

AUSTRALIAN DEFENCE
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2007/08 AUSTRALIAN
DEFENCE & SECURITY BUDGET ANALYSIS

'Business as usual' security agenda awaits election campaign goodies

In a 2007/08 Australian Federal Budget outcome that contains numerous little sweeteners for the broad national community, young and old, rich and poor, the Department of Defence has continued to remain well ahead of the pack in terms of Departmental resourcing. Tuesday's Defence expenditure proposals represented the seventh consecutive budget in which the Government has met or exceeded its 2000 Defence White Paper funding commitment of 3% year on year real growth in outlays.

Following on from the 2003 and 2005 Defence Updates, the 2007/08 Defence Budget's strategic overview describes the current Australian security environment as being characterized by "the impacts of globalisation, the challenges of supporting regional nations at risk, threats of terrorism, the proliferation of weapons of mass destruction, and the maturing relationships between the major powers in the Asia-Pacific region."

The document, however, lacks any reference to Defence Minister Nelson's indications in late-March that he would be releasing a third 'Defence Update' during the course of the coming election campaign. Still, listed in the Budget Papers as the Government's "highest operational defence priorities" are: countering the threats of terrorism and the proliferation of weapons of mass destruction; and supporting regional states in difficulty.

So whilst Government Members and Senators across the country move into Budget 'selling mode' over the next few weeks - and subsequently into the election campaign proper - the Department of Defence, through the 2007/08 Budget papers, has been instructed over the coming year (in addition to its regular tasks of supporting deployed forces and advancing the capital equipment programs), to substantially advance the program of endorsed reforms coming out of the 53 recommendations of the recent Defence Management Review (Proust Report).

In short, and for the coming financial year, senior Defence officials - following recently approved revisions to the outcome and output structure within Defence by the Minister for Finance & Administration - are expected to ramp up activities in four key Proust Report investigation areas, and including: accountability & governance; supporting the Minister and the Government; people management; and business system reform.

DEFENCE FUNDING BREAKS \$20 BILLION: Defence is budgeted to receive \$24.802 billion in total resourcing in 2007/08, comprising \$21.999 billion for departmental funding, and \$2.802 billion for administered appropriations. Excluding administered appropriations (as is usual), the 2007/08 Defence budget proposal of \$21,999m is an increase of \$1,197.3m (or 5.8%) from the previous estimates published in the Portfolio Additional Estimates Statements in 2006/07.

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Before the cheers go up to loudly, however, the new budget also contains a number of adjustments agreed by Government, and including substantial re-programming of the capital investment program, as well as substantive price and exchange rate variations. These total \$4.111 billion over 10 years, and together with the \$14.043b provided in new budget measures, means an additional \$18.154b has been added to Defence's Budget allocations over the next 10 years.

In short, and adding up withdrawals from the original White Paper allocations attested by Defence to be the result of underspends, slippages, opportune out-of-schedule payments and Defence Capability Plan (DCP) re-programming, some \$2,718m has been extracted from the White Paper funding allocations over the years 2001/02 to 2007/08, with \$3,131m dumped back into the program over the years 2008/09 to 2016/17, for a net gain of \$413m. Whilst Defence is at pains to emphasise such funding was not 'forgone' - just pushed forward - there is little discussion in the Budget text as to the opportunity costs worn by the ADF as a whole due projected capability not being delivered as first expected, let alone the impact on industry of \$1,113.3m of business opportunities first promised in one decade, and then subsequently evaporating only to be returned in the next decade.

Expressed from another perspective, Defence's total Departmental funding proposed for 2007/08 of \$21,999m comes in at 10.6% more than the forecast outcome for the current year (2006/07) of \$19,898.6m, representing 9.3% of Australian Government outlays, and 2% of Gross Domestic Product. The increase provides for: \$1,843 for new budget measures; -\$707.4m for other budget adjustments in including Capex re-programming; and \$61.2m for additional own-source revenue.

Lead Defence budget measures include: a package of recruitment measures and retention initiatives that are designed to increase recruitment intakes and reduce military separation rates (\$585.3m); and an additional \$1,278.8m to sustain defence operations. An additional \$703m has been funded to keep the ADF in Afghanistan until 2009/10 (including \$32m for costs incurred in 2006/07), along with the previously announced return of the Special Forces, CH-47D 'Chinook' helicopters and a RAAF Mobile Control and Reporting Unit (MRCU). ADF numbers in Afghanistan will peak in 2008 to 1,000, with \$389m allocated to maintain the current deployment to Iraq and the Persian Gulf of about 1,575 ADF personnel. A total of \$134.8m has been committed to maintaining the ADF presence in Timor Leste, and between \$12.6m and \$13.3m will be spent each year on border protection through to 30 June 2011.

The ADF's objective strength has been set at 57,000 uniform personnel by 2016 to man the log of new equipment being provided by the 2006-16 Defence Capability Plan (DCP) - its current strength is 51,000. The \$2.1b of new recruitment and retention measures are in addition to the \$1b announced in December 2006. Measures include home loans assistance, flexible pay structures, marketing, career advice, expanded cadets and Navy SeaChange, new apprenticeships and professional development of medical officers.

LARGE CAPEX GROWTH ON THE HORIZON: The Defence Capital investment program for 2007/08 totals \$6,162.9m, including \$652.8m in operating funds. Defence plans to spend \$30.416b on Capex across the Budget and Forward Estimates period (running to 2010/11). Breaking down the 2007/08 figures, the 'unapproved' Major Capital Equipment (MCE) provision for the coming financial year is \$512.5m, approved MCE is \$4,294.9m; Capital Facilities are \$643.6; and Other Capital (including Repairable items) is \$768.8m. Each of these is expected to grow substantially the next few years, with the total

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Capex spend having grown to \$8.012b (from 2007/08s \$6.163b) by 2016/17. Slippage built into the MCE program is 15%.

Proposed projects scheduled for 'first pass' approval (valued at \$8,950m) over 2007/08 include:

Air 5428, Phase 1 - Pilot Training System
Air 7000, Phase 1B - MUAS Capability Development Partner
Air 8000, Phase 1 - C-130H refurbishment or replacement
Air 8000, Phase 2 - Light Tactical Fixed Wing Aircraft
Air 9000, Phase 3 - S-70B-2 'Seahawk' MLU and life extension
Air 9000, Phase 5B - CH-47D 'Chinook' MLU
Defence 224, Phase 3 - Force Level Electronic Warfare
JP 2008, Phase 4 - Military Satellite Capability
JP 2048, Phase 3 - Amphibious Watercraft replacement
JP 2072, Phase 2 - Battlespace Communications System (Land)
JP 2097 Phase 1B - Project 'Redfin' Enhancements to Special Operations capability
Land 125, Phase 5 - Soldier Enhancements Version 3
Sea 1439, Phase 5 - 'Collins'-class sonar replacement
Sea 1442, Phase 4 - Maritime Communications Modernisation
Sea 1448, Phase 4A/4B - 'Anzac'-class air search and further capability enhancements

The Government will also attempt to push through 'second pass' decisions on up to \$9,885m of major projects over the coming year. Significant projects within this list include: design down-select and build go-ahead for the project Sea 4000 (Phase 3) Air Warfare Destroyers (AWDs), and selection of the build/design team for the new amphibious ships (Joint Project 2048, Phases 4A/4B), otherwise know as the Landing ship, Helicopter Hock (LHDs). High profile public event decisions on both these project outcomes are expected around the middle of the year.

Other projects scheduled to receive 'second pass' approval over 2007/08 include:

* Air 5276, Phase CAP 1 - Capability Assurance Program Block 1 for the AP-3C 'Orion' Maritime Patrol Aircraft (MPA) received partial second-pass approval in financial year 2006-07. CAP 1 includes elements of the previous Air 5276 Phases 5B, 6 and 9 and includes new FLIR sensors and high-speed data links. Project consideration may also include updating the AP-3C's Systems Engineering Laboratory (SEL). DCP 2006-16 estimates program expenditure at \$20-30m.

* **Air 5440, Phase 1** - A new project which was not listed in the public DCP 2006-16, aims to provide the Block Upgrade Program 7 for the Lockheed Martin C-130J 'Hercules' tactical airlifters. The Block Upgrade Program has been part of the C-130J's ongoing development since entering service and includes modifications to avionics and hardware.

* **Joint Project 2044, Phase 3A.1** - Project 'Eagle Eye' is the upgrading or replacement of Defence's space-based surveillance capability. The security classification of the system provided under JP 2044 precludes Australian industry from providing upgrade or replacement. The DCP 2006-16 estimated program expenditure at \$50-75m.

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- * **Joint Project 2085, Phase 2/3** - Covers explosive ordnance 'warstock' to satisfy work-up requirements for current high tempo operations, plus the ability to sustain concurrent contingency operations. Also warstocks for newer weapons are to be addressed, including the requirement for a 155mm precision unitary munition, and sensor fused munitions. DCP 2006-16 estimates program expenditure at \$500-700m.
- * **Joint Project 2089, Phase 2** - Implementation of the Tactical Information Exchange (TIE) solutions for Lank 16 and Variable Message Format (VMF) for the 'Anzac'-class frigates and Boeing F/A-18A/B 'Hornet' tactical fighters. The project will also conduct further definition studies of incorporating TIE in Eurocopter's Air 87 'Tiger' Armed Reconnaissance Helicopters (ARH), tactical airlifters and ground-based systems. DCP 2006-16 estimates program expenditure at \$100-150m.
- * **Land 40, Phase 2** - The acquisition of night sights for existing Saab Bofors M2/M3 'Carl Gustav' 84mm recoilless, single shot Medium Direct Fire Support Weapons (MDFSW) and a new high rate of fire suppressive Direct Fire Support Weapon along the lines of a 40mm Automatic Grenade Launcher or new 25mm low velocity cannons both firing smart fused, air burst ammunition. DCP 2006-16 estimates program expenditure at \$150-200m.
- * **Land 75, Phase 3.4** - Further rollout of the Saab Systems Battlefield Command Support System (BCSS) and acquisition of an interim Military Off The Shelf (MOTS) Battle Management System (BMS) capability to equip an army combined arms battle group. Land 75 Phase 3.4 is an element of the combined tender for Army Command, Control, Communications, Computers and Intelligence (C4I) known as 'Land 200'. DCP 2006-16 estimates program expenditure at \$75-100m.
- * **Land 125, Phase 3** - Soldier Enhancement Version 2 acquisition of dismounted C4I (combined with Land 75 for single tender as 'Land 200') and increased lethality (weapon sights) and survivability (body armour). DCP 2006-16 estimates program expenditure at \$450-600m.
- * **Land 144, Phase 1** - Acquisition of some counter-mine capabilities including Personnel Explosive Lane Clearance Charge (PELCC) System, Improved Handheld Detectors (IHD) and 6-12 'protected hazard reduction systems' in the form of armoured vehicular mine-flails for rear area mine destruction. DCP 2006-16 estimates program expenditure at \$20-30m.

The 2007/08 Budget provides \$643.6m for major and medium capital facilities projects, with Defence planning to spend \$3.270m on such facilities over the Budget and Forward Estimates period. Having shrunk from previous highs in earlier years, the Capital Facilities Program is now forecast to grow quite considerably reflecting reinvestment in the estate and the construction of new facilities for equipment being acquired through the unapproved MCE program, and new initiatives including the Hardened and Networked Army, and the Enhanced Land Force. Defence bases around Australia and in key electorates will receive an injection of \$1,039.9m with capital infrastructure (\$499m), estate upkeep (\$405.5m) and continued base security (\$135.4m), in 2007-08.

DMO ON A BUSINESS/STAFF GROWTH PATH: Reflective of the proposed expansion in Capital Expenditures, the Department of Defence has budgeted to pay the Defence Materiel Organisation (DMO) \$9.442b in 2007/08 for the procurement of capital equipment (\$4.820b), and for the sustainment of equipment, \$4.622b. Funding for procurement of capital equipment is provided under a suite of Materiel Acquisition Agreements (one agreement for each project), together with an Acquisition Service

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Fee (ASF) which covers DMO project staffing - but also includes Professional Service Providers and associated overheads. Payment for sustainment of existing assets is provided under a suite of Materiel Sustainment Agreements (one agreement with each Capability Manager covering approximately 100 individual products), together with an associated service fee which covers systems program office staffing costs and associated overheads.

Looking at the coming financial year (plus forward estimate years), the DMO's ASF for major capital projects is 8.1% in 2007/08. With rising volumes of projects under management, the latter years of the Forward Estimates show this falling to 6.7%, 6.4%, 6.8% - hopefully reflecting efficiency gains from organisation's substantive investments of recent years in upskilling and professionalising its workforce. For sustainment projects, however, the associated service fee is 8.6% in 2007/08, and subsequently rises - 9%, 9.2%, 9.2% - in the latter Forward Estimate years. The DMO will manage some 215 approved MCE projects during 2007/08. There are currently over 159 'Minor' projects with an average value of \$6.6m. Planned expenditure in this area for 2007/08 is \$176.4m. The DMO's workforce is forecast to increase by 387 in 2007/08, from the previous year's project result of 6,939.

Following Defence Procurement Advisory Board review (whose term has been extended to March 2008 under revised Terms of Reference), the DMO has decided to establish two additional Senior Executive Service Band 3 positions in support of its Chief Executive Officer, Dr Stephen Gumley - thus allowing him to concentrate on his strategic leadership role. The two positions are: General Manager Systems (responsible for Head Aerospace Systems Division; Head Electronic & Weapons System Division; Head Helicopter Systems Division; Head Land Systems Division; and Head Maritime Systems Division); and General Manager Business Operations, who will oversee the organisation's Chief Finance Officer, Chief Operating Officer, and General Counsel. The Head Industry Division, and the managers of the DMO's high-value, high-capability programs: air warfare destroyer, amphibious deployment and sustainment, airborne early warning & control, and new air combat capability - will all continue to report directly to Dr Gumley. The former Defence Materiel Advocate, MajGen Jim Molan, has departed the DMO with his function set to be subsumed within the Defence Export Unit being created courtesy of the 1 March Defence & Industry Strategic Policy (DISP) statement.

BACC FUNDING FULLY SUPPLEMENTED: The project Air 5349 Bridging Air Combat Capability (BACC) - acquisition of 24 Boeing F/A-18F Block 2 Super Hornets - has been budgeted in 2007/08 at \$3,970.5b for the aircraft, weapons, facilities upgrading (\$58.6m) and aircrew training - all within a total program now costing \$6.6 billion over 13 years. Australian personnel will begin training in 2009 with the US Navy to introduce the operational capability in 2010, and allowing for the withdrawal of the F-111. The full cost of operation including all support and personnel costs will be fully supplemented until 2020. Personnel costs have been supplemented to a peak of \$31.4m in 2010/11 due to pre-existing plans to utilise the F-111 workforce for transition to the Lockheed Martin F-35A 'Lightning II' Joint Strike Fighter (JSF). Negotiations for commercial support arrangements for the 'Super Hornets' will commence immediately with local industry participation a key factor. Up-skilling of the legacy F-111 industry workforce is now part of a package focusing on low observable materials, advanced sensors and IT.

ANZAC SENSOR UPGRADE RESHAPED IN NEW BUDGET: The effective Mid Life Upgrade (MLU) of the 'Anzac'-class frigates through phases 2A/2B/4 of project Sea 1448 have been concentrated under the new budget, with phase 4 moved forward by six years to complement the pre-approved phases. Phase 4 plans to replace ship sensors and systems not included in the phase 2A/2B Anti-Ship Missile Defence (ASMD) upgrade - in particular, the Raytheon SPS-49 Volume Search Radar (VSR). The phase 2B upgrade

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to fit a new CEA Technologies phased array radar system will now change both forward and after masts to manage ship top weight and electronic compatibility between various sensors. Phase 2A's project risk management, including a preliminary phase array radar program have driven the changes which will see Government advised of the preliminary design review outcome before the MLU.

M113 UPGRADE DELAYED AGAIN: The upgrade of 350 legacy M113A1s to an improved M113AS3/4 standard by Tenix Aerospace & Defence has been delayed again from an expected in-service target date of November 2007, to the second half of 2008. Brake and other technical issues are said in the Budget papers to have lead to an unrecoverable delay of six months, though some crew training has commenced and the first maintenance course, for the new Tenix turret, is scheduled for mid 2007.

FFG UPGRADE EARNS ITS HMAS 'BETA' TAG: The DMO in the Budget papers has admitted to "known deficiencies" in the underwater warfare systems, electronic support system and the Australian Distributed Architecture Combat System (ADACS) software onboard the Sea 1390 Phase 2.1 upgraded 'Adelaide'-class frigates. Thales Australia is continuing to work to rectify deficiencies in the lead upgraded frigate, HMAS 'Sydney', before acceptance scheduled for late-2008, with initial operational release due in mid-2007.

FFG SM-2 TO SERVE 4 YEARS BEFORE AWD ARRIVAL: The key element of the FFG upgrade adding the more capable Raytheon SM-2 air defence missiles (under phase 4B of project Sea 1390) in place of the legacy SM-1, is not now planned until 2009, providing a value for money return of only four years before the first air warfare destroyer is expected to enter service. However, while the missiles will be provided at low risk under Foreign Military Sales (FMS) by the US Department of Defense, system critical design review and contract award for the actual SM-2 configured Guided Missile Launching System (GMLS) is not due until late-2007.

DMO SAYS 'EXCALIBUR' STILL UNDER DEVELOPMENT: The DMO has reported in the Budget papers that a key risk in the Joint Project 2085 acquisition of 155mm Precision Unitary Munitions (PUM) is that overseas systems are under development, and subsequently, cost and schedule estimates are of low fidelity. The authors appear to be unaware of the actual maturity of US Army's required system, the Raytheon/BAES Bofors XM-982 'Excalibur'. As of April 2007, 65 'Excalibur' PUMs had been deployed to Iraq for combat firing, with another 435 on the way. The PUM was in production in the short range Block 1A-1 configuration, with the longer range Block 1A-2 to be available in 2008/09.

JASSM MARITIME STRIKE OPTION DEPENDENT ON USAF: As part of the phase 1 of project Air 5418 'Follow-On Stand Off Weapon' - the ADF's acquisition of Lockheed Martin's AGM-158 Joint Air-to-Surface Standoff Missile (JASSM) - the DMO has retained an option to acquire a full operational capability to engage moving targets via a data link addition. Yet the solution being developed as part of the JASSM program, the Maritime Interdiction (JASSM-MI) version, is said in the Budget papers to remain dependent on USAF itself progressing the new capability.

RAPID BUY OF TYPHOONS FOR AMPHIBIOUS SHIPS: Under project Sea 1779 Phase 1, 'Ship Self Defence Capability - Rapid Acquisition', Rafael 'Toplite' targeting systems and 'Typhoon' Remote Control Weapon Stations (RCWS) armed with ATK 'Bushmaster' 25mm cannons (as similarly fitted to the 'Armidale'-class patrol boats), combined with the 'Mini-Typhoon' RCWS with 12.7mm machineguns, will be fitted to each of the Navy's principal amphibious ships, HMA Ships 'Kanimbla', 'Manoora' and 'Tobruk'. The first ship is to be fully armed by August 2008, with all three by February 2009.

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INTELLIGENCE CAPABILITY BOOSTED BY \$382M: The Government has made a ten year commitment for an additional \$382.2m in funding to Defence to enhance intelligence and security capability. Some \$207.2m will be spent over ten years for improved intelligence collection, processing and dissemination. Another \$75m over ten years will be allocated to the Defence Signals Directorate (DSD) to protect Government communications and information systems.

SHRINKING DSTO LOST 93 PEOPLE IN 2006/07: Workforce allocation figures in the 2007/08 Budget papers indicate the Defence Science and Technology Organisation (DSTO) has reduced its staffing from 2420 in 2006/07, to 2327 in 2007/08, but aims to claw that back to 2,381 by 2010/11. DSTO is the only element of Defence to have recorded a reduction in Australian Public Service (APS) staff in the past year, with other sections recording a combined growth of 251 APS staff.

WARREN KING SAVES \$90M FOR SEA 4000/3: The air warfare destroyer design activity conducted under phase 2 of project Sea 4000 has come in \$90m under its approved project expenditure of \$479m. DMO Sea 4000 project manager, Warren King, is said to have pre-arranged approval for any savings from Phase 2 to be rolled into the Phase 3 build stage. The additional \$90m can now be added to the actual AWD detailed design and build for additional capability.

DEFENCE BUDGET SNIPPETS:

* After years of requests for better information, Defence industry (and the media) have been provided in the 2007/08 Budget papers with a chart detailing factors contributing to major variations in military capability project acquisition costs (ie: often referred to as 'blowouts'). The DMO's chart shows for the top 30 projects, price indexation movements, exchange variations and additions factors underpinning second-pass variations.

* All six 'Collins'-class submarines receiving a range of improvements under the project Sea 1439 Collins Continuous Improvement Program (CIP), are now said in the Budget papers to be in line to receive a Special Operations support capability, previously limited to only two of the boats.

* Seven years after the 2000 Defence White Paper, the Army has declared in the 2007/08 Budget papers that it will finally develop a sustainment model designed to ensure that two separate force packages can be concurrently deployed and sustained, one of brigade size, and the other a battlegroup.

* Originally acquired by then Prime Minister Keating in the mid-1990s as an apparent bargain to extend the life of the RAAF strike force, the 14 ex-USAF General Dynamics F-111Gs acquired have now been withdrawn from service, with two broken down for spares, and the remainder in storage awaiting disposal. The RAAF's long-range strike capability will now revolve around the remaining 21 F-111Cs, until replaced by the F/A-18F B2 'Super Hornet' in 2010.

* The RAAF's Boeing 707 In-Flight Refuelling (IFR) tankers and former VIP jets are being wound down in anticipation of the Air Force accepting into service the new project Air 5402 Airbus KC-30Bs. Only two B707s remain in service, decreasing to one in November 2007, and the final aircraft to be withdrawn from service on 30 June 2008.

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Border Protection Initiatives

AMIS FUNDED IN NEW BUDGET: Some \$79.5m has been allocated in the 2007/08 Budget over four years to develop, implement and operate the Border Protection Command's (BPC) Australian Maritime Identification System (AMIS). AMIS will provide Maritime Domain Awareness (MDA) across the entire Australian offshore area of interest providing a single, scalable picture of all reported maritime presences.

CUSTOMS GAINING A NEW VESSEL A YEAR: The Australian Customs Service is being funded in 2007/08 to charter a new patrol vessel for four years, valued at \$31.7m, and dedicated to protection of the environmentally sensitive Ashmore Reef and Cartier Island marine reserves. Customs have already sought tenders for the new vessel that will patrol the 750 square km area located 320km off the coast, and only 150km from Indonesia. The vessel is due to be in service by 1 July 2007, and comes after similar charters for northern and southern patrol vessels such as the former UK 'Triton' and 'Oceanic Viking'.

CUSTOMS JOINS EXPEDITIONARY ADF/AFP: A third Government agency has taken on an expeditionary focus with Customs funded for \$7.8m over four years to improve border policing for Papua New Guinea (PNG). Customs will help PNG Customs add a new border patrol capability, additional x-ray equipment and sea and air ports and assist in providing increased harbour and coastal surveillance. Customs will join the Enhanced Cooperation Program (ECP) between Australia and PNG.

National Domestic Security Budget

The Government has budgeted an additional \$702m (including \$245.2m in capital funding) over four years from 2007/08 to strengthen Australia's national domestic security (NDS) capabilities and address enduring and emerging threats. The funding is principally provided by way of the Attorney-General's portfolio, and includes provisions of \$5.3m in 2011/12.

Under the 'Strengthening National Security' (SNS) banner, the 2007/08 provisions build on those made by the Government over the previous five federal budgets, and leading to a claim some \$10.4b has been allocated to NDS measures over the 10 years to 2010/11. SNS curiously provides \$106.5m over four years from 2007/08 to Defence for high priority intelligence needs in two key areas:

First, 'intelligence' functions will be further supported with \$78.8m over four years to provide additional secure facilities for state offices of ASIO, and further funding to continue the national domestic security public information campaign (ie: National Security Hotline, and NDS issues awareness), for a further two years, and at a cost of \$20m.

Second, funding of \$73.6m over four years is provided to implement an 'e-security' national agenda to secure Australia's online environment and the critical infrastructure it supports, such as energy infrastructure, telecommunications and government systems. This measure includes \$11m in capital funding for fit-out and equipment.

Other key elements of the NDS program include funding to:

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- Continue the National Crisis Management Watch Office (\$5.5m over 4 years);
- Continue the National Security Hotline (\$19m over 4 years);
- Expand/continue the National Counter-Terrorism Committee exercise program (\$24.6m over 4 years);
- Establish purpose-built facilities for aviation security agencies (\$163.5m over 5 years);
- Implement the Anti-Terrorism Act (No.2) 2005 (\$35.7m over 4 years);
- Maintain current protective security arrangements for Defence bases & assets (\$135m over 4 years);
- Improve Defence intelligence agency capabilities to meet high priority requirements (\$106.5m over 4 years), with \$23.6m in capital funding for infrastructure and equipment costs;
- Undertake research in regard to preparedness for a major NDS incident and establish the capacity to maintain business continuity for the nation (\$24m over 4 years), but met from CSIRO internal funds;
- Resource a national Chemical, Biological, Radiological and Nuclear (CBRN) Security Strategy (\$14.5m over 4 years) in response to the COAG Review of Hazardous Materials (includes \$4.1m over four years in capital costs for a secure IT communication system and database);
- Enhance research support under the Counter-Terrorism National Grant Program (\$23.6m over 5 years);
- Continuation and improvement of the Australian Secure Network providing messaging and voice capabilities to state, territory and federal agencies (\$21.2m over 4 years);
- Improve aviation security via \$60m over 4 years to be spent on: an accredited air cargo agent scheme (\$18.6m); introducing checked baggage screening at 26 regional airports (\$15.4m); increased aviation security audit & compliance checks (\$21m); and the posting of two transport security officers to the International Civil Aviation Organisation in the United States (\$5m).

AUSTRALIAN GENDARME FUNDED FOR MAJOR NEW FACILITIES: The Australian Federal Police (AFP) has received \$219m of new initiatives to boost their paramilitary capability in Budget 2007/08. Some \$3.3m will be spent to develop plans for the development of a new national centre to provide a home for the 1,200-strong International Deployment Group (IDG) and a national law enforcement-training centre. Some \$151.4m will be spent over four years to provide AFP bases on each of Australia's 11 major airports. Another \$65.2m will be spent over five years to upgrade the AFP's operational and intelligence systems.



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