

DEFENCE

CHAPTER THREE

RESULTS FOR GOVERNMENT AS DEFENCE'S OWNER

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BUDGETED FINANCIAL STATEMENTS

This section provides the budgeted financial statements for Defence. They have been prepared consistent with the Government's financial budgeting and reporting framework. 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 2002-03 and the forward estimates. 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 2002-03 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.

Note to the Estimated Actual Column of the Departmental Statement of Financial Performance

This table is not required.

Budgeted Revenues and Expenses Administered on Behalf of Government

This note identifies the main revenues and expenses Defence administers on behalf of the Government.

Budgeted Assets and Liabilities Administered on Behalf of Government

This note shows the assets and liabilities Defence administers on behalf of the Government.

Budgeted Administered Cash Flows

This note shows cash flows Defence administers on behalf of the Government.

Administered Capital Budget

This table has been excluded as Defence does not have any administered capital budget items.

Administered Non-Financial Assets – Summary of Movement

This table has been excluded as Defence does not administer any non-financial assets.

Table 3.1: Budgeted Statement of Financial Performance

2001-02 Result		2002-03 Budget Estimates	2002-03 Revised Estimate	Variation	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000		\$'000	\$'000	%	\$'000	\$'000	\$'000
REVENUES							
17,843,477	Appropriations from Government	18,235,351	18,337,625	0.6	18,535,684	19,348,351	19,290,181
227,878	Sales of goods and services	249,368	244,334	-2.0	231,802	236,410	241,609
15,246	Interest	20,000	20,000	0.0	25,000	30,000	30,000
17,930	Net gains from sales of assets	-	-	-	-	-	-
3,529	Net gain on foreign exchange	-	-	-	-	-	-
694,050	Assets now recognised	-	415,000	-	-	-	-
188,521	Other	17,737	41,440	133.6	41,646	41,896	42,266
18,990,629	TOTAL REVENUES	18,522,456	19,058,399	2.9	18,834,132	19,656,657	19,604,056
EXPENSES							
5,744,930	Employees	5,874,644	5,922,582	0.8	6,160,790	6,478,781	6,633,733
4,682,910	Suppliers	4,675,891	4,748,896	1.6	4,584,573	4,809,661	4,684,836
22,587	Grants	1,370	1,370	0.0	2,013	2,064	2,116
2,526,197	Depreciation and amortisation	2,782,814	2,677,814	-3.8	2,826,637	2,984,937	2,742,171
1,573,635	Write-down of assets	100,000	620,000	520.0	100,000	100,000	100,000
1,770	Other	-	-	-	-	-	-
14,552,029	TOTAL EXPENSES	13,434,719	13,970,662	4.0	13,674,013	14,375,443	14,162,856
28,581	Borrowing cost expense	31,643	31,643	-	30,678	29,633	28,761
4,410,020	NET OPERATING RESULT	5,056,094	5,056,094	0.0	5,129,441	5,251,581	5,412,439
EQUITY INTERESTS							
38,304,586	Accumulated surpluses at 1 July	38,232,886	38,072,157	-0.4	37,412,657	37,323,757	37,175,925
TOTAL AVAILABLE FOR							
42,714,605	APPROPRIATION	43,288,980	43,128,251	-0.4	42,542,098	42,575,338	42,588,364
(4,633,854)	Capital use charge	(5,056,094)	(5,056,094)	0.0	(5,129,441)	(5,251,581)	(5,412,439)
-	Capital withdrawal	(659,500)	(659,500)	0.0	(88,900)	(147,832)	-
(8,594)	Dividend Paid	-	-	-	-	-	-
38,072,157	ACCUMULATED SURPLUSES AT 30 JUNE	37,573,386	37,412,657	-0.4	37,323,757	37,175,925	37,175,925

Table 3.2: Budgeted Statement of Financial Position

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variation	2003-004 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
ASSETS						
Financial Assets						
835,153	609,807	968,415	58.8	1,010,955	1,154,322	1,154,322
520,292	433,808	513,392	18.3	513,392	513,392	513,392
1,355,445	1,043,615	1,481,807	42.0	1,524,347	1,667,714	1,667,714
Non-Financial Assets						
8,725,100	7,458,837	8,210,166	10.1	8,182,057	8,041,926	8,041,908
35,523,000	37,010,550	36,678,808	-0.9	37,993,356	39,180,455	40,949,610
3,620,788	3,127,706	3,554,269	13.6	3,458,391	3,357,448	3,269,081
164,360	100,360	119,732	19.3	84,804	48,872	56,389
564,424	482,963	564,424	16.9	564,424	564,424	564,424
48,597,671	48,180,416	49,127,399	2.0	50,283,032	51,193,125	52,881,412
49,953,117	49,224,031	50,609,206	2.8	51,807,379	52,860,839	54,549,126
LIABILITIES						
Debt						
360,271	369,386	348,676	-5.6	336,115	322,508	308,028
-	213	-	-	-	-	-
360,271	369,599	348,676	-5.7	336,115	322,508	308,028
Provisions and Payables						
2,954,603	2,956,058	3,068,933	3.8	3,187,259	3,310,324	3,406,247
1,033,744	416,326	1,033,744	148.3	1,033,744	1,033,744	1,033,744
15,052	72,159	15,052	-79.1	15,052	15,052	15,052
4,003,399	3,444,543	4,117,729	19.5	4,236,055	4,359,120	4,455,043
4,363,671	3,814,142	4,466,405	17.1	4,572,170	4,681,628	4,763,071
45,589,447	45,409,889	46,142,801	1.6	47,235,209	48,179,211	49,786,055
EQUITY						
1,300,047	2,501,666	2,515,248	0.5	3,745,309	4,870,376	6,477,220
6,217,243	5,334,837	6,214,896	16.5	6,166,143	6,132,910	6,132,910
38,072,157	37,573,386	37,412,657	-0.4	37,323,757	37,175,925	37,175,925
45,589,447	45,409,889	46,142,801	1.6	47,235,209	48,179,211	49,786,055
Represented by						
2,157,718	1,675,292	2,699,603	61.1	2,713,978	2,875,524	2,895,738
47,795,398	47,548,739	47,909,603	0.8	49,093,401	49,985,313	51,653,388
2,079,944	1,587,791	2,122,245	33.7	2,164,262	2,208,003	2,242,154
2,283,727	2,226,351	2,344,160	5.3	2,407,908	2,473,625	2,520,917

Table 3.3: Budgeted Statement of Cash Flows

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variatio n	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate	
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	
OPERATING ACTIVITIES							
17,843,477	Appropriations from Government	18,235,351	18,337,625	0.6	18,535,684	19,348,351	19,290,181
261,227	Sales of goods and services	270,814	265,347	(2.0)	251,737	256,741	257,314
13,206	Interest	20,000	20,000	0.0	25,000	30,000	30,000
609,766	Net GST refund	792,160	811,133	2.4	826,386	827,384	817,271
115,549	Other	15,737	39,440	150.6	39,646	39,896	42,266
18,843,225	Total cash received	19,334,062	19,473,545	0.7	19,678,453	20,502,372	20,437,032
5,535,080	Employees	5,760,874	5,808,252	0.8	6,042,464	6,355,716	6,537,810
5,561,899	Suppliers	5,420,978	5,512,524	1.7	5,333,016	5,554,433	5,429,445
22,587	Grants	1,370	1,370	0.0	2,013	2,064	2,116
30,350	Other	31,643	31,643	0.0	30,678	29,633	28,761
11,149,916	Total cash used	11,214,865	11,353,789	1.2	11,408,171	11,941,846	11,998,132
NET CASH FROM/(TO)							
7,693,310	OPERATING ACTIVITIES	8,119,197	8,119,756	0.0	8,270,282	8,560,526	8,438,900
INVESTING ACTIVITIES							
Proceeds from sales of property, plant and equipment							
217,977		699,766	722,662	3.3	195,384	214,312	40,000
217,977	Total cash received	699,766	722,662	3.3	195,384	214,312	40,000
Purchase of specialist military equipment							
2,482,883		3,586,909	3,644,607	1.6	3,911,495	3,718,637	4,045,763
Purchase of property, plant and equipment							
509,661		485,473	552,561	13.8	510,790	624,881	613,062
2,992,544	Total cash used	4,072,382	4,197,168	3.1	4,422,285	4,343,518	4,658,825
NET CASH FROM/(TO)							
(2,774,567)	INVESTING ACTIVITIES	(3,372,616)	(3,474,506)	3.0	(4,226,901)	(4,129,206)	(4,618,825)
FINANCING ACTIVITIES							
Other							
754,175	Equity appropriation	1,090,415	1,215,201	11.4	1,230,061	1,125,067	1,606,844
754,175	Total cash received	1,090,415	1,215,201	11.4	1,230,061	1,125,067	1,606,844
Repayments of debt							
31,414		11,595	11,595	0.0	12,561	13,607	14,480
Capital use charge							
4,750,290		5,056,094	5,056,094	0.0	5,129,441	5,251,581	5,412,439
Capital withdrawal							
97,884		659,500	659,500	0.0	88,900	147,832	-
Dividends Paid							
8,594		-	-	-	-	-	-
4,888,182	Total cash used	5,727,189	5,727,189	0.0	5,230,902	5,413,020	5,426,919
NET CASH FROM/(TO)							
(4,134,007)	FINANCING ACTIVITIES	(4,636,774)	(4,511,988)	-2.7	(4,000,841)	(4,287,953)	(3,820,075)
Net Increase/(Decrease) in							
Cash Held							
784,736		109,807	133,262	21.4	42,540	143,367	-
Cash at 1 July							
58,303		500,000	835,153	67.0	968,415	1,010,955	1,154,322
(7,886) Exchange movements on cash at beginning of reporting period							
			-	-	-	-	-
835,153	CASH AT 30 JUNE	609,807	968,415	58.8	1,010,955	1,154,322	1,154,322

Table 3.4: Capital Budget Statement

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variatio n	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
CAPITAL EXPENDITURE						
2,482,883	3,586,909	3,644,607	1.6	3,911,495	3,718,637	4,045,763
509,661	485,473	552,561	13.8	510,790	624,881	613,062
2,992,544	4,072,382	4,197,168	3.1	4,422,285	4,343,518	4,658,825
Funded from:						
754,175	1,090,415	1,215,201	11.4	1,230,061	1,125,067	1,606,844
2,020,392	2,941,701	2,918,805	-0.8	3,085,740	3,151,971	3,011,981
217,977	40,266	63,162	56.9	106,484	66,480	40,000
2,992,544	4,072,382	4,197,168	3.1	4,422,285	4,343,518	4,658,825
CAPITAL RECEIPTS						
553	-	-	-	-	-	-
217,424	699,766	722,662	3.3	195,384	214,312	40,000
-	-	-	-	-	-	-
-	(659,500)	(659,500)	0.0	(88,900)	(147,832)	-
217,977	40,266	63,162	56.9	106,484	66,480	40,000

Table 3.5: Non-Financial Assets – Summary of Movement

Revised Budget Year 2002-03	Land	Buildings	Commercial Vehicles, Other Equipment and Infrastructure	Specialist Military Equipment	Software	Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE							
Gross value as at 30 June 2002	2,315,576	9,075,440	7,318,162	49,586,073	113,482	135,944	68,544,677
Gross value – additions	6,183	236,643	307,427	3,644,607	2,291	17	4,197,168
Gross value – revaluations	-	104,897	-	(107,244)	-	-	(2,347)
Gross value – disposals	(61,415)	(586,903)	(91,425)	(62,830)	-	-	(802,573)
Gross value – write-offs	-	-	-	(520,000)	-	-	(520,000)
Gross value – other movements	-	-	-	315,000	-	-	315,000
GROSS VALUE AS AT 30 JUNE 2003	2,260,344	8,830,077	7,534,164	52,855,606	115,773	135,961	71,731,925
ACCUMULATED DEPRECIATION/AMORTISATION							
Accumulated depreciation/amortisation as at 30 June 2002	-	2,665,916	2,452,051	18,929,182	38,176	46,891	24,132,216
Depreciation/amortisation on assets held at the beginning of the year	-	239,134	335,512	2,056,232	18,914	28,022	2,677,814
Accumulated depreciation/amortisation on assets disposed through the year	-	(24,795)	(27,852)	(34,164)	-	-	(86,811)
ACCUMULATED DEPRECIATION/AMORTISATION AS AT 30 JUNE 2003	-	2,880,255	2,759,711	20,951,250	57,090	74,913	26,723,219
WRITTEN DOWN VALUE AS AT 30 JUNE 2003	2,260,344	5,949,822	4,774,453	31,904,356	58,683	61,048	45,008,706

Table 3.6: Administered – Revenues and Expenses

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variation	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Revenues Administered on Behalf of Government						
97,240 Interest and Dividends	211,920	361,900	70.8	205,400	270,200	49,500
753,009 Other	682,497	682,497	0.0	683,683	687,389	687,389
850,249	894,417	1,044,397	16.8	889,083	957,589	736,889
Expenses Administered on Behalf of Government						
2,270,955 Military benefits	2,200,000	2,230,600	1.4	2,230,600	2,330,600	2,330,600
6,411 Subsidies	5,700	5,700	0.0	5,700	5,700	5,700
12,269 Other	181	181	0.0	181	181	181
2,289,635	2,205,881	2,236,481	1.4	2,236,481	2,336,481	2,336,481

Table 3.7: Administered – Assets and Liabilities

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variatio n %	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Assets Administered on Behalf of Government						
121 Cash	170	121	-28.8	121	121	121
176,830 Receivables	81,654	176,830	116.6	176,830	176,830	176,830
1,258,883 Investments	1,546,261	1,258,883	-18.6	1,258,883	1,258,883	1,258,883
84,409 Non-Financial Assets	-	84,409	100	84,409	84,409	84,409
1,520,243 Total assets administered on behalf of Government	1,628,085	1,520,243	-6.6	1,520,243	1,520,243	1,520,243
Liabilities Administered on Behalf of Government						
26,900,000 Military benefits	28,000,000	27,800,000	-0.7	28,600,000	29,500,000	30,400,000
- Other	18,260	-	-100	-	-	-
26,900,000 Total payables	28,018,260	27,800,000	-0.8	28,600,000	29,500,000	30,400,000
26,900,000 Total liabilities administered on Behalf of Government	28,018,260	27,800,000	-0.8	28,600,000	29,500,000	30,400,000
Represented by:						
176,951 Current assets	81,824	176,951	116.3	176,951	176,951	176,951
1,343,292 Non-current assets	1,546,261	1,343,292	-13.1	1,343,292	1,343,292	1,343,292
1,346,000 Current liabilities	1,300,181	1,619,000	24.5	1,642,000	1,691,000	1,743,000
25,554,000 Non-current liabilities	26,718,079	26,181,000	-2.0	26,958,000	27,809,000	28,657,000

Table 3.8: Administered – Cash Flows

2001-02 Result	2002-03 Budget Estimate	2002-03 Revised Estimate	Variatio n %	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Administered Cash Flows						
OPERATING ACTIVITIES						
Cash Received						
Cash from the Official Public						
1,320,361	Account	1,305,881	1,336,481	2.3	1,436,481	1,436,481
97,240	Interest and Dividends	211,920	361,900	70.8	205,400	270,200
720,319	Other	682,497	682,497	0.0	683,683	687,389
2,137,920	Total Cash Received	2,200,298	2,380,878	8.2	2,325,564	2,394,070
Cash Used						
1,318,668	Military benefits	1,300,000	1,330,600	2.4	1,430,600	1,430,600
6,411	Subsidies	5,700	5,700	0.0	5,700	5,700
Cash to the Official Public						
812,890	Account	894,417	1,044,397	16.8	889,083	957,589
	Other	181	181	0.0	181	181
2,137,969	Total Cash Used	2,200,298	2,380,878	8.2	2,325,564	2,394,070
NET CASH USED BY						
(49)	OPERATING ACTIVITIES	-	-	-	-	-
NET (DECREASE)/INCREASE						
(49)	IN CASH HELD	-	-	-	-	-
Cash at the beginning of the						
170	reporting period	121	121	0.0	121	121
CASH AT THE END OF THE						
121	REPORTING PERIOD	121	121	0.0	121	121

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 2002-03 budget year, and each of the following forward years from 2003-04 to 2005-06.

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.

Budgeted financial estimates are provided for both *departmental* and *administered* financial items. *Departmental* statements include assets, liabilities, revenues and expenses that are controlled by Defence in providing goods and services including employees and other administrative expenses, computers, plant and equipment, liabilities for non-superannuation employee entitlements, departmental price of outputs appropriations and revenues from user charge. *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 are controlled by the Government and by Defence on behalf of the Government. These financial statements do not report the receipt of administrative appropriations from the Official Public Account (OPA) as administered revenues, nor are transfers of administered receipts of the OPA reported as administered expenses.

The budgeted financial statements show the revised budget estimates for 2002-03, and the forward years, as well as the budget estimate for 2002-03 for comparative purposes. The results for 2001-02 are also included for comparative purposes and are based on the audited financial results as provided in the 2001-02 annual report.

Variations explained against the budgeted financial statements are between the budget and revised estimates for 2002-03 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 comprise 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 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 \$50,000.

Revaluations

In accordance with the requirements of the Finance Minister's Orders, Defence adopted the deprival basis for the measurement of non-current assets during 2001-02, with the exception of specialist military equipment is are recorded at cost.

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.

Inventory

Inventory is not ordinarily held by Defence for sale. Inventory is brought to account at weighted average cost. Costs are assigned to issued inventory on the same basis. Where inventory is no longer required, it is held at net realisable value.

Provision for inventory obsolescence

Inventory is considered obsolete or obsolescent based upon current inventory levels and expected usage of such assets in the achievement of Defence's outcome.

Investments

Investments held on behalf of the Commonwealth bodies are included as 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, except where there has been a return from the equity to the owner (Government).

This is a requirement of the Finance Minister's Orders.

Superannuation

The Defence Force Retirement and Death Benefits Scheme and the Military Superannuation and Benefits Scheme are defined benefit superannuation plans for ADF members. ADF employer superannuation contributions, pension payments, member contributions and the provision for unfunded superannuation, as determined by the Australian Government Actuary, are reflected in administered items.

Taxation

Defence's activities are exempt from all forms of taxation except fringe benefits tax and the goods and services (GST) tax. Defence is able to claim input credits for GST incorporated within the cost of assets and supplies purchased by Defence.

Capital Use Charge

A capital use charge of 11 per cent has been imposed by the Commonwealth Government as a return of its equity invested in Defence (calculated by reference to the net assets in the Statement of Financial Position). The charge is paid out of Defence's net surplus.

NOTE 2 – BUDGETED STATEMENT OF FINANCIAL PERFORMANCE – VARIATION IN ESTIMATES

This note provides explanations for the material variations between the 2002-03 budgeted and revised.

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 2002-03 is expected to increase by \$102.3m from the budget estimate, Defence's overall funding from the Government in 2002-03 is expected to increase by \$227.1m.

The increase in the price of outputs to the Government (\$102.3m) is made up of a number of new adjustments including:

- adjustments relating to price and exchange movements (\$68.1m);
- additional funding to meet the cost of increased inventory usage (\$31.1m);
- budget neutrality adjustment associated with the agency banking incentive scheme (\$6.7m); and
- other transfers and technical adjustments (-\$3.6m).

The equity injection from the Government increased by \$124.8m as a result of:

- additional funding for specialist military equipment (\$92.7m); and
- indexation to meet price growth (\$32.1m).

Reversal of Previous Asset Write-Downs

An amount of \$415m has been anticipated in the revised estimate in comparison to a nil budget estimate. Work on substantiation of asset values in 2001-02 resulted in significant recognition of assets first found. While this work is substantially complete, there will be some residual impact on the operating statement in 2002-03 and the increase over the budget estimate reflects this planning assumption.

Other Revenue

The estimate for other revenue has increased by \$23.7m from the budget estimate reflecting revised classifications of some revenues between this category and the sale of goods and services.

Suppliers Expenses

Suppliers expenses will increase by \$73.0m, or 1.6 per cent, as a result of additional funding to meet the cost of increased inventory usage and the effects of price indexation movements.

Depreciation and Amortisation

Depreciation and amortisation will decrease by \$105.0m, or 3.8 per cent, from the budget estimate, reflecting a more realistic estimate informed by an internal review.

Budgeted Statement of Financial Position

There have been significant adjustments, both increases and decreases, across most balance sheet categories between the budget and revised estimates. These adjustments are due primarily to the revision of opening balance adjustments to align estimates with the 2001-02 audited financial statements. The balance sheet in the *Portfolio Budget Statements 2002-03* was based on forecast 2001-02 closing balances. When the audited statements became available after the end of the financial year, the balance sheet for the 2002-03 and all forward years was adjusted to reflect the final 2001-02 closing position.

Budgeted Statement of Cash Flows

In general, commentary for cash flows associated with operating items are included under the relevant statement of financial performance item above. Reasons for material variances elsewhere 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.

Purchase of Property, Plant and Equipment

Estimated purchases of property, plant and equipment have increased by \$67.1m, or 13.8 per cent, for 2002-03, reflecting price indexation and the technical reclassification of some expenditure from specialist military equipment to this category.

Equity Appropriation

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

Administered Statements

Interest and Dividends Revenue

Dividends revenue from Defence Housing Authority and returned to the Government have been increased by \$150m, or 70.8 per cent, from the budget estimate to reflect the upwards revision in the special dividend component.

Military Benefits Expenses

Military benefits expenses will increase by \$30.6m, or 1.4 per cent, as a result of the inclusion of estimated retention benefit payments informed by the 2001-02 audited outcome.

CAPITAL BUDGET

OVERVIEW

The revised capital budget for 2002-03 totals \$4,197m. This is funded 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.

Table 3.9: Defence Capital Budget 2002-03

	2002-03 Budget Estimate	2002-03 Revised Estimate	Variation
	\$m	\$m	\$m
Specialist Military Equipment	3,586.9	3,644.6	57.7
Land and Buildings	220.9	242.8	21.9
Other Equipment and Infrastructure	253.4	307.5	54.1
Software and Other Intangibles	11.2	2.3	-8.9
TOTAL	4,072.4	4,197.2	124.8

Explanation of Variations

The increase of \$124.8m in planned capital expenditure reflects movements in price indexation (\$32.1m) and additional funding to meet the increased cost of specialist military equipment purchases (\$92.7m).

MAJOR CAPITAL EQUIPMENT PROJECTS

The following table and descriptions provide details on the approved project expenditure, the cumulative expenditure to 30 June 2002 and the estimated expenditure for 2002-03 of the top 20 major capital equipment projects by forecast expenditure during the year.

Table 3.10: Top 20 Projects by Forecast 2002-03 Expenditure

	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2002	2002-03 Budget Estimate	2002-03 Revised Estimate ⁽¹⁾
	\$m	\$m	\$m	\$m
Airborne Surveillance And Control				
Airborne Early Warning And Control	3,623	458	404	464
Maritime				
Anzac Ship Project ⁽²⁾	5,299	4,449	258	263
FFG Progressive Upgrade – Implementation	1,446	665	165	208
Collins Class Reliability and Sustainability Improvements – Phase 3 ⁽³⁾	391	39	102	106
Evolved SeaSparrow Missile – Phase 2B/3	299	39	58	84
Minehunter Coastal Acquisition	1,245	1,060	61	66
New Submarine Project	5,115	4,996	55	48
Evolved SeaSparrow Missile – Phase 2A ⁽³⁾	358	305	41	44
Aerospace				
F/A-18 Hornet Upgrade – Phase 2	1,606	339	222	207
P-3C Update	916	671	91	122
Air-to-Air Weapons Capability – Phase 1	314	205	96	100
Anzac Ship Helicopter	1,030	793	72	67
Land				
Australian Light Armoured Vehicles	700	161	134	167
Upgrade of M113 Armoured Vehicles	552	49	7	64
Joint Logistics				
Air-to-Surface Stand-off Weapon Capability	449	239	78	97
Lightweight Torpedo Replacement ⁽³⁾	293	3	42	43
Electronic Systems				
Jindalee Operational Radar Network ⁽³⁾	1,227	984	62	64
Milsatcom – Military Satellite Payload	378	284	60	63
High Frequency Modernisation	595	241	83	44
E-Defence Project ⁽⁴⁾	108	26	50	43
TOTAL TOP 20 PROJECTS	25,944	16,006	2,141	2,364

Notes

1. Planned expenditure yet to be incurred is estimated in 2002-03 economic prices, including foreign currency exchange rates.
2. Project approval expenditure to date and estimate spending figures are the net cost of the ten ship program after deducting sales to New Zealand.
3. Collins Class Reliability and Sustainability Improvements – Phase 3, Evolved SeaSparrow Missile – Phase 2A, Lightweight Torpedo Replacement and Jindalee Operational Radar Network projects were inadvertently not included for the *Portfolio Budget Statements 2002-03*.
4. Previously called the Defence Messaging and Directory Environment.

The table below provides details on those projects that were reported in the *Portfolio Budget Statements 2002-03* but whose revised budget estimate was not sufficient to be included in Table 3.10.

Table 3.11: Former Top 20 Projects by Forecast 2002-03 Expenditure

	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2002	2002-03 Budget Estimate	2002-03 Revised Estimate ⁽¹⁾
	\$m	\$m	\$m	\$m
Maritime				
Collins Class Submarine Augmentation	229	162	40	34
Underwater and Surface Warfighting Upgrade	174	32	43	34
Electronic Systems				
Tactical Air Defence Radar Systems	207	118	42	23

Note

1. Planned expenditure yet to be incurred is estimated in 2002-03 economic prices, including foreign currency exchange rates.

Sixteen of the projects in Table 3.10 constitute the top 20 projects by total approved project cost. Details concerning the remaining four projects which make up the top 20 by total approved project cost are listed below.

Table 3.12: Remaining Top 20 Projects by Total Approved Project Cost

	Approved Project Expenditure ⁽¹⁾	Cumulative Expenditure to 30 June 2002	2002-03 Budget Estimate	2002-03 Revised Estimate ⁽¹⁾
	\$m	\$m	\$m	\$m
Aerospace				
Armed Reconnaissance Helicopter ⁽²⁾	1,879	124	176	23
Strategic Airlift Capability	1,097	953	21	21
Lead-In Fighter Capability	1,022	915	26	26
Land				
Bushranger Infantry Mobility Vehicles ⁽²⁾	329	70	60	18

Notes

1. Planned expenditure yet to be incurred is estimated in 2002-03 economic prices, including foreign currency exchange rates.
2. These two projects were also reported in the Top 20 table (by 2002-03 expenditure) of the *Portfolio Budget Statements 2002-03* (page 77).

Project Descriptions

The total approved project expenditure for 2002-03 for all projects has been adjusted as a result of updates to expected economic price growth and foreign currency exchange rate estimates used for managing major capital equipment projects. Other changes to the estimated expenditure of individual projects during 2002-03 are a result of variations in spending across financial years and are managed within budget estimates for overall expenditure on projects during the year.

Airborne Early Warning and Control

This project will provide Defence with an airborne early warning and control capability, with the provision of four aircraft and associated supplies and support. The project remains on schedule and on budget, with a planned in-service date of 2007. A

number of significant design reviews have been conducted successfully in 2002-03, including the communications and mission computing software preliminary design reviews. Further reviews will be conducted throughout the remainder of 2002-03, including airborne mission segment and communications critical design reviews. The first unmodified Boeing 737 aircraft was rolled out of the Boeing Renton factory in the United States in late October 2002 and specific modifications will commence in January 2003. The first production radar was placed on the test range in November 2002.

The variation between the budget estimate and the revised estimate is due mainly to budget updates to expected economic price growth and foreign currency exchange rate estimates and a contract payment being made in 2002-03 rather than in 2001-02 as previously planned. Other reasons include reprogramming of funds to cover anticipated additions to the Foreign Military Sales order with the United States Government and other minor reprogramming.

This project contributes to Air Force Capabilities.

Anzac Ship Project

This project involves the delivery of ten ships, associated shore facilities and logistic support. Two of the ten ships (02 and 04) are for the Royal New Zealand Navy. Six ships have been delivered and are in service with the Royal Australian Navy and the Royal New Zealand Navy.

HMAS *Stuart* (Ship 06) was delivered in May 2002. HMAS *Ballarat* (Ship 08) was launched in May 2002 and delivery will be in mid-2004. In mid-2003, HMAS *Parramatta* (Ship 07) is scheduled for delivery, HMAS *Toowoomba* (Ship 09) is to be launched, and HMAS *Perth* (Ship 10) is to have its keel laid.

This project contributes to Navy Capabilities.

FFG Progressive Upgrade – Implementation

The FFG Upgrade Project seeks to regain a comparative regional capability for FFG guided missile frigates to ensure that they remain effective and supportable to the end of their life.

There is an expected delay to the project schedule in the range of 24 months, depending on schedule replanning. Detailed schedule replanning is being finalised by ADI Limited, in conjunction with the project authority, and is expected to be completed by the end of 2002. The prime contractor, ADI Limited, will conduct the upgrade, commencing with HMAS *Sydney* (FFG 03) in late 2003 and ending with HMAS *Newcastle* (FFG 06) in 2008.

A revised approach for the delivery of the combat system software architecture and changed arrangements and responsibilities for the combat system design and integration authorities have been implemented. Equipment deliveries continue broadly to the original schedule.

The increase in planned expenditure relates to cash flow against the prime contract being brought forward into 2002-03 as a result of a contract schedule replan.

Additionally, increases occur due to updates to expected economic price growth and foreign currency exchange rates.

This project contributes to Navy Capabilities.

Collins Class Reliability and Sustainability Improvements – Phase 3

This project seeks to achieve full capability for the Collins class submarines by implementing recommendations from the McIntosh/Prescott report and the work of the submarine capability team. Phase 3 was approved in December 2000 and will provide reliability and sustainability improvement to the Collins-class submarines through the implementation of a program of modifications and enhancements to the submarine platform. It also addresses current shortcomings in the submarine support infrastructure. There are numerous individual works, a number of which have already been incorporated in HMA Ships *Dechaineux*, *Sheean* and *Rankin* and are currently being implemented in HMAS *Collins* and HMAS *Farncomb* during their current full-cycle dockings. The scheduled completion date for Phase 3 is 2007.

This project contributes to Navy Capabilities.

Evolved SeaSparrow Missile – Phase 2A and 2B/3

This project will introduce the Evolved SeaSparrow Missile into Navy service. Phase 2A covers the fitment of the Evolved SeaSparrow Missile onto HMA Ships *Warramunga*, *Stuart* and *Parramatta*. Phase 2B/3 will complete fitment onto HMA Ships *Ballarat*, *Toowoomba* and *Perth*.

The requirement of the international consortium to complete missile environmental qualification and safety certification has caused a delay in the delivery of missiles to Australia for test firing. Production missiles for Australia will start to be delivered in December 2002. Missiles for firing trials, to be used by HMAS *Warramunga*, were delivered at the Raytheon Arkansas plant in the United States in early November 2002. Onward delivery to Australia will occur once transportation approval has been obtained from the Ordnance Safety Group.

Progressive missile deliveries will occur throughout 2003 and subsequent years. HMAS *Warramunga* (Anzac Ship 05) and HMAS *Stuart* (Ship 06) are the first of the Evolved-SeaSparrow-Missile-capable ships that will receive the missiles. The remaining ships under construction are being modified to fire the missiles and the in-service ships will be upgraded during future maintenance availabilities.

This project contributes to Navy Capabilities.

Minehunter Coastal Acquisition

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

The first five ships, HMA Ships *Huon*, *Hawkesbury*, *Norman*, *Gascoyne* and *Diamantina*, have all been delivered to the Navy. The sixth and final ship, HMAS *Yarra*, was

launched in January 2002 and is scheduled for delivery in December 2002. Acceptance into naval service of all six ships is expected to occur in mid to late 2003.

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 delivered, with the sixth (HMAS *Rankin*) expected to be delivered early in 2003 having completed sea trials and a class shock trial. In July 1999, following the McIntosh/Prescott report, the project aim was modified to “achieving a fully operational and sustainable submarine capability as quickly as possible, within the approved resources”. The additional work under the expanded aim is being progressed under two separate, but related projects covering Collins-class submarine augmentation and Collins-class sustainability and reliability enhancements.

This project contributes to Navy Capabilities.

F/A-18 Hornet Upgrade – Phase 2

This project seeks to upgrade the F/A-18 fleet to incorporate enhancements that will allow the aircraft more effectively to perform its air defence strategic concept tasks.

The project schedule for 2002-03 includes substantial completion of the radar upgrade production phase, early incorporation of necessary structural refurbishment tasks, assessment of electronic warfare options, and the commencement of the design and development phase for improvements to aircrew situational awareness.

The improved situational awareness aspects address cockpit displays, a moving map, a helmet-mounted cuing system and improved datalinks.

The decrease in 2002-03 expenditure is due primarily to changes in the expected spend pattern for Foreign Military Sales orders with the United States Government.

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 are being replaced with integrated, modern systems.

Planned activities for 2002-03 include the acceptance of the operational mission simulator and the systems engineering laboratory. The first upgraded AP-3C aircraft was accepted by the Commonwealth in July 2002 and has been recommended for full service release, with the project expected to be completed by December 2004. The increase in planned expenditure during 2002-03 is primarily due to the delay in aircraft acceptance during 2001-02.

This project contributes to Air Force Capabilities.

Air-to-Air Weapons Capability – Phase 1

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 project schedule for 2002-03 includes the delivery of additional beyond-visual-range missiles and a decision on whether to invest in Australian deeper maintenance and software support capabilities for the within-visual-range missile. There will be ongoing work for integration and testing of the within-visual-range missile on the F/A-18 aircraft involving the Defence Science and Technology Organisation and the Air Force Aircraft Research and Development Unit.

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 contract is running three and a half years late, with aircraft acceptance now planned for December 2004.

The delay has been caused substantially by the failure of the former Litton sub-contractor to develop the software that integrates the aircraft and weapons systems. The prime contractor, Kaman, has recently subcontracted Computer Sciences Corporation Australia and Northrop Grumman Information Technology to complete the development of this software. Limited flying training operations may commence in mid-2003, if progress improves in the development of the software.

The Kaman Aerospace International Support Centre, which includes a software support centre, engineering support and logistic management functions, has been commissioned in Nowra. Staffing for the support centre has been wound back due to the delay in delivery of the aircraft. A full mission flight simulator is under development in the United States.

Nine aircraft are in final build at Nowra. Two aircraft are in the United States. One is undergoing reassembly to SH-2G(A) standard and the other is conducting developmental test and evaluation flights. The aircraft will be capable of firing Penguin anti-ship missiles, which are being acquired under a separate project.

This project contributes to Navy Capabilities.

Australian Light Armoured Vehicles

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. The third phase of the project includes the acquisition of an additional 144 vehicles and the completion of the surveillance variant, gunnery trainer and the commander's weapon station. The additional 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.

While there have been delays in some elements of the project, such as the surveillance variant and the commander's weapon station, these are considered manageable, and the overall project remains on track to commence delivery of vehicles to Army units in late 2003. The increase in estimated 2002-03 spend is primarily due to updates to expected economic price growth and foreign currency exchange rate estimates, and the delay in the incorporation of major project elements as previously described.

This project contributes to Army Capabilities.

Upgrade of M113 Armoured Vehicles

This project is upgrading 350 of the Army's fleet of M113 armoured vehicles, which provide transport and fire support for Army's mechanised infantry forces. Although they continue to see operational service in East Timor, the vehicles are being overtaken by modern weapons and becoming obsolete.

The upgrade will restore the vehicle's capability with improved protection, firepower, mobility and habitability. It includes applique armour, a new armoured turret and machine gun, a new engine, drive train and suspension, and stretching of 259 vehicles.

A contract for the upgrade was signed in July 2002 and the project is proceeding on schedule, with full production due to commence in 2005 and the first Company group in service in 2006. The increase in planned 2002-03 expenditure reflects the contracted payment schedule.

This project contributes to Army Capabilities.

Air-to-Surface Stand-Off Weapons Systems 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 improved stand-off range, thereby contributing to the survivability of the aircraft.

The project schedule for 2002-03 includes continued delivery of missiles into Australia as well as items of ground support equipment. Aircraft and missile integration design, which has been carried over from the previous year, will be completed, with prototype aircraft modification to commence at RAAF Amberley, Queensland.

The planned 2002-03 expenditure has increased due to continuing aircraft and missile integration work, procurement of a mission rehearsal system and a simulator and mission planning system upgrade.

This project contributes to Air Force Capabilities.

Lightweight Torpedo Replacement

This project will introduce a new lightweight torpedo (MU90) for the ADF, replacing the current Mk46 system. The torpedo will be integrated onto the FFG and Anzac-class frigates, Seahawk and Seasprite helicopters and the AP-3C maritime patrol aircraft. HMA Ships *Parramatta*, *Ballarat*, *Toowoomba* and *Perth* are scheduled to receive the MU90 capability as part of the Anzac build program. The in-service Anzac ships

will undergo integration as part of scheduled maintenance periods. Integration into the AP-3C aircraft and FFG frigates is scheduled to commence in mid-2003. An in-country assembly and maintenance facility for the torpedo will be established during this phase. The first batch of locally-assembled torpedoes is scheduled for delivery in 2008.

This project contributes to Navy and Air Force Capabilities.

Jindalee Operational Radar Network

The Jindalee Operational Radar Network project will provide a network of two over-the-horizon radars: one near Longreach, Queensland and the other near Laverton, Western Australia. Each will be operated from the network's Coordination Centre at RAAF Edinburgh, South Australia. The network, incorporating the existing Jindalee radar facility outside Alice Springs, will provide comprehensive wide-area surveillance coverage of the sea-air approaches to Australia from the north and north-west.

Project integration work is virtually completed and evaluation and acceptance testing activities by the contractor and Defence are moving into the final stages. Operational release is expected in the second quarter of 2003, involving hand-over of network assets for RAAF-controlled operational training and evaluation, and subsequent surveillance operations. Final acceptance is projected to be achieved around mid-2003.

This project contributes to Air Force Capabilities.

Milsatcom – Military Satellite Payload

This project will provide Defence with a satellite communications capability over Australia and the Asia-Pacific region in the X, Ka and UHF communications frequency bands. The capability will comprise a Defence-owned communications payload operating on board the Optus C1 satellite, together with anchor stations and payload control infrastructure located at Defence facilities in Canberra.

The Optus C1 satellite is currently undergoing system-level testing in the United States and will be launched from Kourou in French Guiana in early 2003. Defence will commence operational use of the satellite in mid-2003 following in-orbit test and evaluation.

SingTel Optus will use a commercial Ku frequency band payload on the satellite to provide commercial telecommunications services into Australia, New Zealand and Asia. Arrangements have been put in place for the joint management of this shared satellite asset.

This project contributes to Defence Operations.

High Frequency Modernisation

This project will replace naval 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. The new network will provide enhanced high-frequency radio communications capabilities and compatible high-frequency

equipment in selected ADF mobile platforms. The project will deliver the new capability in two stages: the first stage will replace the existing facilities; and the second will provide increased levels of automation, improved capability, and enhanced security and survivability, reduce reliance on staff and incorporate the new equipment into the mobile platforms.

Integration and system testing of the first stage system components, scheduled for 2001-02, were not achieved due to delays in software development and integration issues. This is now scheduled to occur in 2003-04. The transition of Navy and Air Force radio network operational capability and staff to the integrated system is scheduled for 2003-04. The second stage will be introduced progressively during the period from 2004 to 2006.

The budget estimate expenditure has reduced due to contractor delays in achieving performance milestones and monthly earned value payments and the postponement of exercising contract options due to these delays.

This project contributes to Defence Operations.

E-Defence Project (previously Defence Messaging and Directory Environment)

The e-Defence project provides an identity framework on the Defence electronic information networks to support electronic transactions. Included in the capability are message services, a corporate directory, gateways and a smart card.

Leveraging on e-commerce technology, the project has successfully prototyped an electronic authentication infrastructure and a high-integrity e-mail capability. A pilot deployment of the capability has just commenced and should be followed early in 2003 with a full-scale deployment of the initial capability on to the command and control network. Work will then continue to extend and evolve this core capability.

Planned expenditure in 2002-03 has decreased due to a number of technical issues that delayed progress of the project, which in turn, resulted in delays in the purchasing of software usage and maintenance licences and rollout of equipment.

This project contributes to Defence Operations.

FORMER TOP 20 PROJECTS

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 level of operational capability as quickly as possible. Initial hull improvements to HMAS *Collins* were completed in August 1999. Work to upgrade two further submarines, HMAS *Dechaineux* and HMAS *Sheean*, to the interim level of improved capability was essentially completed by December 2000.

Some outstanding combat system tasks were deferred due to the priorities set by the Commander Australian Naval Submarine Group and the availability of the submarines. As a result, the third and final phase of the combat system augmentation

was split into two stages. The first was completed in August 2002, but the remaining stage, comprising final software installation on the submarines, has been deferred to the first half of 2003. HMAS *Rankin* completed further platform improvements in 2002 and HMAS *Collins* will incorporate these improvements in 2003.

This project contributes to Navy Capabilities.

Underwater and Surface Warfighting Upgrade

This project will enhance the Anzac Ship surface and sub-surface warfare capability. The project has been split into three capabilities: Harpoon anti-ship missiles, a mine and obstacle avoidance system and a torpedo self-defence system.

The first element of the project – installation of the Harpoon surface-to-surface missile capability – is being acquired through an alliance contract between the Commonwealth, Tenix and Saab. Installation commences in 2002-03, and the capability enters service in 2004. Missiles will be acquired under a separate project. The Anzac alliance will also provide a target cost estimate for the mine and obstacle avoidance system by the end of 2002. The third phase of the underwater and surface warfighting upgrade, the torpedo self-defence system, has been deferred for consideration beyond 2002-03.

The decrease in planned expenditure is mainly due to revised contractor cash flow requirements for the Harpoon launcher control units and ship installations and revised Foreign Military Sales payment projections for Harpoon canisters.

This project contributes to Navy Capabilities.

Tactical Air Defence Radar Systems

This project is to acquire four relocatable air defence radar systems to replace existing air defence radars. It will also procure heavy-lift trucks to provide a ground transport capability for the new systems, as well as a satellite communications interface between the new systems and the fixed regional air defence sites.

Final system assembly and integration has been delayed while the prime contractor resolves significant management and technical difficulties that have been experienced with its major Australian sub-contractor. These recently disclosed deficiencies cannot be corrected at this late stage of the project without extending its duration by about 18 months.

Milestone and earned value payments are being rescheduled accordingly, resulting in a reduced estimate of expenditure for 2002-03. Site testing and evaluation is being planned for the fourth quarter of 2003. Operational evaluation of the radar and communication systems is now planned to be finalised by mid-2004, with final acceptance occurring in late 2004.

This project contributes to Air Force Capabilities.

REMAINING TOP 20 PROJECTS BY TOTAL APPROVED PROJECT COST

Armed Reconnaissance Helicopter

This project will provide Defence with 22 armed reconnaissance helicopters, a training system including simulation devices for aircrew and maintenance personnel, a software support facility and a ground mission management system.

Acquisition and through-life support contracts were signed with Eurocopter International Pacific in December 2001. The 15-year through-life support contract will provide logistic support for the armed reconnaissance helicopter system and is expected to commence in 2005. The first helicopters are planned to enter service in Australia from December 2004.

The significant reduction in expenditure for 2002-03 is due to delayed milestone drawdowns against the mobilisation payment made in December 2001 because the contractor is not meeting the Commonwealth's full expectations in contracted deliverables. The project is expected to regain its contracted schedule by the end of 2003.

This project contributes to Army Capabilities.

Strategic Airlift Capability

Twelve C-130J-30 aircraft have been acquired to replace the C-130E aircraft. Deliveries commenced in August 1999 and all aircraft have now been accepted by the Commonwealth. A role-expansion program, due for completion by the end of 2003 or early 2004, is being undertaken by the Air Force to progressively clear the aircraft for full strategic and tactical operations. Several outstanding system performance deficiencies are being pursued with Lockheed Martin. Some expenditure associated with establishing in-service support contracts and the procurement of remaining spares and documentation has been reprogrammed from 2001-02 to 2002-03.

This project contributes to Air Force Capabilities.

Lead-In Fighter Capability

This project involves the acquisition of 33 Hawk 127 aircraft to perform the lead-in fighter and ADF support roles previously performed by the Macchi MB-326H aircraft. Aircraft delivery was completed in October 2001, a delay of three months against the contracted delivery schedule. A planned upgrade to meet advanced training requirements was completed in January 2002. The third and final level of contracted capability, which includes radar simulation and emulation for the ADF support role, has been delayed due to difficulties with the proposed technical solutions.

This project contributes to Air Force Capabilities.

Bushranger Infantry Mobility Vehicles

Project Bushranger is acquiring 299 infantry mobility vehicles from ADI Limited. The infantry mobility family of vehicles will consist of six variants: troop, command, assault pioneer, mortar, direct fire weapon and ambulance. The vehicles will provide

two motorised infantry battalion groups to the Army and 12 troop variants to RAAF airfield defence guards.

Three prototype vehicles were delivered in 2000, with Defence trials demonstrating problems with reliability, noise and air transportability. A revised contract was signed in July 2002 which addressed Defence's concerns regarding cost, schedule and quality.

The infantry mobility vehicles are currently undergoing reliability qualification testing, which is scheduled to conclude in late December 2002. Test reports will be considered by Defence in early 2003. Project Bushranger will then move to the next stage, provided the vehicles pass the reliability qualification test.

FACILITIES PROJECTS

Significant Current Facilities Projects

The following table and descriptions provide details on progress and expenditure for major facilities projects with expenditure in 2002-03 of over \$5m.

Table 3.13: Significant Current Facilities Projects by State and Federal Electorate with In-Year Expenditure above \$5m

Program of Works (State, Federal electorate and locality)	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2002 \$m	2002-03 Budget Estimate \$m	2002-03 Revised Estimate \$m
QUEENSLAND				
Forde				
Canungra – Defence Intelligence Training Centre	17.4	0.8	15.9	12.1
Groom				
Oakey – Oakey Base Redevelopment ⁽¹⁾	76.2	3.5	35.0	20.0
Herbert				
Townsville – Lavarack Barracks Redevelopment Stage 3	170.6	10.0	40.5	41.6
Townsville – RAAF Townsville Redevelopment Stage 1	70.1	62.4	5.7	7.3
Townsville – RAAF Townsville Redevelopment Stage 2	72.5	8.1	29.4	35.7
NEW SOUTH WALES				
Eden/Monaro				
Eden – Navy Ammunitioning Facility	40.0	13.3	14.0	30.1
Gilmore				
Nowra – HMAS Albatross Redevelopment	110.0	96.4	5.1	13.4
Parramatta				
Ermington – Pre-Disposal Site Works	33.1	3.0	7.6	7.6
Paterson				
Williamtown – RAAF Williamtown – Redevelopment Stage 1 and Airborne Early Warning and Control Works	149.0	0	10.0	9.3
VICTORIA				
Melbourne Ports				
Fishermans Bend – Relocation of DSTO Platforms Sciences Laboratory	61.2	7.9	35.0	38.7
SOUTH AUSTRALIA				
Bonython				
Edinburgh – RAAF Edinburgh Redevelopment Stage 1	39.9	2.8	22.0	26.0
NORTHERN TERRITORY				
Lingiari				
Timber Creek – Bradshaw Field Training Area Infrastructure	64.8	9.4	27.0	10.0
AUSTRALIAN CAPITAL TERRITORY				
Canberra				
Defence Network Operations Centre	19.6	0	15.0	15.0

Note

- Includes \$18.5m for the Armed Reconnaissance Helicopter project.

The table below provides details on a project that was reported in the *Portfolio Budget Statements 2002-03* but whose revised estimate for expenditure in 2002-03 was not sufficient to be included in the significant current facilities projects table above.

Table 3.14: Former Significant Current Facilities Project

Program of Works (State, Federal electorate and locality)	Total Estimated Expenditure \$m	Cumulative Expenditure to 30 June 2002 \$m	2002-03 Budget Estimate \$m	2002-03 Revised Estimate \$m
NORTHERN TERRITORY				
Solomon				
Darwin – I Aviation Regiment relocation	75.0	0	10.0	2.0

Significant Current Facilities Projects with expenditure above \$5m

Canungra, Queensland – Defence Intelligence Training Centre

This project will replace inadequate facilities by providing new working accommodation for the headquarters, administration, instruction and course development elements. The centre will provide specialised instructional areas and office accommodation for command, management, support and instructional staff, together with associated amenities, in a secure environment. The decrease in estimated spend resulted from a delay in the commencement of work due to a redesign of the work units.

Parliamentary approval was given in September 2001. The construction contractor has been appointed. The project is due for completion in late 2003.

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

Oakey, Queensland – Oakey Base Redevelopment

This project will redevelop Oakey Base for optimal support of Army rotary wing flying training, including the future armed reconnaissance helicopter and basic helicopter training which has relocated from Fairbairn in the Australian Capital Territory. 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. The decrease in estimated spend is due to the managing contractor proceeding slower than originally programmed.

This project contributes to Army Capabilities.

Townsville, Queensland – Lavarack Barracks Redevelopment Stage 3

The project is intended to upgrade or provide new working accommodation for existing units and to provide for the future relocation of Headquarters 11 Brigade and supporting units from Jezzine Barracks, Townsville.

The managing contractor for the project has been appointed and construction has commenced, with completion planned for 2005.

This project contributes to Army Capabilities.

Townsville, Queensland – RAAF Townsville Redevelopment Stage 1

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.

Stage 1 was completed in August 2002. An indigenous land-use agreement with local indigenous groups has been negotiated to permit construction of operational facilities.

This project contributes to Air Force Capabilities.

Townsville, Queensland – RAAF Townsville Redevelopment Stage 2

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 2004. The increase in estimated spend is due to improved construction conditions which have enabled the project to be accelerated.

This project contributes to Air Force Capabilities.

Eden, New South Wales – Naval Ammunitioning Facility

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.

Land tenure issues, including negotiation of an indigenous land-use agreement, have been completed. Construction of the wharf commenced in March 2002, for completion by third quarter of 2003. The contractor has progressed better than expected resulting in acceleration of the construction of the wharf and depot. Ammunition storage facilities to support the naval ammunitioning facility will be put to tender in late 2002.

This project contributes to Navy Capabilities.

Nowra, New South Wales – HMAS Albatross Redevelopment

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 included 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. The majority of Stage 2 works is completed. Outstanding elements such as engineering services and the Flight Deck Procedural Training facility

are due to be completed mid to late 2003. The increase in expenditure is a result of work being carried over from 2001-02.

This project contributes to Navy Capabilities.

Ermington, New South Wales – Pre-Disposal Site Works

The aim of these works is to prepare this 20-hectare site on the Parramatta River for disposal. The works involve two elements:

- progressive site filling and stabilisation of the soil to provide a secure and stable building platform for future residential development. This element of the work commenced in October 2001; and
- the installation of trunk infrastructure (including main roads, water, sewer, power and telecommunications) to enable the site to be progressively sold as a series of 'super lots' over the next three years, the first sale occurring early in 2003.

The infrastructure works will commence immediately following the issuing of development consent, expected by December 2002. Disposal planning for the rezoning, master planning and development of the site has proceeded in close association with the Ermington Resident's Committee.

Williamtown, New South Wales – RAAF Williamtown Redevelopment and Airborne Early Warning and Control Works

This project will provide a range of new and redeveloped facilities and infrastructure necessary for the introduction into service of the airborne early warning and control capability to be based at RAAF Williamtown. It will provide a new precinct comprising a headquarters and maintenance complex for the squadron, aircraft parking aprons with hydrant refuelling capability, a new fuel farm, new ordnance loading aprons, and improvements to the base engineering services, runway, taxiways and airfield lighting. The project includes a support centre as a separate turnkey component to be delivered by the prime equipment contractor.

The project was approved by Parliament in September 2002, with construction expected to be completed by the end of 2006.

This project contributes to Air Force Capabilities.

Melbourne, Victoria – Relocation of Defence Science and Technology Organisation's Platforms Sciences Laboratory (formerly Aeronautical and Maritime Research Laboratory)

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.

Cost overruns have necessitated reductions to the scope of work delivered under the current contract. The managing contractor has forecast an increase in expenditure due to tenders coming in at a higher value than anticipated. Construction of the two major

laboratory buildings is under way. Completion of the current contract is expected by December 2003.

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

Edinburgh, South Australia – RAAF Edinburgh Redevelopment Stage 1

This project will provide new administrative, workshop and warehousing facilities, as well as an upgrade of engineering services and an aircraft shelter. Following the announcement of the Defence Integrated Distribution System contract, delivery is progressing with the warehousing facility. Construction has commenced, with completion expected by mid-2003.

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

Timber Creek, Northern Territory - Bradshaw Field Training Area Infrastructure

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 bridge over the Victoria River was completed in October 2002. Contracts for the remainder of the works will not be let until the indigenous land-use agreement has been signed and registered. This has resulted in a decrease in estimated spend for 2002-03. Project completion is planned for December 2004.

This project contributes to Army Capabilities.

Canberra, Australian Capital Territory – Defence Network Operations Centre

This project will provide basic facilities at HMAS Harman to allow later installation of a range of communications activities. Contract arrangements are being put into place, with a view to project completion in the latter half of 2003.

This project will contribute to Defence Operations.

Former Significant Current Facilities Project

Darwin, Northern Territory – 1 Aviation Regiment Relocation

This project will provide new facilities for 1 Aviation Regiment at Robertson Barracks in Darwin and includes permanent purpose-built working, training and domestic accommodation facilities as part of their relocation and collocation in Darwin. Work is progressing to finalise the user requirement brief and production of initial budget estimates. The project was not considered by the Public Works Committee as expected in November 2002. This has resulted in a decrease in estimated spend for the remainder of the financial year. The project is expected to be considered at a Public Works Committee hearing in early 2003.

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 2002-03. 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 cost, inclusive of fee for service and contingency.

Table 3.15: All Major and Medium Capital Facilities by State and Federal Electorate

Program of Works (State, Federal electorate and locality) * Indicates planned commencements in 2002-03	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2002 \$'000	Budget Estimate 2002-03 \$'000	Revised Estimate 2002-03 \$'000
QUEENSLAND				
Blair – Major Works				
Amberley – RAAF Amberley – Base Redevelopment Stage 1	77,400	75,668	2,600	1,720
Blair – Medium Works				
Amberley – RAAF Amberley – Relocation of Defence Materiel Organisation Strike Reconnaissance Systems Program Office	5,960	57	4,960	4,800
Amberley – RAAF Amberley – Fire and Security School	2,400	19	2,400	2,375
Amberley – RAAF Amberley – Fire and Security School Working Dog Accommodation*	850	0	850	850
Amberley – RAAF Amberley – Weapons Training Simulation System	1,000 ⁽¹⁾	206	100	844
Brisbane – Major Works				
Enoggera – Enoggera Barracks – Catering Rationalisation ⁽²⁾	11,600	71	0	0
Forde – Major Works				
Canungra – Defence Intelligence Training Centre	17,400	854	15,900	12,132
Forde – Medium Works				
Canungra – Water Project*	4,000	0	0	4,000
Groom – Major Works				
Oakey – Oakey Base Redevelopment ⁽³⁾	76,200	3,502	35,000	20,005
Herbert – Major Works				
Townsville – Lavarack Barracks Redevelopment Stage 2	151,587	147,841	250	877
Townsville – Lavarack Barracks Redevelopment Stage 3	170,649	10,034	40,467	41,676
Townsville – RAAF Townsville – Redevelopment Stage 1 ⁽⁴⁾	70,100	62,469	5,730	7,364
Townsville – RAAF Townsville – Redevelopment Stage 2 ⁽⁴⁾	72,546	8,065	29,444	35,715
Herbert – Medium Works				
Townsville – RAAF Townsville – Flight Deck Procedural Training Facility ⁽⁵⁾	2,310	0	10	0
Townsville – RAAF Townsville – 25m range	560	89	460	471
Townsville – Lavarack Barracks – Tactical Training Simulation Capability	4,500	100	4,400	4,382
Townsville – Lavarack Barracks – Regional Training Centre North Queensland Facilities*	3,000	0	500	100
Townsville – Lavarack Barracks – Combat Training Centre (Live)*	5,800	0	2,400	2,400
Townsville – Halifax Bay Range Relocation *	3,000	0	10	10
Mount Stuart – Mount Stuart Training Area Grenade Range*	400	0	400	200
Maranoa – Medium Work				
Wallangarra – Storage Facilities ⁽⁵⁾	5,700	0	0	0
TOTAL QUEENSLAND	686,962	308,975	145,881	139,921

Program of Works (State, Federal electorate and locality) * Indicates planned commencements in 2002-03	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2002 \$'000	Budget Estimate 2002-03 \$'000	Revised Estimate 2002-03 \$'000
NEW SOUTH WALES				
Eden-Monaro – Major Works				
Eden – Naval Ammunitioning Facility	40,000	13,302	14,000	30,100
Gilmore – Major Works				
Nowra – HMAS Albatross – Base Redevelopment	110,000	96,416	5,100	13,400
Gilmore—Medium Works				
Nowra – HMAS Albatross – Commander Australian Naval Aviation Group Office Refurbishment*	1,800	0	300	1,800
Nowra – Relocation of Defence Materiel Organisation Naval Aviation Systems Program Office	3,956 ⁽¹⁾	3,600	300	742
Hughes – Medium Works				
Holsworthy – Special Operations Forward Military Operations in Urban Terrain Facilities*(⁶)	5,000	0	3,000	1,000
Holsworthy – Interim Special Forces*(⁶)(⁸)	5,500	1,326	0	4,174
Kinsford-Smith – Medium Works				
Randwick – Pre-Disposal Site Works*	4,600	0	0	4,600
Lindsay – Medium Works				
Werrington (formerly Penrith) – Construction of Army Multi-User Depot	5,286	241	5,102	2,010
Macquarie – Major Works				
Richmond – Reinvestment*	40,000	0	3,000	740
Macquarie – Medium Works				
Richmond – RAAF Richmond – Fuel Farm Upgrade*	3,000	0	2,900	1,400
Richmond – RAAF Richmond – Air Lift Group Office Accommodation(⁵)	1,500	0	1,000	0
Richmond – RAAF Richmond Reclad Hangar 422*	2,000			2,000
North Sydney – Medium Works				
Waverton – HMAS Waterhen – Wharf Power Infrastructure	763 ⁽¹⁾	387	168	417
Waverton – HMAS Waterhen – Relocation of DMO Mine Warfare and Clearance Diving Systems Program Office*	2,025	0	1,000	1,000
Waverton – HMAS Waterhen – Relocation of DSTO's Maritime Operations Division(²)	5,600	0	3,000	0
Parramatta – Major Works				
Ermington – Pre-Disposal Site Works	33,106	2,992	7,600	7,600
Paterson – Major Works				
Williamtown – RAAF Williamtown – Eastern Regional Operations Centre	18,000	16,879	1,100	602
Williamtown – RAAF Williamtown – Redevelopment Stage 1 and Airborne Early Warning and Control Works*	149,000	0	10,000	9,300
Paterson – Medium Works				
Williamtown – RAAF Williamtown – Building Extension for Computer Services	1,500 ⁽¹⁾	35	1,300	1,400
Williamtown – RAAF Williamtown – Lead-In Fighter Works*	965	0	835	965
Williamtown – RAAF Williamtown – Duckhole Hill Radar Works	1,300 ⁽¹⁾	13	900	900
Williamtown – RAAF Williamtown – Install Dehumidifiers to Aircraft Shelters	483	17	410	410
Williamtown – RAAF Williamtown – Salt Ash Perimeter Fence*	500	0	500	500
Williamtown – RAAF Williamtown – Relocation of Defence Materiel Organisation Tactical Fighter Systems Program Office	2,757	2,591	50	50
Williamtown – RAAF Williamtown – Weapons Training Simulation System	1,000 ⁽¹⁾	206	100	844
Williamtown – RAAF Williamtown – Child Care Facility*	2,000	0	2,000	1,000
Riverina – Medium Works				
Kapooka – Weapons Training Simulation*	584	0	0	584

Program of Works (State, Federal electorate and locality) * Indicates planned commencements in 2002-03	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2002 \$'000	Budget Estimate 2002-03 \$'000	Revised Estimate 2002-03 \$'000
Sydney – Medium Works				
Mosman – Headquarters Training Command Army Relocation to Victoria Barracks, Paddington	6,225 ⁽¹⁾	3,041	1,600	3,179
Garden Island Dockyard – Waste Management Systems*	3,500	0	0	3,500
Warringah – Medium Works				
Balmoral – 1 Commando Company Collocation*	5,600 ⁽¹⁾	0	2,500	200
TOTAL NEW SOUTH WALES	457,550	140,660	67,765	94,417
VICTORIA				
Ballarat – Medium Works				
Ballarat – Construction of Army Multi-User Depot	5,830	42	5,790	4,111
Bendigo – Medium Works				
Bendigo – Construction of Army Multi-User Depot	4,748 ⁽⁷⁾	4,472	5	168
Corangamite – Medium Works				
Fort Queenscliff – Soldier Career Management Agency Relocation to Fort Queenscliff	5,800	3,710	600	1,200
Corio – Medium Works				
Geelong – Construction of Army Multi-User Depot	4,000 ⁽¹⁾	28	2,534	1,500
Gippsland – Medium Works				
East Sale – East Sale Child Care*	1,800	0	1,800	1,500
Indi – Medium Works				
Bandiana Rebuild Building 304*	1,500	0	0	1,500
Jagajaga – Medium Works				
Watsonia – Regional Training Centre Facilities*	5,813 ⁽¹⁾	0	1,500	100
Lalor – Medium Works				
Laverton – RAAF Band*	4,100	0	3,100	200
Laverton – Defence International Training Centre*	2,440	0	2,440	400
McEwan – Medium Works				
Puckapunyal – Puckapunyal Child Care Centre*	1,700	0	1,700	100
McLeod – Regional Training and Simulation Centre*	2,000	0	2,000	1,000
Maribyrnong – Major Works				
Albion – Decontamination Works	28,635	25,090	670	283
Melbourne – Medium Works				
South East Melbourne – Construction of Army Multi-User Depot	4,610 ⁽⁷⁾	4,380	50	145
Melbourne – Victoria Barracks – Relocation of Defence Material Organisation Land Systems Division	5,650	4,110	100	800
Melbourne Ports – Major Works				
Fishermans Bend – Relocation of Defence Science and Technology Organisation's Platforms Sciences Laboratory	61,200	7,945	35,000	38,670
Melbourne Ports – Medium Works				
Fishermans Bend – Defence Science and Technology Organisation Rationalisation*	1,450	0	0	1,450
TOTAL VICTORIA	141,276	49,777	57,289	53,127
SOUTH AUSTRALIA				
Bonython – Major Works				
Edinburgh – RAAF Edinburgh – Redevelopment Stage 1	39,887	2,760	22,000	26,000
Bonython – Medium Works				
Edinburgh – RAAF Edinburgh – Airfield Defence*	3,500	0	3,400	3,400
Edinburgh – RAAF Edinburgh – Relocation of Defence Materiel Organisation Maritime Patrol Systems Program Office*	1,604	0	1,200	1,200
Edinburgh – Defence Science and Technology Organisation's Hybrid Torpedo Simulator Facility*	1,716	0	1,600	1,600
Edinburgh – Systems Simulation Centre Extension	2,500	3	2,400	2,400
Edinburgh – Defence Science and Technology Organisation's Virtual Ship Facility*	903	0	850	850
Edinburgh – Uninterrupted Power Supply to Electronic Warfare Building	1,400	47	1,300	1,300
Edinburgh – Aerial Test Field Relocation*	1,874 ⁽¹⁾	0	1,800	1,800

Program of Works (State, Federal electorate and locality) * Indicates planned commencements in 2002-03	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2002 \$'000	Budget Estimate 2002-03 \$'000	Revised Estimate 2002-03 \$'000
Edinburgh – Refurbish Defence Science and Technology Organisation's Land Operations Division Facilities	5,600	4,448	200	100
Edinburgh – Relocation of Defence Materiel Organisation Over the Horizon Radar Systems Program Office	5,039	29	4,300	4,300
Wakefield – Medium Works				
Port Wakefield – Ammunition Breakdown Facility	4,500 ⁽¹⁾	19	4,800	200
TOTAL SOUTH AUSTRALIA	68,523	7,306	43,850	43,150
WESTERN AUSTRALIA				
Brand – Medium Works				
Garden Island – HMAS Stirling – Periscope Workshop Facility	2,600	32	2,300	2,300
Garden Island – HMAS Stirling – Torpedo/Underwater Target Teams Facility*	1,500	0	0	0
Garden Island – HMAS Stirling – Armoury, Magazine and Gunners Store	1,005 ⁽¹⁾	21	850	950
Garden Island – HMAS Stirling – Wharf Services Upgrade*	5,850 ⁽¹⁾	0	4,900	3,300
Garden Island – HMAS Stirling – Defence Science and Technology Organisation Submarine and Surface Combatants Science and Technology Facility Extension*	2,550 ⁽¹⁾	0	2,200	1,600
Curtin – Medium Works				
Swanbourne – 4 Signal Troop Facilities*	3,210	0	2,800	1,000
Pearce – Major Works				
Bullsbrook – RAAF Pearce – Facilities for Lead-In Fighter	6,936	6,605	200	200
TOTAL WESTERN AUSTRALIA	23,651	6,658	13,250	9,350
NORTHERN TERRITORY				
Lingiari – Major Works				
Timber Creek – Bradshaw Field Training Area	64,783	9,362	27,000	10,000
Katherine – RAAF Tindal – Perimeter Security Fence*	9,250	0	4,250	4,250
Lingiari – Medium Works				
Katherine – Delamere Radar Facilities*	2,000	0	2,000	0
Bathurst Island – Facilities Upgrade	4,486 ⁽¹⁾	2	2,000	1,000
Katherine – RAAF Tindal – Northern Regions Operations Centre 2 – Control and Reporting Unit ⁽⁵⁾	1,250	185	1,050	0
Katherine – RAAF Tindal – Approach Control Facility	1,800	1,575	100	45
Katherine – RAAF Tindal – New 400m Range	3,500	2	2,900	1,200
Katherine – RAAF Tindal – Vehicle Shelters*	1,000	0	1,000	1,000
Katherine – RAAF Tindal – Living-In Accommodation Stage 1	5,800	67	4,700	3,500
Katherine – RAAF Tindal – Living-In Accommodation Stage 2 ⁽⁵⁾	5,000	0	2,000	0
Solomon – Major Works				
Darwin – Robertson Barracks – Joint Army Deployment Facility Development Stage 2	268,300	228,431	250	700
Darwin – RAAF Darwin – Development of Operational Facilities Project	59,458	57,432	1,000	1,500
Darwin – Larrakeyah Barracks – North Australia Naval Infrastructure Stage 1	12,600	12,557	127	43
Darwin – 1 Aviation Regiment Relocation* ⁽⁸⁾	75,000	0	10,000	2,000
Darwin – RAAF Darwin – Base Redevelopment	11,670	6,492	3,600	1,900
Solomon – Medium Works				
Darwin – Robertson Barracks – Emergency Response Facilities ⁽²⁾	4,000	0	3,000	0
Darwin – Robertson Barracks – Tactical Training and Simulation Site	4,800 ⁽⁷⁾	23	4,775	4,000
Darwin – RAAF Darwin – Central Emergency Power Station	4,600 ⁽¹⁾	4,419	250	180
Darwin – Married Quarters Electrical Upgrade	3,600	99	2,600	500
Darwin – 1 Brigade Military Operations in Urban Territory Facility Construction*	5,500	0	2,000	1,000

Program of Works (State, Federal electorate and locality) * Indicates planned commencements in 2002-03	Total Estimated Expenditure \$'000	Cumulative Expenditure to 30 June 2002 \$'000	Budget Estimate 2002-03 \$'000	Revised Estimate 2002-03 \$'000
Darwin – Vehicle Shelters*	3,000	0	3,000	2,000
Darwin – RAAF Darwin Child Care Facility*	600	0	0	600
Palmerston – Robertson Barracks Armouries Upgrade*	1,240	0	0	1,240
Various sites – Air Defence Radar Sites ⁽²⁾	1,040	0	400	0
TOTAL NORTHERN TERRITORY	554,277	320,646	78,002	36,658
AUSTRALIAN CAPITAL TERRITORY				
Canberra – Major Works				
Canberra – Defence Network Operations Centre	19,600	45	15,000	15,000
Canberra – Construction of Army Multi-User Depot*	13,500 ⁽¹⁾	0	0	10
Canberra – Medium Works				
Deakin Offices Refurbishment*	1,500	0	0	1,500
Fraser – Medium Works				
Jervis Bay – Beecroft Peninsula Public Risk Works*	1,700	0	0	1,700
Jervis Bay – HMAS Creswell – Waterfront Facility for 4RAR	2,410	19	2,400	500
Jervis Bay – Remediation of Mary Creek	1,100	90	100	100
TOTAL AUSTRALIAN CAPITAL TERRITORY	39,810	154	17,500	18,810
Other – Major Works				
Location to be advised – RAAF College development ⁽²⁾	36,038	0	0	0
Other – Medium Works				
RAAF Butterworth – Building Upgrades	5,800 ⁽¹⁾	8	2,000	500
RAAF Butterworth – Fuel Farm Upgrade ⁽⁹⁾	4,900	4,298	0	0
Project Ninox – Training, Storage and Maintenance for Night Fighting Equipment – Various Locations	5,857 ⁽¹⁾	3,383	2,500	2,473
Air Traffic Control Systems – Various Locations	3,258	2,877	50	50
TOTAL OTHER	55,853	10,566	4,550	3,023
TOTAL NEW BUILDINGS AND WORKS	2,027,902	844,742	428,087	398,456

Notes

- Increase in out-turn cost.
- Project deferred.
- Includes \$18.5m for the Armed Reconnaissance Helicopter project.
- Cumulative expenditure to 30 June 2002 adjusted by a journal post-balance day to rectify incorrect expenditure allocation between these two projects.
- Project cancelled.
- Project inadvertently omitted from 2001-02 Annual Report.
- Decrease in out-turn cost.
- Includes \$64.27m for the Armed Reconnaissance Helicopter project.
- Project not included in the *Portfolio Budget Statements 2002-03*.

