			
Randwick: Disposal and Rationalisation – Interim works	8.8	2.0	6.6
Macquarie			
Richmond: RAAF Richmond Reinvestment	35.0	31.8	1.0
Parramatta			
Ermington: Pre-Disposal Site Works	33.1	21.6	7.5
Paterson			
Williamtown: RAAF Williamtown – Redevelopment Stage 1 and Airborne Early Warning and Control Works	129.2	95.9	15.0
Riverina			
RAAF Wagga: College Relocation ⁽²⁾	66.7	5.0	30.0
Total New South Wales	652.1	234.4	167
VICTORIA			
Melbourne Ports			
Fishermans Bend: Relocation of Defence Science and Technology Organisation Platforms Sciences Laboratory ⁽³⁾	106.3	62.6	35.0
Gippsland			
RAAF East Sale: College Relocation ⁽¹⁾	66.7	5.0	31.0
Total Victoria	172.9	67.6	66.0
QUEENSLAND			
Blair			
Amberley: RAAF Amberley Redevelopment Stage 2	285.6	25.0	161.4
Forde			
Canungra: Kokoda Barracks Redevelopment	86.7	16.0	45.0
Total Queensland	372.3	41.0	206.4

Program of Major Works (by State, Federal Electorate and Locality)	Total Estimated Expenditure	Estimated Cumulative Expenditure to 30 June 2006	Budget Estimate 2006-07
SOUTH AUSTRALIA			
Wakefield			
Port Wakefield: Ordnance Breakdown Facility	8.4	5.0	3.4
Total South Australia	8.4	5.0	3.4
NORTHERN TERRITORY			
Lingiari			
Timber Creek: Bradshaw Field Training Area Infrastructure	64.8	60.1	4.7
Solomon			
Darwin: 1 st Aviation Regiment Relocation	82.0	79.6	2.4
Darwin: Darwin Naval Base – Patrol Boat Facilities	19.2	3.4	13.9
Total Northern Territory	166.0	143.1	21.0
Programming Adjustment / Slippage	-	-	-53.9
TOTAL	1,371.7	491.1	409.9

Notes

1. Figures may not add due to rounding.
2. The RAAF College Relocation Wagga / East Sale budget of \$133.4m covers both locations, i.e. RAAF East Sale and RAAF Wagga. The individual project budgets are anticipated budgets.
3. Defence Science and Technology Organisation Platforms Sciences Laboratory is now known as DSTO Melbourne.

New South Wales**Holsworthy – Special Forces Training Facilities**

This project provides specialised ranges and training facilities to support special forces units based at Holsworthy. Key elements scheduled for 2006-07 include completion of the majority of the ranges and supporting infrastructure. Completion of the project is scheduled for mid-2007.

This project contributes to Army and Special Operations capabilities.

Holsworthy – Special Operations Working Accommodation and Base Redevelopment Stage 1

This project provides facilities to support a full-time Commando capability; the Tactical Assault Group (East); the Incident Response Regiment; and Special Operations Command elements, along with the supporting upgrade of base infrastructure. Key elements scheduled for 2006-07 are civil works, building construction and base infrastructure upgrades. A contract for the major element of the works was let in April 2006 with completion scheduled for mid-2009.

This project contributes to Army and Special Operations capabilities.

Holsworthy – 171 Aviation Squadron Relocation

This project will relocate 171 Aviation Squadron from Townsville to Holsworthy. The project was approved by Parliament in February 2006. Key elements scheduled for 2006-07 include the delivery of interim facilities and commencing construction of permanent facilities. Construction is scheduled for completion by mid-2008.

This project contributes to Army and Special Operations 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. A key element scheduled for 2006-07 is the development of a public environmental park. The negotiation for the scope of this work and its design was completed in 2005-06 and the construction will be undertaken in 2006-07. Preparation of a further segment of the property for disposal is being progressed. 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. Key elements scheduled for 2006-07 include completion of the high voltage electrical reticulation and upgrade of the stormwater system. This project is scheduled for completion in late 2006.

This project contributes to Air Force capability.

Ermington – Pre-Disposal Site Works

This project involves preparing the Ermington site for disposal. Key elements scheduled for 2006-07 include the sale of Stage 2 as one 18 hectare lot. Formerly Stage 2 (five hectare lot) failed to sell due to poor market conditions. Stage 1 sales contract obligations were delayed due to finalisation of asset transfers. Completion of Stage 1 is scheduled for late 2006 and completion of Stage 2 works is scheduled for late in 2006-07.

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. A key element scheduled for 2006-07 is the ordnance loading apron. This project is scheduled for completion in mid-2007.

This project contributes to Air Force capability.

New South Wales and Victoria

RAAF College Relocation – East Sale and Wagga

This project will relocate the RAAF College from RAAF Williams (Point Cook) and RAAF Edinburgh to RAAF East Sale and RAAF Wagga. The project will provide working accommodation, training facilities, and living-in accommodation for college staff and students. Construction commenced in April 2006 and is expected to be completed in mid-2008.

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. Key elements scheduled for 2006-07 include the construction of a conference centre, continued fit-out of the Human Protection and Performance Division building and further work to the Maritime Platforms Division facilities.

This project contributes to Navy, Army and Air Force capabilities.

Queensland

Amberley – RAAF Amberley Redevelopment Stage 2

This project will provide new facilities to support the relocation of 9th Force Support Battalion and the multi role tanker transport aircraft to RAAF Amberley and will include upgrading the base's trunk engineering services. The works to support the relocation of 9th Force Support Battalion include workshops, administration buildings, hardstands and vehicle shelters. 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. The engineering services works will include refurbishment and upgrading of the electrical reticulation, trunk communications, water, stormwater, and sewerage infrastructure. Construction commenced in March 2006 and the project has a revised target completion date of late 2007.

This project contributes to Army and Air Force capability.

Canungra – Kokoda Barracks 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. Construction commenced in December 2005 and the project has a target completion date of late 2007.

This project contributes to Army capability.

South Australia

Port Wakefield Ordnance Breakdown Facility

This project will provide a new facility for the breakdown and analysis of ammunition and ordnance. The project will deliver buildings and supporting infrastructure, with associated upgrades to security and range control facilities, and is expected to be completed by the end of 2006.

This project contributes to Navy, Army and Air Force 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 1st Brigade. Civil works were completed in November 2005. Building works have commenced on a training force maintenance area, base camp, range control and caretaker facilities. Building works are due for completion in mid-2006.

This project contributes to Army capability.

Darwin – 1st Aviation Regiment Relocation

This project will provide new facilities for the 1st Aviation Regiment at Robertson Barracks in Darwin and includes purpose-built working, training and domestic accommodation facilities. Six of the seven construction packages are complete. The final package, consisting of the simulator building and military instruction block, is due for completion in September 2006. There have been minor delays to the completion date caused by changes in work sequencing.

This project contributes to Army capability.

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. Construction commenced in early 2005 and is being completed in stages to allow for the continuing operation of the naval base and to support the staged introduction of the Armidale-class patrol boat into service. Due to delays in contracting opportunities and the building cycle, the revised project completion date is late 2007.

This project contributes to Navy capability.

APPROVED PROJECTS 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 bring together the Chief of Joint Operations and strategic staff located in Canberra with the Sydney-based Deputy Chief of Joint Operations, joint staff and operations, plans, intelligence, logistics, personnel and other staffs of the environmental Commands into an integrated staff structure at a headquarters facility to be constructed approximately 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. In late 2005, the tenderers were invited to revise their tender responses to meet the reduction in staff required at the new headquarters flowing from the recent review of Australian Defence Force higher command and control arrangements.

Development approval under the *Environment Protection and Biodiversity Conservation Act 1999* has been obtained. The recommendation of the preferred tenderer will be considered by the Government in the second quarter of 2006, to be followed by contract finalisation, financial close and then commencement of the project.

The Headquarters will represent an investment at an estimated cost of \$339.2m (2006-07 outturned prices) in buildings, infrastructure, fit-out, land acquisition, and command, control, communications, computing and intelligence systems.

A traditional (or direct) procurement strategy will be used to acquire, install and maintain the command, control, communications, computing and intelligence systems.

This project contributes to Command of Operations capability.

Holsworthy – Project Single Living Environment and Accommodation Precinct (Single LEAP)

In the 2004-05 budget, the Government announced funding of \$113.2m over the following four financial years, and a commitment of ongoing funding thereafter, to remediate the worst of the permanent single members' living-in accommodation around Australia, potentially through public-private partnership arrangements. Defence is now seeking to engage a strategic partner(s) to deliver a whole-of-life accommodation service over a 25 to 30-year

contractual period. The highest priority sites for Phase 1 are Holsworthy, Amberley and Enoggera.

The Holsworthy project seeks to engage a strategic partner to provide a living-in accommodation service for 500 rooms at Holsworthy. Tenders for all Phase 1 sites have been invited to design, construct, maintain and operate the accommodation under private financing arrangements, subject to value-for-money being demonstrated. In 2006-07, the tender evaluation will be presented for the Government's approval of the preferred strategic partner for Phase 1. Contract signature and financial close is anticipated in February 2007, with occupation of the Holsworthy site by July 2008.

This project contributes to Army capability.

Queensland

Enoggera – Project Single Living Environment and Accommodation Precinct (Single LEAP)

The Enoggera project seeks to engage a strategic partner to provide a living-in accommodation service for 500 rooms at Enoggera. Contract signature and financial close is anticipated in February 2007, with occupation of the site by March 2009.

This project contributes to Army capability.

RAAF Amberley– Project Single Living Environment and Accommodation Precinct (Single LEAP)

The RAAF Amberley project seeks to engage a strategic partner to provide a living-in accommodation service for 295 rooms at RAAF Amberley. Contract signature and financial close is anticipated in February 2007, with occupation of the Amberley site by July 2008.

This project contributes to Army and Air Force capability.

STATUS OF MAJOR CAPITAL FACILITIES PROJECTS FORESHADOWED FOR GOVERNMENT AND JOINT STATUTORY COMMITTEE ON PUBLIC WORKS CONSIDERATION IN 2006-07

During 2006-07, Defence expects to present proposals to the Government and then to the Joint Statutory Committee on Public Works for a number of facilities projects. Table 3.7 provides details of the proposed major capital projects in development and expected for referral and consideration by the Joint Statutory Committee on Public Works in 2006-07.

Table 3.7: Proposed Major Capital Projects for Parliamentary Consideration in 2006-07

Program of Major Works (by state, federal electorate and locality)	Indicative Referral Date	Indicative Hearing Date
NEW SOUTH WALES		
Hughes		
Holsworthy: Phase 1 Single LEAP	March 2006	August 2006
VICTORIA		
Jagajaga		
Watsonia: Defence Force School of Signals	October 2006	December 2006
Bendigo		
Bendigo: Defence Imagery and Geospatial Organisation Relocation	June 2006	August 2006
QUEENSLAND		
Brisbane		
Enoggera: Phase 1 Single LEAP	March 2006	August 2006
Enoggera: Tactical Unmanned Aerial Vehicle Facilities	March 2006	July 2006
Blair		
Amberley: RAAF Amberley – Phase 1 Single LEAP	March 2006	August 2006
Capricornia		
Shoalwater Bay Training Area – Facilities Upgrade	May 2006	June/July 2006
Herbert		
Townsville: RAAF Townsville – Troop Lift Helicopter Facilities	May 2006	July 2006
Townsville: Lavarack Barracks – Redevelopment Stage 4	September 2006	October 2006
Leichhardt		
Cairns: HMAS Cairns Redevelopment	March 2006	May 2006
NORTHERN TERRITORY		
Solomon		
Darwin: RAAF Darwin Redevelopment Stage 2	February 2007	April 2007
Darwin: Robertson Barracks Redevelopment (includes Land 907 and Hardened and Networked Army projects)	October 2006	December 2006
Lingiari		
Katherine: RAAF Tindal Redevelopment Stage 5	February 2007	April 2007
Katherine: RAAF Tindal Airborne Early Warning and Control Facilities	October 2006	December 2006
AUSTRALIAN CAPITAL TERRITORY		
Fraser		
HMAS Creswell Redevelopment	February 2007	April 2007
OTHER		
MALAYSIA		
RAAF Butterworth: ADF Headquarters Rationalisation	January 2007	March 2007

New South Wales**Holsworthy – Phase 1 Project Single LEAP**

This project will provide living-in accommodation service for 500 rooms at Holsworthy. In 2006-07 the tender evaluation will be presented for the Government's approval of the preferred strategic partner for Phase 1. Construction is expected to commence in early 2007 to be completed in mid-2008.

This project contributes to Army capability.

Victoria

Watsonia – Defence Force School of Signals

This project will provide new working accommodation, improved security arrangements and updated living-in accommodation for the Defence Force School of Signals at Simpson Barracks, Watsonia. The scope is being refined in a detailed business case to be presented for Government and Parliamentary approval in late-2006. Subject to approval, construction is expected to commence in early 2007 and be completed in 2009.

This project contributes to Army, Navy and Air Force capabilities.

Bendigo – Defence Imagery and Geospatial Organisation Relocation

This project will provide new working accommodation at a relocated site to replace existing facilities. The scope is being refined in a detailed business case to be presented for Government and Parliamentary approval in mid-2006. Subject to Government approval, construction is expected to commence in early 2007 and be completed by end 2007.

This project contributes to Army, Navy and Air Force capabilities.

Queensland

Enoggera – Phase 1 Project Single LEAP

This project will provide living-in accommodation service for 500 rooms at Enoggera. In 2006-07, the tender evaluation will be presented for the Government's approval of the preferred strategic partner for Phase 1. Construction is expected to commence in early 2007 and be completed by early 2009.

This project contributes to Army capability.

Enoggera – Tactical Unmanned Aerial Vehicle Facilities

This project will provide facilities to support the introduction of the Tactical Unmanned Aerial Vehicle capability and collocation of the 20th Surveillance and Target Acquisition Regiment at Enoggera. Subject to Government and Parliamentary approval, construction is expected to commence in late 2006 and be completed by late 2007.

This project contributes to Command of Operations, Army and Intelligence capabilities.

Amberley - RAAF Amberley – Phase 1 Project Single LEAP

This project will provide living-in accommodation for 295 rooms at RAAF Amberley. In 2006-07, the tender evaluation will be presented for Government approval of the preferred strategic partner for Phase 1. Construction is expected to commence in early 2007 and to be completed in mid-2008.

This project contributes to Army and Air Force capabilities.

Rockhampton – Shoalwater Bay Training Area Facilities Upgrade

This project will provide additional training facilities in the Shoalwater Bay Training Area. The proposed training facilities will improve opportunities to develop individual and collective combat skills. Subject to Government and Parliamentary approval, construction is expected to commence in late 2006 and be completed in early 2007.

This project contributes to Navy, Army and Air Force capabilities.

Townsville – RAAF Townsville Troop Lift Helicopter Facilities

This project will provide a combination of new and refurbished facilities to support the introduction of the new troop lift helicopter at 5th Aviation Regiment. The new helicopter will be accommodated in the existing Regimental area and will require modifications to existing aircraft shelters, workshops and parts store, and the construction of a new training facility, mission planning facility and other support facilities. Subject to Government and Parliamentary approval, construction is expected to commence in the second half of 2006 and be completed early 2008.

This project contributes to Army capability.

Townsville – Lavarack Barracks Redevelopment Stage 4

This project will provide upgraded working accommodation for various Army elements located at the Barracks. The scope is still being refined in a detailed business case to be presented for Government and Parliamentary approval in mid-2006. Subject to Government approval, construction is expected to commence in the first half of 2007. The target completion date is December 2010.

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 Government and Parliamentary clearance, construction is expected to commence in the second half of 2006 and be completed in 2009.

This project contributes to Navy capability.

Northern Territory

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 and Parliamentary approval in early 2007. Subject to approval, construction is expected to commence in 2008. The target completion date is late 2010.

This project contributes to Air Force capability.

Darwin – Robertson Barracks Redevelopment

This project comprises three individual project elements being the Robertson Barracks Redevelopment Project, Land 907 facilities project and a Hardened and Networked Army component. The Robertson Barracks Redevelopment will provide new and upgraded facilities for training, emergency response, working accommodation and equipment support. Project Land 907 will provide facilities to support the Land 907 replacement tank project which includes a simulator building and other support facilities. The Hardened and Networked Army project will provide additional living-in accommodation, working accommodation and other support facilities. The scope of the redevelopment project is being refined in a detailed business case to be presented for Government and Parliamentary approval in late 2006. Subject to approval, construction is expected to commence in mid-2007. The target completion date is late 2008.

This project contributes to Army capability.

Katherine – RAAF Tindal Redevelopment Stage 5

This project is an amalgamation of 22 projects to expand and upgrade existing facilities, provide new facilities and augment engineering infrastructure. Subject to approval, construction is expected to commence in mid-2008. The target completion date is 2010.

This project contributes to Air Force capability.

Katherine – RAAF Tindal Airborne Early Warning and Control Aircraft Facilities

This project will provide facilities and infrastructure at RAAF Tindal to support the introduction of the new airborne early warning and control capability. The scope of works includes new taxiways operational facilities and working accommodation. Subject to approval, construction is expected to commence in mid-2007. The target completion date is late 2008.

This project contributes to Air Force capability.

Australian Capital Territory

HMAS Creswell Redevelopment

This project will provide new and upgraded facilities for the training of Navy officers from initial entry and senior sailors in the areas of leadership, management and personal development. This redevelopment project will also provide improved facilities for the support of Navy fleet units, Army, Air Force and visiting units operating in the East Australian Exercise Area. Subject to approval, construction is expected to commence in mid-2007, with completion expected in late 2010.

This project contributes to Navy capability.

Malaysia

RAAF Butterworth – Australian Defence Force Headquarters Rationalisation

This project will provide new and refurbished facilities for ADF elements stationed at RAAF Butterworth, and those deployed and transiting through the base. Subject to approval, construction is expected to commence in mid-2007 and be complete by late 2011.

This project contributes to Army and Air Force capabilities.

OTHER MAJOR CAPITAL FACILITIES PROJECTS FORESHADOWED FOR 2006-07

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. Defence will make a contribution to the cost of remediating contamination at the site.

APPROVED MEDIUM CAPITAL FACILITIES PROJECTS

Table 3.8 provides details of expenditure in 2006-07 for medium capital facilities projects. Medium facilities projects are those expected to cost between \$250,000 and \$6m.

Table 3.8: Approved Medium Capital Facilities by State and Federal Electorate

Program of Medium Works (by State, Federal Electorate and Locality)	Total Estimated Expenditure	Estimated Cumulative Expenditure to 30 June 2006	2006-07 Budget Estimate
	\$'000	\$'000	\$'000
NEW SOUTH WALES			
Hughes			
Holsworthy: Interim Special Forces Works	5,500	2,540	300
Lamia Barracks: Defence Police Training Centre	4,960	4,000	960
Macquarie			
Richmond:			
RAAF Richmond Fuel Farm Upgrade	4,640	4,400	200
RAAF Richmond Aircraft Shelters	500	450	50
North Sydney			
HMAS Waterhen: Relocation Mine Warfare and Clearance Divers Systems Program Office	1,910	55	1,845
Paterson			
Noise Attenuation Works: Salt Ash and Williamtown Public School	900	350	500
Total New South Wales	18,410	11,795	3,855
VICTORIA			
Corio			
Geelong: Construction of Army Multi-User Depot	4,250	3000	1000
McEwen			
Puckapunyal:			
Tank Replacement Facility	1,720	1,200	500
Regional Weapons Storage and Minor Repair Facility	1,380	1,000	300
Total Victoria	7,350	5,200	1,800
QUEENSLAND			
Herbert			
Lavarack Barracks:			
Communications and Information Systems Centre	1,400	1,350	50
Total Queensland	1,400	1,350	50
WESTERN AUSTRALIA			
Brand			
Garden Island: HMAS Stirling			
Guided Weapons In-Service Sustainment	2,600	390	2,210
Kalgoorlie			
Taylor Barracks – Trainee Accommodation	1,755	125	1,630
Total Western Australia	4,355	515	3,840
NORTHERN TERRITORY			
Lingiari			
Mount Bundy: Military Operations in Urban Terrain	4,980	800	4,180
Solomon			
Special Operations Forward Mounting Facility	2,500	500	1,900
Robertson Barracks – Advanced Gunnery Training Simulator Facility	700	600	100
Total Northern Territory	8,180	1,900	6,180

Program of Medium Works (by State, Federal Electorate and Locality)	Total Estimated Expenditure \$'000	Estimated Cumulative Expenditure to 30 June 2006 \$'000	2006-07 Budget Estimate \$'000
AUSTRALIAN CAPITAL TERRITORY			
Fraser			
Jervis Bay – Mary Creek Remediation	1,100	380	50
Total Australian Capital Territory	1,100	380	50
TOTAL	40,795	21,140	15,775

PROPOSED MEDIUM CAPITAL PROJECTS FOR CONSIDERATION IN 2006-07

Table 3.9 lists new medium capital facilities projects (costing between \$250,000 and \$6m) foreshadowed for consideration in 2006-07.

Table 3.9: Proposed Medium Capital Projects for Consideration in 2006-07
Program of Medium Works (State, Federal Electorate and Locality)

NEW SOUTH WALES			
Hughes			
Holsworthy: Childcare Centre			
Paterson			
RAAF Williamtown:			
Air Defence Ground Environment / Air Traffic Control System Program Office			
Clear Water Rinse Facilities			
VICTORIA			
McEwen			
Puckapunyal: Regional Training and Simulation Centre			
QUEENSLAND			
Herbert			
Lavarack Barracks: Land 144 Countermine Capability			
Groom			
Oakey: Helicopter-borne and Loadmaster Training Facility			
WESTERN AUSTRALIA			
Brand			
HMAS Stirling:			
Submarine Land Based Test Facility			
Anzac Ship Support Centre Expansion for Anti-Ship Missile Defence			
Navy Personnel and Training Centre (West)			
NORTHERN TERRITORY			
Lingiari			
RAAF Tindal:			
Airborne Early Warning and Control – Operations Facility			
Delamere Radar Facility			
Solomon			
Stokes Hill: Darwin Naval Fuel Installation – Rectification works			
RAAF Darwin: Fuel Equipment Maintenance Facility			
Robertson Barracks: Land 144 Countermine Capability			

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 \$500,000 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 plant and equipment, software and intangibles.

Defence plans to spend \$527.9m on other capital purchases in 2006-07, which is \$260.8m less than the projected result in 2005-06 (refer to Table 3.1). A substantial proportion of the variation relates to the one-time purchase of Repairable Items to recover backlogs in stockholdings and the one-off purchase of Repairable Items for operations in Iraq and Afghanistan. The remaining variation relates mainly to changes in the number, value and schedule across a wide range of minor projects.

CAPITAL RECEIPTS

Capital Receipts 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	Estimated Actual 2005-06	Budget Estimate 2006-07	Variation 2005-06 to 2006-07	Forward Estimates 2007-08	Forward Estimates 2008-09	Forward Estimates 2009-10
	\$m	\$m	\$m	\$m	\$m	\$m
Property Sales						
Proceeds from the sale of land and buildings	76.9	32.4	-44.5	117.1	64.8	2.2
Less Capital withdrawal	58.5	15.0	-43.5	99.7	47.4	2.2
Proceeds retained by Defence ⁽¹⁾	18.4	17.4	-1.0	17.4	17.4	-
Proceeds from sale of Specialist Military Equipment						
Proceeds from sale of other property, plant and Other equipment	6.5	5.8	-0.7	5.1	4.4	4.6
Net Capital Receipts⁽²⁾	24.9	23.2	-1.7	22.5	21.8	4.6

Notes

1. Proceeds retained by Defence to fund the cost of preparing for sale and selling Defence property.
2. Cross-reference to Table 3.1.

The variation in the property sales program relates to the number, value and timing of property sales, following a review of the property sales program by the Government in the 2006-07 Budget.