DEPARTMENT OF DEFENCE

SECTION FOUR
SUPPLEMENTARY INFORMATION

PEOPLE AND BUSINESS PROCESS INITIATIVES

AUSTRALIAN DEFENCE FORCE EXERCISE PROGRAM

DEFENCE REFORM PROGRAM

CAPITAL FACILITIES EXPENDITURE BY ELECTORATE

DISCRETIONARY GRANTS

PEOPLE AND BUSINESS PROCESS INITIATIVES

The following initiatives for 2000-01 impact on all Defence outputs and provide further explanation for some of the priorities listed in 'Challenges and Key Priorities for 2000-01' in Section One of this document.

People and Learning

- Continue the program afforded by the new Public Service Act 1999 to streamline and simplify personnel policies and practices to promote efficiencies, remove duplication and empower Defence's managers to operate in a values, principles and performance-based culture.
- Provide a range of conditions and support services to personnel deployed in East Timor, and to their next of kin.
- Implement, in August 2000, the decision to establish a Defence Service Centre in Cooma, NSW. The service centre will utilise the latest technology to provide a free national inquiry service to Defence personnel and their families on a range of personnel and administrative matters.
- Continue cooperation with the Department of Veterans' Affairs to improve services and support to serving and ex-Service personnel and to reduce the costs of services currently being provided by both departments. Work in 2000-01 will focus on establishing a transition management service in Veterans' Affairs for ADF members who are discharging, as well as improving records and medals management for discharged ADF members.
- Continue a study into posting turbulence in the ADF.
- Implement, by January 2001, strategies to improve relevance and access to learning and competency recognition processes aligned to the national public services training package, in accordance with the Government's national training framework, with a focus on building core skills in generic APS management and leadership.
- Implement a framework for identifying and streamlining the development of high-performing executive-level staff as the feeder group to the senior executive level.
- Consolidate and further develop the Defence Science and Technology Organisation's integrated approach to staff development, encompassing induction, research management, the Graduate Certificate in Scientific Leadership and the Executive Leadership Development Program.
- Continue the rationalisation of Defence schools, courses and related processes to enhance skills and knowledge development and to achieve savings in personnel, support and infrastructure costs.
- Commence the first Australian Command and Staff Course in January 2001, to replace the single-Service staff colleges and the civilian Defence Management Diploma Program. The course is designed to improve the performance of joint command and staff functions in operational headquarters and elsewhere.

Business Processes

Acquisition and logistic support

- Develop a more streamlined acquisition decision-making process.
- Adopt best commercial business practices in acquisition and improve project management.

- Manage the acquisition of a new patrol vessel, to replace the Fremantle class, as a pilot project for streamlined acquisition.
- Enhance the delivery of logistic support and improve inventory management, including further reduction in the size of the inventory;

Interaction with industry

- Build on the principles of the Defence and Industry Strategic Policy Statement in areas such as acquisition reform, strategic relationships with industry and better-targeted industry programs.
- Extend the use of Australian Industry Involvement targets to ensure that contractors consider local industry and use it more effectively and to provide broader opportunities for innovative industry solutions.

Science and technology

- Establish a Military Systems Experimentation Branch to conduct research into key experimental processes necessary to exploit the Revolution in Military Affairs.
- Undertake a review of the Defence Science and Technology Organisation's priority-setting processes and framework to improve the allocation of resources to meet customers' needs.

Information systems

- Continue the consolidation and rationalisation of Defence's disparate command support and administrative information technology networks.
- Improve the security, resilience and robustness of Defence information systems.
- Negotiate enterprise agreements with major information technology suppliers to maximise value for money by taking advantage of market size.
- Continue the planning and implementation of enterprise systems to support the re-engineering of Defence's business processes, including:
  - phases two and three of the Personnel Management Key Solutions project;
  - phase two of the Resource and Output Management Accounting Network project;
  - the Standard Defence Supply System;
  - the Document Records Management System; and
  - a new health information management system for ADF personnel.

Corporate services

- Manage a contract with the Defence Housing Authority to provide housing and relocation services to the ADF.
- Continue the disposal of Defence properties that are surplus to requirements and the transfer of properties to the Sydney Harbour Federation Trust.
- Continue the rationalisation of the provision of facilities maintenance by implementing comprehensive contracts with industry throughout Australia.
- Complete market-testing activities, including clerical and administrative services and publishing services, and implement the results.
- Implement the provision of integrated travel services under a new contract with Qantas.
- Reduce Defence's energy consumption by at least 200k gigajoules by 30 June 2001, in accordance with the Government's greenhouse emissions strategy.

AUSTRALIAN DEFENCE FORCE EXERCISE PROGRAM

Combined and joint exercises are conducted to meet ADF training and readiness requirements. Exercises contribute to a number of outputs and are important preparedness performance indicators; they also enhance joint expertise and interoperability with our allies. Listed below are the most significant combined and joint exercises. These planned exercises can be rescheduled, or cancelled, due to unplanned operations or financial considerations, often at short notice.

Table 4.1: Combined Exercises Involving the ADF and the Defence Forces of Other Countries

EXERCISE	FORCES	OBJECTIVE
Rimpac 01 May-July 2000	Australia Navy, Air Force Other Countries United States, Canada, South Korea, Chile, Japan	Enhance interoperability and proficiency of maritime and air forces to operate in coalition arrangements centred on realistic short warning littoral operations.
Churinga/Flying Fish June-July 2000	Australia Navy, Air Force Other Countries Malaysia, New Zealand, United Kingdom, Singapore	To conduct combined/joint operations in a multi-threat, limited conflict scenario.
Paradise 00 July 2000	Australia Navy, Air Force Other Countries Papua New Guinea	To improve interoperability by conducting an annual maritime surveillance exercise with the PNG Defence Force and RAN patrol boat elements.
Penguin 00 July 2000	Australia Navy, Air Force Other Countries Brunei	To enhance interoperability with the RBN in a combined maritime training exercise.
Haringaroo 00-1 July 2000, May 2001, June 2001	Australia Army Other Countries Malaysia	To practise combined operations requiring interoperability at a tactical level with elements of the Malaysian Army.
Chapel Gold 00 July 2000	Australia Army Other Countries Thailand	To practise combined operations requiring interoperability at a tactical level with elements of the Thai Army.
Lung Fish 00 July-August 2000	Australia Navy, Air Force Other Countries United States	To practice anti-submarine warfare, with joint and independent maritime patrol aircraft cooperation and to practice and develop combined RAN/USN submarine operations.
Pacific Reserve 00-2 July-August 2000	Australia Army Other Countries United States	To practise combined operations requiring interoperability at a tactical level with elements of the US Army Reserve/National Guard.
Singas Exchange July 2000-March 2001	Australia Army Other Countries Singapore	To broaden the military experience and knowledge of selected personnel and promote cooperation between the two countries.

EXERCISE	FORCES	OBJECTIVE
Extendex Series July 2000-June 2001	Australia Air Force Other Countries United States	MPA anti-submarine training.
Tamex Series July 2000-June 2001	Australia Navy, Air Force Other Countries United States, New Zealand	To maintain proficiency in anti-submarine warfare operations in a combined basic air anti-submarine exercise with either RNZAF or USN, utilising RAN.
Singaroo August 2000, April 2001	Australia Navy, Air Force Other Countries Singapore	To strengthen the relationship and improve the interoperability of the ADF and the Republic of Singapore Forces in combined maritime procedures and tactics.
Fleet concentration period August 2000, February-March 2001	Australia Navy, Air Force Other Countries New Zealand	Biannual RAN fleet concentration period to allow RAN units to achieve MLOC. RAAF units provide air support and also gain valuable mutual training benefits.
Austhai September 2000	Australia Navy, Air Force Other Countries Thailand	To improve interoperability with the Royal Thai Navy in a combined maritime training exercise.
Lumbas September 2000	Australia Navy, Air Force Other Countries Philippines	To conduct maritime surveillance exercise with the Philippines Navy
Fincastle March 2001	Australia Air Force Other Countries Canada, United Kingdom, New Zealand	Annual combined anti-submarine warfare exercise.
TAA NOK IN SII September 2000 March 2001	Australia Air Force Other Countries Thailand	Regional engagement with Thailand to develop Thai maritime air surveillance capability and to develop procedures and doctrine for coordinated maritime air surveillance.
Comptutex Series September-October 2000 November-December 2000 February-March 2001	Australia Air Force Other Countries United States	Combined Maritime Warfare exercise with US CINCPACFLT forces, with an anti-submarine focus. RAAF MPA forces participate to gain OPD training objectives.
Goodwill Ex October 2000	Australia Navy, Air Force Other Countries Japan	To enhance interoperability with the JMSDF in a combined maritime training exercise.
Night Fox October 2000	Australia Army Other Countries United Kingdom	To practise deployment and develop interoperability at a tactical level with elements of the UK Special Forces.
Matilda October-November 2000	Australia Army Other Countries Singapore	To participate in Singapore Armed Forces unilateral training at Shoalwater Bay Training Area.

EXERCISE	FORCES	OBJECTIVE
Pacific Kukri October-December 2000	Australia Army Other Countries United Kingdom	To host UK Ghurkha unilateral training at High Range Training Area.
Croix Due Sud November 2000	Australia Navy Other Countries France	To improve interoperability with France in a combined maritime training exercise.
Shortscope 00 November 2000	Australia Navy Other Countries United States	To enhance interoperability between Australian and US personnel through mine counter-measures vessels training exercise.
Suman Warrior November 2000	Australia Army Other Countries Malaysia, United Kingdom, New Zealand, Singapore	To exercise the armies of the Five-Power Defence Arrangements in combined operations by conducting a brigade to unit-level Command Post exercise.
Night Leopard November 2000	Australia Army Other Countries Brunei	To practise deployment and develop interoperability at a tactical level with elements of the Brunei Special Forces.
ASWEX November 2000	Australia Navy, Air Force Other Countries New Zealand	To practise collective ADF anti-submarine warfare concepts, tactics and procedures.
Tempest Express December 2000	Australia Air Force Other Countries United States	To train the combined taskforce staff and to initiate the drafting of the OPORD for EX Tandem Thrust 01.
Tasmanex 2001 January-February 2001	Australia Army, Air Force Other Countries New Zealand	To further develop interoperability between Australian-New Zealand naval/maritime air units.
Tasman Reserve February 2001	Australia Army Other Countries New Zealand	To practise combined operations at the tactical level between part-time elements of the Australian and NZ armies.
Flaming arrow February-March 2001	Australia Army Other Countries Singapore	To practise combined operations requiring interoperability at a tactical level with elements of the Singaporean Army.
JTFEX/FLEETEX February-March 2001	Australia Air Force Other Countries United States	Exercise ASW and ASUW with US forces.
Anzac Series February-April 2001	Australia Army Other Countries New Zealand	To broaden the military experience and knowledge of selected personnel and promote cooperation between the two countries.
Axolotl 01 March 2001	Australia Navy Other Countries Singapore	To develop and evaluate RAN/RSN interoperability in diving and explosive ordnance disposal operations.

EXERCISE	FORCES	OBJECTIVE
Gold Eagle March 2001	Australia Army Other Countries United States	To practise combined operations requiring interoperability at a tactical level with elements of the US Marine Corps.
Kartika Exchange March-May 2001	Australia Army Other Countries Indonesia	To broaden the military experience and knowledge of selected personnel and promote cooperation between the two countries.
Night KIWI March-May 2001	Australia Army Other Countries New Zealand	To practise deployment and develop interoperability at a tactical level with elements of the NZ Special Forces.
IADS ADEX 01-2 April 2001	Australia Navy, Air Force Other Countries Malaysia, Singapore, New Zealand, United Kingdom	To practise and develop operational procedures and tactics with Five Power Defence Arrangement units in a joint/ combined maritime and air defence exercise
Wantok Warrior April 2001	Australia Army Other Countries Papua New Guinea	To develop PNG military skills to facilitate interoperability at the tactical level.
Tempo Brave April 2001	Australia Army Other Countries United States	To participate in a US two level Command Post Exercise designed to practise staff in methods, procedures and conduct of planning, operations, offensive support and targeting, info operations and intelligence.
Bullseye April 2001	Australia Air Force Other Countries New Zealand, United Kingdom, Canada	Annual C-130 tactical air transport and air drop exercise/ competition.
Tricrab 01 April-May 2001	Australia Navy Other Countries United States, Singapore	To test and evaluate RAN/USN/RSN interoperability in diving and explosive ordnance disposal operations.
Flash Action April-May 2001	Australia Army Other Countries United States	To develop and maintain interoperability at a tactical level with elements of the US Special Forces.
Day Cougar April-June 2001	Australia Army Other Countries United States	To develop and maintain interoperability at a tactical level with elements of US Tier 1 Special Forces.
Long Look April-August 2001	Australia Army Other Countries United Kingdom	To broaden the military experience and knowledge of selected personnel and promote cooperation between the two countries.
Hunter 01 May 2001	Australia Navy Other Countries Singapore	To develop and evaluate RAN/RSN interoperability in mine warfare operations.

EXERCISE	FORCES	OBJECTIVE
Tandem Thrust 01 May 2001	Australia Navy, Army, Air Force Other Countries United States	To exercise participants in a short warning, power projection live fire and manoeuvre command post exercise and field training exercise.
Tasman Exchange May 2001	Australia Army Other Countries New Zealand	To practice combined operations requiring interoperability at a tactical level with elements of the NZ Army.
Day Tiger May 2001	Australia Army Other Countries Malaysia	To conduct training to develop Malaysian Special Forces counter-hijack capability.
Stardex 01 June 2001	Australia Army Other Countries Malaysia, Singapore	To practise combined operations requiring interoperability at a tactical level in a Five Power Defence Arrangements Integrated Air Defence System environment.
Night Panther 01 June 2001	Australia Army Other Countries Thailand	To practise deployment and develop interoperability at a tactical level with elements of the Thai Special Forces.

Table 4.2: Joint Exercises involving at least two of the Navy, Army and Air Force

EXERCISE	FORCES	OBJECTIVE
Vital Prospect July 2000	Navy, Army, Air Force	Two level CPX to practise DJFHQ and Formation HQ staff in methods, procedures and conduct of planning, operations, offensive support and targeting, information operations and intelligence.
Sea Predator July 2000	Navy, Army	Train forces in amphibious operational planning, embarkation drills, logistics and basic amphibious procedures.
Day shark July 2000	Navy, Army	To maintain the Special Forces offshore platform assault capability. Exercise to be conducted in North West Shelf.
Arnhem 1/00 July 2000	Army, Air Force	ADF readiness test for parachute company group involving the conduct of OPSEC operations, Abn planning and operation and battlefield clearance operations.
Hagar October 2000	Army, Air Force	ADF readiness test for parachute company group involving the conduct of OPSEC operations, Abn planning and operation and battlefield clearance operations.
Dusk Series 00 (Includes Pegasus Dusk, Oprex Dusk, Flash Dusk) November 2000	Army, Air Force	To exercise the oncoming Special Recovery Squadron at the completion of hand-over training.
Swift Canopy 00 November 2000	Army, Air Force	ADF readiness test for parachute battalion group involving the practise of battalion level defensive and offensive operations in a conventional battle space environment.

EXERCISE	FORCES	OBJECTIVE
Vital Prospective February 2001	Navy, Army, Air Force	Two level Command Post Exercise to practise DJFHQ and Formation HQ staff in methods, procedures and conduct of planning, operations, offensive support and targeting, information operations and intelligence.
Day Anchor January 2001	Navy, Army	To practise special recovery techniques involving ships at anchor.
Northern Trilogy February 2001	Army, HQNORCOM	High level Command Post Exercise to practise HQNORCOM staff in methods, procedures and conduct of planning, operations, offensive support and targeting, information operations and intelligence.
Sea Eagle March 2001	Navy, Army	Amphibious training exercise for 3 Brigade Group (2RAR) involving embarkation in Townsville and amphibious lodgement at Cowley Beach Training Area prior to Brigade Combined Arms Training Area at Townsville Field Training Area.
Platypus Moon March 2001	Navy, Army, Air Force	To develop submarine insertion, extraction and rendezvous techniques with Special Forces using parachute load follow techniques into water.
Day Bubble March 2001	Navy, Army	To exercise ADF ground and naval elements in amphibious/maritime counter terrorist operations.
Initial Landing March 2001	Navy, Army	Train forces in amphibious operational planning, embarkation drills, basic amphibious procedures and logistics over-the-shore operations in a structured exercise scenario.
Day Seal March 2001	Navy, Army	To exercise ADF ground and naval elements in amphibious/maritime CT operations.
Emu Moon East March 2001	Army, Air Force	Currency training of SASR in Parachute Insertion methods.
Silicon Safari March 2001	Navy, Army, Air Force	Two level Command Post Exercise to practise DJFHQ and Formation HQ staff in methods, procedures and conduct of planning, operations, offensive support and targeting, info operations and intelligence.
Emu Moon April 2001	Army, Air Force	Currency training of SASR in parachute insertion methods.
Swift Canopy May 2001	Army, Air Force	ADF readiness test for parachute battalion group involving the practise of Battalion level defensive and offensive operations in a conventional battlespace environment.
Pegasus Moon May 2001	Army, Air Force	Currency training of SASR in parachute insertion methods.

DEFENCE REFORM PROGRAM

The Defence Reform Program has been progressing since 1997. The benefits of reform have been reflected through improved management arrangements, some rationalisation of higher Defence committee structures, and an increased emphasis on long-term planning. Efficiencies have flowed from improvements in the control of supporting functions. Resources made available through these efficiencies are continuing to be redirected to improving combat capabilities.

The Defence Reform Program aims to:

- focus Defence on its responsibility to provide capabilities to defeat the use of armed force against Australia and support of the Government's wider objectives;
- improve long-term planning, command and management structures;
- streamline supporting organisations and structures within Defence to more efficiently support combat units;
- compete a range of Defence activities with industry to achieve a higher-quality, more cost-effective result; and
- redirect resources from non-core enabling services to core combat capabilities to provide modern and effective Defence forces.

Achievement of these objectives will ensure that the resources allocated to Defence are better managed and focused on the delivery of defence capabilities.

Benefits of Reform

The management and organisational aspects of the Defence Reform Program provided a vehicle for improving management and pursuing efficiencies. As an example, the establishment of the Corporate Support Group to pursue efficiencies in administrative support has been extremely successful, with this group delivering the largest quantum of savings through rationalisation and commercialisation activities. The revised organisational structure and processes aimed at improving management and planning capacities represented a significant step forward, but further refinement is necessary. This will be pursued in 2000-01.

A principal focus of the reform program was to provide a greater share of resources to the combat forces, especially to maintain readiness. Defence now has the equivalent of a second brigade-sized group, including supporting air and naval units, at the same degree of readiness as the Ready Deployment Force at Townsville.

Other benefits of the Reform Program include:

- increased investment in new capabilities;
- increased numbers of personnel in the combat force;
- enhancements to amphibious transport capability;
- the remedying of a range of logistic shortfall problems; and
- funding the costs of some new capabilities introduced into service.

Details of the resource aspects of reinvestment are outlined in Table 4.4.

Certain reinvestment decisions flow across a number of outputs and a generic explanation of the benefits of reform is outlined below.

New Capital Investment

Rather than assign Defence Reform Program savings to individual projects, which would be arbitrary and artificial, the savings have been used to increase the level of funding available for new equipment. At maturity, the annual major investment spend will increase by $135m or 5% (of the $2.6 billion capital equipment program). This reinvestment is not reported by output in this document, but is reported as single line in Table 4.4.

Retaining the Australian Defence Force at 50,000

The Defence Reform Program could have reduced the ADF permanent force to 42,700 personnel (from a baseline of 56,600) through reductions and the results of the market-testing of Service positions. Increasing the number of personnel in the combat force from 24,300 to 31,700 (ie from about 42% to 65%) represents by far the largest reinvestment of reform savings. As a result of East Timor operations, an increase in strength to about 53,555 has been approved. The additional 3,555 for East Timor operations are subject to separate funding and are outside Defence Reform Program considerations and are not further reflected in this section. Additional costs from the original reform program targets result from the retention of substantially higher numbers of Defence Force personnel while meeting the civilian staff and contractors costs necessary to undertake the support tasks previously undertaken by these Defence Force personnel. Managing the phasing and cost of the transition to a combat force of 31,700 a significant cost pressure facing Defence.

Although the ADF overall will be smaller than before the reform program, there will be capability enhancements and a real increase in the size of the combat force.

Additional funding for Naval personnel have enabled crews to be provided for the enhanced amphibious capability, by enabling the retention of HMAS *Tobruk* and manning of the new landing ships (HMA Ships *Kanimbla* and *Manoora*). The personnel reinvestment also provides the resources necessary to complete the introduction into service of the Anzac, Collins and Mine Hunter Coastal capabilities.

Army continues to enhance full-time combat and combat support units through the employment of additional personnel funded through reform program reinvestment. The growth in combat personnel numbers, through reinvestment and support to peacekeeping operations, along with a corresponding reduction in administrative support numbers has allowed Army to exceed Reform program combat personnel employment targets. Reinvestment in combat-related logistics is also assisting the sustainment of two ready deployment brigade-sized formations and support units.

Air Force personnel reinvestment remains targeted on recruiting for personnel to operate and introduce into service the Jindalee over-the-horizon radar and the airborne early warning and control aircraft. Combat aircrew numbers generally are being increased, with particular emphasis on training more fast-jet pilots. The Air Force's ability to deploy to northern or regional airfields is also being enhanced through the training of specialist personnel within the Combat Support Group and developing formations to ensure that the bare bases in the north of Australia can be adequately supported. Progress towards achieving these new positions is linked to the ongoing civilianisation program.

The Outlook for the Defence Reform Program

The Defence Reform Program is currently based on initiatives, organisations and practices originally identified in 1996-97. Savings targets were identified as either 'estimated' or 'possible'. To date, savings have been achieved ahead of the original schedule. This rate of achievement is

unlikely to be maintained, as much of the original $773m in 'estimated' savings has been achieved. Future results will depend on achievement in the more marginal activities identified for 'possible' savings.

A significant change in scheduling has occurred in relation to the facilities sales program. This has slipped from that reported last year. The program has been impacted in part by decisions not to sell some assets, such as RAAF Wagga, and in part by difficulties in preparing some properties for sale. Apart from reductions in one-time savings ($80m across the forward estimates period), ongoing savings in operating costs are reduced. Some $200m in facility sales is scheduled beyond the current forward estimates period.

The constant pressure on the Defence budget indicates that Defence will need to pursue an ongoing program of continuous improvement well beyond the scope of the Defence Reform Program.

Table 4.3: Defence Reform Program Cumulative Resources Available for Reinvestment by Major Initiative Category[1]

Defence Reform Program Initiative:	2000-01 $m	2001-02 $m	2002-03 $m	2003-04 $m
Defence Command and Management Arrangements	18.8	20.2	20.4	20.6
Intelligence	3.8	3.8	3.8	3.8
Capability Development	0.1	0.1	0.1	0.1
Acquisition and Industry[2]	38.7	39.9	41.1	41.1
Science and Technology[3]	5.5	7.2	8.0	8.0
Facilities and Long Term Force Disposition[4]	11.8	12.2	12.8	12.8
Logistics	149.2	194.4	199.5	199.5
Personnel Planning	38.2	100.7	106.0	110.5
Education and Training	57.1	60.9	66.0	68.2
Administrative Support	486.9	493.8	495.9	506.5
Information Management	35.8	41.8	47.9	47.9
Defence Cooperation[5]	0.0	1.7	1.7	1.7
Total	**845.8**	**976.7**	**1,003.2**	**1,020.7**
Other:				
Unallocated[6]	61.4	62.4	62.7	62.7
Superannuation[7]	169.7	178.7	182.8	183.4
Fringe Benefits Tax[7]	31.1	32.7	33.4	33.5
Total Gross Resources Available[8]	**1,108.0**	**1,250.5**	**1,282.1**	**1,300.2**
Provision for contractor support				
- Contracts Funded[9]	-289.9	-297.8	-301.0	-299.7
- Residual Provision[10]	-128.8	-160.8	-157.5	-158.8
Total Net Resources Available	**689.3**	**791.9**	**823.6**	**841.7**
Add One-Off Gains[11]				
Capital Facilities	35.0	30.0	30.0	30.0
Equipment and Stores	0.0	7.4	24.2	0.0
Defence Cooperation (one-off elements)	4.0	0.0	0.0	0.0
Total One-Off Gains	**39.0**	**37.4**	**54.2**	**30.0**
Unallocated $125m Administrative Savings[12]	**0.0**	**102.9**	**112.6**	**123.0**
Total Resources Available for Reinvestment	**728.3**	**932.2**	**990.4**	**994.7**

Notes:

1. The figures in the table include minor implementation and transition costs – major transition/implementation costs are separated out (see Table 4.4). The Defence Reform Program Resource Category figures do not include the costs of contracts for services to be delivered by external providers (see Note 9 below). Figures have been price updated to 2000-01 prices. Figures may not add due to rounding.
2. The resource redirections in 2000-01 and onwards are net of the costs of rationalisation and civilianisation in the Acquisition Group.
3. This category relates to science and technology initiatives across Defence.
4. One-off savings have been removed from this item and listed separately.
5. Defence Cooperation savings for 1998-99 were included in the 'unallocated' savings in the 1998-99 Budget. Savings related to Defence Cooperation have been recorded as one-off savings, until the ongoing savings of $1.7m are achieved in 2001-02.
6. These planned savings are expected to be achieved through a range of initiatives that have not yet been allocated by Group or Major Initiative Category.

7. The planned savings in Superannuation and Fringe Benefits Tax have been calculated on the basis of the anticipated reductions in personnel numbers.
8. The figures are the gross resource reallocations to be achieved, including the salary and operating costs of support areas to be market-tested.
9. This line represents the estimated cost of the contracts for the services to be delivered by external providers.
10. This line represents a centrally held provision for future contracts. Once a contract is awarded, the costs of the contract are transferred from this provision and to the Contracts Funded line.
11. One-off savings relate to the facilities sales program, Defence Cooperation savings up to 2000-01 and reduced inventory levels.
12. In the 1996-97 Budget, the Department of Defence made a reduction in administrative expenditure totalling $125m per annum (which has subsequently increased to $136m per annum), which has been reallocated to a range of capability-related expenditure initiatives. Reinvestment of the unallocated savings from 2000-01 onwards has been combined with the Defence Reform Program reinvestment for reporting purposes. Reinvestment details for the $125m Administrative Savings are as follows:

Initiative Category	**2000-01 Budget Estimate**
(A) Programmed Savings	**135.7**
Programmed Reallocation:	
Land Force Capabilities	31.4
Strike	7.9
Maritime and Air Defence	76.4
C3I	15.0
Personnel Initiatives	10.1
Other Government Initiatives	0.0
(B) Total Reallocation	**140.8**
Balance (A-B)	**-5.0**

Table 4.4: Defence Reform Program Reinvestment[1]

Defence Reform Program Reinvestment	2000-01 $m	2001-02 $m	2002-03 $m	2003-04 $m
Defence Reform Program Net Ongoing Resources Available	**689.3**	**791.9**	**823.6**	**841.7**
Defence Reform Program One-Off Gains	**35.0**	**37.4**	**54.2**	**30.0**
Unallocated $125m Administrative Savings	**2.3**	**102.9**	**112.6**	**123.0**
Total Resources Available for Reinvestment	**728.3**	**932.2**	**990.4**	**994.7**
Reinvestment Initiative Details				
New Capital Investment	175.5	144.5	145.1	146.0
Provision for 50,000 ADF	347.1	445.7	553.6	649.1
Output 1: Defence Operations[3]	24.3	25.4	5.8	5.8
Output 2: Navy Capabilities[3]	126.8	92.3	83.8	77.8
Output 3: Army Capabilities[3]	68.9	41.2	41.2	41.2
Output 4: Air Force Capabilities[3]	92.5	50.2	49.6	49.6
Output 5: Policy Advice[3]	6.8	10.3	19.1	19.1
Defence Reform Program Transition Costs	52.9	42.3	32.0	32.0
Total Reinvestment[2]	**894.8**	**851.9**	**930.2**	**1,020.6**

Notes:

1. These figures have been price updated to 2000-01 prices. Figures may not add due to rounding.
2. These initiatives have projected gross expenditure levels either in excess or less than the resource reallocations to be achieved through the Defence Reform Program and the $125m Administrative Savings Initiative. This strategy has been adopted because of uncertainty about the lead times and achievable expenditure spreads, particularly in equipment and logistics items. Expenditure in a particular year will be matched to the funds available by cash management techniques, review of priorities or provision of extra funds from within the overall Defence Budget. At this stage, further decisions on the reallocation of additional resources have not been made.
3. The breakdown of reinvestment by initiative categories is as follows:

Defence Reform Program Reinvestment	2000-01 $m	2001-02 $m	2002-03 $m	2003-04 $m
Amphibious Capabilities	14.4	21.8	21.8	21.8
Capability Related Logistics	172.4	78.6	78.6	78.6
New Capabilities – NPOC	112.4	98.9	78.9	73.0
Defence Science Capability	15.8	15.8	15.8	15.8
Pilot Training	4.2	4.2	4.2	4.2

Table 4.5: Cumulative Defence Reform Program Military Personnel Reductions by Major Initiative Category[(1)(2)(3)]

Defence Reform Program Initiative	2000-01 ADF	2001-02 ADF	2002-03 ADF	2003-04 ADF
Defence Command and Management Arrangements	189	194	198	201
Intelligence	27	27	27	27
Capability Development	-1	-1	-1	-1
Acquisition and Industry	278	278	278	278
Science and Technology[(4)]	100	108	108	108
Facilities and Long Term Force Disposition	56	56	56	56
Logistics	3,258	3,302	3,302	3,302
Personnel Planning	942	1,308	1,387	1,387
Education and Training	909	975	1,064	1,098
Administrative Support	4,542	4,542	4,542	4,542
Information Management	340	440	540	540
Total	10,640	11,229	11,501	11,538

Notes:

1. These savings represent cumulative ongoing totals of personnel numbers to be reduced or redirected to priority combat positions at 30 June in any given year as a result of rationalisation, streamlining or market-testing activities carried out as part of the Defence Reform Program.
2. Figures represent both the positions to be abolished and an assumed 90% reduction of military positions in those functions to be market-tested (market-test assumptions are broadly based on historical experience).
3. These figures do not include the reinvestment of Defence Reform Program resources in ADF personnel (see Table 4.4).
4. This category relates to science and technology initiatives across Defence.

Table 4.6: Cumulative Defence Reform Program Civilian Personnel Reductions by Major Initiative Category[(1)(2)]

Defence Reform Program Initiative	2000-01 APS	2001-02 APS	2002-03 APS	2003-04 APS
Defence Command and Management Arrangements	159	163	163	163
Intelligence	37	37	37	37
Acquisition and Industry	310	272	272	272
Science and Technology[(3)]	1	8	8	8
Facilities and Long Term Force Disposition	91	91	91	91
Logistics	1,072	1,072	1,077	1,077
Personnel Planning	163	163	163	163
Education and Training	112	120	132	144
Administrative Support	1,969	2,150	2,191	2,191
Information Management	221	221	221	221
Total	4,135	4,297	4,355	4,367

Notes:

1. The figures in the tables represent the cumulative ongoing reductions of personnel numbers at 30 June.
2. Figures represent both the positions to be abolished and an assumed 80% reduction of civilian positions in those functions to be market-tested (market-test assumptions are based on historical experience).
3. This category relates to science and technology initiatives across Defence.

CAPITAL FACILITIES EXPENDITURE BY ELECTORATE

The following pages provide details of estimated expenditure on works in progress and new works in the Defence Capital Facilities Program for 2000-01. The table provides details of both major and medium projects by State, Federal Electorate and location. All major works (ie $6.0m or greater) and medium works (ie $0.250m to $5.999m) are approved at an out-turn cost inclusive of fee for service and contingency.

Table 4.7: All Major and Medium Capital Projects, Estimated 2000-01 Expenditure

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Total Estimated Cost $'000	Estimated Expenditure to 30 June 2000 $'000	Budget Estimate 2000-01 $'000
QUEENSLAND			
BRISBANE – Major Works			
Enoggera – Catering Rationalisation	11,600	60	40
BRISBANE - Medium Works			
Enoggera – 1 Topographic Survey Squadron	3,600	3,039	561
CAPRICORNIA - Medium Works			
Shoalwater Bay – Access Improvements	2,950	2,947	3
Rockhampton – Multi User Depot	5,900	3,605	2,295
Rockhampton – Deployment Facility	2,780	597	2,183
DICKSON – Medium Works			
Nth Brisbane – Army Multi User Depot	3,700	2,300	1,400
HERBERT – Major Works			
Townsville – Lavarack Barracks Redevelopment Stage 2	139,308	25,240	75,550
RAAF Townsville – Redevelopment Stage 1	79,000	1,312	20,000
HERBERT – Medium works			
RAAF Townsville – Drainage Works	2,600	500	2,100
Townsville – Mount Stuart – Grenade Range *	400	0	400
LEICHHARDT – Major Works			
Cairns – Facilities for 51 Far North Queensland Regiment	22,517	21,967	50
LEICHHARDT - Medium Works			
HMAS Cairns – Hydrographic Ships Facility	5,800	2,001	3,799
MARANOA - Medium Works			
Wallangarra – Storage Facilities *	5,700	0	2,700
OXLEY – Major Works			
RAAF Amberley – Redevelopment	77,400	18,300	40,000
OXLEY – Medium Works			
RAAF Amberley – Missile Facilities	2,175	56	2,119
TOTAL QUEENSLAND	**365,430**	**81,924**	**153,200**

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Total Estimated Cost $'000	Estimated Expenditure to 30 June 2000 $'000	Budget Estimate 2000-01 $'000
NEW SOUTH WALES			
EDEN-MONARO – Major Works			
Twofold Bay – Naval Ammunitioning Facilities	40,000	7,426	16,100
GILMORE – Major Works			
HMAS Albatross – Redevelopment	110,000	38,685	24,082
GILMORE – Medium Works			
HMAS Albatross – Naval Aviation and Logistics Management Squadron Facility	5,800	1,340	4,460
HUGHES – Medium Works			
Holsworthy – Project Javelin Facilities	3,950	3,474	476
MACQUARIE – Medium Works			
RAAF Richmond – Fuel Farm Upgrade *	3,000	0	1,000
NORTH SYDNEY – Medium Works			
HMAS Waterhen – Wharf Power Infrastructure *	400	0	400
PATTERSON - Major Works			
RAAF Williamtown - Eastern Regional Operations Centre	18,000	16,122	1,878
PATTERSON - Medium Works			
RAAF Williamtown – Building Extension *	400	0	400
REID – Medium Works			
Lidcombe – Air Training Corps Facility	400	100	300
RIVERINA - Medium Works			
Kapooka – Zeroing Range	2,200	700	1,500
Kapooka - Common Instruction Training Facilities	5,900	3,900	1,200
SYDNEY - Medium Works			
Garden Island - Advance Works for Submarine Basing	5,200	5,120	35
Garden Island – Public Access Works	6,000	3,702	2,298
TOTAL NSW	**201,250**	**80,569**	**54,129**

VICTORIA			
BENDIGO - Medium Works			
Bendigo - Army Multi User Depot *	5,050	0	3,000
JAGAJAGA - Medium Works			
Watsonia – Redevelopment	5,800	5,732	10
LALOR – Medium Works			
Laverton – ADF School of Languages	5,123	4,858	32
MARIBYRNONG - Major Works			
Albion – Decontamination Works	28,635	22,349	3,461
MELBOURNE - Medium Works			
SE Melbourne – Army Multi User Depot *	4,600	0	2,900
MELBOURNE PORTS - Major Works			
Fishermans Bend – Defence Science and Technology Organisation Relocation of Research Labs	56,200	250	4,000
TOTAL VICTORIA	**105,408**	**33,189**	**13,403**

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Total Estimated Cost $'000	Estimated Expenditure to 30 June 2000 $'000	Budget Estimate 2000-01 $'000
SOUTH AUSTRALIA			
BONYTHON – Major Works			
RAAF Edinburgh – Redevelopment Stage 1	37,700	50	3,050
BONYTHON - Medium Works			
RAAF Edinburgh – Life Support Section Facilities	630	604	26
RAAF Edinburgh – Advanced Flight Simulator Facility	3,330	3,039	291
Salisbury – Defence Science and Technology Organisation Stores Facilities	580	105	465
Salisbury - Extend the Defence Science and Technology Organisation Communication Building	5,420	5,017	193
Salisbury – Refurbish Defence Science and Technology Organisation Land Operations Division Facilities	3,800	200	2,000
WAKEFIELD - Medium Works			
Port Wakefield – Ammunition Breakdown Facility *	4,000	0	1,500
TOTAL SOUTH AUSTRALIA	**55,460**	**9,015**	**7,525**

WESTERN AUSTRALIA			
BRAND - Major Works			
HMAS Stirling – Development Stage 3	19,000	16,733	39
CURTIN – Medium Works			
Swanbourne – Fast Rope and Rappelling Facility	3,000	998	50
KALGOORLIE – Medium Works			
Carnarvon – Gres Depot	2,000	100	1,900
PEARCE – Medium Works			
RAAF Pearce – Install Aircraft Arrestor System	1,700	800	900
RAAF Pearce – Lead-In Fighter Facilities	5,400	261	4,100
TOTAL WESTERN AUSTRALIA	**31,100**	**18,892**	**6,989**

NORTHERN TERRITORY			
DARWIN – Major Works			
Darwin – Joint Army Deployment Facility Development Stage 2	268,300	213,174	14,132
Darwin - North Australia Naval Infrastructure Stage 1	12,400	2,440	9,532
Darwin - Bradshaw Station Infrastructure	54,000	2,295	7,661
RAAF Darwin – Development of Operational Facilities Project	59,458	54,288	3,654
RAAF Darwin - Redevelopment	11,670	1,293	8,850
DARWIN – Medium Works			
Darwin – Leanyer Air Weapons Range Decontamination	4,000	600	626
Darwin – Emergency Response Facilities *	4,000	0	1,000
RAAF Darwin – 114 Mobile Control and Reporting Unit Facilities	5,830	5,630	200
RAAF Darwin – Electrical Reticulation Upgrade	3,600	795	2,800
Bathurst Island – Facilities Upgrade *	2,000	0	2,000
Harts Range – Power Station Upgrade	3,500	3,033	467

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Total Estimated Cost $'000	Estimated Expenditure to 30 June 2000 $'000	Budget Estimate 2000-01 $'000
RAAF TINDAL – MAJOR WORKS			
RAAF Tindal - Avionics/Oxygen Workshop and Extend Technical Support Surface Finishing Facilities	8,255	7,805	350
Delamere – Air Weapons Range Development *	12,300	0	300
RAAF TINDAL - MEDIUM WORKS			
RAAF Tindal – Approach Control Facility	1,800	500	1,300
RAAF Tindal – Northern Regional Operations Centre Redevelopment	1,250	198	150
TOTAL NORTHERN TERRITORY	**452,363**	**292,051**	**53,022**
ACT			
CANBERRA - Major Works			
Weston – Australian Command and Staff College	28,000	7,400	20,400
FRASER - Major Works			
Campbell Park Offices – Refurbishment	30,000	13,120	7,458
FRASER - Medium Works			
Campbell Park Offices – Asbestos Removal and Fire Sprinklers	2,756	1,388	1,368
HMAS Creswell – Redevelopment of Waterfront	4,722	1,350	3,372
Jervis Bay – Remediation of Mary Creek	1,100	21	177
TOTAL ACT	**66,578**	**23,279**	**32,775**
OTHER – Major Works			
Location to be advised – RAAF College Development	36,038	0	50
OTHER - Medium Works			
Location to be advised – 4 Sig Tp Facilities *	4,000	0	1,000
RAAF Butterworth – Fuel Farm Upgrade *	1,600	0	1,600
RAAF Butterworth – Building Upgrades *	1,500	0	1,500
Various Locations - Works – Ninox Phase 1B	4,885	980	2,200
Various Locations – Air Traffic Systems	3,258	2,389	199
Various Locations - Regional Training and Mobilisation Facilities	4,557	2,440	2,117
Total Other	**55,838**	**5,809**	**8,666**
TOTAL NEW BUILDINGS AND WORKS	**1,333,427**	**544,728**	**329,709**
ACQUISITIONS			**6,125**
PROPERTY MANAGEMENT, PRELIMINARY DESIGN AND OTHER FEES FOR SERVICE			**21,345**
ESTIMATED EXPENDITURE SLIPPAGE			**-88,964**
TOTAL CAPITAL FACILITIES EXPENDITURE	**1,333,427**	**544,728**	**268,215**

Notes: All major works (ie $6.0m or greater) and medium works (ie $0.250m to $5.999m) are approved at an out-turn cost inclusive of fee for service and contingency.

Projects annotated with * indicate new commencements in 2000-01.

DISCRETIONARY GRANTS

Table 4.8: Discretionary Grants

Title of Grant Program	Total Grants 2000-2001 $'000
Army Military History Research Grants Scheme	50
Defence Family Support Funding Program	1,250
Grant to the Royal United Services Institute	88
Total	**1,388**

Army Military History Research Grants Scheme

The Army Military History Research Grants Scheme supports and encourages research into the role and involvement of the Army in the development of the nation.

Defence Family Support Funding Program

This program provides funds to support projects and services initiated by Defence families. It is also available to existing groups in the community composed of, or benefiting, Defence families.

Grant to the Royal United Services Institute

This grant provides assistance to the Royal United Services Institute in publishing Defence articles in their journal and in sponsoring lectures and seminars on strategic and national defence issues. The grant also provides continuing support for the institute's national secretariat to position the institute to become more financially independent over the next five years.