



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC  
WORKS

**Reference: Enhanced Land Force stage 1 facilities project, Lavarack Barracks,  
Townsville, Queensland and other defence bases around Australia**

THURSDAY, 22 JANUARY 2009

TOWNSVILLE

BY AUTHORITY OF THE PARLIAMENT



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**PARLIAMENTARY STANDING  
COMMITTEE ON PUBLIC WORKS**

**Thursday, 22 January 2009**

**Members:** Mr Butler (*Chair*), Senator Troeth (*Deputy Chair*), Senators Mark Bishop and Forshaw and Mr Champion, Mr Forrest, Mr Lindsay, Mr Price and Mr Slipper

**Members in attendance:** Senator Troeth, Mr Butler, Mr Lindsay, Mr Price and Mr Slipper

**Terms of reference for the inquiry:**

To inquire into and report on:

Enhanced Land Force stage 1 facilities project, Lavarack Barracks, Townsville, Queensland and other defence bases around Australia

**WITNESSES**

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**Committee met at 12.35 pm**

**CHAIR (Mr Butler)**—I declare open this public hearing of the Parliamentary Standing Committee on Public Works inquiry into the proposed Enhanced Land Force facilities stage 1. Before I call the first witnesses from the Department of Defence to give evidence to the inquiry I will make a few opening remarks.

Firstly, in accordance with the rules of parliament that govern this committee, which are the Senate rules, the committee has passed a resolution allowing the media to be present during this public hearing. That is why there is a big camera near the entrance to the room. We also advertised this public hearing in the weeks leading up to it in a range of newspapers published in the major locations covered by this proposed project and also, on a number of occasions, in *the Australian* newspaper so that people who might have an interest in it would have notice of it.

This inquiry deals with a very wide-ranging and complex project proposed by the Department of Defence. The project covers almost a dozen locations around the country, including Lavarack Barracks here in Townsville; the RAAF bases at Amberley and Ipswich; the Blamey Barracks in Kapooka in New South Wales; also in New South Wales, the Lone Pine Barracks at Singleton; the RAAF base at Richmond in Sydney; Holsworthy Barracks in Sydney; Steele Barracks in Sydney; in Victoria, the Hopkins and Bridges Barracks in Puckapunyal; in South Australia, the RAAF base at Edinburgh in Adelaide; and, in Western Australia, the Campbell Barracks in Perth.

Yesterday the committee undertook an extensive inspection of the RAAF base at Amberley to consider the proposals in relation to that location. Before the public hearing today the committee undertook an extensive inspection of the Lavarack Barracks here in Townsville, and before that inspection we were also provided with what I will call, because I am not technically proficient enough to give it its proper name, a virtual tour of the proposals for all of the other locations covered by this project, with one exception. That was the Blamey Barracks part of the project, which is probably the third very significant part of the proposal. The committee will be visiting Blamey Barracks at Kapooka, near Wagga Wagga, on 6 February to undertake a physical inspection there as well.

The committee has convened this public hearing to cover the entirety of the project in spite of the fact that we have not yet visited and conducted an inspection at the Kapooka site. We do not intend to hold another public hearing after the inspection at Kapooka unless something arises during this hearing or at the inspection that leads us to think that we should do so. With those introductory remarks, I now call the witnesses listed for this public hearing, the representatives of the Department of Defence.

[12.38 pm]

**ANDREWS, Mr Neil Kenneth, Acting Regional Manager, Defence Support - North Queensland, Department of Defence**

**CAMBRIDGE, Lieutenant Colonel Piers Fairfax, Commanding Officer, Joint Logistic Command, Department of Defence**

**GRICE, Brigadier William, Director-General, Infrastructure Asset Development Branch, Department of Defence**

**IRONS, Group Captain Ronald, Director, Strategic Infrastructure Planning, Royal Australian Air Force, Department of Defence**

**SMITH, Brigadier Stuart Lyle, Commander, Headquarters 3 Brigade, Lavarack Barracks, Townsville; Department of Defence**

**TANZER, Mr Richard Stan, Director, Enhanced Land Force Facilities, Infrastructure Division, Defence Support Group, Department of Defence**

**WORSWICK, Lieutenant Colonel Robert Jason, Staff Officer Grade One - Plans, Headquarters Training Command - Army, Department of Defence**

**ZENTELIS, Mr Rick, Director, Heritage and Biodiversity Conservation, Department of Defence**

**MORROW, Mr Neal Keith, Project Manager, GHD Pty Ltd**

**CHAIR**—Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently they warrant the same respect as proceedings of the parliament itself. I remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Brigadier Grice, would you like to make a statement?

**Brig. Grice**—Thank you, Mr Chairman. The Department of Defence is proposing to undertake the construction of facilities for the Enhanced Land Force at Lavarack Barracks, Townsville, Queensland and at other defence bases. The Enhanced Land Force initiative was announced by government in August 2006. Stage 1 of this initiative involves the relocation of the 3rd Battalion Royal Australian Regiment from Sydney to Townsville to co-locate with the 3rd Brigade. Stage 1 also involves the enhancement of training and joint enabling elements to support the battalions. The new facilities and infrastructure are required because the Enhanced Land Force initiative will substantially increase the size of the Army. This project provides the necessary facilities to support the 3rd Battalion in Townsville, the growth of other Army and Air Force units across Australia and the increased number of trainees attending recruit and initial employment training courses at Army training establishments.

At Lavarack Barracks in Townsville, the scope of works will include new facilities for the 3rd Battalion; new and extended facilities for B Squadron of the 3rd/4th Cavalry Regiment; extended messing and medical facilities and a closed training area to support the 3rd Battalion; new workshops and armoury facilities and refurbished maintenance facilities for increased logistic support to the 3rd Battalion by the Joint Logistics Unit (North Queensland); and new and refurbished elements of site-wide infrastructure that are currently at their capacity.

At RAAF Base Amberley near Ipswich in Queensland, the scope of works will include new and extended working accommodation and training facilities for Air Force's Number 1 and Number 2 airfield defence squadrons and new facilities for the Army's 21st Construction Squadron, which will relocate from Gallipoli Barracks in Brisbane.

At Blamey Barracks in Kapooka in New South Wales, the scope of works will include new recruit living-in accommodation and training facilities plus extended and refurbished support and administrative facilities and infrastructure for the increased training of recruits by the Army's Recruit Training Centre.

At Lone Pine Barracks near Singleton in New South Wales, the scope of works will include new training facilities plus extended and refurbished support and administrative facilities and base infrastructure for the increased initial employment training by the Army's School of Infantry.

At RAAF Base Richmond in Western Sydney in New South Wales, the scope of works will include new working accommodation plus extended and refurbished support and administrative facilities for additional Air Force personnel and equipment in No. 37 Squadron, No. 1 Airfield Operations Support Squadron and No. 1 Combat Communications Squadron.

At Holsworthy Barracks near Liverpool in New South Wales, the scope of works will include new trainee living-in accommodation and working accommodation plus extended facilities for the 1st Health Services Battalion for the increased rehabilitation of trainees by the Army's Trainee Rehabilitation Wing.

At Steele Barracks in Moorebank, New South Wales, the scope of works will include refurbished living-in and new storage facilities for increased training by the School of Military Engineering.

At Hopkins Barracks in Puckapunyal, Victoria, the scope of works will include training and working accommodation for increased initial employment training plus extended and refurbished facilities for increased mechanised training by the Army's School of Armour.

At Bridges Barracks in Puckapunyal, Victoria, the scope of works will include new and refurbished facilities for increased trade training on Bushmaster vehicles and related equipment by the Army's School of Artillery.

At RAAF Base Edinburgh in Adelaide, South Australia, the scope of works will include workshops and armoury facilities for increased logistic support to the 7th Battalion and supporting elements by the Joint Logistics Unit South.

At Campbell Barracks in Perth, Western Australia, the scope of works will include refurbished working accommodation to support increased special operations requirements of the Special Air Service Regiment.

The total estimated outturn cost of the proposal is A\$793.1 million. This includes professional design and management fees and charges, construction, furniture fittings and equipment, together with appropriate allowances for contingency and escalation. Subject to parliamentary clearance, construction would be scheduled to commence in mid-2009, with completion by late 2011. The Defence witnesses stand ready to answer any questions the committee may have on the proposal.

**CHAIR**—Given that we are in Townsville, I wonder whether you could make some brief remarks about the operational benefits of co-locating the battalion from Sydney under your brigade here at Lavarack.

**Brig. Smith**—The 3rd Brigade has a requirement to deploy forces at short notice to conduct land operations as directed by the government to support defence of Australia and her national interests. The current structure of the brigade is three light infantry battalions and a host of combat and combat service support units. Since 2002 we have had the 3rd Battalion Royal Australian Regiment, a light infantry battalion, allocated as part of our structure. The 3rd Battalion has been geographically dislocated from us through its location at Holsworthy in Sydney. Whenever we have had to gather the brigade to conduct preparation, planning, rehearsals or acclimatisation for likely tasks, we have suffered a time delay and also planning delays in moving the 3rd Battalion here to Townsville to join us. If we are able to relocate the battalion to new facilities here then the benefits will be a greater capability for the brigade to move at short notice and a greater synchronisation of our capability here with the 3rd Battalion.

**CHAIR**—Thank you. Given that we are dealing with several different locations, we might take questions about the project overall and then deal with the major locations one by one—Lavarack and then Amberley. Are there any questions from the committee concerning the overall project?

**Mr LINDSAY**—Gentlemen, could you describe for the public record how the Enhanced Land Force grows the Army?

**Brig. Grice**—I might pass to Brigadier Smith or Mr Tanzer. In essence, the Enhanced Land Force stage 1 grows the 7th Battalion in Darwin to relocate to facilities at Edinburgh which are being provided under the Hardened and Networked Army project cleared by parliament in April 2008. That is a new unit which has been growing for the past year and a half; it is a new capability. The ELF stage 1 initiative also relocates the 3rd Infantry Battalion from Holsworthy to Townsville—

**Mr LINDSAY**—That does not grow the Army.

**Brig. Grice**—No, that does not grow the Army.

**Mr SLIPPER**—It grows the Army in Townsville.

**Brig. Grice**—Yes. I think we have to look at this sequentially. In 2005 the government announced the Hardened and Networked Army initiative, which relocated the 3rd Battalion from Holsworthy to Adelaide where it is to be retrained as a mechanised infantry battalion. In 2006, government directed that Defence prepare options for the growth of additional light infantry battalions. In 2006, the ELF stage 1 initiative was announced. It noted that the 3rd battalion—since we were growing the Army—would remain a light infantry battalion and be relocated to Townsville because that was its core role. The 5th and 7th battalions would split into two battalions, and they would grow into two battalions.

There are other units around the country, training command units in Army, which will receive incremental increases in the number of permanent Army staff to cater for the increased training requirements in those locations brought about by the increased number of troops. There are other units in the Air Force that will be affected. Number 1 Airfield Defence Squadrons will grow by approximately 140 to 150 personnel at Amberley with elements of Number 1 Airfield Defence Squadron currently located at Edinburgh relocated to Amberley. The units at Richmond will receive minor growth of the order of 20 to 30 personnel to cater for increased operations by the C130 fleet out at Richmond. The ELF stage 2 initiative also grows the Army by another 1,000 or so people to provide a new battalion in South-East Queensland. When you add all of these up, it is about 2,500 additional permanent Army personnel, about 270 additional permanent Air Force personnel and possibly a very small number of naval personnel. The Special Air Service Regiment in Western Australia also achieves a small amount of growth.

All of this growth, the 2,500 permanent personnel in the Army, places stress on it and requires a larger throughput through Army's training schools to train new recruits and to train graduates from the Army Recruit Training Centre in their new trade skills for the cause that they are going to be deployed in. So in addition to works required to cater for the increased number of people, there are works required at those training institutions to ramp them up to be able to cater for the increased numbers of personnel that will be going through them. We showed some of those numbers this morning, which showed substantial increases in the throughput at the Army Recruit Training Centre as well as the School of Infantry, the School of Armour, the School of Military Engineering to a lesser extent, and the School of Artillery.

**Mr LINDSAY**—In your evidence you talked about sustaining the larger Army and increasing its output. What do the projects involving the Airfield Defence Guard at Amberley and the projects at Richmond have to do with growing the Army? I do not say that facetiously. Are they just projects that have been thrown into this package or do they actually have a relationship to what the objective of the Enhanced Land Force is?

**Brig. Grice**—I might pass to Brigadier Smith, but the objective is to have the capability to employ new light infantry battalions and project them where required by government. In my opening statement I mentioned the growth of these units as well as training and joint enabling units. The work of the airfield defence squadrons enables the security of airfields at points of entry in theatres within Australia or outside of Australia and thereby enables the 3rd Brigade and these new light infantry battalions to do their job. Stuart, is there anything else you would like to add?

**Brig. Smith**—No.

**Mr LINDSAY**—I will move on to a different subject. In your evidence, under the banner ‘Environment and Heritage Considerations’, you talk about the design of the proposed works. This is point 24, but I do not think you need to refer to it. You will see what I am on about in a minute. You refer to the design of the proposed works incorporating features to reduce environmental impacts.

Brigadier, I have recently become aware of the successful use of LED lighting in major public buildings, in street lights, in workshops and in fluorescents. The reason I raise this with you is that this particular lighting actually has an operational cost saving of 75 per cent. It has a higher initial capital cost but, based on, say, a 10-hour use of a building, you can recover that capital cost in two years. From then on, you have a 75 per cent energy saving, which is very substantial, for the life of the building. There are other benefits. They are longer life devices—they last longer. In fluoros, there are no ballasts or starters. There is no ultraviolet light emitted. It just seems too good to be true. So the question to your group is: have you considered this new LED lighting? If not, would you be prepared to look at the cost savings you can make for the Commonwealth of Australia by making a major investment in this new technology?

**Brig. Grice**—Thank you very much, Mr Lindsay. I will pass to Mr Neal Morrow shortly to talk in particular about the use of LED lighting, but I will say that the government and Defence have some stringent energy efficiency guidelines that we are to meet, covering the whole range of uses in our facilities. The design solution that we have come up with for all locations on this project fulfils all of the requirements of the government’s EEGO policy and Defence’s Green Building Requirements. On the matter of the consideration of the suitability of LED lighting in any capacity on the project, I will pass to Neal and see if there is anything he can say on that. If not, we may take the question on notice.

**Mr Morrow**—We particularly considered the LED lighting for the street lighting, particularly in the 3RAR area. We did a whole-of-life analysis, and for that particular situation it did not come up as the most effective. Because the LED lighting has a lower intensity, we would have had to almost double the number of lights along the streets to achieve the lighting required under Australian codes to light those streets. Within the buildings, we have opted for a T5 type of light. Where they are not available in the type of fixture that we need, there is a T8 type of light. Overall, the Defence requirements are a lot stricter than the Building Code of Australia. We have met those targets, and exceeded them in some cases. We also have other controls in place, like the building management system, to the point where the management system will dim the lights if the intensity of the natural light coming through warrants it. It also turns the lights on and off and reports back and is monitored.

**Mr LINDSAY**—I think we know all of that. I have seen the replacement fluoros; they have the same light output as a standard fluoro but they are 75 per cent more efficient, so they save money and they save greenhouse gas. If that is in fact the case—and I believe it to be so—then all public buildings in Australia should be moving towards this kind of lighting. I accept what you say about the street lighting, and you have given a technical response, but I want to know if this has been properly looked at, because Defence has already bought LED lighting, as I understand it.

**Brig. Grice**—Our professional advice has been that the product is still in the early stages of development and does not provide the scale of the benefits that you are talking about when used

in internal applications. It may in the mid-term be able to displace external lighting in a lot of applications but at the moment it does not stack up. If you are aware of something that we are not aware of, we would love to investigate it, but as it is at the moment our professional advice is that it does not provide that level of efficiency. If it did then we would be using it, because Defence has been at the forefront of the development of Australian green building regulations. We are a foundation member of Green Star and a member of the board, and we have been pushing this for several years. We are not aware of the products that can provide those efficiencies you mention but, following the hearing, I would be very pleased to get any information you have. We will set the dogs loose and if there is something there which is a better way than what we are doing then Defence would be pleased to implement it.

**Mr Morrow**—We have assessed the LED lights in the buildings, and our assessment was that, for a whole of life, it did not come up that the fluorescence that we have chosen is better whole of life. Added to that is the added benefit in terms of maintenance—keeping the same types of spares on base. The main reason also was that, as Brigadier Grice alluded to, the technology is not quite there yet to put it in this project this year.

**Mr SLIPPER**—Brigadier, on the subject that Mr Lindsay raised, I am sure you would like me to probe further in relation to the particular matters. I listened to what you were saying as far as the cost efficiency of environmentally sound lighting—and, presumably, environmentally sound procedures in other areas—and I think it is really good when you can do something in a way that is more cost-effective in the longer term. In your costings, however, are there costings that do not actually bring about a dollar improvement in your bottom line but where government regulations are insisting upon you being green for the sake of being green rather than being able to point out economic benefits in addition to the environmental benefits?

**Brig. Grice**—I think what you are alluding to there is the payback periods for some of the ESD initiatives that we incorporate into our buildings. For some of those ESD initiatives that are incorporated into the buildings, the payback periods are short—in the order of three to five years. On others, they are quite lengthy. In some water reuse applications, the payback period, when you compare the cost of implementing water capture and reuse with the cost of water from the supply, is measured in 10 to 20 years.

**Mr SLIPPER**—Or never.

**Brig. Grice**—Or never. So there are some where, from straight economics, as long as the price of potable water does not increase over the next 20 to 50 years, the payback period is not there. However, we have a responsibility to use the available resources in a responsible manner. Governments are reflecting the will of the people, and Defence has been a leader in shepherding the scarce resources that are available on the continent. In the area of water savings, maybe economically it does not stack up today, but morally it does, and, as we go forward, it will continue to make more economic sense.

**Mr SLIPPER**—I think you have a least one supporter next to me.

**CHAIR**—Absolutely.

**Mr SLIPPER**—I sometimes wonder, though, whether political correctness binds the hands of, say, you, doing what you need to do, and you therefore need to come to us for more money because we are asking you to do it in a way that is not the most cost-effective. I can understand how often we grow into the benefits. But, for instance, on water, it would seem to me, if it is going to take decades to get it back, it is probably a matter of expensive tokenism.

**Brig. Grice**—I would not say it is tokenism. Let us take the example of Amberley and the recent redevelopment we did there. The water minimisation, capture and reuse technology we have put in there resulted in a saving of 10 to 20 megalitres of water per year. We are in the middle of a very prolonged drought. Ten to 20 megalitres of water not used by Defence on the base at Amberley is available for use by the broader community. We are part of that community. We are a vital part of Australia's community. We integrate with society.

Just because we could afford to do something cheaper and use more water would not make it right. We need to save water in the same way that we are asking farmers and people living in towns to do. We are asking them to outfit their houses with rainwater tanks—though, if you look at the economics of putting a 1,000-gallon rainwater tank on a house in suburban Sydney, that may not make sense. But collectively we will reduce the pressure on the scarce resource of water that we have on this continent. So I do not think it is tokenism. I think it is a valid investment. It is just that a financial expert might say that it is not an investment with a good return financially, but the financial returns are only part of what we are about.

**Mr SLIPPER**—That is a very politically correct answer that certainly will not get you into trouble, Brigadier. Why don't you run for politics?

**Brig. Grice**—It is what I believe. I have two very young children, as do other people in this room, and, let me tell you, my team and the Department of Defence are very keen on this.

**Senator TROETH**—Rather than ask you this question with regard to each location, I will just ask it at the start. At any of the locations, have any issues arisen from the public consultation that you have done? I realise that most of the locations are on Defence land and therefore you do not have to take as much notice as you would normally. Do you anticipate doing any further consultations?

**Brig. Grice**—I will pass to Mr Tanzer to talk through some of the community consultation meetings we have had, but the reaction has been positive. No issues have arisen, except for one landowner adjacent to the base wanting to sell us some land, which we do not require at the moment. Other than that, the reaction has been positive. Dick, could you talk about the attendance at the community consultation hearings we have had and plans for the future.

**Mr Tanzer**—Thank you, Brigadier Grice. We held a public consultation here in Townsville and that was well received. It was at the Annandale Community Centre and about 15 people attended. Their interests ranged from the extent of the works and where they were located to where soldiers' and their families' pets might be kennelled while they were away. So there was a wide scope of interest from the community. Down at Kapooka on 14 January we held another committee consultation which about 30 people attended. There were similar sorts of issues raised—including the one that Brigadier Grice mentioned and, as he mentioned, I said we were not going to be buying any land beside Kapooka either—but it has been very positively received.

We also held an industry briefing here in Townsville late last year, and I think we had over 71 construction industry related firms attend that briefing. Again, all the reaction has been very positive. We will be going back to Kapooka to do another industry briefing in the middle of next month, and we are in ongoing consultation with councils and industry bodies as we progress. At this stage, we have had no negative feedback.

**Brig. Grice**—Attachment 1 to the evidence gives a comprehensive list of state, federal and local governments that we have contacted.

**Senator TROETH**—I did see that. That is good. I also want to ask you about recruitment and the result on the capacity of facilities at the moment. Defence are actively recruiting, and I think many of us have seen the public result of that in numbers being well up before Christmas. So how are you going to manage the inflow of recruits and the continued development of the facilities? What if the vast number arrive before facilities are ready? How would that be managed?

**Brig. Grice**—In fact, that was the plan all along. Following the initiative, recruitment ramped up in 2007 and increased training throughput initially at Army's recruit training centre at Kapooka, which was the first rub point where the numbers went up, and then to some of the other Army schools. You may recall that Defence notified the committee in May 2007 of five separate medium works proposals to provide a series of interim temporary facilities—I think the total bill was about \$30 million for all five of them—at five schools around the country to cater for that initial influx. We have been training increased numbers over the past 12 to 18 months under rudimentary circumstances—tents in some areas at Kapooka and prefabricated buildings for additional classrooms—and we have been coping. So that was the plan—it was deliberate—so that we could accelerate recruitment and meet government's requirements to have these soldiers trained and the units operational by the dates required. This proposal now is the follow-on to provide the permanent facilities required to cater for the steady-state increase in training at those institutions and to provide the working and other accommodation required to support the new units in the field.

**Mr Tanzer**—Senator, just one minor correction: the interim works are at four of the schools and the fifth one is actually for the battalion in Darwin where these guys are going to when they complete their training.

**Senator TROETH**—Okay. Thanks.

**CHAIR**—There has been a bit of public speculation recently about the future of particular bases. It is certainly not helpful for us to contribute to that but, recognising the possibility that that is a discussion going on as part of the defence white paper preparation and some accompanying reviews, to what extent does that affect this project? Does your division operate under instructions to barrel ahead anyway, or is there the possibility of the slippage of some time lines?

**Brig. Grice**—Our division and our branch have been intimately involved in white paper deliberations and the preparation of a companion review for the estate. Everything that we are proposing here today is complementary to the reviews which have been undertaken over the past 12 months. What I would say is that these are here-and-now requirements with a lifetime for 30

years. The estate companion review and the white paper look forward to longer time frames, which could be towards the end of the life of these facilities. So there is nothing in this proposal which we understand is at odds with deliberations that we have been involved in.

**Mr LINDSAY**—Are you aware of any of these projects you are proposing that may have been thought about within Defence where they would not proceed?

**Brig. Grice**—We will proceed with everything that is in this project, subject to parliamentary clearance, later this year.

**Mr LINDSAY**—I asked you were you aware of any in Defence that had been talked about.

**Brig. Grice**—No, I am not aware of anything. We are hopeful of parliamentary clearance in the March-April time frame and of commencing construction in the mid year because these facilities are required now.

**CHAIR**—You will remember in relation to the inquiry around the Hardened and Networked Army initiative at Edinburgh last year that there was considerable discussion around the use of local labour and materials, I think—certainly local labour—and that there was a recommendation by the committee in the report that ultimately approved the project. I know there have been some requests within the submissions we have received and now authorised for publication about this project about that very matter. I think we are also all conscious that, depending on how you now classify Ipswich, probably the vast bulk of this work is regional work that you are asking the committee to approve. Can you talk to the committee about the way in which opportunities arise for local work during the construction phase of these projects if they are approved?

**Brig. Grice**—That recommendation from the Hardened and Networked Army is, I understand, is in the policy bailiwick of—

**CHAIR**—someone's in-tray!

**Brig. Grice**—the Department of Finance and Deregulation and they are beavering away on that. As it currently stands, it is against the Commonwealth procurement guidelines to specify local employment, local labour and that type of thing. However, our experience has been that the market decides and the vast majority of work in regional areas goes to regionally based companies. If we take the work which is being performed up here under Lavarack Barracks redevelopment stage 4, in excess of 90 per cent of the subcontract packages are for local companies and local labour. That is the pattern that repeats itself around the country, except in some more remote locations where there may be market failure.

**CHAIR**—Like Wall Street!

**Brig. Grice**—All of these locations are sophisticated regional centres and we anticipate that local companies will be very competitive just due to geography. We have commenced the first stage, doing invitations to register interest on some of these packages, and I can assure the committee that many local companies have registered interest in many of the construction packages. We believe that the project will have a positive effect on the communities. We

estimate that during the peak construction period of late 2009 through early 2011, of the order of 1,000 to 1,500 jobs will be created countrywide: 300 to 500 here in the Townsville area, between 300 and 400 in South-East Queensland, 150 to 200 in the Wagga area, 50 to 75 in Singleton, 30 to 50 in the Richmond area, 50 around Holsworthy, up to 100 in the peak construction workforce in Puckapunyal, 75 at Edinburgh and 30 to 50 in Perth. Under the Commonwealth procurement guidelines Defence is looking for a value-for-money outcome for the Commonwealth. Our experience has been that local companies are very competitive—nothing here is rocket science—and I expect that to continue in future.

**CHAIR**—Thank you. If there is nothing else about the overall project I will move to specific sites and start with Lavarack.

**Mr PRICE**—Hollowness in the Army has been an issue in the past. We are creating an additional battalion and moving one. Is hollowness still an issue? How have you arrived at the numbers of people in the facilities? Are they the authorised strength or the numbers of people that are currently there?

**Brig. Grice**—I will pass to Brigadier Smith to talk about perceptions of hollowness going forward. However, the requirements have been based on the single entitlement document of each of the units concerned, which talks about their authorised strengths.

**Mr PRICE**—Do they bounce around or are they stable, historically?

**Brig. Grice**—There is an ongoing process in both Army and Air Force, and, I am sure, in Navy, where cyclically unit establishments are reviewed in the light of changed circumstances, requirements and capabilities. But that is not a haphazard process; that is an ordered process, and in particular the 3rd Battalion is based on the 2012 infantry concept, which is the future entitlement document of that unit, not the current one. so we are forward looking. They do bounce around in the long term, not by thousands but by fives and 10s.

**Brig. Smith**—Defence is already on the public record indicating that recruiting and retention have been issues in the past. There is statistical evidence to indicate that the recruiting numbers have improved in the last six months, and indeed our separation rates indicate an improvement in retention as well. We have not had trouble recruiting infantrymen. The 1st, 2nd and 3rd Battalions' strengths have been sustained in the last three years at close to what their authorised strengths have been, and they have then deployed on operations in Afghanistan and other parts of the Middle East with the appropriate numbers. Defence is also on the public record indicating that we have experienced in the past and we still experience difficulties recruiting specialist trades. There is no significant impact on that with the move of the 3rd Battalion to Lavarack Barracks because it is primarily an infantry-based organisation.

**Mr PRICE**—Does the use these days of Reserves being folded into some of the shortfalls in companies or battalions have an impact on planning for facilities?

**Brig. Smith**—It does not have an impact on planning for the facilities; it certainly has an impact on our operational planning. However, the facilities that are being proposed here are appropriate for the third battalion and for the capability of that battalion to gather, prepare for an operation, rehearse for that operation and then deploy as part of the brigade.

**Mr LINDSAY**—For the record, could we just have an indication of how many new personnel will be based in Townsville following the completion of ELF 1?

**Brig. Grice**—As indicated this morning on the tour, in the short term it was of the order of 800, stabilising in the mid term to the order of about 750 to 775.

**Mr LINDSAY**—Thank you for that. Would you confirm that what you are proposing to build at Cluden Drive, which is the third access to the base, is similar to what you proposed to us for Puckapunyal and that it will work in the same way?

**Brig. Grice**—Yes, it is similar in operational concept to what we are providing at Puckapunyal.

**Mr LINDSAY**—You explained to us on the tour this morning that there will primarily be heavy vehicles entering through that entrance but that it does have multiple roles. These papers indicate that you met with the Queensland Department of Main Roads. The road outside the base is the Bruce Highway—it is a very busy road. Has QDMR made any requirements in relation to the treatment of that T intersection in relation to the turning of heavy vehicles across University Drive to enter Cluden Drive?

**Brig. Grice**—I may pass this to Mr Morrow, but the geometrical layout of the intersection is in accordance with the required design standards. The design has been reviewed by Main Roads and I believe agreed to, if not approved, by Main Roads.

**Mr Morrow**—That is correct. The final approval has not been granted yet because we are not yet at 100 per cent documentation. But they have gone through the concepts and they have no issue with what we are proposing. No upgrades are required to the intersection. The intersection already has turning lanes, deceleration lanes and lighting.

**Brig. Grice**—So it is fully compliant with Main Roads requirements. You may be aware that the final future of realignment or otherwise of University Road has not been determined by Main Roads yet, but we understand, and they have confirmed, that the works that we will be doing at Cluden Drive are complimentary with all of the options that they are currently looking at.

**Mr LINDSAY**—Currently, yes, there is a turning lane. My sense is that it is a dangerous intersection for traffic coming from high range to turn into the base as it is used by armoured vehicles going to 3/4 Cav, I think. But now you have semitrailer-type vehicles and they are going to be turning across—

**Brig. Grice**—I think you will find that the majority of those will be left turning, not right turning.

**Mr Morrow**—If they are coming from Brisbane, then they will be turning left into the barracks.

**Mr LINDSAY**—Okay. So the need is not the high range end—it is the other end.

**Brig. Grice**—Unit vehicles returning from high range will continue to use the main gate. We are talking about the larger commercial-type traffic using this gate. So there is no change; it is business as normal.

**Mr LINDSAY**—Okay. Thank you for that. We were talking about the construction packages; can you just explain to me how Lavarack will be delivered? I guess there will be a head contractor of some description and then that will be subdivided. What is your philosophy there about dividing up the work?

**Brig. Grice**—I may pass to Mr Tanzer or Mr Morrow to add to this, but the form of delivery for the works here in Lavarack Barracks will be by head contract, whereby Defence will retain the design risk. We will finalise the design and go through an open two-stage tender process to award packages on a value-for-money basis for the Commonwealth. I believe we are going to have five packages, and they have been sized accordingly so that a broad range of local companies will be able to tender for the works. There will be some smaller packages, in the sub \$20 million range, and there will be a couple of larger packages for larger companies. So there will be opportunities for the tier 1 larger builders and the tier 2 midrange builders, and there will also be opportunities for the smaller subcontractors—the ute men—to work as subcontractors for those head contracts. Neal, is there anything else you would like to add?

**Mr Morrow**—No, not really.

**Mr LINDSAY**—When will we know who the head contractor for Lavarack might be? What is the time frame?

**Brig. Grice**—Subject to parliamentary clearance, we would be looking at tendering within days of receipt of parliamentary clearance, and then the tendering process is of the order of two to 2½ months. So we would be looking at awarding a contract in the July to August time frame.

**Mr LINDSAY**—And the start of construction?

**Brig. Grice**—That would be shortly thereafter—within about 30 days.

**Mr LINDSAY**—Looking to the future, when are they proposing to bring ELF 2 to the PWC, or is it too early?

**Brig. Grice**—A strategic business case has been completed. We are in preparation of the detailed business case and progressing detailed designs now. We are looking at a milestone of return to Defence's infrastructure subcommittee in the middle of this year and then, subject to successfully passing that milestone, referral to the committee in the September time frame.

**Mr Morrow**—To add to that, 3RAR were hoping to start that earlier than August, subject to parliamentary clearance.

**Mr SLIPPER**—We went on a very interesting tour today and it seems to me, from what we were told, that you are going to effectively duplicate just about everything that you have for the existing battalion, with the exception of the lock-up, which you said it is okay for the two of them to share. Given the fact that defence infrastructure is extraordinarily expensive, is there

room for a change in the defence psyche so that battalions would not be as territorial and they might be able, at a substantial saving to the community, to share costs?

I think Brigadier Smith responded to my question on the bus about parade grounds. You might need them both to deploy at exactly the same time, but given the cost of producing those parade grounds, or whatever you call them, surely in the unlikely event of them both having to go at the same time you should be able to stagger the departures. What I am really saying is: wouldn't it be better for Defence to look at a better model for the future so that, when you do have co-located battalions, instead of essentially having two bases co-located, you have joint use facilities—in much the same way as you are doing with the messes, for instance? It just seems to me that you are pandering to what is perhaps an outdated idea that every battalion must have something of its own, even when there is something perfectly good 300 or 400 metres away which could be shared.

**Brig. Grice**—I will let Brigadier Smith add to this, but in barracks we train and operate as we fight. When we are deployed on operations, we do not share infantry battalion workshops, because we may be 50 kilometres distant or 20 kilometres distant from other units. The government's requirement of that organisation is to be able to operate independently under certain conditions. So it is important for us to be able to practise and train in peacetime so that it is second nature when we do it on operations. So where we can combine those non-core functions, like in-barracks messing and living-in accommodation, physical fitness training, gymnasiums and the higher level medical facilities, it makes sense for us to do so. That is why we have only one hospital here on base and a series of combined messes. But there comes a point where it is no longer the right decision for us to do that as we prepare for operations.

The second point is that the battalion is what it is. It has 750 people; it has 105 vehicles; it has all of these weapons; and they all need to be accommodated. Even if we were to crash them together, the savings in space in a single armoury for three battalions would not be that great. And it would be greatly outweighed by the loss in productive training time from having to travel upwards of a kilometre to draw those weapons in order to do individual training. What we have done in 3RAR and what we are doing more often is to look for opportunities within the unit structure itself, which is why you saw that we had separate company headquarters for planning, operational and functional needs with a combined facility which put together the armouries, Q stores, other storage requirements and combined ablutions for those units. So there is an upper level, those common user facilities which we try to merge, and there is merging now within the units internal to the areas where we can make a compromise and save some money. But the savings in crashing three infantry battalions together into a single workshop are just not there.

**Brig. Smith**—I think Brigadier Grice's comments have been accurate, and I support them. The 3rd Brigade has always prided itself on having a spartan culture in terms of its equipment and its facilities, and I would argue that the facilities being designated for the 3rd Battalion are indeed spartan. They have been aligned in terms of a per capita arrangement, a per item arrangement of equipment, and a task requirement. You see there the types of office accommodation, working accommodation and equipment accommodation that is required for what the 3rd Battalion will be manned and equipped for. There has been an effort made to provide common user facilities within the battalion and, certainly outside the battalion, much more use has been made in the last five years of common user facilities, whether they be messes, lecture theatres or living-in accommodation. So, as the commander, I am satisfied that they are

spartan enough to meet our culture and that they are still personal, equipment and culture oriented.

**Mr SLIPPER**—If that battalion has a spartan ethos, does that mean that the other battalions are less spartan?

**Brig. Smith**—No, because it is almost a total reflection, with the exception of the detention facilities. It is just as spartan in the 1st Battalion and the 2nd Battalion lines and, indeed, in the other supporting units across the brigade.

**Mr SLIPPER**—Do you think Defence has got the balance right? I can see that you are doing a lot of things towards having common use facilities and economies of scale. Do you think there is still some distance to travel?

**Brig. Grice**—It is an iterative process. With every project we get, we try to improve on the last one. We try to gain improvements in the light of any changes that may occur in the roles and tasks of the unit we are seeking to support. I think we do a reasonable job of getting the balance right. We have an iterative approach to value management of the facility's solutions, which takes us from a larger list of requirements to a targeted smaller list of the facility's requirements to meet the must-haves, with very little in the nice-to-haves and the desirables. We have a comprehensive process which takes us through the design development, where we currently are. We end up with a value for money proposition for the Commonwealth.

**Mr SLIPPER**—This is my last question. You mentioned community consultation, and it is pretty clear that the Townsville community will be quite keen to get the extra jobs that you are bringing to Townsville, particularly given the announcement yesterday. To what extent did you have community consultation in Holsworthy? Was there a concern from that local community at the loss of what would be a key driver for that area's economy?

**Brig. Grice**—No. My job is the provision of facilities. I have not had any consultation with those areas that are loosing a unit, because I am not building anything there.

**Mr SLIPPER**—You are a builder, not a destroyer.

**Brig. Grice**—I am sure that in the lead-up to the decision on the relocation of units those responsible have thought long and hard and have had the appropriate level of consultation. I am not sure that, when you are looking at closing a base, you go and sit down and say, 'I'm going to close it.' The bigger picture has been thought through. All of our unit moves are capability driven. They are not there to pork-barrel in certain areas.

**Mr SLIPPER**—That is an excellent answer, Brigadier. One day you should become a bureaucrat!

**Brig. Grice**—I have been involved in this job in several submissions on the relocation of units. Defence has always had to put up a compelling business case, based on the capability requirements first and foremost. I am sure that is what has occurred in this instance. We have done a letter drop in the Holsworthy area. We do have some construction going on down there and we will hold a community consultation hearing in the coming months. It will not be about

losing the units but about the works that we propose to do down there. It is government's responsibility to announce these relocations, and they were announced back in 2006-07.

**Mr SLIPPER**—I said that was my last question, but I will ask a question that might be facile. What are you doing with the facilities at Holsworthy that will no longer be used?

**Brig. Grice**—Senator Troeth may remember the Public Works Committee hearing for the Special Operations Working Accommodation and Base Redevelopment project which toured Holsworthy in 2005. The current facilities of the 3rd Battalion date from the 1950s. We have extracted a fair measure of return on investment from those facilities. As I think I said at RAAF Base Pearce, sometimes Old Yeller needs to be put down. I see little scope for the reuse of those facilities. Our future planning for Holsworthy looks at the area where the 3rd Battalion currently is possibly becoming more a domestic precinct for the expansion of living accommodation or a new combined mess, were such a project to come forward. So at the moment there is no decision on their use except that they are not to be reused at this stage. They will be mothballed. We will look to see what decisions come out of the white paper or out of a major capital facilities program review to see what the future requirements for Holsworthy are.

**Mr LINDSAY**—Did you considered demolition as part of ELF?

**Brig. Grice**—No. The reason we did not consider demolition was that we have not decided what the future holds for that part of Holsworthy at this stage.

**Mr SLIPPER**—What will be the strength of personnel at Holsworthy after this transfer is made?

**Brig. Grice**—There will still be several thousand with the 4th Battalion, the Incident Response Regiment and the 17th Construction Squadron. There is a large Army Reserve presence from the 5th Brigade. The health services battalion is there. The 171 Aviation Squadron is there.

**Mr SLIPPER**—It is still substantial.

**Brig. Grice**—It is substantial. It is of the order of 2,700 to 3,000 troops.

**CHAIR**—Does anyone have any questions on any of the other bases?

**Senator TROETH**—I have some on Puckapunyal. The combined total at Puckapunyal, if I read it correctly, is something like \$32 million. Is that correct?

**Brig. Grice**—Yes.

**Senator TROETH**—We did recently approve developments at Puckapunyal. Just out of interest, why was this proposal not included in that referral?

**Brig. Grice**—The project that we took to the committee late last year for the Puckapunyal redevelopment was funded from the major capital facilities program to rectify deficiencies that have occurred in those training institutions over the years through their changes in role. The

works that we are proposing under ELF are directly attributable to the ELF initiative. If the Army were not being expanded, there would be no reason for these works we are proposing and the Army would not do them. The funding for these works is coming from the provision for ELF and not from the general major capital facilities fund.

**Senator TROETH**—So it is more about buckets of money than the absolute direction.

**Brig. Grice**—It is about the source of requirements and the funds that they attract.

**Senator TROETH**—Will these works that we are discussing today impact on the works that were already referred for Puckapunyal?

**Brig. Grice**—No. You may recall the overhead aerial photos of the bridges, barracks and the two bases down there, when we showed you the facilities that were being provided in those locations under the Puckapunyal development. They are for a separate part of those organisations not impacted by this development and they are in a site that is physically removed from those sites. They are not related to them at all.

**Senator TROETH**—What additional throughput are you expecting at Puckapunyal?

**Lt Col. Worswick**—It depends on the nature of the course being conducted. For example, with M113 training, prior to ELF we were training approximately 72 crew commanders and 96 drivers. The throughput now for that specific course is 178 of each. In the case of the protected mobility vehicle it was 144 drivers and 144 commanders and it is now 428 commanders and 72 drivers. So, subject to specific courses, the throughput numbers differ. But I have highlighted the larger courses, where the increase in throughput is most obvious.

**Mr LINDSAY**—Turning to RAAF Base Edinburgh, why wasn't this project included in our hearing last year? I think it is pretty clearly part of the 7th Battalion move to Adelaide.

**Brig. Grice**—The works that are proposed for the Edinburgh defence precinct at the moment are for the Joint Logistics Unit (South), which is not currently located at Edinburgh. It is located at Warradale.

**Mr LINDSAY**—At last year's hearing we in fact approved new facilities for JLU(S).

**Brig. Grice**—No. There are no works for Joint Logistics Unit (South) in the HNA project. There was a combat services support team, which is an integral part of that battalion group, but that is a unit level logistics unit. There were no facilities for the Joint Logistics Unit (South) located at Warradale. At that stage, the method of delivery for meeting the increased requirements for the JLU had not been resolved. When the ELF stage 1 project came along, those requirements for the changes in the structure and the tasks for the Joint Logistics Unit here and in South Australia were apparent and they were planned for accordingly. So, no, it was not a part of the Hardened and Networked Army at all.

**Mr LINDSAY**—Is what you are building at Edinburgh going to be built on the land that we are buying back?

**Brig. Grice**—No. You may recall that, when we did the site tour at Amberley, at the very first stop that we made, when we faced the bare site in front of us, we happened to mention that behind us was a small warehouse that belonged to Joint Logistics Unit (South). It is adjacent to that warehouse that we will be building the maintenance facility. It did not come out on the site tour today but, if you look at the attachments to the evidence, it is very similar in size and layout to that which is proposed here at Lavarack Barracks.

**Mr LINDSAY**—Thinking of another joint logistics unit south, in Bulimba Barracks, I think ultimately it will move to Amberley. Do we have enough space at Amberley to move it there? The reason that I am asking as part of this inquiry is that we are going to build new facilities at Amberley. That is what we are being asked to approve. Do we have sufficient spare land for future enhancements?

**Brig. Grice**—Yes, we do. There is still some land for development on the base proper. There is also land opposite the entry into base—opposite the Cunningham Highway. I think that it is attached property three or one. There are substantial land holdings up there that have previously been identified as available for future development. However, at the moment I am not processing any project and am not aware of any decision to relocate any of those units you spoke of to the Amberley area.

**Mr LINDSAY**—Turning to Kapooka, part of your evidence was that you would be doing two sittings in the mess of 900 people each. Is that acceptable; is that what you do elsewhere in the country?

**Brig. Grice**—I might pass to Bob to talk through the daily program of the Army Recruit Training Centre down at Kapooka, but it is appropriate. The requirement was agreed with by the users, the sponsors and the parent organisations. We will give you an answer now, but during our site tour on 6 February you may like to bring that up and let the commander tell you face to face as well.

**Lt Col. Worswick**—At its peak throughput, particularly at this time of year, Kapooka is likely to have in excess of 1,200 recruits in training, and in the middle of the year it drops down to about 600. So the facilities are being built to meet the throughput. The key issue with training at Kapooka is that the program is very carefully synchronised to allow the recruits to move around the available facilities, be they classrooms, the mess or the gymnasium, and to reflect the capacity of those facilities on the base. So the requirement set by the commandant there at Kapooka allows him to carefully synchronise his program to make his training more efficient.

**Mr LINDSAY**—This is a hard question that kind of applies across all of the projects that you are proposing: you talk all the time about increasing the output. Brigadier, how do you satisfy yourself that what you are proposing to us, say in the case of Kapooka but it could be something else, will in fact allow the increase in output as expected?

**Brig. Grice**—I might pass to Neal Morrow to talk in some detail about the requirements definition part of our process. But it is done in collaboration with the users. A training needs analysis is done by the training institution, which works out how they would schedule and what level of facilities they require to be able to train a certain number of people—looking at their programs and that type of stuff. We then sit down with them and jointly and collaboratively

come up with the facilities solution that meets the results of the training needs analysis. Do you want to add anything there, Neal?

**Mr Morrow**—Not unless there is a specific question.

**Mr Tanzer**—I would just indicate that it is quite a rigorous process of consultation with the users, particularly at the training command schools. It also goes to the command level so that we take into account the bigger picture. We certainly have the opportunity at Kapooka to talk in detail about that interaction and how things are refined through the process to make sure that what we build does do the job.

**Brig. Grice**—I think the more interesting part of the question is: how does the user—Training Command—know how many people I have to train? That is a function of the capability, the unit establishments, the cross-section of the trade and the number of people that are required to fill the manning of the Army. Based on that, they come up with how many need to be trained per year. That is the harder part of the task. Once that information is gained we can jointly sit down with the users and our consultants and go through the existing facilities, the shortfalls and what the additional requirements are and come up with the facilities solution that we have provide to you.

**Mr LINDSAY**—That gives me great confidence. Therefore, would you be prepared to accept the role from DMO of acquiring Australia's next helicopter?

**Brig. Grice**—I can't understand that!

**Mr SLIPPER**—That was a bureaucratic answer!

**Brig. Grice**—I lost my voice there for a minute, Mr Slipper!

**CHAIR**—As there are no further questions, thank you, Brigadier Grice and Brigadier Smith particularly, but all other witnesses for their answers as well. Thank you for the attendance of members of the public and also representatives of the department for your forbearance today.

Resolved (on motion by **Mr Slipper**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

*Evidence was then taken in camera—*

**Committee adjourned at 2.28 pm**