

Chapter 13 Defence

Key Points

- » The defence presence in the Territory has more than doubled since the early 1990s, with the number of defence personnel and their families increasing from 6223 in June 1992 to an estimated 12 935 in June 2007.
- » Of the total Australian permanent defence force personnel, 10 per cent are based in the Territory. Recurrent defence expenditure by the Australian Government in the Territory totalled \$954 million in 2005-06.
- » Major defence-related activities under way in the Territory include the \$170 million development of the new suburb of Lyons at Lee Point and the recent acquisition of land adjacent to Lyons (Muirhead). Defence activities nearing completion include the construction of the \$82 million Robertson Barracks 1st Aviation Complex and the \$65 million Bradshaw field training area near Timber Creek.
- » The Territory's economy will benefit from local supply and support contracts for the new Armidale Class Patrol Boats, Abrams tanks and Tiger helicopters and the replacement of field vehicles and trailers.

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

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

Defence Force Activity

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

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

Other defence sites include the Defence Establishment Berrimah, Bradshaw field training area (near Timber Creek), Mount Bundy field training area (near the Mary River), Delamere Bombing Range (near Katherine) and the Jindalee Operational Radar Network (JORN) facility near Alice Springs.

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

The relocation of the 1st Aviation Regiment from Queensland to the Northern Territory in 2006 has contributed to the local economy through the construction of accommodation at Robertson Barracks and new support facilities to house a fleet of 16 Tiger Armed Reconnaissance helicopters.

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

In August 2006, the ADF opened new depots in the Territory at Borroloola and Tennant Creek and upgraded facilities at Wadeye.

Navy Border protection is the primary focus of the Royal Australian Navy (RAN) operations in the Territory. The Darwin-based patrol boats play an integral role in the surveillance of Australia's northern approaches and form part of Operation Resolute, that targets illegal fishing and smuggling in Australia's northern waters. The Australian Government allocated an estimated \$6.6 million in the 2006-07 Budget to establish foreign fishermen facilities in Darwin and Gove.

HMAS Coonawarra is home to the majority of the RAN's Armidale Class Patrol Boats. Ten of these patrol boats will be home ported in Darwin, of which two vessels will operate out of Port Dampier in Western Australia, with crew and services provided from Darwin. These patrol boats have replaced the former fleet of 10 Fremantle Class Patrol Boats that were decommissioned in early 2007, and will increase the RAN's surveillance and response capabilities, such as apprehending illegal fishing vessels. Construction at the naval base to provide accommodation for the larger Armidale Class Patrol Boats was due for completion by late 2006, however due to contracting delays and the Territory's building cycle, the revised completion date is late 2007.

Air Force The main operational and strategic air force base in the north is Royal Australian Air Force (RAAF) Base Tindal, home to a Fighter Attack (F/A)18C fighter squadron. RAAF Base Darwin is home to No. 396 Combat Support Wing, which commands squadrons based in Darwin, Townsville and Butterworth (Malaysia), and is used as a base for surveillance aircraft. RAAF Base Darwin is the forward operating base for RAAF operations and exercises, and regularly hosts foreign aircraft during these exercises.

The RAAF also operates the Delamere Air Weapons Range facility (south-west of Katherine) and one of Australia's three JORN surveillance units (near Alice Springs).

Headquarters Northern Command

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

Joint Defence Facility Pine Gap

and is responsible for the implementation, coordination and management of offshore maritime security, including the protection of offshore oil and gas assets.

The Joint Defence Facility at Pine Gap is a component of the United States' global missile defence and early warning system. The facility is jointly administered by the Australian and United States defence departments. It employs an estimated 900 personnel (of whom half are Australian) and, together with more than 3000 dependants, it represents about 12 per cent of the Alice Springs population.

Defence Population

The Territory has 10 per cent of all Australian permanent defence force personnel, a significant contribution to its population of 206 688 (as at 30 June 2006), which accounts for just 1 per cent of the total Australian population. Almost 6 per cent of the total defence expenditure occurs in the Territory and given the Territory's small population share, this is a significant proportion (Table 13.1).

Table 13.1: Population, Permanent Defence Force Members and Defence Expenditure Proportions, 2005-06

	Defence Personnel ¹	Defence Expenditure	Total Australian Population
	%	%	%
New South Wales	32.8	31.3	33.1
Victoria	11.4	16.8	24.7
Queensland	23.5	22.7	19.7
South Australia	5.1	6.3	7.5
Western Australia	7.6	8.8	10.0
Tasmania	0.3	1.6	2.4
Northern Territory	10.0	5.9	1.0
Australian Capital Territory	9.4	6.6	1.6
Australia	100.0	100.0	100.0

¹ Excludes civilians, reserve forces and personnel serving overseas

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

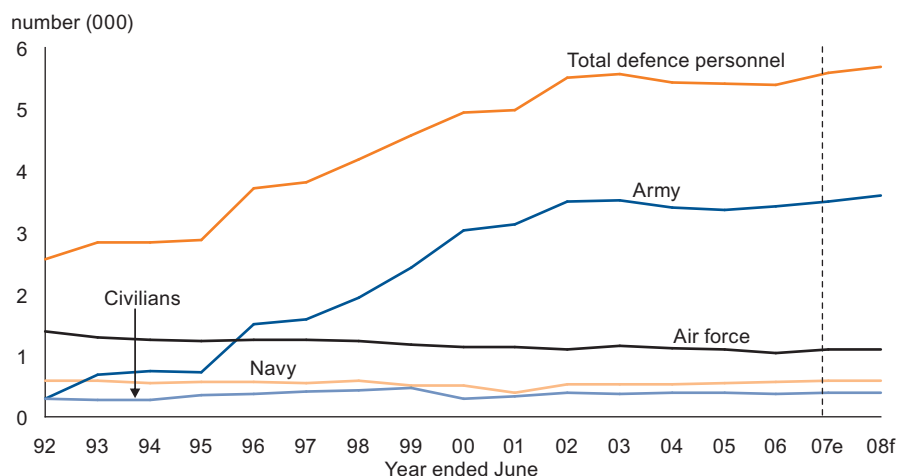
In 1992, the Territory's population was boosted by the Army Presence in the North (APIN) program, which involved the relocation of about 2300 defence personnel to Darwin over the period 1992-2001 from Holsworthy in New South Wales and Puckapunyal in Victoria.

Since the first major relocation in the early 1900s, the Territory's total defence community (including personnel and their families) has increased from 6223 in June 1992 to an estimated 12 935 in June 2007. This represents about 6 per cent of the Territory's population, up from 3.7 per cent in June 1992. The defence community has contributed 0.2 percentage points to the Territory's average annual population growth rate of 1.5 per cent since 1992.

In June 2007, an estimated 400 civilian defence personnel and 780 reservists will be based in the Territory. The most recent defence relocation to the Territory was the 1st Aviation Regiment from Queensland in 2006, which increased the total number of defence personnel and their families in the Territory by an estimated 300 people.

The number of defence force personnel based in the Territory (including Department of Defence civilians, but excluding reservists) increased from 2569 in June 1992 to an estimated 5589 in June 2007. Of this total there are an estimated 3500 army personnel, 589 navy personnel, 1100 air force personnel and 400 defence civilians (Chart 13.1).

Chart 13.1: Defence Personnel
Stationed in the Northern Territory



e: estimate; f: forecast

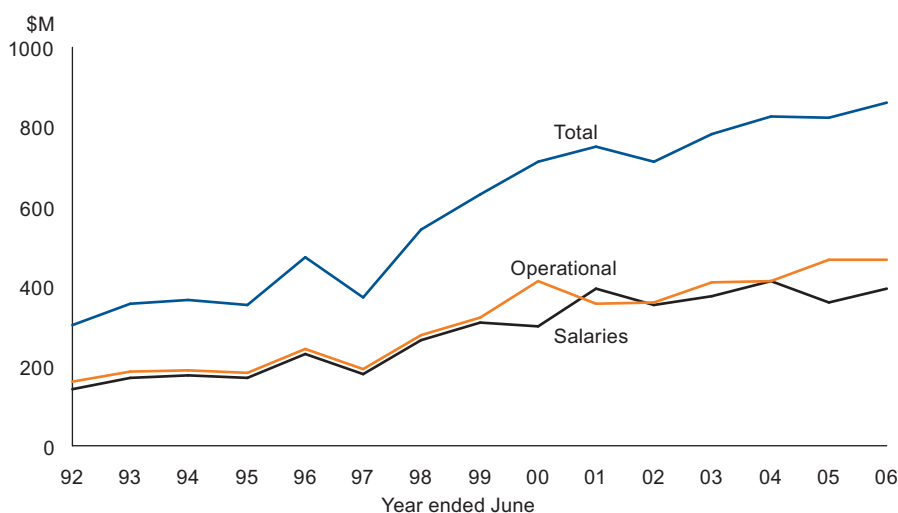
Source: Northern Territory Treasury, Department of Defence

The defence presence contributes to the Territory economy through consumption and investment as well as through the partners of defence personnel, often skilled, who enter the Territory's labour force. Defence personnel do not, however, contribute to the official employment statistics published by the Australian Bureau of Statistics (ABS) which, for reasons of definition, focus on the resident civilian employment. Because of this, ABS employment statistics under-record the jobs in the Territory by at least 5 per cent (refer to chapter 4, Labour Market). The 2003 Defence Census found that around 56 per cent of defence partners who are not permanent defence force members worked full time. Of all defence partners, 48 per cent had formal qualifications (bachelor degree or higher, certificate or diploma, trade or vocational qualification) and 22 per cent were undertaking some form of study. The next Defence Census is expected to be conducted in May 2007, with results to be released later in the year.

Defence Recurrent Expenditure

Defence recurrent expenditure (which includes weapons and platforms, salaries and other operational expenses) is an important contributor to the Territory economy. The ABS estimated that defence recurrent expenditure in the Territory was \$954 million in 2005-06, equivalent to 8.3 per cent of the Territory's gross state product, up from \$858 million in 2004-05 (Chart 13.2).

Chart 13.2: Defence Recurrent
Consumption Expenditure in the
Northern Territory



Source: ABS unpublished data

Defence Salaries

Salaries paid to defence personnel equalled \$420 million in 2005-06 and typically represent close to 50 per cent of total recurrent defence expenditure (Chart 13.2). The increase in defence expenditure reflects a rise in salaries (returning to 2003-04 levels), which is an important driver of consumer demand in the Territory. The increase in salaries in part reflects a rise in the number of defence personnel deployed on missions to Timor during 2004-05 and Iraq during 2006-07. The flow-on effect of defence salaries as private consumption expenditure in the local economy has continued to be an important contributor to growth in the Territory.

Defence Operational Expenditure

In 2005-06, defence operational expenditure accounted for just over half of the total defence recurrent expenditure in the Territory (Chart 13.2). This expenditure category includes items such as weapons and platforms (including military assets such as aircraft carriers and tanks) and defence other (including ammunition, transport costs, catering and office supplies).

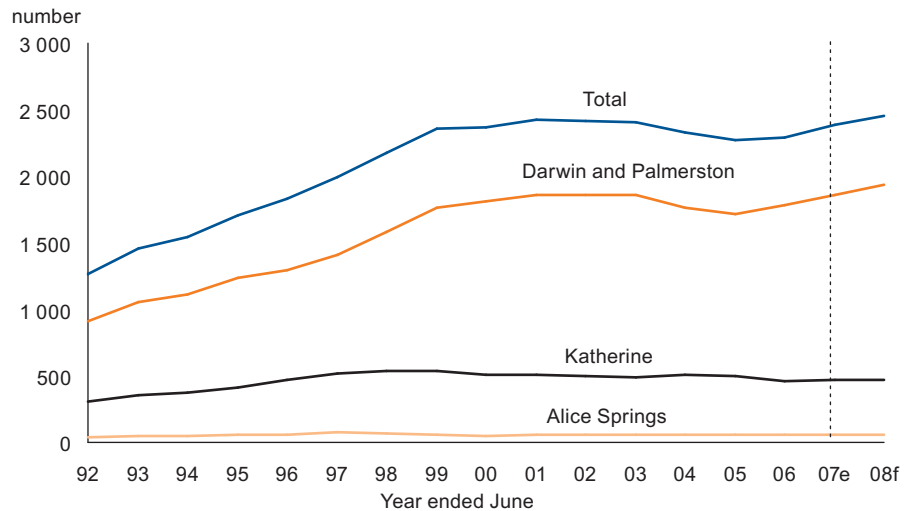
Defence contracts are also an important contributor to operational expenditure. The value and number of defence contracts with Territory businesses and greater levels of outsourcing of defence services has increased with the expanded defence presence. The increased capacity of local businesses to meet specialised defence requirements has contributed to the growth in defence operational expenditure in the Territory. Business relationships between the ADF and local enterprises have provided opportunities for new capacity and capability to be developed, broadening and enhancing the local economy. Examples of contracts awarded locally in 2006-07 include:

- Over 100 local contractors are involved in the supply and support services for the new Armidale Class Patrol Boats, which includes the provision of medical and security services.
- The 1st Aviation Regiment relocation awarded 90 per cent of its \$82 million building works to local construction companies. Construction included new facilities and working areas within Robertson Barracks to house the Tiger helicopters and defence personnel.
- Bradshaw field training area awarded 90 per cent of its \$65 million contracts to local businesses, including subcontracting projects to local Indigenous communities in remote areas.
- Maintenance and repair of the remaining Leopard tanks and Fremantle Class Patrol Boats will continue until decommissioned in early 2007.

Defence Housing

Since 1992, residential construction booms in the Territory have been impacted by defence demand for housing. The relocation of defence personnel and their families to the Top End has resulted in a significant and permanent increase in the Territory's population, with an associated increase in demand for housing and other goods and services. Defence Housing Australia (DHA) currently manages 2240 dwellings in the Territory, with the majority located in Darwin and Palmerston (Chart 13.3). Defence housing grew strongly between 1992 and 1999, with average annual growth in DHA dwelling stock of 9.4 per cent. The fall during 2003-05 is largely associated with a decline in new acquisitions and in the number of properties leased to DHA (which is generally for a term of 12 years).

Chart 13.3: Defence Housing
Australia Dwelling Stock



e: estimate; f: forecast

Source: Northern Territory Treasury, Defence Housing Authority

The composition of defence housing varies to accommodate the different living arrangements of defence families. The number of off-base properties has increased nearly three-fold since the early 1990s. For example, in Darwin, 972 properties are off-base, of which the majority are houses (716) and the remainder are apartments (164) and townhouses (92).

Planned Housing Developments

Construction for the new suburb of Lyons at Lee Point in Darwin began in mid-2006. Over the next five years, DHA plans to invest around \$170 million in the Lyons development, with \$65 million already expended since construction began. This project will comprise 300 new DHA homes and a further 350 allotments will be made available for sale to the public. When completed, this project will increase DHA-managed dwelling stock by 14 per cent to about 2500 dwellings. DHA plans to take delivery of 75 lots per year starting in 2006, with an additional 75 lots made available to the public.

In late 2006, DHA purchased 152 hectares of land at Muirhead (adjacent to Lyons) at a total value of \$18 million. DHA plans to develop the new suburb once the Lyons development is completed in 2011. Muirhead has the potential to yield about 1100 allotments, of which more than half will be made available for sale to the public. This residential construction by DHA will ensure that increased defence demand for housing is met either as a consequence of further movements of personnel to Darwin or relocation from defence housing on-base.

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

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

Defence Operations, Exercises and Deployments

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

Territory-based defence personnel play a significant role in Australia's military involvement in Iraq, particularly in the areas of transport, security, air traffic control and medical support.

Defence Exercises

Defence exercises are regularly staged in the Territory. These provide a major boost to the economy through supply and support contracts and increased visitor numbers. In 2006-07, the Territory hosted five major exercises:

- Exercise Singaroo, held in July 2006, is a biennial naval/air exercise between Australia and Singapore, conducted in the Arafura Sea off the Territory coast.
- Exercise Pitch Black 06, conducted in July/August 2006, is a biennial exercise involving the RAAF and air forces from France, Singapore, Thailand, United Kingdom and the United States. It is the RAAF's largest exercise, involving about 1500 defence personnel.
- Exercise Cassowary, held in November 2006, was the primary bilateral naval exercise with Indonesia.
- Exercise Albatross Ausindo, conducted in December 2006, was a joint naval exercise with Indonesia.
- Exercise Talisman Sabre 07, a biennial exercise scheduled for two weeks in June and July 2007, is held primarily at Shoalwater Bay in Central Queensland. Some defence activities will be carried out at Bradshaw field training area and at Delamere Air Weapons Range.

Other Defence-Related Activities

The Territory economy benefits from other defence-related activities such as the private expenditure by visiting naval ship personnel and the Territory Government's involvement in defence-related support activities.

Navy Ships

Darwin is an important naval port, with a large number of RAN and international navy ships visiting the Territory when regular exercises, rest and recreation, and naval or humanitarian missions occur, such as relief operations (including the 2004 Asian tsunami and 2005 East Timor civil disturbance). These visits provide a significant economic contribution, particularly the expenditure by sailors on shore leave and re-supply and service stopovers in Darwin. Ships remain in port for an average of four days, with crew sizes between 100 and 1000. The Defence Support Division estimates that each United States Navy sailor spends \$150 to \$200 a day. In 2006, 59 navy ships visited the Port of Darwin for a total of 214 visit days, compared to 71 navy ships and 265 visit days in 2005.

Defence Support Division

The defence presence in the Territory provides significant opportunities for local industry. In 2003, the Territory Government established the Defence Support Division (DSD) to help facilitate the growth of Territory industry capability to capture defence-related opportunities.

Defence Outlook

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

The Territory's total defence community (including personnel and their families) is forecast to increase from an estimated 12 935 in June 2007 to 13 165 by June 2008. The number of permanent defence force personnel is forecast to increase by 100 over 2007-08 to 5289 by June 2008. The increase is expected as a result of the recruitment efforts made by the ADF to boost personnel numbers across Australia.

The \$170 million Lyons development project will boost the Territory economy over the next five years with the construction of an estimated 650 houses. When completed, it will bring DHA housing stock in the Territory to around 2500 dwellings. In the next five to ten years the development of Muirhead will further increase DHA housing stock to about 2900 dwellings.

In 2007-08, it is anticipated that the Territory Government will release 60 hectares of land adjacent to Robertson Barracks for the development of an industrial park, including the Defence Support Hub. This will provide a location for maintenance and support contracts to be carried out in the Territory. Defence estimates that around \$17 million will be injected into the Territory economy over the next 15 years and create about 100 new jobs for Territory business as a result of the Defence Support Hub.

Defence expenditure on proposed infrastructure projects is estimated to be more than \$250 million in 2007-08. In addition, an estimated \$13.4 million of maintenance contracts will provide opportunities for local industry over the same period (Table 13.2).

Table 13.2: Proposed Defence Infrastructure Program for 2007-08

Project	Estimated Total Value (\$ million)	Estimated Spend in 2007-08 (\$ million)	Nature of Project
Redevelopment of Robertson Barracks	82.0	76.6	<p>Construction began late 2005 and the revised completion date is mid 2007. The redevelopment consists of three stages.</p> <p>Stage 1 – redevelopment of existing accommodation and construction of new facilities, vehicle shelters and associated infrastructure (\$21.4 million).</p> <p>Stage 2 – construction of new facilities to support the Abrams tanks (\$7.2 million).</p> <p>Stage 3 – construction of facilities to support the Hardened and Networked Army initiatives (\$48 million).</p>
Upgrade of RAAF Darwin redevelopment stage two	36.0	36.0	Construction to begin mid-2007 and be completed by late 2008. Involves upgrades to existing facilities including fuel farms, workshops, airfield lighting and the construction of a new logistics headquarters.
RAAF Base Tindal redevelopment stage five (includes the Airborne Early Warning and Control Facilities)	90.0	50.0	Construction to begin mid-2007 and be completed by late 2008. Includes the construction of new facilities to support the Airborne Early Warning and Control aircraft and their staff.
Bradshaw field training area	65.0	4.7	Construction began late 2005 and is expected for completion by mid-2007. This will provide engineering services and infrastructure for the use of Bradshaw as a field training area by the 1st Brigade.
Lyons sub-division development	170.0	70.0	Construction began mid-2006 and is expected to continue to 2010. An estimated 300 new DHA homes and a further 350 residential allotments for sale to the public.
Darwin Naval Base extensions	19.2	13.9	Construction began in early 2005 and the revised completion date is late 2007. Includes construction of a new Stand-by Crew and Port Services facility to accommodate the Armidale Class Patrol Boats.
Darwin and Gove foreign fishing vessel crematoriums	6.6	6.6	Construction to begin in 2007-08. Includes the construction of boat destruction facilities at Darwin and Gove.
Mt Bundy training area urban terrain facilities	5.0	4.2	Construction began mid-2006. Upgrade of the Mt Bundy training area to increase capability of urban terrain facility.
Maintenance contracts (less than \$5 million per project)	13.4	13.4	Repairs to NORFORCE accommodation at Jabiru, replacement of water storage tanks at RAAF Base Tindal, refurbishment of Larrakeyah Barracks accommodation, and soundproofing the air traffic control at RAAF Base Darwin.
Total estimated value of projects	487.2	275.4	

Source: Northern Territory Treasury, Department of Defence Budget Statements 2006-07