

## PROGRAM ELEVEN: DEFENCE ESTATE<sup>1</sup>

### OBJECTIVE

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

### DESCRIPTION

The Defence Estate Organisation is responsible for all assets/infrastructure and manages the estate functions, of investment, reinvestment, repair and maintenance, acquisition, leasing and divestment. The Defence Estate Program develops strategic planning and business policy on Estate functions, delivers capital facilities projects, contributes to corporate estate management and provides planning and facilities operations support to client bases and establishments throughout Australia.

The Program is managed by the Head, Defence Estate and comprises four Sub-Programs:

- 11.1 Resources and Policy: develops business policy and practices, provides information services and manages financial resources on behalf of the Defence Estate Program. Undertakes strategic planning for the Defence Estate, including business case analysis of Estate proposals, and provides specialist support and policy development on environmental and heritage issues for the Defence Portfolio.
- 11.2 Project Delivery: delivers Capital Works projects to meet endorsed Portfolio and Government defence objectives.
- 11.3 Property Management: manages the acquisition, divestment and leasing programs and contributes to strategies and policies for corporate estate management.
- 11.4 Estate Operations and Planning: provides planning and facilities operations support to client bases and establishments throughout Australia. Manages the Regional Estate Centres throughout Australia and is responsible for all aspects of facilities maintenance, including the delivery of minor new capital projects.

### GOALS AND OBJECTIVES FOR 1998-99

The Defence Estate Organisation has six goals and associated objectives:

*Goal 1: To optimise Defence Estate outcomes for Government and the Portfolio:*

- develop the Defence Estate in line with Government and Defence policy objectives and capability requirements;
- influence broader Government estate management policies and initiatives in support of Defence objectives;

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<sup>1</sup> The Program description has been expanded and the four Sub-Programs renamed since the 1997-98 Budget.

- achieve Defence Reform Program targets and continuing rationalisation projects; and
- provide credible, timely and accurate advice to the portfolio and Government on Defence Estate issues.

*Goal 2: To manage effectively the Defence Estate to meet the needs of Programs:*

- have a shared understanding of Defence Estate and Programs' requirements;
- ensure the needs of the Programs are met by the optimum solution which meets capability requirements; and
- deliver projects to predetermined cost, time and quality targets.

*Goal 3: To gain community acceptance of Defence Estate capability related aims:*

- be a responsible corporate citizen; and
- achieve acceptance by the community and different levels of Government of Defence Estate capability-driven needs and commercial interests.

*Goal 4: To add value to, and be innovative in, the management of the Defence Estate:*

- continually achieve leading practice in management of the Defence Estate;
- manage the Defence Estate in a corporate and business-like manner;
- guide the strategic development of the Defence Estate;
- effectively manage the impact of external and internal influences on the Defence Estate; and
- have necessary and accurate information for effective Estate management.

*Goal 5: To operate effectively as a national, unified team:*

- maintain, attract and develop competent staff;
- ensure that staff have necessary information to operate effectively in the workplace;
- facilitate a team approach in the achievement of Defence Estate outcomes;
- have consistent work practices in the management of the Defence Estate; and
- have a work environment that stimulates high performance, excellence and innovation.

*Goal 6: To effectively manage the relationship between Defence Estate and industry:*

- have industry add value to Defence Estate outcomes;

- have a consistent approach across Defence Estate in dealing with industry; and
- keep industry informed on Defence Estate policy, practices and outcomes.

### **PERFORMANCE MEASURES FOR 1998-99**

Performance measures include the extent to which:

- a. the Defence Estate Organisation, including regional offices, contributes to the achievement of relevant Defence outputs;
- b. continued efficiencies are achieved in management of the Defence Estate (including the strategic planning process);
- c. facilities management and projects reflect identified policy priorities and are managed to meet operational/customer requirements within costs, on time and to specified quality standards;
- d. estate management activities meet performance agreements negotiated with client programs;
- e. appropriate state and local government consultative mechanisms are utilised in order to satisfy stakeholder expectations; and
- f. the findings of internal Program reviews are accepted and implemented.

### **PERFORMANCE FORECAST FOR 1998-99**

Key performance indicators for the Defence Estate Organisation will be:

- the development of the Defence Estate Strategic Plan and the progressing of master planning and regional planning to reflect new strategic planning guidelines;
- rationalisation of the Defence Estate through the continuing business review of selected establishments;
- the development of documentation for reinvestment proposals for bases identified in the Green Book;
- review, in consultation with Programs, properties identified in the Defence Reform Program for disposal in the short term, establish a timetable for disposal of properties and progress initial disposal action;
- the development of a program of living in accommodation upgrades;
- budget management and achievement, including Program development (Green Book);
- the delivery of projects within cost, on time and to specified quality standards;
- management of overseas leasing program;

- achievement of a disposal revenue target of \$90m;
- continued improvement in business practices and further develop information systems to support Program functions;
- further development and promulgation of policy and procedures in the Defence Estate Management Guide;
- the investigation and development of an implementation strategy for security of Explosive Ordnance and weapons storage facilities;
- promulgation of Defence (Area Control) Regulations for Oakey and Williamtown;
- further improved consistency in dealing with industry and the development of sound business relationships through panel arrangements;
- management of the Year 2000 problem in relation to the Defence Estate;
- the further development and establishment of a Portfolio Environmental Management System to facilitate a consistent, standardised approach to environmental management;
- the investigation, development and progressive implementation of new contracting methodologies for regional operations; and
- progression of accrual based output management of the Defence Estate.

### **Significant Projects <sup>(2)</sup>**

Facilities will continue to be enhanced in northern and western Australia in support of ADF operational capability (directly relating to Defence outputs in respect of capability for major surface combatant operations, patrol boat operations, submarine operations, land task force operations, tactical fighter operations and strategic surveillance), including:

- the construction of facilities in support of the Army Presence in the North project in order to meet the programmed relocation of the 1st Brigade to Darwin. The provision of the necessary infrastructure to allow the use of the Bradshaw property as a field training area will commence subject to successful negotiation on native title issues;
- the completion of outstanding elements of work in HMAS Stirling Stage 2 Development, Garden Island, WA. Stage 3, which will complete the development planned as part of the Two-Ocean Basing policy, will achieve approximately 80% completion;
- the completion of the construction of RAAF Base Scherger at Weipa, Cape York, except for some very minor elements, in July 1998 and the establishment of a number of maintenance programs;
- the completion of RAAF Base Tindal Development Stage 4, including aircraft pavements and operations and technical support facilities;

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<sup>2</sup> Appendix 11 provides details of estimated expenditure on works in progress and new works in the Defence Capital Facilities Program for 1998-99.

- continued development of enhanced operational works at RAAF Base Darwin, including a loading apron and a base command post;
- the completion of shelter and washing facilities at RAAF Base Townsville to protect strategic helicopter assets operated by the Army's 5th Aviation Regiment;
- the commencement of facilities for 51 Far North Queensland Regiment; and
- continued development of RAAF Base Learmonth, with the aim of achieving approximately 60% completion.

The Russell Offices redevelopment will enhance the capability for strategic and operational command, together with the provision of advice to Government on strategic and defence policy, in an integrated and joint environment:

- it is expected that, by July 1998, approximately 1450 staff will be in occupation;
- construction of building R2 will continue to ensure first occupation in October 1998;
- refurbishment of buildings A, F and G will commence between June and September 1998 and be completed by April 1999; and
- the construction of a multi-deck carpark will commence.

Property rationalisation/consolidation will continue:

- decontamination of the former Albion Explosives factory will continue to the extent required to permit disposal of the property. A Remediation and Redevelopment Agreement was signed with the Urban Land Authority on 26 November 1997 for the Authority to manage all further remediation and disposal of the site;
- planning will continue for the disposal of surplus land at Salisbury following the consolidation of DSTO activities in the new laboratory complex;
- disposal activities associated with prominent properties including Portsea and Maribynong in Victoria, Neutral Bay, Randwick and Rydalmere in NSW and Kelvin Grove in Qld;
- planning will commence to collocate the three single-Service Staff Colleges at Weston Creek and have it ready for occupation by the start of the academic year 2002; and
- review and pre-disposal activities associated with properties identified in the Defence Reform Program for disposal will continue.

Redevelopment, upgrading and new construction, which contributes to the capability for land task forces operations, operational support for air operations and maritime patrols, will be carried out at the following bases:

- HMAS Albatross Redevelopment Stage 1, Nowra, NSW (including working accommodation and an air traffic control complex);

- RAAF Base Amberley, Qld (the facilities for 6 Squadron will be completed and the major base redevelopment, to extend over 5 years, will commence);
- Bandiana Military Area, Stage 2, (including refurbishment of working and training facilities and a rationalisation of messing facilities); and
- RAAF Base Williamtown, (development of the Eastern Region Operations Centre is scheduled to commence in 1998-99 and be completed in 1999-00 following examination by the Parliamentary Standing Committee on Public Works).

The construction of the East Coast Armaments Complex at Point Wilson, Vic, which will provide support for the East Coast Fleet, will commence (subject to Parliamentary Standing Committee on Public Works approval) and continue for four years.

Defence Estate will contribute to effective international relationships and activities through the provision of facilities for the Republic of Singapore Air Force (RSAF), at Army Air Base, Oakey, on a cost-recovery basis. The construction of helicopter facilities for RSAF has commenced and will be completed in October 1998. Trilateral Environmental Security Cooperation (Australia, the United States and Canada) will also continue.

### **New Major Projects**

There are a number of new major projects in the 1998-99 Budget awaiting Government approval and further referral to the Parliamentary Standing Committee on Public Works.

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

Stage 1, which commenced in 1992, provided upgraded living and working facilities, and Stage 2 will provide various facilities and infrastructure, including new single soldier living accommodation, to ensure the long-term viability of Lavarack Barracks as the major base of the ADF Rapid Deployment Force. Stage 3, which is due to commence in 2000-01, will complete the redevelopment of the barracks.

#### *RAAF Base Amberley Redevelopment – Amberley, Qld*

This project is to overcome immediate deficiencies in the existing facilities at RAAF Base Amberley, and provide improved aircraft maintenance, operation, support and training facilities. The primary role of units at the base is to support the Strike Reconnaissance Group.

#### *RAAF Base Townsville Redevelopment Stage 1 – Townsville, Qld*

This project is to provide new facilities, including loading aprons and aircraft support infrastructure, to support the operational role of RAAF Base Townsville. The redevelopment of the base will be carried out in two stages with Stage 2 planned to commence in 2000-01.

#### *RAAF Base Darwin Redevelopment – Darwin, NT*

This project is to rectify a number of facilities' deficiencies and to ensure the long-term ability of the base to support air operations and training. The redevelopment will include aircraft support facilities, a communication centre and improved security. The base forms part of a chain of airfields across the north of Australia which contribute to defence operational effectiveness and provide a significant training capability.

*HMAS Albatross Redevelopment – Nowra, NSW*

HMAS Albatross is the Navy's only air station and supports naval helicopter operations as well as providing logistic support for various Navy units. The redevelopment will update various facilities including aircraft support, storage and maintenance facilities, the air traffic control tower and explosive ordnance storage and loading facilities.

**RESOURCES****Table 11.1: Defence Function Outlays Summary**

Sub-Program		1997-98	1997-98	1997-98	1998-99	Variation	
		Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome	%
		\$'000	\$'000	\$'000	\$'000	\$'000	%
11.1	Resources and Policy	9,254	7,495	6,238	5,545	-693	-11.1
11.2	Project Delivery	408,070	411,566	422,205	436,900	14,695	3.5
11.3	Property Management		-328	-31,186	-25,846	5,340	-17.1
11.4	Estate Operations and Planning	226,976	250,689	264,240	255,846	-8,394	-3.2
<b>Program Total</b>		<b>644,300</b>	<b>669,422</b>	<b>661,497</b>	<b>672,445</b>	<b>10,948</b>	<b>1.7</b>

**Table 11.2: Staffing Summary**

Sub-Program		1997-98	1997-98	1997-98	1998-99	Variation	
		Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome	%
		Personnel Numbers					%
11.1	Resources and Policy	72	62	44	40	-4	-9.1
11.2	Project Delivery	106	76	75	63	-12	-16.0
11.3	Property Management		18	20	22	2	10.0
11.4	Estate Operations and Planning	329	605	561	449	-112	-20.0
<b>Program Total</b>		<b>507</b>	<b>761</b>	<b>700</b>	<b>574</b>	<b>-126</b>	<b>-18.0</b>

**Table 11.3: Staffing Profile**

Personnel		Sub-Program				
		11.1	11.2	11.3	11.4	Total
Permanent Force	97-98 Revised		64		211	<b>275</b>
	97-98 Estimated		64		211	<b>275</b>
	98-99 Budget		49		143	<b>192</b>
Civilian	97-98 Revised	62	12	18	394	<b>486</b>
	97-98 Estimated	44	11	20	350	<b>425</b>
	98-99 Budget	40	14	22	306	<b>382</b>

Personnel		Sub-Program				
		11.1	11.2	11.3	11.4	Total
<b>Total</b>	<b>97-98 Revised</b>	<b>62</b>	<b>76</b>	<b>18</b>	<b>605</b>	<b>761</b>
<b>Personnel</b>	<b>97-98 Estimated</b>	<b>44</b>	<b>75</b>	<b>20</b>	<b>561</b>	<b>700</b>
	<b>98-99 Budget</b>	<b>40</b>	<b>63</b>	<b>22</b>	<b>449</b>	<b>574</b>

**Table 11.4: Defence Portfolio Outlays Summary**

Division/Appropriation Item	1997-98	1997-98	1997-98	1998-99	Variation	
	Budget	Revised	Estimated	Budget	98-99 Budget less	
	Estimate	Estimate	Outcome	Estimate	97-98 Outcome	
	\$'000	\$'000	\$'000	\$'000	\$'000	%
180-01 RUNNING COSTS						
Service Personnel	9,088	16,357	16,683	12,082	-4,601	-27.6
Civilian Personnel	16,269	19,508	20,053	18,371	-1,682	-8.4
Administrative Expenses	5,738	8,130	8,166	7,176	-990	-12.1
Facilities Operations	206,935	221,906	232,631	229,363	-3,268	-1.4
180-02 OTHER SERVICES	80	80	80	80	0	0
181 EQUIPMENT & STORES	616	262	1,954	1,496	-458	-23.4
185 DEFENCE FACILITIES	501,251	490,170	488,960	500,299	11,339	2.3
<b>Total Defence Function Appropriations (A)</b>	<b>739,977</b>	<b>756,413</b>	<b>768,527</b>	<b>768,867</b>	<b>340</b>	<b>0.0</b>
<b>Total Defence Function Receipts (Offset Within Outlays) (B)</b>	<b>-95,677</b>	<b>-86,991</b>	<b>-107,030</b>	<b>-96,422</b>	<b>10,608</b>	<b>-9.9</b>
<b>Total Defence Function Outlays (A+B)</b>	<b>644,300</b>	<b>669,422</b>	<b>661,497</b>	<b>672,445</b>	<b>10,948</b>	<b>1.7</b>

### Defence Reform Program

DRP Savings in 1998-99 reflect efficiencies made from the amalgamation of all estate management functions into the Defence Estate Program. The establishment of the Regional Estate Centres has resulted in personnel and administrative savings, both in the regional offices and in Canberra, and efficiency savings in the delivery of facility operations functions. The reduction in personnel numbers across Defence has also resulted in facilities operations savings. Further asset sales, as identified in the Defence Reform Program, will likewise continue to provide revenue for reinvestment to improve ADF capabilities.

**Table 11.5: Estimated DRP Savings**

Category (\$m)	1997-98	1998-99	1999-00	2000-01	2001-02	Mature
Facilities and Long-Term Force Disposition	40.1	10.8	27.8	49.6	56.4	56.4
<b>Total</b>	<b>40.1<sup>(1)</sup></b>	<b>10.8</b>	<b>27.8</b>	<b>49.6</b>	<b>56.4</b>	<b>56.4</b>

**Note:**

- The savings achieved in 1997-98 relate primarily to one-off savings achieved through the sale of RAAF Base Fairbairn and Tresco.

**Table 11.6: Estimated Cumulative DRP Personnel Savings**

Category	1998-99		1999-00		2000-01		2001-02		MATURE	
	ADF	APS	ADF	APS	ADF	APS	ADF	APS	ADF	APS
Facilities and Long Term Force Disposition	40	83	44	98	44	53	44	53	44	53
<b>Total</b>	<b>40</b>	<b>83</b>	<b>44</b>	<b>98</b>	<b>44</b>	<b>53</b>	<b>44</b>	<b>53</b>	<b>44</b>	<b>53</b>

DRP reinvestment is related to increased facilities operations expenditure to support new and replacement capabilities such as the Amphibious capabilities, Seasprite helicopters, upgrading Garden Island Dockyard and works at the Bradshaw Field Training Area.

**Table 11.7: Estimated Reallocation of DRP Savings**

Category (\$m)	1998-99	1999-00	2000-01	2001-02
Amphibious Capabilities		0.6		
Net Personnel & Operating Costs	1.2	3.6	4.6	4.4
<b>Total</b>	<b>1.2</b>	<b>4.2</b>	<b>4.6</b>	<b>4.4</b>

**Table 11.8: Explanation of Major Variations**

Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 11.4		
Explanation of Variation	(\$'000)	%
<b>Defence Function (1997-98 Estimated Outcome)</b>	<b>661,497</b>	
<b>180-01 RUNNING COSTS</b>		
<i>Service Personnel</i>		
<b>Real Variations</b>		
Increased provision associated with ADF Workplace Bargaining Agreement	298	
Variations in 3% Productivity Benefits payments resulting from movements in average staffing levels and changes in per capita rates, including the impact of pay increases	-65	
Reduced provision for allowances	-168	
Variations in Accrual Based Superannuation payments resulting from the impact of pay increases, revised Employer contribution Rates and movements in Average staffing levels	-626	
Variations to attributions and rank profile structure following the refinement of post-DRP Program structures and Service personnel baselines	-2,144	
<b>DRP Savings</b>		
Related to Facilities and Long Term Force Disposition	-1,804	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 11.4</b>		
<b>Explanation of Variation</b>	<b>(\$'000)</b>	<b>%</b>
<b>Transfers</b>		
Transfer of Living Out Allowance to Program 8 arising from the Housing and Accommodation Policy Review	-92	
<b>Total Service Personnel</b>	<b>-4,601</b>	<b>-27.6</b>
<i>Civilian Personnel</i>		
<b>Real Variations</b>		
Variation in 3% Productivity Benefit payments resulting from movements in average staffing levels and changes in per capita rates	-52	
Variations in Accrual Based Superannuation payments resulting from revised Employer Contribution Rates and movements in average staffing levels	-170	
Miscellaneous minor variations	-65	
<b>DRP Savings</b>		
Related to Facilities and Long Term Force Disposition	-852	
<b>DRP Reinvestment</b>		
Non-recurrence of costs of 1997-98 DRP redundancy program	-543	
<b>Total Civilian Personnel</b>	<b>-1,682</b>	<b>-8.4</b>
<i>Administrative Expenses</i>		
<b>Real Variations</b>		
Net effect of retrospective price and exchange movements	-19	
Miscellaneous minor variations	-187	
<b>DRP Savings</b>		
Related to Facilities and Long Term Force Disposition	-932	
<b>DRP Reinvestment</b>		
New Capabilities – Net Personnel and Operating Costs	20	
<b>Transfers</b>		
Increased provision due to transfer of Environmental Management Planning function from Program 6	42	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	86	
<b>Total Administrative Expenses</b>	<b>-990</b>	<b>-12.1</b>

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 11.4</b>		
<b>Explanation of Variation</b>	<b>(\$'000)</b>	<b>%</b>
<i>Facilities Operations</i>		
<b>Real Variations</b>		
Net effect of retrospective price and exchange movement	1,187	
Non-recurrence of facilities works associated with <i>Restructuring the Army</i>	-315	
Non-recurrence of facilities works associated with the Regional Training and Mobilisation Centre Enoggera	-680	
Reduced provision for facilities operations resulting from the consolidation of DSTO facilities, including Salisbury and Maribyrnong	-888	
Non-recurrence of facilities operations aspects of the Weapons Training Simulation System Project	-2,400	
Non-recurrence of expenditure for repair to elements of bases and establishments including Bandiana, Richmond and Enoggera	-2,850	
Miscellaneous minor variations	-352	
<b>DRP Savings</b>		
Related to Facilities and Long Term Force Disposition	-1,479	
<b>DRP Reinvestment</b>		
New Capabilities – Net Personnel and Operating Costs (including Seasprite Helicopters, Garden Island Dockyard and Bradshaw Field Training Area)	1,133	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	3,376	
Total Facilities Operations	-3,268	-1.4
<b>181-00 EQUIPMENT AND STORES</b>		
<b>Real Variations</b>		
Reduced provision for equipment reflecting anticipated savings due to the CSP of maintenance at some DSTO facilities	-298	
<b>DRP Savings</b>		
Related to Facilities and Long Term Force Disposition	-160	
Total Equipment and Stores	-458	-23.4
<b>185-00 DEFENCE FACILITIES</b>		
<b>Real Variations</b>		
Variation of expenditure requirement for new and ongoing projects including Townsville Lavarack Barracks Redevelopment Stage 2, Amberley Base Redevelopment, Army Presence In the North Stage 1 and 2, Puckapunyal-Relocation Artillery Centre, Russell Offices Redevelopment and other projects	5,792	
Net effect of retrospective price and exchange movement	2,390	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 11.4</b>		
<b>Explanation of Variation</b>	<b>(\$'000)</b>	<b>%</b>
Non-recurrence of expenditure for equipment projects including Wheeled Armoured Fighting Vehicles Facilities, Delamere Air Weapons Range Development, and other projects	-4,893	
Minor Miscellaneous Variations	-62	
<b>Leases</b>		
Reduced provision from Program 2 for lease (In-Service-Support) for Anzac ship training	-705	
Reduced provision for Overseas Property Group funding resulting from variations in estimated rents	-2,771	
<b>Transfers</b>		
Transfer from Program 1 for facilities aspects of equipment projects including Medium Tactical Airlift Capability Phase 2 and Australian Light Armoured Vehicle project	1,248	
Transfer to Program 13 for ACT cleaning contracts	-661	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	11,001	
Total Defence Facilities	11,339	2.3
<b>Total Defence Function Appropriations Variation (A)</b>	<b>340</b>	<b>0</b>
<b>DEFENCE RECEIPTS</b>		
<b>Real Variations</b>		
Anticipated increase in Asset Sales including Rydalmere, Regents Park, Homebush, Kelvin Grove and Wacol Training Area	-22,515	
Net effect of retrospective price and exchange movements	73	
<b>DRP Savings</b>		
Facilities and Long Term Force Disposition (including non-recurrence of one-off receipts in 1997-98 for RAAF Base Fairbairn, and Tresco)	34,400	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	-1,350	
<b>Total Defence Receipts Variation (B)</b>	<b>10,608</b>	<b>-9.9</b>
<b>Total Defence Function Outlay Variation (A+B)</b>	<b>10,948</b>	<b>1.7</b>
<b>TOTAL DEFENCE FUNCTION OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>672,445</b>	