



**Australian Government**  
**Department of Defence**

**Senate Standing Committee on Foreign Affairs, Defence and  
Trade**

**Inquiry into the Impact of Defence Training Activities and  
Facilities on Rural and Regional Communities**

**Department of Defence  
Written Submission**

**May 2017**

## Executive Summary

1. The Australian Government is strengthening Australia's defence capabilities through the 2016 Defence White Paper and the Defence Integrated Investment Program to meet the challenges of the more complex strategic environment Australia is likely to face in the years ahead. The need for Defence to deliver the capability directed by Government and to ensure the safety and security of Defence personnel and the Australian public requires Defence to train in a range of locations, including on large training areas.
2. The Australian Defence Force (ADF) utilises the Defence estate, which includes many bases and training areas in rural and regional Australia. The estate provides ongoing access to appropriate geographical areas to practice and refine necessary skills.
3. Defence land, maritime and air areas allow the ADF to train in environments that mirror as closely as possible the range of environments they may encounter when deployed. Defence capability relies on consistent access to specific training areas and facilities, many of which would not be possible to replace.
4. Defence works alongside allies and partner nations to contribute to regional and global security. Relationships with partner nations are supported through training. Training areas are used regularly by the ADF to conduct military exercises with close international partners such as the United States and Singapore.
5. Defence makes a significant contribution to rural and regional Australia through the presence of Defence bases and training areas and by fostering linkages with the communities in which Defence personnel are based. Defence training activities benefit rural and regional areas both directly (e.g. sources of products and services) and indirectly (e.g. periodic expenditure for accommodation and meals). This includes expenditure associated with resident ADF personnel and visiting ADF and international forces. Defence recognises that small to medium enterprises are important to the generation of business opportunities, employment and sustainment of Defence capability, including for the construction, enhancement, and management of Defence facilities and training areas. Defence recognises that there are benefits in drawing support from local contractors and suppliers, where there is capacity and capability available in the local market.
6. Defence procurement activities are fundamentally driven by value for money considerations. Defence, in line with Government policy, has adopted the use of national large scale contracts and standard offers to achieve the best value for money.
7. Defence is one of the largest landholders in Australia, managing approximately 2.6 million hectares. The Defence estate is a significant national asset, comprising important environmental and heritage values including 130 heritage-listed places, Indigenous heritage and ecological systems.
8. The 2016 Defence White Paper commits Defence to effective environmental management to ensure the long-term sustainability of the Defence estate. While the Defence estate is managed primarily for military purposes, Defence takes its environmental stewardship responsibilities seriously, and complies with relevant environmental legislation and regulations, including the protection of biodiversity on Defence bases and training areas.
9. This submission provides an overview of Defence training activities and facilities in rural and regional Australia and addresses the following terms of reference:
  - Economic, social and environmental impacts;
  - Consultation and communication with local government and community organisations;
  - Investments in new facilities, infrastructure and operations;
  - Utilisation of local suppliers and service providers to achieve value for money; and
  - Encouraging awareness of tendering opportunities for rural and regional businesses.

## Introduction

10. Australian Governments have invested in developing Defence capability for more than a century. The 2016 Defence White Paper stated that these capabilities are essential to the effective operation of the ADF's most potent and capable combat systems, including its sea, land and air systems. The White Paper sets out the Government's intent to increase investment in these capabilities.

11. The ADF conducts training on a regular basis to maintain individual and collective skill sets in order to generate and sustain cohesive joint forces. Defence training areas and bases are essential to support military training exercises and to generate different capabilities. Defence capability relies on consistent access to specific training areas and facilities, many of which would not be possible to replace.

12. Defence is the largest Commonwealth landholder and one of the largest overall landholders in Australia. The Defence estate consists of 400 properties (including 72 major bases) and approximately 350 expenditure leases and is estimated to have a gross replacement value of over \$60 billion (excluding land). The Defence estate is approximately 2.6 million hectares. It includes bases, training areas and ranges, research facilities and office accommodation to support ADF capability (see Annex A.)

13. Defence makes a significant contribution to regional Australia through the presence of Defence bases and people and by fostering linkages with the communities in which Defence members are based. As at January 2017, the total overall number of Defence personnel in regional centres across Australia was approximately 27,427, which equates to 28 per cent of the total 98,161 Defence personnel.

14. The Defence footprint in rural and regional communities influences many socio economic factors such as employment, goods and services, community involvement, childcare and education facilities, housing, cooperation on heritage issues, and Indigenous affairs.

15. Defence actively manages the Defence estate to ensure it meets environmental obligations including obligations under the *Environment Protection and Biodiversity Conservation Act 1999* (Cwth) (EPBC Act.) Defence activities with potential for impacts, including military training, are assessed for their environmental impacts.

## The diverse nature of training facilities and areas

16. Defence manages approximately 100 training areas located in all states and territories. The majority are Commonwealth owned, with some portions and land parcels being leased.

17. The ADF needs different training areas to exercise and generate different capabilities. The largest training areas, 'Category 1' training areas, are typically used for the highest and most complex levels of ADF training and include Shoalwater Bay (QLD) and Cultana (SA.) The most complex activities involve the Navy, Army and Air Force training together to practise the live-fire integration of discrete capabilities. An exercise like Talisman Sabre (conducted at Shoalwater Bay (QLD), Bradshaw (NT), and Mount Bundey (NT)) and at numerous other sites in QLD and the NT, including on non-Defence land, may involve Army personnel and equipment landed from Navy vessels, with close air support from Air Force and Navy surface gunfire and other nations involved.

18. Smaller training areas are used by each Service to conduct independent training for their unique capability requirements. These training areas can support Navy, Army and Air Force independent training requirements, with the larger training areas having the capacity to undertake training to a similar scale to the 'Category 1' training areas.

19. The use of training areas varies. Air Force, for example practises dropping bombs from aircraft at Delamere Air Weapons Range (NT). Navy practises live fire gunnery from ship to shore at Lancelin Naval Gunfire Support Range (WA) and Beecroft Weapons Range (NSW). Army practises live firing from tanks, artillery, armed reconnaissance helicopters and other platforms at Townsville Field Training Area (QLD.)

20. Defence's larger training areas are summarised in Table 1.

**Table 1:** Summary of Category 1, 2 and 3 Training Areas.

<p><b>Category 1 Training Areas</b> Category 1 training areas have a primary function to support joint and combined manoeuvre for force elements at or above battle group with the potential ability to support live fire training from land, air and sea.</p>	<ul style="list-style-type: none"> <li>▪ NT - Bradshaw Field Training Area</li> <li>▪ SA - Cultana Training Area</li> <li>▪ QLD - Shoalwater Bay Training Area</li> <li>▪ WA - Yampi Sound Training Area</li> </ul>
<p><b>Category 2 Training Areas</b> Category 2 training areas have a primary function to support the conduct of single Service collective training and have the potential for joint or combined training, with sufficient manoeuvre space for land, air or sea forces.</p>	<ul style="list-style-type: none"> <li>▪ TAS - Buckland Training Area</li> <li>▪ NT - Mount Bunday Training Area</li> <li>▪ QLD - Townsville Field Training Area (incorporating Star Air Weapons Range)</li> <li>▪ NT - Delamere Air Weapons Range</li> <li>▪ WA - Learmonth Air Weapons Range and Lancelin Training Area (incorporating Naval Gunfire Support Range)</li> <li>▪ NSW - Jervis Bay Range Facility (incorporating Beecroft Weapons Range)</li> </ul>
<p><b>Category 3 Training Areas</b> Category 3 training areas have a primary function to support the conduct of single Service collective training with limited potential for combined training, and sufficient manoeuvre space for up to sub-unit land, air and sea forces.</p>	<ul style="list-style-type: none"> <li>▪ WA - Bindoon Training Area (incorporating Bindoon Special Training Facilities), Swanbourne Special Forces Training Facilities, and Muchea Air Weapons Range</li> <li>▪ QLD - Canungra Training Area, Cowley Beach Training Area, Halifax Bay Training Area, Tully Training Area, and Wide Bay Training Area</li> <li>▪ NSW - Holsworthy Training Area (incorporating Holsworthy Special Training Facilities), Singleton Training Area, Evans Head Air Weapons Range, and Salt Ash Air Weapons Range</li> <li>▪ NT - Kangaroo Flats Training Area</li> <li>▪ ACT - Majura Training Area</li> <li>▪ SA - Murray Bridge Training Area</li> <li>▪ VIC - Puckapunyal Training Area, West Head Gunnery Range</li> <li>▪ TAS - Stony Head Training Area</li> </ul>

21. The types of training that can be conducted are determined by the size of the training area. This necessitates the ADF moving between different training areas to obtain the necessary competencies. The selection of a training area for any proposed activity is determined by the:

- Numbers of troops, vehicles and equipment able to fit on the ground;

- Amount of tactical movement (manoeuvre) required to meet training objectives; and
- Capability of weapons systems in use and associated no-go exclusion areas (safety templates) around live-fire training to keep troops, and the public safe.

22. Troops, vehicles and equipment require space on the ground to practice manoeuvres. As troop numbers increase, so does the space required for manoeuvres. More capable and sophisticated weapons systems have larger no-go areas. The cumulative effect is that more space is required for complex training with large numbers of troops using sophisticated and capable weapons systems. This principle is consistent across Defence training areas.

23. A major exercise like Talisman Sabre, involving thousands of troops, multiple warships and several aircraft, requires a large training area. The conduct of live fire during such exercises involves the integration and overlaying of safety templates and no-go areas for weapon systems used by all three services.

24. Training areas typically have many constraints that limit the amount of land that can be used for training. The usable areas of each training area are constrained by factors including terrain, water-courses, climate and seasonal weather, environmental fragility, heritage, cultural, public infrastructure, safety and other limiting factors.

25. As responsible environmental stewards, Defence seeks to train sustainably, and regenerate vegetation and soil in training areas. Regeneration requires a reduction in the frequency with which the same portions of land are repeatedly used for military training (rest periods.)

26. Training areas in regional Australia can vary from a small arms range, through to very large tracts of land in remote areas able to accommodate joint live fire manoeuvres and amphibious training. There are also a number of maritime exercise areas around Australia and airspace that have been declared Defence Practice Areas and which are activated when required.

27. Defence facilities and training areas are managed by people located in both capital cities and in rural and regional areas. Daily operations and maintenance are supported by people and businesses living and operating in local communities.

28. Each Defence base consists of facilities that are necessary to administer and accommodate people, and to store and manage equipment. Most major bases also have dedicated facilities, weapon ranges and training spaces to facilitate the conduct of individual and small team training and skills development. Local regional bases, facilities and training areas are also used to support reserve formations and units and those involved with the cadet program.

29. Training areas require a diverse range of training conditions to prepare the ADF in challenging and complex environments so that they can be certified ready for operational deployment or to respond to unforeseen short notice contingencies.

30. The location and size of many Defence training areas and ranges are historically based and date back as far as World War 1. Defence regularly reviews the disposition of the estate (including training areas) to ensure it aligns to current and future force requirements. This may lead to the identification of a requirement to expand an existing training area, dispose of a training area or acquire a new training area.

### ***Use of non-Defence land for training***

31. To enable the ADF access to a variety of geographical environments and climatic conditions, Defence also utilises non-Defence land. Defence has a long history of effective access to non-Defence land such as national parks, state forests and civilian facilities or properties for training activities. Defence activities conducted on non Defence training areas are planned and managed in compliance with legislative and administrative requirements.

## Part one Terms of reference a) economic and social impacts of Defence training activities and facilities.

32. Defence is a significant part of the Australian economy. It is the fourth largest area of Australian Government spending. Defence activities in rural and regional Australia can boost the economies of these areas through employment opportunities, support of local businesses and being a catalyst for improved infrastructure spending.

### *The contribution of Defence to the economy*

33. Defence's direct and indirect impact on regional economies varies depending on the size of the base or training area, and the scale and intensity of the regional economy in which each base is located. The economic contribution of selected bases can be measured by:

- Direct expenditure contributions arise from the number of people directly employed on the base and all economic activity that has a direct relationship with the base; and
- Indirect expenditure contributions arise out of the input/output expenditure linkages between the base and other industrial and commercial activities (such as retail trade, electrical supply and maintenance of equipment).

34. Examples of Defence expenditure in regional areas are shown in the tables at Annex B and Annex C. Defence expenditure in regional areas is also evident in the following case studies:

#### Case Study: Economic Contributions of Three Queensland Defence Precincts

*A study conducted in 2010 modelled the economic contributions of Defence at several precincts in Queensland. The contributions were measured in terms of overall economic activity (output), the value added (profits and wages component) of the overall economic activity and the employment generated to sustain the level of output. A summary of the modelled direct contributions for each Defence precinct are as follows:*

- *The Cairns Defence Precinct: • directly employed 1,144 Full Time Equivalent (FTE) staff (military and civilian); • directly pays \$58.1 million in wages; and • directly spends \$8.8 million on Defence housing and private rental assistance.*
- *The Oakey Defence Precinct: • directly employed 1,047 FTE staff; • directly pays \$58.5 million in wages; • directly spends \$16.6 million on maintenance; and • directly spends \$8.9 million of a projected \$37.5 million on capital works projects. It is important to note that indirect contributions may not be realised immediately and refers to the generation of output, value added or employment in years to come. However, it is expected that it would primarily be realised in the earlier years and diminish after that.*
- *The Canungra Defence Precinct: • directly employed 297 FTE staff; • directly pays \$14.8 million in wages; and • directly spends \$11.2 million on maintenance.*

*The overall magnitude of these direct contributions was increased further when the economic flow on effects were considered. Direct contributions led to indirect contributions through the additional payments the Defence precincts' direct expenditure generated in an economy.*

- *The Cairns Defence Precinct: • indirectly generated an additional \$189.6 million in overall economic activity (output) in the Queensland State economy; • indirectly generated an additional \$84.4 million in profits and wages (value added) in the Queensland State economy; and • indirectly generated an additional 748 FTE jobs in the Queensland State economy.*
- *The Oakey Defence Precinct: • indirectly generated an additional \$205.7 million in overall economic activity (output) in the Queensland State economy; • indirectly generated an additional \$92.3 million in profits and wages (value added) in the Queensland State economy; and • indirectly generated an additional 812 FTE jobs in the Queensland State economy.*
- *The Canungra Defence Precinct: • indirectly generated an additional \$60 million in overall economic activity (output) in the Queensland State economy; • indirectly generated an additional*

*\$27.2 million in profits and wages (value added) in the Queensland State economy; and • indirectly generated an additional 237 FTE jobs in the Queensland State economy.*

**Source:** SGS Economics and Planning (2010) *The Economic Contributions of Three Queensland Defence Precincts* Prepared for the Department of Defence, July 2010.

*Case Study: Economic contribution of Defence activities in the Northern Territory*

*A study by KPMG (2010) undertook economic modelling for major Defence bases in the Northern Territory. The study identified that Defence facilities contributed the following (\$2008/09):*

<b>Defence Facility</b>	<b>Employment (jobs)</b>	<b>Value Added (\$m)</b>	<b>Turnover (\$m)</b>	<b>Consumption (\$m)</b>
<b>Regional Impacts</b>				
<u>Darwin Region</u>				
RAAF Base Darwin	900	63.9	116.3	55.7
Larrakeyah Defence Precinct	1,472	105.4	189.4	91.6
Defence Establishment Berrimah	163	11.7	20.9	10.0
Robertson Barracks	5,953	427.9	768.0	381.7
<u>Katherine Region</u>				
RAAF Base Tindal	1,020	73.4	132.3	59.0
<b>State Impacts</b>				
Total	11,116	805.4	1,460.9	673.8

*Defence facilities and naval ship visits supported 11,116 jobs in the Northern Territory economy, with the majority of jobs in Government Administration and Defence industry.*

*At the same time these facilities created additional employment in businesses that sell consumer goods to employees of Defence, and in industries that sell goods and services to Defence.*

*The study concluded that the overall impact of Defence facilities on Gross State Product is positive. By supporting production in the state economy, the Defence facilities contributed to living standards in the Northern Territory.*

*The Defence facilities were estimated to contribute \$673 million (2008/09 prices) annually to consumption in the Northern Territory.*

**Source:** KPMG (2010) *Economic Report into the Major Defence Bases in the Northern Territory*. Prepared for the Department of Defence, September 2010.

Case Study: Air base contributions to their economic catchments

A 2007 study examined the economic contributions made by five air bases to regional and state economies. It looked at both the direct and indirect contributions of each base at the economic catchment region level. The size of the contributions across the bases varies, reflecting the size of the bases, and the scale and intensity of the regional economies in which each base is located.

The following summarises the modelled economic contributions of each base to their respective economic catchment regions (based on 2006/07 dollars.)

Base	Indicator	Direct	Indirect	Total
RAAF Amberley (Qld)	Output	\$561.9 m	\$487.1 m	\$1,049 m
	Value Added	\$168.8 m	\$201.8 m	\$370.6 m
	Employment	2,870 jobs	2,294 jobs	5,164 jobs
RAAF Edinburgh (SA)	Output	\$706.8 m	\$533.1 m	\$1,239.9 m
	Value Added	\$228.6 m	\$232 m	\$460.5 m
	Employment	4,492 jobs	\$2,605 jobs	7,097 jobs
RAAF Pearce (WA)	Output	\$129.3 m	\$120.9 m	\$250.1 m
	Value Added	\$37.5 m	\$50.2 m	\$87.7 m
	Employment	770 jobs	578 jobs	1,348 jobs
HMAS Albatross (NSW)	Output	\$277.1 m	\$91.5 m	\$368.6 m
	Value Added	\$77.7 m	\$29.3 m	\$107 m
	Employment	1,425 jobs	415 jobs	1,840 jobs
RAAF Williamtown (NSW)	Output	\$606.6 m	\$401.9 m	\$1,008.5 m
	Value Added	\$171.9 m	\$166 m	\$337.9 m
	Employment	3,147 jobs	2,051 jobs	5,198 jobs

**Source:** SGS Economic & Planning (2008) *The Economic Contributions of Five Defence Air Bases*. Prepared for the Department of Defence, June 2008.

Case Study: Cultana Training Area and Woomera Range Complex

The Cultana Training Area and Woomera Range Complex contribute to the regional economy of South Australia. Expenditure totalled in excess of \$18 million for these ranges in 2015-16. This included military and civilian employee expenses of approximately \$2.5 million (see [Annex B](#)).

Woomera is a major strategic asset and Australia's most important weapons testing range, making a significant contribution to our national security. Under Project AIR3024, the Woomera Test Range Remediation Project, Defence will upgrade outdated systems and technology, together with infrastructure and facilities. Parliamentary approval has been given for the facilities component of the project. The budget of the facilities component of the project is \$48.6 million. Construction is expected to commence in 2017. The significance of the Woomera Range complex is evident in the 2016 Defence Integrated Investment Program which identifies expenditure of between \$500 and \$750 million (between 2018 and 2026) for capabilities to support increased cooperation and joint exercises and training

The Cultana Training Area located between Port Augusta and Whyalla in South Australia area is one of Defence's most important training areas. Its expansion has allowed for larger scale exercises to take place and for greater environmental sustainability. In July 2016, the Army conducted Exercise HAMEL 16 which was centred on the Cultana Training Area. Exercise HAMEL 16 activities included large scale land manoeuvre and special forces exercises, with aviation elements based in Port Pirie and non-combatant evacuation operations training within the Whyalla township.

A total of 8100 personnel took part in Exercise HAMEL 16. This number included 180 RAAF, 410 New Zealand Defence Force, 510 United States Marine Corps and 235 United States Army personnel. No Royal Australian Navy personnel were directly involved although the crew of HMAS Adelaide supported the exercise with a sea lift of troops and equipment from Townsville to Adelaide. Exercise HAMEL 16 employed

*approximately 1591 military type vehicles, 172 civilian type vehicles and 192 military and civilian road freight vehicles.*

*The total cost of local purchases (maintenance, subsistence, repair and other miscellaneous items) for exercise HAMEL 16 across both FY 15/16 and FY 16/17 was over \$2.74 million. This included expenditure in the regional areas of Port Augusta, Port Pirie, Whyalla and Iron Knob.*

### ***Strategic international partnerships for training***

35. Defence has been working to increase international engagement with partners and allies. The ADF is hosting and participating in more exercises both in Australia and overseas with international partners. Two bilateral initiatives are of particular relevance to this inquiry: the United States Force Posture Initiatives and the Australia-Singapore Military Training Initiative.

#### ***Case Study: Australia – Singapore Military Training Initiative***

*Singapore military training is reliant on accessing training areas outside of Singapore. Australia has a long and established relationship with Singapore which includes allowing access to Australian Defence training areas. Visiting Singapore Armed Forces have had a long term presence at RAAF Base Pearce (WA), Army Aviation Centre Oakey (QLD) and Shoalwater Bay (QLD.)*

*Currently Singapore Armed Forces personnel conduct annual training activities in Australia. For the duration of the exercise(s) Singapore engages a range of local services in the central Queensland region outside of the on-base arrangements provided by Defence, such as:*

- Accommodation;*
- cargo and freight transportation;*
- personnel transportation;*
- catering;*
- cleaning;*
- equipment hire;*
- waste removal and waste management;*
- assembly and disassembly of temporary accommodation; and*
- potable water provision.*

*Singapore currently spends in excess of \$20 million annually through Australian commercial enterprises in the central Queensland region, particularly the Rockhampton area. Annual expenditure can vary year-to-year depending on the size and scale of the exercise/s.*

*Singapore generally maintains a presence of anywhere between 500-1,500 people in the central Queensland area (particularly around Rockhampton and Yeppoon) over a 60-90 day period each year.*

*The accommodation of this contingent is arranged directly with 20-30 local accommodation providers.*

*Prior to departing Australia, Singapore Armed Forces personnel generally receive up to two nights of rest and recreation leave in Rockhampton. During this time they make direct arrangements with local accommodation and tourism providers.*

*In 2015 Australia and Singapore entered into a Comprehensive Strategic Partnership designed to further develop the bilateral relationship by deepening existing areas of cooperation and driving new ones. The two governments have since embarked on a ten-year plan to enhance strategic, trade, economic, defence and people to people links.*

*In 2016 the two countries announced a package of bilateral cooperation initiatives, which included five defence and security-related elements. One allowed for increased access to, and enhancement of, training areas including joint development of military training facilities in Australia. This was subsequently named the Australia-Singapore Military Training Initiative.*

*Under the Australia-Singapore Military Training Initiative Singaporean expenditure in central and northern Queensland is expected to be larger than the current arrangements arising from increased Singapore Armed Forces personnel numbers and longer training windows in Australia.*

*As the Singapore Armed Forces presence increases, opportunities for local businesses to provide support and services will expand. Up to \$2.25 billion will be invested in the Townsville and Rockhampton regions from*

approximately 2019 to 2026. The memorandum of understanding gives priority to Australian commercial enterprises in the locality of the training areas in support of both the development and the ongoing training phases. Defence expects there will be a need for goods and services to support construction of the following infrastructure and facilities:

- Training facilities;
- Logistics facilities;
- Camp facilities;
- Information communication technology infrastructure;
- Roads; and
- Utilities.

Defence expects the Singapore Armed Forces will have need of other ongoing services, including:

- Maintenance;
- Health;
- Hospitality and catering;
- Accommodation;
- Transportation;
- Tourism; and
- Recreation.

#### ***Defence engagement with local communities, businesses and government***

Defence places a priority on ensuring the initiative maximises the positive benefits for local stakeholders while minimising any potential negative impacts. To this end Defence continues to engage with a wide range of stakeholders and remains responsive to feedback.

Defence initiated its stakeholder engagement program in late 2016. This has included extensive consultation with communities, businesses and local councils in Marlborough, Stanage Bay, Yeppoon, Rockhampton, Charters Towers, Townsville, Brisbane and Canberra. Engagement has included one-on-one discussions, town hall meetings, property visits, emails, letters, phone calls, newspaper adverts and website updates.

Defence has also established a dedicated office in Townsville to support consultations and engagement. For local businesses interested in opportunities arising from the initiative, it is likely principal contractors will run advertisements and/or information sessions to raise awareness of subcontract opportunities.

#### ***Socio-Economic Impact Assessment***

Defence commissioned KPMG to conduct a socio-economic impact assessment of proposed training area development and training rotations. The scope of the study includes:

- a review and analysis of the current economic profile of the Townsville and Rockhampton regions;
- an estimation of the direct socio-economic impacts of the current Singapore Armed Forces training program; and
- an estimation of the direct socio-economic impacts of the proposed extended training program.

Stakeholder engagement is part of the assessment's methodology. This included engagement with local councils, communities, groups and committees. This engagement sought to understand local views on:

- increased demand for and utilisation of public facilities and infrastructure;
- property market impacts;
- community impacts;
- workforce impact; and
- industry considerations.

The assessment will be released publicly on the Defence website.

### **Case Study: US Force Posture Initiatives**

*The US Force Posture Initiatives were agreed by the Australian and United States (US) governments in 2011. The initiatives include two key elements, the Marine Rotational Force-Darwin (MRF-D) and the Enhanced Air Cooperation. The initiatives represent a 25-year arrangement between the two countries and are underpinned by a treaty-level Force Posture Agreement between Australia and the US. The Force Posture Agreement provides a framework to facilitate the implementation of the initiatives. It enables the US to participate in exercises, and joint and combined training activities as agreed with Australia.*

*Both governments have agreed to invest in a range of infrastructure and supporting arrangements for implementation and ongoing support of the initiatives. Any new facilities or infrastructure will be owned by the Australian Government.*

#### **Marine Rotational Force-Darwin**

*Every year US Marines rotate through Darwin and northern Australia during the dry season to conduct exercises and train with the ADF. While in Australia, the MRF-D participates in unilateral, bilateral and multilateral exercises and training activities. They also perform local community and Indo-Pacific outreach. This annual deployment began in 2012 and has grown in size, scope and complexity. The 2017 rotation involves 1,250 US personnel. In its mature state, MRF-D will have up to 2,500 personnel with a variety of aircraft, vehicles and equipment.*

#### **Enhanced Air Cooperation**

*Activities under Enhanced Air Cooperation began in February 2017 with the rotation of twelve US Air Force aircraft conducting up to three weeks training from RAAF Base Tindal (Northern Territory). Enhanced bilateral collaboration will provide greater opportunities for combined training and exercises. A range of US aircraft already visit Australia for exercises and training. Enhanced Air Cooperation will develop over a number of years and will result in increased rotations of US air elements through northern Australia.*

#### **Infrastructure and support services**

*Infrastructure and facilities works will be concentrated at Robertson Barracks, RAAF Base Darwin, and RAAF Base Tindal. Construction is expected to start in 2018 and continue through to the mid-2020s.*

*Defence expects there will be a need for goods, services and labour to support construction of the following infrastructure and facilities:*

- *Camps and accommodation;*
- *Roads, airfields and helipads; and*
- *Service upgrades, including electricity, water and sewerage.*

*Defence expects there will be a need for other ongoing services, including:*

- *Maintenance;*
- *Operational support;*
- *Catering;*
- *Car rental;*
- *Transportation; and*
- *Equipment hire.*

#### **Industry engagement**

*Article XVII of the Force Posture Agreement states the US will strive to use Australian suppliers of goods, products and services, including Australian workers and Australian commercial enterprises, to the greatest extent practicable, in accordance with Australian and US laws and regulations. There are likely to be support opportunities for both Australian and US businesses. Competitive tendering processes will offer opportunities for local and international suppliers. When US firms are contracted, there should be opportunities for Australian business through sub-contracting and supply arrangements. There are expected to be indigenous employment and business opportunities. Defence has conducted briefings in the Northern Territory to raise awareness of tendering opportunities for local businesses. There will be continued Defence engagement with industry as planning matures.*

### ***Community engagement***

*An important part of MRF-D is their involvement with the Northern Territory community. In total, Marines contributed over 1,500 hours of volunteer work throughout the 2016 rotation. Examples of their community activities include:*

- *Donating blood to the Australian Red Cross, and participating in weekly blood drives;*
- *Holding leadership discussions and speeches at community forums;*
- *Conducting community clean-ups;*
- *Conducting mentorship programs;*
- *Teaching physical fitness and physical education classes at local schools and providing general administrative support (for example at Rosebery Middle School and Palmerston Middle School)*
- *Conducting retirement home visit; and*
- *Attending local military memorial ceremonies and marches, including ANZAC Day, Bombing of Darwin and Battle of Coral Sea commemorations.*

### ***Training areas and ranges***

*Activities will place increased demand on training areas. At this stage these improvements will likely occur at:*

- *Robertson Barracks Close Training Area;*
- *Kangaroo Flats Training Area;*
- *Mount Bunday Field Training Area; and*
- *Bradshaw Field Training Area.*

*A detachment of up to 100 personnel remain in Darwin for the wet season to conduct vehicle and equipment maintenance.*

### ***Economic impact***

*A 2013 study concluded that a USMC rotation of 1,100 personnel and associated equipment was expected to result in a total \$7.7 million in direct expenditure into the Australian economy in 2014. The study estimated that the rotation would contribute \$5.6 million to gross state product for the Northern Territory with the impact strongly concentrated in services and government, retail, transport and recreational services.*

*(Source: Deloitte Access Economics 2013 Economic Impact of the Rotation of 1100 US Marines and associated equipment in Northern Australia)*

### ***ADF Recruit Training – contribution to regional and rural areas***

36. Navy, Army and Air Force recruit training activities are primary conducted in regional Australia and contribute significantly to the economies of the regions in which they are based.

37. HMAS *Cerberus* (VIC) is the Royal Australian Navy's principal and largest training establishment, with a permanent workforce of approx 980 uniformed, Defence civilian and contracted staff. In addition there are approximately 6000 training places per annum over 300 courses ranging in duration from one week to one year with an average of 1100 trainees at any one time throughout the year.

38. HMAS *Cerberus*'s primary capability output is the training of initial entry sailors, specialist Navy officers and sailors and tri-Service elements. Initial entry sailor training is undertaken over a period of 11 weeks for each intake at the Recruit School. Recruit School intakes range between 80 and 150 personnel, with 10 intakes per year. Around 80% of recruits remain at *Cerberus* for approximately three to 12 months to undertake Initial Category School Training. In addition to the Recruit School, *Cerberus* undertakes the following specialist training functions in support of ADF capability:

- Navy Marine and Weapons Electrical Engineering Officer and Marine and Electronics Technician Training;
- Tri-Service Dental Training;
- Navy Gunnery, Seamanship, Ship Survivability and Survival at Sea Training;
- Tri-Service Catering Training; Navy Maritime Logistics Training;

- Tri-Service Physical Instructor Training; and
- Navy Maritime Communications and Information Systems Training.

39. HMAS *Creswell* (NSW) provides initial entry officer training and leadership training. Cadets from the Australian Defence Force Academy in Canberra also undergo periods of single Service training at *Creswell*. *Creswell* has an approximate annual throughput of 900 trainees.

40. Currently, the Army's entire recruit training for both full time and part time enlisted personnel occurs at the Army's Recruit Training centre at Kapooka, located in Wagga Wagga (NSW.) After Kapooka, most full time soldiers undertake their initial employment training in other regional centres such as Singleton (NSW), Puckapunyal (VIC) or Albury Wodonga (NSW/VIC.)

41. The majority of Air Force recruit and initial employment training is conducted at bases or airports in regional areas. These include RAAF Base Wagga (NSW), RAAF Base East Sale (VIC), Tamworth Airport (NSW) and RAAF Base Pearce (WA.)

42. These facilities graduate approximately 1350 personnel each year with over 60 corresponding graduation ceremonies. This provides commensurate economic and social benefits to local communities from visiting friends and relatives.

43. Other recruit training in the form of exercises and deployments is conducted at numerous times and at different regional locations. These vary in size but each has a commensurate economic and social benefit to the local community.

44. Exercises and deployments often lead to an increased use of base held consumables. The extra consumables are generally obtained using extant support arrangements, which may include local suppliers.

#### Case Study: Kapooka and the training of Army Recruits

*Kapooka is located adjacent to Wagga Wagga (NSW) and commenced operation in 1942. In 1951, the 1st Recruit Training Battalion was established, and Kapooka has remained the primary location for Army recruit training through the Army Recruit Training Centre (ARTC) since then.*

*Approximately 4000 recruits are trained by ARTC annually. ARTC runs two separate courses multiple times throughout the year: the Army Recruit Course trains full-time recruits and the Reserve Recruit Training Course trains part-time recruits. The average annual trainee throughput is 2900 soldiers for the Army Recruit Course and 1100 soldiers for the Reserve Recruit Training Course.*

*ARTC averages 47 march out parades per annum, generally comprising 31 Regular Army and 16 Army Reserve. Visitor numbers can be from 200-600 family and friends per march out parade.*

*A reasonable average for ARTC in any year is approximately 21,500 visitors. Visitors to a Regular Army march out generally stay within Wagga for two nights; with Army Reserve parade visitors generally staying one night. In addition to recruit march out parades, the other key activities that see visitors at Kapooka are the twice yearly Kapooka sporting series, ANZAC Day, Kapooka Tragedy Memorial Service and Family/Open Days.*

*Approximately 364 personnel are posted to ARTC and there is 36 Regular Army staff in additional units located on base.*

*Approximately 70% of staff based at Kapooka has their immediate families (spouse/partner/children) with them on posting. A small proportion of staff has extended family connections within the region or within a half day's drive of Kapooka.*

*The field training area and the live firing ranges associated with Kapooka are used by ARTC, Royal Australian Air Force Recruits, and other visiting units every week except over the Christmas period. This rate of training effort resulted in the training area being used 314 days in 2016.*

*ARTC is a significant part of the local Wagga Wagga community. Examples include: the bi-annual ADF Kapooka Sporting Series; ANZAC Day; Kapooka Tragedy Memorial Service to commemorate the loss*

*associated with a training accident that occurred at Kapooka; Family/Open Day; support to the Committee for Wagga Youth Leadership Program; and engagement with regional community groups (Rotary, Legacy, RSL and the Wagga Wagga Women's Health Centre.)*

### **ADF Reserves**

45. ADF Reserve personnel are widely distributed across the country.
46. Navy and Air Force Reserves are generally integrated into their respective full time service units and leverage off the facilities and support services associated with the major bases. As a result the contribution of the reserve elements of Navy and Air Force in a regional context is included in the contribution of the full time component.
47. Approximately two thirds of Army Reserve depots are located outside metropolitan centres in over 100 locations throughout rural and regional Australia.
48. 2,995 Army Reserve personnel and 352 permanent personnel are posted in regional localities. Approximately 30 per cent of Army Reserve personnel are posted in regional and rural locations. Approximately 35 per cent of permanent personnel posted to Army Reserve units are posted to rural and regional locations.
49. Army Reserve units usually conduct training locally, in their respective field training areas and weapons ranges. They also participate in major exercises with permanent units in locations including Shoalwater Bay Training Area (QLD), Townsville Field Training Area (QLD) and more recently Cultana Training Area (SA.)
50. Additional detail on the Army Reserve presence is provided in Annex D.

### **Defence Community Organisation Program**

51. Defence is committed to building the capacity of local urban and regional communities to provide support services to Defence member families to be resilient and self reliant. Defence, through the Defence Community Organisation (DCO), delivers community capacity building outcomes through:
- building strategic partnerships with service delivery organisations at local, state and national levels;
  - a range of online and community based networking events, workshops, programmes and services;
  - working in collaboration with local agencies to develop initiatives to address gaps and limitations in community resources that Defence member families may require; and
  - providing personalised advice and ongoing communication to Defence member families on available community resources and actively linking families to the resources they require.
52. The Defence Community Organisation maintains area offices in all capital cities and the following regional locations:
- Townsville, Toowoomba, Amberley and Cairns (QLD);
  - Williamstown, Wagga Wagga, Nowra, Singleton and Albury (NSW);
  - East Sale, Cerberus, Puckapunyal, Albury/Wodonga (VIC);
  - Katherine (NT); and
  - Rockingham (WA.)

### ***Defence assistance to the civil community***

53. Defence Assistance to the Civil Community (DACC) is the mechanism by which Defence personnel provide both non-emergency and emergency support to the civilian community.

54. Emergency DACC provides support to the civilian community where immediate actions are necessary to save human life or alleviate suffering, prevent widespread loss or damage to property, prevent extensive loss of animal life, prevent environmental damage, and when state or territory emergency response resources are inadequate.

55. Where the scale of the emergency or disaster exceeds or exhausts the response capacity and capabilities of the state or territory, or where resources cannot be mobilised in time, Australian Government assistance may be sought through Emergency Management Australia, including from the ADF.

56. Under DACC arrangements Defence can also grant access to Defence training areas for non-Defence use. Access has been granted previously to Australian Government organisations, including police forces.

#### ***Case Study: Defence emergency assistance in local communities***

*Over recent years, Defence has been involved in a number of domestic natural disaster relief efforts.*

*Examples include:*

- Operation YASI ASSIST 2011 – More than 1200 soldiers, sailors and aircrew responded within hours of Tropical Cyclone Yasi crossing the North Queensland coast. Food and supplies were provided to the community of Tully's Head and assistance provided in the clean up.*
- Flood relief in Paynesville, Victoria (June 2012) - Melbourne based reservists joined forces with Air Force and Navy personnel from East Sale to help the residents of Victoria's Gippsland region to battle floodwaters.*
- October 2016 - RAAF Base Edinburgh ADF personnel assisted the local community in providing about 200 personnel to help with flood relief. This included the delivery a resupply of about 200,000 sandbags to the townships of Two Wells and Port Wakefield to help ease the overflow of the Gawler River and the flooding of local communities. RAAF Base Edinburgh personnel were responsive to incidents to support the local community.*
- October 2016 – The ADF provided assistance to local emergency services in the towns of Forbes, Condobolin and the surrounding area with the deployment of vehicles and personnel. The ADF assisted with route reconnaissance, transporting personnel and sandbags, as well as rescuing and relocating small animals. The ADF provided the mobility transport service to enable the SES and swiftwater rescue teams to conduct their clearances and checks of flood water areas.*
- April 2017 – The ADF provided approximately 1600 personnel to assist in the recovery efforts post TC Debbie. The ADF support included HMA Ships Choules and Melville, C-130J and Kingair aircraft as well as multi role and Chinook helicopters and engineering support. The bulk of the efforts were initially focussed in the Airlie Beach Prosperine areas then moving South to Rockhampton as the flood waters rose. The ADF personnel assisted with engineering assessments, debris clearance, boat harbour survey, wide area aerial damage assessment and provision of potable water.*

### ***Defence engagement with Indigenous communities***

57. Defence has extensive engagement with Indigenous communities in remote, urban and regional Australia. In addition to direct entry into Defence employment, Defence offers pathways programs for Indigenous Australians seeking a career in Defence as an ADF or APS member:

- Defence Indigenous Development Programs are aimed at preparing young Indigenous Australians for entry into the ADF. Based in Cairns (QLD), Wagga Wagga (NSW) and

Batchelor (NT), the recruitment for these courses is primarily of Indigenous Australians from remote and regional Australia.

- Indigenous pre-recruitment programs are conducted across Australia including Wagga Wagga (NSW), with participants mainly from regional locations.
- Defence has staff based across regional locations in NSW, Qld, VIC and WA who work with Indigenous communities throughout the country.

58. These programs contribute to positive outcomes for Indigenous Australians, predominately through adult employment. They are aimed at increasing enlistment and participation rates into the ADF and the Defence Australian Public Service by assisting Indigenous applicants and candidates transition into full and part-time employment. There is also a recognised benefit to both participants and their home communities that have experienced Defence's Indigenous employment pathways programs. Participants who return to their community have the skills and knowledge to actively become a leader and role model to others in their community.

59. Defence also participates in the Jawun secondment program which matches individuals skill sets of APS or ADF members with the needs of an Indigenous community or organisation. Project work is allocated based on this need and is completed over a six week placement with the APS member working with the Indigenous community or organisation. Defence has been a participant of Jawun since 2012. To date, approximately 60 Defence employees have participated primarily across regional and remote locations.

#### Case Study - Army Aboriginal Community Assistance Program

*The Army Aboriginal Community Assistance Program (AACAP) is a joint initiative between the Department of Prime Minister and Cabinet and the Australian Army to improve environmental health conditions within remote Aboriginal communities across Australia. AACAP has been occurring for the past 20 years, with one activity conducted each year. During this period, a total of 42 communities have benefitted from the program.*

*One project is undertaken in a remote community each calendar year. Each project has a construction component, a health component and a training component. The construction component focuses on the provision of environmental health infrastructure such as housing, water, sewerage and electrical services as well as improving access to primary health care facilities by constructing or upgrading roads and airfields. The health component focuses on augmenting existing community medical, dental and veterinary programs. The training component focuses on specific skills required within the community and includes courses on construction and building maintenance, vehicle and small engine maintenance, welding, concreting and cooking.*

*The Army undertakes projects only after close and culturally sensitive consultation with the Indigenous communities concerned. Work is not undertaken without the approval of the communities involved.*

*The AACAP objectives are consistent with those of the National Aboriginal Health Strategy program.*

*The AACAP seeks to maximise benefit to Indigenous communities by focusing on projects that allow Army to make best use of its construction expertise and capability, by capitalising on Army's ability to holistically deliver a range of services.*

Case Study Indigenous Heritage Management Plans: Nurrungar Valley and Yampi Sound Training Area.

*Defence recognises that Indigenous people are the primary source of information on the value of their heritage and Defence is committed to engaging with Traditional Owners for the development of heritage management plans.*

***Nurrungar Valley, Indigenous Heritage Management Plan***

*The Nurrungar Valley in South Australia possesses significant heritage values. Elders of the area have described the Nurrungar valley as containing a very important cultural landscape to them. A site specific heritage management plan was developed in close consultation with traditional owners over a number of years. The plan specifies requirements for the protection of heritage values.*

***Yampi Sound Heritage Management Plan***

*Defence is currently engaging with the Traditional Owners to develop a heritage management plan to cover the Yampi Sound Training Area located in the East Kimberley area of Western Australia. Yampi Sound Indigenous heritage values are embodied in the range of significant cultural and archaeological sites, the landscape, and the stories and mythology that contextualise the relationship between the Traditional Owners and these places. Defence has facilitated a series of meetings on country with the Traditional Owners, which included surveys, discussions and workshops.*

**Part two Terms of reference a) Environmental impacts of Defence training activities and facilities.**

60. Defence actively seeks to minimise and mitigate the impacts of its training activities on the environment, including erosion, the effects of heavy vehicles, refuelling activities, the impact of high explosives, and bushfire.

61. Factors that influence the environmental risks of activities include concentration, repetition, duration, location, changed weather conditions, the nature of the activity, and cumulative impacts from previous uses.

62. Environmental assessment is an integral part of the planning, development and delivery process for all Defence actions, including ADF range use and training. Defence has processes and procedures which ensure that all aspects of the environment (which includes people and communities) are considered. Defence acknowledges that there are impacts associated with Defence activities and recognises that sound environmental management supports military training outcomes.

63. The EPBC Act obliges Defence to not have significant impacts on the environment. Defence has a well defined framework to assess and manage environmental impacts associated with ADF training and facilities through both internal and external processes. Contracted service providers and defence personnel are required to adhere to the provisions of the EPBC Act. New facilities are typically required to be assessed for environmental impacts. Some of these processes and procedures are described below.

***Military exercise planning***

64. Activity planners and commanders, in consultation with Defence environmental staff, have responsibility for ensuring that the environmental risks associated with their activities will be appropriately considered and addressed in the planning phase and that any remediation is undertaken if environmental impacts do occur. Training Area standing orders are the primary source of information to users as to how environmental management principles are to be applied to any particular training area. The Training Area operational authority is to establish processes to ensure that all training activity approvals include an environmental impact assessment and are authorised under standing orders or an environmental clearance certificate.

### ***Training area standing orders protect important natural and cultural values***

65. Site based range control staff foster awareness and compliance with standing orders which are developed for each training area. Training Area standing orders serve to protect significant site based environmental and heritage values as well as ensuring the safe and sustainable use of the training area.

66. Range control staff are responsible for the day to day management of their assigned training area. This includes maintaining the infrastructure in a fit for purpose state, ensuring that all activities on the training area are safely separated, and that these activities comply with Defence policy and doctrine and applicable acts and legislation. Range control staff also provides advice to users on how they can best achieve their training outcomes by utilising the training area to its full capability. Defence also employs civilian contractors who operate under the direction of the Range Control Officer.

### ***Environmental impacts associated with training***

67. Defence acknowledges that its activities, by their nature, can cause some concern to the community, including people near Defence bases and training areas. This includes the effects of dust, noise, and traffic. Defence actively seeks to manage these impacts and consult with communities on a regular basis.

68. Vehicles, particularly those used off road, have the potential to cause damage to vegetation and soils which may lead to erosion, weed invasion and potentially non-compliance with legislation (e.g. through impacts to threatened species habitat and sites). The sustainment of vehicles presents environmental risks associated with petrol, oil and lubricants and other hazardous material, particularly during refuelling and maintenance. There is also the potential for damage to roads.

69. Impacts from small arms relate primarily to noise and heavy metal contamination (lead and copper) where fire is concentrated, for example in stop-butts at the end of a small arms range. Impacts from high explosive weapons and demolitions training primarily relate to noise, unexploded ordnance and bushfire. Impacts from ordnance (e.g. aircraft bombs, mortars) generally do not occur across a whole training area because ordnance is aimed at specific target areas. Target areas are sited to ensure they are as small as practicable and avoid sensitive environmental areas. Target areas are located within much larger designated impact areas. For example, Bradshaw Field Training Area in the Northern Territory covers approximately 870,000 ha. Within this training area there are 14 target areas totalling 610 ha within three larger impact areas totalling 277,500 ha.

### ***Environmental impact assessment of Defence activities, including major exercises***

70. Defence's environmental impact assessment program reviews and manages the environmental effects of major exercises, new capabilities, infrastructure projects and a range of day-to-day estate management activities. Depending on the level of environmental risk involved, environmental impact assessment can range in complexity from an internal environmental clearance certificate, to a referral under the EPBC Act.

71. An example includes the Talisman Sabre series of exercises. This is a combined major exercise held biennially in partnership with the United States Armed Forces and other invited nations. Talisman Sabre 2005 was the first of these exercises and was referred for assessment to the Minister for the Environment under the EPBC Act. Subsequent exercises have been assessed internally using a public environment report process.

72. The 2015 Talisman Sabre (TS15) was a joint exercise with forces from the Australian, United States and New Zealand Defence Forces, in addition to a contingent from the Japanese Self-defence force. TS15 was conducted from mid-July to early August 2015 at training areas in the Northern Territory and Queensland and within Australia's Exclusive Economic Zone in the Arafura,

Timor and Coral seas. A thorough environmental assessment was undertaken to identify and manage environmental impacts.

73. Key environmental assessment and protection measures put in place for TS15 included:

- Public consultation based on an independently prepared public environment report about the exercise;
- A comprehensive environmental management plan for the conduct of the exercise and environmental awareness materials for TS15 participants;
- An Environmental Management Group, active during the conduct of the exercise, to provide exercise commanders with expert environmental advice, undertake monitoring and respond to any environmental incidents; and
- Consultation with the Northern Territory Government, the Great Barrier Reef Marine Park Authority, local indigenous groups and other key stakeholders.

74. The public environment report found that TS15 activities were not likely to result in a significant impact on matters of national environmental significance or broader environmental values.

75. A 2016 review of Defence's environmental assessment and approval processes for the conduct of TS exercises concluded that these processes were effective but could be improved in some areas, including improved communication of environmental requirements.

### **Environmental stewardship of Defence training areas and facilities**

76. Defence training areas and facilities hold natural and cultural resources of value to the Australian community. Defence takes its environmental stewardship obligations very seriously. As a custodian of the environment, Defence has invested significant resources over many years, building environmental management capability and capacity to support Defence mission and meet environmental obligations.

77. Defence land often contains significant native vegetation, threatened species and cultural heritage sites. This is a result of their size, restricted access, and the fact that, where possible, Defence properties are actively managed to protect environmental values. This feature of Defence properties is most apparent in urban fringes where the pressures on natural systems from clearing and encroachment of settlement are often greatest.

78. The landscape, for example, around Greenbank Training Area south-west of Brisbane is an important large natural area within the Flinders-Karawatha Corridor. This corridor would not exist as a continuous natural landscape without the contribution of the Defence Training Area, and is recognised by the Queensland Department of Environment and Heritage Protection as "*one of South East Queensland's most important regional biodiversity corridors, providing habitat and movement opportunities for a range of species that are regionally and locally significant... it supports scenic amenity, outdoor recreation and landscape heritage values of regional significance.*"<sup>1</sup>

79. Training areas also perform similar functions within regional landscapes. In assessing Box Ironbark woodlands in Victoria, the Environment Conservation Council (2001) concluded that "*The Puckapunyal and Graytown ranges contain a number of relatively high nature conservation values, including examples of several highly depleted Ecological Vegetative Classes, and habitat for certain threatened species.*" And that "*by virtue of its Defence management... current management effectively provides a relatively high level of ecosystem protection in most areas. Continued use of the military range for training should not prevent, or be constrained by, management of key areas*"

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<sup>1</sup> **Source:** Queensland Department of Environment and Heritage Protection (2014) *Flinders Karawatha Corridor Management Strategy 2014–2019: A five year plan*.

*for nature conservation. The range's current condition suggests that military training and conservation can satisfactorily co-exist.”<sup>2</sup>*

### ***Land management on Defence training areas***

80. Defence land management activities are primarily facilitated through contracted arrangements and have a focus on ensuring the training areas are fit for use for military training. Defence actively manages erosion, pests (such as wild dogs and other feral animals), weeds and diseases to minimise impact on neighbours and their livelihoods.

81. Defence often undertakes management activities with neighbouring land managers. This collaboration may take the form of allowing access or providing personnel or resources. Pest and weed control programs are particularly suited to this sort of interaction. Recent collaborations include a December 2016 pest animal management program at Shoalwater Bay Training Area (QLD). Defence's contractor combined efforts with Queensland Marine Parks and the Fitzroy Basin Association to target feral animals such as pigs. The program involved elements targeted at core environmental values such as nesting locations of vulnerable shorebirds, and internationally significant Ramsar wetlands, as well as general pest management across the entire Defence estate to reduce general environmental and economic harm stemming from pest species.

82. A further example is containment of root rot caused by *Phytophthora cinnamomi*. This can have a devastating effect on native vegetation and threatened species habitat, and equally on forestry operations. It is a particularly prevalent in south west Western Australia and Tasmania. Specific *Phytophthora* management plans are therefore in place for Bindoon Training Area in Western Australia and Stony Head Training Area in Tasmania. These plans map affected areas, prescribe hygiene protocols, including wash down facilities where appropriate, and detail monitoring programs to ensure outbreaks are contained and do not cause harm to sensitive natural and economic values.

83. Environmental plans inform Defence's site based land management practises. Depending on the areas involved these plans detail the management requirements for weeds, bushfire, feral/overabundant animals and heritage protection. These plans and contracted land management services support proactive, adaptive and responsive land management across all training areas and bases.

#### ***Case study: Fox baiting, Bindoon Training Area, WA***

*Bindoon Training Area in Western Australia is included in the Western Shield program of fox baiting run by the Western Australian Government. Management of the fox population has allowed the training area to retain a healthy population of vulnerable western quolls.*

*The strong cooperative management arrangement in place over Bindoon and the adjacent Julimar Nature Reserve also includes monitoring of the endangered Carnaby's cockatoos and western quolls.*

*The outcomes were positive and the Western Australian Government was able to use quolls from Bindoon as founding members of a reintroduced population in Francois Peron National Park in Shark Bay.*

#### ***Case study: Land management trial at Yampi Sound Training Area***

*Defence has engaged the Australian Wildlife Conservancy (AWC) in a trial to improve the biodiversity of the Yampi Sound Training Area in the West Kimberley. The Yampi Sound Training Area is a nationally significant area possessing an outstanding diverse range of ecosystems and richness in both flora and fauna. Over 800 plant species, approximately one third of the described Kimberley region flora, have been recorded there. The area includes regionally endemic plants, animals and invertebrates and threatened species.*

<sup>2</sup> **Source:** Environment Conservation Council (2001) *Box-Ironbark Forests and Woodlands Investigation Final Report*.

*The AWC trial includes biodiversity monitoring and the establishment of a land management program (fire management, weeds and feral animal control) best suited to support the conservation of biodiversity. The contract with the AWC also facilitates cooperation with the Traditional Owners, including providing employment. This investment by Defence benefits the broader Australian community through supporting national biodiversity targets. This approach to land management highlights the ability of ADF training activities to co-exist with conservation of heritage and biodiversity*

### ***Contamination management and pollution prevention***

84. As a result of historical military and industrial use, Defence manages a legacy of contamination across the estate. Defence has a systematic, risk based approach to identify, manage and remediate its contaminated sites to reduce environmental and human health risks. Defence has waste minimisation and pollution prevention policies and programs in place, aimed at minimising future contamination issues.

85. The Defence environmental remediation program aims to reduce risks to people and the environment associated with contamination wherever it occurs on the Defence estate. This risk based approach sees high and very high risk sites prioritised for further assessment and subsequent remediation if required. There are currently about 2,300 contaminated sites on approximately 180 Defence properties. Pollution prevention considerations are integrated into all infrastructure and military equipment acquisitions.

86. Defence is continuing to work with Commonwealth, local and State authorities, industry experts and the community in delivering a national program to investigate and manage the impacts resulting from the use of legacy fire fighting foams containing per- and poly-fluoroalkyl substances (PFAS) on its bases around Australia.

87. Due to the chemical structure of PFAS there are limited proven remediation technologies available. However, long term management technologies are emerging with ongoing research. Defence has been working with industry and university experts to review available technologies for the management and remediation of PFAS. Through its industry partners Defence has completed a number of trials relating to soil, ground and surface water using different technologies. Defence is also liaising with CSIRO regarding CSIRO capability in the area of PFAS remediation and management. Defence will continue to explore further short – medium term management actions throughout 2017, including water connections and excavation of sediment from on base drains as a high priority.

### ***Management of bushfire risk and relationship with local fire authorities***

88. Defence implements extensive annual fuel reduction measures and other bushfire risk management initiatives across fire prone areas of the estate.

89. All Defence sites with significant areas of bushfire prone vegetation are required to have bushfire management plans. These plans detail the nature of the risk on site, mitigation measures and works required to manage bushfire risks to the site and surrounding areas as well as site awareness materials. Plans also aim to mitigate the risks posed to the community and environment by conduct of Defence activities that potentially start bushfires.

90. Defence's bushfire management planning has been reviewed significantly since the State Mine Fire that started on Defence's Marrangaroo Training Area (NSW.)

91. Defence has commenced a program to integrate its bushfire management activities more closely with States and Territories. In 2016 Defence progressed the development of a memorandum of understanding with the New South Wales Rural Fire Service. The memorandum of understanding will detail how the agencies interact in mitigating and responding to bushfire emergencies. This includes mechanisms for the provision of airfield and other support services to the Rural Fire Service during a bushfire.

92. Training area staff maintain good relationships with local fire authorities. Periodic communication mainly involves training area staff being members of local bushfire committees. Consultation also occurs prior to the fire season or a planned management burn and when fires occur on a training area. Other engagement occurs during the fire season for advice and recommendations on local conditions and mitigation measures. Engagement also includes provision of regular access to fire authorities to assist with site familiarisation.

### ***Protecting heritage on the Defence estate***

93. There are over 130 Defence places listed on a range of heritage lists and registers. These places are typically listed because they possess historic, Indigenous or natural values. They remain important to communities, including Traditional Owners and Defence acknowledges its responsibility to ensure their protection.

94. Defence prepares heritage management plans for all places with heritage values. A heritage management plan details the values of a heritage place, the conservation policies to be followed and a program of any required conservation works. In preparing heritage management plans, Defence may consult with local community, interest groups and Traditional Owners about their values and how they should be protected.

95. Defence has recently completed heritage management plans for former drill halls currently used by reservists and cadets in the following locations: Cootamundra and Wagga Wagga (NSW), and Echuca, Mildura, Shepparton and Swan Hill (VIC). These plans were prepared in consultation with local stakeholders.

#### ***Case Study Mulwala Homestead Precinct, NSW Riverina***

*Defence is committed to conserving heritage places important to the local community. The Mulwala Homestead Precinct (Mulwala) is a place of Commonwealth Heritage value and is located within an active Defence site. The Mulwala homestead dates back to the late nineteenth century and is associated with the growth and development of the Riverina region. Defence engaged industry experts to assist with a program of intensive conservation, maintenance and stabilisation works completed in 2015.*

*The Mulwala project successfully conserved the homestead. As the site is not accessible to the public, interpretation initiatives with a focus on digital media, including innovative 3D recording methods were used to maintain the site's ongoing connection with the community.*

*Defence recognised the heritage values of the place and the need to fulfil its obligations and protected the heritage values of the site for future generations.*

### ***Traditional Owner interests in the Defence estate***

96. Defence acknowledges and recognises the importance of many Defence properties to Indigenous Traditional Owners. Heritage management plans identify sites of cultural importance and set policies for on-going protection. Subject to operational and safety constraints traditional owners can have some limited access to training areas for cultural purposes.

97. Defence recognises that Indigenous people are the primary source of information on the value of their heritage and how this is best conserved. Defence engages and consults with relevant Traditional Owners for surveys, cultural heritage assessments and management strategies.

98. Defence engages with Traditional Owners for impact assessment purposes. Defence is in the process of completing cultural heritage inspections of bushfire affected areas of Beecroft Weapons Range (NSW) to determine if any recorded sites including rock art in shelters have been impacted by fire damage.

99. Indigenous land use agreements are in place for certain properties. The historical and current links that Indigenous people have to the land are acknowledged in these agreements, such as the

Bradshaw Field Training Area Indigenous Land Use Agreement (ILUA.) This ILUA establishes a partnership between Defence, the Northern Land Council and the Traditional Owners. The ILUA and heritage management plan for the Bradshaw Field Training Area provide for ongoing management of the heritage values.

## **Terms of reference b) Consultation and communication with local government and community organisations**

100. Defence sees itself as a member of the communities in which it operates. Defence is committed to working with Commonwealth/state/territory/local government and community organisations regarding training activities, including exercises undertaken in rural and regional communities.

### ***Proactive engagement with state and territory governments***

101. Defence aims to avoid land use conflict issues strategically by working with state/territory and local planning authorities to prevent encroachment issues and Defence effects on its neighbours before they arise. Defence seeks to minimise the off-base aspects of its activities and works with the community along with authorities to ensure the long term operational viability of Defence's training areas and range facilities.

102. To facilitate a strategic approach to engagement on estate planning, logistics, community and encroachment issues the Defence and state/territory consultative fora were established in 1999. These fora provide a mechanism for state/territory interests to be included in Defence's strategic planning process and enable a proactive approach to identifying any major private sector infrastructure developments with implications and/or opportunities for Defence.

103. Nine consultative fora are held each year - one for each of the eight states and territories and one for the Department of Infrastructure and Regional Development, which administers the Ashmore and Cartier Islands, Christmas Island and Cocos (Keeling) Islands, the Coral Sea Islands, and the Jervis Bay Territory.

104. Defence also engages at a working level with relevant state and local government agencies to highlight the location and purpose of Defence training and encourage them to consider planning measures to limit impacts of urban development, including encroachment. Defence provides preliminary advice to private business interests on the potential impacts of their development proposals on Defence training areas and ranges. This advice is provided in response to specific development proposals/applications. Defence recommends that local authorities ensure potential land owners are aware that their land may be exposed to impacts associated with Defence activities.

### ***Communication with local government and community stakeholders***

105. Local or regionally based Senior ADF Officers (SADFO) have primary responsibility for consultation and communication with local government and community organisations in relation to Defence matters. This includes initiatives and engagement with Indigenous communities, local charities, local councils and sporting associations.

106. Defence has established regional environmental advisory committees (EAC) at a number of training areas. EAC memberships differ between sites but generally consist of representatives from groups that have an interest in the environmental management of a training area. They provide an important forum for Defence to share with the community upcoming training activities and development and engage in cooperation with stakeholders on environmental management issues ranging from multi-tenure fire management cooperation, feral animal control, trialling of new management techniques, and results of latest monitoring. They also provide a forum to respond to any concerns raised by members.

107. The Shoalwater Bay EAC has been operating since 1996. The Shoalwater Bay EAC meets twice yearly in Rockhampton (QLD) and is chaired by Defence. The membership includes neighbouring landowners and people with fishing interests, and representatives from Great Barrier Reef Marine Park Authority, Queensland state and local government, Darumbal Traditional Owners, non-government conservation organisations, and university academics.

108. The EAC for the Cultana Training Area (SA) established in 2015 includes local councils, Traditional Owner groups, neighbours, state government agencies and the University of Adelaide.

### ***Management of legacy unexploded ordnance***

109. Defence maintains a publicly accessible register of unexploded ordnance on non Defence land. It also provides this information to state/territory/local authorities.

#### ***Case Study: Remediation of unexploded ordnance at Quail Island, NT***

*Quail Island Air Weapons Range is a former Royal Australian Air Force bombing range situated approximately 45km west of Darwin. It was used extensively from World War Two through to the late 1970s. The area was heavily contaminated by unexploded ordnance, explosive ordnance waste and other related waste.*

*The remediation of the former weapons range was undertaken as part of Defence activities in regard to the Kenbi Land Claim. In order to make the area as safe as possible for the Traditional Owners and the public in future years, Defence agreed to fund a comprehensive hazard reduction program.*

*The project commenced during the 2011 dry season and involved a surface clearance and deeper ground examination. The remediation was completed in early 2016. In all, over 80 items of explosive ordnance were located and safely disposed of and over 60 tonnes of scrap material removed from the islands.*

*Throughout the project, Defence consulted extensively with the NT Department of Natural Resources, Environment, the Arts and Sport, the Aboriginal Areas Protection Authority in relation to aboriginal sites, Charles Darwin University for advice on how to avoid any impact to nesting turtles, the Northern Land Council, and tourism operators. The NT Government and the Northern Land Council both agreed that the improved level of safety will have significant ecological, tourism and Indigenous benefits. The remediation project also provided employment opportunities for local Indigenous people.*

*The Kenbi Land Claim was settled in February 2016 and the islands returned to the Larrakia people.*

### ***Consultation with the community on major exercises***

110. An integral component in Defence's planning for major exercises is consultation with community and stakeholders on potential environmental aspects associated with exercises and the proposed mitigation measures. The level of community consultation varies depending on the location, scale and function of the activity.

111. Given the scale of major exercises Defence undertakes a comprehensive environmental assessment using a public environment report approach. This process allows for a high degree of transparency given the public exhibition and calls for comments on a draft report. This allows Defence to develop operating procedures that apply to Defence activities, to address local concerns and target specific issues.

112. Public consultation for the Talisman Sabre series of exercises occurs through a range of community and stakeholder engagement activities including meetings, community and stakeholder information sessions, advertisements in local and state/territory newspapers, provision of information via fact sheets, a dedicated website, social media, a dedicated email address, a free-call number for enquiries, and library displays through the entire consultation period. Defence also actively engages with relevant Traditional Owners, including in the Shoalwater Bay and Stanage Bay areas (QLD).

113. Defence's engagement with the community during the planning for Exercise HAMEL 16 in South Australia was extensive. Prior to commencing consultation, Defence undertook a review to determine support requirements and understand benefits and impacts to the community.

114. Engagement ranged from providing awareness of the exercise, identifying businesses that could provide services and resources to the exercise, seeking approval to use property, in-depth briefings detailing such matters as economic, social and environmental aspects, workplace health and safety, traffic flow, contracting and procurement, community engagement, media, and opportunities to tender for work expected to be announced given the recent expansion of Cultana Training Area (SA).

115. Briefings were also conducted prior to the conduct of individual exercise events that had potential to affect communities. Parties engaged included: Representatives of local and state governments, emergency services (local, regional and state level), local community associations and authorities, business groups (including the Small Business Commissioner), graziers, local Indigenous groups, schools, sporting clubs, and airports (Whyalla and Port Pirie).

116. Engagement with communities consisted of:

- Facebook/twitter/webpage (Council and Army), newspaper and Council newsletter, local TV/radio (commencing well before the exercise and continuing during and post exercise)
- Open Days (Whyalla, Port Pirie and Port Augusta), and
- 1800 freecall phone number for all enquiries.

#### ***Consultation on use of non-Defence land and facilities***

117. Community organisations are consulted when Defence requires access to non-Defence land or facilities, when moving weapons and/or major equipment, and when conducting major exercises that may impact on the community. Consultation also occurs to ensure that necessary support is available, including fresh rations, stationery, and vehicle servicing/refuelling. Consultation is conducted through face-to-face meetings, community forums, and using print and social media.

118. Defence training and exercises are required in some instances to conduct training after hours or outside of normal parameters (flying operations, use of blank firing near homes on close training areas, flying over cities). To enable community awareness, Defence sends out flyers near bases, or places ads in local newspapers.

#### ***Minimising aircraft noise on local communities***

119. Defence bases, air weapons ranges and low flying training areas play a significant role in the Defence strategy for Australia and are essential for maintaining Defence's high training standards and military capability.

120. Defence acknowledges that the experience of aircraft noise is a concern for some in the community. Defence is committed to continuing to work with local communities to reduce noise impacts whilst balancing military operational and training requirements.

121. Defence reduces the effects of noise from military aircraft operations as much as possible. This is undertaken through the Fly Neighbourly Policy which provides guidelines for aircrew in the way in which military aircraft are flown in order to reduce aircraft noise impacts on local communities. This includes limiting the speed of aircraft over populated areas, avoiding the use of after burners when safe to do so, minimising flying over residential areas and other noise sensitive buildings such as hospitals and schools, climbing to altitude as quickly as possible when departing, and minimising flying late at night or early in the morning.

122. Defence has a strong commitment to community consultation and proactively engages with communities living near Air Force bases and air weapons ranges, particularly bases and ranges that

support fast jet operations - i.e. RAAF Bases Darwin (NT), Williamtown (NSW), Amberley (QLD), Townsville (QLD), Salt Ash Air Weapons Range (NSW), and Evans Head Weapons Range (NSW.)

123. Defence also actively engages local residents groups, community engagement fora, community consultative fora, local action groups and local government and planning authorities.

## **Terms of reference c) Investments in new facilities, infrastructure and operations**

### ***Defence Industry Development***

124. A significant proportion of Defence expenditure in Australia is to acquire, construct and sustain Defence capabilities and to maintain Defence facilities across Australia. There will continue to be significant investment in Defence infrastructure, including airfields, wharves, bases, training areas and other facilities. Defence relies on the support of local businesses to sustain such a large and geographically dispersed asset base.

125. Examples of Defence capability support activities in regional Australia include:

- Oakey and Townsville (QLD), Darwin (NT) and Nowra (NSW) for helicopters;
- RAAF Bases Williamtown (NSW), Pearce (WA), Townsville (QLD) and East Sale (VIC) for aircraft;
- Bandiana and Bendigo (VIC) and Darwin (NT) for military vehicles;
- Lithgow (NSW) for weapons manufacture and maintenance;
- Mulwala (NSW) and Benalla (VIC) for ammunition and explosive ordnance manufacture; and
- Darwin (NT) and Cairns (QLD) for naval vessels.

126. Defence is investing approximately \$8.0 billion over four years from 2017-18 in facilities and infrastructure projects. Defence facilities and infrastructure investment are funded by the Defence Integrated Investment Program (IIP) via Defence's existing annual appropriation. Major Capital Facilities projects in regional locations include the following:

- LAND 155 Enhanced Gap Crossing Capability - This \$23.4 million project will provide new warehousing, storage, hardstand, maintenance and training facilities to support the introduction of enhanced gap crossing capability at Holsworthy Military Area (NSW), Joint Logistics Unit (South QLD), Joint Logistics Unit (North QLD) and Joint Logistics Unit North (NT). Subject to Parliamentary approval, construction is planned to commence in early 2017 and be completed by late 2017.
- JP500 Phase 2A - Electronic Warfare Operational Support - This project will provide facilities and infrastructure to support electronic warfare capability at Edinburgh (SA). Parliamentary approval was received in February 2017. The project has an approved budget of \$24.9 million over two years from 2016-17. Construction is planned to commence in mid 2017 and be complete by mid 2018.
- Land 17 Phase 1B/C - Artillery Replacement Project – Additional Towed Guns - This project will provide working accommodation, storage, maintenance and training facilities in support of the Lightweight Towed Howitzer ancillary equipment and simulation systems at multiple Defence sites across Australia. The project received Parliamentary approval in February 2017, and will construct facilities at eight Defence establishments, including Puckapunyal (VIC), Port Wakefield (SA), Williamtown (NSW) and Darwin (NT). The project has an approved budget of \$57.1 million. Construction is planned to commence in mid 2017 and be complete by mid 2018.

- Delamere Air Weapons Range Redevelopment - This \$74.4 million investment over three years from 2016-17 will enable the redevelopment of key range facilities and infrastructure to enable the continued use of the Delamere Air Weapons Range (NT) including the new Growler Mobile Threat Training Emitter Systems capability. Construction is scheduled to be completed by 2018.
- Woomera Range Safety and Control System Remediation - This project will provide facilities and infrastructure to support the systems developed for the Woomera Test Range. Parliamentary approval was received in February 2017. The project has an approved budget of \$48.6 million over two years from 2017-18. Construction is planned to commence in mid 2017 and be complete by late 2018.
- Cultana Training Area Infrastructure and Facilities - This project will provide facilities and infrastructure for the Cultana Training Area (SA). The project has an approved budget of \$71.0 million. Construction is planned to commence early 2017 and be completed by late 2018.
- C-17 Maintenance Facility, Aircraft Apron and Associated Infrastructure - This project will provide a maintenance facility, additional working accommodation, aircraft apron and associated infrastructure to support C-17 operations at RAAF Base Amberley (QLD). The project has an approved budget of \$219.4 million over four years from 2016-17. Construction commenced in late 2016 and is scheduled to be completed by 2019.
- AIR 5428 Phase 1 - Pilot Training System Facilities Project - This project will provide fit-for-purpose facilities to support the modern joint training system being delivered by the AIR5428-1 Capability Project. The project has an approved budget of \$329.8 million over four years from 2016-17. Construction commenced in August 2016 and is scheduled for completion in 2020.
- AIR 7000 Maritime Patrol Aircraft Phase 2B – This \$707.9 million investment over five years from 2016-17 will provide new and upgraded facilities and infrastructure to support the introduction of the P-8A aircraft at RAAF Base Edinburgh, RAAF Base Townsville, RAAF Base Pearce and RAAF Base Darwin. Construction commenced in mid-2016 and is scheduled for completion by late 2020.
- Garden Island (East) Critical Infrastructure Recovery Project (Stage One) - This \$213.4 million project will address critical structural, condition and engineering services risks on the Cruiser Wharf at Garden Island (East), Sydney. Subject to Parliamentary approval, construction is scheduled to commence in mid 2017 and be completed by late 2020.
- RAAF Base Williamtown Redevelopment Stage 2 – This \$274.0 million investment over six years from 2016-17 will sustain and improve the functionality and capability of RAAF Base Williamtown (NSW), including upgrades or replacement of critical ageing infrastructure to meet future requirements. Construction is scheduled to be completed by mid 2021.
- Air Traffic Control Complex Infrastructure Project and AIR5431 Phases 2 and 3 Fixed Base Defence Air Traffic Management and Control System - This \$409.9 million investment over six years from 2016-17 will provide facilities in support of replacement Air Traffic Management Surveillance, Command and Control Systems under AIR5431 Phases 2 and 3, including the Defence 58 replacement of aged and degraded Air Traffic Control Towers. Construction is planned to be completed by late 2021.
- AIR 5349 Phase 3 Growler Airborne Electronic Attack Capability Facilities Project - This \$348.6 million investment over six years from 2015-16 will provide working accommodation, maintenance, warehousing and training facilities at RAAF Base Amberley, Army Aviation Centre Oakey (QLD) and Delamere Air Weapons Range (NT)

to support the introduction of the Growler Airborne Electronic Attack Capability. Construction is scheduled to be completed in 2021.

- AIR 6000 New Air Combat Capability – This \$1.5 billion investment over eight years from 2015-16 will provide new and upgraded facilities and infrastructure to support the introduction of the Joint Strike Fighter at RAAF Bases Williamtown (NSW) and Tindal (NT). Support facilities and infrastructure will be provided at Defence Establishment Myambat (NSW) and at seven forward operating bases throughout Australia.

Construction commenced in early 2015 and is scheduled for completion by late 2022.

127. In accordance with Minister for Defence direction, and in the context of the updated Commonwealth Procurement Rules and 2016 Defence Industry Policy Statement, Defence is reviewing how principles relating to Australian industry involvement and economic benefit assessment could be applied more consistently across materiel and non-materiel procurements of \$4 million and above, including addressing local industry activities.

### ***Transparency in decision making***

128. Major capital facilities projects are subject to the Parliamentary Standing Committee on Public Works Committee (PWC) consideration and approval. Operating under the provisions of the *Public Works Act 1969*, the Act empowers the committee to inquire into and report to the Parliament on each public work referred to it. The Act requires that all public works for the Commonwealth which are estimated to cost more than \$15 million (excluding GST) must be referred to the committee. Commonwealth departments and major statutory authorities must also notify the committee of public works for the Commonwealth which are estimated to cost between \$2 million and \$15 million (excluding GST).

129. The PWC process is a key way for Parliament to scrutinise Defence projects to ensure the appropriate expenditure of public monies.

130. The process allows for public submissions on the proposed works enabling individuals and organisations such as local councils and environment groups to comment on proposals. The committee is then better informed about community views or concerns regarding proposed works. For each PWC hearing, Defence organises and facilitates a community information session. This provides an overview of the project, and provides an opportunity for the community to make any enquiries. Defence provides a formal response to the PWC just prior to the PWC hearing, on the outcomes of the community consultation, including any issues raised and Defence's response to these issues.

131. The PWC considered 24 major Defence facilities projects in the period 2014-16, with an approximate value of \$5.7 billion. As at the end of March 2017, the committee has considered three projects in 2017, with an approximate value of \$112 million. Defence anticipates that a further 17 public hearings for Defence projects will be held in 2017, with an approximate value of \$2.4 billion.

### ***Major capital facilities projects***

132. Re-development of bases and facilities to support capability directly and indirectly impacts the local economy, particularly the construction industry. By purchasing construction services, Defence and its contractors indirectly support employment in the construction industry.

133. Defence typically engages a contractor for its major capital facilities and infrastructure projects, through either a Head Contract or Managing Contractor Contract. Under a Head Contract, the contractor is responsible for seeking, evaluating and engaging its subcontractors and suppliers. Defence is not a party to these contracts, and cannot influence this engagement as this is commercial matter between the prime and their sub-contractor/supplier.

134. Under the Managing Contract, the contractor is required to tender all construction work as subcontract packages (i.e. it cannot perform the construction work itself). Subcontract works are

packaged by contractor, based on their experience and research into the capacity and capability of the sub-contract market. The contractor is required to ensure that all subcontract tender documentation is prepared and all tender processes are conducted consistently with the principles of the CPRs, including the rules in relation to value for money, encouraging competition, efficient, effective economical and ethical procurement, accountability and transparency.

135. Defence has a successful track record with engaging local subcontractors for major capital facilities and infrastructure projects. This is evidenced in Table 2 and 3.

136. The proposed approach described at Paragraph 127 would also have application to major capital facilities projects.

**Table 2:** Examples of Local Involvement in Recently Completed Defence Capital Facilities and Infrastructure Projects

Project/Region	Local Involvement
Defence Logistics Transformation Program, Works Package 3. Lavarack Barracks, Townsville (QLD) Value \$133m (2016)	<ul style="list-style-type: none"> <li>The DLTP project achieved an 86% local participation rate by trade value on the project.</li> <li>Of the 79 trade packages, 50 were awarded to local/regional companies.</li> </ul>
Land 121 Facilities, Lavarack Barracks, Townsville (QLD) Value \$131m (2016)	<ul style="list-style-type: none"> <li>Of the 30 packages let so far, 97% have been awarded to local Townsville subcontractors or subcontractors with offices in Townsville.</li> </ul>
Replacement Chinooks Facility (RCF), RAAF Base Townsville (QLD) Value \$43m (2016)	<ul style="list-style-type: none"> <li>The RCF project has achieved an 88% local participation rate (defined as workers have had a local post code)</li> <li>Of the 40 trade packages 34 have been awarded to local/regional companies which equates to approximately 88% of trade value on the project.</li> </ul>
Lavarack Barracks Redevelopment Stage 3, Townsville (QLD) Value \$171m (2005)	<ul style="list-style-type: none"> <li>91% of subcontracts by value, 88% by number awarded to North Queensland firm with a Head office, or Branch office located between Cairns and Mackay.</li> </ul>
HMAS Cairns Redevelopment (QLD) Value \$74m (2009)	<ul style="list-style-type: none"> <li>81% of subcontracts by value, 90% by number awarded to North Queensland firm with a Head office, or Branch office located between Cairns and Mackay.</li> </ul>
Lavarack Barracks Redevelopment Stage 4, Townsville (QLD) Value \$207m (2010)	<ul style="list-style-type: none"> <li>93% of subcontracts by value, 90% by number awarded to North Queensland firm with a Head office, or Branch office located between Cairns and Mackay.</li> </ul>

**Table 3:** Examples of Local Involvement in Current Defence Capital Facilities and Infrastructure Projects

PROJECT	Total Number Of Sub-Contract Packages To Be Let	Total Value Of Sub-Contract Packages To Be Let	Number Of Sub-Contract Packages Awarded As At 2 Feb 17	Percentage Of Sub-Contract Packages Awarded To Date	Number Of Sub-Contract Packages Awarded To Local Businesses To Date	Percentage Of Sub-Contract Package Value Awarded To Local Businesses To Date	Value Of Sub-Contract Packages Awarded To Local Businesses To Date
<b>Delamere Redevelopment Project (NT) (Remote Site)</b>	44	\$54.7m	6	14%	3	50%	\$9.1m
<b>Space Surveillance Telescope (SST) Facilities Project (WA) (Remote Site)</b>	35	\$49.0m	2	6%	1	50%	\$1.8m
<b>Puckapunyal Military Area HV Project (VIC)</b>	7	\$25.2m	1	14%	1	100%	\$2.1m
<b>C-17 Facilities and Infrastructure Project (QLD)</b>	37	\$168.8m	5	13%	5	100%	\$47.9m
<b>RSAF Facilities Project (QLD)</b>	48	\$34.7m	9	19%	6	66%	\$7.6m
<b>REDFIN Facilities Project (Nationally)</b>	86	\$45.4m	68	79%	53	78%	\$15.3m
<b>Growler Facilities (QLD)</b>	91	\$289.0m	86	94%	50	58%	\$69.8m
<b>HMAS <i>Stirling</i> Redevelopment (WA)</b>	75	\$295.2m	13	17%	13	100%	\$16.5m
<b>Battlefield Air Lifter Facilities Project (QLD)</b>	107	\$291.4m	41	38%	35	85%	\$134.3m
<b>LAND 121 Stage 2 Facilities Project (Nationally)</b>	214	\$209.0m	70	32%	20	29%	\$39.1m
<b>AIR 5431 Ph 2/3 Infrastructure Project (Nationally)</b>	424	\$263.0m	50	12%	22	44%	\$22.5m
<b>Pilot Training System Facilities Project, (Nationally)</b>	129	\$253.7m	68	53%	39	57%	\$49.1m
	<b>1,297</b>	<b>\$1,979.1m</b>	<b>419</b>		<b>248</b>		<b>\$415.1m</b>

**Notes:**

1. Local is calculated as within 50kms from site.
2. Sites Delamere and SST Facilities are considered remote. Local involvement for remote sites has been calculated as within 300kms from site.
3. Percentage of sub-contract packages awarded to local businesses is compared to number of packages awarded to 2 February 2017.
4. Percentage of sub-contract package values awarded to local businesses to date is compared to the total value of sub-contract packages to be let.

***Defence implementation of the Indigenous Procurement Policy***

137. Defence procurement policy, guidance, tools and templates reflect the requirements set out in the Indigenous Procurement Policy (IPP). In 2015-16, Defence significantly exceeded its portfolio target (of 70 contracts) for contracts awarded to indigenous suppliers by awarding 285 contracts valued at \$141 million.

138. In accordance with the IPP, if a procurement is deemed to be in a remote area<sup>3</sup> and regardless of value, Defence requires a search (usually through Supply Nation) to determine if an Indigenous enterprise can deliver the contracted requirement on a value for money basis. In accordance with

<sup>3</sup> **Remote Area** means the areas identified in the map on the Indigenous Procurement Website, as updated from time to time. These areas currently include the majority of South Australia, Western Queensland, the Northern Territory and Western Australia.

CPR exemptions and the IPP, contracts can be awarded to Indigenous enterprises without conducting an open tender approach to market. In addition, contracts (in specific industry sectors) exceeding \$7.5 million including in remote areas are subject to mandatory minimum requirements that will benefit Indigenous economic outcomes.

139. Due to the Commonwealth's successful implementation of the IPP, portfolio targets have been brought forward from 2019-20 to 2016-17. For Defence, this equates to a revised portfolio target for 2016-17 of 420 contracts and Defence is on track to achieve this. To further support this Defence is undertaking initiatives to enhance awareness of the IPP requirements, identifying opportunities where Indigenous businesses could be engaged, and is working with Indigenous businesses to raise awareness of Defence procurement opportunities.

140. Indigenous enterprises can register with Supply Nation's Indigenous Business Directory<sup>4</sup> to make it easier for business to be identified by Commonwealth procurement officers.

141. Defence has included the requirement to address potential opportunities for Indigenous businesses as part of key considerations throughout the capability life cycle planning and as part of the new Australian Industry Capability Plan (AIC) template. Defence will also consider Indigenous business opportunities as part of the implementation strategy for the proposed enhanced approach to Australian industry involvement and capability.

### ***Development of Australian industry capability***

142. The AIC Program is a major lever for maximising Australian industry involvement for Materiel procurements valued at \$20 million and above (both acquisition and sustainment). The program requires tenderers to propose AIC plans, through local industry activities that demonstrate Australian industry engagement, consideration as part of supply chain selection, and ultimately commitment through contracts if the tenderer is successful.

143. As many Defence capabilities including operational and training bases, and infrastructure are located in regional and rural areas, the nature of the requirement and the Australian Industry Participation Program can often deliver significant long-term benefits for local defence industry and the community. Defence is currently reviewing the possibility of the Australian Industry Capability providing a strengthened approach to the provision of opportunities for local defence industry.

144. In line with the Government's Defence industry policy, the AIC Program is being strengthened through more explicit requirements on tenderers to:

- Maximise opportunities for Australian industry;
- Deliver an enduring Australian industrial capability through the project to support broader defence capability needs;
- Facilitate innovation, technology transfer and research and development collaboration;
- Provide global supply chain opportunities for Australian industry; and
- Promote the involvement of Indigenous business in the procurement strategy (the first time this has been specifically stated as a requirement under the program).

145. The AIC approach was incorporated in the SEA1180 Request for Tender for the Offshore Patrol Vessels released on 30 November 2016 and will be applied across the AIC Program, providing increased opportunities for local defence industry to contribute to Australia's defence capability.

146. Tenderers are required to deliver detailed AIC Plans that require:

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<sup>4</sup> Refer to: [http://www.supplynation.org.au/indigenous\\_businesses](http://www.supplynation.org.au/indigenous_businesses)

- the prime's strategy for maximising Australian industry participation, including engagement and source selection approach, governance and achievement of the AIC Plan and how in contract market testing will be undertaken;
- an AIC Schedule consisting of each work package that will be committed to Australian industry, their value and location known as local industry activities; and
- Local Industry Activity description sheets detailing benefits of engaging Australian industry, the intellectual property/technical data and international trade in arms control or security restrictions, and risks and remediation plans in using Australian industry.

147. The AIC Program has been strengthened through more explicit requirements on tenderers to maximise opportunities for Australian industry; deliver an enduring Australian industrial capability through the project to support broader defence capability needs; facilitate innovation, technology transfer, and research and development collaboration; provide global supply chain opportunities for Australian industry; and promote the involvement of indigenous business in the procurement strategy.

148. For Non-materiel procurements valued at \$20 million and above, the Commonwealth's Australian Industry Participation (AIP) policy and program (administered by the Department of Innovation, Industry and Science) is applied. It requires that tenderers for certain Commonwealth procurements prepare and implement an AIP Plan that maximises Australian industry participation by providing full, fair and reasonable opportunities. AIP Plans aim to provide Australian industry with the opportunity to demonstrate their capabilities and tender if they are able to meet the procurement specifications. Local industry activity is being considered in Defence's review of how principles of the Australian Industry Capability Program, relating to industry involvement and economic benefit assessment, can be applied more consistently across material and non-materiel procurements of \$4 million and above.

## **Terms of reference d) Utilisation of local suppliers and service providers to achieve value for money**

### ***Engaging local contractors***

149. Defence recognises that small to medium enterprises are important to the generation of business opportunities, employment and sustainment of defence capability, including for the construction, enhancement, and management of Defence facilities and training areas. Defence's in country spend is significant at a regional level. This is partly due to the Australia-wide footprint of Defence facilities and because a number of suppliers are located outside, or on the periphery, of major metropolitan areas.

150. Defence recognises that there are benefits of drawing support from local contractors and suppliers, where there is the capacity and capability available in the local market and they are able to demonstrate value for money.

### ***Defence purchasing***

151. In 2015-16 Defence gazetted contracts in excess of \$30 billion, representing 53.7 per cent of the total value of all Commonwealth contracts gazetted. Of these, Defence awarded 18 per cent by value and 58 per cent by volume to small and medium enterprises (contracts and amendments as published on AusTender) and 8 per cent by value and 30 per cent by volume to small businesses. While this significantly exceeds the Commonwealth's small and medium enterprise target of 10 per

cent<sup>5</sup>, Defence is continuing efforts to grow small and medium business opportunities in both materiel and non-materiel procurements.

152. Defence procurement activities are fundamentally driven by value for money considerations. Defence, in line with Government policy, has adopted the use of national large scale contracts and standing offers to achieve the best value for money.

153. There is a range of legislation that impacts on Commonwealth procurement, including (but not limited to) the Public Governance, Performance and Accountability (PGPA) Act 2013, the PGPA Rules and the Commonwealth Procurement Rules (CPRs). There is also a range of mandatory Commonwealth procurement-connected policies based on social inclusion, Australian Industry Participation and the Building Code as well as CPR requirements such as Whole of Government and Coordinated Procurement that impact procurement activities.

154. Revised CPRs were released on 1 March 2017 and incorporate a number of changes regarding the assessment of value of money. The foreword of the revised CPRs outlines the Government's commitment to "improving access" to the Government's contracts for competitive small and medium enterprises, indigenous enterprises and disability enterprises. Ensuring these suppliers are able to participate in Commonwealth procurement benefits the Australian community and economy.

155. This commitment is emphasised further by a new CPR requirement for procurements above \$4 million to consider the economic benefit of the procurement to the Australian economy as part of the consideration of value for money.

156. Defence is committed to ensuring equitable access to government contracts for Australian businesses, in particular small business as evidenced by the volume and value of contracts awarded in 2015-16. The CPRs reaffirm the Government's requirement for non – corporate entities (of which Defence is one) sourcing at least 10 per cent of procurement by value from small and medium enterprises. Defence has consistently exceeded this target.

### ***Defence Base Service Contracts***

157. Defence has in place ten base service contracts that support the management of the Defence estate and the daily activities of Defence bases across Australia. The annual combined value of the contracts (excluding estate works) is estimated at over \$900 million.

158. These contracts deliver a broad range of services including: estate maintenance, cleaning, housekeeping, training area and range management, sport and recreation management, transport, laundry and dry cleaning, airfield operations support, land management, pest and vermin management, waste management, access control, aircraft refuelling, aircraft rescue and fire fighting, hospitality and catering, stores and petrol.

159. Where services are delivered to bases and training areas in regional and remote areas, base services contractors generally draw their workforce from local employment areas as well as accessing local business suppliers. Examples of support to training activities include:

- Labour and equipment to support ADF operated catering services at Rockhampton (QLD) for Talisman Sabre<sup>15</sup>;
- Full hospitality and catering service to support the Republic of Singapore Air Force at Delamere Range (NT) with equipment, accommodation, and generators sourced from NT suppliers, and

<sup>5</sup> **Source:** Statistics on Australian Government Procurement Contracts  
<https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>

- Full hospitality and catering service for ADF and foreign forces at Bindoon, Learmonth and Karratha (WA), where foodstuffs are sourced locally.

160. Base services contractors are encouraged to engage with a range of small to medium enterprises and provide additional ongoing support to these businesses to enable them to improve their service delivery, develop their capabilities and continue to meet Defence's changing requirements. By way of example, one contractor reported that 50 per cent of their expenditure was via small to medium enterprises (currently defined as businesses employing less than 200 people.)

161. Base services contractors are required to demonstrate a commitment to indigenous employment, including the use of Indigenous business suppliers. Base services contractors must have a current Indigenous training, employment and supplier plan.

## **Terms of reference e) Encouraging awareness of tendering opportunities for rural and regional businesses**

### ***Defence engagement with Australian industry***

162. Australian industry plays a significant role in providing both specialist materiel and non-materiel goods and services to Defence. Defence has a physical footprint across metropolitan, regional and remote locations, and generates a significant demand for a very wide range of goods and services. Local companies, including small to medium enterprises, have been successful competing for Defence contracts by demonstrating their ability to deliver value for money.

163. In addition to procurement activities, Defence actively engages with a variety of industry groups including through working groups, peak body engagement, industry consultations, meetings with key suppliers, the Defence + Industry Conference and briefings at a range of other industry-related forums. Defence also participates in events arranged by industry such as conferences and trade expos. A range of events are also conducted by Defence's Services and Groups as a useful means of communicating current strategic military issues and capability priorities and project plans and timeframes with industry (e.g. Land Warfare Conference, Sea Power Conference and Air Power Conference).

### ***Defence's Integrated Investment Plan and Annual Procurement Plan (APP)***

164. Defence's IIP details approximately \$195 billion of investment in Defence capability across the decade to 2025-26, a significant proportion of which will be spent in Australia. The IIP provides Australian industry with greater certainty on the timing and sequencing of planned approvals to better inform industry planning and guide industry investment.

165. In addition to the IIP, Defence publishes business opportunities in its Annual Procurement Plan assisting industry to prepare for procurement activities. Industry briefings are regularly conducted as part of procurement activities to facilitate industry to understand the scope of Defence's business requirements, proposed procurement and contracting strategies, and provide feedback on risks, commercial approaches and cost related issues.

### ***Centre for Defence Industry Capability (CDIC)***

166. The CDIC plays a major role in maximising Australian industry capability and involvement in delivering Defence capability. The CDIC is a Defence funded \$230 million initiative to 2025-26. The CDIC sits within the federal Department of Industry, Innovation and Science, leveraging that Department's broader industry and business programs and support and expertise in government program delivery, but is responsible to the Minister for Defence Industry. The CDIC is headquartered in Adelaide with a national presence.

167. The CDIC aim is to assist in building supply chains across Australia, funding new industry development, critical skilling and export programs and facilitating access to Defence's innovation

programs, particularly for SMEs. The CDIC works with Australian suppliers to be Defence business ready through advisory services and support, including potential Capability Improvement Grants. As at 22 March 2017, the CDIC had received 77 applications for advisory services and approved three Capability Improvement Grants.

168. The CDIC also provides Australian industry with a single focal point in seeking to support Defence. This includes being the entry point for Defence Innovation Hub proposals through the Innovation Portal hosted on [www.business.gov.au](http://www.business.gov.au).

### ***Defence Innovation Hub***

169. The Defence Innovation Hub is a \$640 million investment over the decade to 2025-26 in collaborative innovation activities, from initial concept, through prototyping and testing and to introduction into service to meet Defence capability needs. The Hub consolidates Defence's previously disparate innovation programs, facilitating Defence, industry, academia and research institutions to collaborate on innovative technologies that can deliver better Defence capability outcomes. A strategic approach to investment in Defence-related innovation will deliver better capability outcomes through Australian industry, both for new capability and its evolution once in service. The Hub is now open to receive proposals through the Defence Innovation Portal managed by the CDIC, with over 111 proposals received (as at 28 March 2017), all of which are being considered by Defence. Supporting this new approach to innovation is the development of cultural and business processes which remove the barriers to innovation, including creating new contracting and intellectual property policies.

170. The Hub is complemented by the Next Generation Technologies Fund (NGTF) overseen by the Defence Science and Technology Group. The NGTF is a \$730 million investment over the next decade to 2025-26 in next generation technologies aimed at positioning Defence to respond to strategic challenges and develop the next generation game-changing capabilities for the future. Fostering Australian industry to have internationally unique innovation and research and development capabilities will assist in product innovation, building skills and competitiveness.

### ***AusTender***

171. For contractors and suppliers seeking to contract directly with the Commonwealth, AusTender is the Australian Government's procurement system. It provides centralised publication of Australian Government business opportunities, agency procurement plans, multi-use lists and details of contracts awarded. This is a quick and free service, which provides the opportunity to identify the services or sector of interest.

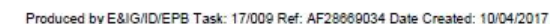
172. Businesses interested in opportunities working with Defence should register on AusTender and arrange for an 'AusTender Alert' which automatically advises suppliers when a Defence tendering opportunity is advertised. Contract information can also be monitored on Austender. Defence publishes Open Tender approaches to the market on AusTender. Information provided includes: request documentation, submission requirements, industry briefing arrangements (if held), special conditions or mandatory requirements and tender closing dates. Sub-contracting opportunities may also be available with prime contractors.

173. The Department of Finance has also introduced a new system based on AusTender, Dynamic Sourcing for Panels (DS4P), which enables government agencies to deliver a standard way to manage and find panels, select suppliers and run request for quote (RFQ) processes. DS4P has advantages for both government agencies (buyers) and suppliers, including:

- *'Buyers – identification of the right panels, search for and shortlist suppliers, access panel docs and templates, and run RFQ processes, cloning of regularly used searches and processes;*

- *Suppliers – greater visibility to buyers of supplier's approved goods/services, and more consistency across agency RFQ processes, use of standard templates.'*

174. Defence is currently working to implement DS4P for selected Defence panels, and for access to other government agency panels, which may provide greater visibility of local and regionally based suppliers who may meet Defence procurement requirements.



## Annex B

### Examples of expenditure at Defence establishments

[Full year spend for 2014-15 and 2015-16]

#### Lavarack Barracks, RAAF Base Townsville, Ross Island Barracks, Mount Stuart Training Area

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	453,859	19,353	473,212	78,518	36,009	0	94	55,267	643,100
2015-16	492,062	17,840	509,902	51,111	11,202	-	56	26,616	598,888

#### Townsville Field Training Area, Cowley Training Area and Tully Training Area (Qld)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	4,049	206	4,255	466	82	0	295	1,239	6,336
2015-16	4,339	223	4,562	2,616	2,027	50	28	1,921	11,205

#### Shoalwater Bay Training Area (Qld)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	1,300	146	1,446	784	707	0	5	805	3,748
2015-16	1,315	146	1,461	821	1,002	-	0	2,951	6,235

#### Wide Bay Training Area (Qld)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	685	0	685	15,199	8	0	9	462	16,364
2015-16	701	-	701	15,379	456	-	3	670	17,210

#### HMAS Cairns, Porton Barracks RAAF Base Scherger, Joint Defence Facility Thursday Island

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	80,235	4,715	84,950	-	1,903	105	1,006	31,477	119,441
2015-16	81,524	5,205	86,729	-	2,560	99	757	32,563	122,707

#### RAAF Base Tindal, Bradshaw, Mt Bunday, Kangaroo Flats Training Areas (NT)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	50,075	1,644	51,719	1,581	29,272	56	8	7,038	89,672
2015-16	54,272	1,264	55,536	8,261	28,897	45	8	10,437	103,183

### Robertson Barracks, RAAF Base Darwin, HMAS Coonawarra (NT)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	374,509	20,986	<b>395,495</b>	26,868	33,936	216	303	91,682	<b>548,500</b>
2015-16	395,540	20,559	<b>416,099</b>	19,965	5,130	218	16	34,485	<b>475,914</b>

### Puckapunyal and Monegetta (Vic)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	70,524	12,437	<b>82,961</b>	780	66	111	141	1,673	<b>85,732</b>
2015-16	72,892	10,705	<b>83,597</b>	4,369	96	84	134	1,830	<b>90,110</b>

### RAAF Base East Sale (Vic)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	41,275	7,788	<b>49,063</b>	92,107	933	38	103	1,523	<b>143,766</b>
2015-16	44,756	7,478	<b>52,234</b>	19,585	2,243	50	1,195	1,988	<b>77,295</b>

### HMAS Cerberus (Vic)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	104,322	3,070	<b>107,392</b>	0	78	54	119	1,459	<b>109,102</b>
2015-16	113,164	2,815	<b>115,979</b>	-	69	43	28	2,023	<b>118,142</b>

### Albury Wodonga Military Area (Vic)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	98,673	12,870	<b>111,543</b>	50,211	15,695	63	440	50,907	<b>228,859</b>
2015-16	102,195	10,830	<b>113,025</b>	1,861	17,585	76	800	24,200	<b>157,547</b>

### Lancelin Training Area, RAAF Base Pearce, Bindoon Training Area, Northam Training Area (WA)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	32,060	2,542	<b>34,602</b>	3,327	229	2	1	4,383	<b>42,544</b>
2015-16	32,229	2,497	<b>34,726</b>	3,683	162	2	0	4,406	<b>42,980</b>

**Taylor Barracks, RAAF Base Curtin, RAAF Base Learmonth, Naval Communications Station, Harold E Holt, Australian Defence Satellite Communications Station, Yampi Sound Training Area (WA)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	8,053	2,087	<b>10,140</b>	2,579	1,775	11	250	1,613	<b>16,368</b>
2015-16	9,128	1,761	<b>10,889</b>	15,464	2,377	12	144	1,783	<b>30,669</b>

**Lone Pine Barracks, Singleton Training Area (NSW)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	51,022	1,214	<b>52,236</b>	6,168	617	0	1,708	70,236	<b>130,964</b>
2015-16	47,231	1,321	<b>48,552</b>	801	1,614	-	1,600	84,059	<b>136,625</b>

**RAAF Base Williamtown, Salt Ash Air Weapons Range (NSW)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	242,365	40,105	<b>282,470</b>	52,954	10,930	52	7,893	80,232	<b>434,531</b>
2015-16	260,571	37,887	<b>298,458</b>	235,808	1,329	567	16,776	77,304	<b>630,242</b>

**HQJOC General John Baker Complex, Bungendore (NSW)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	76,849	12,306	<b>89,155</b>	0	1,344	0	3,458	36,759	<b>130,715</b>
2015-16	83,929	17,070	<b>100,999</b>	-	1,183	-	5,008	57,562	<b>164,753</b>

**RAAF Base Richmond and RAAF Base Glenbrook (NSW)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	160,679	19,068	<b>179,747</b>	361	311	0	10,404	96,585	<b>287,409</b>
2015-16	166,952	19,320	<b>186,272</b>	-	45	-1	27,909	130,452	<b>344,678</b>

**HMAS Albatross (NSW)**

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	112,810	20,566	<b>133,376</b>	127,943	1,486	-	57	51,038	<b>313,901</b>
2015-16	126,170	19,713	<b>145,883</b>	75,830	1,260	-	1,461	60,116	<b>284,550</b>

### Blamey Barracks, Kapooka and RAAF Base Wagga (NSW)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	120,656	5,613	126,269	-	1,144	-	67	3,157	130,637
2015-16	124,098	5,394	129,492	-	1,697	-	28	2,420	133,637

### Defence Science and Technology Group (DST Group) Scottsdale, Patterson Barracks, Stony Head Military Training Area (TAS)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	954	1,342	2,296	952	203	-	1,560	4,301	9,311
2015-16	945	1,543	2,488	-144	283	-	640	4,841	8,107

### RAAF Base Edinburgh, Proof and Experimental Establishment Port Wakefield (SA)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	258,674	193,592	452,266	34,759	21,007	131	25,477	292,342	825,980
2015-16	286,199	195,324	481,523	26,819	3,164	206	22,641	252,850	787,202

### Murray Bridge Training Area (SA)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	387	-	387	220	6	12	12	266	902
2015-16	369	0	369	-	635	10	11	263	1,289

### Cultana Training Area and Woomera Range Complex (SA)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	1,265	538	1,803	31,524	205	-	54	9,236	42,822
2015-16	1,880	632	2,512	12,130	437	-	172	2,686	17,937

### Woodside Barracks (SA)

Financial Year	Military Employee Expenses \$'000	Civilian Employee Expenses \$'000	Sub Total Employee Expenses \$'000	Facilities Capital \$'000	Facilities Operating \$'000	Grants \$'000	Major Capital Equipment \$'000	Supplier Expenses \$'000	Total \$'000
2014-15	19,805	429	20,234	0	9	0	80	2,592	22,915
2015-16	20,423	446	20,869	-	5	2	234	3,119	24,228

**Note:** Discrepancies in tables between totals and sums of components are due to rounding.

## Annex C

### 2016-17 Approved Capital Facilities Projects by State

	State	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2016 \$m
<b>Facilities in support of the New Air Combat Capability (AIR 6000)<sup>[1]</sup></b>			
RAAF Base Williamtown	NSW	-	201.4
RAAF Base Tindal	NT	-	11.0
<b>Total</b>		<b>1,465.4</b>	<b>212.4</b>
<b>Enhanced Land Force Stage 2 Works<sup>[1]</sup></b>			
Lone Pine Barracks	NSW	-	117.8
Puckapunyal Training Area	Vic	-	1.9
Simpson Barracks, Watsonia	Vic	-	20.2
RAAF Base Amberley	Qld	-	9.6
Lavarack Barracks, Townsville	Qld	-	66.3
Townsville Training Area	Qld	-	3.9
Greenbank Training Area	Qld	-	121.0
Gallipoli Barracks, Enoggera	Qld	-	810.6
Wide Bay Training Area	Qld	-	100.6
Kokoda Barracks, Canungra	Qld	-	72.1
Cultana Training Area	SA	-	2.9
RAAF Base Edinburgh	SA	-	34.5
Majura Field Training Area	ACT	-	22.4
<b>Total</b>		<b>1,457.8</b>	<b>1,383.7</b>
<b>Defence Logistics Transformation Program<sup>[1]</sup></b>			
Defence National Storage and Distribution Centre, Moorebank	NSW	-	205.4
Wadsworth Barracks, Bandiana	Vic	-	63.5
RAAF Base Amberley	Qld	-	144.8
Lavarack Barracks, Townsville	Qld	-	131.5

	State	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2016 \$m
RAAF Base Edinburgh	SA	-	21.9
HMAS Stirling, Rockingham	WA	-	1.3
Palmer Barracks	WA		8.5
Robertson Barracks	NT	-	126.9
<b>Total</b>		<b>732.6</b>	<b>703.8</b>
<b>Maritime Patrol Aircraft Replacement (AIR 7000 Phase 2B)<sup>[1]</sup></b>			
RAAF Base Edinburgh	SA	-	5.9
RAAF Base Townsville	Qld	-	-
RAAF Base Pearce	WA	-	-
RAAF Base Darwin	NT	-	-
<b>Total</b>		<b>707.9</b>	<b>5.9</b>
<b>Air Traffic Control Complex Infrastructure Project, AIR 5431 Phases 2 and 3 and Fixed Base Defence Air Traffic Management and Control System<sup>[1]</sup></b>			
RAAF Base Amberley	Qld	-	2.3
Army Aviation Centre Oakey	Qld	-	0.1
RAAF Base Townsville	Qld	-	-
RAAF Base Richmond	NSW	-	-
HMAS Albatross	NSW	-	-
RAAF Base Williamtown	NSW	-	-
RAAF Base East Sale	Vic	-	0.5
RAAF Base Woomera	SA	-	-
RAAF Base Edinburgh	SA	-	0.4
RAAF Base Gingin	WA	-	-
RAAF Base Pearce	WA	-	0.3
RAAF Base Darwin	NT	-	0.4
RAAF Base Tindal	NT	-	0.9
<b>Total</b>		<b>409.9</b>	<b>4.9</b>
<b>Battlefield Airlifter Facilities (AIR 8000 Phase 2)</b>			
RAAF Base Amberley	Qld	<b>370.4</b>	<b>1.4</b>

	State	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2016 \$m
<b>HMAS Stirling Redevelopment Stage 3A</b>			
HMAS Stirling, Rockingham	WA	366.8	14.9
<b>Growler Airborne Electronic Attack Capability Facilities (AIR 5349 Phase 3)</b>			
RAAF Base Amberley	Qld	348.6	13.7
<b>LAND 121 Phases 3 and 4 Overlander Facilities Stage 2<sup>[1]</sup></b>			
Lavarack Barracks, Townsville	Qld	-	7.5
Gallipoli Barracks, Enoggera	Qld	-	3.9
RAAF Base Williamtown	NSW	-	-
Holsworthy Barracks, Holsworthy	NSW	-	-
Puckapunyal Training Area	Vic.	-	0.9
Campbell Barracks	WA	-	-
RAAF Base Edinburgh	SA	-	-
Robertson Barracks	NT	-	-
<b>Total</b>		<b>276.5</b>	<b>12.3</b>
<b>RAAF Base Williamtown Redevelopment Stage 2</b>			
RAAF Base Williamtown	NSW	274.0	6.3
<b>Campbell Barracks Redevelopment</b>			
Campbell Barracks	WA	223.6	10.5
<b>HMAS Albatross Redevelopment Stage 3</b>			
HMAS Albatross	NSW	194.2	141.5
<b>Facilities for MH-60R Seahawk Maritime Combat Helicopters (AIR 9000 Phase 8)<sup>[1]</sup></b>			
HMAS Albatross, Nowra	NSW	-	160.7
HMAS Stirling, Rockingham	WA	-	6.5
Twofold Bay, Eden	NSW	-	0.3
<b>Total</b>		<b>189.0</b>	<b>167.5</b>
<b>Helicopter Aircrew Training System (AIR 9000 Phase 7)<sup>[1]</sup></b>			
HMAS Albatross, Nowra	NSW	157.1	64.5

	State	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2016 \$m
<b>Defence Terrestrial Communications Network Facilities Upgrade (JP2047)[2]</b>			
National		130.8	55.2
<b>Airfield Capital Works<sup>[1]</sup></b>			
RAAF Base Townsville	Qld	-	-
RAAF Base Curtin	WA	-	-
RAAF Base Tindal	NT	-	-
<b>Total</b>		<b>95.3</b>	<b>-</b>
<b>Delamere Range Facilities Redevelopment</b>			
Delamere Air Weapons Range	NT	74.4	4.7
<b>17th Construction Squadron Relocation</b>			
RAAF Base Amberley	Qld	71.8	21.6
<b>Space Telescope (Joint Project (JP) 3029)</b>			
Harold E Holt, Exmouth	WA	63.0	8.1
<b>REDFIN Infrastructure (JP 2097 Phase 1B)<sup>[1]</sup></b>			
Holsworthy Barracks	NSW	-	8.1
Campbell Barracks	WA	-	0.4
Defence Establishment Howard Springs	NT	-	4.0
Lavarack Barracks	Qld	-	0.1
<b>Total</b>		<b>50.5</b>	<b>12.6</b>
<b>Facilities for Chinook Helicopter (AIR 9000 Phases 5B and 5C)</b>			
RAAF Base Townsville	Qld	54.8	20.9
<b>RAAF Base Amberley Sewerage Treatment Plant</b>			
RAAF Base Amberley	Qld	13.0	0.2
<b>Low Level Bridge Repair</b>			
Fleet Base West, Stirling	WA	12.8	0.6
<b>Facilities for Lead in Fighter Capability Assurance Program (AIR 5438 Phase 1)<sup>[1]</sup></b>			
RAAF Base Williamtown	NSW	-	6.6
RAAF Base Pearce	WA	-	1.0
<b>Total</b>		<b>12.7</b>	<b>7.6</b>

	State	Total Estimated Expenditure \$m	Estimated Cumulative Expenditure to 30 June 2016 \$m
<b>JHC Facilities Upgrades - Interim Works <sup>[1]</sup></b>			
Larrakeyah / Coonawarra	NT	-	3.0
RAAF Base Pearce	WA	-	-
RAAF Base Townsville	Qld	-	-
<b>Total</b>		<b>9.8</b>	<b>3.0</b>
<b>Projects in or about to enter Defects Liability Period <sup>[3]</sup></b>			
<b>Total</b>		<b>7,762.7</b>	<b>2,877.9</b>

## Annex D

### Army Reserve Presence in Rural and Regional Australia

1. NSW-based units (5th and 8th Brigade) train at the following locations:
  - Holsworthy
  - Singleton
  - Majura
  - Kapooka
  - RAAF Base Williamtown
  - Greenbank Range Facility
  - Orchard Hills.
2. Shoalwater Bay Training Area and Wide Bay (QLD) are used when conducting paired activities with 7th Brigade, or when participating in Exercise HAMEL.
3. QLD-based units (11th Brigade) train in the following locations:
  - Townsville Field Training Area (TA)
  - Mount Stuart TA
  - SWBTA
  - Wide Bay TA
  - Canungra TA
  - Greenbank TA
  - Gallipoli Barracks, Enoggera.
4. 51st Far North Queensland Regiment sub-units train in local depots, using Defence land where possible. Non-Defence land is requested when required. Training is conducted in the following locations:
  - Mt Isa rifle ranges
  - Weipa (RAAF Base Scherger)
  - Atherton rifle ranges
  - Bamaga
  - Torres Strait Islands and sea zones
  - Cairns:
    - Wangetti rifle ranges
    - Cowley Beach
    - Local sea inlets for watercraft activities.
5. Victoria-based units (4th Brigade) train in local depots, primarily conducting field training at the Puckapunyal Training Area. In addition, Shoalwater Bay Training Area and Wide Bay (QLD), Cultana Training Area (SA) and the Mount Bunday Training Area (NT) are used when conducting paired activities with 9th Brigade and 1st Brigade, or when attending Exercise HAMEL.
6. Tasmania-based (9th Brigade) units primarily use Stony Head and Buckland Training Areas (TAS). In addition, Shoalwater Bay Training Area and Wide Bay (QLD), Cultana Training Area (SA) and the Mount Bunday Training Area (NT) are used when conducting paired activities with 4th Brigade and 1st Brigade, or when attending Exercise HAMEL.

7. WA-based units (13th Brigade) train in local depots, primarily conducting field training at:
  - Bindoon Training Area
  - Northam Training Area
  - Lancelin Training Area
  - Coolilup Defence Rifle Range (Bunbury)
  - Non-Defence Training Areas, such as Collie Forrest are used (occasional use).
8. WA-based Pilbara Regiment uses the following training areas:
  - Peron WA Department of Education Camp
  - Bindoon TA
  - HMAS Stirling
  - Lancelin TA
  - RAAF Learmonth
  - Exmouth Stations (Exmouth, Cardabia)
  - Carnarvon Stations (Brick House, Callagiddy, Ella Valla, Murchison, Quobba)
  - Karratha - Stove Hill crown land
  - Karratha Stations (Karratha, Cleeverville, Mt Welcome)
  - Dampier Archipelagos
  - Port Hedland Stations (Pipingara, Wallal, Munda, Boordarie, Pardo, DeGrey)
  - Newman - Round Hill crown land
  - Newman Stations (Sylvania, Hooley, Mulga Downs, Roy Hill)
  - Tom Price - Tom Price Stations (Hooley, Rocklea)
  - Karijini National Park.
9. SA-based units (9th Brigade) primarily use the Murray Bridge Training Area and Cultana Training Area. In addition, Shoalwater Bay Training Area and Wide Bay, and the Mount Bundy Training Area are used when conducting paired activities with 4th Brigade and 1Brigade, or when attending Exercise HAMEL.
10. NT-based units (North West Mobile Force) conduct most training at the Kangaroo Flats TA and Robertson Barracks. Training is also conducted at the following locations:
  - Tipperary Station
  - Coomali Farm
  - Boating courses are conducted in Darwin Harbour and in the vicinity of the Tiwi Islands.
11. Other small activities have been conducted around the NT/WA on private land and/or Indigenous land.