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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS

Reference: RAAF Base Darwin redevelopment stage 2, Northern Territory

WEDNESDAY, 16 APRIL 2008

DARWIN

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**PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS**

Wednesday, 16 April 2008

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

Members in attendance: Senator Mark Bishop and Mr Butler, Mr Hale, Mr Lindsay and Mr Slipper

Terms of reference for the inquiry:

To inquire into and report on:

RAAF Base Darwin redevelopment stage 2, Northern Territory

WITNESSES

CALLEY, Mr Ian, Principal, Architecture, HASSELL 1

**EVANS, Lieutenant Colonel Stephen Charles, Commanding Officer, Joint Logistics Unit
(North), Department of Defence 1**

FLANAGAN, Mr Gregory John, Project Officer, Department of Defence 1

**GRICE, Brigadier William, Director General, Infrastructure Asset Development, Department of
Defence 1**

**HINSCHEN, Wing Commander Noel, Commanding Officer, RAAF Base Darwin, Department of
Defence 1**

MACKEY, Mr Benjamin John, Project Manager/Contract Administrator, Thinc Projects 1

ZENTELIS, Mr Rick, Director, Heritage and Biodiversity Conservation, Department of Defence 1

Committee met at 1.46 pm

EVANS, Lieutenant Colonel Stephen Charles, Commanding Officer, Joint Logistics Unit (North), Department of Defence

FLANAGAN, Mr Gregory John, Project Officer, Department of Defence

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

HINSCHEN, Wing Commander Noel, Commanding Officer, RAAF Base Darwin, Department of Defence

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

CALLEY, Mr Ian, Principal, Architecture, HASSELL

MACKEY, Mr Benjamin John, Project Manager/Contract Administrator, Thinc Projects

CHAIR (Mr Butler)—I declare open this public hearing of the Parliamentary Standing Committee on Public Works inquiry into the proposed redevelopment of RAAF Base Darwin stage 2. I welcome representatives of the Department of Defence.

Mr SLIPPER—Mr Chairman, may I ask Mr Zentelis a question. Are you with the Department of Defence?

Mr Zentelis—Yes.

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

Brig. Grice—Thank you, Mr Chair. The Department of Defence is proposing to undertake the construction of facilities at RAAF Base Darwin. The project proposes to enhance the operational potential of RAAF Base Darwin and the Joint Logistics Unit (North) in the Northern Territory by upgrading existing infrastructure and improving the base facilities. The facilities proposed to be replaced are in excess of 40 years old and are at the end of their economic lives. The works include new facilities to co-locate dispersed units at the Joint Logistics Unit (North), replace aged buildings that do not meet current standards and improve fuelling operations, efficiency, flexibility and safety. The scope of works will include a new logistics headquarters, fuel storage and reticulation, a mechanical equipment workshop, office accommodation and a vehicle wash bay. The total estimated out-turn cost of the proposal is A\$49.832 million. This cost includes professional design and management fees and charges, construction, furniture, fittings and equipment together with appropriate allowances for contingency and escalation.

Mr HALE—Brigadier, I just wanted to touch on what local businesses will gain out of this construction and what, if any, approaches to or canvassing of local businesses with the ability to meet these requirements have been made.

Brig. Grice—Certainly, Mr Hale. Throughout 2007, Defence attended several industry updates in the Northern Territory, both in Katherine and in Darwin, and briefed chambers of commerce and members of the construction industry on this project and the other three we are about to undertake. We spoke to them about opportunities that would be coming and the likely time frame for those, with construction commencing in 2009. We also advised them of statutory requirements in order to qualify to tender for Commonwealth works, including the national code of practice for the construction industry and accreditation under the Office of the Federal Safety Commissioner for occupational health and safety.

Over a period of about 12 months we have been actively engaged with industry, letting them know these works are coming. We expect that the majority of subcontracts, if not contracts, for the works at RAAF Base Darwin would go to locally based companies. I base this on our experience up here with previous projects, including a very recent project on RAAF Base Darwin for the construction of a fuel equipment maintenance facility. That project was delivered by head contract. There were 27 subcontracts on that project, and all 27 of those subcontracts went to Darwin based subcontractors.

The range of works and the range of skills that are required on this project are very similar to those that were required for that project, so we are quite confident that the skills exist here in the Darwin/Northern Territory area and that local firms would be competitive in bidding for the works.

Mr LINDSAY—I have about 12 questions, so I will need to scoot through them quick smart. Will the steel portal frame structure for the vehicle wash bay have an insulated roof when it is constructed? By that I mean: will it be a sealed roof with bats in it?

Mr Calley—I can take this question. That may be too detailed a question to be able to answer at the 30 per cent stage of the project. Given that we are trying to provide a fairly simple sun shelter, and the time of working on top of the vehicle is limited, it may not be necessary, once we have been through the value management exercise a little bit later in the project. Because of the heat between the underside of the roof sheeting and the top of the vehicle we would prefer, subject to cost-effectiveness, to have some insulation in that zone.

Mr LINDSAY—From a general perspective, all buildings constructed in the tropics should, if possible, have insulated roofs. Is that your evidence?

Mr Calley—Correct. The reality of this building is that it is open on all four sides—it is just a canopy. In that instance the heat load that gathers at the top of the apex is—

Mr LINDSAY—Okay, that is fine. On the project delivery, my understanding is that three of these projects are being put into one package and one into a different package. Is that right?

Brig. Grice—The sub-elements of the work?

Mr LINDSAY—Yes.

Brig. Grice—We have not finally decided on the detailed distribution of the head contracts. It lends itself to a head contract for the upgrade of the fuel system and the reticulation and another package for the delivery of the other architectural elements of the work.

Mr LINDSAY—Just explain to the committee why that is so, so that we can go back to the taxpayer and say, ‘This is why we approved it.’

Brig. Grice—Certainly. The installation of the vertical fuel storage tanks and the upgrade of the fuel system is a specialised activity that general contractors normally would not take on. You would want a specialist company with detailed experience in the construction of fuel facilities to do that. There are one or two companies in Darwin who have that experience. The other elements of the work are of a more general construction nature. There are a lot more companies out there that could tender for those. If we were to split them it would enable and encourage more competition on the architectural elements and help value for money considerations.

Mr LINDSAY—I understand. You mentioned aircraft aprons in your submission. This question is not related really to the projects that we considering, but is there enough parking at RAAF Base Darwin at this stage?

Brig. Grice—I think I will pass that to Wing Commander Noel Hinschen to answer.

Mr LINDSAY—Do you have enough apron space?

Wing Cmdr Hinschen—There is a lot of apron space there, certainly. But, for example, as I mentioned earlier, with the exercise coming up later this year, every piece of apron will be used for that exercise.

Mr LINDSAY—Does that mean to say you do not have enough?

Wing Cmdr Hinschen—It depends on what the forecast requirement is for the RAAF base. I would say that there is enough for what is forecast right now, but I cannot see into the crystal ball.

Mr LINDSAY—And then it gets tight. On the need for the work you have said that ‘there have been organisational changes which have generated new facilities needs’. What have the organisational changes been?

Brig. Grice—Was that in the evidence?

Mr LINDSAY—On page 2 of your submission, under ‘The need for the work’, you have stated:

... in response to changing ADF responsibilities, there have been organisational changes which have generated new facilities needs.

What have the organisational changes been?

Brig. Grice—I will have to take that on notice and get back to you by the end of the hearing, Mr Lindsay. I do not have that on the top of my head. We will have a look at that.

Mr LINDSAY—Some of the demountable buildings are being demolished. Why not all?

Brig. Grice—As you saw going around the RAAF base today, it is a tin city with temporary and surge accommodation. Those facilities are not being replaced and those demountable buildings will be required into the future.

Mr LINDSAY—This was evidence in relation to the demountable buildings at JLU (North). Are all your demountables being demolished?

Brig. Grice—At stop 6 we identified the current headquarters of the Joint Logistics Unit. Our intention is that that will be returned to the district support group for possible reallocation for another purpose on the base. If there is no other purpose that requires that building then it would be demolished. Our intention is to retain that building.

CHAIR—Including the sandbags?

Brig. Grice—Including the sandbags.

Mr LINDSAY—Your evidence says that some of the demountable buildings will be demolished.

Brig. Grice—Correct. The demountable building that was located adjacent to the new headquarters in the warehouse precinct will be demolished.

Mr SLIPPER—Are they being demolished or removed and reused?

Brig. Grice—That will be demolished. It has been there for many years and it is not suitable for reuse.

Mr LINDSAY—Under the heading ‘Mechanical equipment workshop’ you say it is often necessary to conduct repairs outdoors on vehicles used by the 114 Mobile Control and Reporting Unit. Why doesn’t Defence contract that maintenance out?

Brig. Grice—I will pass to Noel in a minute to give you a little bit more information. But you are aware that there are levels of repair. There is operator and user maintenance which is required by the unit to be conducted by the operator. Then there is unit level maintenance which is within the purview of the organic mechanics assigned to the unit. Those levels of repair are conducted in these facilities. Then there are deeper levels of maintenance where vehicles are sent out to trade repair.

Mr LINDSAY—You say that the proposal will not generate any revenue for the Commonwealth but you did indicate that there would be savings. Are you able to provide the committee with what the quantum of the savings will be by proceeding with this so that we can put that in our report to parliament if we choose to?

Brig. Grice—The savings that are anticipated to be generated are in operating costs and that is primarily to do with the current maintenance of three 50-year-old obsolete fuel storage facilities. It is of the order of \$700,000 per year that we expect we would be saving in maintenance costs as a result of this project.

Mr LINDSAY—On your fuel farm each tank is one megalitre. Is that enough for future needs?

Brig. Grice—I will pass to the good wing commander in a minute, but the requirement that is given to us is a total base storage of approximately 4½ megalitres.

Wing Cmdr Hinschen—As I said earlier today, 4.6 megalitres will be the storage after the two vertical tanks of approximately one megalitre that are proposed are built. That will give us the 4.5, which is about the figure that we think we need for contingency.

Mr LINDSAY—These new tanks are going to be above ground. Strategically would it be better, if the money were available, to have them underground?

Brig. Grice—The requirement as given to us by Air Force was that fuel farm No. 3, which is underground, is sufficient strategic capacity. These new tanks replace existing above-ground tanks and as such there was no requirement to place them underground.

Mr LINDSAY—In relation to the ring main, you are going to have a circular system so that there is a redundancy in it. My understanding is that there will still be some aircraft parking spots that do not have a hydrant. If that is the case, should that be included in this project to make it more cost-effective to provide it in the future?

Brig. Grice—The answer is no. The remaining apron spaces are very remote and it would be cost prohibitive to do that. There are also two elements here. It is not just that we want to put hydrant refuelling in. When there are 65 aircraft on a base conducting training or operations, it is just not possible to have every aircraft refuelled by hydrant refuelling. There will still be a requirement to maintain fuel tankers so that operational tempo can be maintained. Noel, would you like to add to that?

Wing Cmdr Hinschen—No, I think you have covered it, sir. Those other aprons are quite remote and, yes, it would be cost prohibitive.

Mr LINDSAY—Have the C17 refuelling facilities already been approved?

Brig. Grice—That is correct. Construction is scheduled to commence in the next two to three months.

Mr LINDSAY—On page 13 of your submission, in item 41 entitled ‘Communications’, the last sentence talks about ‘the provision of active and desktop equipment’. What is ‘active’ equipment?

Brig. Grice—Passive equipment is cabling from the wall socket back to wherever. Desktop equipment is the actual noughts and ones machines, the computers and other peripherals. Other

active equipment includes servers and routers that are required to connect the desktop equipment to the network.

Mr LINDSAY—On page 15 you talk about ‘waste streaming when the facilities are in use’. What are you proposing to do to introduce waste streaming?

Brig. Grice—Are you talking about the waste-tracking plan?

Mr LINDSAY—You say that there is a waste-tracking plan during construction, but then you say:

... designing for waste streaming when the facilities are in use.

Brig. Grice—That is a very minor point. It means that there will be a space for a recyclable bin and a non-recyclable bin.

Mr LINDSAY—It sounds good! On page 16, item 50 talks about ‘separate digital metering and lighting’. I understand digital metering, but what is digital lighting?

Brig. Grice—No. It says:

... separate digital metering and lighting of less than 10 watts per square metre.

Mr LINDSAY—It is quirks in the English language.

Brig. Grice—It is to do with the intensity of the light so that we do not make it too bright and waste energy.

Mr SLIPPER—My question relates to the fact that the airfield services both military and civilian requirements. These are fairly substantial works you are seeking approval for. How will they impact on the civilian aviation requirements of Darwin International Airport?

Brig. Grice—I will pass to the good wing commander shortly but I will say that it will have no impact. The civilian side of the airport is on the other side and these new facilities are separate to, distant from and not connected to the civilian operations of the airport. They do not use our fuelling system, for example. Noel?

Wing Cmdr Hinschen—I think the brigadier has covered most of the topics that I wanted to mention. Darwin International Airport is on the other side. They certainly do not make any use of or have any impact on our fuel systems. The upgrades that we are requesting now are all totally for the southern side of the base, which is the military side, and will not have any impact at all.

Mr SLIPPER—Mr Lindsay asked you some questions about removing demountable buildings. I do not think he touched on the possibility of the presence of asbestos. I imagine that if those demountable buildings are removed it will be in a safe and professional manner?

Brig. Grice—Yes, Mr Slipper. There is an asbestos register on the base, which is a register of every building that has asbestos. The demountable buildings that are being removed do not contain asbestos. There is only one building that this project is touching which does contain asbestos, and that is building 542, the existing maintenance workshop that we drove through. The removal of the asbestos in that building will be done in accordance with Northern Territory legislation, using certified and licensed contractors. It will be done under expert supervision to ensure it is all completed within the letter of the law.

Mr SLIPPER—I was fascinated by your advice to us on the inspection that you have fenced off some of the historic accommodation for heritage purposes. Is that accommodation still being used at the moment? Unless I misheard you, you mentioned a fence, which you showed us. You said that because these buildings are heritage listed you fence them off. You mentioned that they were under the responsibility of one agency and another agency was responsible something else.

Brig. Grice—They were service married quarters—service housing.

Mr SLIPPER—Still being used?

Brig. Grice—Yes, they are still being used.

Mr SLIPPER—So you fence people off, or fence them in?

Brig. Grice—No. When the base was developed there were married quarters that were part of the base. However, when the responsibility for service married accommodation was passed to the Defence Housing Authority, those quarters were excised from the base, and that is the situation we have today.

Mr SLIPPER—Thank you, Brigadier. Wing Commander, one of my colleagues, who shall remain nameless, remarked as we travelled through your base that it really ought to be more generally refurbished otherwise the whole base will be given heritage status.

Wing Cmdr Hinschen—Do you want to comment on that, Mr Slipper!

Mr SLIPPER—No! No further questions, Mr Chairman.

Mr LINDSAY—Brigadier, I overlooked asking you one final question, regarding the hangar type structures where the lathes were, which we drove past. Also there is a second one where you were storing things—the fuel emergency—

Brig. Grice—It used to be the fuel equipment maintenance section.

Mr LINDSAY—Yes. I am not an engineer, and you said on the tour that the framing of the building was pretty poor and that the roof was leaking. Has Defence considered moving everything out of those structures but leaving them, with no further maintenance, basically as an out-of-the-sun type shelter for vehicles and things that might be around the base? Have you considered trying to reuse them in that manner?

Brig. Grice—Mr Lindsay, all I would say is that users would love that we never took anything down, but if we never demolished anything the estate would continue to grow and would continue to be unsustainable in the long term. Defence competes for its dollar with all of the other government operations, and we have to be efficient in our use and expenditure of those dollars. So, even if we keep it and do not maintain it, there will eventually be costs to Defence in one way or another. When I say there will be costs in one way or another, five years from now someone will have a bright idea to redeploy a unit into that area, and we would be back where we started. So Defence is consciously trying to remove those unsustainable portions of the estate so that we provide a more cost-effective service to the taxpayer.

Mr LINDSAY—I do not find myself agreeing with what you are saying, because what you are really saying is, ‘Quick, pull it down so that somebody doesn’t come up with an idea.’ But you manage yourself. There could be 30 years of life left in those buildings as shade structures, not as units; why wouldn’t you use them?

Brig. Grice—Going back to the tour, that building—542—was actually constructed in 1950. We had that on the DEMS database. So that building has given us 58 years worth of stellar service.

Mr LINDSAY—But that is no reason to pull it down.

Brig. Grice—There are other reasons. When you change the purpose that you are using a building for, you immediately become responsible for upgrading it in accordance with BCA requirements. We have a duty of care to do that. I might pass to Mr Mackey to give us an indication of the structural deficiencies of that building, but it would mean that if we did want to use it for something else we would have to go through a cost prohibitive exercise to upgrade it so it was compliant and safe to use. We have already done that examination and it is not cost-effective to do so.

There are some instances on the estate where a building has historic significance. We do not destroy it, demolish it, but we do not maintain it. But this building under discussion has got no specific historical value so there is no reason for us to maintain it.

Mr LINDSAY—I will get that evidence. You are going to leave the concrete slab there—

Brig. Grice—Correct.

Mr LINDSAY—So I am challenging you: why don’t you leave the trusses there? It may well be that, if you spend a few dollars and re-roof it, the thing would be a purpose-built shelter for another 30 years. Can we just get some evidence as to why we should not do that?

Brig. Grice—You may have \$10 million of equipment which will be destroyed when it falls down in the first cyclone next season.

Mr Mackey—Notwithstanding the waterproofness issues, which we touched upon in terms of the use of that area given the electrical installations within it, structurally there are a number of problems. A report was commissioned three or four years ago in the region and it reported that a lot of the cladding fixing to the purlins and girts was inadequate. A lot of the purlins and girts

themselves were undersized and a lot of the bracing was missing, removed or slack, the result being that it was actually the skin of the building that was holding it together in certain areas under lateral wind loading. So the issue is one of cyclone loading. If a cyclone does come along, it is debris and broken buildings flying around. That is the structural issue. There would be costs attached to making it safe under a storm loading scenario.

Brig. Grice—We also have a duty of care to those outside the base. If we left this thing up and it did become projectiles and damaged facilities or, God forbid, injured someone off the base, it would not be in the best interests of the Commonwealth. I appreciate your advice, but we will be taking it down.

Mr LINDSAY—I was just asking, not giving advice. I think you answered it very well.

CHAIR—I thought one of the standout features of our inspection and hearings in relation to Edinburgh was the inclusion of common-user facilities in your proposal. I did not see as much of that today. Can you just talk a bit about why you have not thought that should be a feature of the proposals today?

Brig. Grice—There is really only one scope element where that could be achieved and that was in the new maintenance workshop. We had a requirement for both 321 Expeditionary Combat Support Squadron to have a vehicle workshop and for 114 Mobile Control and Reporting Unit to have a workshop. In that one instance we have produced a combined facility with two sets of workshop bays with common core facilities for all of the common trade and storage areas. So we have made that accommodation. The normal area where those things come out is in the reconfiguration of messes and other common-user facilities, but this project is not touching any of those. So to the extent possible we have achieved that, but it is mainly in that one scope element.

In the fuel system you could argue that we have achieved that. Where previously we had four separate fuel systems each with low capacity we have, through this redevelopment, combined them into one fuel system which will enable us to employ the total 4.6 megalitres worth of storage at any one of the hydrant refuelling positions. So that has done that. I guess there is one other location and that is in the vehicle wash bay. That is a common-user facility, which is one wash bay for the use of anybody that is on the base.

If I could go back to Mr Lindsay's question regarding organisational change, I might pass to the CO of the Joint Logistics Unit. That comment was in there based on his unit, basically. The issue was raised in 1989 and has undergone some changes since then. The current position of being located in four separate facilities on and off the base is a result of that organisational change. Do you want to add anything, Steve?

Lt Col. Evans—Yes, thanks. We spoke during the tour about the fact that, as a static organisation, Joint Logistics Unit (North) has moved from being a military organisation to one that contracts out most of its functions. That has brought about significant organisational change. The organisation has gone from having some hundreds of soldiers performing the logistics functions to now having contract management staff and quality assurance staff and we have embedded contractors in our facilities spread throughout the unit. This has increased the user

requirements on those facilities. It has imposed the organisational changes that we have referred to in the documentation and it has created dispersion of my staff.

In addition to that, the role of joint logistic command has changed significantly over the years. One of the key functions that we now perform is support to operations. You are well aware of the operational tempo that has been imposed on defence over the past decade and then some. Joint Logistics Unit (North) has been a key facet of that. We stand up the mounting base for troops deploying overseas and we are the logistics node for the resupply and the return supply of equipment and stores to and from operational theatres.

Mr HALE—Brigadier, when you talked about the new site for the mechanical equipment workshop, you mentioned the relocation of the demountables and the knocking down of trees. Are they World Heritage listed? I am only joking! They were actually mahoganies, but that is all right. It says here that the demolition cost around \$800,000. Does the relocation of the demountables and the knocking over of the trees all come into that \$800,000?

Brig. Grice—That would have been the cost of the new facility.

CHAIR—Brigadier, I do not know if this should be directed to you or to the wing commander, but I note that this is stage 2 for RAAF Base Darwin. Can you tell the committee anything about possible future developments at this base?

Brig. Grice—We maintain a 10-year major capital facilities program. The green book is the approved projects and then there are the unapproved projects. Currently scheduled for about 2013 or 2014 is a future redevelopment project on RAAF Base Darwin. It is tentatively in the schedule. There has been no detailed scoping for that. The project development cycle for that would probably commence towards the end of next year or early 2010. As you saw today, the common user facilities on the base do require supplementation and there may be areas where efficiencies can be gained. I will stress that it is an unapproved project in the unapproved program, but it is a possibility in the 2013 time frame.

CHAIR—Brigadier, I thank you and the other representatives of the department for the evidence you have given today. Wing Commander, I particularly thank you and your staff for the tour of the base at Darwin.

Resolved (on motion by **Mr Lindsay**, seconded by **Mr Slipper**):

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

Committee adjourned at 2.19 pm