

Hamilton Island Replacement Fire Station Project

- 3.1 Airservices Australia (Airservices) seeks approval from the Committee to provide a replacement category 6 aviation rescue and firefighting (ARFF) station at Hamilton Island Airport, Queensland.
- 3.2 The existing temporary ARFF station at Hamilton Island Airport is no longer fit-for-purpose, as the station and supporting facilities have reached their end of design life. The proposed works will contribute to the increased safety of aviation at Hamilton Island.¹
- 3.3 The estimated cost of the project is \$13.387 million. On its own, the project does not exceed the \$15 million threshold for referral to the Committee. However, following numerous instances over the last two years of Airservices' non-compliance with requirements to notify the Committee of medium works (i.e. works with an estimated cost of between \$2 million and \$15 million), the Committee sought to have this project referred for full inquiry.
- 3.4 The project was referred to the Committee on 3 December 2014.

Conduct of the inquiry

- 3.5 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 3.6 The Committee received one submission and two supplementary submissions from Airservices. A list of submissions can be found at Appendix A.
- 3.7 The Committee conducted an inquiry briefing and inspection, and public and in-camera hearings, on Hamilton Island on 16 February 2015. A

¹ Airservices Australia (Airservices), submission 1, pp. 5-6.

transcript of the public hearing and the public submission to the inquiry are available on the Committee's website.²

Need for the works

- 3.8 In accordance with a Civil Aviation Safety Authority (CASA) mandated requirement, Airservices must provide an ARFF service at aerodromes where more than 350,000 passengers passed through on air transport flights during the previous financial year. Hamilton Island Airport passenger figures for August 2014 were 485,372. In the previous six years the lowest passenger numbers at Hamilton Island were 439,579 (January 2013). Current indications suggest that Hamilton Island passenger numbers will remain at present levels and that any movements will be in line with regional tourism.³
- 3.9 The existing facilities do not meet current standards and have been severely impacted by corrosion caused by the coastal environment.⁴ At the public hearing, Airservices stated that:
- ...those containers were actually welded together and when they constructed the carport they were welded up against the containers. There was corrosion evident where a couple of those welds had pulled out. The [proposed] new construction is a fibrous cement. So it will not be prone to the type of corrosion that we see there.⁵
- 3.10 Further, the fire vehicle bays and maintenance bays are open structures that are unable to be secured during storm events and expose the vehicles and equipment to weather.⁶
- 3.11 The Committee is satisfied that the need for the work exists.

Options considered

- 3.12 Refurbishment of the existing facilities is not a viable option. The existing facilities were constructed as a temporary structure in 2006 using shipping containers, which are now four years beyond expected life, and have experienced significant corrosion.⁷
- 3.13 Accordingly, Airservices opted to build new facilities.

2 <www.aph.gov.au/pwc>.

3 Airservices, submission 1, p. 8.

4 Airservices, submission 1, p. 8.

5 Mr Darryl Woods, Airservices, transcript of evidence, 16 February 2015, p. 3.

6 Airservices, submission 1, p. 6.

7 Airservices, submission 1, p. 8.

Scope of the works

- 3.14 The scope of the proposed works includes:
- establishment of a sub-lease over a new parcel of land for the new facility;
 - investigation of the new site including geotechnical, environmental, contamination and topographic investigations;
 - design of new facilities based on the Airservices category 6/7 Standardised Design and site specific functional room data sheets;
 - construction of the new facilities;
 - transition and commissioning of ARFF services from the existing to new facilities; and
 - demolition, removal from site and remediation of existing facilities.⁸
- 3.15 At the public hearing, Airservices confirmed that the facilities were designed to category 6 specifications, with the potential to provide a category 7 service if required in future. Airservices elaborated on the difference between these categories:
- For category 6 and category 7, the resources required in terms of vehicles and equipment and the size of the station remain the same. So this facility will accommodate a category 7 level of service. The only difference between the two service levels is a staffing issue, and the new facility will accommodate the additional staff required.⁹
- 3.16 Further, the Committee heard that staffing is downgraded to category 5 levels where appropriate. This is made possible given the limited number of commercial air traffic scheduled during an afternoon.¹⁰
- 3.17 Subject to Parliamentary approval of the project, construction is expected to take approximately 12 months.
- 3.18 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 3.19 The estimated cost of the project is \$13.387 million.

8 Airservices, submission 1, p. 10.

9 Mr Glenn Wood, Airservices, transcript of evidence, 16 February 2015, p. 4.

10 Ms Margaret Staib and Mr Glenn Wood, Airservices, transcript of evidence, 16 February 2015, p. 5.

- 3.20 Airservices told the Committee that it was achieving value for money by using a standardised modular design that it has used for ARFF stations at other airports in Australia:

We are also committed to achieving value for money and intend to deliver the project by utilising a standardised modular design that we have used for other recent stations. This delivers facilities that are relocatable and reusable should that be necessary. It will minimise construction risk and also the risk of creating a stranded asset in the event that passenger numbers should drop below their disestablishment threshold in the future.¹¹

- 3.21 Airservices provided further detail on the project costs in the confidential submissions and during the in-camera hearing.
- 3.22 The Committee considers that the cost estimates for the project have been adequately assessed by Airservices and the Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

Committee comments

- 3.23 As previously noted, Airservices had not complied with medium works notification requirements. The reason given by Airservices for non-compliance was that staff changes had resulted in an oversight. Airservices assured the Committee that changes to internal processes would prevent a similar oversight from occurring again in the future.¹²
- 3.24 Medium works notification is a long-standing practice implemented to prevent agencies from splitting larger projects into smaller parts to avoid Parliamentary scrutiny through the Parliamentary Standing Committee on Public Works. Given the circumstances of Airservices' non-compliance the Committee is concerned that other agencies may not be aware of their reporting obligations.

Recommendation 1

- 3.25 **The Committee recommends that the Department of Finance write to all government agencies reminding them of their obligations to the Parliamentary Standing Committee on Public Works, including the need to notify the Committee of proposed medium works.**

11 Ms Margaret Staib, Airservices, transcript of evidence, 16 February 2015, p. 2.

12 Correspondence from Airservices dated 12 September 2014.

- 3.26 The Committee did not identify any issues of concern with Airservices' proposal and is satisfied that the project has merit in terms of need, scope and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A report template can be found on the Committee's website.
- 3.27 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 2

- 3.28 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Hamilton Island Replacement Fire Station Project.**

Mr Graham Perrett MP
Deputy Chair (Committee)
5 March 2015

Mr Ian Goodenough MP
Chair (Sectional Committee)
5 March 2015

