

**DEFENCE**

**SECTION THREE**

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## BUDGETED FINANCIAL STATEMENTS

This section provides the budgeted financial statements for Defence. They have been prepared consistent with the Finance Minister's Orders. They consist of the following statements and accompanying notes for both departmental and administered performance:

### **Budgeted Statement of Financial Performance (Budgeted Operating Statement)**

This statement provides a picture of the expected financial results for Defence by identifying expenses and revenues over 2001-02 and the forward years. This highlights whether Defence is operating at a sustainable level in the short term.

### **Budgeted Statement of Financial Position (Budgeted Balance Sheet)**

This shows the projected financial position of Defence for 2001-02 and the forward estimates. It enables decision makers to track the management of Defence's assets and liabilities.

### **Budgeted Statement of Cash Flows (Budgeted Cash Flow Statement)**

The budgeted statement of cash flows categorises expected cash flows arising from operating activities, investing activities and financing activities.

### **Capital Budget Statement**

This shows all proposed capital expenditure and receipts during the budget year and the forward estimates. It also shows how new asset acquisitions are funded by appropriation for outputs, by equity injections or loans, or by sales of existing assets.

### **Non-financial Assets - Summary of Movement**

This statement shows movement in non-financial assets in the budget year.

**Table 3.1: Budgeted Statement of Financial Performance**

2000-01 Result	2001-02 Budget Estimate	2001-02 Revised Estimate	Variation %	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
<b>REVENUES</b>						
17,131,922	17,515,619	17,859,244	2.0	17,700,714	18,237,740	19,080,509
242,889	272,097	245,019	-10.0	250,348	256,115	262,015
33,511	26,708	15,000	-43.8	20,000	25,000	30,000
-	8,346	-	-100.0	-	-	-
20,252	-	-	-	-	-	-
1,103,459	-	-	-	-	-	-
511,693	-	-	-	-	-	-
94,056	17,417	17,572	0.9	17,815	18,170	18,534
<b>19,137,781</b>	<b>17,840,187</b>	<b>18,136,835</b>	<b>1.7</b>	<b>17,988,877</b>	<b>18,537,025</b>	<b>19,391,058</b>
<b>EXPENSES</b>						
5,385,401	5,474,495	5,727,541	4.6	5,843,913	6,177,179	6,527,933
3,937,529	4,813,113	4,664,751	-3.1	4,483,504	4,564,323	4,800,851
35,710	1,930	23,000		1,974	2,023	2,074
2,234,956	2,576,312	2,678,112	4.0	2,768,014	2,826,637	2,984,937
1,098,870	168,531	239,151	41.9	100,000	100,000	100,000
10,286	-	-	-	-	-	-
3,010	34,058	-	-100.0	-	-	-
<b>12,705,762</b>	<b>13,068,439</b>	<b>13,332,555</b>	<b>2.0</b>	<b>13,197,405</b>	<b>13,670,162</b>	<b>14,415,795</b>
33,400	1	32,533	-	31,643	30,678	29,633
<b>6,398,619</b>	<b>4,771,747</b>	<b>4,771,747</b>	<b>-</b>	<b>4,759,829</b>	<b>4,836,185</b>	<b>4,945,630</b>
<b>EQUITY INTERESTS</b>						
36,895,453	38,417,088	38,304,586	-0.3	38,232,886	37,457,338	37,347,438
<b>TOTAL AVAILABLE FOR</b>						
43,294,072	43,188,835	43,076,333	-0.3	42,992,715	42,293,523	42,293,068
(4,982,388)	(4,771,747)	(4,771,747)	-	(4,759,829)	(4,836,185)	(4,945,630)
(7,097)	(633,500)	(71,700)	-88.7	(775,548)	(109,900)	(147,832)
<b>ACCUMULATED</b>						
38,304,586	37,783,588	38,232,886	1.2	37,457,338	37,347,438	37,199,606

Table 3.2: Budgeted Statement of Financial Position

2000-01 Result	2001-02 Budget Estimate	2001-02 Revised Estimate	Variation %	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
<b>ASSETS</b>						
Financial Assets						
58,303	154,642	<b>313,824</b>	102.9	423,631	442,640	586,007
544,596	284,465	<b>440,708</b>	54.9	433,808	433,808	433,808
	1,262	-	-	-	-	-
602,900	440,369	<b>754,532</b>	71.3	857,439	876,448	1,019,815
Non-Financial Assets						
8,163,863	6,217,763	<b>7,995,708</b>	28.6	7,313,589	7,228,278	7,035,079
Infrastructure, plant and equipment						
35,483,378	35,202,031	<b>36,022,554</b>	2.3	37,039,011	38,283,856	39,455,225
3,238,786	2,947,049	<b>3,194,225</b>	8.4	3,106,816	3,010,938	2,909,995
161,457	180,588	<b>136,062</b>	-24.7	100,360	65,433	29,501
574,963	669,674	<b>482,963</b>	-27.9	482,963	482,965	482,965
47,622,446	45,217,105	<b>47,831,512</b>	5.8	48,042,739	49,071,470	49,912,765
<b>48,225,346</b>	<b>45,657,474</b>	<b>48,586,044</b>	6.4	48,900,178	49,947,918	50,932,580
<b>LIABILITIES</b>						
Debt						
391,685	250	<b>380,981</b>		369,386	356,825	343,218
Other interest bearing liabilities						
213	-	<b>213</b>	-	213	213	213
391,898	250	<b>381,194</b>		369,599	357,038	343,431
Provisions and Payables						
2,732,908	2,381,266	<b>2,842,288</b>	19.4	2,956,058	3,074,384	3,197,449
758,326	509,393	<b>416,326</b>	-18.3	416,326	416,326	416,326
72,159	20,998	<b>72,159</b>	243.6	72,159	72,159	72,159
3,563,393	2,911,657	<b>3,330,773</b>	14.4	3,444,543	3,562,869	3,685,934
<b>3,955,292</b>	<b>2,911,907</b>	<b>3,711,967</b>	27.5	3,814,142	3,919,907	4,029,365
<b>44,270,054</b>	<b>42,745,567</b>	<b>44,874,077</b>	5.0	45,086,036	46,028,011	46,903,215
<b>EQUITY</b>						
780,692	1,095,256	<b>1,411,251</b>	28.9	2,293,861	3,284,265	4,340,534
(45,616)	-	-	-	-	-	-
5,230,391	3,866,723	<b>5,229,940</b>	35.3	5,334,837	5,396,307	5,363,074
38,304,586	37,783,588	<b>38,232,886</b>	1.2	37,457,338	37,347,439	37,199,607
<b>44,270,054</b>	<b>42,745,567</b>	<b>44,874,077</b>	5.0	45,086,036	46,028,011	46,903,215
<b>Represented by:</b>						
1,426,640	2,203,935	<b>1,347,293</b>		1,470,937	1,508,125	1,670,089
46,798,705	43,453,539	<b>47,238,751</b>		47,429,241	48,439,793	49,262,491
1,824,132	1,354,353	<b>1,531,124</b>		1,574,184	1,619,011	1,665,591
2,131,160	1,557,554	<b>2,180,843</b>		2,239,958	2,300,896	2,363,774

**Table 3.3: Budgeted Statement of Cash Flows**

2000-01 Result	2001-02 Budget Estimate	2001-02 Revised Estimate	Variation %	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate	
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	
<b>OPERATING ACTIVITIES</b>							
17,113,920	Appropriations from Government	17,515,619	17,859,244	2.0	17,700,714	18,237,740	19,080,509
197,147	Sales of goods and services	272,873	266,091	-2.5	271,878	278,141	284,548
34,690	Interest	30,317	15,000	-50.5	20,000	25,000	30,000
598,015	Net GST refund	-	741,051	100.0	762,765	803,438	821,696
107,793	Other	51,842	15,572	-70.0	15,815	16,170	16,534
<b>18,051,565</b>	<b>Total cash received</b>	<b>17,870,651</b>	<b>18,896,958</b>	<b>5.7</b>	<b>18,771,172</b>	<b>19,360,489</b>	<b>20,233,287</b>
5,112,084	Employees	5,447,049	5,618,162	3.1	5,730,143	6,058,853	6,404,868
4,657,532	Suppliers	4,683,995	5,630,313	20.2	5,178,390	5,291,909	5,542,137
35,710	Grants	1,300	23,000		1,974	2,023	2,074
36,410	Other	72,688	32,533	-55.2	31,643	30,678	29,633
<b>9,841,736</b>	<b>Total cash used</b>	<b>10,205,032</b>	<b>11,304,008</b>	<b>10.8</b>	<b>10,942,150</b>	<b>11,383,463</b>	<b>11,978,712</b>
<b>NET CASH FROM/(TO)</b>							
<b>8,209,828</b>	<b>OPERATING ACTIVITIES</b>	<b>7,665,619</b>	<b>7,592,950</b>	<b>-0.9</b>	<b>7,829,022</b>	<b>7,977,026</b>	<b>8,254,575</b>
<b>INVESTING ACTIVITIES</b>							
87,142	Proceeds from sales of property, plant and equipment	1,022,514	198,914	-80.5	868,814	230,852	252,312
-	Repayments of loans made	76,533	-	-100.0	-	-	-
<b>87,142</b>	<b>Total cash received</b>	<b>1,099,047</b>	<b>198,914</b>	<b>-81.9</b>	<b>868,814</b>	<b>230,852</b>	<b>252,312</b>
2,702,214	Purchase of specialist military equipment	2,803,648	2,979,417	6.3	3,451,767	3,743,692	3,738,016
710,957	Purchase of property, plant and equipment	489,738	489,738	-	471,900	476,935	574,704
<b>3,413,171</b>	<b>Total cash used</b>	<b>3,293,386</b>	<b>3,469,155</b>	<b>5.3</b>	<b>3,923,667</b>	<b>4,220,627</b>	<b>4,312,720</b>
<b>NET CASH FROM/(TO)</b>							
<b>(3,326,029)</b>	<b>INVESTING ACTIVITIES</b>	<b>(2,194,339)</b>	<b>(3,270,241)</b>	<b>49.0</b>	<b>(3,054,853)</b>	<b>(3,989,775)</b>	<b>(4,060,408)</b>
<b>FINANCING ACTIVITIES</b>							
93,522	- Other Equity appropriation	10,564	32,788	100.0	882,610	990,404	1,056,269
<b>93,522</b>	<b>Total cash received</b>	<b>10,564</b>	<b>786,963</b>	<b>-</b>	<b>882,610</b>	<b>990,404</b>	<b>1,056,269</b>
5,055,287	Repayments of debt Capital use charge	4,771,747	10,704	-	11,595	12,561	13,607
-	Capital withdrawal	633,500	4,771,747	-	4,759,829	4,836,185	4,945,630
<b>5,065,454</b>	<b>Total cash used</b>	<b>5,405,311</b>	<b>4,854,151</b>	<b>-10.2</b>	<b>5,546,972</b>	<b>4,958,646</b>	<b>5,107,069</b>
<b>NET CASH FROM/(TO)</b>							
<b>(4,971,932)</b>	<b>FINANCING ACTIVITIES</b>	<b>(5,394,747)</b>	<b>(4,067,188)</b>	<b>-24.6</b>	<b>(4,664,362)</b>	<b>(3,968,242)</b>	<b>(4,050,800)</b>
<b>Net Increase/(Decrease) in Cash</b>							
(88,132)	Held	76,533	255,521	233.9	109,807	19,009	143,367
137,913	Cash at 1 July	78,109	58,303	-25.4	313,824	423,631	442,640
(9)	Write down of cash	-	-	-	-	-	-
8,532	Exchange rate movements on cash at beginning of reporting period	-	-	-	-	-	-
<b>58,303</b>	<b>CASH AT 30 JUNE</b>	<b>154,642</b>	<b>313,824</b>	<b>102.9</b>	<b>423,631</b>	<b>442,640</b>	<b>586,007</b>

Table 3.4: Capital Budget

2000-01 Result	2001-02 Budget Estimate	2001-02 Revised Estimate	Variation %	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
<b>CAPITAL EXPENDITURE</b>						
2,702,214	2,803,648	2,979,417	6.3	3,451,767	3,743,692	3,738,016
710,957	489,738	489,738	0.0	471,900	476,935	574,704
<b>TOTAL CAPITAL PAYMENTS</b>						
3,413,171	3,293,386	3,469,155	5.3	3,923,667	4,220,627	4,312,720
<b>Funded from:</b>						
93,522	10,564	754,175		882,610	990,404	1,056,269
3,232,507	2,817,275	2,587,766	-8.1	2,947,791	3,109,271	3,151,971
87,142	465,547	127,214	-72.7	93,266	120,952	104,480
3,413,171	3,293,386	3,469,155	5.3	3,923,667	4,220,627	4,312,720
<b>CAPITAL RECEIPTS</b>						
39,926						
47,216	1,022,514	198,914	-80.5	868,814	230,852	252,312
-	76,533	-	-100.0	-	-	-
	(633,500)	(71,700)	-88.7	(775,548)	(109,900)	(147,832)
87,142	465,547	127,214	-72.7	93,266	120,952	104,480

**Table 3.5: Non-Financial Assets - Summary of Movement - Departmental**

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Revised Budget Year 2001-02	Land	Buildings	Commercial Vehicles, Other Equipment and Infrastructure	Specialist Military Equipment	Software	Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROSS VALUE</b>							
Gross value as at 30 June 2001	2,162,468	8,730,619	7,050,346	48,929,355	96,158	121,847	67,090,793
Gross value - additions	6,032	200,567	270,312	2,979,417	3,506	9,321	3,469,155
Gross value - revaluations	-	(451)	-	-	-	-	(451)
Gross value - disposals	(48,371)	(109,143)	(212,798)	(142,286)	-	-	(512,598)
Gross value – write-offs	-	-	-	(239,151)	-	-	(239,151)
<b>GROSS VALUE AS AT 30 JUNE 2002</b>	<b>2,120,129</b>	<b>8,821,592</b>	<b>7,107,860</b>	<b>51,527,335</b>	<b>99,664</b>	<b>131,168</b>	<b>69,807,748</b>
<b>ACCUMULATED DEPRECIATION/AMORTISATION</b>							
Accumulated depreciation/amortisation as at 30 June 2001	-	(2,729,225)	(2,562,141)	(17,934,182)	(29,697)	(26,851)	(23,282,096)
Depreciation/amortisation on assets held at the beginning of the year	-	(252,225)	(407,600)	(1,980,065)	(19,736)	(18,486)	(2,678,112)
Accumulated depreciation/amortisation on assets disposed through the year	-	35,437	203,988	67,359	-	-	306,784
<b>ACCUMULATED DEPRECIATION/AMORTISATION AS AT 30 JUNE 2002</b>	<b>-</b>	<b>(2,946,013)</b>	<b>(2,765,753)</b>	<b>(19,846,888)</b>	<b>(49,433)</b>	<b>(45,337)</b>	<b>(25,653,424)</b>
<b>WRITTEN DOWN VALUE AS AT 30 JUNE 2002</b>	<b>2,120,129</b>	<b>5,875,579</b>	<b>4,342,107</b>	<b>31,680,447</b>	<b>50,231</b>	<b>85,831</b>	<b>44,154,324</b>



Owner Perspective

**Table 3.6: Budgeted Financial Performance – Administered**

<b>2000-01 Result</b>	<b>2001-02 Budget Estimate</b>	<b>2001-02 Revised Estimate</b>	<b>Variation</b>	<b>2002-03 Forward Estimate</b>	<b>2003-04 Forward Estimate</b>	<b>2004-05 Forward Estimate</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>REVENUES</b>						
1,282,937	1,800,548	<b>2,300,179</b>	27.7	2,200,181	2,300,181	2,200,181
24,661						
686,106	694,860	<b>694,860</b>	-	682,497	683,683	687,389
<b>1,993,704</b>	<b>2,495,408</b>	<b>2,995,039</b>	<b>20.0</b>	<b>2,882,678</b>	<b>2,983,864</b>	<b>2,887,570</b>
<b>EXPENSES</b>						
2,679,369	1,800,369	<b>2,300,000</b>	27.8	2,200,000	2,300,000	2,200,000
6,555						
-	179	<b>179</b>	-	181	181	181
<b>2,685,924</b>	<b>1,800,548</b>	<b>2,300,179</b>	<b>27.7</b>	<b>2,200,181</b>	<b>2,300,181</b>	<b>2,200,181</b>

**Table 3.7: Budgeted Financial Position – Administered**

2000-01 Result	2001-02 Budget Estimate	2001-02 Revised Estimate	Variation %	2002-03 Forward Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate
\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Financial assets</b>						
170 Cash	207	170	-17.9	170	170	170
174,669 Receivables	1,052,777	1,272,165	20.8	2,171,987	3,071,545	3,871,105
1,546,261 Investments	1,785,029	1,546,261	-13.4	1,546,261	1,546,261	1,546,261
Accrued revenues	3,457	0	-100.0	0	0	0
<b>1,721,100 Total Financial Assets</b>	<b>2,841,469</b>	<b>2,818,596</b>	<b>-0.8</b>	<b>3,718,418</b>	<b>4,617,976</b>	<b>5,417,536</b>
<b>1,721,100 TOTAL ASSETS</b>	<b>2,841,469</b>	<b>2,818,596</b>	<b>-0.8</b>	<b>3,718,418</b>	<b>4,617,976</b>	<b>5,417,536</b>
<b>LIABILITIES</b>						
<b>Provisions and Payables</b>						
26,005,599 Military benefits	25,575,045	27,100,000	6.0	28,000,000	28,900,000	29,700,000
18,259 Other	27,710	18,440	-33.5	18,620	18,179	17,736
<b>26,023,859 Total provisions and payables</b>	<b>25,602,755</b>	<b>27,118,440</b>	<b>5.9</b>	<b>28,018,620</b>	<b>28,918,179</b>	<b>29,717,736</b>
<b>26,023,859 TOTAL LIABILITIES</b>	<b>25,602,755</b>	<b>27,118,440</b>	<b>5.9</b>	<b>28,018,620</b>	<b>28,918,179</b>	<b>29,717,736</b>
<b>Represented by:</b>						
174,839 Current assets	1,056,440	1,272,335		1,400,170	1,400,170	1,400,170
1,546,261 Non-current assets	1,785,029	1,546,261		2,318,248	3,217,806	4,017,366
1,308,837 Current liabilities	1,251,646	1,300,360		1,400,623	1,400,622	1,400,622
24,715,022 Non-current liabilities	24,351,109	25,818,080		26,617,997	27,517,557	28,317,114

**Table 3.8: Budgeted Cash Flows – Administered**

2000-01 Budget Result \$'000		2001-02 Budget Estimate \$'000	2001-02 Revised Estimate \$'000	Variation %	2002-03 Forward Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000
<b>OPERATING ACTIVITIES</b>							
Appropriations from							
1,282,937	Government	1,276,293	1,300,555	1.9	1,300,410	1,400,289	1,400,288
619,098	Other	694,575	694,575	-	682,447	684,017	687,724
1,902,035	<b>Total Cash Received</b>	1,970,868	1,995,130	1.2	1,982,857	2,084,306	2,088,012
1,278,811	Military benefits	1,275,738	1,300,000	1.9	1,300,000	1,400,000	1,400,000
Cash to Official Public							
610,482	Account	694,860	694,860	-	682,497	683,683	687,390
12,779	Other	270	270	-	360	623	622
1,902,072	<b>Total Cash Used</b>	1,970,868	1,995,130	1.2	1,982,857	2,084,306	2,088,012
<b>NET CASH FROM/(TO)</b>							
(37)	<b>OPERATING ACTIVITIES</b>	-	-	-	-	-	-

# NOTES TO THE BUDGETED FINANCIAL STATEMENTS

## NOTE 1 - SUMMARY OF KEY ACCOUNTING POLICIES

### **Budgeted Financial Statements**

Budgeted financial statements have been included to show the planned financial performance over the 2001-02 Budget year, and each of the following forward years from 2002-03 to 2004-05.

Budgeted statements of financial performance, financial position, and cash flows and a budgeted capital statement are provided to show the revenues, expenses, assets and liabilities of Defence. These budgeted statements contain estimates prepared in accordance with the requirements of the Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Minister for Finance and Administration.

Budgeted financial estimates are provided for both *departmental* and *administered* financial items. *Departmental*, or controlled, financial statements include revenues, expenses, assets and liabilities over which Defence has discretion, responsibility and authority. *Departmental* financial statements represent the financial performance of Defence in delivering its outputs.

*Administered* financial estimates (shown as shaded) include revenues, expenses, assets and liabilities that Defence administers on behalf of Government, but over which Defence does not have management control. These typically include military superannuation benefits.

The budgeted financial statements show the revised budget estimate for 2001-02, and the forward years, as well as the budget estimate for 2001-02 for comparative purposes. The results for 2000-01 are also included for comparative purposes and are based on the audited financial results as provided in the 2000-01 annual report.

In recognition of the budget development and scrutiny process, variations explained against the budgeted financial statements are between the Revised Estimate for 2001-02 and the budget estimate for 2001-02 unless otherwise noted.

Unless otherwise stated, the convention used in these budgeted financial statements is to round amounts to the nearest \$'000. Totals are the rounded additions of unrounded figures.

### **Employee Entitlements**

Liabilities to employees include salaries, allowances, annual leave, long service leave, superannuation, redundancies and military workers compensation.

## **Property, Plant and Equipment**

### *Asset recognition threshold*

A capitalisation threshold of \$10,000 (reduced from \$25,000 during 2000-01) has been adopted for all classes of property, plant and equipment. Items below this threshold may be recognised as group assets if, as a group, they are valued over \$10,000.

### *Depreciation and amortisation*

Items of property, plant and equipment are written-down to their estimated residual values over their estimated useful lives to Defence using in all cases the 'straight-line' method of depreciation from the time they are first held ready for use. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

### *Asset disposals*

The gain or loss on disposal of property, plant and equipment is determined as the difference between the carrying amount of the asset (in the accounts) at the time of disposal and the net proceeds of disposal.

## **Inventory**

As historic cost information is not available in all instances, inventory not held for sale is brought to account at average cost, replacement cost or last purchase cost. Costs are assigned to issued inventory on the same basis.

### *Provision for inventory obsolescence*

Inventory is considered obsolete or obsolescent based upon current inventory levels and expected usage of such assets in light of expected equipment platform phaseouts.

## **Investments**

Investments in other Commonwealth bodies are Administered assets and brought to account as the value of the Commonwealth's share of the net assets of the entity as at 30 June 1997.

## **Taxation**

Defence's activities are exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

## **Capital Use Charge**

An annual Capital Use Charge of 11 per cent (reduced from 12 per cent in 2000-01) has been imposed by the Commonwealth on net Departmental assets.

## **NOTE 2 - BUDGETED STATEMENT OF FINANCIAL PERFORMANCE - VARIATIONS IN ESTIMATES.**

This note provides explanations for the material variations between the 2001-02 Revised Estimate and the budget estimate for 2001-02 as published in the *2001-02 Portfolio Budget Statements* for Defence.

### **Budgeted Statement of Financial Performance**

#### *Appropriations from Government*

The price to the Government of Defence's outputs directly equates to the full operating costs of inputs used by Defence during the year in delivering the outputs. Defence's remaining funding requirements for the year are provided as new capital injection. Defence's budgeted cash flow statement shows how total cash received by Defence during the year is used to meet operating, investing and financing costs.

While the price of Defence's outputs to the Government for 2001-02 is expected to increase by \$343m from the previous estimate, Defence's overall funding from the Government in 2001-02 is expected to increase by \$1,087m.

The increase in the price of outputs to the Government (\$343m) is made up of a number of new adjustments including:

- indexation to meet price growth and foreign exchange fluctuations since the development of the budget estimates (\$185m);
- new funding to continue peace monitoring activities in Bougainville (\$10m), to provide security and other support for the deferred Commonwealth Heads of Government Meeting (\$8m), and to increase the security posture of the Defence organisation following last September's terrorism attacks on the United States (\$27m);
- assistance for the reform of the Papua New Guinea Defence Force;
- new funding to conduct operations to protect Australia's northern and western borders from unauthorised arrivals (\$12m) and to contribute to the international coalition fighting terrorism (\$180m);
- funding for an enhanced counter-terrorist capability following last September's terrorism attacks on the United States (\$6m) and improvements to communications functionality (\$10m);
- reductions in funding for rental of accommodation that was to be sold and leased back, but which has now been delayed (-\$16m), for the transfer of Emergency Management Australia to the Attorney General's Department (-\$7m), and for Federation Fund projects originally expected to be undertaken by Defence (-\$3m); and
- a technical decrease recognising a net reduction in operating expenses to partly offset a shortfall in capital receipts required to fund new asset acquisitions (-\$89m).

Equity injection from the Government increased (\$744m) as a result of:

- the recovery of funding (\$169m) and proceeds from the sale of the Melbourne and Sydney Plaza buildings (\$79) originally expected in 2001-02 and now required to meet costs incurred last financial year;
- the recovery of costs incurred last financial year as a result of the impact on Defence's overseas purchases of the movement in Australia's currency exchange rate (\$239m);
- indexation to meet price growth and foreign exchange fluctuations for planned capital acquisitions since the development of the budget estimates (\$72m);
- new funding for capital acquisitions related to operations to protect Australia's northern and western borders from unauthorised arrivals (\$6m) and to contribute to the international coalition fighting terrorism (\$140m);
- funding for capital acquisitions related to the enhancement of the counter-terrorist capability (\$17m);
- a technical increase in equity injection associated with a net reduction in operating costs (and therefore appropriation for outputs) to partially offset shortfalls in capital sales proceeds required to fund new asset acquisitions (\$82m); and
- deferment of spending relating to a number of new asset acquisition projects scheduled for 2001-02 (-\$60m).

#### *Sales of Goods and Services*

The estimate for sales of goods and services has been reduced by \$27m or 10 per cent from the budget estimate to better reflect results for 2000-01 and estimated year-to-date progress for 2001-02.

#### *Interest*

Revenues for interest have been reduced by \$12m or 43.8 per cent from the budget estimates to reflect the lower than expected interest-earning capacity of the Department due to lower interest rates and cash balances.

#### *Employee Expenses*

Employee expenses will increase by \$253m, or 4.6 per cent from the budget estimate, largely to bring the previous estimates into line with last year's result and estimated current year-to-date performance and expected growth. The growth above the result for 2000-01 (\$342m) includes continued growth particularly in non-salary items such as fringe benefits tax, housing and other allowances. More details in relation to Defence's people are included in Section 5 of the *2000-01 Portfolio Budget Statements*.

### *Suppliers Expense*

Suppliers expenses will decrease by \$148m, or 3 per cent from the budget estimate, also to bring the previous estimates into line with estimated current year-to-date performance and 2000-01 results. The decrease in the estimate still provides an increase in anticipated expenses above the 2000-01 result of \$727m or 18 per cent. This increase is predominantly due to the expectation of increased inventory consumption, effects of foreign exchange and other price movements, and other pressures associated with operating and maintaining ageing equipment.

Suppliers cash flows have been amended to include the effects of the goods and services tax, the effects of operating statement movements, reclassification of leases from suppliers expense to borrowing costs, and revised inventory purchase estimates. (An offsetting receipt has also been added to cash flows to reflect the recovery of goods and services tax input credits from the Australian Taxation Office.)

### *Grants*

The estimate for grants has increased by \$21m from the budget estimate. This increase is predominantly due to the anticipated grant to the Papua New Guinea Government for its defence reform program.

### *Depreciation and Amortisation*

Depreciation and amortisation will increase by \$102m from the budget estimate due to delays in the sale of information technology equipment. The current estimate is \$444m or 20 per cent above the 2000-01 result. This is because of anticipated increases and additional depreciation on assets first found in 2000-01 and on assets brought to account due to changes in accounting policy and processes.

### *Write-down of Assets*

Write-downs of assets has been increased by \$70m or 42 per cent from the budget estimates, representing estimated write-offs in the financial year-to-date. It is difficult to accurately predict the value of assets to be written off prior to or during a financial year and the value of this item is likely to change.

### *Other Expenses*

The estimate for other expenses has been removed. Predominantly, this reflects a re-classification to suppliers expense to more closely reflect the classifications in the 2000-01 financial statements.

## **Budgeted Statement of Financial Position**

### *Receivables*

Receivables have increased by \$156m or 54.9 per cent from the budget estimate. This variation is to align the estimates to the 2000-01 result and to incorporate minor movements for receivables relating to asset sales.

### *Accrued Revenues*

Accrued revenues have been removed from the estimates, reflecting their inclusion in receivables in the 2000-01 financial results.

### *Land and Buildings*

Land and buildings has increased by \$1,777m or 28.6 per cent from the budget estimates. This variation is a result of:

- alignment to the results for 2000-01 (\$1,105m), including for an adjustment (\$380m) due to the re-classification of some housing leases; and
- deferral of assets sales (\$672m).

### *Infrastructure, Plant and Equipment*

Infrastructure, Plant and Equipment has increased by \$820m or 2.3 per cent from the budget estimate. This variation has arisen due to amendments to sales and purchases of assets as discussed under the relevant Statement of Cash Flow items below and accounting adjustments to ensure consistency between cash and accrual statements.

### *Inventories*

Inventories have been adjusted by \$247m or 8.4 per cent between budget and revised estimates. This variance have arisen due to the revision of opening balance adjustments to align estimates with the audited financial statements, and re-assessment of purchases and consumption estimates.

### *Intangibles*

Intangibles have fallen by \$45m or 24.7 per cent from the budget estimates. This variance has arisen due to opening balance adjustments to align estimates with the audited financial statements and other accounting adjustments.

### *Other Non-financial assets*

Other non-financial assets (prepayments) have reduced by \$187m or 27.9 per cent. This variance has predominantly resulted from opening balance adjustments necessary to align the estimates to the audited financial statements (\$88m) and a decision by Defence to reduce the level of prepayments (\$90m).

### *Leases*

Leases have increased \$381m from the budget estimate. This variance is due to the accounting reclassification of some Defence Force Housing leases from operating to finance leases.

### *Employee Provisions*

Employee provisions have increased by \$461m or 19.4 per cent from the budget estimate. Of this variance, \$379m results from opening balance adjustments required to align the estimates to the 2000-01 financial statements, and \$82m adjustment as a result of a re-assessment of the movement of provisions across years.

### *Supplier Payables*

Supplier creditors have decreased by \$93m or 18.3 per cent from the budget estimate. This variance is predominantly due to:

- revision of opening balances to align estimates to the audited financial statements (increase of \$203m);
- a reduction of creditors to past levels (decrease of \$250m); and
- other revisions including re-assessment of cash flows and other accounting adjustments as discussed in Other Provisions below (decrease of \$40m).

### *Other Provisions*

Other provisions have increased by \$51m or 243.6 per cent. This variance relates to the re-classification of items from supplier payables and opening balance adjustments to align the estimates to the financial statements.

### *Equity*

All movements in equity from budget estimates are due to opening balance adjustments required to align the estimates with the audited financial statements and increases in equity injections as discussed elsewhere in these notes.

## **Budgeted Statement of Cash Flows**

In general, commentary for cash flows associated with operating items are included under the relevant operating statement item above. Reasons for particular variances are outlined below.

### *Net GST Refund*

Defence is registered as an Australian Business and is therefore able to claim input tax credits from the Australian Taxation Office.

The amounts included in the revised estimates represent the net amounts to be recovered from the taxation office based on the 2000-01 results. (A similar amount is reflected in spending on goods and services by Defence.)

*Other Cash Received*

The amount of other cash received has reduced by \$36m or 70.0 per cent from the budget estimates to align with the treatment of the 2000-01 financial results.

*Other Cash Used*

Other cash used has decreased by \$40m or 55.2 per cent. This variance is predominantly due to the effects of re-classification of items within the financial statements, including some housing leases, from operating to finance leases.

*Proceeds of Sale of Property, Plant and Equipment*

Proceeds from the sale of property, plant and equipment have reduced by \$824m or 80.5 per cent. The reduction has arisen from:

- reduction of proceeds from the delay in sale of information technology equipment (\$152m);
- deferral of sale of certain Defence-owned properties (\$110m); and
- deferral of sale to 2002-03 of properties identified in the asset sales program where proceeds are to be returned to the Government (\$562m).

*Purchase of Specialist Military Equipment*

Purchases of specialist military equipment has increased by \$176m or 6.3 per cent. This variance is a result of increased capital spending as a result of Government decisions (\$104m) and the effects of movement in price indices and of foreign exchange movements on overseas purchases (\$72m).

*Purchase of Property, Plant and Equipment*

Estimated purchases of property, plant and equipment are unchanged since budget predictions.

*Equity Appropriation*

Details of the equity appropriation changes were included previously under Appropriations from Government.

*Repayment of Debt*

The new item is due to the reclassification of Defence Force Housing leases from operating to finance leases. Such amounts were previously included in supplier cash flows.

*Capital Withdrawal*

Cash withdrawals by the Government (ie returns to the Government for assets sales) have reduced by \$562m as a result of delays in the asset sales program. These receipts are now expected to be returned to the Government in 2002-03.

## **Administered Statements**

### *Administered Superannuation*

The two military superannuation schemes (Military Superannuation and Benefits Scheme and Defence Force Retirement and Death Benefit Scheme) are now subject to biannual indexation of benefits, similar to the Commonwealth civilian superannuation schemes. As a result of this change, the combined projected liability of the military schemes as at 30 June 2002 increased by \$140m. Also as a result of this change, projected expenses in 2001-02 increased by \$8m (an increase in the liability) and cash flows increased by \$5m for emerging payments.

The outstanding liability of the military superannuation schemes has been aligned with the result for last financial year. Further, the Australian Government Actuary performed a review of the liability of the schemes to ensure consistency of reporting with the civilian schemes. As a result of this review, the projected superannuation liability at 30 June 2002 has increased by \$427m (1.6 per cent) and expenses for 2001-02 by \$352m.

# CAPITAL BUDGET

## OVERVIEW

The revised Capital Budget for 2001-02 totals \$3,469m. This is funded partly from appropriations for outputs, from capital receipts and from the equity injection. The capital budget is summarised in Table 3.9 and presented in more detail later in this section.

Previously approved major capital equipment projects are as reported in the *Portfolio Budget Statements 2001-02*.

New major capital equipment projects approved by the Government are as reported in the *Portfolio Budget Statements 2001-02*, except for the new projects below:

- New Heavyweight Torpedo;
- Collins Submarines – Sustainable Platform;
- Collins Submarines – Weapons and Sensor Enhancements; and
- Air-to-Surface Stand-Off Weapons – Additional Approval.

The scope and costing of these new projects was not considered sufficiently mature to seek approval at the time of the 2001-02 Budget. Since then, these projects have been considered and approved by the Government.

**Table 3.9: Defence Capital Budget 2001-02**

	2001-02 Budget Estimate \$'000	2001-02 Revised Estimate \$'000	Variation \$'000
Specialist Military Equipment	2,803,647	2,979,417	175,770
Land and Buildings	206,599	206,599	-
Other Equipment and Infrastructure	270,312	270,312	-
Software and Other Intangibles	12,827	12,827	-
<b>TOTAL</b>	<b>3,293,385</b>	<b>3,469,155</b>	<b>175,770</b>

### Explanation of Variations

The increase in planned capital expenditure in 2001-02 is a result of increased capital spending in accordance with Government decisions (\$104m) and supplementation for the effects of foreign exchange movements on overseas purchases and movements in price indices (\$72m).

## MAJOR CAPITAL EQUIPMENT PROJECTS

The following table and descriptions provide details on the approved project cost, the cumulative expenditure to 30 June 2001 and the revised estimated expenditure for 2001-02 of the top 20 major capital equipment projects for Defence.

**Table 3.10: Top 20 Projects by Forecast 2001-02 Expenditure<sup>(1)(2)</sup>**

	Approved Project Expenditure	Cumulative Expenditure to 30 June 2001	2001-02 Budget Estimate	2001-02 Revised Estimate
	\$m	\$m	\$m	\$m
<b>Maritime</b>				
Anzac Ship Project <sup>(3)</sup>	5,279	4,229	274	230
FFG Progressive Upgrade – Implementation	1,413	447	204	224
Evolved SeaSparrow Missile	341	235	74	80
New Submarine Project	5,112 <sup>(4)</sup>	4,953	66	59
Minehunter Coastal Acquisition	1241	1,029	56	55
Collins Class Submarine Augmentation	228	135	54	44
<b>Land</b>				
Australian Light Armoured Vehicle	616	73	112	107
<b>Aerospace</b>				
F/A -18 Hornet Upgrade - Phase 2	1,524	145	166	155
P-3C Update	903	598	134	112
Anzac Ship Helicopter	1,017	696	99	84
Air-to-Surface Stand-off Weapons Capability	335 <sup>(5)</sup>	109	93	111
Air-to-Air Weapons Capability <sup>(6)</sup>	497	221	91	88
Penguin Missile Project	200	105	51	64
Strategic Airlift Capability	1,092	894	49	66
Lead-In Fighter Capability	1,014	885	43	50
F/A-18 Hornet Upgrade - Phase 1	290	170	37	50
<b>Airborne Early Warning and Control</b>				
Airborne Early Warning and Control	3,455	226	238	155
<b>Electronic Systems</b>				
Jindalee Operational Radar Network	1,223 <sup>(7)</sup>	945	95	56
High Frequency Modernisation	585	192	76	68
Tactical Air Defence Radar Systems	203	87	41	40
<b>TOTAL TOP 20 PROJECTS</b>	<b>26,568</b>	<b>16,374</b>	<b>2,053</b>	<b>1,898</b>

### Notes

- Excludes projects that were not in contract at the time of preparation of the table.
- All approvals and budget estimates amounts are at December 2001 price levels ie US\$0.5452.
- Project approval, expenditure and estimate figures are the net cost of the 10-ship program after deducting New Zealand revenue.
- Approved project cost was reported in the *Portfolio Budget Statements 2001-02* as \$5,143m. This has now been reduced to exclude facilities expenditure.
- Approved project cost was erroneously reported in the *Portfolio Budget Statements 2001-02* as \$284m.
- This is a combination of two project phases. Only one of the phases was reported in the *Portfolio Budget Statements 2001-02*.  
Despite being in December 2001 price levels, this project figure is the same as reported in the *Portfolio Budget Statements 2001-02*, which has its figures based on December 2000 price levels. Project cost increased for price and exchange variations (+\$8m), and reduced to exclude facilities expenditure (-\$8m).

## Project Schedules

### Anzac Ship Project

The Anzac Ship Project involves delivery of 10 ships, associated shore facilities and logistic support. Two of the 10 ships (02 and 04) are for the Royal New Zealand Navy. Five ships have been delivered and are in service with the RAN and Royal New Zealand Navy. Ship 08 (*Ballarat*) will be launched in mid-2002. The delay is due mainly to a change in production philosophy by the contractor where a greater percentage of the work is completed prior to launch. Ship 06 (*Stuart*) is scheduled to be delivered in mid-2002.

The Underwater and Surface Warfighting Upgrade Project has been split into two phases. Installation of the Harpoon surface-to-surface missile capability is proceeding under the first phase through the new Alliance Agreement signed between Tenix, Saab and the Commonwealth in July 2001 for the development of all future changes to the Anzac-class ships. Phase two will include mine avoidance and torpedo self-defence capabilities. This phase is still under review.

This project contributes to Navy Capabilities.

### FFG Progressive Upgrade - Implementation

The FFG Upgrade Project seeks to regain the original relative capability of the six RAN FFG guided-missile frigates to ensure that they remain effective and supportable to the end of their life.

Six RAN FFGs will be upgraded at ADI's Garden Island Facility, Sydney. The first, HMAS *Sydney*, will commence upgrade in 2003 with the last, HMAS *Newcastle*, scheduled for completion in 2006, although this date remains under review due to delays in progressing the combat system design.

ADI and one of its major subcontractors, Lockheed Martin Australia Pty Limited, have indicated an anticipated minimum 15-month schedule delay to the total project.

This project contributes to the Navy Capabilities.

### Evolved Seasparrow Missile

This project will introduce the Evolved Seasparrow Missile into Navy service. The missile will be introduced on the Anzac-class ships and will also be installed on the FFG class during the upgrade program. Missile deliveries were planned to commence in the first half of 2001 and Anzac Ship 05 (HMAS *Warramunga*) was scheduled to conduct missile firings during post-delivery trials in mid-2001. These two milestones have been delayed by the failure of the first two at-sea firings from the United States Navy's unmanned self defence test ship, the failure of the missile during an ordnance safety test and other technical issues. A new schedule has been developed which should still see missiles available in time to support HMAS *Warramunga's* firings in May

2002. HMAS *Warramunga* has been configured to fire the Evolved Seasparrow Missile and RAN facilities have been upgraded to support the missile.

This project contributes to Navy Capabilities.

### **New Submarine Project**

This project is to provide six Collins-class submarines with associated infrastructure and support. Five submarines have been provisionally accepted by the Navy and the sixth (*Rankin*) is expected to be delivered towards the end of 2002 having completed sea trials and a class shock trial. The reduction of \$7.7m in the 2001-02 revised estimate is to accommodate the latest forecast provided by the prime contractor to meet the projected delivery date for *Rankin*.

This project contributes to Navy Capabilities.

### **Minehunter Coastal Acquisition**

The Minehunter Coastal Project provides for the delivery of six coastal minehunters and associated supplies, including combat system and platform system trainers at HMAS Waterhen in Sydney.

Ship 04 (*Gascoyne*) was delivered in April 2001 and was commissioned in June 2001. Ship 05 (*Diamantina*) was launched in December 2000 and is scheduled for delivery at the end of January 2002. Ship 06 (*Yarra*) was launched in January 2002 and is expected to be delivered in September 2002.

This project contributes to Navy Capabilities.

### **Collins Class Submarine Augmentation**

The scope of this project is to provide combat system augmentation and propeller and hull improvements to specified submarines to bring them to an improved, albeit still limited, level of operational capability as quickly as possible. *Collins* (submarine 01) completed initial hull improvements in August 1999. Work to upgrade two further submarines (submarine 04 *Dechaineux* and submarine 05 *Sheean*) to the interim level of improved capability has been completed for platform aspects, and the final stage of the combat system augmentation is expected to be completed by late March 2002, subject to submarine availability. Work to bring *Rankin* to the same level of platform improvements is progressing. The reduction of \$11m in the 2001-02 revised estimate is to accommodate the reprogramming of commitment in support of the combat system augmentation and a rescheduling of in-service support tasks.

This project contributes to Navy Capabilities.

### **Australian Light Armoured Vehicle**

This project is acquiring wheeled light-armoured vehicles that provide the basis of the Army's armoured reconnaissance and surveillance capability. As a result of previous phases, the Army has a fleet of 113 vehicles in service.

Primarily these equip the 2nd Cavalry Regiment located in Darwin. Elements of the unit equipped with Australian light armoured vehicles have been deployed successfully in East Timor. Elements of Phase two yet to be completed include the surveillance suite, gunnery trainer and commander's weapon station. Phase three of the project is to acquire an additional 144 vehicles. These vehicles will be used to complete the equipping of the 2nd Cavalry Regiment and to equip the 2nd/14th Light Horse Regiment, which is located in Brisbane. Phase three is proceeding on schedule and vehicle deliveries will commence in late 2002.

This project contributes to Army Capabilities.

### **F/A-18 Hornet Upgrade Phase 1 and 2**

This project seeks to upgrade the F/A-18 fighter fleet to rectify capability deficiencies which limit the effectiveness of the aircraft in its air combat role. The project schedule for 2001-02 includes the completion of the first production phase upgrading the communications and on-board computers. Phase two work in 2001-02 involves the commencement of radar upgrade production and the commencement of the design phase for the cockpit and display upgrade. Preliminary work will also commence on structural refurbishment to extend the life of the airframe. Some aspects of electronic warfare self-protection have been deferred.

This project contributes to Air Force Capabilities.

### **P-3C Update**

This project is to update the P-3C Orion fleet to assure continued operational effectiveness through to the planned withdrawal date of 2015. Under the update project, the radar, acoustic system, data management system and navigation and communications equipment will all be replaced with integrated, modern systems. The revised schedule for 2001-02 includes the delivery of aircraft 01 to 04.

In addition, acceptance of the type aircraft is being delayed pending resolution of remaining software integration and radar performance issues. Achievement of this milestone is expected early in 2002-03 following promising recent progress on rectification of remaining deficiencies.

This project contributes to Air Force Capabilities.

### **Anzac Ship Helicopter**

This project will acquire 11 Super Seasprite helicopters for the Anzac ships, which will provide an enhanced capability to the ADF for surface surveillance, anti-surface warfare, contact investigation, and maritime utility tasks. The project includes the provision of a mission flight simulator and software support centre. The contract is running three years late, with acceptance of the first aircraft planned in August 2004. The delay has been caused substantially

by the failure of Northrop Grumman Navigation Systems Division (ex Litton), which was contracted to develop the integrated software. Provisional acceptance of the first software build may occur in 2002, which may then allow the Navy to train the instructors and conduct initial test and evaluation. Deliveries of aircraft spares, documentation, and ground support and test equipment is ongoing. Safe Air Limited will carry out final aircraft assembly at the Naval Air Station, Nowra, New South Wales. The In-Service Support Centre has been commissioned.

This project contributes to Navy Capabilities (it was erroneously reported in the *Portfolio Budget Statements 2001-02* as contributing to Air Force Capabilities).

### **Air-to-Surface Stand-off Weapons Capability**

This project will acquire and bring into service the AGM-142E missile for fitment to F-111C aircraft. It will provide the ADF with a capability to strike non-hardened and semi-hardened unitary targets while providing a modest stand-off range, thereby contributing to the survivability of the aircraft. The project schedule for 2001-02 includes delivery of the missiles as well as items of ground-support equipment. Aircraft and missile integration design will be completed and prototype aircraft modification will commence at RAAF Amberley, Queensland.

This project contributes to Air Force Capabilities.

### **Air-to-Air Weapons Capability**

This project seeks to maintain a credible air-to-air weapons capability for F/A-18 aircraft through the acquisition and integration of new beyond-visual-range and within-visual-range missiles.

The beyond-visual-range missile, the United States Advanced Medium-Range Air-to-Air Missile, is being procured in two main batches through Foreign Military Sales. The first batch of AIM-120 missiles is currently in limited operational use, while the second batch of missiles is due for delivery in early 2003. The project schedule for 2001-02 includes ongoing launcher modification, test set development, operational testing and a software upgrade to the missile.

The within-visual-range missile is the United Kingdom Advanced Short-Range Air-to-Air Missile being procured through commercial contract with MBDA UK Ltd. The project schedule for 2001-02 includes ongoing developmental work for integration and testing of the missile into the F/A-18 weapon system involving the United States Navy, Defence Science and Technology Organisation, the Aircraft Research and Development Unit and the Ranges Assessing Unit.

This project contributes to Air Force Capabilities.

### **Penguin Missile Project**

This project is for the acquisition of Penguin anti-ship missiles, spares support for the missiles, telemetry heads and weapons, aircraft port-side missile control systems, and supporting infrastructure for their safe operation and maintenance. The missiles are manufactured by Kongsberg Defence and Aerospace of Kongsberg, Norway. Delivery of the initial quantity of anti-ship missiles has occurred. Commissioning of facilities and training has been completed and weapons assembly has commenced.

This project contributes to Navy Capabilities (it was erroneously reported in the *Portfolio Budget Statements 2001-02* as contributing to Air Force Capabilities).

### **Strategic Airlift Capability**

This project has acquired 12 C130J-30 aircraft to replace the C130E fleet operated by 37 Squadron. The Commonwealth agreed, in August 1999, to a concept of conditional aircraft acceptance intended to provide the Air Force with aircraft that could be operated safely in routine line-haul operations, with the remaining capability shortfalls to be overcome by two post-delivery block upgrades. The activities for 2001-02 include the final block upgrade to provide the full, contracted capability. Notwithstanding final acceptance, some expenditure associated with spares and related documentation, including training packages, has been re-programmed from 2001-02 to 2002-03.

This project contributes to Air Force Capabilities.

### **Lead-In Fighter Capability**

This project has acquired 33 Hawk 127 aircraft to replace the Macchi MB-326H that was withdrawn from service at RAAF Williamtown, New South Wales, in December 2000 and at RAAF Pearce, Western Australia, in March 2001. The replacement aircraft will be used in the lead-in fighter and ADF support roles. A significant part of the latter role will be fast-jet support to the Navy fleet on both the east and west coast. Operations have commenced at Pearce and Williamtown. All training devices have been delivered and are undergoing final acceptance testing.

This project contributes to Air Force Capabilities.

### **Airborne Early Warning and Control Aircraft**

This project will provide Defence with an airborne early warning and control capability with the provision of four aircraft and associated supplies and support. Reconsideration of the project in the context of the White Paper resulted in the project scope being reduced from six aircraft to acquiring four with options for up to a further three later. A contract for four aircraft was signed with Boeing in December 2000. The planned in-service date is 2007. In 2001-02, a number of major sub-system design reviews will be conducted with Boeing. The project is on schedule. The significant variance between the

budget estimate and the revised estimate is due to a contract payment planned for 2001-02 being made in 2000-01.

This project contributes to Air Force Capabilities.

### **Jindalee Operational Radar Network**

This project will provide two over-the-horizon radars: one near Longreach, Queensland and the other near Laverton, Western Australia. Each will be operated from the Jindalee Operational Radar Network Coordination Centre at RAAF Edinburgh, South Australia. Integration, evaluation and acceptance testing activities by the contractor and Defence are being conducted throughout 2002, with formal handover for RAAF-controlled surveillance operations expected in early 2003. RAAF operator training has been completed.

The contractor has been tasked to carry out a detailed study into connection of the Longreach radar sites to the Queensland electrical power grid. Use of mains electricity in lieu of diesel-fuelled on-site power generation will reduce future running costs and improve environmental outcomes.

The revised estimate of expenditure for 2001-02 has been reduced from the budget estimate due to a significant anticipated schedule slippage by the contractor. The contractor currently is doing a major replan to quantify the rate of progress and revised contract completion date. Hence, actual 2001-02 expenditure may be further reduced from the revised estimate.

This project contributes to Air Force Capabilities.

### **High Frequency Modernisation**

This project will replace the Navy high-frequency radio stations at Canberra, Darwin, Exmouth, Sydney, Cairns and Perth and the Air Force high-frequency radio stations at Sydney, Townsville, Darwin and Perth. It will also improve the high-frequency radio communication capability of selected ADF mobile platforms (ships, aircraft and communications shelters). The project will deliver the new high-frequency radio communications capability in three stages: core, intermediate and final. The core system replaces existing high-frequency facilities, while the intermediate and final systems will provide increasing levels of automation to improve capability and reduce reliance on staff. Integration of the core system components, system testing and transition of the existing Navy and Air Force high-frequency radio stations capability and staff to the core integrated system and operator training have been moved to 2002-03 because of delays in software development.

This project contributes to Defence Operations.

### **Tactical Air Defence Radar Systems**

This project is to acquire four mobile air-defence radar systems to replace the existing radars. The project will also provide a transport capability for the new systems, and satellite communications between the new systems and the fixed air-defence sites. System production and integration, followed by acceptance testing and evaluation, were commenced during 2000-01 but have experienced some contractual delays. This work will continue during 2001-02, with operational evaluation to commence in the first half of 2002. The new systems are now scheduled to be delivered during 2002-03, reflecting a 16-month schedule slip to the overall program. Currently, the financial impacts of this slippage for 2001-02 are minimal.

This project contributes to Air Force Capabilities.

## FACILITIES PROJECTS

**Table 3.11: Facilities Projects**

PROGRAM OF WORKS	2001-02 Budget	2001-02 Revised
	Estimate \$m	Estimate \$m
Total New Buildings and Works	286.2	271.9
Acquisitions	18.6	11.5
Facilities Operations Capital Works	7.8	27.8
Estimated Expenditure Slippage	-17.4	-9.3
<b>Total Capital Facilities Expenditure</b>	<b>295.1</b>	<b>301.9</b>

### Significant Current Facilities Projects

The following table and descriptions provide detail on planned progress and estimated expenditure for the significant major facilities projects in 2001-02 with an in-year spend of more than \$5m, as well as those major facilities projects approved in the 2001-02 Budget with a total approved cost of more than \$20m.

**Table 3.12: Significant Facilities Projects in 2001-02**

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Approved	Cumulative	Budget	Revised
	Estimated Expenditure \$m	Expenditure to 30 June 2001 \$m	Estimate 2001-02 \$m	Estimate 2001-02 \$m
<b>QUEENSLAND</b>				
<b>Blair</b>				
Amberley – RAAF Amberley Redevelopment	77.4	54.6	15.0	22.7
<b>Groom</b>				
Oakey – Oakey Redevelopment	57.7	0	2.0	2.0
<b>Herbert</b>				
Townsville – Lavarack Barracks Redevelopment Stage 2 <sup>(1)</sup>	151.6	130.5	19.5	21.0
Townsville – Lavarack Barracks Redevelopment Stage 3	170.6	0	10.0	12.4
Townsville – RAAF Townsville Redevelopment Stage 1	70.1	19.4	49.6	49.4
Townsville – RAAF Townsville Redevelopment Stage 2	72.5	0	2.0	10.0
<b>NEW SOUTH WALES</b>				
<b>Eden/Monaro</b>				
Eden – Navy Ammunitioning Facility	40.0	2.0	16.0	6.9
<b>Farrer</b>				
Mulwala – Environmental remediation	63.1	0	1.0	0
<b>Gilmore</b>				
Nowra – HMAS Albatross Redevelopment	110.0	63.1	31.5	34.0
<b>Parramatta</b>				
Ermington – Pre-disposal site works	33.1	0	3.0	2.8

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Approved Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2001 \$m	Budget Estimate 2001-02 \$m	Revised Estimate 2001-02 \$m
<b>VICTORIA</b>				
<b>Melbourne Ports</b>				
Fishermans Bend – Relocation of Aeronautical and Maritime Research Laboratory <sup>(2)</sup>	61.2	2.3	31.0	15.1
<b>SOUTH AUSTRALIA</b>				
<b>Bonython</b>				
Salisbury – RAAF Edinburgh Redevelopment Stage 1	39.9	0.7	9.0	3.5
<b>NORTHERN TERRITORY</b>				
<b>Solomon</b>				
Darwin - Bradshaw Station infrastructure works <sup>(3)</sup>	64.8	3.0	0.6	8.0

**Notes**

1. The increase in approved project cost (+\$7.279m) reflects goods and services tax for residential accommodation.
2. The increase in the approved project cost (+\$5.000m) reflects higher than anticipated estimates.
3. The increase in approved project cost (+\$11.117m) reflects escalation due to resolution of native title issues and real price increases. The figure of \$54.0m in the *Portfolio Budget Statements 2001-02* was incorrect and should have been \$53.666m.

**RAAF Amberley Redevelopment – Amberley, Queensland**

This project will overcome immediate deficiencies in the existing facilities at the base, and provide improved aircraft maintenance, operation, support and training facilities. It is expected that construction will be completed on schedule by mid-2002.

This project contributes to Air Force Capabilities.

**Oakey Base Redevelopment – Oakey, Queensland**

This project will redevelop Oakey Base to optimise it for support of Army rotary wing flying training, including the future Air 87 armed reconnaissance helicopter and basic helicopter training which has relocated from Fairbairn, ACT. The project will rationalise, upgrade and expand facilities for rotary wing training and training support. Other elements include an emergency response station, workshops, hot refuel facility, trainees living-in accommodation and a civil terminal. The managing contractor has been appointed and construction should be completed by mid-2004.

This project contributes to Army Capabilities.

### **Lavarack Barracks Redevelopment Stage 2 – Townsville, Queensland**

This project provides a range of new facilities and infrastructure, including new single-soldier living accommodation, to ensure the long-term viability of Lavarack Barracks as the major base of the ADF Rapid Deployment Force. Project elements completed include industrial facilities, 1004 living-in units and three combined messes. Construction was completed in September 2001. An additional 108 rooms remain to be delivered to complete the approved project scope.

This project contributes to Army Capabilities.

### **Lavarack Barracks Redevelopment Stage 3 – Townsville, Queensland**

The aim of this project is to undertake the next stage of the redevelopment of Lavarack Barracks. The project is intended to upgrade or to provide new working accommodation for existing units and to provide for the future relocation of Headquarters 11 Brigade and supporting units from Jezzine Barracks. The project will also upgrade physical training and lecture facilities, and indoor and outdoor military training facilities. The managing contractor for the project has been appointed and construction has commenced and is planned to be completed in 2005.

This project contributes to Army Capabilities.

### **RAAF Townsville Redevelopment Stage 1 – Townsville, Queensland**

This project will provide new facilities, including loading aprons and aircraft and vehicle support infrastructure, to support the operational role of RAAF Townsville. The redevelopment of the base will be carried out in three or more stages, with Stage 1 due for completion by mid-2002. An indigenous land-use agreement with local indigenous groups has been negotiated to permit construction of operational facilities. A consolidated vehicle maintenance workshop has been completed.

This project contributes to Air Force Capabilities.

### **RAAF Townsville Redevelopment Stage 2 – Townsville, Queensland**

Stage 2 of the redevelopment is to enhance the overall effectiveness of RAAF Townsville by grouping related base functions, providing facilities to contemporary standards and alleviating occupational health and safety problems stemming from cramped and temporary accommodation. The scope of work comprises air movement facilities, transit accommodation, combined messing facilities, a dangerous goods compound, main base entrance, physical fitness complex, base training and support complex, combined headquarters complex and engineering services and demolition. The managing contractor has been appointed. Design has commenced and construction is planned to be completed in late 2004.

This project contributes to Air Force Capabilities.

### **Naval Ammunitioning Facility – Eden, New South Wales**

This project provides a naval ammunitioning facility to replace the former facility at Newington on the Sydney Olympics site. Point Wilson in Victoria is being used as an interim facility. The indigenous land-use agreement has been negotiated and registration is anticipated by end of April 2002. To allow early access to land for construction purposes, Defence is negotiating with the New South Wales Government for the relevant permits/licences to be issued so that construction on the wharf can commence by the end of March 2002 with completion by mid-2003. Ammunition storage facilities to support the naval ammunitioning facility will be tendered in 2002.

This project contributes to Navy Capabilities.

### **Mulwala Environmental Remediation – Mulwala, New South Wales**

This project will provide for the remediation and long-term management of the areas of contamination that pose a risk of harm to the environment at the Commonwealth-owned and ADI-operated explosives manufacturing facility at Mulwala. The extent of the work will depend on the final remediation strategies which are currently being developed.

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

### **HMAS Albatross Redevelopment – Nowra, New South Wales**

This two-stage project aims to replace existing facilities and services that are beyond economical repair and to redevelop the operational and administration support facilities. Stage 1 includes aircraft support, storage and maintenance facilities, the air traffic control tower, explosive ordnance storage and loading facilities and training facilities. Stage 2 includes new flight deck procedural trainers, a helicopter underwater escape trainer, runway arrestor systems, aircraft pavements and wash facilities, a gymnasium, fencing, engineering services and demolition. Stage 1 is complete. Stage 2 construction has commenced and is scheduled for completion by mid to late 2002.

This project contributes to Navy Capabilities.

### **Ermington Pre-Disposal Site Works – Ermington, New South Wales**

The aim of this project is to undertake soil filling and stabilising work and the construction of infrastructure at the Defence site at Ermington on the Parramatta River. Construction, initially on the soil stabilisation component, commenced in October 2001. Once approval of the master plan has been provided by the New South Wales Government, anticipated to be in February 2002, it is intended that development applications will be submitted to sub-divide the site. This will enable the construction of infrastructure to commence in May 2002, subject to business case approval.

### **Relocation of Aeronautical and Maritime Research Laboratories – Melbourne, Victoria**

This project will relocate Defence Science and Technology Organisation functions from Maribyrnong to Fishermans Bend, and will include the integration of common functions and the construction of enhanced research and laboratory facilities. The project will permit the subsequent disposal of the Maribyrnong site. The project is currently in the design stage. Construction is planned to commence early in 2002 and be completed in late 2004.

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

### **RAAF Edinburgh Redevelopment Stage 1 – Salisbury, South Australia**

This project will provide new administrative, workshop and warehousing facilities as well as an upgrade of engineering services and an aircraft shelter. The provision of the warehouse may be excluded from the scope of works, depending on the outcome of the Defence Integrated Distribution System project. Construction is planned to commence in early 2002, with completion by mid-2003.

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

### **Bradshaw Field Training Area Infrastructure – Darwin, Northern Territory**

This project provides the necessary infrastructure to allow the use of the Bradshaw property as a field training area for the 1st Brigade. Significant delays have been experienced and the project is now some three years behind its original program. A native title claim and an aboriginal land rights claim continue to affect the project. In-principle agreement has been reached on an indigenous land-use agreement. A contract for the construction of the bridge over the Victoria River was awarded in November 2001 and construction is expected to be completed by June 2002. Contracts for the remainder of the works will not be let until the indigenous land-use agreement has been signed and registered. Project completion is currently planned for December 2003.

This project contributes to Army Capabilities.

### **Capital Facilities Expenditure by Electorate**

The following table provides details of estimated expenditure on works in progress and new works in the Defence capital facilities program for 2001-02. The table provides details of both major and medium projects by state, federal electorate and location. All major works (expenditure \$6.0m or greater) and medium works (expenditure \$0.250m to \$5.999m) are approved at an out-turn expenditure estimate (inclusive of fee for service and contingency).

**Table 3.13: All Major and Medium Capital Projects, Estimated 2001-02 Expenditure**

(\*indicates planned new commencements in 2001-02)

<b>PROGRAM OF WORKS (State, Federal Electorate and Locality)</b>	<b>Approved Estimated Expenditure</b>	<b>Cumulative Expenditure to 30 June 2001</b>	<b>Budget Estimate 2001-02</b>	<b>Revised Estimate 2001-02</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>QUEENSLAND</b>				
<b>Blair – Major Works</b>				
RAAF Amberley – Base redevelopment	77,400	54,616	15,000	22,700
<b>Blair – Medium Works</b>				
[New] RAAF Amberley –25 metre Range <sup>(1)*</sup>	500	0	0	380
[New] RAAF Amberley – Relocated Defence Materiel Organisation Strike Reconnaissance Systems Program Office <sup>(2)*</sup>	5,960	0	0	1,000
[New] RAAF Amberley – Fire and Security School <sup>(1)*</sup>	2,000	0	0	500
[New] RAAF Amberley – Weapons Training Simulation System <sup>(1)*</sup>	900	0	0	800
<b>Brisbane – Major Works</b>				
Enoggera Barracks – Catering rationalisation	11,600	71	0	0
<b>Forde – Major Works</b>				
Canungra – Defence Intelligence Training Centre*	17,400	0	3,000	1,900
<b>Groom – Major Works</b>				
Oakey – Oakey redevelopment*	57,677	0	2,000	2,000
<b>Herbert – Major Works</b>				
Townsville – Lavarack Barracks redevelopment Stage 2 <sup>(3)</sup>	151,587	130,480	19,522	21,000
Townsville – Lavarack Barracks redevelopment Stage 3*	170,649	0	10,000	12,400
RAAF Townsville – redevelopment Stage 1	70,100	19,359	49,566	49,400
RAAF Townsville – redevelopment Stage 2*	72,546	0	2,000	10,000
<b>Herbert – Medium Works</b>				
RAAF Townsville – Flight Deck Procedural Training Facility *	2,310	0	1,100	0
[New] RAAF Townsville – Vehicle Shelters and Paving <sup>(1)*</sup>	2,000	0	0	2,000
[New] RAAF Townsville – 25 metre Range <sup>(1)*</sup>	560	0	0	450
[New] Townsville – Lavarack Barracks Tactical Training Simulation Capability <sup>(4)*</sup>	4,500	0	0	500
Townsville – Lavarack Barracks Regional Training Centre North Queensland facilities*	3,000	0	1,000	0
Townsville – Halifax Bay Range relocation*	3,000	0	3,000	0
<b>Maranoa – Medium Works</b>				
Wallangarra – Storage facilities*	5,700	0	2,700	0
<b>Total Queensland</b>	<b>659,389</b>	<b>204,526</b>	<b>108,888</b>	<b>125,030</b>

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Approved Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2001 \$'000	Budget Estimate 2001-02 \$'000	Revised Estimate 2001-02 \$'000
<b>NEW SOUTH WALES</b>				
<b>Eden-Monaro – Major Works</b>				
Twofold Bay – Naval Ammunitioning Facility	40,000	1,975	16,000	6,900
<b>Farrer – Major Works</b>				
Mulwala – Environmental remediation*	63,102	0	1,000	0
<b>Gilmore – Major Works</b>				
HMAS Albatross – Base redevelopment	110,000	66,134	31,500	34,000
<b>Gilmore – Medium Works</b>				
[New] HMAS Albatross – Commander Australian Naval Aviation Group office refurbishment <sup>(5)*</sup>	1,800	0	0	1,500
[New] Nowra – Relocation Defence Materiel Organisation Naval Aviation Systems Program Office <sup>(2)*</sup>	3,900	0	0	3,300
<b>Lindsay – Medium Works</b>				
[New] Penrith – Construction of Army multi-user depot <sup>(5)*</sup>	4,400	0	0	900
<b>Macquarie – Medium Works</b>				
RAAF Richmond – Fuel farm upgrade*	3,000	0	1,000	600
<b>North Sydney – Medium Works</b>				
HMAS Waterhen – Wharf power infrastructure <sup>(6)*</sup>	578	0	400	578
[New] HMAS Waterhen – Relocation Defence Materiel Organisation Mine Warfare and Clearance Diving Systems Program Office <sup>(2)*</sup>	2,025	0	0	100
<b>Parramatta – Major Works</b>				
Ermington – Pre-disposal site works*	33,106	0	3,000	2,750
<b>Paterson – Major Works</b>				
RAAF Williamstown – Eastern Regional Operations Centre	18,000	16,782	1,200	615
<b>Paterson – Medium Works</b>				
RAAF Williamstown – Building extension for computer services*	1,400	0	1,400	0
RAAF Williamstown – Lead-in fighter works <sup>(7)</sup>	760	14	480	740
RAAF Williamstown – Duckhole Hill radar works*	950	0	950	950
RAAF Williamstown – Install dehumidifiers to aircraft shelters*	483	0	483	320
RAAF Williamstown – Salt Ash perimeter fence*	500	0	500	0
[New] RAAF Williamstown – Relocation Defence Materiel Organisation Tactical Fighter Systems Program Office <sup>(2)*</sup>	2,757	0	0	2,100
[New] RAAF Williamstown – Weapons training simulation system <sup>(1)*</sup>	900	0	0	800

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Approved	Cumulative	Budget	Revised
	Estimated	Expenditure	Estimate	Estimate
	Expenditure	to 30 June	2001-02	2001-02
		2001		
	\$'000	\$'000	\$'000	\$'000
<b>Sydney – Medium Works</b>				
Headquarters Training Command Army relocation <sup>(8)*</sup>	5,900	0	4,000	5,850
Headquarters Training Technology Centre relocation*	500	0	500	500
<b>Warringah – Medium Works</b>				
Balmoral – 1 Commando Company collocation*	2,500	0	1,500	500
<b>Total New South Wales</b>	<b>296,561</b>	<b>84,905</b>	<b>63,913</b>	<b>63,003</b>
<b>VICTORIA</b>				
<b>Ballarat – Medium Works</b>				
Ballarat – Construction of Army multi-user depot <sup>(9)</sup>	5,800	0	4,000	40
<b>Bendigo – Medium Works</b>				
Bendigo – Construction of Army multi-user depot	5,050	39	4,466	4,900
<b>Gippsland – Medium Works</b>				
[New] East Sale Child Care <sup>(5)*</sup>	1,500	0	0	1,500
<b>Jagajaga – Medium Works</b>				
Watsonia – Regional training centre facilities*	1,400	0	1,000	200
<b>Maribyrnong – Major Works</b>				
Albion – Decontamination works	28,635	26,066	500	1,300
<b>Melbourne – Medium Works</b>				
South East Melbourne – Construction of Army multi-user depot <sup>(10)</sup>	4,940	0	4,125	4,900
[New] Victoria Barracks – Relocation of Defence Materiel Organisation Land Systems Division <sup>(2)*</sup>	5,650	0	0	5,400
<b>Melbourne Ports – Major Works</b>				
Fishermans Bend – Relocation of research laboratories <sup>(11)</sup>	61,200	2,287	31,000	10,000
<b>Corio – Medium Works</b>				
Geelong – Construction of Army multi-user depot	2,800	0	2,738	260
<b>Corangamite – Medium Works</b>				
Fort Queenscliff - Soldier Career Management Agency	5,800	0	5,700	5,100
<b>Total Victoria</b>	<b>122,775</b>	<b>28,392</b>	<b>53,529</b>	<b>33,600</b>
<b>SOUTH AUSTRALIA</b>				
<b>Bonython – Major Works</b>				
RAAF Edinburgh – Redevelopment Stage 1	39,887	718	9,000	3,500
<b>Bonython – Medium Works</b>				
RAAF Edinburgh – Advanced flight simulator facility	3,330	3,081	30	43
[New] RAAF Edinburgh – Airfield defence <sup>(1)*</sup>	3,500	0	0	200

<b>PROGRAM OF WORKS (State, Federal Electorate and Locality)</b>	<b>Approved Estimated Expenditure</b>	<b>Cumulative Expenditure to 30 June 2001</b>	<b>Budget Estimate 2001-02</b>	<b>Revised Estimate 2001-02</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>[New]</i> RAAF Edinburgh – Relocation of Defence Materiel Organisation Maritime Patrol Systems Program <sup>(2)</sup> *	1,604	0	0	100
Salisbury – Hybrid torpedo simulator facility*	1,000	0	1,000	8
Salisbury – Systems Simulation System Centre extension*	2,100	0	500	8
Salisbury – Virtual Ship facility*	700	0	300	4
Salisbury – Electronic Warfare Building*	1,400	0	1,400	20
Salisbury – Aerial Test Field relocation*	2,200	0	1,000	0
Salisbury – Refurbish Land Operations Division facilities	5,600	259	5,000	4,300
<i>[New]</i> Salisbury – Relocation of Defence Materiel Organisation Over the Horizon Radar Systems Program Office <sup>(2)</sup> *	5,039	0	0	100
<b>Wakefield – Medium Works</b>				
Port Wakefield – Ammunition breakdown facility*	4,000	0	3,800	0
<b>Total South Australia</b>	<b>70,360</b>	<b>4,058</b>	<b>22,030</b>	<b>8,283</b>
<b>WESTERN AUSTRALIA</b>				
<b>Brand – Major Works</b>				
HMAS Stirling - Base development Stage 3	19,000	17,936	30	200
<b>Brand – Medium Works</b>				
HMAS Stirling – Periscope workshop facility*	2,600	0	2,000	240
HMAS Stirling – Torpedo/underwater target teams facility*	1,500	0	1,500	0
HMAS Stirling – Armoury, magazine and gunners store*	1,500	0	1,500	21
HMAS Stirling – Wharf services upgrade*	5,552	0	2,000	10
<b>Curtin – Medium Works</b>				
Swanbourne – 4 Signal Troop facilities*	4,000	0	1,000	0
<b>Pearce – Major Works</b>				
RAAF Pearce – Facilities for lead-in fighter	6,936	5,542	1,436	1,100
<b>Total Western Australia</b>	<b>41,088</b>	<b>23,478</b>	<b>9,466</b>	<b>1,571</b>
<b>NORTHERN TERRITORY</b>				
<b>Solomon – Major Works</b>				
Darwin – Robertson Barracks joint Army deployment facility development Stage 2	268,300	227,373	127	2,200
Darwin – Larrakeyah Barracks North Australia naval infrastructure Stage 1 <sup>(12)</sup>	12,600	11,583	650	1,000
Darwin – Bradshaw Station infrastructure works <sup>(13)</sup>	64,783	2,952	600	8,000
Darwin – 1 Aviation Regiment relocation*	10,738	0	1,000	400

PROGRAM OF WORKS (State, Federal Electorate and Locality)	Approved	Cumulative	Budget	Revised
	Estimated	Expenditure	Estimate	Estimate
	Expenditure	to 30 June	2001-02	2001-02
		2001		
	\$'000	\$'000	\$'000	\$'000
RAAF Darwin – Development of operational facilities project	59,458	54,798	1,964	3,200
RAAF Darwin – Base redevelopment	11,670	5,706	5,395	1,500
<b>Solomon – Medium Works</b>				
Darwin – Robertson Barracks – Emergency response facilities*	4,000	0	1,000	500
[New] Darwin – Robertson Barracks tactical training and simulation site <sup>(4)*</sup>	4,800	0	0	1,900
RAAF Darwin – Central emergency power station	4,400	260	3,830	3,700
[New] Darwin married quarters electrical upgrade	3,600	87	400	0
[New] Delamere radar facilities	2,000	0	0	200
Bathurst Island – Facilities upgrade *	2,000	2	1,000	200
<b>Lingiari – Medium Works</b>				
RAAF Tindal – Approach control facility	1,800	1,013	927	560
RAAF Tindal – Northern Regions Operations	1,200	0	1,200	700
Centre 2 Control and Reporting Unit relocation*				
[New] RAAF Tindal – Northern Regions Operations Centre redevelopment	1,250	180	0	0
[New] RAAF Tindal – 400 metre range <sup>(1)*</sup>	3,500	0	0	200
[New] RAAF Tindal – Living-in accommodation <sup>(5)*</sup>	5,800	0	0	1,000
<b>Total Northern Territory</b>	<b>461,899</b>	<b>303,954</b>	<b>18,093</b>	<b>25,260</b>
<b>Australian Capital Territory</b>				
<b>Canberra – Major Works</b>				
Weston – Australian Command and Staff College	28,000	25,236	400	1,100
[New] Canberra – Defence Network Operations Centre <sup>(4)*</sup>	19,600	0	0	2,000
<b>[New] Canberra – Medium Works</b>				
Canberra – Multi-user depot construction*	5,800	0	2,000	400
<b>Fraser – Medium Works</b>				
Russell – Child care facilities*	2,400	0	1,400	2,400
[New] HMAS Creswell – Waterfront facility for 4 Royal Army Regiment <sup>(5)*</sup>	2,410	0	0	200
Jervis Bay – Remediation of Mary Creek	1,100	19	964	200
<b>Total Australian Capital Territory</b>	<b>59,310</b>	<b>25,255</b>	<b>4,764</b>	<b>6,300</b>
<b>Other – Major Works</b>				
Location to be advised - RAAF College Development	36,038	0	300	0
<b>Other – Medium Works</b>				
RAAF Butterworth – Fuel farm upgrade <sup>(14)</sup>	4,900	0	1,664	4,705
RAAF Butterworth – Building upgrades*	1,500	0	1,500	250
Various Locations – Works – Ninnox Phase 1B	4,885	1,321	2,000	3,500
Various Locations – Air traffic control systems	3,258	2,596	426	400
<b>Total Other</b>	<b>50,581</b>	<b>3,917</b>	<b>5,890</b>	<b>8,855</b>
<b>TOTAL NEW BUILDINGS AND WORKS</b>	<b>1,761,963</b>	<b>678,485</b>	<b>286,573</b>	<b>271,902</b>

**Notes**

1. New medium work approved to support Operation Tanager, East Timor.
2. New medium work approved to support Defence Materiel Organisation organisational initiatives.
3. The increase in approved project budget (+\$7.279m) reflects goods and services tax for residential accommodation.
4. New work approved to support equipment acquisition.
5. New medium work approved since budget estimates.
6. The increase in the total estimated project budget reflects increased prices (+\$0.118m).
7. The increase in the total estimated project budget reflects increased prices (+\$0.266m).
8. The increase in the total estimated project budget reflects increased prices (+0.100m).
9. The increase in the total estimated project budget reflects increased prices (+0.200m).
10. The increase in the total estimated project budget reflects increased prices (+\$0.340m).
11. The increase in the approved project budget (+\$5.0m) reflects higher than anticipated estimates.
12. The increase in the total estimated project budget reflects increased prices (+\$0.200m).
13. The increase in the approved project budget (+\$11.117m) reflects price escalation and real cost increases.
14. The increase in the approved project budget (+\$3.100m) reflects tenders higher than estimates.