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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS

Reference: Puckapunyal redevelopment, Victoria

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**PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS**

Thursday, 6 November 2008

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: Senators Forshaw and Troeth and Mr Butler, Mr Forrest, Mr Lindsay and Mr Price

Terms of reference for the inquiry:

To inquire into and report on:

Puckapunyal redevelopment, Victoria

WITNESSES

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

LEMBO, Mr Leny, Practice Director, Bligh Voller Nield..... 1

**RERDEN, Brigadier Malcolm, Senior Army Representative, Puckapunyal, Army, Department of
Defence 1**

SANDERSON, Mr Cameron, Project Director, Coffey Projects..... 1

**THOMSON, Lieutenant Colonel Matt, Project Director, Infrastructure Asset Development,
Defence Support Group, Department of Defence..... 1**

**WAYE, Mr David, Manager, Base Services, Defence Support, Puckapunyal, Department of
Defence 1**

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

Committee met at 1.13 pm**LEMBO, Mr Leny, Practice Director, Bligh Voller Nield****SANDERSON, Mr Cameron, Project Director, Coffey Projects****GRICE, Brigadier William Alfred, Director General, Infrastructure Asset Development, Department of Defence****RERDEN, Brigadier Malcolm, Senior Army Representative, Puckapunyal, Army, Department of Defence****THOMSON, Lieutenant Colonel Matt, Project Director, Infrastructure Asset Development, Defence Support Group, Department of Defence****WAYE, Mr David, Manager, Base Services, Defence Support, Puckapunyal, Department of Defence****ZENTELIS, Mr Rick, Director, Heritage and Biodiversity Conservation, Department of Defence**

CHAIR (Mr Butler)—I declare open this public hearing of the Parliamentary Standing Committee on Public Works in its inquiry into the proposed developments at the Puckapunyal base in Victoria. Although the committee does not require witnesses to give evidence under oath, I should advise you that these hearings are proceedings of the parliament. 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 some introductory remarks?

Brig. Grice—Thank you, Mr Butler. I have a couple of minor amendments to the evidence that we might go through first. The first one is on page 8 of the evidence, towards the bottom of the page, at paragraph 25b(1). That should read:

... provision of an additional 1.6 km of roadway to allow heavy vehicles to be accelerated up to 80 km/hr and then safely braked ...

The second amendment is on page 14 of the evidence. It is to do with paragraph 39. Paragraph 39 deals with Defence seeking a dispensation for not providing internal wheelchair access to the refurbished Range Control building. That paragraph should be deleted. Under the requirements of the Building Code of Australia, since this is a minor refurbishment, Defence is not required to provide that internal access on this 25-year-old building.

The last amendment is on page 16, at paragraph 52. The first sentence should read:

Roadways will be asphalt flexible pavements, which is deemed the most cost effective and appropriate pavement solution for this project. Due to heavy vehicle use a rigid concrete pavement system will be used on the safe driver training area track and at intersections and areas where manoeuvring of large vehicles will occur.

The majority of that element is flexible asphalt pavement. It is only the intersections that will be reinforced in concrete. Those are the only minor amendments that we have to the evidence.

I will proceed to the opening statement. This proposal seeks approval for the Puckapunyal redevelopment project at Puckapunyal for the Department of Defence. The Puckapunyal redevelopment project will deliver necessary facilities and infrastructure to enhance Australian Army training and Defence Support Group base operations functions through the refurbishment of existing facilities and the construction of new facilities that reflect the contemporary needs of the base. Puckapunyal is currently the home of the Land Warfare Development Centre, the Combined Arms Training Centre, including the headquarters and the schools of armour and artillery, and the Road Transport Wing of the Army School of Transport at the Army Logistic Training Centre. Additionally, the Puckapunyal range training area is a significant training capability that enables training by these units and many other Australian Defence Force units, from simple field training exercises up to complex, combined-arms live-fire activities.

The project's scope includes works that enhance Army individual training, battle simulation outputs and Defence Support Group base amenity and capacity. There are eight project elements: new and refurbished working and training accommodation for the Road Transport Wing; extension to the safe driver training area used mainly by the Road Transport Wing but also by elements of the School of Armour and the School of Artillery, totalling 2.2 kilometres; new instructional facilities to support the requirements of the Combat Officers Advanced Course at the School of Armour; minor upgrades to the existing Puckapunyal Battle Simulation Centre, operated by the Land Warfare Development Centre, to improve the function and amenity of existing battle laboratories and to provide three additional multipurpose training rooms; a new multid denominational chapel, which will replace three existing aged chapels; a new entry precinct on the current site to improve security and traffic management of the base; new permanent working accommodation for personnel at headquarters of the Combined Arms Training Centre to replace existing temporary offices; refurbishment of existing facilities at Range Control to allow relocation of staff from temporary facilities; and the provision of a new briefing facility at Range Control to enable a safer range operating environment.

The project is estimated to cost \$41.65 million, excluding GST. This cost estimate includes construction costs, management and design fees, furniture, fittings and equipment, and the necessary contingencies. Subject to parliamentary clearance, it is intended to commence construction works in mid-2009, with the works being substantially complete in late 2010. Mr Chairman, Defence witnesses are ready to take questions from the committee.

CHAIR—I should note for people attending this hearing that the committee has conducted an inspection of the relevant areas of Puckapunyal and saw the sites of all eight elements this morning.

Mr LINDSAY—Brigadier Grice, you informed the committee this morning of two deferred works, I think you called them. You know the two works I mean. Wouldn't it be sensible to put these in the projects now? What are the ramifications of not putting them in the projects now in relation to the efficient expenditure of Commonwealth money?

Brig. Grice—As you know, the development process for a major base redevelopment takes up to two years, and we have recently, in the last three months, received two revised requirements

from Army. One is to house an additional eight people at the headquarters of the Combined Arms Training Centre, and the second one is to provide defence secret network computer terminals in the new combined arms advanced course instructional facility.

These requirements were not initially foreseen. They have come to the project only very recently, and what we are proposing in order to expedite these scope elements is that we include them in the proposal and brief you on them at the confidential cost estimate hearing. We seek to include them within the project as deferred works that would only be executed if we achieve savings from the project budget of \$41.65 million, which would allow us to deliver those extra works. If we are unable to deliver these deferred works within the project budget, then at some time in the future they may be the subject of a medium works request.

Mr LINDSAY—But you have to provide working accommodation for the eight people in the CATC. You have to do it no matter what, but your evidence just now is that you may not be able to provide it.

Brig. Grice—That is correct. Funds are very tight and the project has been scoped, designed and costed so that we have a very robust cost estimate and we are sure that we can deliver all of the works that are in the approved scope of works. We did not feel that we could add these two items into the existing budget without increasing the risk of the delivery of some of the components. So we would seek to deliver them out of savings throughout the construction period of the project, and we believe that is the correct and proper manner that we could execute them in.

Mr LINDSAY—I do not know whether you need committee authorisation, but are you flagging that, if you can make the savings, you will do both of these projects?

Brig. Grice—That is correct, and this approach flows from the Lavarack Barracks stage 2 PWC hearing some time ago. At that point, the committee recommended that Defence adopt this approach and identify if there are any works that might be able to be completed if savings are found. It gives us an opportunity to do those lower priority works that fall below the funding line.

Mr LINDSAY—In relation to combining the three chapels, you have a large main area for the new chapel. Will the scale of that perhaps be too big for the kind of congregation that might use it, or is there a need to have a smaller area? Have you thought about that?

Brig. Grice—Yes. I might pass to the design manager in a second, but the new chapel replicates the current capacity of the three existing chapels. So we are not increasing the capacity. We believe it is appropriately sized to support the 2,200-odd people that live and work on and around the base. Leny, would you like to add anything to that?

Mr Lembo—At the moment, the three chapels hold approximately 300 people, so there is essentially 100 per chapel. What we have done by combining them is that we are still giving them the exact same space of a 100-person congregational nave. The way that will be structured, though, through the denominations is that they will structure their services during the day. So they will stagger their service times, allowing the congregation to be heard within the chapel area.

Mr LINDSAY—Okay. In relation to the safe driver training area evidence, you say that you cannot meet the increasing demand for drivers. What is causing the increasing demand for drivers?

Brig. Grice—Thanks, Mr Lindsay. I will pass to Brigadier Rerden to give you an answer to that.

Brig. Rerden—As a part of Army's enhanced force initiatives, we have an increased throughput in a number of the training schools, and that has increased the requirement for drivers in this particular case.

Brig. Grice—I think the other point is that the penetration of vehicles into the Defence Force via projects like Land 121 also increases the number of vehicles in specific units, hence requiring additional drivers as well.

Mr LINDSAY—I do not think your evidence actually says this, so just put it on the record for me. In relation to the chapels that are going to be demolished, would you just confirm that the cost of demolition is included in the project.

Brig. Grice—That is correct. The cost for demolition of the three existing chapels is included in the cost estimate, and we would be pleased to provide you with some further detail of that during the confidential cost briefing.

Mr LINDSAY—In relation to the Enhanced Land Force project, you say:

Subject to receipt of the necessary Departmental approvals this project may be referred to the PWC in early 2009.

Why aren't you doing all this together to get an economy of scale? That quote was at the bottom of page 6 at 19(b).

Brig. Grice—The Enhanced Land Force stage 1 project is only due for referral to the committee in the next sitting session of parliament. That project commenced its development phase sometime after this project commenced. That project includes project elements in up to 14 bases around the country, and we will be presenting that project to the committee so that the committee has a holistic view of all of the requirements for facilities that go with the government's Enhanced Land Force initiative—

Mr LINDSAY—Okay, but ideally, if we are going to go ahead with that at Puckapunyal, wouldn't it be better that it should go ahead concurrently with the particular projects that we are considering?

Brig. Grice—That would be ideal, and you may recall other projects like at Amberley where we have combined projects that have joint hearings. Where we can do that and it is within our ability to manipulate the development schedules of the projects, we do that, but in this case it just was not possible, due to the development time line for the ELF project.

Mr LINDSAY—Moving to the base entry, I have an overarching question. Brigadier Rerden may have to answer this. DSG has been questioning the need for the security that we provide at

many bases around Australia. Have you thought about the Puckapunyal Military Area and whether there is in fact a need to have the kind of security you are proposing at the base entrance, or can there be bits that are secured in another way?

Brig. Rerden—There have been security surveys done of the base, both of the high-value areas within the base and of the base overall. They highlight the fact that access control through the main entrance to the base is appropriate for the number of personnel we have on the base and the number of valuable vehicles and pieces of equipment that are stored on the base and, in fact, is the appropriate level of security for the Defence families that live on the base.

Brig. Grice—I might pass to Mr David Waye to continue an answer to that, but I will say that the security aspects of the project were developed as the result of a risk and threat assessment by the responsible authorities. I will pass to David to talk in a little bit more detail about the defence-in-depth security aspects of the base planning.

Mr Waye—Thanks, Bill. As referred to, it is defence in depth, which is a combination of measures. I think this morning as we were travelling around a question or a point was raised about having a fence around the whole base and so on. That is impractical, so Defence has a philosophy of defence in depth, which is a combination of measures which includes access control. As at the entry precinct, there are barriers, alarms and patrols, depending on the asset. Some higher value assets would have localised security, such as at an armoury, or intruder detectors and so on, and yet other areas are just like public space anywhere.

Mr LINDSAY—Stop there. I am fine. I am satisfied. I have to be mindful of the time. In relation to the design of the base entry, if you do not have a pass and you have to get a pass issued, does that design allow for people to park somewhere and then walk over and get a pass issued?

Brig. Grice—I will pass to Mr Lembo to give you an answer to that.

Mr Lembo—Essentially what happens if you are a visitor to the base is that you do not have to leave your vehicle. It is similar to a booth at a McDonald's restaurant.

CHAIR—It would be best if we do not advertise that!

Mr Lembo—Okay. It is similar to a booth at a generic fast food outlet. You drive up to the booth or the guard house where the guard sits and you exchange identification and other documents as required. You then receive your pass. The boom gates are remotely controlled from the guard house or the guard booth, so as soon as you exchange that information you are allowed to go ahead. Obviously, if you get ejected or rejected you are asked to turn around prior to entering.

Mr LINDSAY—Thank you for that. I will shortly be asking Brigadier Grice why we spent a million bucks at the entrance to Lavarack a couple of months ago and we have to get out of our cars to get a pass. But that is for another day.

Brig. Grice—The answer would be because that was not my project!

Mr LINDSAY—I have two other things to ask. In respect of the Range Control lecture theatre, your evidence says it seats 40, but Major Gough said that he had 45 in the room we were in. Have you undersized the new space?

Brig. Grice—No. We have had to make a value management decision on the size of these facilities. The size for 40 caters for about 85 per cent of the usage. There may be some times when you need a couple more chairs in the room but for the vast majority of the period the size for 40 would be more than sufficient.

Mr LINDSAY—You talk about ESD principles and you talk about stormwater harvesting, capture storage and re-use of rainwater. How are you going to re-use the rainwater? How are you going to capture it and store it?

Brig. Grice—Historically Puckapunyal, because of its isolated nature, has been a leader in this, in that effluent which goes through our sewerage treatment works has been re-used for watering grounds, gardens, landscaping and football fields since the mid-forties. So that will continue and these new facilities will contribute flow to that. In addition, on all of the new facilities we will be installing appropriately sized rainwater tanks. I have a list I could go through, but it totals about 100,000 litres of storage across the eight project elements. The water that is collected there will be used in dual-plumbed ablutions so that when there is rainwater, potable water will not be used for flushing the toilets; the rainwater will be used.

Mr LINDSAY—Thank you. That is all I needed to know.

Senator TROETH—Some of the redevelopment will involve demolition or removal of existing buildings. Is there any asbestos involved in any of those procedures?

Brig. Grice—I might pass to Leny to speak to you about that, but of the three existing chapels that you saw today, the one in the corner has some friable asbestos in the underfloor of the vinyl flooring. The other two chapels have some non-friable asbestos and the headquarter building at the road transport wing which is being demolished also has some asbestos. Licensed contractors will be used in accordance with Victorian legislation to safely remove those. The cost of the safe and efficient removal has been included in the confidential cost estimate.

Senator TROETH—Did you need to do any consultation with community groups? I realise that the entire redevelopment is on Defence land and therefore no other group is affected by what you are going to do, but was there any consultation? If so, who with?

Brig. Grice—In addition to those people who we listed in the evidence as being contacted—we wrote to all of those people and offered briefings if required—we met with the appropriate utility authorities and water authorities. We also held two community consultation sessions—one here in Seymour on 7 October and one on 8 October. Prior to that, the hearings were advertised in the local newspaper. In addition, there was a letter drop of some 350 letters to all of the residents on the Puckapunyal base. The first hearing in Seymour attracted about four interested residents. Our eight personnel served up a veritable feast of information regarding the project, and Brigadier Rerden was there, so I am sure they felt very fulfilled when they left. The second hearing conducted at Puckapunyal was attended by about eight people. They received exactly the

same briefing and were told the names and contact details of Defence's contact people in case they wanted additional information. Mal, is there anything you would like to add there?

Brig. Rerden—I do not have anything to add on those public consultations, but I would highlight that we have been consulting with the three respective churches responsible for the chapels as well.

Senator TROETH—And they are all happy about the arrangements?

Brig. Rerden—Yes, they are.

Senator TROETH—That is good. Thank you.

Senator FORSHAW—Earlier, when we were inspecting the base, you provided some details about personnel numbers on base. I do not think we had that in the submission but it would be useful for us to get that. If you could send us the document which you had up on the overhead, that would be helpful. I have just a couple of other things. Senator Troeth was just asking you about community consultation, and I appreciate that you say in your submission that you are complying with all relevant building codes and standards and so on. Is there an obligation or requirement on you to consult the Department of the Environment, Water, Heritage and the Arts? I notice that is not listed as one of the bodies or levels of government that you have consulted or will consult.

Brig. Grice—I will pass to Mr Rick Zentelis, who is Defence's Director of Heritage and Biodiversity Conservation. He can give you a run-down of the relevant legislation, what our responsibilities are and how we have complied in this instance.

Mr Zentelis—In essence, the Environment Protection and Biodiversity Conservation Act is self-regulating. Defence runs a process where we have a look at the development and determine whether it is significant against that act. If so, we will consult with the Department of the Environment, Water, Heritage and the Arts. In this instance, the majority of the redevelopment is on brownfield sites and is adapting buildings for re-use. It was considered that it did not pass that threshold, so we have not consulted with the Department of the Environment, Water, Heritage and the Arts in this instance.

Brig. Grice—Just to add to that, the project commissioned an environmental assessment to be done by professional environmental consultants. This was submitted to the relevant part of Defence for review and approval. An environmental assessment report, which details the types of mitigation strategies that we should put in place during construction, was issued by the relevant delegate. We have a copy of that and we will make it available. According to the provisions of that, nothing out of the ordinary will be included in the contractor's construction environmental management plan, which will form the basis of environmental control on the project. It will be supervised by the regional environmental officer based here at Puckapunyal to ensure that we comply.

Senator FORSHAW—Okay. Thank you. The roadway that you drive on, the one that goes up to the gate—

Brig. Rerden—Blamey Avenue.

Senator FORSHAW—Yes. Is that Defence land? Who has responsibility for that road?

Mr Waye—I think it starts at Popples Lane. The Defence land is on Blamey Avenue.

Brig. Rerden—From about 100 metres before the entrance control point is Defence property.

Mr Waye—Yes, it starts at Popples Lane.

Senator FORSHAW—So where you will have the turnaround prior to the gate, as opposed to where you come in now—that will be on Defence property?

Brig. Rerden—It is all Defence property.

Senator FORSHAW—I notice you consulted VicRoads anyway, but that answers that. I think it is in your submission that the new building works include, to put it in a shorthand term, providing better facilities for the firefighting services. You indicated there is a serious bushfire threat. Could you put those details on the record? The evidence this morning was not given on the record. I understand you have a significant bushfire risk on a regular basis; hence you need the best facilities you can get, for that purpose at least.

Mr Waye—I will describe the threat. We have about 100,000 acres, in the old terms, of terrain. It is a bushfire hazard in itself, but add to that the fact that we do live firing. As indicated by Major Gough, we have had seven or eight fires so far this calendar year. The fire mitigation we take is through contractor provided fire tenders. For live firing there is always a fire tender in attendance. We have a grid of fire-protection measures across the range—the design of the roads, firebreaks and so on. In the event of the fire reaching a certain threshold in area, we upscale our response. We would set up a more formal incident response or control centre at range control. That very rarely happens.

Brig. Grice—This morning Major Gough did say that, due to the warmer weather, there have been seven bushfires so far this year. Most were caused though live fire, but all were contained. There is a bushfire management plan in place on the range. I will pass to Mr Zentelis to give some information and background on that.

Senator FORSHAW—Where are the current facilities located? How is that affected by the new works?

Brig. Grice—Currently the briefing room at range control, which is used daily for a briefing room, is taken out of service as a briefing room whenever there is an incident on the range and is used as the incident control room for fighting fires or other medical emergencies.

Senator FORSHAW—That was the room we had the briefing in this morning?

Brig. Grice—That is correct. Under the proposal, that room will be made a little bit smaller and turned into a dedicated emergency management incident response room with the appropriate

communications facilities so that range operations and briefings can continue in the new briefing room and any incident can be managed from that facility.

Senator FORSHAW—That is what I was trying to get on the record. Thank you.

Mr FORREST—I noticed this morning that there are no female change rooms or toilet facilities in the range control building. Can you explain to me how that will operate, given that we are trying to encourage more females into the Army?

Mr Lembo—At the moment it is used as a unisex facility. There is a sign on the door that, when females need to use the shower areas, is flipped over to indicate a female-use facility. Whenever females do need to use that facility, it is a management thing done within the confines of the HQ building as it stands.

Brig. Grice—The other point to note here is that the majority of the workers at range control are civilian APS and contracted staff and the majority of them are male. There are limited numbers of females who use that facility and stay there overnight.

Mr FORREST—In the new school of armour there is a theatrette, and the notes say ‘Plant room underneath’. And yet if you refer to the plan, it shows two other plant rooms. The same thing occurs in the road transport wing training facility. Below the theatrette floor there is a provision for a plant room, and again we are using up other valuable space for plant rooms. I am just wondering why.

Brig. Grice—Thanks, Mr Forrest. I think that is the result of design developments as the evidence was produced. But I will ask Leny to give you some background on that.

Mr Lembo—I will use the armour building as an example. We have two dedicated plant rooms which service the two wing facilities, where the syndicate rooms are. Because of the theatre and the mass of people and the intensity of people within those spaces, we have a dedicated plant room facility which services the theatrette itself. That sits underneath the tiered section of the seating, so we are using that space for a mechanical plant to supply air into the theatres only.

Mr FORREST—I have no idea what size the plant is, but it is dead space. Obviously it would be better—I am referring particularly to project element 01, the training facility for the road transport wing. The plant room is right next door to the area underneath the theatrette. It is using up valuable space, that is all.

Mr Lembo—That plant room there is to service the other parts of the building. We have a plant room which services the theatrette specifically because of its intensity of use and the number of people within that space. Those other two plant room areas there service the rest of the classrooms and the ablution and the ancillary spaces within the facilities.

Mr FORREST—My point is: is there not enough room to use underneath the theatrette’s sloping wall?

Mr Lembo—No, there is not enough room; you have restricted head height. The way the tiered section is working, you literally have a portion of area underneath the highest point of the tiered section. In fact, we are using that tiered section as a plenum as well, so we are pumping air into the underside of that tiered section as a plenum and that basically filtrates into the theatrette spaces.

Mr FORREST—Okay. I just want to follow up a bit further on Mr Lindsay's question about security. With 50,000 hectares, you must have 500, maybe 600 kilometres of perimeter fence around that whole site.

Mr Waye—It is about 140 kilometres.

Mr FORREST—Only 140?

Brig. Grice—Do you want to give some details about the fencing, David?

Mr Waye—Yes. Around what we call the PTA, the training area, the larger part, there is about 140 kilometres of fencing. There are two barriers. There is a normal farm type fence and then there is a gap of about three metres, if I recall correctly, and then we have about an eight foot high or a 2.4 metre high electric fence.

Mr FORREST—Yes, but it is not really a barrier fence.

Mr Waye—No.

Mr FORREST—It looks to me like a stock fence. I had a look this morning before I arrived on site.

Mr Waye—That is fine. We also have signage about every 50 metres on the way around, which designates that is Commonwealth property and warns people not to trespass. We also have the fences patrolled. The fences are patrolled about two or three times a week as part of the maintenance program. It is a good method of checking for any entry and so on, but we also have a lot of activity on the range as well. The range operates most of the year—24 by seven—by Department of Defence personnel, so there is a good chance of any evidence of any trespass or anything being detected.

Mr FORREST—I am not thinking about malicious entry; I am thinking about when I was 10 or 11 and how curious I was. People could wander in and easily get through that fence. If there is practice range activity going on, I am wondering what sort of buffer there is and whether there is more intense patrol.

Brig. Grice—I will pass to Brigadier Rerden to talk to you about the designation of live fire areas.

Brig. Rerden—As David Waye, the base services manager, highlighted, there is significant signage to indicate to people that this is Commonwealth property and that there is a military range. As well as that, the impact areas for the range are in the centre of the total area. So you are talking, in most cases, from the boundary, a number of kilometres—plus-five kilometres,

minimum—to get to the impact area for the range. So, from a safety management point of view, people would have to go a long way before they would get to the more dangerous part of the range and, as was indicated, there is a significant amount of activity there on a regular basis and it would be pretty unusual for anyone to get too far in before they were identified by either the contractors or the military personnel operating in the area.

Mr FORREST—My last question is about project delivery. Brigadier, you would be aware that this part of Victoria is really battling at the moment. I would be keen to see this large amount of taxpayers' money spent in such a way that it gives a local benefit. Could you just run us through the project delivery and how you will ensure that the locals get some sort of opportunity to provide their services.

Brig. Grice—I may pass to Cameron Sanderson to further extend the remarks, but we will be delivering this via head contract and we will use a two-stage open-tender process where we will go out and have companies register interest in delivery of the works and then, from that, we will have a registration evaluation board and short-list several companies to tender for the works. Cameron, you may want to talk about local industry.

Mr Sanderson—When we set a goal-procurement strategy for this project we decided on a head-contracted delivery. That was based on combining value for money with the fact that the head contractors will typically draw on subcontractors from the local region, from Melbourne, and also from areas such as Bendigo, Shepparton, Seymour and so on. They will be actively encouraged to engage with the local industry and seek tenders from them. We have had a lot of experience in the past where we have instigated things such as advertisements and so on. And, as a function of that, we will draw from quite a broad area for the industry.

Mr FORREST—Given that the total amount is now public information, is it wise to have one contract for every building? Why wouldn't you break it up into smaller sections and then just have some overall oversight?

Mr Sanderson—We did look at that and certainly there were several procurement methodologies reviewed, and our professional recommendation as the PMCA to DSG was to look at a single head-contract package. There were several reasons for that. One was to make it as attractive a project as possible because, at that sort of \$40 million threshold, you are starting to be able to draw upon a wide variety of contractors who have expertise in delivering projects within the Defence requirements, working within the Defence space and also handing over within the Defence systems. The second thing is that they will typically draw upon subcontractors. They do not typically have their own workforce. And, by default, that is where you allow the one- and two-man businesses to actually get involved in the construction of the project elements, benefiting the region. The other thing is that, from a management perspective and for safety in operation of the construction process, it benefits the base in maintaining a safe base where we will have a central administration system with the successful contractor, and, beyond that, they will have a consolidated control mechanism and construction management process which will allow each of those elements to be constructed concurrently but also safely without affecting other areas of the base.

Brig. Grice—Another point here is that the central tenet of the Commonwealth Procurement Guidelines is value for money, and we have a delicate balance here between promoting and

maximising the participation of small local companies, and the combined effect of multiple overheads from smaller companies taking over the smaller packages of works. So we believe that the procurement methodology that we have used gives us value for money and also provides more-than-adequate opportunities for local companies to participate.

Mr FORREST—You say that the larger contractor will be encouraged to use local subcontractors, but you cannot stipulate it, can you?

Brig. Grice—No, that is correct.

Mr Sanderson—We cannot, within the guidelines. I might say, too, that it is not necessarily the large contractors but those of a reasonable size—we would call them second-tier contractors—in the Melbourne marketplace that are able to deliver a project of around this value. Some of the project elements in their own right are already getting close to that threshold, at around \$10 million to \$12 million. We believe it actually draws upon probably the largest section of the marketplace as an overall strategy.

Mr FORREST—When you get down to the bricklayers, electricians and plumbers, they are from Broadford, Seymour, Bendigo and all the way up the Hume Highway to Benalla, I guess. They are the sorts of people who are now struggling to find work.

Brig. Grice—A smart contractor will mobilise those resources to maximise his return. I am confident that the free market system will deliver. Just by their geographical proximity, the people from Broadford, Seymour and elsewhere will be more cost competitive than people from the Mallee.

Mr FORREST—We might send some down, though!

Mr Sanderson—Our experience on recent regional defence projects that we have undertaken has been that the head contractor, or in this case the managing contractor, has drawn quite heavily from the local contract pool.

Mr PRICE—In the planning and design concepts that you talk about, you say consideration was given to construction techniques in buildability. What were the construction techniques that you gave consideration to? I think most of the buildings come down to a common technique. Why is that so?

Brig. Grice—I will pass to Leny Lembo, the design manager, to give you a response to that.

Mr Lembo—What we are trying to do is almost modularise the buildings, if that makes sense. Each building is planned on a fairly rigid grid formation which will optimise the level of the prefabrication that can be done offsite, particularly with regard to steel work, cladding, window sections and so forth. It enables a lot of the prefabrication work to happen onsite, thus giving some benefits to the programming on site as required.

Mr Sanderson—I would also like to say that, through the process of the design development, we have undertaken value management assessments of each of the project elements. That has included their functionality as well as things such as material selection and overall design

concepts. As a result of that, we have progressively tweaked the design to enable efficient end products to be delivered. We have also been mindful of things such as structural steel prices, the marketplace and materials.

Mr PRICE—On buildability I understand the point you are making about modularity, but what were the different construction techniques that you considered?

Mr Sanderson—In short, there would be things such as combinations of solid brick and/or block work. With masonry we looked at things such as precast elements. On types of cladding, whether it is brick or steel cladding, and so on.

Mr PRICE—And how many demountables are we replacing if this building program is successful?

Brig. Grice—Buildings numbered 1494, 1495, 1227, 1291, 1292, 1293, 1294, 1313, 1128, 1129, 1199 and 1227—that is, a total of 12 demountable buildings will be demolished.

Mr PRICE—How many demountables will be left on the base that obviously are not encompassed in this project?

Mr Wayne—I cannot come up with a—

Mr PRICE—Do you want to take it on notice?

Mr Wayne—I will have to take it on notice.

Brig. Grice—Within the areas that we would be working on, there is one that we are leaving and there is one that we are relocating elsewhere, wherever the region decides it is required. There are other areas on the base that we are not touching with this project. If we could go with the answer that, within the areas that we are—

Mr PRICE—I am interested in the base.

Brig. Grice—there is one.

Mr PRICE—Thank you, but I am also interested in the base.

Brig. Grice—We will try and find out the answer and provide it separately.

Mr PRICE—Regarding the freed-up demountables, what happens to them?

Brig. Grice—The 12 that are being demolished—

Mr PRICE—Could I just ask: are the demountables bought or leased or what is the—

Brig. Grice—No. The demountables that we have here have been purchased. Generally, the life of a demountable is 10 to 15 years, and these demountables are past the end of their useful

life and will be demolished. The existing demountable at CATC, which is building 1649, is only about three years old. It will be retained and has a useful life of another seven to 10 years.

Mr PRICE—When we were at the combined arms training headquarters, one of my colleagues raised the issue of the lack of maintenance on the building. Is there a problem with maintenance of buildings here at Puckapunyal?

Brig. Grice—As I mentioned this morning, we are operating within budgetary constraints with regard to facilities operation. All maintenance operations are prioritised, as David mentioned this morning, so that occupational health and safety—life and limb—works and structural works are always done. The more cosmetic items are the ones that are prioritised to the bottom of the list; they are only done when funds permit. David, is there anything else that you would like to add there?

Mr Wayne—Yes. I would just like to add that as far as maintenance goes it is multidimensional. As I said this morning, there is one dimension of maintenance—fixed plant and equipment—which is a legislative requirement, for things such as boilers, electrical equipment and so on. That has a vote which is contracted out. That is done automatically. We also have a five-year rolling maintenance plan, which mainly covers larger items of maintenance, such as painting an entire building and things like that. I also have some funding which is for what we call reactive maintenance. That is the component of maintenance funding which is probably under the greatest stress. I have the job of prioritising how that funding is used. Reactive maintenance ranges from something like a dripping tap to replacing a light bulb to those patches of paint and cosmetic degradation that we saw this morning and other essential reactive maintenance things that pop up from time to time.

Mr PRICE—And that is all contracted out?

Mr Wayne—It is all done under a contract.

Brig. Grice—Mr Price, globally, over the last four or five years there has been about an additional \$100 million a year provided out of the Defence budget for that type of maintenance estate-wide, but we have 3½ million hectares, we have something like 350 bases, we have something like 27,000 buildings country-wide and we have about another 12,000 to 15,000 assets that are not buildings. So we get the best we can out of every dollar that we have, and it is just a function of the times we live in. We do the best with what we have got, concentrating on those areas where our legislative responsibilities for the health and safety of our personnel come into play.

Mr LINDSAY—In the Defence news clips this morning there was a report that said that lack of training was hurting troop operations. It was published in the *Canberra Times*. Can you assure the committee that this project we are discussing today will adequately provide the necessary training needed for the various corps or have we cut some corners somewhere, could we have improved and is Defence happy with what is going to be provided for those particular units?

Brig. Grice—I will pass to Brigadier Rerden as the capability manager to give you a response.

Brig. Rerden—I think it is really important to appreciate that these works will deliver a considerably enhanced training outcome for the Army. Particularly in the case of the road transport wing, the enhancements to the safe driver training area will directly improve the standard of driver training delivered to our soldiers. In the case of the School of Armour and the facility for the combat arms advanced course, this will directly impact on and improve the standard and the delivery of the training for our officers, particularly in combat arms. There will be a significant impact in a number of areas in the delivery of training for our soldiers and officers.

CHAIR—I thank the Defence witnesses for their evidence this afternoon. I thank members of the public who have attended the hearing. I note that the local mayor, Mayor Humm, is in attendance today; I thank him. Before I close the hearing, I call upon a member to move that this committee authorises the publication of evidence given before it at the hearing today.

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

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 2.34 pm