

## **PROGRAM 11: DEFENCE ESTATE**

### **OBJECTIVE**

To shape and manage the Defence Estate to meet Government and Defence needs.

### **DESCRIPTION**

The Defence Estate Program develops strategic planning and business policy on estate functions, delivers capital facilities projects, undertakes corporate estate management and provides planning and facilities operations support to client bases and establishments throughout Australia.

The Program Manager is the Head of Defence Estate. The Program comprises four Sub-Programs: Resources and Policy; Project Delivery; Property Management; and Estate Operations and Planning.

### **PROGRAM SUMMARY**

The creation of the Defence Estate Organisation, with responsibilities for all land, buildings and infrastructure assets, as well as the management of the estate functions of investment, reinvestment, repair and maintenance, acquisition, leasing and divestment, was a major outcome of the Defence Reform Program.

Considerable work has begun on the rationalisation and consolidation of the Defence Estate which has been targeted for one-off savings of around \$400m in support of the Defence Reform Program. Relocations and the regrouping of units and capabilities within existing bases have provided efficiencies in the management of the Defence Estate, while at the same time releasing surplus real estate for disposal. This process will continue under the guidance of the Strategic Plan for the Defence Estate, which is nearing completion. The Strategic Plan will provide the longer-term planning framework for the management, development, rationalisation and consolidation of the Defence Estate over the next 20 to 30 years.

Progress was also made on achieving substantial recurrent savings through management efficiencies and reduced facilities operations' costs. Other activities include the establishment of eleven regional estate centres to deliver efficient facilities operations to bases and establishments throughout Australia and the continuing development of a new information system to simplify and improve the management of the Defence Estate.

### **PERFORMANCE MEASURES FOR 1997-98**

The Defence Estate Organisation's performance was measured by the extent to which:

- a. facilities management and facilities projects reflected identified policy priorities and were managed to meet operational/customer requirements within cost, on time and to specified quality standards;
- b. continued efficiencies were achieved in the management of the Defence Estate; and
- c. estate management activities met performance agreements negotiated with client programs and stakeholder expectations.

## 1997-98 PERFORMANCE AGAINST FORECAST

### Significant Current Projects

Projects have been delivered, or are proceeding, within cost, on time and to specified quality standards.

#### Northern and Western Basing

Facilities continued to be provided to enable the ADF to redeploy operational assets to northern and western Australia. The first stage of development to support the *Army Presence in the North* initiative was largely completed with Stage Two proceeding on time and within budget. Construction of RAAF Scherger at Weipa on Cape York is ahead of schedule and under estimated cost. The project is scheduled for completion in November 1998. The fourth stage of the development of RAAF Tindal, which aims to improve the operational efficiency of the base and to enhance the safety of operations involving aircraft with explosive ordnance loads, is progressing, with the aircraft pavements component complete. The Stage 2 development of HMAS Stirling, Garden Island, is substantially complete.

The redevelopment of the Darwin Naval Base has been re-evaluated following a decision by the Navy to homeport the two new hydrographic ships at Cairns. The Navy and Defence Estate are examining a revised schedule of works to support the present patrol boat and support vessel operations. The construction of shelter and washing facilities at RAAF Townsville to protect aircraft operated by the Army's 5th Aviation Regiment was largely completed, and facilities to relocate 10 Terminal Regiment and the Army Maritime School from Sydney to Townsville were completed and made available for use in January 1998.

#### Command and Control

The capability of the ADF to undertake corporate planning, management, and operational command and control has been enhanced by a number of projects. The first Russell building was completed in July 1998, with some 1450 personnel relocating into the building progressively from May 1998. The construction of the second building, and the refurbishment of three other buildings, is to be completed and the buildings fully occupied by April 1999. The interim Headquarters Australian Theatre and Headquarters Special Forces in Sydney have been completed.

#### Property Rationalisation and Consolidation

The completion of the new laboratory complex for the DSTO at Salisbury, South Australia, has enabled the rationalisation of Defence land holdings in the area. The consolidation of Navy functions at Garden Island from North Sydney, Zetland and various Sydney locations is nearing completion. The construction of facilities at Puckapunyal enabled the relocation of the School of Artillery from North Head, Sydney in January 1998. The relocation of Army units from Portsea in Victoria has released this property for disposal.

Disposal of 24 properties, or parts of properties, was completed in 1997-98. Revenue received from all disposal activity during the financial year totalled \$44.7m. RAAF Base Fairbairn was sold as part of the sale of Canberra Airport, with Defence's share of the revenue proceeds deferred until 1998-99. Preliminary planning commenced on a number of the 17 properties identified in the Defence Reform Program for possible disposal in the short-term. Disposal activity is under way on more than 50 other properties currently nominated for disposal.

### **Base Upgrading**

The construction of the Air Traffic Control Tower at RAAF Darwin was completed. Redevelopment work continues at HMAS Albatross to provide updated facilities, including working accommodation, training facilities, an air-traffic control tower, explosive-ordnance storage facilities, aircraft hangers and associated engineering services. Additional land is also being acquired. Construction of facilities for No 6 Squadron at RAAF Amberley was completed, and the facilities occupied in June 1998. Work continued on the second stage of redevelopment of the Bandiana Military Area and is due for completion in late 1998.

### **Logistic Support**

The Public Works Committee examined the proposal for construction of the East Coast Armaments Complex and tabled its report on 30 June 1998. The Committee recommended Defence re-examine its requirements for the provision of facilities for ammunitioning of Navy ships at a location nearer to the Fleet Base in Sydney and the East Coast Exercise Area. Feasibility, cost and environmental assessment requirements are being investigated for establishing facilities at Twofold Bay, near Eden in NSW.

### **Regional Engagement**

Helicopter training facilities for the Republic of Singapore Air Force are being developed at the Army Air Base, Oakey, and are scheduled for completion in September 1998.

### **New Major Projects**

A number of new major projects were announced in the 1997-98 Budget.

#### **Bradshaw Field Training Area**

Defence has commenced compulsory acquisition of the Bradshaw Field Training Area and the declaration of the area as a Defence Practice Area under Defence Force Regulations. A Native Title claim has been lodged over the property and is being addressed as part of the acquisition process. Current planning proposes that the infrastructure to enable Brigade-level training will be completed by December 2000.

#### **51st Far North Queensland Regiment**

Approval for the construction of facilities for 51 FNQR was obtained in November 1997 and land acquisition and planning for the depots is underway.

#### **HMAS Stirling Development Stage 3**

Planning commenced for the Stage 3 Development of HMAS Stirling which will complete the development as part of the Two-Ocean Basing Policy. Construction is to begin in late 1998.

#### **RAAF Learmonth Development Stage 1**

Work commenced on improving the operational efficiency of the base and on enhancing the safety of operations with aircraft loaded with explosive ordnance. Planned completion is in mid-1999.

#### **Eastern Region Operations Centre Development, RAAF Williamtown**

Construction work for the project was delayed following a significant expansion in its scope which required further planning. Construction is scheduled to commence during 1998-99.

## Defence Estate Services

Work continued on the development of a series of agreements between the Defence Estate Organisation and a number of other Programs to define the service expectations of all parties and to ensure that standards of service delivery were maintained. An agreement with the Navy has been signed and others are nearing completion. Agreements were also negotiated with a number of clients in the regions to ensure effective and efficient delivery of services. A Project Services Consultancy Panel was established to support the efficient delivery of capital works and has streamlined the process of engaging consultants for facilities projects.

Work on the development of the new Defence Estate Management System continued with the first phase of the information system becoming operational in mid-1998 and the rest of the system being rolled out progressively. The system will link all the regional estate centres directly with the central office in Canberra, providing a single authoritative source of estate data and interface with other corporate systems and ensuring that the needs and requirements of clients are addressed efficiently and effectively.

Defence continues to survey known unexploded ordnance sites, with this information being used by state and local governments for land management purposes. Twenty sites were surveyed in 1997-98, with seven assessed as having no further unexploded ordnance contamination. Of the remaining 13 sites, residual unexploded ordnance was found and further surveys will be undertaken to determine the scale of contamination. Unexploded ordnance decontamination has been completed to permit construction of the Athletes' Village at Newington for the Sydney 2000 Olympic Games.

A 20-year agreement has been signed with the Kistler Aerospace Corporation to enable it to establish and operate space-launch facilities in the Woomera area of South Australia. A plan has been developed to allow the closure of Joint Defence Facility Nurrungar in 2000.

## Environmental Management

Sustainable use of the environment in which Defence operates is critical to the maintenance of ADF capabilities. The Defence environmental policy, Environment Statement for Defence, was finalised in May 1998, outlining 12 key environmental goals and principles for Defence. Work also commenced on the development of a corporate environmental management system to provide a structured and coordinated approach to environmental policy and the discharge of environmental obligations by the department. Key elements of the mature environmental management system will include the Defence environmental policy, an environmental strategic plan, environmental management plans, guidance on compliance with legislative and policy requirements, and training and education. An environmental management information system is also being developed.

Significant outcomes achieved in environmental management during the year included the finalisation of the joint consultative arrangements between Defence and the Great Barrier Reef Marine Park Authority to maximise environmental protection of the Great Barrier Reef. This outcome follows discussions held after Exercise Tandem Thrust 97. The Regional Asia-Pacific Defence Environmental Workshop was hosted successfully by Defence Estate in May 1998. The workshop provided a forum for defence and environmental officials from Asia-Pacific nations to examine defence-related environmental issues and their potential to affect regional security.

## RESOURCES

**Table 11.1: Defence Function Outlays Summary**

<i>Sub-Program</i>		<i>1997-98 Budget Estimate</i>	<i>1997-98 Revised Estimate</i>	<i>1997-98 Actual Outcome</i>	<i>Variation (97-98 Actual less Revised Estimate)</i>	
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>%</i>
11.1	Resources and Policy	9.3	7.5	5.5	-2.0	-26.1
11.2	Project Delivery	408.1	411.6	430.8	19.2	4.7
11.3	Property Management	0	-0.3	28.7	29.0	
11.4	Estate Operations and Planning	227.0	250.7	263.8	13.1	5.2
<b>Program Total</b>		<b>644.3</b>	<b>669.4</b>	<b>728.8</b>	<b>59.3</b>	<b>8.9</b>

**Note:**

Figures may not add due to rounding.

**Table 11.2: Staffing Summary**

<i>Sub-Program</i>		<i>1997-98 Budget Estimate</i>	<i>1997-98 Revised Estimate</i>	<i>1997-98 Actual Outcome</i>	<i>Variation (97-98 Actual less Revised Estimate)</i>	
		<i>Personnel</i>			<i>%</i>	
11.1	Resources and Policy	72	62	43	-19	-30.6
11.2	Project Delivery	106	76	77	1	1.3
11.3	Property Management	0	18	20	2	11.1
11.4	Estate Operations and Planning	329	605	553	-52	-8.6
<b>Program Total</b>		<b>507</b>	<b>761</b>	<b>693</b>	<b>-68</b>	<b>-8.9</b>

**Table 11.3: Staffing Profile**

<i>Personnel</i>		<i>Sub-Program</i>				<i>Total</i>
		<i>11.1</i>	<i>11.2</i>	<i>11.3</i>	<i>11.4</i>	
Permanent Force	97-98 Budget	0	78	0	69	147
	97-98 Revised	0	64	0	211	275
	97-98 Actual	0	64	0	211	275
Civilian	97-98 Budget	72	28	0	260	360
	97-98 Revised	62	12	18	394	486
	97-98 Actual	43	13	20	342	418
<b>Total</b>	<b>97-98 Budget</b>	<b>72</b>	<b>106</b>	<b>0</b>	<b>329</b>	<b>507</b>
<b>Personnel</b>	<b>97-98 Revised</b>	<b>62</b>	<b>76</b>	<b>18</b>	<b>605</b>	<b>761</b>
	<b>97-98 Actual</b>	<b>43</b>	<b>77</b>	<b>20</b>	<b>553</b>	<b>693</b>

### 1997-98 Defence Reform Program Progress

Defence Estate has targeted one-off savings of around \$400m through the rationalisation and consolidation of the Defence Estate, as well as mature recurring savings through management efficiencies and reduced facilities operations costs.

**Table 11.4: 1997-98 Defence Reform Program Savings**

Category	Personnel Savings		Savings \$m
	ADF	APS	
Facilities and Long-Term Force Disposition		31	0.3
Logistics			0.1
Administrative Support			0.4
One-off Defence Reform Program saving			9.3
<b>Total Savings</b>		<b>31</b>	<b>10.1</b>

**Table 11.5 1997-98 Defence Reform Program Reinvestment**

Category	\$m
Transition costs related principally to redundancies	1.6

**Table 11.6: Reconciliation of Appropriations for the Defence Estate Organisation**

Division/Appropriation Item		1997-98 Budget Estimate	1997-98 Revised Estimate	1997-98 Actual Outcome	Variation (97-98 Actual less Revised Estimate)	
		\$m	\$m	\$m	\$m	%
180-01	RUNNING COSTS					
	Service Personnel	9.1	16.4	16.8	0.5	2.9
	Civilian Personnel	16.3	19.5	20.4	0.9	4.6
	Administrative Expenses	5.7	8.1	6.2	-1.9	-23.2
	Facilities Operations	206.9	221.9	234.1	12.2	5.5
180-02	OTHER SERVICES	0.1	0.1	0.02	-0.1	-72.5
181	EQUIPMENT AND STORES	0.6	0.3	1.9	1.7	637.0
185	DEFENCE FACILITIES	501.3	490.2	502.3	12.2	2.5
<b>Total Defence Function Appropriations (A)</b>		<b>740.0</b>	<b>756.4</b>	<b>781.8</b>	<b>25.4</b>	<b>3.4</b>
Total Defence Function Receipts (Offset Within Outlays) (B)		-95.7	-87.0	-53.1	33.9	-39.0
<b>Total Defence Function Outlays (C) = (A+B)</b>		<b>644.3</b>	<b>669.4</b>	<b>728.8</b>	<b>59.3</b>	<b>8.9</b>

Note:

Figures may not add due to rounding.

**Table 11.7: Major Variations between 1997-98 Revised Estimate and 1997-98 Actual Outcome**

Appropriation	\$m
<b>180-01 RUNNING COSTS</b>	
<b>Service Personnel (\$0.5m)</b>	
Part year effect of ADF Workplace Bargaining Agreement	0.4
Variations in rank profile and per capitas	0.1
<b>Civilian Personnel (\$0.9m)</b>	
Provision for Defence Reform Program related redundancies	1.5
Part year effect of Civilian Workplace Bargaining Agreement	0.3
Higher than anticipated Accrual-Based Superannuation and 3% superannuation productivity benefit liability	0.2
Lower than anticipated civilian salaries resulting from a corporate focus on the rationalisation of estate management functions	-0.8
<b>Defence Reform Program Savings</b>	
Related to Facilities and Long-Term Force Disposition	-0.3
<b>Administrative Expenses (-\$1.9m)</b>	
Reduced expenditure on various administrative activities, following a corporate focus on the rationalisation of estate management functions	-1.5
<b>Defence Reform Program Savings</b>	
Related to Administrative Support	-0.4
<b>Facilities Operations (\$12.2m)</b>	
Transfer of Facilities Operations funding from Program 10	7.8
Achievement of project milestones ahead of schedule including an upgrade to the essential engineering services at RAAF Base Tindal, removal of asbestos from facilities at East Sale, and refurbishment of working accommodation at Swanbourne Barracks	2.4
Increased expenditure on facilities for Occupational Health and Safety improvements, Security and Environmental tasks	0.8
Increased expenditure on minor repairs and maintenance at a number of locations including RAAF Williams, HMAS Cerberus, Leeuwin Barracks and RAAF Pearce	0.7
Miscellaneous minor variations	0.6
<b>Defence Reform Program Savings</b>	
Related to Logistics	-0.1
<b>Compensation (-\$0.1m)</b>	
Reduced expenditure due to less than anticipated costs for the payment of compensation to owners of land affected by the promulgation of the Defence (Areas Control) Regulations	-0.1

Appropriation	\$m
<b>181 EQUIPMENT AND STORES (\$1.7m)</b>	
Transfer of Defence Science and Technology Organisation Commercial Support contracts in Melbourne and Salisbury	1.7
<b>185 CAPITAL FACILITIES (\$12.2m)</b>	
Variations in cash flow requirements for a number of works projects including; Darwin <i>Army Presence in the North</i> Project Stage 1 & 2, Learmonth RAAF Base Development Stage 1, Townsville 5 Aviation Regiment Facilities Construction, Scherger RAAF Base Development, and Russell Offices Redevelopment	12.2
<b>DEFENCE PORTFOLIO RECEIPTS (\$33.9m)</b>	
Reduced revenue from property sales (including Crows Nest and Gladesville) following delays in resolving disposal issues with local councils and state governments	33.5
Lower than anticipated receipts from rental of Defence properties	0.4