

# **DEFENCE**

## **CHAPTER THREE**

# **CAPITAL INVESTMENT**

# **PROGRAM**

**OVERVIEW**

**UNAPPROVED MAJOR CAPITAL EQUIPMENT PROGRAM**

**THE APPROVED MAJOR CAPITAL EQUIPMENT PROGRAM**

**CAPITAL FACILITIES PROJECTS**

**OTHER CAPITAL PURCHASES**

**CAPITAL RECEIPTS**



## OVERVIEW

The Capital Investment Program is comprised of four elements as follows:

- the Major Capital Equipment Program which is commonly referred to as the Defence Capability Plan comprising:
  - the Unapproved Major Capital Equipment Program which is managed by the Chief of the Capability Development Executive; and,
  - the Approved Major Capital Equipment Program which is managed by the Chief Executive Officer of the Defence Materiel Organisation;
- the Capital Facilities Program which is managed by the Deputy Secretary Defence Support Group;
- Other Capital Purchases which are managed by the Service Chiefs and Groups Heads across the Organisation; and
- Capital Receipts which are managed by the Service Chiefs and Groups Heads across the Organisation.

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 2007-08 totals \$6,162.9m, including \$652.8m in operating funds. Defence plans to spend \$30.416 billion on Capital Investment in the Budget and Forward Estimates period; as summarised in Table 3.1.

**Table 3.1: 2007-08 Capital Investment Program Incorporating Forward Estimate**

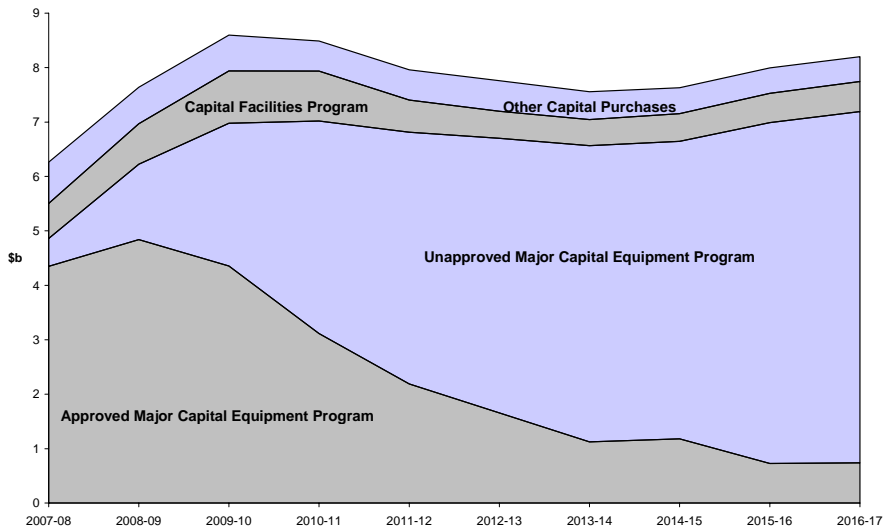
Group/Item Description	Budget Estimate	Forward Estimates	Forward Estimate	Forward Estimate	Total
	2007-08	2008-09	2009-10	2010-11	
	\$m	\$m	\$m	\$m	
Capital	467.2	1,320.1	2,314.7	3,648.4	<b>7,750.4</b>
Operating	45.3	61.6	301.5	250.4	<b>658.8</b>
<b>Unapproved Major Capital Equipment Program <sup>(1)</sup></b>	<b>512.5</b>	<b>1,381.7</b>	<b>2,616.2</b>	<b>3,898.8</b>	<b>8,409.2</b>
Capital	3,790.4	4,258.8	3,962.9	2,776.5	<b>14,788.6</b>
Operating	504.5	500.4	265.0	195.6	<b>1,465.5</b>
<b>Approved Major Capital Equipment Program <sup>(2)</sup></b>	<b>4,294.9</b>	<b>4,759.2</b>	<b>4,227.9</b>	<b>2,972.1</b>	<b>16,254.1</b>
<b>Sub total Major Capital Equipment</b>	<b>4,807.4</b>	<b>6,140.9</b>	<b>6,844.1</b>	<b>6,870.9</b>	<b>24,663.3</b>
Capital	540.6	673.6	916.2	870.8	<b>3,001.2</b>
Operating	103.0	72.2	44.8	48.5	<b>268.5</b>
<b>Sub total Capital Facilities <sup>(3)</sup></b>	<b>643.6</b>	<b>745.8</b>	<b>961.0</b>	<b>919.3</b>	<b>3,269.7</b>
Other Capital <sup>(4)</sup>	768.8	694.0	671.9	537.7	<b>2,672.4</b>
<b>Total Capital Component <sup>(5)</sup></b>	<b>5,567.0</b>	<b>6,946.5</b>	<b>7,865.7</b>	<b>7,833.4</b>	<b>28,212.6</b>
Total Operating Component	652.8	634.2	611.3	494.5	<b>2,392.8</b>
<b>Total Capital Investment Program</b>	<b>6,219.8</b>	<b>7,580.7</b>	<b>8,477.0</b>	<b>8,327.9</b>	<b>30,605.4</b>
<b>Net Capital Receipts <sup>(6)</sup></b>	<b>-56.9</b>	<b>-56.2</b>	<b>-39.0</b>	<b>-37.7</b>	<b>-189.8</b>
<b>Total Capital</b>	<b>6,162.9</b>	<b>7,524.5</b>	<b>8,438.0</b>	<b>8,290.2</b>	<b>30,415.6</b>

**Notes**

1. See further details at Table 3.3.
2. See further details at Table 3.6.
3. See further details at Table 3.7.
4. See further details at Table 3.13.
5. Cross-reference to Table 7.5.
6. See further details at Table 3.14.

Including the acquisition of the Super Hornet aircraft and additional equipment for the Enhanced Land Force, Defence is planning to spend \$76.4 billion over ten years on the Investment Program as depicted in Figure 3.1. Investment expenditure is expected to grow from \$6.163 billion in 2007-08 to \$8.012 billion by 2016-17. The higher level of expenditure in the period 2008-09 to 2010-11 reflects major payments on the Super Hornet aircraft, capital projects for the Enhanced Land Force and slipped expenditure on the AEW&C aircraft and M-113 Upgrade projects. It also reflects increased White Paper allocations in these years including funds reprogrammed from prior years.

**Figure 3.1: Defence Capital Investment Program 2007-08 to 2016-17**



The expenditure profile for the Major Capital Investment Program was reviewed by Government in finalising the 2007-08 Budget and Forward Estimates. Due to industry capacity issues and slippage in some major capital equipment projects, the Government decided to reprogram \$1.140 billion over the Forward Estimates to reflect revised expected patterns of expenditure based on current project schedules. These funds have not been forgone; they have been retained and reprogrammed to later years. The amounts involved are shown in Table 3.2 below.

**Table 3.2: Capital Reprogramming (2007-08 Budget prices)**

	Budget Estimate 2007-08	Forward Estimate 2008-09	Forward Estimate 2009-10	Forward Estimate 2010-11	Total
	\$m	\$m	\$m	\$m	\$m
Unapproved Major Capital Equipment Program	-	-102	-310	-106	<b>-518</b>
Approved Major Capital Equipment Program	-354	-149	-263	144	<b>-622</b>
Major Capital Facilities <sup>(1)</sup>	-28	19	9	-	<b>0</b>
<b>Total Reprogramming</b>	<b>-382</b>	<b>-232</b>	<b>-564</b>	<b>38</b>	<b>-1,140</b>

**Note**

1. Relates to facilities for the Enhanced Land Force.

## UNAPPROVED MAJOR CAPITAL EQUIPMENT PROGRAM

The Unapproved Major Capital Equipment Program 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, reviewed and revised as part of the 2007-08 Budget.

Table 3.3 provides a summary of funding for the Unapproved Major Capital Equipment Program in 2007-08 and the Forward Estimates. In summary, Defence plans to spend \$8.409 billion on new projects yet to be approved by Government over the four year period.

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

Group/Item Description	Budget Estimate 2007-08 \$m	Forward Estimate 2008-09 \$m	Forward Estimate 2009-10 \$m	Forward Estimate 2010-11 \$m	Total \$m
Planned payment to DMO for projects awaiting Government Approval <sup>(1)</sup>	437.3	1,226.3	2,336.2	3,472.9	<b>7,472.7</b>
Chief Information Officer Group	5.1	27.6	52.3	39.0	<b>124.0</b>
Defence Support Group	25.6	96.7	183.1	350.9	<b>656.4</b>
Other Defence Groups	44.4	31.1	44.6	36.0	<b>156.1</b>
<b>Total Unapproved Major Capital Equipment Program<sup>(2)</sup></b>	<b>512.5</b>	<b>1,381.7</b>	<b>2,616.2</b>	<b>3,898.8</b>	<b>8,409.2</b>

**Notes**

1. Cross reference to Table 2.17.
2. Cross reference to Table 3.1.

Since the Defence White Paper was announced in 2000, the Government has approved about 177 major projects or phases of projects with an all-up cost of around \$29.8 billion. Further projects will be considered by the Government in 2007-08.

Tables 3.4 and 3.5 provide details of the projects to be considered in 2007-08, against which Defence is planning to spend \$512.5m in the coming financial year.

Following approval, projects funds are transferred from the Unapproved Major Capital Equipment Program to the Defence Material Organisation and Defence Groups for their acquisition phase.

**Table 3.4: Unapproved Major Capital Equipment Program Projects to be Considered for Second Pass Approval in 2007-08<sup>(1)(2)</sup>**

<b>Project Number</b>	<b>Project Title</b>
<b>Maritime Forces Capability Goal</b>	
JP 2048 Phase 4A/4B	Amphibious Ships <sup>(3)</sup>
AIR 5276 Phase CAP 1	AP-3C Capability Assurance Program <sup>(4)</sup>
SEA 4000 Phase 3	Air Warfare Destroyer <sup>(3)</sup>
<b>Air Combat Capability Goal</b>	
AIR 5440 Phase 1	C-130J Block Upgrade Program 7 <sup>(5)</sup>
<b>Land Forces Capability Goal</b>	
LAND 144 Phase 1	Counter Mine Capability
LAND 125 Phase 3	Soldier Enhancement Version 2 <sup>(3)</sup>
LAND 40 Phase 2	Direct Fire Support Weapon
<b>Networked Information Capability Goal</b>	
LAND 75 Phase 3.4	Battlefield Command Support System
JP 2044 Phase 3A.1	Project Eagle Eye
JP 2089 Phase 2	Tactical Information Exchange Domain (Data Links)
<b>Across All Capability Goals</b>	
JP 2085 Phase 2/3	Explosive Ordnance Warstock

**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 requested by the Defence Procurement Review 2003 (the Kinnaird Review).
3. These projects were listed for approval in the *Portfolio Budget Statements 2006-07*.
4. This project was listed for second-pass approval in the *Portfolio Budget Statements 2006-07*. In that period it received first-pass and a partial second-pass approval, with the remainder to be approved in this period.
5. This is a new project not listed in the public Defence Capability Plan 2006-2016.

**Table 3.5: Significant Unapproved Major Capital Equipment Projects to be Considered for First Pass Approval in 2007-08<sup>(1)(2)</sup>**

Project Number	Project Title
<b>Maritime Forces Capability Goal</b>	
AIR 7000 Phase 1B	Multi-mission Unmanned Aerial Vehicle (MUAV) <sup>(3)</sup>
AIR 9000 Phase 3	Seahawk Mid-life Upgrade and Life Extension <sup>(4)</sup>
JP 2048 Phase 3	Amphibious Watercraft Replacement
SEA 1439 Phase 6	Collins Sonar Replacement
<b>Air Combat Capability Goal</b>	
AIR 5428 Phase 1	Pilot Training System
<b>Land Forces Capability Goal</b>	
AIR 8000 Phase 1	C-130H Refurbishment/ Replacement <sup>(4)</sup>
AIR 8000 Phase 2	Battlefield Airlifter <sup>(4)</sup>
AIR 9000 Phase 5B	Chinook Mid Life Upgrade
LAND 125 Phase 4	Soldier Enhancement Version 3
<b>Networked Information Capability Goal</b>	
JP 2008 Phase 4	Military Satellite Capability
JP 2072 Phase 2	Battlespace Communications Systems (Land)
SEA 1442 Phase 4	Maritime Communications Modernisation
<b>Strike Capability Goal</b>	
JP 2097 Phase 1B	REDFIN – Enhancements to Special Operations Capability <sup>(5)</sup>
<b>Across All Capability Goals</b>	
DEF 224 Phase 3	Force Level Electronic Warfare
SEA 1448 Phase 4A/4B	ANZAC Air Search and Further Capability Enhancements

**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 Kinnaird quality data can be provided.
3. This project has already received first-pass approval and is undertaking a partial (Intermediate-Pass) approval.
4. These projects were listed for approval in the *Portfolio Budget Statements 2006-07*.
5. This project was listed in the *Portfolio Budget Statements 2006-07* and has received a partial second-pass approval for Phase 1A.



## **THE APPROVED MAJOR CAPITAL EQUIPMENT PROGRAM**

The approved major capital equipment program is comprised of those projects, usually costing \$20m or more, which are funded from the Unapproved Major Capital Equipment Program and which, following approval, are transferred from the Unapproved Major Capital Equipment Program to the Defence Materiel Organisation (DMO) for the acquisition phase. The Cabinet approval threshold is \$50m and above. 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 elements managed by the Chief Information Officer, the Chief of the Defence Science and Technology Organisation, and other Defence Groups, is shown in Table 3.6.

**Table 3.6: The Approved Major Capital Equipment Program**

Group/Item Description	2007-08	2008-09	2009-10	2010-11	Total
	Budget Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	Forward Estimate \$m	
Top 30 Project Gross Plans	2,847	3,252	2,671	1,485	<b>10,255</b>
Other Projects Gross Plans	859	619	201	45	<b>1,724</b>
<b>Subtotal Gross Capital Program</b>	<b>3,706</b>	<b>3,871</b>	<b>2,872</b>	<b>1,530</b>	<b>11,979</b>
Slippage / Add Back <sup>(1)</sup>	-543	-488	-190	165	<b>-1,055</b>
<b>Subtotal Net Capital Program</b>	<b>3,163</b>	<b>3,383</b>	<b>2,682</b>	<b>1,695</b>	<b>10,924</b>
Bridging Air Combat Capability Funding	572	926	1,114	803	<b>3,414</b>
Enhanced Land Force	123	32	3	2	<b>160</b>
Service Fee	348	375	397	406	<b>1,526</b>
<b>Subtotal DMO Managed Element<sup>(2)</sup></b>	<b>4,206</b>	<b>4,716</b>	<b>4,196</b>	<b>2,906</b>	<b>16,024</b>
Chief Information Officer	43	28	27	63	<b>161</b>
Australian Defence Headquarters	10	3	1	1	<b>15</b>
Defence Science and Technology Organisation	36	12	4	2	<b>54</b>
<b>Total Net Approved Major Capital Program<sup>(3)</sup></b>	<b>4,295</b>	<b>4,759</b>	<b>4,228</b>	<b>2,972</b>	<b>16,254</b>

**Notes**

1. The Approved Major Capital Equipment Program has been slippage by about 15 per cent in 2007-08 to reflect historical slippage patterns.
2. Cross reference to Table 2.16.
3. 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 \$15m and are subject to Government approval and review by the Joint Statutory Committee on Public Works (PWC). Medium facilities projects have expenditure between \$250,000 and \$15m. Projects between \$5m and \$15m are subject to Government approval, but are not reviewed by the PWC. 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 Unapproved Major Capital Equipment Program, sustain current capability requirements, support other Government initiatives, meet legislative obligations and assist initiatives that support Defence personnel. 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 2007-08 Budget provides \$643.6m for major and medium capital facilities projects. Defence plans to spend \$3.270 billion on Capital Facilities in the Budget

and Forward Estimates period. An overview is shown in Table 3.7 and additional information is also provided on the major and medium facilities projects foreshadowed for approval in 2007-08. The Capital Facilities Program continues to grow reflecting reinvestment in the estate and the construction of new facilities for equipment being acquired through the Unapproved Major Capital Equipment Program, and new initiatives including the Hardened and Networked Army and the Enhanced Land Force.

**Table 3.7: Major Capital Facilities Program for 2007-08 and the Forward Estimate**

	Budget Estimate 2007-08 \$m	Forward Estimate 2008-09 \$m	Forward Estimate 2009-10 \$m	Forward Estimate 2010-11 \$m	Total \$m
Approved Capital Facilities Projects	467.0	238.5	59.7	13.0	<b>778.2</b>
Unapproved Capital Facilities Projects	32.0	303.4	662.6	666.5	<b>1,664.5</b>
Total Capital	499.0	541.9	722.3	679.5	<b>2,442.7</b>
Total Operating	96.5	71.6	44.8	45.8	<b>258.7</b>
<b>Total Major Capital Facilities Program</b>	<b>595.5</b>	<b>613.5</b>	<b>767.1</b>	<b>725.3</b>	<b>2,701.4</b>
Hardened and Networked Army – Phase 2 Facilities <sup>(1)</sup>	41.7	125.6	167.1	165.2	<b>499.6</b>
Super Hornets Facilities <sup>(1)</sup>	6.4	6.7	26.8	28.8	<b>68.7</b>
<b>Total Facilities Program <sup>(2)</sup></b>	<b>643.6</b>	<b>745.8</b>	<b>961.0</b>	<b>919.3</b>	<b>3,269.7</b>

**Notes**

1. These projects will be transferred to the Major Capital Facilities Program in the Defence Support Group after 2nd pass Government approval. The capital and operating amounts for Capital Facilities in Table 3.1 include these projects.
2. Cross reference to Table 3.1.

## APPROVED MAJOR CAPITAL FACILITIES PROJECTS

Table 3.8 provides details on progress and planned expenditure in 2007-08 for approved major capital facilities projects, which are those projects that cost over \$15m.

**Table 3.8: Approved Major Capital Facilities Projects (by State and Federal Electorate)**

	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2007 \$m	2007-08 Budget Estimate \$m
<b>NEW SOUTH WALES</b>			
<b>Eden-Monaro</b>			
Headquarters Joint Operations Command: Command, Control, Communications, Computing and Intelligence Systems.	80.9	9.2	43.8
<b>Hughes</b>			
Holsworthy: Special Forces Training Facilities	94.0	83.9	9.1
Special Operations Working Accommodation and Base Redevelopment Stage 1	207.7	100.5	53.5
171 Aviation Squadron Relocation	92.0	30.2	46.0
<b>Parramatta</b>			
Ermington: Pre- Disposal Site Works	33.1	25.9	7.2
<b>Paterson</b>			
Williamstown: RAAF Williamstown Redevelopment Stage 1 and Airborne Early Warning and Control Works	129.2	115.5	13.7
<b>Riverina</b>			
RAAF Wagga: College Relocation <sup>(1)</sup>		36.3	25.0
<b>Total New South Wales</b>	<b>636.9</b>	<b>401.5</b>	<b>198.3</b>
<b>VICTORIA</b>			
<b>Gippsland</b>			
RAAF East Sale: College Relocation	133.4 <sup>(1)</sup>	35.5	25.0
<b>Total Victoria</b>	<b>133.4</b>	<b>35.5</b>	<b>25.0</b>

	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2007 \$m	2007-08 Budget Estimate \$m
<b>QUEENSLAND</b>			
<b>Blair</b>			
Amberley: RAAF Amberley Redevelopment Stage 2			
	285.6	182.9	63.0
<b>Brisbane</b>			
Enoggera: Tactical Unmanned Aerial Vehicle Facilities			
	17.5	7.0	7.5
<b>Forde</b>			
Canungra: Kokoda Barracks Redevelopment			
	86.7	62.2	19.5
<b>Leichhardt</b>			
Cairns: HMAS Cairns Redevelopment			
	76.3	15.0	45.0
<b>Herbert</b>			
Townsville: RAAF Townsville Troop Lift Helicopter Facilities			
	20.0	4.9	14.4
Total Queensland	<b>486.1</b>	<b>272.0</b>	<b>149.4</b>
<b>NORTHERN TERRITORY</b>			
<b>Lingiari</b>			
Timber Creek: Bradshaw Field Training Area Infrastructure			
	64.8	64.3	0.5
<b>Solomon</b>			
Darwin: Darwin Naval Base – Patrol Boat Facilities			
	19.2	11.4	3.5
Total Northern Territory	<b>84.0</b>	<b>75.7</b>	<b>4.0</b>
<b>TOTAL</b>	<b>1,340.4</b>	<b>784.7</b>	<b>376.7</b>

**Note**

1. The RAAF College Relocation Wagga / East Sale budget of \$133.4m addresses both locations i.e. RAAF Wagga and RAAF East Sale.

## **New South Wales**

### **Headquarters Joint Operations Command – Provision of Command, Control, Communications, Computing and Intelligence Systems**

This project is designed to equip the new Headquarters Joint Operations Command facility near Bungendore NSW (being provided under private financing arrangements) with the command, control, communications, computing and intelligence systems necessary for effective command and control of ADF operations. Key elements scheduled for 2007-08 include detailed design and test readiness reviews.

This project contributes to Command of Operations capability.

### **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 completion in 2007-08, include the final fit out of the ranges with specialised target systems. Completion is scheduled for mid-2008.

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 Special Operations Command elements including the Tactical Assault Group (East) and the Incident Response Regiment. It also includes an upgrade of the base infrastructure. Major contracts for construction have been awarded and the works will be delivered progressively from mid-2007. Key elements scheduled for 2007-08 include working accommodation and supporting base infrastructure upgrades. Completion is scheduled for mid-2009.

This project contributes to Army and Special Operations capabilities.

### **Holsworthy – 171 Aviation Squadron Relocation**

This project provides facilities to support the 171 Aviation Squadron. The Squadron relocated from Townsville into interim facilities at Holsworthy in December 2006 and a contract for construction of permanent facilities has been awarded. Key elements scheduled for 2007-08 include permanent working accommodation and supporting infrastructure. Completion is scheduled for mid-2008.

This project contributes to Army and Special Operations capabilities.

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

This project involves preparing the former Naval Stores site at Ermington for disposal. Key elements scheduled for 2007-08 include completing the second and final stage of the infrastructure works. Completion of the infrastructure works is scheduled for late 2007.

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

This project has provided a major upgrade to the base infrastructure including pavements, the fuel farm, refuelling reticulation system, high voltage electrical reticulation system, sewerage farm, a new Central Emergency Power Station and airfield lighting systems. The project also included the construction of a new headquarters building, hangar and working accommodation for the airborne early warning and control capability. These works have been completed. The remaining project element, construction of an Ordnance Loading Complex, will commence in mid-2007, with completion anticipated by mid-2008.

This project contributes to Air Force capability.

### **New South Wales and Victoria**

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

This project relocates the RAAF College from RAAF Williams (Point Cook) and RAAF Base 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 is on schedule for completion of all facilities in mid 2008.

This project contributes to Air Force capability.

### **Queensland**

#### **Amberley – RAAF Base Amberley Redevelopment Stage 2**

This project provides new facilities to support the relocation of 9th Force Support Battalion and the Multi Role Tanker Transport 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. All key facilities are expected to be completed in late 2007.

This project contributes to Army and Air Force capability.

### **Enoggera – Tactical Unmanned Aerial Vehicle Facilities**

This project provides facilities to support the introduction of the tactical unmanned aerial vehicle capability and collocation of the Regimental Headquarters at Enoggera. Construction commenced in late 2006 and completion of all facilities is scheduled for early 2008.

This project contributes to Defence Operations, Army and Intelligence capabilities.

### **Canungra – Kokoda Barracks Redevelopment**

This project provides 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 is scheduled for completion in late 2007.

This project contributes to Army capability.

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

This project provides 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. 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. Key elements scheduled for 2007-08 include completion of the new central building which will accommodate various command and support functions. Construction commenced in early 2007 and completion is scheduled for 2009.

This project contributes to Navy capability.

### **Townsville – RAAF Townsville Troop Lift Helicopter Facilities**

This project provides a combination of new and refurbished facilities to support the introduction of the new troop lift helicopter at the 5th Aviation Regiment. The new helicopter will be accommodated in the existing Regimental area. This 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. Construction commenced in early 2007. All facilities are scheduled for completion in early 2008.

This project contributes to Army capability.



## Northern Territory

### Timber Creek – 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 work is scheduled for completion by late 2007.

This project contributes to Army capability.

### Darwin - Darwin Naval Base Patrol Boat Facilities

This project provides 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 continued operation of the naval base and to support the staged introduction into service of the Armidale-class patrol boat. The project is scheduled for completion in late 2007.

This project contributes to Navy capability.

## STATUS OF MAJOR PROJECTS FORESHADOWED FOR GOVERNMENT AND PARLIAMENTARY JOINT STATUTORY COMMITTEE ON PUBLIC WORKS CONSIDERATION IN 2007-08

During 2007-08, Defence expects to present a number of facilities proposals to the Government and the Parliamentary Joint Statutory Committee on Public Works. Table 3.9 provides details of the proposed major capital projects expected to be referred to the Parliamentary Joint Statutory Committee on Public Works in 2007-08.

**Table 3.9: Program of Major Works (by state, federal electorate and locality)**

	Indicative Referral Date	Indicative Hearing Date <sup>(1)</sup>	Current Status
<b>New South Wales</b>			
<b>Gilmore</b>			
Nowra: HMAS Albatross – Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Kingsford Smith</b>			
Randwick: Randwick Barracks – Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Riverina</b>			
Wagga Wagga: RAAF Base Wagga – Phase 2 Single LEAP	March 2007	May 2007	In development
Kapooka: Blamey Barracks – Phase 2 Single LEAP	March 2007	May 2007	In development

	Indicative Referral Date	Indicative Hearing Date <sup>(1)</sup>	Current Status
<b>VICTORIA</b>			
<b>Indi</b>			
Bandiana: Joint Logistics Unit Victoria – Warehousing	April 2008	July 2008	In development
Albury/Wodonga: Bandiana South - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Jagajaga</b>			
Watsonia: Defence Force School of Signals			Hearing held February 2007
Watsonia: Simpson Barracks - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Lalor</b>			
Laverton: RAAF Base Williams - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>McEwen</b>			
Monegeetta: Land Engineering Agency Test Services Relocation	June 2007	September 2007	In development
Puckapunyal: Phase 2 Single LEAP	March 2007	May 2007	In development
<b>QUEENSLAND</b>			
<b>Blair</b>			
Amberley: RAAF Amberley – Redevelopment Stage 3	May 2007	August 2007	In development
<b>Brisbane</b>			
Enoggera: Base Redevelopment Stage 1	October 2007	February 2008	In development
<b>Herbert</b>			
Townsville: Lavarack Barracks - Redevelopment Stage 4		April 2007	Hearing Held April 2007
Townsville: Lavarack Barracks - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>SOUTH AUSTRALIA</b>			
<b>Wakefield</b>			
Edinburgh Defence Precinct: Hardened and Networked Army Facilities	October 2008	February 2008	In development
Edinburgh: RAAF Edinburgh Redevelopment Stage 2	June 2008	August 2008	In development
Edinburgh: RAAF Base Edinburgh - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>WESTERN AUSTRALIA</b>			
<b>Brand</b>			
Garden Island: HMAS Stirling - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Curtin</b>			
Swanbourne: Campbell Barracks - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Pearce</b>			
RAAF Pearce Redevelopment Stage 1	May 2007	August 2007	In development
RAAF Pearce - Phase 2 Single LEAP	March 2007	May 2007	In development

	<b>Indicative Referral Date</b>	<b>Indicative Hearing Date<sup>(1)</sup></b>	<b>Current Status</b>
<b>NORTHERN TERRITORY</b>			
<b>Solomon</b>			
Darwin: RAAF Darwin Redevelopment Stage 2	August 2007	October 2007	In development
Darwin: Robertson Barracks Redevelopment (includes Land 907 and Hardened and Networked Army projects)	June 2007	September 2007	In development
Darwin: Robertson Barracks - Phase 2 Single LEAP	March 2007	May 2007	In development
Darwin: HMAS Coonawarra (Larrakeyah Barracks) - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>Lingiari</b>			
Katherine: RAAF Tindal Redevelopment Stage 5	September 2007	February 2008	In development
Katherine: RAAF Tindal Airborne Early Warning and Control Facilities	June 2007	September 2007	In development
<b>AUSTRALIAN CAPITAL TERRITORY</b>			
<b>Fraser</b>			
HMAS Creswell Redevelopment	June 2007	September 2007	In development
Duntroon: Royal Military College - Phase 2 Single LEAP	March 2007	May 2007	In development
Duntroon: Australian Defence Force Academy - Phase 2 Single LEAP	March 2007	May 2007	In development
<b>VARIOUS LOCATIONS</b>			
Permanent Facilities for the Heavy Air Lift Capability	May 2007	August 2007	In development
Multi Role Helicopter Facilities	June 2007	September 2007	In development
Enhanced Land Force – Stage 1	May 2008	July 2008	In development
<b>MALAYSIA</b>			
RMAF Butterworth Australian Defence Force Facilities Rationalisation	May 2007	June 2007	In development

**Note**

1. Hearing date will be subject to the Committee consideration and agreement.

**Victoria****Bandiana – Joint Logistics Unit Victoria Warehousing**

This project will provide new and upgraded warehousing, storage and ancillary support facilities at Bandiana. The scope is being refined in a detailed business case. Subject to government approval and parliamentary clearance, construction is expected to commence in late 2008 and be completed in 2010.

**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. Subject to parliamentary clearance, construction is expected to commence in early 2008 and be completed in 2010.

### **Monegeetta – Land Engineering Agency Test Services Relocation**

This project will relocate existing land materiel test and evaluation functions currently conducted at Maribyrnong, to new facilities at Monegeetta. The Government approved the project in February 2007. Subject to parliamentary clearance, construction is expected to commence in late 2008 and be completed in 2010.

## **Queensland**

### **Amberley – RAAF Amberley Redevelopment Stage 3**

This project will provide new trainee living-in accommodation and messing facilities, physical fitness facilities, office, medical and working accommodation, consolidation of maintenance facilities, construction of a new fuel farm and a base security upgrade. Subject to government approval and parliamentary clearance in 2007, construction is expected to start in early 2008, with key facilities being completed progressively from 2010 through to late 2011.

### **Enoggera – Base Redevelopment Stage 1**

This project will provide refurbished working accommodation for Headquarters 7th Brigade, address shortcomings in base engineering services infrastructure, and rationalise and modernise existing catering and messing facilities. The scope is being refined in a detailed business case. The project is expected to be presented to the Government for approval in mid-2007. Subject to government approval and parliamentary clearance, construction is expected to commence in late 2008 and be completed in 2009.

### **Townsville – Lavarack Barracks Redevelopment Stage 4**

This project will provide upgraded working accommodation for various Army elements located at the Barracks. The project was approved by the Government in February 2007 and has been referred to the Parliamentary Standing Committee on Public Works. Subject to parliamentary clearance, construction is expected to commence in late 2007. The target completion date is mid-2011.

## **South Australia**

### **Edinburgh Defence Precinct – Hardened and Networked Army Facilities**

This project will provide facilities and infrastructure to support the establishment of a mechanised battle group in the Edinburgh Defence Precinct. Some additional infrastructure will also be provided at Murray Bridge and in the Cultana training area. The scope is being refined in a detailed business case, expected to be presented to the Government in mid-2007. Subject to requisite approvals and parliamentary clearance, construction is expected to commence in late 2008. While the project is not planned to be complete until 2012, progressive occupation of facilities is expected to start in December 2010.

## **Edinburgh – RAAF Edinburgh Redevelopment Stage 2**

This project will provide new working accommodation and upgrades to engineering services. The scope is being defined in a detailed business case expected to be presented to the Government in mid-2008. Subject to government approval and parliamentary clearance, construction is expected to commence in early 2009 with completion expected late 2010.

## **Western Australia**

### **Pearce – RAAF Pearce Redevelopment Stage 1**

This project will provide new and refurbished operational, training, domestic support and aircraft maintenance facilities, improvements and upgrading of engineering services and demolition of redundant facilities. Subject to government approval and parliamentary clearance, construction is anticipated to commence in late 2007, with completion expected in mid-2011.

## **Northern Territory**

### **Darwin - RAAF Darwin Redevelopment Stage 2**

This project will upgrade existing facilities including fuel farms, workshops, fitness centre, airfield lighting and construct a new logistics headquarters. The scope is being refined in a detailed business case. Subject to government approval and parliamentary clearance, construction is expected to commence in late 2008, with completion expected in late 2010.

### **Darwin - 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. 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 living-in accommodation, working accommodation and other support facilities. Subject to government approval and parliamentary clearance, construction is expected to commence in late 2008, with completion expected in early 2011.

### **Katherine – RAAF Tindal - Redevelopment Stage 5**

This project comprises 23 separate elements to expand and upgrade existing working accommodation, construct new working accommodation and to augment electrical and water supply infrastructure. Subject to government approval and parliamentary clearance, construction is expected to commence in late 2008 with completion expected in early 2011.

### **Katherine – RAAF Tindal Airborne Early Warning and Control Facilities**

This project will provide facilities and infrastructure at RAAF Tindal to support the introduction of the new airborne early warning and control aircraft. The scope of work includes new taxiways, operational facilities and working accommodation. Subject to parliamentary clearance, construction is expected to commence in mid to late 2008, with completion expected in late 2010.

### **Australian Capital Territory**

#### **HMAS Creswell Redevelopment**

This project will provide new and upgraded facilities for the training of Navy officers upon initial entry and senior sailors in the areas of leadership, management and personal development. The scope includes upgrades of engineering services and infrastructure, new and refurbished classrooms, office and living-in accommodation and specialised training facilities. Subject to government approval and parliamentary clearance, construction is expected to commence in early 2008, with completion expected by 2011.

### **Various Locations**

#### **Permanent Facilities for the Heavy Air Lift Capability**

This project will provide new facilities for the introduction into service of the C-17 aircraft. The scope of the project will include a headquarters, maintenance facilities, air movements and cargo facilities, a simulator, warehousing and support facilities and airfield pavement works at the Amberley home base. The upgrading of airfield pavements, movements and cargo facilities and supporting infrastructure at a number of other bases will also be included. Subject to government approval and parliamentary clearance, construction is expected to commence in mid-2008 and be complete by late 2010.

#### **Multi Role Helicopter Facilities**

This project will provide a range of helicopter shelters, maintenance and operational facilities, simulator buildings and deeper maintenance facilities to support the introduction of the Multi Role Helicopter aircraft. The project will involve a mix of new facilities, refurbishment and adaptive reuse of existing facilities. The proposed facilities and infrastructure will be located at RAAF Base Townsville, the Army Aviation Centre (Oakey), HMAS Albatross (Nowra), and Gallipoli Barracks, Enoggera (Brisbane). Subject to parliamentary clearance, construction is expected to commence in mid to late 2008 and be complete by late 2010.

### **Enhanced Land Force – Facilities Stage 1**

Enhanced Land Force Stage 1 will provide temporary facilities in Adelaide for Army capabilities with permanent facilities being provided by the Hardened and Networked Army project. This project will also provide permanent facilities in Townsville at Lavarack Barracks for the 3rd Battalion and in South East Queensland to several enabling elements supporting the 3rd Battalion. Subject to parliamentary clearance, construction is expected to commence in late 2008 and be complete in late 2010.

### **Malaysia**

#### **RMAF Butterworth – Australian Defence Force Facilities Rationalisation**

The project will provide three new headquarters buildings, a combined armoury, a sewerage treatment plant, and will refurbish some other existing support facilities. Subject to parliamentary clearance, construction is expected to commence in early 2008 and be complete by late 2010.

### **APPROVED PROJECT UNDER PRIVATE FINANCING ARRANGEMENTS**

#### **Eden-Monaro – Headquarters Joint Operations Command**

The Headquarters Joint Operations Command Project will amalgamate the Chief of Joint Operations and strategic staff, located in Canberra, and staff from the Sydney-based Deputy Chief of Joint Operations and associated Commands, into an integrated staff structure at a headquarters facility being constructed approximately 11 kilometres south-west of Bungendore, New South Wales.

Development approval under the Environment Protection and Biodiversity Conservation Act 1999 has been obtained and all land for the project has now been acquired under the provisions of the Lands Acquisition Act 1989.

A contract to design, build, maintain and operate the facility has been let for a 30 year term under private financing arrangements. Construction activity commenced in late 2006 and is to be complete in July 2008, followed by the installation by Defence of the command, control, communications, computing and intelligence systems being acquired using a traditional (or direct) procurement strategy. Defence staff are planned to move into the facility in late 2008.

The Headquarters represents an investment of approximately \$339.2m in buildings, infrastructure, fit-out, land acquisition, and command, control, communications, computing and intelligence systems.

This project contributes to Command of Operations capability.

### **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. The Minister for Defence announced in October 2006, the selection of Plenary Living as the Commonwealth's preferred strategic partner for the delivery of the 1,395 units under Phase 1 of the project.

#### **Holsworthy – Single LEAP**

This component will provide living-in accommodation of 600 rooms. Construction commenced in February 2007 and is scheduled for completion in mid-2008.

This project contributes to Army capability.

#### **Enoggera – Single LEAP**

This component will provide living-in accommodation of 500 rooms. Construction is expected to commence in May 2007 with a scheduled completion by early 2009.

This project contributes to Army capability.

#### **RAAF Amberley – Single LEAP**

This component will provide living-in accommodation of 295 rooms. Construction is expected to commence in April 2007 with a scheduled completion in mid-2008.

This project contributes to Army and Air Force capability.

### **APPROVED PROJECT BEING DEVELOPED FOR PRIVATE FINANCING ARRANGEMENTS**

#### **Single Living Environment and Accommodation Precinct (Single LEAP) Project**

Table 3.10 provides details of 17 elements of Phase 2 the Single LEAP Project which, subject to the consideration of the Joint Statutory Committee on Public Works, is anticipated Defence will seek Government approval of a preferred Strategic Partner for Phase 2 of Single LEAP around mid-2008.



**Table 3.10: Element of Single LEAP (by State, Federal Electorate and Locality)**

	Details	Capability contributed
<b>NEW SOUTH WALES</b>		
<b>Gilmore</b>		
Nowra – HMAS Albatross - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Naval personnel at HMAS Albatross.	Navy capability
Kingsford Smith		
Randwick – Randwick Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Naval and Army personnel at Randwick Barracks.	Navy and Army capability
Riverina		
Wagga Wagga – RAAF Wagga - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Royal Australian Air Force personnel at RAAF Base Wagga.	Air Force capability
Kapooka – Blamey Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Blamey Barracks, Kapooka.	Army capability
<b>VICTORIA</b>		
<b>Indi</b>		
Albury/Wodonga – Bandiana South - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Bandiana South in the Albury/Wodonga Military Area.	Army capability.
<b>Jagajaga</b>		
Watsonia – Simpson Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Simpson Barracks, Watsonia.	Army capability
<b>Lalor</b>		
Laverton – RAAF Williams - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Royal Australian Air Force personnel at RAAF Base Williams.	Air Force capability.
<b>McEwen</b>		
Puckapunyal – Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Puckapunyal.	Army capability
<b>QUEENSLAND</b>		
<b>Herbert</b>		
Townsville – Lavarack Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Lavarack Barracks, Townsville.	Army capability

	Details	Capability contributed
<b>SOUTH AUSTRALIA</b>		
<b>Wakefield</b>		
Edinburgh - RAAF Base Edinburgh – Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Royal Australian Air Force and Army personnel at RAAF Base Edinburgh.	Air Force and Army capability.
<b>WESTERN AUSTRALIA</b>		
<b>Brand</b>		
Garden Island – HMAS Stirling - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Naval personnel at HMAS Stirling.	Navy capability
<b>Curtin</b>		
Swanbourne – Campbell Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Campbell Barracks, Swanbourne.	Army capability
<b>Pearce</b>		
RAAF Pearce - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Royal Australian Air Force personnel at RAAF Pearce.	Air Force capability
<b>NORTHERN TERRITORY</b>		
<b>Solomon</b>		
Darwin – Robertson Barracks - Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Australian Regular Army personnel at Robertson Barracks.	Army capability
Darwin - HMAS Coonawarra – Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Naval personnel at HMAS Coonawarra (Larrakeyah).	Navy capability
<b>AUSTRALIAN CAPITAL TERRITORY</b>		
<b>Fraser</b>		
Duntroon - Royal Military College – Phase 2 Project Single LEAP	This will provide a living-in accommodation service for Staff Cadets attending the Duntroon Royal Military College in Canberra.	Army capability
Duntroon - Australian Defence Force Academy – Phase 2 Project Single LEAP	This will provide a living-in accommodation service for personnel attending the Australian Defence Force Academy in Canberra.	Navy, Army and RAAF capability

## OTHER MAJOR CAPITAL FACILITIES PROJECTS FORESHADOWED FOR 2007-08

### 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 fund the cost of remediating contamination at the site.

### APPROVED MEDIUM CAPITAL FACILITIES PROJECTS

Medium capital facilities projects are defined as those projects having expenditure between \$250,000 and \$15m.

Table 3.11 provides details of revised estimated expenditure in 2007-08 for medium facilities projects.

**Table 3.11: Approved Medium Capital Facilities (by State and Federal Electorate)**

	Total Estimated Expenditure \$'000	Estimated Cumulative Expenditure to 30 June 2007 \$'000	2007-08 Budget Estimate \$'000
<b>NEW SOUTH WALES</b>			
<b>Kingsford Smith</b>			
Randwick:			
Disposal and Rationalisation – Interim Works <sup>(1)</sup>	8,800	4,600	3,700
<b>Paterson</b>			
RAAF Williamtown:			
Aircraft Clear Water Rinse Facility	5,578	1,100	4,478
<b>Riverina</b>			
Kapooka:			
Marksmanship Training Range	4,025	1,800	2,100
<b>Total New South Wales</b>	<b>18,403</b>	<b>7,500</b>	<b>10,278</b>
<b>VICTORIA</b>			
<b>Bendigo</b>			
Bendigo:			
Defence Imagery and Geospatial Organisation Relocation <sup>(2)</sup>	10,700	3,000	7,600
<b>Flinders</b>			
HMAS Cerberus:			
Small Arms Training Section Redevelopment	14,432	-	12,000
<b>Indi</b>			
Graytown:			
Proof and Experimental Establishment Upgrade	4,680	1,800	2,000

	Total Estimated Expenditure \$'000	Estimated Cumulative Expenditure to 30 June 2007 \$'000	2007-08 Budget Estimate \$'000
<b>JagaJaga</b>			
Watsonia:			
Land Warfare Centre (formerly Regional Training Centre)	5,813	2,638	2,400
<b>Total Victoria</b>	<b>35,625</b>	<b>7,438</b>	<b>24,000</b>
<b>QUEENSLAND</b>			
<b>Capricornia</b>			
Rockhampton:			
Western Street Depot Redevelopment	11,700	-	7,500
<b>Herbert</b>			
Lavarack Barracks:			
11th Brigade Relocation	7,400	2,000	5,000
<b>Total Queensland</b>	<b>19,100</b>	<b>2,000</b>	<b>12,500</b>
<b>SOUTH AUSTRALIA</b>			
Wakefield			
RAAF Edinburgh: 87 Squadron Interim Facilities	4,450	2,450	2,000
<b>Total South Australia</b>	<b>4,450</b>	<b>2,450</b>	<b>2,000</b>
<b>WESTERN AUSTRALIA</b>			
Brand			
HMAS Stirling Collins Submarine Intensive Support Facility	3,900	-	3,900
Kalgoorlie			
Karatha:			
Infrastructure for North West Shelf Forward Based Armidale Patrol Boats	4,000	1,000	2,000
<b>Total Western Australia</b>	<b>7,900</b>	<b>1,000</b>	<b>5,900</b>
<b>NORTHERN TERRITORY</b>			
<b>Lingiari</b>			
Katherine:			
RAAF Tindal - Airborne Early Warning and Control Operations Facility	4,950	-	4,600
<b>Solomon</b>			
RAAF Darwin:			
Fuel Equipment Maintenance Section	4,528	500	3,800
Special Operations Forward Mounting Facility	2,500	200	2,221
<b>Total Northern Territory</b>	<b>11,978</b>	<b>700</b>	<b>10,621</b>
<b>TOTAL</b>	<b>97,456</b>	<b>21,088</b>	<b>65,299</b>

**Notes**

1. This project was reported as a major project in previous Portfolio Budget Statements/Portfolio Additional Estimates Statements.
2. The budget for the facilities is \$10.7m. An additional \$0.6m will be provided for specialised fitout.

## PROPOSED MEDIUM CAPITAL PROJECTS FOR CONSIDERATION IN 2007-08

Table 3.12 lists new medium capital facilities projects (costing between \$0.25m, and \$15m) foreshadowed for consideration in 2007-08.

**Table 3.12: Proposed Medium Capital Projects for Consideration in 2007-08**

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

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**NEW SOUTH WALES**

Gilmore  
Beecroft Range: Air Defence Targets Capability Facilities  
Lindsay  
Orchard Hills  
Joint Logistic Command/Guided Weapons Explosive Ordnance Entry and Support Facilities Redevelopment  
Hunter  
Singleton  
School of Infantry: Urban Operations Training Facility

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**VICTORIA**

Flinders  
West Head Gunnery Range Redevelopment  
Indi  
Bandiana: Supply Wing Army Logistics Training Centre Upgrade  
McEwen  
Puckapunyal: Regional Training Centre

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**QUEENSLAND**

Groom  
Oakey: Loadmaster and Heliborne Training Facility

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**SOUTH AUSTRALIA**

Wakefield  
Port Wakefield:  
Replacement Explosive Storehouses  
Battery Firing Facility  
Salisbury: Edinburgh Defence Precinct:  
Counter Mine Facility  
Weapons System Division Refurbishment  
Combat and Missions Systems Research Centre

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**WESTERN AUSTRALIA**

Brand  
Garden Island: HMAS Stirling  
Naval Personnel and Training Centre West and Royal Australian Navy School of Survivability and Ship Safety (West)  
Pearce

Bindoon Training Range: Access Control Works

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**NORTHERN TERRITORY**

Solomon

Darwin:

Naval Fuel Installation

Wharf - Upgrade Bulk Fuel Transfer Services

Shoal Bay Receiving Station

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**AUSTRALIAN CAPITAL TERRITORY**

Fraser

1 Joint Public Affairs Unit Facility

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**VARIOUS LOCATIONS**

Follow-on Stand-off Weapon Facilities (AIR 5418)

Countermine Capability Facilities (Land 144)

RAAF Rifle Ranges (Richmond, Williamstown and Darwin)

Weapons Training Simulation System Facilities

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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 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 \$0.5m 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. After approval, funding for minor projects is transferred to the Defence Materiel Organisation for the acquisition phase.

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 and intangible assets. Tangible assets include plant and equipment items costing more than \$2,000 and intangible items including software costing more than \$150,000.

Defence plans to spend \$768.8m on other capital purchases in 2007-08. It plans to spend \$2,672.4m over the Budget and Forward Estimates period. Details are provided in Table 3.13 below. The higher level of expenditure on Repairable Items in 2007-08 reflects purchases of equipment for operations, and a continuation of programs to recover backlogs in Repairable Items funded through increased logistics sustainment funding.

**Table 3.13: Other Capital Purchases**

Group/Item Description	Budget	Forward	Forward	Forward	Total
	Estimate	Estimate	Estimate	Estimate	
	2007-08	2008-09	2009-10	2010-11	
	\$m	\$m	\$m	\$m	\$m
DMO Managed Minor Projects <sup>(1)</sup>	176.5	176.1	180.0	181.5	714.1
Defence Managed Minor Projects	5.0	11.6	15.6	20.7	52.9
Subtotal Minor Capital	181.5	187.7	195.6	202.2	767.0
Repairable Items	246.6	138.5	166.6	83.1	634.8
Other Plant and Equipment	340.7	367.8	309.7	252.4	1,270.6
<b>Total Other Capital<sup>(2)</sup></b>	<b>768.8</b>	<b>694.0</b>	<b>671.9</b>	<b>537.7</b>	<b>2,672.4</b>

**Notes**

1. Cross reference to Table 2.14.
2. Cross reference to Table 3.1.

## 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 under *FMA Act* Section 31 agreement arrangements. Details are shown in Table 3.14.

**Table 3.14: Capital Receipts Budget**

Group/Item Description	Budget	Forward	Forward	Forward	Total
	Estimate	Estimate	Estimate	Estimate	
	2007-08	2008-09	2009-10	2010-11	
	\$m	\$m	\$m	\$m	\$m
Property Sales					
Proceeds from the sale of land and buildings	39.7	101.3	4.7	-	145.7
Less Capital withdrawal to Government	22.3	83.9	4.7	-	110.9
Proceeds retained by Defence <sup>(1)</sup>	17.4	17.4	0.0	-	34.8
Proceeds from sale of Specialist Military Equipment	-	-	-	-	0.0
Proceeds from sale of other property, plant and Other Equipment	39.5	38.8	39.0	37.7	155.0
<b>Net Capital Receipts<sup>(2)</sup></b>	<b>56.9</b>	<b>56.2</b>	<b>39.0</b>	<b>37.7</b>	<b>189.8</b>

**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.

Variations to the property sales program relate to the number, value and timing of property sales and activities associated with preparing and selling potentially surplus Defence property. Defence anticipates that a number of additional properties will be identified for possible disposal in 2009-10 and 2010-11, but these, if agreed by Government, will be included in subsequent disposals programs (a new three year property disposals program is agreed by Government at each Budget).

