PERTH SOUTH WEST
Metropolitan Alliance

# Defence Community Infrastructure Fund: Pilot Proposal

City of Cockburn wetlands to waves
TOWN of EAST FREMANTLE
CITY OF Fremantle
City of Kwinana
City of Melville
City of Rockingham

# Contents


| | |
|---|---|
| Executive Summary | 3 |
| The Problem | 4 |
| Why the Problem Exists | 5 |
| The Proposed Solution: Defence Community Infrastructure Fund | 6 |
| Precedents and Comparable Programs | 7 |
| Implementation and Pilot Design | 10 |
| Benefits and Outcomes | 12 |
| Risks and Mitigation | 13 |
| Conclusion | 14 |

# 1 Executive Summary

Australia's defence communities are preparing for a period of rapid growth linked to major national security initiatives such as AUKUS. While these projects deliver immense national benefit the local impacts are immediate: increased competition for housing, pressure on services, congestion and strain on community infrastructure. Unlike other large employers, defence facilities are exempt from paying local rates meaning communities shoulder these pressures without a dedicated mechanism to reinvest in resilience and liveability.

International models show how this challenge can be addressed. In the United States the Defense Community Infrastructure Program (DCIP) funds off-base infrastructure such as roads, recreation centres, dams and emergency services with over US$666 million invested since 2020. In the United Kingdom the Barrow Transformation Fund is investing £200 million over ten years to regenerate a submarine city blending housing, transport, cultural and civic upgrades. Both demonstrate the importance of overt, branded investment in host communities to sustain social licence and resilience.

A similar initiative is needed in Australia. We propose establishing a Defence Community Infrastructure Fund, beginning with a pilot program of $50 million in the 2026–27 financial year. Grants would range from $10–20 million to deliver substantial projects with scope for co-funding from state, local and private partners. The fund would be administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts with allocation decisions including defence personnel to ensure alignment with local base needs.

Eligibility would be defined using the Defence Housing Australia model, with communities within 30 kilometres of a base entrance eligible to apply. Applications would require letters of support from base commanders ensuring projects reflect both community priorities and defence requirements. The pilot phase would focus on shovel-ready community infrastructure with dual benefit such as sporting facilities, recreation centres or cultural venues to deliver quick, visible outcomes.

The benefits of this approach are clear. The fund would strengthen community resilience, embed defence personnel more deeply in local life, and demonstrate visible Commonwealth recognition of the contribution made by host communities. By investing in shared-use community facilities that enhance the wellbeing and inclusion of defence personnel, the program would also support retention and stability within the defence workforce. Economic multipliers would follow through broader civil construction activity beyond traditional defence projects. The risks are minimal, given the use of existing grant methodologies and the strong level of community demand for this type of investment.

This is not about generosity. It is about fairness and recognition. By visibly investing in defence communities the Commonwealth can sustain public support, improve national preparedness and ensure that the regions asked to carry the responsibility of hosting Australia's most critical defence assets are resilient, liveable and equipped for the future.

# 2 The Problem

Defence offers extraordinary value to the nation, underpinning Australia's security, sovereignty and international standing. Yet at the local level, these benefits are often less visible. For many communities, particularly in a country with a long period of relative peace, the connection between national security and daily life can feel abstract. What residents experience more directly are the pressures and inconveniences that accompany the concentration of large defence facilities and their workforces.

The arrival of thousands of personnel and contractors creates immediate strain on services such as housing, health care, childcare and education. Local roads and transport networks become congested, sporting fields and community facilities reach capacity and demand for local services outpaces what councils are able to provide. These are not abstract impacts — they are the lived experience of residents in defence communities, where quality of life can be diminished despite the area's significant role in national defence.

In most circumstances, when a large employer operates in a community, their contribution through local government rates provides a mechanism to offset growth pressures. Councils reinvest these revenues into infrastructure, amenities and programs that maintain liveability and community wellbeing. Defence facilities, however, are exempt from paying rates. This means that while the economic activity of defence flows into local economies in some ways, the direct financial support to address community impacts is absent.

The result is a growing imbalance: communities are asked to host nationally significant facilities and absorb the associated population pressures, but without the tools or resources to manage them effectively. This can lead to community frustration, eroding the social licence on which defence depends. If left unaddressed, this disconnect risks undermining local support for what are long-term, multibillion-dollar national investments.

A Defence Community Infrastructure Fund would directly address this challenge by recognising that defence communities carry a unique burden for the benefit of the nation. By investing in local infrastructure and facilities, the fund would help ensure these communities remain resilient, liveable and supportive hosts for Australia's future defence capability.

# Why the Problem Exists

3

From an economics perspective, the growth of a military base represents a form of Military Keynesianism. Defence investment stimulates demand, not only through direct employment but also through the secondary population growth it drives. As the number of personnel and contractors expands, so too does the need for housing, health care, education, childcare, retail and community services. In the longer term, this can reshape a region by creating a more diverse economic base and sustaining higher-value employment. In the short term, however, it creates significant growth pressures that local governments and communities must attempt to absorb with limited resources.

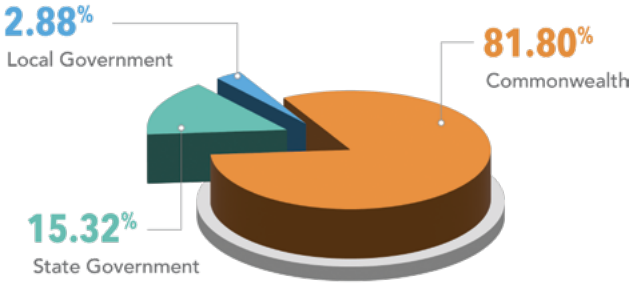
These pressures are compounded by the fact that, while Australians generally hold the Defence Force in high regard, this sentiment does not always offset the perception of local inconvenience. Congestion, increased competition for services and pressure on infrastructure are tangible and immediate, whereas the economic and national security benefits can appear distant or intangible. Without mechanisms to translate defence investment into visible community benefit, there is a risk that local frustrations may outweigh national pride, weakening support for the long-term projects.

International comparisons illustrate the challenge. In the United States, for example, defence facilities are closely integrated into local taxation regimes and grant programs that ensure direct community benefit. Military investment flows into local government revenue streams, funding public infrastructure and services. In Australia, by contrast, local governments receive just 2.8% of national taxation revenue, compared to 15% in the US. The bulk of financial benefits flow to the Commonwealth through income and company tax and to states through mechanisms such as stamp duty on housing turnover. The direct financial capacity of local governments to manage growth pressures remains extremely limited.

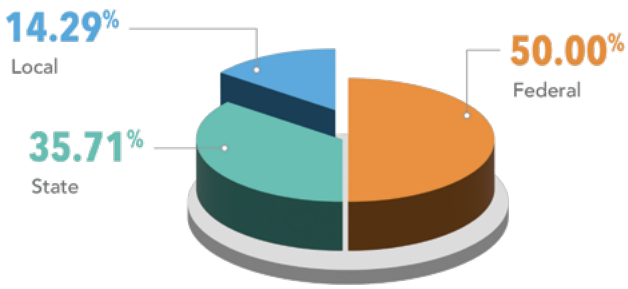
While other funding streams exist in Australia — such as the Local Roads and Community Infrastructure Fund or the Building Better Regions Fund — these are not designed to address defence-specific pressures. Applications can be justified on the basis of local growth, but there is no guarantee that funds will be allocated to defence host communities, nor is there clear visibility to residents that investment is linked to defence expansion. As a result, communities perceive the costs of hosting defence without seeing a direct, transparent return.

The absence of a targeted mechanism therefore leaves a gap: local governments and communities bear the short-term costs of growth, while the financial benefits flow primarily to higher tiers of government. Bridging this gap is essential if Australia is to sustain both the social licence and practical resilience required to host long-term defence investments.

**Taxation income by tier of Government, Australia**




**Taxation income by tier of Government, US**



4

# The Proposed Solution: Defence Community Infrastructure Fund

The Defence Community Infrastructure Fund would provide a visible, targeted mechanism for the Commonwealth to directly support communities that host major defence activities. Its purpose is to acknowledge the pressures that rapid defence-driven growth creates, while ensuring that these communities are equipped with the infrastructure and services needed to remain resilient, liveable and supportive of the national mission. By clearly linking funding to defence presence, the initiative would build community confidence that the costs of hosting are being recognised and addressed.

The key objectives of the Fund would be threefold. First, it would strengthen community wellbeing by investing in facilities that allow local residents and defence personnel to benefit together — for example, through new or expanded sporting and recreational infrastructure. These shared spaces would serve as tangible symbols of joint investment, building positive connections between defence and the community.

Second, it would reinforce local resilience in the face of deployments, emergencies, or climate-related challenges. Investments could include bolstering local emergency service capacity, upgrading bushfire brigades, or funding protective infrastructure such as seawalls. By improving the ability of host communities to withstand shocks, the Fund would ensure they remain strong and stable partners over the long term.

Third, it would prepare communities for growth by supporting critical hard infrastructure. This might involve upgrading roads, bridges, or transport hubs to meet the demands of rising populations, or investing in enabling infrastructure such as water, sewerage and power to unlock land for infill or greenfield housing. Such investments would support the delivery of affordable and social housing, reduce local bottlenecks and provide the physical foundations for sustained regional expansion.

To ensure responsiveness, the Fund could operate with a rotating set of priorities. Each year, focus areas could shift between social infrastructure, resilience projects, enabling works and housing-related upgrades, allowing the program to adapt to the changing needs of defence communities. This flexible model, consistent with the design of similar international programs, would provide assurance that local challenges are acknowledged and acted upon in a structured, transparent way.

5

# Precedents and Comparable Programs

Governments internationally recognise that defence investment alone does not guarantee community support. Host regions experience population influx, service pressures and infrastructure strain and they require visible, dedicated mechanisms to ensure the benefits of defence are shared. Both the United States and the United Kingdom have responded to this challenge by creating targeted programs that directly fund off-base or community infrastructure in defence regions. These precedents provide a strong foundation for an Australian Defence Community Infrastructure Fund.

# UNITED STATES:
# Defense Community Infrastructure Program (DCIP)

U.S. Department of Defense
Office of Local Defense Community Cooperation

The Defense Community Infrastructure Program (DCIP) was established in 2019 by the U.S. Department of Defense. Its aim is to fund off-base infrastructure projects that strengthen both military installations and their surrounding communities. Unlike core defence works, DCIP is focused on local amenities and infrastructure — roads, utilities, emergency services, flood protection, schools, childcare and recreation facilities. The program is competitive, with annual rounds allocating around US$100 million nationally.

DCIP has already delivered a broad portfolio of projects. Between 2020 and 2024, it supported 78 projects with approximately US$396 million in federal grants, matched by US$270 million in local and state contributions, generating a total investment value of more than US$666 million. This scale underlines the program's political sustainability and its recognition that communities hosting defence carry a national burden deserving explicit support.

## EXAMPLE 1:
### Harwood's Mill Reservoir Dam, Newport News, Virginia

In Virginia, the City of Newport News was awarded US$6.28 million through DCIP to upgrade the Harwood's Mill Reservoir Dam, which supports both Naval Weapons Station Yorktown and the broader civilian community. The project reduced flood risk, secured a vital water supply and enhanced resilience against climate-related impacts. It was a clear example of a dual-use project: improving community safety while ensuring operational continuity for the base.

## EXAMPLE 2:
### Aim High — Big Sky Recreation Center, Great Falls, Montana

In Great Falls, the city secured US$10 million in DCIP funding towards a US$20 million project for a large-scale recreation and wellness centre. The facility serves military families from Malmstrom Air Force Base as well as the broader community, improving quality of life, providing shared space for health and recreation and strengthening ties between the base and the town. The scale of the investment demonstrates DCIP's ability to deliver substantial community infrastructure, not just modest upgrades.

## EXAMPLE 3:
### Recreation and Wellness Centre, Ellsworth AFB, South Dakota

The South Dakota Ellsworth Development Authority secured US$6.31 million towards a US$12.63 million project to build a recreation and wellness centre near Ellsworth Air Force Base. The facility is open to both defence families and local residents, providing health and recreational amenities that strengthen community wellbeing and demonstrate a tangible return for hosting defence growth.

These projects highlight several important lessons. First, even in the U.S. system — where local governments capture more taxation revenue than their Australian counterparts — the federal government recognises the need for targeted, branded investment in defence host communities. Second, DCIP's co-funding model stretches dollars further and creates shared ownership between local and federal stakeholders. Third, the focus on visible, everyday infrastructure builds goodwill, proving to residents that the presence of defence is not just a source of pressure but also of opportunity.

# UNITED KINGDOM:
## Barrow Transformation Fund

In 2024, the UK Government announced a £200 million, ten-year Transformation Fund for Barrow-in-Furness, the home of Britain's submarine construction industry. Branded as Barrow Rising, the fund is intended to prepare the town for a decade of defence-driven growth while addressing long-standing economic and social challenges.

The Barrow Transformation Fund covers a wide range of priorities: housing renewal and expansion, transport and connectivity improvements, regeneration of the town centre, investment in health and wellbeing, cultural facilities and public realm upgrades. It also includes a Social Impact Fund for local organisations, ensuring that smaller community projects benefit alongside major infrastructure works.

A Delivery Board oversees the program, with representation from central government, local councils and defence industry. This structure provides credibility, transparency and clear alignment with national defence objectives. Importantly, the Board has flexibility to redirect funding as community needs evolve, with projects paused or reshaped where stronger opportunities emerge.

The branding and narrative around "Barrow Rising" have been central. The program explicitly ties the community's transformation to its role in delivering the Defence Nuclear Enterprise. This visible link has reinforced public support, making clear that Barrow's contribution to national security is acknowledged and reciprocated through direct investment.

Barrow is a particularly relevant precedent for Australia. Like Rockingham and the Perth South West corridor, Barrow is a regional city facing a dramatic period of change due to submarine programs. The UK response has been to create a bespoke, long-term fund to build capacity, improve liveability and offset short-term pressures — precisely the outcome required in Australia's defence host communities.

## Lessons for Australia

The U.S. and UK experiences together illustrate that:

- **Targeted investment is necessary:** Economic activity and jobs alone are insufficient to secure social licence. Defence host communities require visible, branded programs of support.
- **Projects must be dual-use:** The most effective initiatives, such as the Newport News dam upgrade or Ellsworth's recreation centre, deliver both community benefits and defence resilience.
- **Branding matters:** Both DCIP and Barrow Rising show that strong public narratives are crucial for credibility.
- **Scale and duration count:** Multi-year commitments, significant funding envelopes and the capacity to adapt priorities over time make these programs politically and practically sustainable.

For Australia, the case is clear. While it might be tempting to frame this as a project focused solely on the Perth South West, we recognise that the challenges we are experiencing are shared by other defence host communities across the nation. Each faces similar pressures of growth, service demand and infrastructure strain linked to defence activity. This is why the American model of the Defence Community Infrastructure Program is a more fitting precedent. It is structured to serve all host communities, acknowledging that while each base and region is different, the principle is the same: if a community carries a national security burden, it should receive visible, direct support to strengthen its capacity.

Adopting a similar approach in Australia would deliver benefits well beyond one region. It would create a national mechanism to ensure that all defence communities are resilient, liveable and positioned to support long-term defence capability. It would also provide a consistent and transparent signal from the Commonwealth that the impacts of hosting defence are understood and that communities will not be left to carry those costs alone.

# 6 Implementation and Pilot Design

To test and demonstrate the value of a Defence Community Infrastructure Fund, we recommend establishing an initial **pilot program** with a total allocation of **$50 million**. Grants should be in the range of **$10-20 million**, large enough to deliver substantial projects with visible community impact, while also encouraging matched funding from state, local or private partners to extend the benefits.

## Administration

While in the long term it may be appropriate for the Department of Defence to oversee the fund, current legislative and administrative barriers make this impractical. Instead, the most suitable mechanism would be to place the program under the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, which already has established frameworks for managing community-facing grants. To maintain a clear link to the defence rationale, the program should operate under a distinct Defence Communities Infrastructure Fund brand. This will ensure communities understand the projects are connected to their role in supporting national security.

## Geographic scope

Eligibility should be determined by a clear, nationally consistent boundary. We propose adopting the Defence Housing Australia (DHA) spatial model, which uses a 30-kilometre radius from base entrances as its planning boundary for housing developments. Applying this approach would provide a logical and practical catchment for communities eligible to participate, ensuring the program is targeted to those most directly impacted by defence growth. Further evidence of defence personnel living in the region can be defined through Census data.

## Pilot focus

For the pilot phase, the fund should focus on community infrastructure projects with dual benefit — assets that serve both defence personnel and the broader community. Examples include sporting complexes, recreation centres, or other civic facilities that promote shared use. Applications should be accompanied by a letter of support from the base commander, confirming alignment with local defence priorities and strengthening the relationship between installations and their host communities.

## Timing and delivery

We recommend the pilot operate in the 2026-27 financial year, with an emphasis on shovel-ready projects capable of rapid delivery. This will allow the Commonwealth to demonstrate benefits quickly, reinforcing the value of the program and building the case for transition to a recurring, annual fund.

# Branding and visibility

The fund should follow the model of other national infrastructure programs by requiring on-site signage and public branding. This ensures communities can clearly see that the investment is linked to their role as defence hosts, reinforcing the narrative of shared responsibility and benefit. A consistent brand — such as *Defence Communities Infrastructure Fund* or *Defence Communities Fund* — will help build recognition over time and provide a visible commitment from the Commonwealth.

# Summary Table

| Element | Pilot Proposal (2026-27) |
|---|---|
| Total allocation | $50 million |
| Grant size | $10-20 million |
| Number of projects | 3-5 (depending on scale and co-funding) |
| Co-funding | Encouraged from state, local or private partners |
| Administering agency | Department of Infrastructure, Transport, Regional Development, Communications and the Arts (under Defence Communities branding), with assessment panel including members of the Department of Defence |
| Eligibility boundary | 30 km radius from base entrance (Defence Housing Australia spatial model) |
| Pilot focus | Community infrastructure with dual benefit (sporting facilities, recreation centres, civic facilities) |
| Application criteria | Requires letter of support from base commander |
| Delivery timeframe | 2026-27 financial year; shovel-ready projects to demonstrate benefits quickly |
| Branding | Defence Communities Infrastructure Fund (signage and visibility requirements) |

# 7 Benefits and Outcomes

The Defence Community Infrastructure Fund would deliver more than just individual facilities. Its purpose is to strengthen the long-term resilience and social licence of communities that host defence activity, while also ensuring that the Commonwealth visibly recognises the contribution these regions make to national security. By investing in shared infrastructure, the program would reinforce the connection between defence personnel and the communities they serve in, ease local pressures and generate broader economic benefits that go beyond defence-specific spending.

| Category | Outcomes for Defence Communities and the Nation |
|---|---|
| Social licence | Provides a mechanism to measure and compare community sentiment across regions and demonstrates that the Commonwealth acknowledges the role and sacrifices of host communities. |
| Community resilience | Builds local capacity to manage deployments, emergencies, or conflict by investing in facilities that support social networks and community strength. |
| Defence integration | Helps defence personnel and families feel embedded in host communities, improving wellbeing, retention and local support. |
| Tangible recognition | Creates visible, branded investments that show communities their contribution is valued, offsetting the inconvenience and pressures linked to defence growth. |
| Economic multipliers | Delivers construction activity beyond traditional defence works, generating jobs, diversifying local economies and supporting small business participation. |
| National preparedness | Positions host regions with the infrastructure needed to accommodate long-term population and capability growth, ensuring sustainability and readiness. |

# 8 Risks and Mitigation

The risks associated with establishing a Defence Community Infrastructure Fund are relatively minimal, given the proposal builds on existing Commonwealth grant frameworks. In practice, it would operate by segmenting a portion of the types of programs already administered through the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, but applying eligibility criteria that earmark funding exclusively for defence host communities. This ensures alignment with established procedures, reduces administrative complexity and avoids the creation of a wholly new mechanism.

Importantly, the fund should not be viewed as a duplication of existing grant programs. Its focus is distinct — it is designed to overtly invest in social licence by acknowledging the contribution and pressures borne by defence communities. While other programs address broader community infrastructure needs, this fund explicitly links investment to defence growth, ensuring visibility and recognition.

The risk of undersubscription is considered low. Defence host communities are already active participants in competitive grant processes and are well positioned to bring forward projects. Awareness can be further strengthened through clear communication to eligible local governments and through the established relationships that base commanders maintain with their surrounding communities. This is expected to generate strong competition for funding, even at pilot scale.

Delivery risks are also limited. By prioritising shovel-ready projects, the pilot program would enable rapid demonstration of benefits. Existing grant administration frameworks already provide clear contractual arrangements between the Commonwealth and local governments, ensuring strong accountability and minimising exposure to project failure or delay.

Finally, there is a need to acknowledge the risk of perceived inequity. Defence growth has created immediate pressures in certain regions — on housing, services and transport networks — which are not as acute in the broader population. This fund responds directly to those pressures, recognising that defence communities face a unique set of challenges and should receive tailored support. By doing so, it also supports defence itself by ensuring personnel and their families are embedded in well-resourced, resilient host regions.

| Risk | Description | Management Approach |
|---|---|---|
| Administrative complexity | Risk of creating a new framework duplicating existing programs | Use existing Commonwealth grant systems; segment criteria for defence communities only |
| Duplication | Risk the fund is seen as overlapping with other infrastructure programs | Distinguish purpose: explicit investment in social licence linked to defence growth |
| Undersubscription | Risk of insufficient project applications | Clear communication through local governments and base commanders; strong existing demand suggests low likelihood |
| Delivery risk | Risk of project delays or non-delivery | Prioritise shovel-ready projects; use established contractual arrangements between Commonwealth and LGAs |
| Perceived inequity | Risk of criticism that only certain regions benefit | Acknowledge unique pressures in defence host communities; frame as supporting defence personnel and national security |

# Conclusion

9

Australia is entering a period of significant defence expansion, with communities across the country being asked to host new capabilities and absorb the rapid growth that follows. While these investments deliver national benefits, they also create local pressures on housing, services and infrastructure. Unlike other large employers, defence does not contribute through rates or local taxation, meaning the burden often falls hardest on the communities themselves.

International experience shows there is a better way. In the United States, the Defence Community Infrastructure Program invests directly in off-base facilities that benefit both the military and local residents. In the United Kingdom, the Barrow Transformation Fund is preparing a submarine city for decades of change through targeted regeneration. Both examples show that visible, branded investment is essential to maintaining social licence and resilience in defence host communities.

A Defence Community Infrastructure Fund for Australia would provide a practical and affordable mechanism to achieve the same outcome. By piloting a $50 million program in the 2026-27 financial year, the Commonwealth could quickly demonstrate the benefits of this approach, funding shovel-ready projects that show appreciation for communities while easing immediate pressures.

The fund would not duplicate existing programs. Instead, it would fill a recognised gap: overtly acknowledging and supporting communities that carry the responsibility of hosting Australia's most critical defence assets. By doing so, it would strengthen resilience, improve liveability and ensure that both defence personnel and local residents feel part of a shared national mission.

> This proposal is not about generosity. It is about fairness, recognition and readiness; ensuring that the communities asked to support Australia's defence are equipped, valued and resilient for the decades ahead.

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