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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES
COMMITTEE

Reference: Disposal of Defence properties

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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Thursday, 19 October 2000

Members: Senator Hogg (*Chair*), Senator Sandy Macdonald (*Deputy Chair*), Senators Bourne, Hutchins, Lightfoot and West

Participating members: Senators Abetz, Bolkus, Boswell, Brown, Calvert, Chapman, Cook, Coonan, Crane, Eggleston, Faulkner, Ferguson, Ferris, Forshaw, Gibbs, Gibson, Harradine, Harris, Knowles, Mason, McGauran, Murphy, Payne, Tchen, Tierney and Watson

Senators in attendance: Senators Hogg, Hutchins, Lightfoot and West

Terms of reference for the inquiry:

For inquiry into and report on:

1. The importance and value of the Western Australian Army Museum and the Fremantle Artillery Barracks.
2. Whether the Fremantle Artillery Barracks is the most appropriate and suitable location for the Museum.
3. The reason for the disposal of the Fremantle Artillery Barracks.
4. The disposal of the Fremantle Artillery Barracks and the probity of the disposal process.
5. How the Australian Defence Organisation (ADO) decides whether property is surplus to requirements and the management or disposal of surplus property.
6. Sale and lease-back of ADO property.
7. Any other matter related to the above-mentioned issues.

WITNESSES

BAIN, Mr Ross Kenneth, Acting Head, Defence Estate, Department of Defence 165

BRIDGES, Mr Paul, Deputy Curator, Army Museum of Western Australia Foundation..... 249

CLARK, Ms Elizabeth June, Acting Assistant Secretary, Property Management, Department of Defence	165
COREY, Mr Rodney William, Acting Deputy Secretary, Corporate Services, Department of Defence	165
HEFFERNAN, Dr Ken James, Assistant Director, Historic Environment Advice Section, Australian Heritage Commission.....	244
LEAVER, Mr Bruce Herbert, Executive Director, Australian Heritage Review, Australian Heritage Commission, and First Assistant Secretary, Australian and World Heritage Division, Environment Australia	244
LEE, Mr Roger Vernon, Head, Army History Unit, Department of Defence	165
MANNNS, Mr Brian Thomas, Deputy Head, Army History Unit, Department of Defence	165
YACOUB, Brigadier George, Director, General Preparedness and Plans, Army, Department of Defence	165

Committee met at 9.04 a.m.

BAIN, Mr Ross Kenneth, Acting Head, Defence Estate, Department of Defence

CLARK, Ms Elizabeth June, Acting Assistant Secretary, Property Management, Department of Defence

COREY, Mr Rodney William, Acting Deputy Secretary, Corporate Services, Department of Defence

LEE, Mr Roger Vernon, Head, Army History Unit, Department of Defence

MANNS, Mr Brian Thomas, Deputy Head, Army History Unit, Department of Defence

YACOUB, Brigadier George, Director, General Preparedness and Plans, Army, Department of Defence

CHAIR—Welcome. I open this public meeting of the Senate Foreign Affairs, Defence and Trade References Committee which is inquiring into the disposal of Defence properties and, in particular, the Artillery Barracks, Fremantle. This is the third day of public hearings to be conducted by the committee in this inquiry. Two days of hearings were conducted in Fremantle in October.

I welcome to this inquiry the officers of the Department of Defence. The committee prefers all evidence to be given in public, but should you at any stage wish to give any part of your evidence in private you may ask to do so and the committee will consider your request. You will not be required to comment on the reasons for certain policy decisions or the advice you have tendered in the formulation of policy or to express a personal opinion on matters of policy. The committee has before it a written submission from the Department of Defence. Are there any alterations or additions you would like to make to your submission at this stage?

Mr Corey—Mr Bain would like to make an opening statement, Senator.

CHAIR—But there are no alterations or additions to the submission?

Mr Corey—No.

CHAIR—Before inviting you to make an opening statement I advise that when this committee originally scheduled today's hearing, today was not a sitting day of the Senate. We have subsequently had to seek authorisation from the Senate to enable this committee to sit. We have that authorisation. The Senate will commence sitting at 9.30 and from then on it is government business, consideration of the State Grants (Primary and Secondary Education Assistance) Bill 2000 and I am assured that there will be some divisions throughout the progress of that bill through the Senate. To the best of my knowledge none of the senators here is paired and so when the red bell rings you will see us leave very quickly and the committee will, in those circumstances, be suspended for about seven to eight minutes. I advise you that that will happen but it is beyond our control. I now invite you to make an opening statement, Mr Bain.

Mr Bain—Thank you for the opportunity to give evidence on behalf of the Department of Defence into the divestment process and, in particular, the future of Artillery Barracks, Fremantle. The rationalisation and consolidation of Defence Estate has been under way for nearly 10 years now. The contraction of the Defence Estate has contributed in no small way to the increasing level of funds available to maintain and enhance military capability.

Artillery Barracks has been identified as surplus to defence requirements. The property is underutilised and its retention for defence purposes can no longer be justified. However, Defence is responsible to find suitable alternative premises for the displaced Defence elements. The disposal process for the property has been undertaken in accordance with the Lands Acquisition Act 1989 and the Commonwealth property disposal policy. Provision exists under the Commonwealth disposal policy to sell properties through a priority sale arrangement. The Minister for Finance and Administration must approve such sales. If you like, Chair, I can table the document outlining that policy in relation to priority sales, which is dated February 1986 and which was amended in June, 1990.

CHAIR—Yes, I think that it would be proper to have that admitted into the record of this inquiry. Thank you, Mr Bain.

Mr Bain—I should also add that the Commonwealth Ombudsman has investigated the proposed sale of Artillery Barracks and determined that Defence is, in their terms, not acting unreasonably in this matter. I can table that, if you like, Mr Chair.

CHAIR—I think that would be handy to have that as part of the official record.

Mr Bain—Certainly. The issue of the future of Artillery Barracks and Notre Dame goes back some time. The matter was first raised in the late 1980s—1988—when the university initially expressed interest as part of its longer term planning. There has been ongoing correspondence between relevant Defence ministers and the university on their future plans, which were looking out to the period 1995-2000.

Also, as far back as 1994, a public green book identified Artillery Barracks as being available for potential disposal. I will be happy to table that document as well. In 1995, the museum moved from Dilhorn in Perth out to Artillery Barracks. In late 1999 the barracks were finally identified as surplus to Defence requirements.

There are a few areas that Defence would like to cover in response to issues raised at the hearings in Fremantle on 18 and 19 October. Defence acknowledges that it is a special site with important heritage values. It is Defence's job to ensure that the heritage values are protected and preserved, as it has with other heritage properties that it has sold. A number of those were listed on the Register of the National Estate. Retention in public ownership is not critical to the future of the property and Fremantle itself is testimony to that.

The mayor of the City of Fremantle has raised a number of issues that I would like to respond to. As the owner of Artillery Barracks, the Department of Defence, like any other property owner, is not required to liaise with the local council body in making a decision about whether or not to dispose of its property. However, once the decision has been made, the Fremantle Council has a significant role regarding the future of the site once it leaves Defence or

Commonwealth ownership. In that context, I find it curious that the mayor was berating Defence's consultant for putting forward certain options when he knows full well that Defence cannot act unilaterally in these matters. I should also mention that a range of options were submitted by Defence's consultants to explore opportunities that might provide benefits to all parties. There is nothing unusual in that process.

The council has also objected that Defence did not offer the property to the council first when the property was determined as surplus to Defence requirements. It should be noted that, under the Lands Acquisition Act 1989, interest in the land can only be offered first to a former owner where disposal would be likely to occur within seven years of the current owner acquiring the land and where the current owner has not made substantial improvements to that land. In the case of Artillery Barracks, the main area of the site was purchased in 1909, and Defence has made substantial improvements, with the main construction of the barracks occurring between 1910 and 1913.

Finally, Mr Chairman, I raised with you in Fremantle an issue regarding comments attributed to Ms Clark of the Defence Estate Organisation in relation to a meeting with the council on 15 December. I am informed by Ms Clark and other Defence people who were at the meeting that, in response to a question from council representatives regarding the Senate inquiry, the council was told that the disposal process would continue and that it would include certain studies, such as the environmental and heritage studies, that had already commenced. The interpretation by the council that the comments implied that the Senate inquiry would have no impact on the sale, or somehow would be ignored, is not correct. I would like to ask Roger Lee to address the issues relating to the Army Museum.

Mr Lee—I am the head of the Army History Unit and I have responsibility for all of the Army's museum networks. The purpose of my opening statement is to clarify the relationship between the group of volunteers who provide a service in the museum, the Army Museum of Western Australia and the Army. Successive chiefs of the Army have acknowledged that the collection, preservation and interpretation of Australia's military history is of central importance to the Australian Army. The study of its history helps develop and strengthen the bonds of esprit de corps in individual units and in the corps of the Army and is an essential element in the training of its officers and soldiers. Army's existing network of about 60 museums and historical collections is important in the way in which Army collects and presents this history. The Army museum network provides a multifaceted service to our officers and soldiers, their families and friends, and provides Army with the means to develop links with the greater Australian public that supports it.

Of great importance to the Army are the organisations that work with it to operate some of our museums and historic collections. These volunteer groups give Army an enthusiastic and hardworking team that provides the essential work force enabling Army to develop, improve and present its history to a wide variety of users. The volunteer groups provide many—and in several cases most—of the objects held within the Army museum network. These objects represent years of diligent collecting and ensure that the history of Army within individual states, units and corps is effectively preserved.

In 1995 Defence, but especially Army, formally recognised the existence of the many collections throughout its organisation by issuing Defence Instruction (General) 54-1, which is the

Defence direction covering the operation of museums and historic flights. New policies and procedures were developed as a result of that. The Army History Unit was created and given the role of managing and promoting the large existing and disparate network. It is within this network that the Army Museum of Western Australia operates.

CHAIR—You referred to the Defence Instruction (General) 54-1. Have you got a copy of that for us?

Mr Bain—I will table that.

CHAIR—Thanks.

Mr Lee—The Army Museum of Western Australia is a regional museum. It collects and interprets the history of the Australian Army in connection with Western Australia. Because the museum is part of Army, limited part-time staffing and funding support is provided. Because it is part of Army the museum is housed and provided with all the usual utilities provided to Army units. These benefits would not be available without cost if the museum was not part of Army.

The Army Museum of WA Foundation is the group of volunteers that works closely with the Army to achieve the aims of the museum. The foundation owns and provides thousands of the objects on display that have been collected over many years. It is only with the foundation's support that the museum is able to develop and mount exhibitions, conduct guided tours and provide all the services normally associated with the museum. Army readily acknowledges that, without the foundation, the Army Museum of Western Australia would cease to be an effective functioning museum.

From Army's point of view there exists a partnership between the Army and the foundation. Army enjoys the benefit of a safe repository for the material history of its operations in Western Australia and the pool of experience and knowledge of foundation members. The foundation enjoys the security of being associated with the Army museum network, a suitable place in which to house and exhibit the history it has collected, some modest operating funding, staffing support and access to museum skills and training courses sponsored and run by the Army. Museums of the Australian Army network are able to obtain surplus and out of service equipment prior to general disposal processes. This provides Army museums at no cost with additions to collections that are not available to museums outside the network.

Much has been said of what constitutes a suitable home for the Army Museum of Western Australia. The justification for Army's museums has always been the collection, preservation and utilisation of its history. Because the museums are an integral part of Army it has always been Army's policies that the collections belong with, and should be housed, with Army units. That is why Army considers that a suitable home for any Army museum, including the Army Museum of Western Australia, is within a Defence facility. The museum public also expects an Army museum to be located within an Army facility.

In the view of Army's policy of maintaining museums within the Defence environment, Army would be left with no alternative but to relocate the Army Museum of Western Australia if the Artillery Barracks were to be sold. With the information presently available to Army, Irwin Barracks at Karrakatta would seem to provide the best option for a new location for the

museum. Hobbs Artillery Park at Irwin Barracks has been offered to Army as a site with the potential to provide a long-term home for the museum. It is an accessible part of an operating Army precinct and has a railway station at the front door. In Army's opinion, the buildings are suitable, after renovation, to house the museum's existing exhibitions, offer improved storage capability and provide some room for expansion.

Preliminary discussions between Army and the Defence Estate Organisation have identified and agreed the need for modifications to the buildings and surroundings to allow its use as a museum. These changes will be carried out prior to any move from its present location. The foundation has provided its opinion on the suitability of Hobbs Artillery Park. In a conversation with the deputy head of the Army History Unit a spokesman for the foundation has now stated their unwillingness to contribute any further toward the planning of such a move. Army is disappointed by this decision and continues to urge the foundation to be active in all aspects of planning for any move should it become necessary.

Army also recognises that the moving of such a large collection is a major task requiring careful handling and will obtain the services of contractors experienced in such moves. The advice from the army museum curator is that most of the current exhibitions can be dismantled, moved and installed in a new location. We recognise that this too will require careful handling and the services of skilled contractors. The period of relocation and installation of a new site will be a most difficult and trying time. It is important to Army's plans for any relocation that the foundation remain willing to continue the close relationship that we have developed with them over the years.

CHAIR—Thank you, Mr Lee.

Senator SANDY MACDONALD—In paragraph six of your submission you refer to sale of properties since 1991. Is it clear that sales of Defence properties have taken place on a bipartisan basis?

Mr Corey—Yes, Senator. The properties have been disposed of by Defence forever. Prior to 1991 the revenue did not come back to Defence. They were disposed of by the then Department of Administration Services and the revenue went to the budget. A decision was made in 1990 that revenue from the disposal of Defence properties would come back to Defence and that gave the rationalisation and disposal program the impetus it has today.

Senator SANDY MACDONALD—Was that decision taken when Senator Bolkus was the minister?

Mr Corey—Senator Bolkus probably was the minister of Department of Administrative Services at that time.

Senator SANDY MACDONALD—The decision was taken in 1990?

Mr Corey—Yes, it was.

Senator SANDY MACDONALD—Quite unusual allegations of impropriety have been made about the priority sale process relating to the Artillery Barracks. These were examined by the Ombudsman. Has there been a report by him?

Mr Corey—Yes, as Mr Bain said in his opening statement, the report has been completed. We have tabled that for the information of the committee.

Senator SANDY MACDONALD—At paragraph 27 you tell us formal advice is awaited. Has that now been received?

Mr Corey—We now have the formal advice which, as Mr Bain indicated, suggests that there is nothing unreasonable in the way Defence was approaching this disposal.

CHAIR—The document that has been tabled is now in the process of being copied to be circulated.

Senator SANDY MACDONALD—Thank you, Chairman. At paragraph 18 you tell us the museum moved to the Fremantle site in 1995. That was five years ago. Can you confirm that Fremantle has never been identified as a permanent site?

Mr Corey—That is correct. It was always an interim site because the Artillery Barracks had been identified as potentially surplus when the decision was made to relocate the museum from its previous home at Dilhorn.

Senator SANDY MACDONALD—Mr Corey, I have a document titled *Facilities and property: Procurement and disposal plan (Green Book) 1994-1999*, which I suspect would have been prepared well before 1994. It must have been done in 1993. The museum moved in 1995. It clearly says in that document that the decommissioning date for the Artillery Barracks in Queen Victoria Street in Fremantle was late 1997. That would be clear evidence that the Artillery Barracks would have been aware of the temporary nature of their accommodation, would it not?

Mr Corey—That is right. That is a public green book that is provided for the information of all interested parties as to the future utilisation of the Defence Estate.

Senator SANDY MACDONALD—Would it be appropriate for that document to be tabled?

Mr Corey—I think we have tabled it, Senator. Mr Bain indicated in his opening statement that we would table that document.

Senator SANDY MACDONALD—Thank you.

CHAIR—That would be tabled or has been tabled?

Mr Corey—It has been tabled now.

Senator SANDY MACDONALD—At paragraph six of the foundation submission, under the heading ‘Sale and lease-back of ADO property’, we are told:

Heritage-listed and significant Commonwealth owned sites should be maintained and held in government ownership. They form a part of our national heritage and should not be ‘divested’.

Only properties that do not have cultural and heritage significance, as decided by State and Federal Heritage bodies, should be considered for ‘divestment’ to other than public authorities capable of the appropriate ongoing management.

What would be the financial implications if that became policy?

Mr Corey—I would have to come back to you with the detail on that. We have disposed of a number of properties over the last 10 years, primarily residences and drill halls, in urban areas of the major cities where we have had significant revenue. I can recall one residence in Sydney that had a heritage listing, which we sold for \$9½ million. It is not just the revenue forgone; it is also the increased operating costs that Defence has to bear to continue to maintain these facilities. When we sell them to other than government entities, there is provision in the sale that they have to be protected under the heritage legislation. We conduct heritage studies and get those endorsed by the Heritage Commission and they attach to the sale. So they are protected whether they are in public or private hands.

Senator SANDY MACDONALD—I want to come back to who knew and who knew what. Do you have a copy of a letter dated 22 May 1989 from Mr Kim Beazley, who was Minister for Defence at that time, to Mr Lee, the Chief Executive Officer of Notre Dame University, clearly countenancing the sale of the property to Notre Dame?

Mr Corey—Yes, we do.

Senator SANDY MACDONALD—Could that letter be tabled, Mr Corey?

Mr Corey—Yes, we can do that.

Senator SANDY MACDONALD—Furthermore, do you also have a letter dated 4 October 1989, again from Mr Kim Beazley as the Minister for Defence to Professor Geoffrey Kiel, the Planning Vice-Chancellor of the University of Notre Dame, again clearly countenancing the sale of the property to Notre Dame University?

Mr Corey—We have that letter. It opens the possibility of a sale to the university.

Senator SANDY MACDONALD—Could that also be tabled?

Mr Corey—Yes.

Senator HUTCHINS—Can I have a look at those letters?

Senator SANDY MACDONALD—Certainly, they are going to be tabled.

Senator HUTCHINS—What do you mean by ‘countenancing’? What does that mean?

Senator SANDY MACDONALD—You can have a look at the letter and see. Clearly it does countenance the sale, Senator Hutchins.

Mr Corey—It does not preclude the disposal of the property to Notre Dame.

CHAIR—Did the letters mention the words ‘priority sale’?

Mr Corey—I do not think they mentioned ‘priority sale’ as such.

Senator SANDY MACDONALD—Further, Mr Corey, do you have a letter dated 30 August 1991 from the Australian Army to the Australian Property Group in Perth that indicates that staff from the DEO had held discussions with the Fremantle Town Council and which clearly identified—this letter dated, as I said, 30 August 1991—the fact that the Fremantle barracks site was going to be sold?

Mr Corey—We do have that letter. It indicates that we were doing an examination of the Artillery Barracks to determine if and how the property could be marketed to provide sufficient funds for our purposes, which was a clear indication that we were positioning it for disposal.

Senator SANDY MACDONALD—Could that also be tabled? I think it is important to make the public aware that the Fremantle council knew about this proposal for a long time, and I ask for that to be tabled.

Senator LIGHTFOOT—I have not had time to digest the two letters. The one written above the signature of Kim C. Beazley to Professor Geoffrey Kiel infers, at least from my reading, that the sale of the Artillery Barracks was a fait accompli in 1989 and may have depended only upon the decision by Notre Dame to proceed with the introduction of a university in Fremantle.

Mr Corey—What is written in the letter is an indication that Defence is willing to enter into negotiations with the university. That is the spirit of the letter, as I recall the detail of it. We had identified Artillery Barracks for disposal for some time. Probably during that period was when we identified it as being surplus to Defence needs.

Senator LIGHTFOOT—That time being 1989?

Mr Corey—In the late 1980s, yes. In positioning a property for disposal, there is a whole range of studies and consultations which need to go ahead which do take a long time. As you see, it is 11 years on and the property still has not been disposed of. The detail in that letter, from our point of view, is indicating to the university that, yes, this property would be available for disposal and their acquisition or another person’s acquisition at some time in the future.

Senator LIGHTFOOT—But it would appear from the letter dated 4 October 1989 that the Commonwealth was considering a sale to Notre Dame.

Mr Corey—That could have been one of the options at the time. I think Notre Dame had written to Minister Beazley, asking him as to the availability of the property. Can you just tell me what he actually said?

Senator LIGHTFOOT—Yes, if I could just refresh your memory. Mr Kim C. Beazley, the Minister for Defence at the time, says in his letter, *inter alia*:

I understand from your letter that a firm decision to proceed in Fremantle has not yet been made.

This letter by Mr Beazley is to Professor Geoffrey Kiel, Vice Chancellor of the Notre Dame Australia. The quote continues:

In this regard you would appreciate that, given the statutory processes involved in disposal of Commonwealth property, it would be better to address a firm proposal for the Barracks rather than a possible requirement.

I understand that what Mr Beazley was asking, at that stage, was for Notre Dame to make a firm proposal rather than a possible requirement. Would you arrive at that decision?

Mr Corey—That is exactly what the situation was. Notre Dame had approached the department to see what the future availability would be of Artillery Barracks on the basis that they were going to expand their university activities in that area. The minister replied in the terms that you have there.

CHAIR—Are we talking about the whole of the Defence property or were they interested in part of it?

Mr Corey—They had not spelt out at that time what they were interested in. They were seeking the potential availability of Artillery Barracks for use by the university at some time in the future.

Senator LIGHTFOOT—Following on from the chair's question, when talking about the barracks, one assumes it took in at least the buildings—the gate houses, other structures, the terrace cottages, the 1910 and 1930 structures, the officers' mess, the NCOs' mess, *et cetera*.

Mr Corey—I do not think we got to that detail with Notre Dame, but they were definitely interested in the built part of the barracks. Whether they were interested in the terrace cottages, I am not sure.

Senator LIGHTFOOT—Perhaps you could tell the committee what comprises the barracks? What does 'the barracks' mean in a generic sense? I do not want you to start saying how many square metres of land or what garden plots there are, but what does it mean in terms of the significant structures?

Mr Corey—There is the parade ground and the buildings that surround that and that is the main barracks complex. We would refer to that as 'the barracks'. Attached to that are the terraced cottages that you have referred to. There is some bushland, a couple of residences—a gun house and one other—and some open space that was levelled for an oval some time ago.

Senator LIGHTFOOT—You don't think it would include the terrace houses?

Mr Corey—The barracks site itself comprises all of that. When we take a decision to dispose of the barracks, we would work with the council, local government and others to determine the best future use for the entire site, which may mean that it would be broken up into various parts.

Senator LIGHTFOOT—Are you aware that in later correspondence—most recently last year and this year—the terrace houses form an important if not an integral part of the plans that Notre Dame have for future use of the so-called barracks?

Mr Bain—Yes. That is quite right. They have expressed an interest in using the terraced houses.

Senator LIGHTFOOT—Perhaps I could have a look at those letters in more detail later on. Could I go then to Mr Bain for some clarification? If I could roughly superimpose what you said without quoting you verbatim, you said that the funds received from the disposal of Defence assets form an important part of Defence capability—I think that is what you said—or that they contribute to Defence capability. Are you saying that the moneys that are derived from the sale—\$480 million is the most recent figure I think we have here—go into Defence?

Mr Bain—You are referring to the amount of money this year, the \$480 million. That is associated with the government's sale and lease-back program of certain Defence properties and that is returned to the budget.

Senator LIGHTFOOT—That goes to the Defence budget?

Mr Bain—No. That goes to the budget generally.

Mr Corey—That is for this year.

Senator LIGHTFOOT—It goes back into central revenue, does it?

Mr Bain—That is for this year. But, since 1990, Defence has been able to retain up to one per cent of Defence outlay from the proceeds of sales to reinvest in Defence. On top of the revenue, we get the ongoing savings as well.

Senator LIGHTFOOT—So the Defence budget that is approved each year is augmented by one per cent of the gross sale items each year?

Mr Corey—No, Senator. In framing the Defence budget there is a revenue item within the Defence budget in the bottom line, and the net revenue from the disposal of Defence properties goes into that. So in framing the budget in any year since 1990, there has been revenue from disposals, not of land but of a whole range of things that we no longer require—land and buildings as well as other assets—and that forms part of the Defence annual budget each year.

Senator LIGHTFOOT—I am still not quite clear, so I must apologise. What is the amount that has augmented the Defence budget as a result of the sales of Defence property?

Mr Bain—It is probably about \$450 million gross over the last 10 years.

Senator LIGHTFOOT—And for the most recent fiscal year?

Mr Bain—It was roughly \$60 million to \$70 million.

Mr Corey—But the more significant benefits for Defence are the ongoing running costs that we save in manpower and operating costs for maintaining facilities that no longer have a—

Senator LIGHTFOOT—That is the saving to your main budget, Mr Corey.

Mr Corey—That is a saving in ongoing expenditures. It is moneys we would have to continue to pay out, either in manpower or in operating costs, but which we no longer have to by disposing of these properties; therefore, we can actually re-assign those resources to the capability elements of the function.

Senator LIGHTFOOT—Okay. Thank you for that. Does the land that is disposed of belong to the Department of Defence or does it actually belong to the Defence Estate? Could you clear that up?

Mr Corey—They are one and the same.

Senator LIGHTFOOT—They are exactly the same, are they?

Mr Corey—Yes. What belongs to the Defence Estate belongs to the Department of Defence. We are only one entity. We are just another element of the Department of Defence.

Senator LIGHTFOOT—If I could put it in contemporary business terms, the Defence Estate Organisation is a wholly owned subsidiary of Department of Defence. Would that be accurate?

Mr Corey—Yes. I guess you could put it like that.

Senator LIGHTFOOT—That has cleared that up. Thank you. You said that the museum was funded by the Army. Could you tell the committee precisely how it is funded and how many people you employ under the Army budget?

Mr Lee—We have three part-time reservists positions there: one captain position, which is a major, a captain who is the curator and a senior noncommissioned officer who is the assistant curator. We provide them with direct funding for small operating costs through a direct unit funding approach, which is normally about \$7,500 a year. There are a lot of indirect costs, in that they do not have to pay rent, they do not have to pay security and they do not have to pay power, light and water. Our staff get trained by us through the Army training system, and we provide museum courses—there is one starting next week at the War Memorial. We have never quantified those sorts of costs.

Senator LIGHTFOOT—But could you again tell the committee what the aggregated cost is to the Army to maintain the barracks?

Mr Lee—In straight money terms it is \$7,500 a year. We get indirect unit funding plus the staff costs of three reservists.

Senator LIGHTFOOT—The reservists, I imagine, would be paid regardless of their secondment?

Mr Lee—No, that is not correct. We have to compete with all the other positions vacant for experienced and performing staff in Western Australia. A number of my museum positions are empty.

Senator LIGHTFOOT—If you did not require the personnel that you fund part time at the museum, would they be dismissed? They would not become surplus, would they?

Mr Lee—The individuals would be re-posted elsewhere and those positions would be transferred within the network to other museums which currently are not as well set up.

Senator LIGHTFOOT—What about relocation of the museum—assuming the worst-case scenario—for the people of Western Australia? What if the museum were to move? Would it be relocated only on the sale of the barracks or are there proposals to relocate the museum regardless of the sale?

Mr Lee—No, we would only—from where I sit, anyway—move once the barracks are sold. The issue for me is that the museum must be on Commonwealth property and part of an Army—

Senator LIGHTFOOT—Have you anything to add, Mr Corey?

Mr Corey—Yes. The Artillery Barracks require significant works for occupational health and other reasons. We have done some assessments of the costs of maintaining the museum and Artillery Barracks as against transferring them to Hobbs Hall. The figures we have had done by some consultants suggest that it would be about \$2.4 million to bring Artillery Barracks up to a state that might be suitable and something like \$1.3 million to do Hobbs Hall. So, in any event, from an efficiency point of view, we would be looking at relocating the museum. We cannot see the sense of investing further in Artillery Barracks when Hobbs Hall will probably provide a better solution at less cost.

Senator LIGHTFOOT—What of the proposal that Dr Tannock from Notre Dame put to this committee some weeks ago, when it was in Fremantle, that they would be happy to see the museum remain where it is? I think a figure of 20 years was put on it. Would the Army have any opposition to that plan? Would it continue its funding if that were the case?

Mr Lee—In 1995 all the museums in the Army network were offered a choice: (1) they could become part of the Army program and come under the jurisdiction of Army—abide by Army's corporate goals, and all that sort of stuff—or (2) they could become a private commercial activity on an Army site but pay full cost recovery in that separate commercial regime. No army museum has yet opted to go (2), which is the private operating concern. So, in a sense, the Army Museum in Western Australia has already faced that issue on an Army base. I am not sure why

they think that, were we to go to an operation on a non-government site, it would be any easier to operate successfully.

Specifically relating to your question about the Army, the Army is not really able to operate on a non-Commonwealth site. My network covers every state in Australia. But, by operating on a Commonwealth site under Commonwealth jurisdiction, we are able to work to one set of occupational health and safety requirements. Defence has its own security requirements. Our museums have weapons. If we were operating in any other separate state regime covering the storage and display of weapons we would have an administrative nightmare. It is for that reason that Army will not at this stage—I have not been given any other alternative other than to operate—operate on a Commonwealth site in a Commonwealth precinct.

Senator LIGHTFOOT—Okay.

CHAIR—So you are saying, in respect of the museum at Fremantle, that that must be operated on an Army site?

Mr Lee—If the foundation wants to operate the Army Museum of Western Australia as a separate entity from Army, they can operate it where they will. If Army is going to be involved in the operation of an Army museum in Western Australia, it must be on a Defence precinct.

CHAIR—I am not trying to be picky, but who actually owns the display? Is that the foundation's property or is it the property of the Army?

Mr Lee—As a general rule, we would say that most of the items are likely to be owned by the foundation. Part of the problem is that until recently ownership has not been an issue that has been tracked by the administration of our museums. I would have to be honest and admit that the correct legal title to about 80 per cent of our collection is unclear. But within the Army Museum of Western Australia the foundation would probably be the owner of most of the artefacts. We have already acknowledged that without the foundation, without their artefacts, we do not have a museum in the West; we understand that.

Senator HUTCHINS—Do you loan out any displays?

Mr Lee—We do not loan them, it is our museum, so we have our stuff on display and then the foundation complements that with their collection, which in this case is greater.

Senator HUTCHINS—What percentages of the items are yours and theirs?

Mr Lee—I would be guessing on that.

Senator HUTCHINS—Is it a half, a third, a quarter?

Mr Lee—I would have to say significantly less than half.

Senator HUTCHINS—Does this cause insurance problems, liability problems?

Mr Lee—Liability is one of the reasons that the museum management arrangements are still being developed. Liability has caused Defence some difficulty, but that DIG I referred to is currently being redrafted within the Defence environment and our resource and financial policy division to reflect the liability issue.

CHAIR—When will that redraft be finished?

Mr Lee—I cannot say; it is with the division. They are working on it but they have other priorities. They will tell me when it is finished.

CHAIR—I understand that. I am not trying to pin you down, I just want to get some general idea.

Mr Lee—It was being pushed through fairly quickly at the beginning of the year.

Senator HUTCHINS—Is it the sort of thing that we will see within this financial year?

Mr Lee—We hope so. The people who were working on it were put onto costing of the effort in East Timor, so issues like that arise and distract them.

CHAIR—I just want to get this quite clear in my mind. If, for some reason, the foundation of Western Australia found that the barracks at Fremantle had been sold, they would have two choices: to go out on their own and set up in some commercial type of requirement, and then there would be a debate as to who owned what, what they could have and what they could not have and so on, and the other option would be to move to Hobbs Hall, in effect.

Senator HUTCHINS—If the museum, as Senator Hogg said, was transferred to, say, Notre Dame, and the museum took up the offer of Dr Tannock to have the 20-year peppercorn rent, would you be making a decision to withdraw your display items because they took up that option of going with Notre Dame, rather than go to a Defence site, as I thought you were implying earlier?

Mr Lee—I wasn't implying it—that is correct. The Army history unit and the Army Museum part is part of the Army. We go.

Senator HUTCHINS—So if they took up the Notre Dame offer, if it went down that path, you would take away your items.

Mr Lee—Correct.

Senator HUTCHINS—What sorts of items that we might have seen when we were there—guns?

Mr Lee—I would be guessing. We have never really done an analysis or a breakdown on who owns what. We are working on it, but it is not complete. Largely what we provide is equipment recently in service that has just gone out of service. It is transferred to my register. I am the fleet manager for heritage items in Army. It comes onto my register and I distribute it

round the network. They might get recent examples of weapons, recent examples of kitchens and equipments, recent examples of papers. We are just about to give them about 2,000 maps that are surplus to requirements. We give them documents. They would lose the Army provided administration stuff like computers and the museum management software. They would lose access to our museum training programs and that sort of matter. In terms of the actual artefacts themselves, I would have to take that on notice and come back to you. That is a major task.

Senator SANDY MACDONALD—Can I ask you if any of the vehicles are included?

Mr Lee—Most of the vehicles in the display over there are owned by individuals who have either loaned them to the foundation or loaned them to us. I suspect—again, without having to be held to this—that none of the vehicles, to the best of my knowledge, is owned by Army.

Senator LIGHTFOOT—I will go back to the pertinent letters mentioned this morning and these seemed to me to be the May 1989 letter from Mr Beazley, 4 October of the same year from Mr Beazley to—

CHAIR—Before Senator Lightfoot proceeds with the rest of that question, I note that the correspondence refers to letters from Mr Lee of 7 February 1989 and Professor Kiel of 11 July 1989. Do you have copies of those as well?

Mr Corey—We do not have them with us. Whether we have them—

CHAIR—Well, it would be—

Mr Corey—It would be useful, yes, I agree.

CHAIR—It would be useful so that we do get the response in the context of what was written.

Mr Corey—What was asked, yes. We will attempt to provide those to you, Senator.

CHAIR—Could someone make a phone call? We will be here for a little while. We will have a long morning tea.

Mr Corey—We will attempt to find them, Senator, but the message I am getting from behind me suggests that we do not have them.

CHAIR—That is strange.

Mr Corey—It is strange.

Senator LIGHTFOOT—I will proceed anyway, insofar as we are able. The chairman referred to letters of 22 May 1989—

Mr Corey—We do have one of them.

CHAIR—That is great.

Senator LIGHTFOOT—and 4 October 1989 to Professor Geoff Kiel.

Mr Corey—That is the letter that we are getting copied now.

Senator LIGHTFOOT—Excellent. That will probably answer some of the questions. In the interregnum, was the intention by Defence Estate to dispose of the Fremantle Barracks unambiguous in 1989; in other words, the intent to dispose of it as surplus to Army or Defence requirements was unambiguous and it was intended to be so?

Mr Corey—I do not know whether I was around when this letter was written, but I suggest that it could be ambiguous. I think that we had not made a firm decision at that stage in 1989 to dispose of the barracks. It was probably something we were looking at; we knew that it was underutilised. I suggest that the response from Mr Beazley was probably couched in those terms. It was saying, ‘Yes, we understand your interest; we will look at it when you come forward with a firm proposal.’

CHAIR—What were the ground rules in those days? Were they exactly the same for the disposal of Defence properties as they are now?

Mr Corey—They were the same, with one exception—namely, that the revenue went to the budget rather than to the Defence revenue. Priority sales procedures were in place. All of the processes under the Lands Acquisition Act were in place the same as they are now. There has been some minor tweaking to them but in principle they are pretty much the same as they were then.

Senator LIGHTFOOT—Perhaps I could inform myself and refresh your memory, Mr Corey—and I say that quite sincerely. In the letter of 22 May 1989, Mr Beazley said *inter alia*, in the third paragraph:

In view of this, the most appropriate course might be for the Commonwealth to consider a commitment in principle on site availability of the Artillery Barracks when feasibility studies have been concluded and the University has come to a clearer position on its need for the site.

The university is Notre Dame; the barracks, of course, are the Artillery Barracks. Mr Beazley goes on to say, in his last paragraph:

I wish the University of Notre Dame Australia well in its endeavours. I look forward to hearing from you when the University’s plans are developed further.

I think Mr Beazley had certainly formed the intent that it was surplus to requirements and as minister he was going to assist in the orderly disposal of it.

Mr Corey—You could interpret it like that. But you could also interpret it that the minister was leaving his options open until he got something more definitive and until he looked at what the implications of it were.

Senator LIGHTFOOT—From Notre Dame?

Mr Corey—Yes.

Senator LIGHTFOOT—But the intent to sell it, whether it was for Notre Dame or otherwise—

Mr Corey—He was not closing off the option that it might be available for Notre Dame. I think that was the intent of the correspondence.

Senator LIGHTFOOT—Do you have Mr B. J. Lee's answer to that letter that the chairman identified, dated 22 May 1989, written above Mr Beazley's signature to Mr B. J. Lee, Chief Executive Officer, Notre Dame of Australia? Do you have a copy of that?

Mr Corey—I have a copy of the 22 May letter.

Senator LIGHTFOOT—No, the answer to 22 May letter.

Mr Corey—The one of 7 February?

Senator LIGHTFOOT—No, the letter from Mr B. J. Lee in answer to the 22 May letter.

Mr Corey—No, I do not think we got an answer. I think the next correspondence we got was on 4 October. No, I think it was the one you have there. What is that one?

Senator LIGHTFOOT—That is the Professor Geoffrey Kiel letter.

Mr Corey—Yes, I think that was the next level of correspondence.

CHAIR—Mr Corey, can I help you out? We have just tabled that letter of 11 July which is to Mr Beazley as the then Minister for Defence from Professor Kiel.

Mr Corey—Which refers to the 22 May letter.

CHAIR—Yes.

Mr Corey—That is the next bit of correspondence.

CHAIR—So from that answer we can take it that there was no other response from Mr Lee?

Mr Corey—No, it has been kicked upstairs or—

Senator LIGHTFOOT—That is right; but this is in lieu of Mr Lee's response.

Mr Corey—I am assuming that.

Senator LIGHTFOOT—And it is in response, nonetheless, to the letter written by Mr Beazley to Mr Lee—the letter which was responded to by Professor Geoffrey Kiel.

Mr Corey—That is right.

Senator LIGHTFOOT—Do you have a letter that gives the answer to the question posed by Professor Geoffrey Kiel in the letter of 11 July 1989 and received by the then Minister for Defence on 19 July 1989?

Mr Corey—That is the response of 4 October 1989, which was tabled earlier—again from Mr Beazley.

Senator LIGHTFOOT—Yes.

Mr Corey—Again, I would suggest that his response left the options open.

CHAIR—I have a question about the state of the properties in 1989. Were those cottages occupied at that stage?

Mr Corey—Yes, they were used as Defence married quarters until 12 months or 18 months ago.

CHAIR—What were the barracks used for at that stage?

Mr Corey—They had been used by a university regiment for the entire period. I think there were a number of units there, but I would have to get the detail of that. They have been progressively—

CHAIR—Could you take on notice, just for the sake of the record, what the purpose and use of the properties were at the time we are referring to here—about 1989?

Mr Corey—Yes, we will do that.

Senator LIGHTFOOT—Was there any correspondence between the letter from Notre Dame University dated 11 July 1989 to the Minister for Defence—at that time, Mr Beazley—and the 30 August 1991 letter on the letterhead of the Australian Army addressed to the Australian Property Group? That was one that you have kindly tabled. Was there any correspondence between those two dates? Anything pertinent?

Mr Corey—Nothing that jumps off the file to us.

Senator LIGHTFOOT—I will just quote a paragraph from a letter dated 4 October to Professor Geoffrey Kiel from Mr Beazley, the then Minister for Defence. The last paragraph makes it a little more certain and less nebulous with respect to the sale. It says:

You might also bear in mind in your planning that Army would require a period of around two years, from the time any final agreement was reached for the University to acquire the property, in which to arrange replacement accommodation for units now at the Artillery Barracks.

I look forward to your further advice ...

That would seem to add a little more certainty to the equation in the sale of the barracks. The options are still open.

Mr Corey—You could still interpret it that he was leaving the option open.

CHAIR—How do you interpret that in light of the second paragraph in the letter to Professor Kiel, which says:

I understand from your letter that a firm decision to proceed in Fremantle has not yet been made.

Senator LIGHTFOOT—That is talking about the university.

CHAIR—That is right.

Senator LIGHTFOOT—The university has not made the final decision to proceed.

Mr Corey—I think that is why the letter was couched in the terms it is, because there was uncertainty on both sides.

Senator LIGHTFOOT—Let me get on to another subject, then.

CHAIR—I will just ask one further question before I let Senator Lightfoot loose. What correspondence do you have from 1991 to more recent times that you can make available to us on whether the site will be sold—whether it was between Defence Estate and Notre Dame, whether it was between Defence Estate in Canberra and its comparable organisation in Western Australia, or whether it was at that stage with the Australian Property Group?

Mr Corey—The Australian Property Group had gone out of the equation by 1990.

CHAIR—Had it? All right.

Mr Corey—In 1990-91 they were still around, but they really had little influence on what we did after 1990.

CHAIR—It would be interesting to find out what activity there is on the official record.

Mr Corey—The only thing we have been able to identify was the public green book of 1994 to 1999.

Senator LIGHTFOOT—Could I just round off what the chairman has said. Would you make available to the committee all of the correspondence relating to the possible disposal of the Fremantle barracks to any person or any interested party and any interested party's replies to you.

Mr Corey—Yes, we can do that. Our check of the correspondence suggests that after 1991 there was no further correspondence—apart from the issue of the public green book, which

identified the barracks as surplus and planned for disposal—until the letter to the present minister from Notre Dame on 16 November 1998.

Senator LIGHTFOOT—Are you are certain of that, Mr Corey?

Mr Corey—That is our indication to date. We can have another check of the records.

Senator LIGHTFOOT—Would you do that?

Mr Corey—Yes, we can do that.

Senator LIGHTFOOT—Could I just shift on to the media report of the gift—I think I am quoting the term that the *Adelaide Advertiser* used—of the Torrens parade ground that is adjacent, contiguous or abutting King William Street, the Government House proper and part of the University of Adelaide. I am sure I have identified the area. I understand that that is going to be gifted by the Commonwealth to the people of South Australia as a centenary gift.

Mr Corey—That is correct.

Senator LIGHTFOOT—Could you amplify that?

Mr Corey—The Federation Fund initiative, which was last year, included a number of Defence properties. The legislation has still not gone through the parliament, I might add. There is an interim trust being set up in Sydney, the Sydney Harbour foreshores trust. Defence has been given considerable revenue for transferring those properties to this trust and also funding to clean up Cockatoo Island in the harbour. In addition to the Sydney Harbour properties, there was a decision on—and I think it has been announced—the Torrens Parade Ground, for which the revenue was \$3 million. That comes to Defence for—

Senator LIGHTFOOT—Sorry, what was the revenue?

Mr Corey—Three million dollars; Defence was to receive \$3 million—

Senator LIGHTFOOT—For the Torrens Parade Ground?

Mr Corey—from the Federation Fund for transferring—

Senator LIGHTFOOT—Just a moment on the Torrens Parade Ground—that is the one that I just identified.

Mr Corey—That is the one you just identified, yes.

Senator LIGHTFOOT—How big is that? Have you got some idea?

Mr Corey—It is a couple of old drill hall type buildings and a parade ground.

Senator LIGHTFOOT—How many hectares?

Mr Corey—It would be a hectare perhaps, maybe not. It is not very big.

Senator LIGHTFOOT—I might tell you that after my basic training in national service I marched out of the Torrens Parade Ground and it seemed like a pretty big parade ground at the time, but it may not have been.

Mr Corey—It is all relative.

Senator LIGHTFOOT—My brother did his national service in Western Australia but I wanted to be different and I completed my national service in South Australia. It is a fairly significant piece of land though, isn't it? It is adjacent to the CBD and it is opposite the lake in Elder Park, I think it is called from memory—I am going back a number of years now—but it is a significant piece of real estate. Could you confirm to the committee that piece of land is only worth \$3 million?

Mr Corey—That is the valuation that we had done for it.

Senator LIGHTFOOT—Could you get a copy of that valuation report and table it?

Mr Corey—Just as an explanation, Senator, you have to understand that Torrens Parade Ground, as with a lot of heritage precincts, has a quite significant difficulty in any development. If we were to take Torrens Parade Ground and put a high rise building on it, it would be worth considerably more than \$3 million. But it is basically public open space and has heritage buildings on it.

Senator LIGHTFOOT—But you are not in the real estate business, Mr Corey, are you?

CHAIR—You do not have to answer that.

Mr Corey—We can have a look at the basis of the valuation and provide that to you.

Senator LIGHTFOOT—Yes, if you would table the valuation of which you spoke for the committee to consider.

CHAIR—On that very issue, are you saying that the Torrens Parade Ground was not a gift to the state of South Australia to celebrate the Centenary of Federation, as portrayed in the *Advertiser* newspaper article of 24 October? I will read the paragraph to you. The reason I ask is that I want to then go to your submission. The paragraph says:

The Torrens Parade Ground will be handed back to the State next year as a gift to celebrate the Centenary of Federation.

Looking at your submission in terms of priority sales, we see that you list the Commonwealth property disposal policy, which states the following. This is the paragraph down at the bottom of page 4 of your submission. It says:

The Commonwealth cannot gift, vest or grant land. Defence practice is to dispose of surplus property at full market value to optimise the return to the Commonwealth and private treaty sales are only undertaken once the priority sale and/or open market options have been unsuccessful.

So I would presume that was a priority sale to start off with. If it was a priority sale, who ticked off on it as a priority sale? If it was not a priority sale, what was the mechanism by which the property was transferred out of the Defence portfolio to the state of South Australia?

Mr Corey—The delegations for disposal under the Lands Acquisition Act are held with the minister for finance and he would have signed off. On the Federation Fund initiative, it was probably signed off by cabinet with the minister for finance being part of that decision making process.

CHAIR—Are you able to enlighten us of the process? One of the issues that is at stake in this inquiry is the processes that are used. I do not know whether any of the senators here—and my colleagues can obviously speak on their own behalf—are necessarily able to judge the merits or otherwise of the display that is held in the Artillery Barracks at Fremantle. The reason the inquiry has been set up is to look at the probity of the issues surrounding the disposal of the barracks, not only the Artillery Barracks, but also a range of other Defence properties—our focus at this stage just happens to be the Artillery Barracks. What we find in this part of the inquiry may well assist us in the other part of the inquiry. Can you give us an insight into the processes that Senator Lightfoot has raised in respect of the Torrens Parade Ground, for example. Firstly, was it a priority sale?

Mr Bain—Firstly, the sale has not yet taken place.

CHAIR—Is it a priority sale?

Mr Bain—I suppose it is. Defence has been reimbursed for the property.

CHAIR—Already?

Mr Bain—Yes. We need to relocate units out of there. That has not happened yet.

CHAIR—Has the sale been signed off? The money has been received but the sale transaction has not been completed.

Mr Bain—It is subject to the sale being finalised. It is a heritage listed property and therefore there are heritage issues that need to be addressed with regard to our obligations under the Australian Heritage Commission Act 1975. They need to be put in place to understand what will happen to the property. We need to relocate the units to another Defence property in Adelaide. Once that has been finalised, the property will transfer to the South Australian government. The delegation resides with the Minister for Finance and Administration.

CHAIR—Mr Bain, I am not saying I am opposed to what you have done, I am just trying to find the process. Was it a priority sale? If it was a priority sale, can you make us aware of the documentation that pertains to that priority sale? Which minister—I presume it was the Minister for Finance and Administration, as happens in these things—ticked off on it being a priority sale? There must be, as I understand it, another minister sponsoring it.

Mr Corey—For priority sale purposes?

CHAIR—Yes.

Mr Corey—That is correct.

CHAIR—So who was the other minister who sponsored the priority sale?

Mr Corey—Presumably it was the Minister for Defence. We would have to look at the detail of that.

CHAIR—That is the sort of detail we would be interested in. Senator Lightfoot has already asked the question about market value. If the property is being disposed of to the state then, as I understand it, point 3 is the criterion.

Mr Corey—The sponsoring minister would have been the Minister for Defence at the time.

CHAIR—Point 3 says:

... where sale to State or local Governments would facilitate other Commonwealth or cooperative policy initiatives, or would protect other Commonwealth property interests:- sale to be negotiated on the basis of the highest price possible given the intended end use.

I presume that is the criterion that is being applied as opposed to market value.

Mr Corey—Yes, that is the criterion being applied.

CHAIR—If that is the case then fine, we accept that. We want to know how the price of \$3 million, in that instance, was arrived at. Would the market value have been used as some sort of benchmark?

Mr Corey—There would have been a market value or some benchmark.

CHAIR—I understand what you say about the property being heritage listed—you could not put up a 24-storey office block or something like that on the site. Therefore, you cannot put a true commercial value on it in that sense. If we could have those sorts of things explained and outlined to the committee I think it would be helpful indeed.

Mr Corey—We can do that.

Senator LIGHTFOOT—Mr Corey, in doing that—and I thank you very much for that—would you be kind enough to arrange to get us a copy of the letter written by the opposition leader in South Australia, Mr Mike Rann, in 1998, as reported in the *Advertiser*, to the Prime Minister seeking federation funding. In that letter he said, with not a small degree of déjà vu, that the site and the buildings would be preserved as a permanent memorial to South Australians who had given their lives in battle. Given this experience, what would it require—what approach and from whom—for an approach from a body in Western Australia to come around to a similar decision for the West Australian Artillery Barracks?

Mr Corey—That is really a question that should be posed to the government and the politicians rather than to me. I could give you a personal view but I am not sure that is of great benefit to the committee.

Senator LIGHTFOOT—I thought it was rather nice to get that question down in *Hansard* anyway, Mr Corey.

Mr Corey—Thank you, Senator.

Senator LIGHTFOOT—Are there any other grants or priority sales of this nature that you are considering for other states or territories?

Mr Corey—There are the ones in Sydney—the Sydney Harbour foreshore properties that are subject to the legislation.

Senator LIGHTFOOT—To whom would that be a priority sale consideration?

Mr Corey—That will go to the New South Wales government. Properties will transfer in title to the New South Wales government and they will be utilised as foreshore parks, and Defence will receive significant revenue to enable the relocation of units that we have presently relocated.

Senator LIGHTFOOT—What is the value of that property, Mr Corey?

Mr Corey—The net value is about \$50 million.

Senator LIGHTFOOT—The New South Wales state government is transferring to the Commonwealth government—a Crown to Crown transfer, I assume—\$50 million?

Mr Corey—No, the Commonwealth government is transferring the land to the state government and the dollars have been transferred to Defence.

Senator LIGHTFOOT—I meant that, yes. Where is the \$50 million coming from?

Mr Corey—Out of the Federation Fund.

Senator LIGHTFOOT—So it is an actual \$50 million in real money that is being paid.

Mr Corey—Fifty million dollars in real money that comes into the Defence budget.

CHAIR—You said \$50 million net?

Mr Corey—There is a further \$40 million for clean up and remediation of Cockatoo Island dockyard.

Senator LIGHTFOOT—How big is the area?

Mr Corey—All of that area on Sydney Harbour from North Head to the bridge that has trees on it, Senator.

Senator LIGHTFOOT—I obviously do not know the area as well as you do.

Mr Corey—It is a magnificent bit of country, Senator, let me tell you.

Senator HUTCHINS—You should take a trip around the harbour.

Senator LIGHTFOOT—I guess it would be worth a multiple of that \$50 million.

Mr Corey—If it were capable of being developed for commercial residential purposes it would be worth significantly more than that, Senator, but I do not think you nor I nor most people in Australia would like to see that happen.

Senator LIGHTFOOT—No, I am sure. When you say significantly more, what are you talking—a billion or more?

Mr Corey—I could not put a figure on it, Senator.

Senator LIGHTFOOT—But you would say that it is significantly more than \$50 million?

Mr Corey—Yes, I do.

CHAIR—Could we have the priority sale letters for the Torrens Parade Ground, if that is possible?

Mr Corey—I do not know whether there is a priority sale document as such. It was a cabinet decision taken in the context of the Federation Fund. I doubt whether those cabinet papers would be available.

CHAIR—I am not asking for cabinet documents. I just thought there would be processes within your organisation that would have had to have been put in place. I am not calling in doubt the intention.

Mr Corey—The correspondence relating to this would be cabinet related because we put a submission to the minister, who put a submission to the cabinet, and the cabinet made a decision that this would happen.

Senator HUTCHINS—From the documents you have given us this morning, it is obvious that, at least for 11 years, this site has been determined to be surplus. Would that be right? When did Defence decide—

Mr Corey—The determination of it being surplus was made in the context of the 1994-99 public green book, so it would have been in about 1993, I guess. We had been looking at properties around Australia generally for some time, identifying ones that were potentially surplus. I guess the first formal notification of its status was in that green book.

Senator HUTCHINS—I think Senator Hogg was going to ask this question, but I will get in first: when was the museum relocated from Perth to Fremantle?

Mr Corey—In 1995. We actually sold the premises previously, which was in Dilhorn, an old house in East Perth.

Senator HUTCHINS—Were they aware that Fremantle was potentially on the market when they were moved in there?

Mr Corey—They were aware that it was a temporary home, yes.

Senator HUTCHINS—They were aware that it was temporary?

Mr Corey—They might not recognise it but they were aware of it.

CHAIR—Is there any correspondence between the department and the foundation to confirm that?

Mr Corey—No.

Mr Lee—We need to be a bit careful. Back in 1995, the relationship between the museums and the department was somewhat less formal than it is now. Most of the museums in the Army system were privately built concerns, using voluntary labour from either within or without the unit that promoted them. I suspect there would not have been an entity to whom to write in that sense in 1995.

Senator HUTCHINS—Has it ever been considered that rather than the whole site going that it be sold in chunks? When we inspected the site, there was the parade ground, the accommodation at the front and the two homes. People tried to argue this, but there was a block of land that had intrinsic historical value, which was lost on me, I might add.

Mr Corey—As part of the disposal process of these sorts of properties, we would do a study into alternative use in consultation with the local council, which has the zoning authority. That would be part of the process. We would look at how this site could be utilised for the benefit of us, in a revenue sense, and the community generally.

Senator HUTCHINS—So the proposal for Notre Dame includes the barracks precinct and all that. Does it include also that block of land at the back?

Mr Corey—I am not sure that we have got down to that sort of detail with the university; we have been talking generically about the barracks. Within Defence, we have been looking at alternative uses for parts of that site to maximise the revenue from where we sit.

Senator HUTCHINS—Is Notre Dame still interested in proceeding?

Mr Corey—We have heard nothing to indicate that they are not.

Senator HUTCHINS—Is Ms Clark here?

Mr Corey—She is here.

Senator HUTCHINS—She got a mention a few times as a very evil type of person.

Mr Corey—She is a very evil type of person!

Senator HUTCHINS—Allegedly she told the council that it did not matter what the inquiry said you were still going to flog the property anyway.

Mr Corey—No, she was taken out of context. We made a conscious decision within the department that we would proceed with doing the studies that were necessary whether the property was disposed of or not. That was the context in which that statement was made, that we were continuing with parts of the disposal process that were necessary in any event. That was taken out of context by whoever made that statement.

CHAIR—I have a couple of general questions for the Defence officers at the table, then we have a range of questions that we want to proceed through so that we can hopefully wrap up the issue of the Artillery Barracks. Then I have a few broader questions that I want to address in respect of Defence Estate. There is very little record available of what happened in the period 1991 to 1994. Do we know if there was any interest shown in the sale of the Fremantle Barracks at that stage?

Mr Corey—We have no correspondence to indicate any interest.

CHAIR—So we do not know why, when there had been an early flurry of correspondence between the then Minister Beazley and representatives of Notre Dame on the possible sale of the barracks, it seems to have gone off the agenda between 1991 and 1998—a seven-year period.

Mr Corey—Yes. The only thing that changed that was the fact that we identified it as being surplus in 1994, but we had no correspondence from Notre Dame in that period—for what reason you will have to ask them, Senator.

CHAIR—Just putting this in the context of time, I understand from what you have said—and I have got a copy of the letter from Notre Dame dated 16 November 1998—that that was when they next expressed an interest in the Artillery Barracks.

Mr Corey—That is the next correspondence we have.

CHAIR—All right. If the Artillery Barracks were identified as surplus to the needs of Defence back in 1994, why was no action seemingly taken to dispose of the property between 1991, when there was a little bit of activity, and 1998—when we get the next letter from the Notre Dame University?

Mr Corey—Senator, you have to understand that within Defence there have been a whole lot of things going on, and a place like Artillery Barracks got some visibility in 1989 with, as you say, the correspondence between the university and the then minister. Those sorts of properties do not get much visibility, because we were looking at much bigger issues in the property disposal, and this was a lower-end priority. It came forward again in the 1994 disposal program and we identified it and, from 1997 onwards, following the Defence reform program and the strategic plan for the Defence Estate that we developed in-house, we actually focused on rationalising within cities like Perth and Sydney, and we put more emphasis on the cities beyond Sydney and Melbourne, which were the high value properties through the 1990s. I guess the focus has now been on Western Australia again, to rationalise in Western Australia—it is just one of those things.

CHAIR—My view is that it is a fairly high value property.

Mr Corey—It all depends on what sorts of terms you look at it in. The sorts of properties we are talking about positioning in Sydney and Melbourne have potential revenue in excess of half a billion dollars and, in that context, Artillery Barracks is relatively low value from where we sit, in terms of the amount of effort that is involved to get revenue and the costs associated with doing that: there is some revenue, but it is not a big ticket item for us—we were looking for big dollars.

CHAIR—I move to the issue that is being canvassed, and that is the removal from Dilhorn to Fremantle of the museum. Why was another site not entertained in moving that in 1995, if it was obvious that the property was going to be sold at some stage in the future to Defence?

Mr Corey—I do not know. I cannot answer that, Senator.

CHAIR—Who would have been responsible for that decision?

Mr Lee—In those days, Senator, probably the local authorities in Western Australia, the military district commander, the local estate people over there—I am guessing because I was not around at that time either—would have found a vacant building that had an Army unit who could look after and provide the administrative cover for the museum. It was probably as much an opportunity as a deliberate policy. The Artillery Barracks probably had some empty space—I am guessing again—and I suspect that other places may not have had.

CHAIR—It just seems strange that here we have a property that, in the 1994 green book for disposal, was the subject of earlier correspondence between the then minister and Notre Dame, and yet, in 1995, a decision was taken to sell Dilhorn. I am not going into whether that was a correct or an incorrect decision, but we find that the barracks becomes the home of the museum. Whilst I am away during the division, can you look at what happened?

Mr Corey—We will see if we can find something.

CHAIR—It would be an exaggeration to say that, when we had the two days of hearing in Fremantle, there are not a lot of angry people in Western Australia— the process to them is very unclear, as it is unclear to me. What has been said here this morning sheds some light, but, as I say, we will pursue the issue when we come back.

Proceedings suspended from 10.31 a.m. to 10.47 a.m.

Mr Corey—We probably got together what actually happened in the time of transferring from Dilhorn to Artillery Barracks. Dilhorn at the time was in a significant state of disrepair. The museum staff and others were requiring a lot of work to be done, and there was a whole range of occupational health and safety and other issues with it. In doing an analysis of that, we made the judgment that we would be better off disposing of the property and relocating the museum. At that time, the foundation was not in existence in a formal sense. I do not think that occurred until 1998. Of the options that were available to the museum, once they looked at them, Artillery Barracks was the preferred option.

CHAIR—Could I just stop you there. Who were the major players from the museum at that stage?

Mr Corey—There were a lot of volunteers—but I may ask Roger to fill in the detail. He knows more of the history of how it was formed and perhaps he can give you a little bit of that background before we go any further.

Mr Lee—Most of the museums at that stage were locally supported and locally established. In other words, if you had a group of volunteers with an interest in military history, primarily Army—

CHAIR—Was there any formal structure in place?

Mr Lee—There would have been a historical society or a friends of the military unit sort of establishment. As this was a Western Australian museum, it probably would have been a Western Australian military historical society or something to that effect. I do not know the history; I was not here then. A large number of our volunteer groups have this heritage based in historical societies—or friends of the Army or something like that. It was not until the Defence Instruction (General) came out—DI(G) 54-1, which I mentioned—that Army in particular recognised that these volunteer groups were providing a service to Army but were exposing themselves to legal liability on an individual basis. While they were operating and providing services extensively for the Commonwealth on Commonwealth premises, there was no structural arrangement in place to provide them legal protection. The best legal advice we could get suggested you needed to form them into a proper legal entity and strike an agreement with them. That is why, over the last couple of years, Army History Unit has been encouraging the volunteer groups around the country to form themselves into companies limited by guarantee and then Army will strike a relationship with them. That is why the foundation is now—

CHAIR—I understand that.

Mr Lee—The support for the museum at the site would have been from the local commander, whoever he was. If it was a unit collection it would have been the CO of the unit. In this case, it being a heritage collection like this, I suspect it would have been either the military district commander or the local regional secretary or whomever it was at the time, and that would have been done very much on an informal basis. The other side of the DI(G) problem was that museums were an unrecognised activity in the Commonwealth. The DI(G) came out to stop that. The purpose of the DI(G) was to expose the full activity in the Defence organisation, and things like museums, historic flights and certain other sporting associations were outside that

purview and they needed to be captured and exposed. So the full cost to the Commonwealth of providing these services had to be identified.

CHAIR—Prior to that DI(G), which you tendered this morning and which I have before me, dated 29 February 1996, it would be best to say that there were informal arrangements. How then can you say that, when you changed from an informal arrangement to a formal arrangement later on with the formation of the various foundations, there was an understanding on the part of either the foundation or its predecessor that the barracks were their temporary residence in terms of the collection of items?

Mr Lee—I understand your question, and I cannot say with certainty that the historical society understood the ramifications of the move.

CHAIR—So you are saying that there would have been no formal communication between Defence and the historical society, or whatever they were at that stage, or the volunteers?

Mr Lee—This is pure speculation based on how I saw things happening when I first got into this job, which was that the local CO would have spoken to the local historical society. They would have discussed Dilhorn. Dilhorn was not a satisfactory premises—for a start it was two-storey. They would have said, ‘We want to move.’ He would have said, ‘Well, these sites are available,’ I suspect. I can confidently state he would not have moved the museum without the consultation and support of the historical society underpinning it because they would have had to do the move.

CHAIR—Are there any minutes?

Mr Lee—In those days we had no relationship with the—

CHAIR—No. I mean on the part of the CO?

Mr Lee—I suspect not.

CHAIR—Has he minuted anywhere what would have happened at that time?

Mr Lee—It would have been done in discussions in the mess; that is the way things were done in those days. That is why the DI(G) came in—to correct that out-of-the-back-of-the-hand unofficial support needed to formalise.

CHAIR—It would be safe to assume, though, that it was the CO’s decision to move from Dilhorn to Fremantle.

Mr Lee—In consultation with the association.

CHAIR—In consultation with the association—all right, I will accept that at this stage. Why would the CO, at that stage, not have considered moving to Hobbs Hall?

Mr Corey—Hobbs Hall at that time was occupied by other units, so it was the availability of accommodation that would have influenced the decision. Probably the only option that was available was Artillery Barracks. There may have been an option—

CHAIR—And that really was not a long-term option. You have tabled the green book here today in which it says that it was on the list of properties to be disposed of in 1994.

Brig. Yacoub—Senator, if I may add some amplifying points to support the thrust of your question. The issue here is that, in selecting the site of the museum, the commander at the time would have looked at units that may have been able to provide support to the museum as well. A significant part of the museum's role is to actually imbue the spirit within units and in the morale of units. At the time, we would have had a number of reserve units located within the barracks which would have fostered and assisted the museum in its endeavours. Those units have subsequently been relocated. I guess that, at the time, he would have looked around to see the available facilities, unit support and, specifically, the role that the museum would play in fostering internal morale and esprit de corps.

CHAIR—It would be interesting to find out who was responsible for the decision at that time, the sort of relationship that there was with the historical society and the rationale for doing what was done, because this seems to have caused all sorts of problems in relation to the now existing foundation.

Mr Lee—We had units at Artillery Barracks as well. One of the priorities would have been to relocate the collection from a house where there was no formal Army presence to an area where there was an Army presence. I need to correct something I said a minute ago: there was in existence an internal Army instruction covering the operations of museums before the DI(G) was formulated. It was very old—it had come in in the early eighties—but it was really just a recognition that they were there and it set standards, if you were going to pretend to be an Army museum, for what standards you had to achieve.

CHAIR—Could you table that for us?

Mr Lee—Yes, I can get a copy and forward it to you.

CHAIR—That would be of assistance as well. Mr Lee, were there further comments you were going to make to try to assist?

Mr Lee—I would reinforce that the foundation, as a historical society, was doing a collection for its own purposes. When it formed its relationship with Army there was a need to co-locate or be with Army so that Army could provide the administrative support. Dilhorn did not have that capacity. I suspect that, when they were faced with the alternatives, when Dilhorn was satisfactory, Artillery Barracks—and again, this is pure supposition—would have been preferable to other options that might have been put because there were Army units present and they would have got Army assistance in the administration of their activity.

CHAIR—As I flagged earlier, there are a number of questions that I now have which I will proceed through. We may have covered some of them to some extent beforehand. I will try not to be too repetitive. It is so that we can get a full picture in respect of the issue. These will pretty

much solely refer to the Artillery Barracks; my more general questions I will leave till after this. The question of ownership was raised during our hearing. First of all, who owns the name of the museum?

Mr Lee—The Army Museum is Army. The Army Museum of WA Foundation is their name. I can stand corrected here by the foundation members, but to the best of my knowledge no-one has registered the Army Museum of Western Australia as a proprietary name.

CHAIR—Are there any registered names for any of these museums that you have mentioned?

Mr Lee—No, not for any of our museums.

CHAIR—So the museum itself is owned by the Army in that sense?

Mr Lee—It is not owned by it, it is part of the Army. It is a sub-unit of the Army.

CHAIR—It is a sub-unit of the Army and there is a foundation which is a separate organisation?

Mr Lee—Correct.

CHAIR—We have covered the issue of costs, but how much has Defence spent each year over the last three years on the maintenance of the whole of the property that we saw in Fremantle and the areas occupied by the museum?

Mr Corey—It was \$167,000 for last year, which was for the facilities maintenance side of it. That does not include garrison support costs, such as cleaning and gardening. We would have to get those for you.

Mr Bain—It would not include any maintenance in respect of the gun house, which would be undertaken by DHA.

CHAIR—Do you know the maintenance costs of the museum?

Mr Corey—They would not be separate.

CHAIR—Did those maintenance costs include the six or eight housing properties?

Mr Corey—Yes. They are only in a holding maintenance pattern since they have been vacated.

CHAIR—If there was a view that the property was going to be sold, why were they not maintained?

Mr Corey—Due to the standard of the housing, we have been progressively moving people out of them. The Defence Housing Authority, as you are aware, has a charter to improve the

standard of accommodation for the military personnel. Those are pretty ordinary houses, to say the least.

CHAIR—When we walked over them, they were less than ordinary because they had been allowed to be run down. It seems to me that if it is the intention of Defence to sell these sorts of properties then one would have thought there would have been a level of maintenance that would have maintained them in reasonable nick for future sale.

Mr Corey—I am not sure that there was value in putting much maintenance into those sorts of houses apart from making sure they do not fall down.

CHAIR—I might disagree with you, Mr Corey, but we will leave that go. On what date did DEO Canberra notify DEO Perth of Mr Fahey's decision to give approval in principle to Notre Dame's application for a priority sale?

Mr Bain—Minister Fahey's approval was given on 15 May 2000. I presume it would have been very soon after that if not the following day.

CHAIR—Can you check that. I understood we were told that DEO Canberra notified DEO Perth of the decision to give approval in principle for Notre Dame's application for a priority sale. I have got a number of time lines and it is not on your time line; it is on someone else's time line.

Mr Bain—I will check that for you.

CHAIR—If you will check that and get back to us, that would be helpful. In paragraph 12 of your submission one of the objectives in property disposals is to consult with stakeholders. Who are the stakeholders, in normal circumstances, that you consult with?

Mr Corey—In disposal of property generally?

CHAIR—Yes.

Mr Corey—The internal stakeholders, obviously—the people who occupy the premises, the output managers in the case of Army, Navy and Air Force or the Defence Science and Technology Organisation. We may consult and we inform the local, state and federal politicians of the intention to dispose, the councils—

CHAIR—How do you inform them—in writing?

Mr Corey—Yes.

CHAIR—Do you have copies of those?

Mr Corey—I will just consult on that.

CHAIR—I will come specifically to this case in a moment. I just want the general flavour as to what the words ‘to consult’ mean in your submission. It is the third dot point on page 3 of your submission: to consult with stakeholders.

Mr Corey—Depending upon the property, it might include the heritage commissions in various states and the Australian Heritage Commission; it could be the Department of Environment depending upon—

CHAIR—Local government, state government?

Mr Corey—Local government, state government because they are the zoning authorities and play a critical part in the process.

CHAIR—In the case of the Artillery Barracks at Fremantle, who do you believe are the stakeholders, or who were the stakeholders?

Mr Corey—The internal stakeholders would be the occupants of the barracks, the local government authorities, the Army—

CHAIR—The Western Australian government?

Mr Corey—I am not sure that they have all that much interest, but they could be a stakeholder. They probably have an interest subsequently. In the initial instance it probably would have been the local government rather than the Western Australian government per se.

CHAIR—Do you consider stakeholders being, say, people such as the local residents?

Mr Corey—Not unless we were proposing a development. Once you got to a stage where you were doing a development there is consultation with local communities and the whole consultative process goes, but that is really as a subsequent to the decision to dispose. That is as a consequence. Once you have started to do a development plan for the site then you involve a whole range of local community personnel.

CHAIR—At the stage that we are at, was there any development plan in place?

Mr Corey—No, there was not. BDS did the study.

Ms Clark—We have engaged Knight Frank to assist us in preparing and managing some studies associated with the Artillery Barracks.

CHAIR—When did you engage Knight Frank?

Ms Clark—I think around April-May 2000. I would have to confirm that.

CHAIR—Could you confirm that. I presume there would be a letter of appointment confirming the arrangements and also correspondence which might assist us in the lead-up to that appointment. Would you take that on notice as well.

Ms Clark—Yes, that is fine.

CHAIR—In determining the stakeholders, who within DEO took the decision as to what constituted the stakeholders in respect of the Artillery Barracks at Fremantle?

Mr Corey—There is a normal practice of engaging the stakeholders. Which stakeholders get involved depends on what stage of the process you are in. Army have been involved in the future of the Artillery Barracks for some years, so the internal stakeholder has largely been satisfied in that context.

CHAIR—What about the local government?

Mr Corey—Local government was engaged in about 1998 or 1999.

Mr Bain—The local government approached Defence formally in early February 2000 because it had heard that the Artillery Barracks was potentially up for disposal. Their principal interest at the time, if I recall, related to the vacant land and whether Defence would be prepared to transfer that land to the council.

CHAIR—I understand that, but you say in your own submission that the objectives which Defence seeks to meet in property disposals are: to consult with stakeholders.

Mr Corey—That is right. But we are actually just moving into that phase of the activity. What we are doing is a whole range of studies to understand the property. If Ms Clark continues that process, you will see the sorts of things that Knight Frank would have been undertaking which would have been to involve the stakeholder.

CHAIR—All right, I will come to those in a few moments so we do not go all over the shop. What do you believe would be meant by the term ‘consult with stakeholders’ in your set of guidelines? Do you draw a distinction between consultation and notification?

Mr Corey—Consultation, from where we sit, involves letting people put their views, getting an understanding of what we are proposing and balancing those against where we might want to go.

CHAIR—What triggers the consultation process?

Mr Corey—Us doing studies triggers the consultation process in a large part.

CHAIR—Given that from 1989 through to 1991 there was interest in the property—

Mr Corey—There was interest in 1989—we do not know how long it stayed there—and 1991, yes.

CHAIR—That is right, but there was interest there. Based on the green book of 1994-99, the property was there for disposal. What I am trying to find out is—I am asking this specifically

with respect to the Artillery Barracks; it does have broader implications as well—what triggers the consultation process: is it the fact that it is in the green book?

Mr Corey—No.

CHAIR—What actually triggers it?

Mr Corey—Once we start to take formal action to do some studies, we engage somebody like Knight Frank. We engage a planning manager to understand what the property is, what its potential is and who we have to consult with to take it forward. That is what triggers the consultative process.

CHAIR—In broad terms, that would have been in May 2000?

Mr Corey—That would have been the formal part of it, the start of it.

CHAIR—Yet Notre Dame had correspondence going back to 1998. There was correspondence from Ms Clark on 27 January 1999 to Dr Tannock on the issue, correspondence from Notre Dame on 18 February and correspondence again on 30 June to Ms Clark—you seem to be a very popular person to correspond with. The fact that there was a growing interest on the part of Notre Dame itself was not enough to trigger a consultative process out there with the broader stakeholders?

Mr Bain—Let me just go back a step: the property had not been formally declared surplus to Defence needs.

CHAIR—When was it formally declared?

Mr Bain—With all our properties, before we put them to the market, even though we may be undertaking some preliminary studies just to understand what the issues are with a particular property, we will go to the minister or the parliamentary secretary and seek his agreement to proceed with the disposal of the property and outline the issues involved. Normally that would include a letter to the local federal member and the local senator or senators responsible for that particular area. In this particular instance, in order to understand how to go forward with the property the issue was whether or not Notre Dame qualified for a priority sale. That was pretty central to how we would deal with the property in the future.

CHAIR—Could I just stop you there for a moment. What was the status of Notre Dame back in 1989-91? Were they then considered to be eligible for a priority sale?

Mr Corey—There had been no consideration given to it at that time. The correspondence to them was expressing an interest, and the minister—at the time he went through it earlier that morning—left that option open. That was the only consideration that was given to it at that time.

CHAIR—So there was no suggestion back in 1989-90, that, if there were to be a disposal of the property, it was going to be by priority sale?

Mr Corey—That decision had not been made.

Senator SANDY MACDONALD—In 1989-90, was the category ‘priority sale’ applicable?

Mr Corey—Yes, it was.

CHAIR—Sorry, Mr Bain, I just had to clarify that.

Mr Bain—As part of that process the parliamentary secretary wrote to the Minister for Finance and Administration.

CHAIR—Do we know when?

Mr Bain—That was, I think, December 1999.

CHAIR—That was the parliamentary secretary to?

Mr Bain—The Minister for Finance and Administration.

CHAIR—And that was December 1999?

Mr Bain—I think that is right.

CHAIR—That does not appear in your time line. That was the letter of December 1999 from the parliamentary secretary to the Minister for Finance and Administration?

Mr Bain—Yes, setting out the issues in relation to Artillery Barracks and seeking the minister’s determination on whether Notre Dame qualified for a priority sale.

CHAIR—And what would have triggered that letter from the Parliamentary Secretary to the Minister for Finance and Administration?

Mr Bain—As I said, that was part of our process in determining a way ahead for the property. We first sought the agreement of the parliamentary secretary to proceed with the disposal of the property and, as a subset of that, we needed to understand—

CHAIR—When did you seek that?

Mr Bain—That was in December 1999.

CHAIR—So there was a very short time frame from when you sought the agreement of the parliamentary secretary to progress this matter to when the letter was actually written between—

Mr Bain—It was part of that submission.

CHAIR—Did that come about as a result of any correspondence between your organisation and Notre Dame?

Mr Bain—I suppose that is correct, and it was also related to some broader issues about where we were going with Defence Estate issues in Western Australia.

CHAIR—But that of itself, therefore, would not act as the trigger to go out and consult?

Mr Bain—No, because we still had not received a response from the Minister for Finance and Administration to understand where Notre Dame sat in the equation. That occurred on 15 May. You asked me when we relayed information to Western Australia: I think we would have got the letter from the Minister for Finance and Administration a couple of days later, because it goes through the minister's office, and at that stage a telephone call would have been made to Western Australia to inform them that the Minister for Finance and Administration had agreed in principle that Notre Dame qualified to negotiate a priority sale.

CHAIR—Having said that, there was an agreement in principle to negotiate a priority sale—is that correct?

Mr Bain—Correct, subject to certain conditions—specifically, that the heritage issues were addressed and, as a normal condition of priority sales, the disposal was at market value.

CHAIR—When was it formally declared surplus to Defence's needs?

Mr Bain—I suppose formally at the end of 1999 when the parliamentary secretary signed off. The next step, really, was clarifying the Notre Dame issue so that we understood the issues we were dealing with on the future of the property.

CHAIR—We are going to have to leave your fine company once again for a division.

Proceedings suspended from 11.19 a.m. to 11.33 a.m.

CHAIR—The hearing is now resumed. When we left off I was trying to find out what the actual trigger for consultation was. I understand that in the case of the Artillery Barracks there was a formal declaration attributed to the end of 1990 when the parliamentary secretary signed off on the disposal. Is that the normal procedure for determining that something is now formally declared for sale?

Mr Bain—Yes. Of course, that follows a fairly substantial review and assessment within the department. That is the end product of it.

CHAIR—Is that the trigger that starts the consultation process?

Mr Bain—Yes, normally it would be. In this case we had to await the response from the Minister for Finance and Administration.

Mr Corey—Because it was a priority sale.

CHAIR—So, having received the response from the Minister for Finance and Administration, that would have acted as the trigger?

Mr Bain—Yes.

CHAIR—Did it act as the trigger in this instance? In other words, did you then consult with all the stakeholders, as I understand it, after 15 May?

Mr Bain—Yes, that is when we went back to the council in response to their earlier inquiry in February. We started other consultations—

CHAIR—When you say you went back to the council, how did you go back to the council—in writing?

Mr Bain—Initially it was verbally but ultimately, yes, it was in writing.

CHAIR—When verbally and when in writing? Do we have a copy of that correspondence; if not, can we get a copy?

Mr Bain—Yes, I will get you a copy.

CHAIR—I understand that we have a copy of that letter of 19 May, so that is all right. That is one of the stakeholders, the city council—19 May—and you were going to inform me when there was a verbal contact with them; I presume that was by phone. What about the other stakeholders—the Western Australian government, to a lesser extent, the barracks, those who were tenants within the barracks, the foundation and the reserve unit? Was there a formal letter that went out to those?

Mr Lee—Can I just correct something, Senator? The foundation is not the tenant; the Army History Unit is the tenant. There were two Army units in it. That process would have been handled at the Army planning level.

CHAIR—Was that handled at the Army planning level?

Mr Corey—Yes, Senator. There was a meeting at Artillery Barracks in March 1998, not on the disposal of the property per se but on the possible amalgamation of Western Australian Army museums. So there had been consultation, if you like, on what the future of the museum was going to be prior to the actual decision to dispose of the property.

CHAIR—No, that is not my question. My question goes to the consultation process with the stakeholders, in accordance with what you have—the process to consult the stakeholders. There is no game here. I just want to know, purely and simply, what firstly is the trigger. What triggers the consultation process and what form does the consultation process take? Is it a written consultation? I understand that it is not the foundation that is the tenant per se—it is the Army museum—and there is the Western Australian University Regiment there, as I understand it. Can someone advise me as to how they were consulted about this decision that was signed off by the Minister for Finance and Administration on 15 May?

Brig. Yacoub—Senator, our normal staffing process is such that the DEO and Army would be engaged in a process of dialogue, if you like, to make sure that the decision would be well known and articulated to us. At the same time, we would, internally within the Army, try and specify our own needs and requirements.

CHAIR—So when were you told?

Brig. Yacoub—We would have been notified shortly thereafter, Senator.

CHAIR—In writing?

Brig. Yacoub—No, it would have been more in terms of the normal staffing process.

CHAIR—And what is that process?

Brig. Yacoub—That would be through the Defence Estate Organisation engaging our facilities people, making sure that we were aware of their requirements and they were aware of our requirements.

CHAIR—But there would be a minute to that effect, wouldn't there?

Brig. Yacoub—Not necessarily, Senator.

CHAIR—There would have been some sort of communication surely?

Mr Bain—Yes. The submission went to the parliamentary secretary for approval in December. An information copy was provided to the Deputy Chief of Army.

CHAIR—That is fine: that is a copy of the submission to have the property cleared for disposal. But then, the decision having been taken, it had to have been communicated to the various stakeholders. How was that communicated?

Brig. Yacoub—Generally, what would happen is that when the submission comes back with the minister's or the parliamentary secretary's annotation on it, we would receive a copy of that submission and it would then generate our own internal processes to pursue the appropriate actions.

CHAIR—Did it do that on this occasion?

Brig. Yacoub—Certainly in our case—and Mr Lee would clarify that in greater detail—our requirements in terms of the Army museum would have been articulated and the consultants engaged would have known the requirements. Similarly, the requirements of the Western Australian University Regiment, in terms of the regional training centre requirements and their needs, would have been clearly articulated. That process would have been undertaken as part of the normal consultancy process.

CHAIR—Was that in writing or verbally?

Brig. Yacoub—I suspect it was more consultation than formal writing.

Mr Lee—I will just clarify this. From my limited experience, it would be pretty unusual for the CO of a unit lodging in somewhere to be consulted by the overarching organisation. I have been consulted by the Defence Estate Organisation on what the implications are for my sub-unit there, with the disposal and the move. But my opinion would certainly not be sought—nor would I expect it to be—on whether or not it was proper policy to dispose of the building. There would merely be a policy decision that ‘Defence no longer requires this building. Your unit will be relocated’—like any other Army unit—‘What are the processes that we have to go through to make sure your wants and needs are looked after?’

CHAIR—In this instance, though, there is a slight difference, in that the Army Museum Foundation was involved, as well as other stakeholders—the Western Australian government and the local government. It appears that there was a trigger, which was on 15 May. We now know that the local council was consulted by phone between 15 and 19 May and formally written to on 19 May. If this decision had been made to dispose of the property, it would seem that there would have been consultation with the other stakeholders. That was why I was asking who the stakeholders were and, going on your own point that there was a need to consult with the stakeholders.

I can understand that it is a decision that Defence have taken, and one would think that they would consult with the Western Australian university reserve unit as well as with the museum. One would then think that, if the museum had been consulted, they would at least consult with the foundation as part of this process.

Part of the difficulty that seems to surround this whole issue is that, as I understand it, there was speculation back in January 2000 that the barracks were going to be sold. No-one really knew what was happening; there was an air of mystery around the whole process. Even as of 15 May there was still an air of mystery around the process, according to some of the people who have appeared before the committee. The process has got to be a transparent one, and I would have imagined that that is the purpose of the principles you have enunciated in your submission before this inquiry.

Mr Lee—At the risk of being presumptuous, there seem to be two parts to what you are saying. The Army History Unit was not consulted on the decision to dispose of the building; nor would it have been proper for it to be so. There have been extensive consultations with the Defence Estate Organisation, and we have attempted to engage the foundation in discussions on what the consequences of that decision are—in other words, the move, how we might do it and what our requirements will be. That is as you would normally expect for any Army unit lodging on a Defence—

CHAIR—I would expect that there would be some form of consultative process after the decision had been taken to dispose of the site. I am not asking the Army History Unit to be consulted as to whether or not the site should be sold. I agree with you: that is a decision for Defence Estate to make; it is their property. But the knock-on effects of what will happen as a result of that would, in my view, require consultation to take place with the stakeholders.

Mr Lee—And that is happening—at least, speaking for the Army History Unit. Speaking for the foundation, we have attempted to engage them.

CHAIR—But when did it happen?

Mr Lee—Initially, it was a verbal discussion. The first formal contact was on 25 July.

CHAIR—Thank you. We are getting somewhere now.

Mr Lee—The first meeting was on 1 or 2 August in Western Australia—we are not exactly sure of the date.

CHAIR—So 1 or 2 August 2000 was the first meeting. Who was the consultation with on 25 July?

Mr Lee—It was with Defence Estate.

CHAIR—Defence Estate and who else?

Mr Lee—Can I ask my deputy?

CHAIR—You may ask your deputy. If your deputy can enlighten us on this it will cut a swathe through the whole—

Mr Lee—The process has shifted between the two.

CHAIR—That is fine.

Mr Manns—We were initially contacted around the end of May by Defence Estate Organisation and advised of the fact that this process was now in place. They basically asked us to provide a representative at a meeting, which at that stage—

CHAIR—Was this in Canberra?

Mr Manns—No, the initial meeting was in Western Australia.

CHAIR—No, the advice.

Mr Manns—We were contacted here in Canberra, yes.

CHAIR—When were you contacted here in Canberra?

Mr Manns—At the end of May.

CHAIR—Are you able to be more precise?

Mr Manns—Around 29, 30, 31 May.

CHAIR—That is fine. What happened then?

Mr Manns—As a consequence I attended a meeting in Western Australia at Leeuwin Barracks with Defence Estate Organisation and Knight Frank, the consultants that had been—

Ms Clark—At Leeuwin Barracks there was you and who else?

Mr Manns—I represented the Army History Unit. There was Liz Clark and—

CHAIR—And someone from Knight Frank, I think you said.

Mr Manns—Yes. The initial meeting was between Alan Griffith, Steve O’Loughlin, and Mr Fanowrios of the Defence Estate Organisation.

CHAIR—Just go through those slowly and where they are from.

Mr Manns—They are all from the Defence organisation in Perth.

CHAIR—DEO, right.

Mr Manns—That was the initial meeting just to make us aware of the fact that the decision had been made and that obviously there were implications for the Army History Unit in view of the fact that there was a museum within our network in the barracks.

CHAIR—So that was to let you know of the decision that had been made and the implications.

Mr Manns—That is correct.

CHAIR—Were you asked to communicate that to the foundation or the Western Australian university reserve?

Mr Manns—There would have been no requirement for me to contact the reserve unit at all.

CHAIR—What about the foundation?

Mr Manns—It was not specifically discussed. If my memory serves me correctly, at that meeting the DEO officers from Western Australia had advised me that they had had some communication with the foundation. One of the purposes of my talking with the DEO people from the west was just to clear up in their minds exactly where the foundation sat in relation to the Army. I could be wrong, but I have a feeling that at that stage—

CHAIR—So you have a feeling that DEO did. Do we know if DEO did have any communication?

Mr Corey—On 10 March 2000 there was a meeting between Alan Griffith, the manager of the Defence Estate Organisation in Western Australia, and the foundation—the names are

Deykin and Tick. He provided a briefing on the status of the proposed sale and the priority sale principles. That was in the lead-up to the decision by the Minister for Finance and Administration.

CHAIR—All right. So at that stage the minister had not ticked off on the sale. What about post 15 May? That is the critical date. We are now aware of the meeting with the AHU.

Mr Corey—Yes. Then there was telephone discussion between Defence Estate and, again, Warrant Officer Manns. And there was a meeting—I do not know who Gardiner and Malone are, though—

CHAIR—What date was that?

Mr Corey—It was 16 June. There were further discussions on 21 June between Defence Estate and Gardiner and Malone. Who are Gardiner and Malone?

Mr Lee—They are my officers in the west—my museum manager and my curator.

CHAIR—And Gardiner and Malone are, of course, part of the foundation?

Mr Lee—They are members of the foundation.

CHAIR—They are members of the foundation but they were not consulted as members of the foundation. They were consulted as?

Mr Lee—They were the Army History Unit's manager and senior curator. I should say that Captain Malone has since retired, but Captain Gardiner is still there.

Mr Corey—There were further on-site discussions at Hobbs Hall on 27 June between the DEO and Gardiner and Bridges.

CHAIR—In what capacity was that? Was that with Gardiner and Bridges as part of the foundation?

Mr Lee—Captain Gardiner has never been involved in this process in his private capacity. He has always made it clear to me that he is representing the Army History Unit.

CHAIR—So he has always participated as a member of the Army History Unit?

Mr Lee—Correct.

CHAIR—In what capacity was Bridges there?

Mr Lee—Bridges is a member of the foundation.

CHAIR—Was he there in his capacity as a member of the foundation?

Mr Lee—I presume so.

CHAIR—One can only presume. But it seems to me, therefore, that the first time there was any formal meeting between DEO and the foundation was 27 June.

Mr Lee—There was the early briefing in March where they were—

CHAIR—Yes, but post the tick-off decision by the Minister for Finance and Administration.

Mr Lee—Yes, but I ask a question in return. A decision has been made to dispose of it. Are we now consulting about the process of the consequence?

CHAIR—I am just wondering why there was such a gap between the 15 May decision and the consultation with the foundation. Was there any reason? As I understood it, at that time there was a great deal of speculation. There was a great deal of concern, rightly or wrongly. I am not justifying the position; I am just saying that that seems to me to have been the circumstance. It would seem logical that, if you have got a consultant with stakeholders—and I do not think you can divorce the foundation from being a stakeholder in the sale of the process, not that they are going to give the tick or say, ‘Get lost’—you would have consulted with them.

Mr Lee—They had been informed the decision had occurred. In fact, they told us that they had heard it through their own system.

CHAIR—There is a difference between hearing it through the grapevine and a formal consultation processes—which you people seem to be advocating in your own guidelines.

Mr Corey—But, if we go back—and I think you are making a worst case out of it—there was probably three weeks from the time the Western Australian Defence Estate Organisation was aware of the decision and when formal consultation went on with the foundation. Prior to March—

CHAIR—Can I correct one thing, Mr Corey. You and I have known each other over a long period of time. I am not making the worst case; I am telling you what was said to us at the inquiry.

Mr Corey—Okay. But back as far as March 1998 there was formal discussion between Alan Griffith, the Manager of the Defence Estate Organisation in Western Australia, and the foundation on the potential implications of this decision being made. So, in the light of us disposing of the barracks—whether the decision was to make a priority sale to Notre Dame or whether there was any other way of disposing of it—he had engaged the stakeholders at that time. He had a meeting with them in March 1998. He had a further meeting with them in March 1999—it seemed to be an annual event, this March meeting—to continue to keep them informed of what was happening. So it was not as though he was ignoring them deliberately; he was actually trying to involve them in the process. But he was working in the dark a bit, too, because he was waiting for a formal decision to come. That is why the speculation was around—the disposal plans, if you like, were starting to take some shape.

CHAIR—Maybe Mr Manns can answer this for me: was there any formal correspondence between the Army History Unit and the foundation on the decision taken on 15 May to dispose of the property?

Mr Lee—I had written to them on a couple of occasions—we can table that for you—advising that this process was going ahead and that we would need to look to what the consequences were. Senator, I am getting a little confused.

CHAIR—If you can table that, that would be helpful. It is a simple thing. You say that you are going to consult according to your guidelines. I am just trying to find out what the trigger is and what consultation took place as a result of that trigger. That is simply what I want to know.

Mr Lee—There is a third factor in it, Senator. When we were having discussions with the foundation, with whom we have our relationship, their position was that they were going to oppose the sale, which is not an issue for the Army History Unit because that was out of my jurisdiction. Our consultation would have been about what the consequences of the sale would be and how we could best plan for the move on from there. The foundation were not terribly interested in discussing that aspect of it with us; they wanted to take it back into the political spectrum, which is why I suspect there is not a lot of immediate consultation and why it has been a bit drawn out.

CHAIR—That may well be the case, but I am just trying to establish what consultative processes were put in place with what I see as being the stakeholders. What about the Western Australian government?

Mr Corey—Just prior to that, if I might go back, paragraph 12 of the submission deals in principle, not specifically—this is probably one of the more variable disposal processes in this case—with the normal processes we go through: we declare it for disposal and engage the stakeholders. When we get to the broader properties, you will see that.

CHAIR—That is something I want to canvass more broadly. It will not be today.

Mr Corey—I recognise that this one is a little messy. It does not fit the mould of our normal processes, but we will be trying to explain to you what actually did happen.

CHAIR—It is for that very reason that we had a hall full of people turn up and want to give submissions to us when this committee was in Western Australia.

Mr Corey—Mr Chairman, may I suggest to you that, if we took you to another dozen sites in Sydney where we have had public consultation for two or three years with local community groups or committees, if we had a public hearing you would get a hall full of people, notwithstanding the fact that the decision has been made and tested at four or five levels.

CHAIR—I accept that, Mr Corey, in fairness to you. It is just that, *prima facie*, there seems to have been some real difficulties associated with the processes involved with this particular site. I do not want to sit here all day, and I know you do not either. Can someone can give me very simply, in a few short sentences, the consultative mechanisms that were put in place. I now know about the city council and the Army History Unit but I do not know about the Western

Australian government. Even though they might have been seen by yourselves as being on the periphery, I would imagine that, nonetheless, they had some interest in what happened there.

Mr Corey—I guess we had been involving the Western Australian government in a consultative arrangement that we have at the highest level between Defence and all the regional governments. On an annual basis, we have a meeting with them and keep them informed of things that are likely to happen. They become interested only when something gets some real visibility. We had been looking at conservation plans for Artillery Barracks back as far as 1996. I am not sure whether the Western Australian government would have been involved in that.

Senator LIGHTFOOT—Mr Corey, during the past 10 years, remembering that for the first time we have seen some evidence that the proposed sale of the barracks was in 1989, did your department at any time notify the Western Australian government of the interest in the sale of the barracks?

Mr Corey—I am trying to think.

Senator LIGHTFOOT—Would you like to take that on notice?

Mr Corey—I would have to take it on notice. I am not sure whether we formally advised them or not. I would have to look at that.

Senator LIGHTFOOT—Or whether you formally or informally advised them. Perhaps you could give that evidence from 1989 to the present time.

Mr Corey—Yes, we can have a look at that.

CHAIR—On the issue of consultation, why didn't DEO consult with other potential parties such as the Fremantle City Council, the foundation or the Western Australian government to see if they had an interest in purchasing the site? Is there any reason?

Mr Corey—We had correspondence with the City of Fremantle on 10 May and again on 19 May 2000.

CHAIR—No, this would be going back further in time. Was it purely and simply based on the fact that Notre Dame was the only one with a bid in? Was there anyone else with bids in who had shown an interest for a priority sale?

Mr Corey—No.

CHAIR—How does the priority sale process work? Is it up to an individual or an organisation?

Mr Corey—It is up to the people who have eligibility to come forward with a proposal. We do not go out and canvass.

CHAIR—So that doesn't become a trigger for you to move around and see if there are other people or groups out there who could have priority status?

Mr Corey—As a principle we do not encourage priority sales and we do not look for priority sales. Our principle is to dispose of properties, maximising the revenue to Defence. In that process, if somebody comes forward with a request for a priority sale, we give it consideration and forward it to the minister for finance for his decision. As an organisation we are not sponsors of a priority sale as a first stage. Our principal objective is to maximise the revenue and, if necessary, preserve the heritage if it is a heritage site.

I will just add a little bit on why we did not contact the City of Fremantle or other people who may be stakeholders. We would not contact them until after there had been a decision to dispose of the property. We would then talk to them about rezoning. That is where their involvement really comes in. They are the people who would have a big say in the future use of the site.

Senator SANDY MACDONALD—It is pretty clear that the concept of a priority sale is nothing new. The letters that were tabled this morning indicate the view of the then Minister for Defence, Mr Beazley, going back 10 years. His letters more than countenance the prospect of the sale to Notre Dame. Is it fair to say that this becomes a mind-set?

Mr Corey—It is. The general policy on disposal of Commonwealth property, as espoused by the Department of Finance and Administration, is that an open market and highest and best value is the way to go. Priority sales are an exception. They are not the rule.

CHAIR—I accept that. But it seems in this instance that there was a view expressed to us—and I do not know if I am characterising it correctly—that, if the foundation had known about the priority sale basis of this property, they may have been an interested party in putting forward a submission.

Mr Corey—I doubt whether they would have been eligible for a priority sale.

CHAIR—I do not know either. I accept your doubt there. But there may well have been an interest from the Fremantle City Council—I do not know. There may well have been an interest from the state government of Western Australia—I am not from Western Australia, so I do not have a barrow to push there—similar to that which came out of South Australia where the South Australian government has taken up the Torrens parade ground.

Mr Corey—There is nothing to stop people in that process at any stage. This sale has not been finalised. We had an agreement to negotiate a sale to Notre Dame on a priority sale basis. The nails have not been knocked in the top of the coffin yet.

Senator SANDY MACDONALD—Have the Fremantle City Council or the Western Australian state government shown any indication that they are prepared to buy it?

Mr Corey—Not to date.

Senator SANDY MACDONALD—That is what I thought.

CHAIR—Has there been a commercial proposition put forward by the foundation?

Mr Bain—Yes, they have put forward a business proposal.

Mr Corey—Yes, a commercial proposition.

CHAIR—When the Defence Estate Organisation has a priority sale proposal and someone comes forward with a commercial proposition, whether it be the foundation or some corporate entity out there, how do you handle that? Do you push to one side—

Mr Corey—We have never had one, Senator.

CHAIR—Never had one?

Mr Corey—No. We have never had a commercial proposition come forward where we have had a priority sale approved by the Minister for Finance and Administration. We would have to think our way through how we would handle that.

CHAIR—Do you have a procedure to handle that?

Mr Corey—No, we do not, but I imagine it would finish up back with the delegate. If something came through and we felt that it was more beneficial to Defence from a resource point of view or other aspects, we would have to get the original decision reviewed. If somebody came in with a proposition and said, ‘We are prepared to pay you 50 per cent above what you are going to sell it to Notre Dame for,’ we would probably go back—I am just flying off the seat of my pants here now—and ask the minister for finance to reconsider his decision on the basis that there was potentially more revenue to come to us from looking at another proposition.

CHAIR—And that is taking into account all the heritage values and everything else?

Mr Corey—Yes.

CHAIR—I accept all that. I may have covered some of these issues before; it is easier for me to go through them. Did Defence notify the University of Notre Dame, formally or informally, that the barracks might be declared surplus to requirements before Dr Tannock wrote to Defence in November 1998?

Mr Corey—Yes. There is a letter from the DEO to Notre Dame on 22 June 1999—I do not know whether or not it was in response to a letter from Notre Dame—advising that Defence would consider the possibility of a priority sale to Notre Dame should the property become surplus to Defence requirements.

CHAIR—What about in 1998?

Mr Corey—There is a letter from Notre Dame on 16 November 1998 to the Minister for Defence—that is probably our response back then, I guess.

CHAIR—Was there anything before then?

Mr Corey—The first correspondence that seems to come forward is a letter on 16 November, which I think you have.

CHAIR—Yes, I have a copy of that.

Mr Corey—There is a response to that on 23 December.

CHAIR—I have a copy of that as well.

Mr Corey—The next correspondence we have was—

CHAIR—On 13 January?

Mr Corey—No, 22 June 1999.

CHAIR—I have a letter of 13 January 1999 to a Mr Graham Lacey and a letter of 27 January 1999 from Ms Clark to Dr Tannock.

Mr Corey—You have more than I have.

CHAIR—And I have a letter of 18 February from Dr Tannock to Ms Clark.

Ms Clark—I am just surmising what you have there, but I think it is correspondence in relation to the status of Notre Dame, whether they were eligible for a priority sale. I think that was part of the issues being discussed in the correspondence.

CHAIR—So there is nothing prior to 16 November 1998?

Mr Corey—If I could correct the advice I was giving you, Senator: I am dealing with a chronology of correspondence and contacts that has been developed by the manager of Defence Australia in Western Australia and he probably was not aware of some of this correspondence; that is why I have not got it.

CHAIR—That is fine.

Mr Corey—I now have the correspondence you are referring to.

CHAIR—Good. There is an explanation for everything.

Mr Corey—There is.

CHAIR—But there is no other correspondence—that is what I am saying—prior to November 1998?

Mr Corey—No, not that I am aware of.

CHAIR—When did Defence decide to proceed with the priority sale, providing of course that all the prerequisites of the priority sale could be met. Is that still 15 May?

Mr Corey—The minister for finance approved it on 15 May. We put up the submission in December 1999 and the minister for finance agreed to it on 15 May.

CHAIR—Do we know what the reasons were for Defence to decide to proceed with the priority sale to Notre Dame as opposed to any other method of disposal?

Mr Corey—No. I would have to go back and have a look at what the judgment was made on, but I think it was on a whole range of factors—the fact that it was a heritage site, that the university was probably an appropriate use for the site and that they were going to pay commercial value for the site. It was probably that, in taking it through the other processes to make an alternative use of the site and to try to maximise the revenue out of it, we thought it was probably not worth the effort. I think that is the way a judgment would have been made.

CHAIR—Who would have made that judgment?

Mr Corey—We would have made the judgment in advising our minister. He would have written to the minister for finance, putting the case as to why we thought a priority sale was the way to go.

CHAIR—‘We’ being DEO.

Mr Corey—‘We’ being Defence, through DEO.

CHAIR—Has Defence given Notre Dame a formal or informal commitment of vacant possession of the whole site as part of this process?

Mr Corey—We have not had that negotiation yet. That is part of the next stage of the process, to understand how much of the site we would sell to Notre Dame.

CHAIR—So that has not been determined either—whether it is the whole of or part of the site?

Mr Corey—No, it has not.

CHAIR—And the question of vacant possession, whether it be of the whole site or part of the site, has not been raised either?

Mr Corey—Not in a formal sense. I think there was some discussion as to whether the museum could remain there, and that was still to be thrashed out. Notre Dame had indicated that they were prepared to provide a lease of the property at some nominal rent.

Ms Clark—Notre Dame have indicated that, if the regiment or the museum were to be retained, they would be accepting of that sort of idea. But that would still be a decision for Defence to make in the first instance as to whether we wish to have them remain on the facility.

CHAIR—As I understand it, from what Mr Lee said to us this morning, that is no longer an issue. That is if I understood you correctly, Mr Lee. If I am wrong, please straighten the record for me.

Mr Lee—That is correct. We would not want to stay in a museum which is not Commonwealth owned.

CHAIR—You would not want to stay in that environment—

Mr Lee—in a non-Commonwealth facility—

CHAIR—on non-Commonwealth territory, because of a whole range of liability and other issues that arise.

Mr Lee—Correct.

CHAIR—So really, if the property is disposed of, whether it be to Notre Dame or some other entity, it is a fait accompli that the museum and the Western Australian University Regiment will move to Defence property, not deciding where they will move to. Is that correct?

Mr Lee—Yes.

CHAIR—What would be the situation if Notre Dame put a proposition to Defence that they would purchase the property but lease back the part that contains the museum and the Western Australian regiment or part thereof? Is that a proposition?

Mr Lee—It has been suggested. We would have to do a lot of work and particularly get some legal advice. The concern is primarily whose jurisdiction would pertain to it. If it then came under the jurisdiction of the state, we immediately have a problem with the conflict of Defence—with Commonwealth, OH&S and other associated laws such as gun laws; I cannot think of the rest of them but there are a number of them—on a non-Commonwealth site. That is our biggest problem. We would need legal advice. There is a second problem too.

CHAIR—Does that happen elsewhere?

Mr Lee—No. We have no Army museum on non-Commonwealth territory.

CHAIR—What about other Army sites which are on non-Commonwealth property? Does that happen?

Mr Corey—No. We do not have those.

Mr Lee—The liability issue is just far too complex for a start.

CHAIR—Is it a possibility that you could keep the museum area as Defence property but sell the rest of the site?

Mr Corey—Anything is possible, Senator.

CHAIR—I know, Mr Corey—you are always very helpful to me.

Mr Corey—One of the reasons we made the decision, as I explained to you earlier, was the cost associated with bringing artillery barracks up to a state to make it suitable for a museum, as against Hobbs Hall. The costs just do not make any sense. It is probably possible but it would be a very untidy exercise and it may be costly. We would have to look at it in some detail.

Brig. Yacoub—Could I just elaborate on an issue? The Western Australian University Regiment will form part of the regional training centre which is proposed. It is about rationalising and integrating our general reserve requirement. If that process does eventuate, which we foresee will occur in the short to medium term, that will leave the museum as the only military Army site, if you like, on artillery barracks. The difficulty that would create, as I alluded to earlier this morning, is that part of the museum's requirement is also to serve our internal culture. It is also to ensure that our young soldiers—and I include our reservists in that—are imbued with the spirit of their predecessors. Therefore, one of the reasons besides security and occupational health and obviously all the other legislative requirements is that it needs to be within a military precinct to assist our internal audience to develop its own requirements.

CHAIR—Thank you. I think we have determined the date Defence received notification from Mr Fahey that it had been approved as a priority sale to Notre Dame. It was on 15 May. In the letter from Mr Fanowrios of 19 May from DEO Perth to the Mayor of the City of Fremantle, it said:

Prior to the normal disposal process being activated, the University of Notre Dame lodged an application with Defence to purchase the property claiming priority sale status.

If the claim fails the property will, subject to the necessary approvals, be disposed of in accord with standard disposal practice.

One can infer from Mr Fanowrios's letter that, if an eligible organisation gets in early and its claim is approved, it can finesse any other possible bids for a Defence property declared surplus to requirements. Is that the case?

Mr Corey—Defence would have to recommend to the minister for finance that this was the most appropriate way to go. The reason we made the judgment about Notre Dame was that, if the sale to Notre Dame fell through and some other eligible organisation came forward with a proposal that we were prepared to support and to recommend to the minister for finance that this was the way to go, that would be the case. If it was something that was not attractive to us and we thought there was greater value in going to the open market, we would not necessarily support that.

CHAIR—The issue that was raised with us was: why didn't you go to the University of Western Australia or Murdoch or one of the other universities there?

Mr Corey—None of those have come forward and expressed an interest. As I said, priority sale is an exception. We only do it when somebody comes up with a case and a case makes

sense. Our preference and policy from the department of finance for disposal of Commonwealth lands is to put it on the open market and obtain the highest and best value for it.

CHAIR—If I can move to the timing of the move for the museum, given that the sale is still in a state of flux and nothing has been finalised there, when does Defence plan to move the museum under its current proposal? Is there any plan?

Mr Corey—There is a timing issue in relation to fixing Hobbs Hall up, which is probably six months work, so it could not happen in a shorter time frame than that.

CHAIR—Given your answer, Mr Corey, one can assume that Hobbs Hall is the only option now being entertained.

Mr Corey—It is the only option we are entertaining at the moment.

CHAIR—Leeuwin was an option at one stage, wasn't it?

Mr Lee—We had a survey done by museum professionals. My deputy is a qualified museum professional. They looked at the buildings and Hobbs Hall had the best long-term potential as a museum site. The building they were offering at Leeuwin was okay but it had a lot of major structural problems and returning it—

Senator SANDY MACDONALD—It was a gymnasium, wasn't it?

Mr Lee—Converting it into a building suitable for a museum was more complex, more expensive and likely to result in a less than satisfactory outcome.

Mr Manns—I looked at both sites and Hobbs is the better alternative because it provides more facilities that are already in existence than Leeuwin. If you were to move them into probably the only suitable building at Leeuwin, you would still have an issue of adequate storage whereas at Hobbs Hall we have sufficient floor space to develop exhibition spaces. More importantly, we have good purpose built storage. It is an army unit that has a quartermaster's store, and a quartermaster's store is a storage facility. It is solid and sound. Leeuwin does not give us those options.

Senator SANDY MACDONALD—I think it is also true to say that Leeuwin has a number of other problems, has it not? Access?

Mr Manns—It is my understanding that there is no public transport access past Leeuwin Barracks. Leeuwin sits right beside the Swan River. It is as close to the salt air as is the artillery barracks. Even Hobbs is still too close to the ocean but at least it is not as close as the two Fremantle sites. We tend to have a lot of metal objects in our collections.

CHAIR—What is the time frame? Is there one in place?

Mr Corey—That is the next part of the process. We have just started the process. We have not had the approval for very long. We have just appointed people to start doing studies. We are going down the track.

CHAIR—When do you believe that you will have some sort of plan in place on the movement of the museum?

Ms Clark—We are waiting for the completion of the studies to move forward from that and completion of looking at the necessary variations to Hobbs Hall. Once those are all clear we can make some time lines.

CHAIR—What sort of time line? Six months, 12 months, two years?

Ms Clark—Six to eight months.

CHAIR—Six to eight months before you make a decision?

Mr Corey—And another six months to do the works; so you are looking at some time during 2001. Much of the finalisation of the timing will be in consultation with the museum and people involved in it.

CHAIR—All of it would be, I presume, predicated on the fact that you are able to dispose of the barracks to a suitable purchaser. What happens if a suitable purchaser does not come forward?

Mr Corey—That is an option that we have not considered. We do not think that there is any chance that there will not be a suitable purchaser for part or all of the barracks site.

CHAIR—Let us just say that the area that is referred to as the oval were to be sold off for commercial purposes. I believe it has a fairly high commercial value as opposed to its current zoned usage. Suppose it was sold in that way by Defence; would there be any prospect that the remaining part would be retained and the funding of the remaining site come out of the sale proceeds of what you have from the oval? That is not part of the proposition of the foundation, but it is obviously one option that looms.

Mr Corey—The Defence Estate objectives are to minimise the number of properties we retain. The defence function requires that we reduce the overheads within that organisation as much as we can to provide funds for the capability end of the program. We are going to fight this issue with every property we try to dispose of. There is always somebody who has an interest who thinks that interest is higher than Defence's interest in getting rid of the property. We have to put those things from a commercial viewpoint and from a heritage viewpoint, go forward to the government and say, 'This is our recommendation.' Then the government will make a decision as to whether they go with us or they tell us to go and do something else.

CHAIR—What about Hobbs Hall, then? When we visited Hobbs Hall recently there was clearly surplus land surrounding Hobbs Hall. There was an excess Commonwealth property, as I understood it, just down the road, which has since been transformed into a very modern suburb.

Mr Corey—That was the DAS property.

CHAIR—It would seem natural that, if that development is to encroach and creep anyway, it is going to creep more towards Hobbs Hall than elsewhere in the area.

Mr Corey—Hobbs Hall is a heritage building which has a heritage classification on it not dissimilar to the Artillery Barracks. The defence strategic plan sees rationalisation of Karrakatta and other property. Karrakatta is the whole of that area around Hobbs Hall. But we would also look to consolidate Army Reserve units within the precinct there and around the precinct of Hobbs Hall, so we will have a multi-user depot or something of that description around Hobbs Hall and the rest of that property will probably be developed in the medium term as housing development.

CHAIR—So there is no real prospect that, if the museum were to be resited at Hobbs Hall, it would find itself surrounded by a housing estate and no longer be actually part of a military precinct?

Mr Corey—Our plans are that there will be a reserve unit or units which will retain a long-term presence in the Karrakatta-Hobbs Hall area but at least part of that site will be developed for housing.

CHAIR—Which part? Is that designated?

Mr Corey—That is yet to be studied.

CHAIR—Logic would determine, though, that it is the part closest to the DAS development.

Mr Corey—Not necessarily. There is a whole swag—

CHAIR—I know there is.

Mr Corey—Obviously there would be an extension of the DAS development, but there is nothing to prevent us from establishing a permanent presence around Hobbs Hall with an Army Reserve unit or units.

CHAIR—Can I go back to the consultation with the City of Fremantle; it was 19 May when there was first consultation there. Why didn't Defence notify the City of Fremantle in January 1999 when it notified Notre Dame that the barracks had been approved for disposal—to see if there was an interest?

Mr Corey—I do not think anybody would have twigged that the City of Fremantle would have had an interest. We were dealing with Notre Dame. We were not necessarily dealing with the City of Fremantle. The City of Fremantle had never come forward and expressed any interest.

CHAIR—But the City of Fremantle were the original owners of the property, as I understood it.

Mr Corey—Back in 1907.

CHAIR—That is right.

Mr Corey—The rules are—

CHAIR—I know what the rules are.

Mr Corey—We do not go beyond the rules. You know us—we are public servants; we follow the rules.

CHAIR—I have great faith in you. Put the rules to one side. They have got, as I understand it, a small parcel of land which is wedged in between the parts of the Defence Estate property there. It would have seemed logical that they may well have had an interest.

Mr Corey—I am advised that correspondence was entered into with the council of the City of Fremantle some 10 years prior to this date, and they have not expressed any interest since that time.

CHAIR—Sorry?

Mr Corey—They were engaged in this process some 10 years ago, initially, and we have heard nothing from them until just now.

CHAIR—Ms Gaynor, the land use planner for the City of Fremantle, said in evidence before us:

Council was approached by the Department of Administrative Services regarding a proposal to construct additional housing on this site to meet a need for Defence housing in Perth. In 1981 the City of Fremantle advised that it was not in favour of additional housing on the site and expressed an interest in purchase of the site. A more local issue at the time was that we requested that the fence on the oval be removed ...

and then they go into:

various politicians—

Mr Corey—The only information I have got is the letter we tabled earlier, the letter of 30 August 1991 from Defence in Western Australia to the Australian Property Group in Perth, where we said:

Staff from this office—

that is, the Defence office in Western Australia—

have held discussions with the Fremantle Town Council and CBC Fremantle, and both parties are now aware of our intentions.

That letter to the Australian Property Group indicated we were intending at some stage to dispose of the Artillery Barracks.

CHAIR—The Mayor of Fremantle told us in evidence that he wrote to the DEO on 3 February re the Tuckfield Street vacant land at the rear of the property, yet it took 3½ months to get a response out of DEO, that letter being dated 19 May.

Mr Corey—I think that is because we were waiting; at that stage we had already submitted the priority sale proposal; our minister had signed the letter to Minister Fahey seeking his agreement to the priority sale and we were awaiting a response before we went back to that.

CHAIR—There was not even an acknowledgment of that letter, as I understand it?

Mr Corey—I am not aware.

Mr Bain—I understand there was a telephone discussion in April between one of my staff members and an Ian Yule just updating him on where things were at and advising that the Minister for Finance and Administration had yet to make a decision.

CHAIR—I was just looking at the performance standards that operate as per the annual report and the Defence Service Charter:

- if a customer writes to Defence, a response will be sent, in writing, within 15 working days and will contain a contact name and telephone number; and

Mr Corey—That is the new charter, just in.

CHAIR—The new charter—that is post 15 May?

Mr Corey—That is post the 15th; it was endorsed 23 June. But I agree we probably should have responded more promptly in that case.

CHAIR—So the City of Fremantle has not sought to acquire the whole or part of the property?

Ms Clark—In a meeting they expressed an interest in being gifted the vacant land area. At a meeting I had with them there was no expression for an area larger than that.

CHAIR—So there is no formal approach by them on the table?

Ms Clark—Not at all.

CHAIR—I have a letter from your Property Manager, Mr Fanowrios, to the Mayor of the City of Fremantle, dated 19 May. It says:

Reference is made to your letters of 3 February 00 and 10 May 00 in which you outlined your interest in securing the former playing field at Artillery Barracks for ongoing community use.

The Artillery Barracks property has been identified as a candidate for disposal by ongoing Defence property reviews.

The barracks had been identified more than as a candidate by that stage; a decision had been taken to dispose of the property. Why wasn't that said?

Mr Corey—He was not aware of the decision at that time. They were not made aware of the decisions till 30 May—which was unfortunate: it was a day after he signed this letter that they became aware of it.

CHAIR—Was there a follow-up letter to correct what was stated in that letter, and, if not, why not?

Mr Corey—There was a meeting with council arranged straightaway after that. On 30 May they had a meeting with the council.

CHAIR—On the 30th?

Mr Corey—Yes, once they found out that the decision had been made.

CHAIR—But there was no formal correspondence?

Mr Corey—No, but there was a meeting with Wing Commander Griffith and Fanowrios with Mayor Utting and Gaynor and three councillors.

CHAIR—All right, I accept that. How many meetings has the DEO had with the foundation?

Ms Clark—I met with them once.

CHAIR—What date was that? Was it that meeting on 27 June when Mr Bridges was present?

Ms Clark—No. I think it was either the 14 or 15 September this year.

CHAIR—What was the purpose of that meeting? Was that at their request or your request?

Ms Clark—It was at our request.

CHAIR—And the purpose?

Ms Clark—At that stage we were trying to invite them to be part of the process of looking at the future location for the museum itself. The history unit were involved with that process, looking at the options with a view to possible relocation to Hobbs Hall.

CHAIR—But that was on the basis that the decision had been made to dispose of the property, and given the disposition of the Army History Unit that the museum was going to move anyway?

Ms Clark—That is right.

CHAIR—Did they clearly understand that as part of your discussions?

Ms Clark—I believe so.

CHAIR—What was their reaction to the meeting that you held with them?

Ms Clark—It was a difficult meeting. There was concern that we had not consulted with them earlier. However, this was a meeting we wanted, to start progressing the discussions with the foundation itself.

CHAIR—Do you think your meeting on that date would have been easier had a consultative mechanism and process been in place earlier? Even though they might not wish to agree with the decision that you have taken—and I understand their position and I also understand your position—do you believe it could have been easier?

Mr Lee—I am not sure that it would. The foundation have strongly taken the view that they do not wish to discuss any option other than retention of the Artillery Barracks, and that has been the position right through. So having a meeting to discuss planning to move somewhere else was not what the foundation wanted to talk about. The foundation wanted to talk about retention of the Artillery Barracks. At that stage neither DEO nor AHU was in a position to discuss that, because Minister Fahey had already made the decision it would go to sale.

Mr Manns—Mr Chairman, further to that, although that was the first consultation that DEO had had with the foundation, Army History Unit had a meeting with them prior to that. We had discussed the issues prior to that date. So they were being consulted, they were being informed, prior to that.

CHAIR—They do not see themselves—and that is why I spent so long; it might have seemed a fairly semantic exercise on the issue of consultation versus notification. Rightly or wrongly, they believed that they were stakeholders, they believed they should have been consulted as part of the process and that they should have been given a part to play in the process. This is probably different from the sale of many of your other properties, in that you did have an interested organisation, which was not part of the Department of Defence, in the foundation. Is that correct?

Mr Lee—Not strictly correct, Senator. We have got a number of these regional, and some unit and corps collections which have active volunteer groups. We have now had one of our other properties at North Head, where the School of Artillery was disposed of, but as part of the consultative process, and because of certain elements on the site—mainly tunnels that you could not relocate—and because the new purchaser was agreeable, the Army has retained 4.7 hectares of that land as part of Army History Unit. Defence Estate manages it. Neither the volunteers nor Army History Unit were consulted about the disposal process—nor would it have been appropriate that they were—but they were very actively engaged in the consequent discussions about what the effect of that would be and where we would go from there.

CHAIR—Would they have had anything to be moved or shifted as a result of the sale?

Mr Lee—Yes, Senator, a whole museum.

CHAIR—A whole museum.

Mr Lee—Yes; the artillery museum, which is quite large. We could not shift the tunnels, obviously.

CHAIR—No, I am surprised you didn't try, though. In your submission, at paragraph 35 on page 7, you state:

Defence has engaged consultants to work with the AHU, the Museum, its staff, interested parties and the community to identify options for the relocation of the Museum's collection. The Museum will be relocated to appropriate premises on another Defence property in the Perth area.

We now know that you have identified that. Who are the consultants, when were they engaged and for what period? Were their duties, as read out from your submission, the only duties to be carried out by the consultants? If not, what other duties do the consultants have, and what proportion of the duties would be devoted to the duties referred to in your submission?

Ms Clark—Knight Frank are the consultants. They were engaged on 26 June. Part of their process is to manage the studies that are happening. They are also involved with looking at the options for alternative locations for the museum and also for the reserve unit, and also to establish a consultative process, which we are moving into. It is probably that little gap that we are looking at that you are concerned with.

CHAIR—When were they engaged and for what period?

Ms Clark—They were engaged on 26 June. The period from the decision to their being engaged was spent in our getting them on board, so to speak.

CHAIR—How long are they engaged for? Is it an open-ended consultancy?

Ms Clark—I am not quite sure of the timing, off the top of my head.

Mr Corey—I have got a letter appointing them—only one page of it, unfortunately, but it has got 'relocation management' and it says that the new location is to be confirmed by 31 January 2001—so that is putting some sort of time horizon on it.

CHAIR—Sorry, if I might stop you, Mr Corey—that notification was to whom?

Mr Corey—This is to Knight Frank from us, on 26 June—their letter of appointment.

CHAIR—Yes. And that has got to be confirmed by what date?

Mr Corey—The relocation management, new location to be confirmed by 31 January 2001.

CHAIR—That is their recommendation to you—to DEO?

Mr Corey—Yes.

CHAIR—Then I presume DEO will make—

Mr Corey—I imagine we will work with them on the way through. They will be doing the work for us. They will not be working in a vacuum; we will be sitting with them and working through it with them. It is a parallel process.

CHAIR—So we can take it that post 31 January 2001 is when you would be looking to trigger that process that sees the moving of the museum—

Mr Corey—With the renovation of Hobbs Hall if that is the ultimate decision.

CHAIR—So you are looking roughly at about 12 months post?

Mr Corey—That was what we said earlier: about 12 months.

CHAIR—So it is 2002?

Mr Corey—No, as I said earlier, sometime during 2001, I would think.

CHAIR—You would think?

Mr Corey—Yes.

CHAIR—I thought you said that. I just wanted to confirm it. On what basis were they engaged? Was it a fixed fee?

Mr Corey—This does not tell me enough. As I said, I have got only one page of it, unfortunately.

CHAIR—Could you take that on notice and get that to us?

Mr Corey—Yes.

CHAIR—In your statement you say that ‘Defence has engaged consultants to work with the AHU, the museum, its staff,’ and then you say ‘interested parties and the community.’ Who are the interested parties and the community? Have you identified those?

Ms Clark—We have started to identify those by the process. They are precinct committees that exist in Fremantle and any historic groups that are in the area in addition to the foundation. Those groups tend to come through during discussions with the council. They are identified as we go through that process.

CHAIR—Does this identify groups in the area around Karrakatta as well, the area to which the museum will move?

Ms Clark—It does not, but there is no reason why it cannot. Perhaps that **would be something that we bring** on as part of the process.

CHAIR—On what dates have the consultants met with the AHU, the museum, its staff and interested parties, to identify options for the relocation of the museum's collection? Do you know?

Ms Clark—I think I will have to take that one on notice because there have been a number of meetings. I have not been in attendance at all of them, though.

CHAIR—I accept that. So if you could take that on notice and give it to us, that would be helpful. Who was present at each of those meetings would be helpful as well.

Ms Clark—Yes.

CHAIR—At the hearings in Fremantle it appeared that there had been virtually no consultation with all the specified parties. How then can consultants be fulfilling the duties of their contract as specified in your submission, given that they are to work with the AHU, et cetera?

Ms Clark—I think the consultants have been consulting with the AHU. We have been working with them—

Mr Manns—I would like to answer that. There have been consultations between the consultants and the Army History Unit, not just the headquarters in Canberra but with—

CHAIR—I am sorry; I am including the museum, its staff and interested parties in the community as well.

Mr Manns—The representative of the Army History Unit in Western Australia is Captain Gardiner, who is the museum curator. In view of the fact that the manager's position is vacant until the beginning of next year, he is the stand-in manager as well.

CHAIR—Consultation with the Western Australian University Regiment, I presume, is also part of the process. Has that taken place and, if so, when?

Ms Clark—I will have to find out those particular dates for you.

CHAIR—Thank you. Has Defence initiated any notification or consultation with local residents regarding the sale of the property now, particularly that open area at the rear of the oval, which seems to be a matter of contention?

Ms Clark—Yes. We are very much in the preliminary stages of this. I have met with the consultants and a couple of representatives from the precinct committees in Fremantle. We have also met with the council.

CHAIR—Can you give us the dates and who were in attendance at those as well?

Ms Clark—The meetings took place on 14 and 15 September. I have also met with Minister Kierath, who is the Minister for Planning and Heritage in Western Australia. I have met with the

Western Australian Department of Planning and the Office of the Premier and also with the council on two occasions with the consultants as well.

CHAIR—I think you said the Western Australian Minister for Planning and Heritage and the Premier's office. What response have you had from those offices to the proposal?

Ms Clark—In relation to the Premier's office, we gave them a briefing on the process: what is involved and where we are up to. Their view was that they would like to be kept informed, which we have agreed to do. Minister Kierath was concerned about ensuring that the heritage elements of the site were protected. Again, I went through the process that we are doing in relation to the environmental and heritage studies. We said we were aware of the policy that had been recently released in relation to that site by council. I think he was comfortable with the process, but he also wished to be assured that we were going to consult, which we agreed to do.

CHAIR—Thank you. A number of witnesses who appeared before the committee maintained that the barracks should be kept in public ownership, primarily because of the heritage status and a number of other reasons. Have you considered in any way the option that the property remains in public hands by offering it to the Western Australian government?

Mr Corey—No, I have not. In determining whether Notre Dame was a suitable purchaser of the site, given the heritage constraints on it, the judgment was made that it was and there was no overriding benefit in Commonwealth ownership—or state government ownership, because they have not expressed an interest in it anyway.

Senator HUTCHINS—If the state government acquired it, would that affect your position about your items in the museum?

Mr Corey—I cannot give you an answer; we would need to get a legal opinion on that.

CHAIR—Could you do that? It would be interesting to know, if the state government purchased it: I presume you are faced with the same situation in terms of Torrens.

Mr Corey—The museum there will relocate to Keswick Barracks.

CHAIR—So it is relocating?

Mr Corey—If it already has not, it will.

Mr Manns—There is no museum in Torrens.

CHAIR—All right.

Mr Manns—They have co-located them all on to Defence sites.

Mr Corey—The other question that would have to be answered, irrespective of whether it was legal to have them on the site, is the costs. The costs are much more excessive at Artillery

Barracks than they are at Hobbs Hall. I am not sure whether the Western Australian government would be prepared to fund it.

Senator HUTCHINS—I think the Western Australian government gave us a submission. They did not offer to buy it; they just supported it not being sold or something.

Ms Clark—There was no suggestion that they were interested in acquiring it when I met with the Western Australian government representatives.

CHAIR—Have you considered the planning brief given to you on 14 September 2000 and entitled ‘Army Museum of WA Inc Facilities Requirements 2000-05’?

Mr Manns—A copy of that has been given to the Army History Unit and we have considered that. In principle we agree with most of the issues that were brought up. The language of the brief is, in my opinion, pretty general. There is only about one or two pages that specifically cover the issue of Hobbs Hall. The rest is pretty much, ‘This is what the Army Museum of Western Australia Foundation think the museum should be’. But it certainly has been seen by the Army History Unit and has been considered.

CHAIR—Is there an intention to give them a written response to that submission? If so, when?

Mr Manns—It was only passed to the Army History Unit for comment by DEO. The foundation never gave a copy to the Army History Unit. They have not done that, and the comment has gone back to DEO.

CHAIR—I am a little lost. You are saying it did not come to the Army History Unit as a formal document?

Mr Manns—Not from the foundation; from the Defence Estate Organisation, for comment.

CHAIR—Right. So Defence Estate intend to respond to that document?

Mr Corey—Yes, we do.

CHAIR—When will that be, Mr Corey?

Mr Corey—We have had an assessment done on it. We should get an answer in another month.

CHAIR—Who is doing the assessment?

Mr Corey—It is being done by the DEO in conjunction with the history unit.

CHAIR—Right. We look forward to that being done. As I understand it, the foundation believes that Hobbs Hall is neither suitable nor large enough in its present state. It envisages the construction of another block to the side. The estimate of costs of renovation and construction

and transfer is about \$3 million. Firstly, do you agree with their assessment of the site; and, secondly, do you agree with their estimate of the cost?

Mr Corey—No and no.

CHAIR—Why do you disagree with their assessment of the site, and their assessment of the cost?

Mr Corey—We have done an exercise on the cost and our estimate is that it is about half the cost of what it would take us to fix up Artillery Barracks, which is about \$1.3 million, as against \$2.4 million at Artillery Barracks—nothing like the cost they are talking about. But I would have to defer to the history unit.

Mr Manns—It would be fair to say there are probably not too many of our museums housed in ideal or anywhere near ideal buildings. Hobbs Hall is no less suited than Artillery Barracks is. In fact, in my opinion there are some benefits to Hobbs Hall that I have already mentioned. There is certainly much better storage. An important element of any museum is to be adequately secure. By secure I mean safe from such things as the ingress of weather and insects and the like. There is a floor space that could be developed for exhibitions that is at least as large as the floor space in the current gallery spaces.

CHAIR—One of the big negatives in terms of Hobbs Hall that was put to us at the hearings in Fremantle is the fact that they would lose their pool of volunteers, because the volunteers provide the strength of the museum, or at least the foundation, if one cannot get the lines crossed there, and that those people would be unwilling or unprepared to go to Karrakatta.

Mr Lee—I have heard that put. All we can do is regret that. There is nothing we can do about that. It is a genuine consideration but at the end of the day it is not a factor that is going to affect the Defence Estate Organisation and the policy of property rationalisation. We will do what we can to encourage the volunteers to come across. We have got a very good relationship between the AHU and the volunteer groups. Without it we could not operate a museum. We will do what we can to ameliorate their concerns and encourage them to come across. But part of the issue is the confusion between the built environment and the moveable cultural heritage items. Army History Unit is concerned about the moveable cultural heritage items—that is Army's concern. The building itself and its own intrinsic historic value is something that is not within the purview of the Army History Unit.

CHAIR—It was also put to us that not only would the volunteers not turn up but nor would the public turn up to Hobbs Hall.

Mr Lee—That is a statement. They can say that and they will, but until we test it—there is public transport right outside the premises. If it is promoted sufficiently, who knows? Some of our museums are not well patronised—

CHAIR—Who will promote it?

Mr Lee—The Army History Unit promotes our museum network. We have posters and pamphlets out with most of the tourist organisations relating to our museums. As you drive between Melbourne and Sydney, you will see brown painted signs pointing to our museums.

CHAIR—Let me say with the greatest of respect to you, Mr Lee, I would not have put Hobbs Hall at Karrakatta on the tourist beat, as opposed to where the museum is situated down at Fremantle.

Mr Lee—I do not disagree with that at all, and that is quite right. My bottom line, though, is that, if the Army Museum of Western Australia is in Hobbs Hall, depicting a relationship between the community in Western Australia and the Army in Western Australia, and people are interested in it, that is where they will go to see it. If they are interested in the building and the historical precinct, they will go back to Fremantle and look at the building and look at the parade ground. It depends what their interests are.

CHAIR—It has been put to us that it may well be that, as a result of the removal to Hobbs Hall, the museum in terms of public attraction will just die a natural death. There is an investment of \$1.3 million to move to Hobbs Hall and it is suggested that really, at the end of the day, you might as well have stuck it out in the middle of the Great Sandy Desert.

Mr Lee—I can turn that around and say there is no guarantee if we leave it at Artillery Barracks that within three years time the same group of volunteers will be there and providing the service. It may yet also die.

CHAIR—I accept that argument, but I am just saying what has been put to us.

Mr Lee—There are a group already at Hobbs Hall because the 7th Field Battery has its collection there. We are proposing to co-locate those two collections. This is not a put-up job to say that we are going to replace the volunteers from Fremantle with the people at Hobbs Barracks now; they could work together cooperatively. As I said, they get visitors through there already, though maybe not the same numbers. I have to say it is a bit speculative. I would not care to say. We will promote it the best we can and if we can get crowds in that is fine. We will certainly not get the sorts of crowds that they have got in Artillery Barracks right now where the interest in the press has been such that people have heard about it. I do not think we can afford to replicate that kind of publicity, and that has generated a very large, but I suspect short-term, interest in it.

CHAIR—What about the time that the display is actually down? Will that cause interest to wane on the part of potential volunteers, and interest from the likes of the school groups that we have heard visit the site?

Mr Lee—It may. I do not know how you would measure that. On the other hand, we are proposing to get contractors in to disassemble, move and reassemble, or at least assist with it. We are not talking about 12 months or anything. We are not going to start pulling the museum down in Artillery Barracks until the site we are moving to is ready. We would do everything we can to minimise the disruption but, yes, inevitably there will be disruption and there will be a cost to us if they lose interest.

Senator HUTCHINS—When we had a look at Hobbs Hall, if I recall, there was some fairly significant housing development going on not far from there called St Peter's Square or something like that. If the museum did move to Hobbs Hall, how long would they be at Hobbs Hall?

Mr Corey—We must be an echo in here, Senator. You must not have been here. We had this conversation about an hour ago.

Senator HUTCHINS—No, I wasn't. I had to go down and do duty.

CHAIR—We get calls around here.

Mr Corey—We see a lot of the Karrakatta site that Hobbs Hall is part of being developed in the medium term for residential development. But we are also taking action to locate Army Reserve units to Karrakatta on a multi-user depot arrangement which will surround Hobbs Hall, so we will protect the long-term integrity of the site.

Senator HUTCHINS—You cannot give me any guarantees, I suppose?

Mr Corey—Well, I am from Defence—would I tell you a story?

CHAIR—Mr Corey, don't tempt us!

Senator HUTCHINS—Dr Tannock was at least prepared to give them 20 years guaranteed.

Mr Corey—If we invest significant dollars in building a multi-user depot adjacent to Hobbs Hall, that should be enough of a guarantee for anybody, because we do not build things for the short term; we build them for the long term.

Senator HUTCHINS—I hope that does not come back and bite you.

Mr Corey—It won't come back and bite me, Senator, I can tell you.

CHAIR—Can I now turn to the BSD Consultants report. What were Defence instructions to BSD?

Ms Clark—As far as the engagement of Knight Frank is concerned, they engaged planning advisers, BSD. They were looking at some options for the site. We passed a copy of these for discussion purposes during the most recent visit I had with council because we knew of their interest in the vacant land, and we are just looking at some options as to how that might be facilitated. It is part of the process of looking at options for a site. They were purely for our discussions with council on that particular day.

CHAIR—BSD said on page 1 of their submission:

This submission has been prepared by BSD for the Department of Defence ... in response to the City of Fremantle's draft Policy D.GF30 for the Fremantle Artillery Barracks and Cantonment Hill Reserve ...

Presumably Defence agrees with the text of the document.

Ms Clark—I am confused about what plans you were talking about.

CHAIR—I think I have it here. I think that is the document there. It is addressed to, I presume, the strategic planning group.

Ms Clark—I think it is the strategic planning group at council.

CHAIR—Defence agrees with the text of the document?

Ms Clark—Yes.

CHAIR—In its conclusions on page 12, BSD accuses the council of not consulting the owner of the property, being the Commonwealth government, in drawing up draft policy D.G.F30. Isn't that a bit difficult, given that the Commonwealth did not consult the council when it decided that the Artillery Barracks were to be divested?

Mr Corey—I think it is a different situation. All around the country we have trouble with councils.

CHAIR—Oh!

Mr Corey—Let me finish, Senator. They see land that is zoned for Commonwealth Defence purposes and they take it as being a free good, so they zone it as parkland or whatever they feel is in the best interest from their perspective; whereas if it was private land they would not have that opportunity; they would have to consult with the landowner to make sure that they did not prejudice their future returns from that land. So we have a continuing battle with councils around the country and we finish up in the Land and Environment Court and a whole lot of places.

CHAIR—Does that prejudice the ultimate return that you can get out of some of your Commonwealth property?

Mr Corey—It certainly does. We finish up in the Land and Environment Court to have this resolved. In every case when we have been there, we have got a positive result. Councils tend to give the decision to somebody else to make.

CHAIR—If I can put it this way, if we just look at the Artillery Barracks and the oval, which I understand is zoned open space at this stage, if you had that rezoned to be urban or something that would accommodate the building of blocks of units or something such as that, that would significantly enhance the value of your property rather than selling it under the current zoning. Is that correct?

Mr Corey—That is correct.

CHAIR—In the case of your properties that are up for disposal, do you seek the rezoning of those properties prior to sale?

Mr Corey—Yes, we do. In some states we cannot: the zoning rules in place do not enable us to do that, so we can only get indicative zonings. In many cases we then get less than we probably could have got, because we still leave some risk in there for a developer who takes it the next step.

CHAIR—What about in the case of this property?

Mr Corey—In the case of this property we have not got to that stage yet. The next stage is really working with the councils to find out what zoning we can get in place. That is the next stage of the process.

CHAIR—So, if they zoned it urban, which would accommodate housing construction, whether it be townhouses or whether it be some form of units, that would greatly enhance the value of that oval property in particular.

Mr Corey—It would.

CHAIR—What would be the result if there was no ability for the Commonwealth to have that rezoned urban but it was sold off to a private operator—I am not implicating in any way Notre Dame—and that operator, someone other than Notre Dame, could then have that rezoned? There would be a substantial windfall profit.

Mr Corey—We have learnt by getting bitten a couple of times in similar situations. We try and make it a condition of the sale that if there is any significant capital gain in the future disposal of the property we would like a share of it. It is a difficult contractual arrangement to put into place, but we have managed it in a couple of instances.

CHAIR—Is that envisaged in this case?

Mr Corey—We will work our way through that to see whether—

CHAIR—You will work your way through it, but you are not at that stage at this point?

Mr Corey—No, we are not.

CHAIR—Apart from the Department of Defence, who did BSD consult in drawing up its comments?

Ms Clark—I believe it did have discussions with council, but I can confirm who it actually consulted with in total.

CHAIR—Yes, if you could confirm who they consulted with and when, that would be helpful. Given the sensitivity over the divestment of this property, it seems that Defence have

adopted a boots and all approach, which seems to be what has triggered further reaction in the Fremantle area. What is your response to that?

Mr Corey—As we covered this morning, the Ombudsman looked at this particular complaint, reported and suggested that that was not the case. We have tabled the Ombudsman's report.

CHAIR—Yes, but the document itself is aggressive.

Mr Corey—The document itself?

CHAIR—Yes.

Mr Corey—The BSD document?

CHAIR—Yes. One paragraph here talks about option 1—aggressive!

Mr Corey—I cannot control consultants. They write the way they want to write. As I said, we have had an independent review by the Ombudsman that suggests that we have not adopted that sort of approach. They thought there was nothing unreasonable in the approach we have adopted. As you are aware, the Ombudsman tends to err on the conservative side.

CHAIR—In the penultimate paragraph on page 12 it is stated:

It is hoped however, that the Policy can be finalised in a co-operative manner between the Department and the Council having regard to the issues raised in this submission.

Given the nature of the submission, how do you think you will achieve a cooperative outcome with the council?

Mr Corey—I guess by negotiation and a willingness on both sides to understand. The consultants' report is just that—it is a consultants' report that provides a view on the way ahead or a number of options. We will negotiate our way through that with the council and other interested parties. We have not indicated, I do not think, that we fully support the proposal, have we?

Ms Clark—There were some concerns that were at conflict with the advice we were concerned about, particularly in relation to heritage—that the proposed policy might actually compromise the RNA listing of the site. We had suggested in that correspondence that council might wish to wait for the outcome of the heritage studies that we were undertaking in consultation with the Australian Heritage Commission and Western Australian Heritage to ensure that the policy that was being put in place by council did not compromise the heritage. That is one of the things that we raised in that correspondence.

CHAIR—When will that inquiry be completed?

Ms Clark—The study will be completed by about mid-December. That is what we asked council to consider—just holding off on putting in place the policy until that was completed.

CHAIR—Completed mid-December; report by—do you know?

Ms Clark—Hopefully the report will be ready mid-December—that is what I am saying. We would then have to consult with AHC—the Heritage Commission—and Western Australian Heritage—to ensure that the heritage aspects were not compromised.

CHAIR—So we do not know where that stands at this stage; we are awaiting a report. There is a further question we need an answer to: is that being solely done by the consultant or is it being done in conjunction with the Heritage Commission?

Ms Clark—When the heritage consultants work with us they actually liaise with those heritage entities as they go through the study. Once the study is completed, they comment on them back to us.

CHAIR—I have a couple of other questions that arise from your submission, which go a little bit beyond the Artillery Barracks. You may well need to take some of these questions on notice, and I will understand that. You tabled this morning the 1994-99 green book on disposable properties—*Facilities and Property: Procurement and Disposal Plan (Green Book) 1994-99*. Is there a future plan over the short, medium or long term with regard to property disposal?

Mr Corey—Yes, there is. The updated version of that green book would be 2001-04.

CHAIR—I do not think the committee has a copy of that.

Mr Corey—We are actually awaiting the publication of the white paper before we produce the next version of it, but I am sure we can give you a later version. We can also give you a list of properties that are identified for disposal.

CHAIR—Is that appendix B of your submission?

Mr Corey—Probably.

CHAIR—It is either A or B.

Mr Corey—It is B.

CHAIR—B is commercial-in-confidence.

Mr Corey—Yes.

CHAIR—In your submission you state that you are working towards a further 25 per cent reduction of property holdings over the next five years. Which areas do you expect to dispose of?

Mr Corey—I think they are listed in the document that you have as part of your attachment.

CHAIR—I do not think that goes for the next five years.

Mr Corey—I see—it is only the ones that are already there.

CHAIR—Yes. I am trying to find out what the strategy is?

Mr Corey—We may have to table that in confidence. A lot of the ones we have identified do not necessarily have the endorsement of the government yet.

CHAIR—Mr Corey, if you have to table that in confidence, we will respect that.

Mr Corey—We can do that. We do have a strategic plan for the Defence Estate that projects where we are going to be for the next 20 years on the major bases.

CHAIR—Who makes the decisions and assesses whether a property should be disposed of?

Mr Corey—The government.

CHAIR—Is that decision based on a recommendation from DEO?

Mr Corey—Yes, it is.

CHAIR—Who does the work within DEO?

Mr Corey—We have a range of people in-house. There is a strategic planning unit. We use consultants. There is a combination. We have done a significant review, following the Defence Reform Program, where we identified the future of most of our bases.

CHAIR—I think you mentioned a figure earlier today of properties that have been disposed of in—

Mr Corey—It was in the submission—130 properties.

CHAIR—What is the value?

Mr Corey—What is the value of the ones we have disposed of to date?

CHAIR—Yes.

Mr Bain—We had about 145, so \$450 million gross over the last 10 years.

CHAIR—That is what I thought you had said.

Mr Corey—But, in the projections for the future, the revenue return is much greater because we have been positioning a number of large properties in Sydney and Melbourne that have significant commercial value.

CHAIR—Has Defence disposed of properties for less than the estimated value of the property?

Mr Corey—It is very difficult to dispose of them for less than the estimated value. We could probably find examples back in the past where that has happened.

CHAIR—I just want to find out why those circumstances occurred.

Mr Corey—They would be very particular circumstances. We could probably find examples of where it has happened, but it is a very rare thing. The department of finance are not keen on it and nor are we.

CHAIR—With regard to the sale and lease-back of Defence properties, I notice in your submission, on page 3, you identify that they:

... include parts of Russell Offices, commercial office blocks in Sydney and Melbourne, warehousing facilities in Sydney, Brisbane and Darwin, an office building in Wollongong and a facility outside Melbourne.

At what stage are those sale and lease-back operations in respect of that range there?

Mr Corey—They are being undertaken by the Department of Finance and Administration, and they are preparing the properties for the market.

CHAIR—Are we able to get a list of the properties that are being prepared?

Mr Corey—Well, you have got them there pretty much.

CHAIR—It does not nominate the exact property. It just says ‘commercial office blocks’.

Mr Corey—We can tell you what the commercial office blocks are in Sydney and Melbourne: Pitt Street building and the Defence plaza in Sydney; the Bourke Street building in Melbourne, which is the Defence plaza in Melbourne; Russell, all bar the intelligence buildings, in Canberra; the hydrographic office in Wollongong; the Defence storage and distribution centre at Moorebank, which is the warehousing facility; and a facility at Winnellie in the Northern Territory.

CHAIR—There was an office building in Wollongong.

Mr Corey—That is the hydrographic office I mentioned.

CHAIR—There is a facility outside Melbourne.

Mr Corey—That is Mount Macedon. It may or may not be disposed of now. There is a training facility at Mount Macedon.

CHAIR—As I understand it those are all properties that are subject to sale and lease-back.

Mr Corey—That is right, and some of them are long-term leases, some of them shorter term leases.

CHAIR—Are you able to give us an idea of the terms of the leases that are being sought?

Mr Corey—They have not been developed yet but, for example, Russell will be for as long as we can get it because Russell will be there for a long time.

CHAIR—I would hope so.

Mr Corey—So would I.

CHAIR—What are the commercial imperatives that are driving those lease-back operations? When do you look at the opportunity cost?

Mr Corey—The Department of Finance and Administration and the Expenditure Review Committee of cabinet agreed to this disposal as a revenue measure for the budget. These funds do not come back to Defence; they go to the budget. It is a method of raising \$480 million this year.

CHAIR—Yes, but Defence then continues to pay the lease on those properties.

Mr Corey—That is the fact. We get supplementation for the lease cost for Russell—a one-time supplementation. We do not for others; we wear it out of our hide.

CHAIR—It would be interesting to get an analysis of how that operates, particularly as there must be a point where—

Mr Corey—I think that question is probably one that should be referred to the Department of Finance and Administration. We have had discussions with them and we have reached a measure of agreement and disagreement.

CHAIR—Do you have a view as to where the commercial imperative lies? I do not mean you personally; I am talking about Defence.

Mr Corey—Defence has a view but it has not been expressed. That view has been expressed in reaching the decision that was made. The decision was made by cabinet and we abide by the decision.

CHAIR—I refer you to annex A. There are a whole range of properties there that you have put to the committee as having been disposed of, as I understand it. The disposal of those properties is subject to an assessment of market value prior to the sale and, of course, then there is the actual sale price that you have achieved. Is it possible for you to give me an assessment at some stage of what the expected market value was and what the achieved sale price was?

Mr Corey—We can. There may be some caveats on some of them where, when we have sold them, as a condition of sale there has been a confidentiality agreement with the sale price, but

that is in only a very limited number of instances. In such a case we could indicate the range that it is in, so we could give you something close enough.

CHAIR—What we want to know—

Mr Corey—is whether we are getting more or less.

CHAIR—That is correct.

Mr Corey—I think there is only one instance where we have probably got less.

CHAIR—If we have got more, by how much?

Mr Corey—We can do that for you.

CHAIR—If you can identify for us now the one where you got less, that would be interesting.

Mr Corey—No, we will leave it.

CHAIR—Don't be so coy.

Mr Corey—We will give it to you with all the others.

CHAIR—All right. Also, because we are looking at the broader issue of the process of sale, the time involved from when the decision was taken to dispose of the property until its actual sale—is that difficult?

Mr Corey—That is difficult. We can see where we can go on that, because a whole lot of the planning goes on before we actually declare the properties as being surplus. When we identify them for disposal, some of these take three, four or five years but they are still occupied by Defence units.

CHAIR—I accept that.

Mr Corey—It is just not a very enlightening—

CHAIR—It is not a good barometer.

Mr Corey—It is not. We can give you a range of examples if you would like.

CHAIR—If you can give us a range of examples, that would assist the committee.

Mr Corey—Okay.

CHAIR—I take you to page 3 of that document, annex A. There are two properties listed, No. 53 and No. 56. Every other property seems to have been settled except for those two. Have they now been settled?

Ms Clark—No, their settlements are later this month and in February.

CHAIR—Am I correct that there are only two properties on your annex A that have not been settled?

Mr Corey—I would have thought that was why they were there. They were all supposed to have been disposed of. As you can see, they were due for settlement in November.

CHAIR—I am sorry, there is a third one, which is Leederville—April 2001—but I was not considering it because it is a few months into the new year. Have any of the 57 properties there been subject to priority sales?

Mr Corey—I imagine they have.

CHAIR—Can you go through and identify those properties for me?

Mr Corey—The first one, No. 1, is one of them. You should be able to tell by whomever it has been sold to as to if it is a priority sale. The New South Wales Roads and Traffic Authority bought part of the property to enhance a freeway. Greenbank, No. 11, has been sold to the Queensland Department of Natural Resources. We can identify them if you want anything more specific than that. Anything that has been bought by a private person, whether they are a developer or what have you, has been sold on the open market. Any that have been sold to a state government or that sort of body will probably be a priority sale.

CHAIR—Could you give us some idea of any conditions that might apply to those sales, such as the one that we discussed earlier, if it is on-sold and there is a realisation of profit.

Mr Corey—We can do that. There will not be many of them that come under the priority sales. The Army Reserve depots and those sorts of things in country towns normally get sold to the local community as a priority sale. They are low value, they have some importance to the local community, and you are not going to get any more value than selling them at an agreed market value. We have reached an agreement on the market value by getting a couple of assessments.

CHAIR—If you could give us that, that would be helpful as well, so that people can get a picture of what you people do. You are handling enormous amounts of real estate for sale.

Mr Corey—Should be on a commission!

CHAIR—No; I have never suggested that to you at all, Mr Corey, and you know that. Just in respect of Nos 53, 56 and 57: are any of those on priority sales, or are they all open markets?

Mr Corey—They look like they are open market.

Ms Clark—They are all open market.

CHAIR—They are all at the open market. You have mentioned open market a few times. What happens in an open market sale? Do they go out to tender?

Mr Corey—They are out there to be sold by tender or they can be sold at auction, by expressions of interest—depending upon what the nature of the property is and what stage of zoning it is in. If we sell some of the major properties we are selling, we actually go through and put a development application in and, in some cases, we put in infrastructure to maximise the return. So they will be sold in a whole lot of different ways.

CHAIR—Take Bunbury, the first one: how would that be sold? I am looking at the ones that I do not have anything for.

Ms Clark—Bunbury was by public auction.

CHAIR—Was Belmont by public auction?

Mr Corey—Yes.

CHAIR—And Leederville? That will go by—

Ms Clark—That was by tender.

CHAIR—Public tender, I have heard.

Mr Corey—We have an auction in the back and a public tender in the front.

Ms Clark—The first two went by public auction and the last one was by public tender.

CHAIR—What happens where they are up for auction? If you are approached by a prospective purchaser with a price that is near or about your price, do you negotiate prior to the auction?

Mr Corey—No. They could, but we have never had one that we have settled prior to auction.

Ms Clark—There has never been an instance where we have been approached prior to an auction.

CHAIR—Most of them try to get it for the cheapest price that they can through auction.

Ms Clark—Absolutely.

Mr Corey—Or a priority sale—or a gift.

CHAIR—Officers of the department, we have gone a substantial period of time. I think I have covered the area that I need to cover today. It may well be necessary, though, when we get

into the broader inquiry—and I wanted to get a feel for some of the things that you do; and that is why I asked those questions—to get you back at some later stage. It will not be for long—maybe an hour or an hour and a half—to get into the broader area. I know that there might be some areas that members of the committee are interested in looking at into the future. We hope to bring a report down reasonably soon on the first part, what I consider to be the Artillery Barracks part, of our inquiry—not that it is in distinct parts—but then to look at the broader issue. I think I have thrown out a little hint as to the sorts of issues we want to pursue, because of the sheer nature and size of the business you are involved with.

Mr Corey—The nature of the questions you are asking is fortunate, because we have had more reviews than *Ben Hur* in the last couple of years, so we should be able to provide you with all the information you want by the time you get to the second phase of your review.

CHAIR—Thank you, Mr Corey. I thank the officers of the department for attending today. I understand we have two further witnesses.

Senator SANDY MACDONALD—I suggest that we have a short break.

CHAIR—Senator Macdonald's request is reasonable. The committee will adjourn until 2.10 p.m.

Proceedings suspended from 1.35 p.m. to 2.09 p.m.

LEAVER, Mr Bruce Herbert, Executive Director, Australian Heritage Review, Australian Heritage Commission, and First Assistant Secretary, Australian and World Heritage Division, Environment Australia

HEFFERNAN, Dr Ken James, Assistant Director, Historic Environment Advice Section, Australian Heritage Commission

CHAIR—Welcome. The committee prefers all evidence to be given in public but should you at any stage wish to give any part of your evidence in private you may ask to do so and the committee will consider your request. The committee has before it a written submission from the Australian Heritage Commission. Are there any alterations or additions you would like to make to the submission at this stage?

Mr Leaver—No.

CHAIR—I invite you to make an opening statement and then we will proceed to questions.

Mr Leaver—Thank you. I want to explain to the committee the current statutory position in relation to Commonwealth heritage. Since 1976 the Commonwealth's role in heritage has been largely confined to the operation of the Australian Heritage Commission Act 1975. That act establishes the Australian Heritage Commission as an independent statutory authority and its role generally is to identify and list places on the Register of the National Estate—places that have National Estate heritage value. The sole protection that is afforded to a place on the Register of the National Estate is through the operation of section 30 of that act, which requires the Commonwealth minister or a Commonwealth agency not to take an action that has an adverse effect on the heritage values of a place listed on the register unless there is no prudent or feasible alternative. It also requires the minister or the agency to consult the Australian Heritage Commission before that action is proposed.

That statutory regime has changed somewhat since 16 July this year. The Environment Protection and Biodiversity Conservation Act has commenced. Section 28 of that act in relation to the Commonwealth requires a minister or a Commonwealth agency not to take any action that has a significant impact on the environment anywhere in the Australian jurisdiction without the approval and assessment processes of that act. That act includes in section 528 the definition of environment, which includes the social and cultural environment—which, along with the natural environment, we normally regard as heritage. So at the moment there are two heritage regimes in operation—the Australian Heritage Commission Act and those protection provisions of the EPBC Act. Senator Hill, the Minister for the Environment and Heritage, intends to introduce into the Senate in this session of parliament amendments to the EPBC Act that will repeal the Australian Heritage Commission Act and provide triggers in the EPBC Act for the identification and protection of places of national heritage significance and also a regime to identify and protect Commonwealth heritage. Those two heritage regimes that are operating will be consolidated into one heritage regime, if that bill is passed by parliament.

In relation to the matters before the committee, the Heritage Commission has cooperative arrangements with the Commonwealth agencies and we regard our relationship with the

Department of Defence as particularly good. The department is required to engage the commission only when it is actually proposing an action. In fact, the department seeks the commission's advice fairly early in their property disposal process so we can assist them in identifying a heritage and proposing, if at all possible, measures to either protect that heritage in continuing Commonwealth ownership or through a disposal action.

Dr Heffernan—In this case the commission has had some early exchange of papers, but is still awaiting a referral. On the specific matter of the Fremantle Artillery Barracks, those comments are already contained in our written submission: we would be awaiting a referral once a proposal had been sufficiently formulated by Defence for submission for formal section 30 comment under the Australian Heritage Commission Act.

CHAIR—There is no formal request at this stage, but the informal process has started. When did that start?

Dr Heffernan—To my knowledge, at least in August. We would have been aware of the Defence green book list of places being generally considered for disposal, but I know that we asked to be involved in the process and for some updates at least from August. There may have been earlier inquiries, but I am not aware of those. Since then, certain information has been provided to us—comments, for example on the City of Fremantle policy proposal were provided to us by Defence.

CHAIR—What are the steps once it has been referred to you for the formal section 30.

Dr Heffernan—When it is referred to us under section 30, we would be looking, firstly, to ensure that there was sufficient information provided to us in that referral.

CHAIR—Who is it referred by?

Dr Heffernan—The referral needs to be made by a Commonwealth agency. It can be a Commonwealth department or authority.

CHAIR—It doesn't have to be the minister, as such.

Dr Heffernan—It could be, but it does not have to be.

CHAIR—It does not necessarily have to be.

Dr Heffernan—No. We try to ensure that we do not get multiple referrals from every level in the government. We try to ensure that we get in early so that we can work out which agency will be doing a referral, because sometimes it can end up in multiple lines of referral.

CHAIR—I am sorry, I interrupted you.

Dr Heffernan—We get the referral. We would check to see whether we had sufficient information to comment. Quite often we find that there are some gaps. It may be, for example, that a proposal is referred to us about a disposal of a place where we do not have the most up-to-

date conservation planning information. We tend to rely a great deal on the existence of conservation management plans that are reasonably up to date as part of a disposal proposal for any large or complex place. We look at the information and then provide comments on the process. During that commenting phase we look at what protection will be provided following disposal. We want to satisfy ourselves that that protection is as good as the protection that can be provided whilst the place is within the Commonwealth system or better. We want to satisfy ourselves that that protection will continue through the chain of potential future owners. We look at the specific values of the place too. There may be instances where, in particular cases, the values are such that we might think they would be best conserved if a particular disposal strategy were taken over another—that is, we might think that, in some cases, it would be worth exploring; for example, the opportunity for a state government agency to come in. We look at alternatives to disposal that we might suggest Defence or another agency that is conducting a disposal consider.

We would normally provide the advice on that basis in the first instance but, in many cases, we tend to enter into a process of providing advice over a series of correspondence. If it has been identified by us that there is likely to be a significant adverse impact, we would then like to be very clear as to whether or not there are any prudent and feasible alternatives. If there are no such alternatives, there is another arm of section 30 which comes into play. If the proponent agency is unable to find any prudent and feasible alternative, having considered alternatives, they are then under an obligation to take all reasonable measures to minimise the impact. There are many different ways of doing that. We try to encourage the development of sensible measures that will achieve the reduction of impact of the proposal. Quite often that might be directing the particular development on a site to specific parts of a site or trying to interpret buildings. Sometimes there are structures that, because of certain issues, are likely to be removed from a site. We would certainly like Defence in those instances to look at the ways of interpreting a site's history for, or presenting it to, the community—properly recording what is taken out, recognising that it has value, and providing a best practice recording of the site before any action is taken. That will often be in a series of correspondence.

CHAIR—What is the normal time duration from when the report is sought to when it is completed? Is it a short process or is it something that can be complex?

Dr Heffernan—We try to provide our correspondence in reply to a referral within a matter of several weeks. On small matters we really aim for two-week turnarounds. With complex disposals of large sites we may be talking about a number of pieces of correspondence. There would be an initial referral providing information about a disposal process and, at that stage, we would probably indicate our broad views about whether we think there is an adverse impact or whether there might be alternatives that have not yet been considered. If there is an iterative process it may well take a considerable amount of time, but if there was a program under way that we were involved in early, which is what we like, we would set up a process that enables our constant input. For example, a steering committee might be established so that the commission is present at critical meetings that deal with how the disposal is to proceed.

CHAIR—So you are not yet formally involved in the process for Artillery Barracks in Fremantle, but you are informally involved. As I understand it, DEO have heritage consultants working for them now. Do they work in conjunction with you?

Dr Heffernan—The heritage consultants in disposals usually come to us as part of the process. In this instance, I am not aware of a specific process of communication with the consultants directly at this point, but as a conservation management plan is developed we would, at the point of initial advice, be asking Defence to provide us with the opportunity to comment on a conservation management plan. The commission likes to offer its expert assistance to Commonwealth agencies to ensure that at least they get good value for the money that they are spending on conservation plans. We have people who are able to review that documentation to ensure that the product that is being produced is a good product and that it satisfactorily addresses the commission's concerns that there is ongoing heritage protection. Heritage protection that is well informed by a good conservation study is far better than what can be achieved on the basis of the scattered information which is often all that is available about heritage places.

CHAIR—Are the Artillery Barracks heritage listed?

Dr Heffernan—It is a place that is entered on the Register of the National Estate, the register which is administered by the Heritage Commission.

CHAIR—Can you tell me what is actually registered? I am not being funny. Does it include the likes of the oval? I have looked through your submission. Does it include the old store site?

Dr Heffernan—It includes the oval. I have a map that would assist you. There is an area that it does not include and I will read from the current description of the site. The description of the site in the Register of the National Estate entry currently says:

A former Drill Hall cut into the limestone cliff at this point and the former signal station located on the highest point, are not included in the present assessment.

That is not to say that these parts of the site do not have heritage values, but they are not included in the nomination that was assessed for entry in the register.

CHAIR—One of the things that has been raised in this inquiry is how a heritage value is placed on a block of open land such as the oval. We have had people paint pictures for us as to what it looked like and what took place there 50, 60, 80 or 100 years ago. We went and stood on it and it did not look like a very level block of land. How does one attribute a heritage value to something such as that? One of the proposals is that the land go from being zoned open land to being urban, in which case it would undoubtedly go to housing units or something such as that.

Dr Heffernan—Heritage values generally go beyond the historic values that are broadly recognised as heritage types of values. Heritage values under the Heritage Commission Act include aesthetic value and social value. Social value is related to the way people perceive their environment and the way people appreciate their surroundings. They tend to be places that have some social function, places that people see regularly during their daily life or where they engage in social activities. Buildings for public use or spaces that are appreciated as part of the fabric of one's environs can fall into the category of heritage value. It is an area on which there has been a certain amount written—it is not as straightforward, perhaps, as historical value but it tends to have been more recognised in recent years than perhaps when the commission started. It has been an area of growing interest. I am not aware of the circumstances of the site, as you are, but certainly the aesthetic value is something in which the spaces can be as

important as the built elements. Spaces can give opportunities for vistas into a site. They can have plantings, for example, other than the buildings that are part of the setting of a heritage place. I hope that answers your question.

CHAIR—Yes, that is fine. We are running into a real time jam here. I have one further question: is it possible to hive off part of the site and say, ‘Look, it’s not really part of the totality’? The heritage value really lies in this case in the Artillery Barracks themselves or in some other element of the site—or is it that once a site is proclaimed on the register, there it stays forever?

Dr Heffernan—There are two elements in the commission’s work. One is the assessment process.

CHAIR—Do assessments change?

Dr Heffernan—It is possible for an assessment to recognise that a whole site has heritage values but that in the end it could be possible that part of the site could be the subject of sympathetic development. I am talking hypothetically here because we would need to be looking at a whole proposal and looking at the upgraded assessment that we would expect would come from the conservation management plan that Defence are commissioning. It is possible for there to be opportunities within a heritage site for sympathetic development.

CHAIR—We understand it is also state heritage listed. Does that complicate things?

Dr Heffernan—That is correct.

Mr Leaver—I think it is important to note that the Commonwealth government does not have any constitutional power to protect historic heritage in the states. That is why the Australian Heritage Commission Act is confined to actions of the Commonwealth. But that is certainly a different matter in relation to a state heritage regime that does have power to protect heritage, and that often attracts quite considerable, and in some states criminal, penalties for damaging heritage. So there is a constitutional issue here.

Dr Heffernan—From the commission’s point of view, in terms of any disposal process, it is greatly preferable for a place to have been recognised and included in a state heritage register. In fact, the first thing we look for is whether there is a state system in place. Whilst the commission has a commenting role on proposals of Commonwealth agencies, state heritage registration involves a planning approval process, which is a fairly strong control process. As long as the values of the place have been appropriately recognised through heritage studies, the approval process will be able to be exercised on the basis of good information. That would be a good way of protecting heritage values.

CHAIR—In the interests of time I will have to conclude there. I thank you very much for the commission’s submission. We welcome the submission. It is obviously another issue that we need to address.

[2.32 p.m.]

BRIDGES, Mr Paul, Deputy Curator, Army Museum of Western Australia Foundation

CHAIR—I welcome to this hearing Mr Paul Bridges, representing the Army Museum of Western Australia Foundation. The committee prefers all evidence to be given in public but should you at any stage wish to give any part of your evidence in private you may ask to do so and the committee will consider your request. The committee has taken evidence from the foundation before, and we have made this opportunity available to your organisation to comment on the evidence given here today. I do recognise that there are time constraints and I advise that I cannot go beyond those constraints. You do not need to canvass the issues that the foundation have already canvassed and put on the record, but I will invite you now to make comment on the evidence given today and then we will proceed to questions.

Mr Bridges—I am appearing here in my capacity as Deputy Curator of the Army Museum of Western Australia Foundation. I represent the Army Museum of Western Australia Foundation and, if I may be so bold, the people of Western Australia. I have a number of things that I need to submit. There are a number of things I would like to say in response to what has already been said. Obviously I need to be available to answer questions, so I will be as brief as I can. At the hearings in Fremantle the good senators asked questions of Dr Peter Tannock about whether funding was sought from Commonwealth funds to assist in the purchase. His answers were an unequivocal no. We have had a search done of all the title holdings of Notre Dame University in the Fremantle area. They do not include those owned by the Roman Catholic Archbishop of Perth, which are also sites that make up the Notre Dame campus.

There is some interesting information that has come to light from that. Of most of their lots there is a first mortgage in favour of the National Bank—the amount for this is unknown—and two others in favour of the Minister for Education, one registered 30 March 1999 for \$2 million and another registered 25 February 2000 for \$1.5 million. I should point out that this is the state minister for education. My appreciation of how education is run in this nation is that the states cover primary and secondary and the Commonwealth covers tertiary. I therefore find it unusual that a state government is funding—for want of a better term—or loaning \$3.5 million to a private university. I tender the titles and the report.

CHAIR—Could you identify those for the *Hansard* record by way of a description from the front.

Mr Bridges—It is ‘University of Notre Dame Australia, Fremantle Land Holdings’ dated 5 October 2000.

CHAIR—Thank you.

Mr Bridges—I also put forward a press clipping from the *West Australian* dated 20 September 2000, where Notre Dame announces the purchase of a building for \$1.5 million which is to be used as a health college. Peter Tannock said that one of the possible uses of the barracks was as a business college or a health college. Notre Dame have never presented a plan

to the public, and what they say to the press has changed over time. It changes from issue to issue.

Senator LIGHTFOOT—Mr Bridges, what was the name of the building that was recently purchased for \$1.5 million?

Mr Bridges—It is a bank building.

Senator LIGHTFOOT—It is a bank building in the Fremantle CBD?

Mr Bridges—That is correct. It is in the west end of town, 22 High Street. It was bought two days before it was scheduled to go for auction. It says here ‘historic former Western Australian bank building’.

Senator LIGHTFOOT—Thank you.

Mr Bridges—Now I would like to address the issue that was raised in the Department of Defence’s submission and is a statement on page 4 of their submission:

The Commonwealth cannot gift, vest or grant land.

I will give you a couple of WA examples. Earlier this year, Cape Leveque was gifted in freehold to the local Aboriginal community. This was Commonwealth land and there was disagreement with the state government over this decision at the time. There are 26 Commonwealth lighthouses in Western Australia. All are going to be granted to the state government for \$1 each. I suppose you could argue that they are being sold. This includes Eclipse Island off the south coast near Albany. The title for this island is in freehold. It will become a nature reserve. In anyone’s language, a freehold island with a lighthouse for \$1 is a gift.

Senator LIGHTFOOT—Mr Bridges, to whom was that sold?

Mr Bridges—All of this was transferred to the state government. It is in the process of occurring. The state government may have to pay the transfer costs. Another one is Maylands aerodrome, which used to be Perth’s aerodrome until after World War II. This was granted to the state government on the understanding that it be for recreation. It is now being developed for housing and recreation. There is an example outside Western Australia, which the good senators have stolen my thunder on: two weeks ago, the Army Museum of WA Foundation met with His Excellency the Governor John Sanderson. He suggested we look at a similar example to ours in South Australia. We did. We found the same information that the good senators put forward this morning and questioned Defence on, and that was the gift to Torrens. Because of the questioning this morning, we now have an understanding of the nature of that gift. Basically, those people have been fighting their campaign for two years. When they began their campaign, Torrens was not heritage listed. It is now. They were fortunate enough, timing wise, to have had the opportunity to organise for federation funding, so that Defence could get \$3 million. If we had known this, Major General Taylor would have applied for federation funding for our barracks. We did not know in time. He did in fact apply; but, by the time we learned this, it was too late. It is my belief that DEO conspired to keep it a secret from us.

The other example that was given this morning was North Head in New South Wales: \$50 million came from the Federation Fund, and statements were made that it would be worth more if available for commercial development. It was also said that no-one would want this to happen. Exactly. Cantonment Hill is Western Australia's North Head equivalent. Think about it. I will table the fax that was sent to the Premier of our state with the parade ground gift reference.

Senator LIGHTFOOT—What are the headlines on the document?

Mr Bridges—It is the *Adelaide Advertiser*, 24 October 2000: 'Parade ground centenary gift'. As soon as we got that, because there was a Premiers Conference at the end of the week, we faxed the information to the Office of the Premier. The bottom line read:

We suggest that our Premier be informed of the above and he might like to liaise with his South Australian counterpart to determine a similar win for the people of Western Australia.

We have learned that it is all too late, because the federal funding is not available. I want to quote the objectives which Defence seeks to meet in property disposal. I will skip the first one, the second one being:

To follow sound and modern planning principles;

Followed by:

To consult with stakeholders.

Further on, it says:

... protection and preservation of environmental values.

BSD Consultants did present a plan to the City of Fremantle described as the 'aggressive option'. I would suggest that this was to scare people into thinking that Notre Dame is the soft option. There were some references made to the difficulty of getting through to the people at the City of Fremantle. I would say that there was a fairly aggressive approach taken to the city by DEO. However, there is another Defence property in Fremantle which is up for disposal—the naval fuel oil depot. The City of Fremantle has cooperated fully with Defence. That will be developed as residential, as I understand it. I will table a document that was faxed to the museum by Jill Gaynor, their land use planner, on 26 October 2000. It commences:

Hi Dale—

She is our secretary; we have that sort of relationship with the community in Fremantle. I will not read it, but what is attached here is the original of the BSD Development option:

Option 1: Aggressive (Plan 2) illustrates what BSD consider the highest and best realistic future use of the site could be, and would be a feasible scenario to pursue if the site was purchased by a private developer.

They got cold feet, and this fax explains it. They wanted that replaced with a much softer version of the same thing. I tender that document to show the type of people that they are employing to do their work. I would like to quote from a news article which I will also tender. The article is from the *Fremantle News*—a new paper on the block—in November 2000. The

article is headed: ‘Cantonment Hill possibly a future “South Bank?”’ South Bank is on the other side of the river mouth and is being intensively developed. Referring back to DEO’s aims being based on sound and modern planning principles, I will quote from this news article:

The consultant’s report, written by Jenny Smithson, the Manager of Planning at BSD Consultants—

I would point out that we understand that Jenny Smithson is also the President of the Royal Australian Planning Institute.

goes further, claims that the City will be “acting unlawfully if it refuses to consider an application for development approval” over the site, and argues that the option outlined—

that is, their option—

“suggests its most appropriate use.”

Smithson, a City of Cockburn Commissioner, was furious when telephoned about the report. “Where did you get that?” she screamed “That has *never* been made publicly available. That was marked *confidential*. I don’t want to defend a report which has never been a public document.

We held a press conference when our agency first got involved, and what did we get? One line in a two page report. We have yet to get a fair hearing from you press people, and I’m very concerned that you have this document. We were particularly concerned that it not fall into the wrong hands, where people are running all over town with it. That will only get the community concerned. So, if you’re going to talk about a report which has not been released in the public forum, then I would have to say that no such report exists.

That was the report that was tabled in Fremantle.

CHAIR—Could I just draw to your attention that there are now 10 minutes left, so it is up to you.

Senator SANDY MACDONALD—I have a number of questions, Mr Chairman.

Mr Bridges—It was explained to me that there may be an extension of time. I do understand that you have to leave. No extension?

CHAIR—No. We have the permission of the Senate to sit until 3 o’clock, and I have to be in the Senate chair at 3 o’clock so I can assure you that I will not leave here at 3 o’clock.

Mr Bridges—If you let me have the floor again, I will be quick. The same article quotes Wing Commander Alan Griffith. The article states:

‘We do not have a property valuation’ he said ‘and we do not really react to community concerns. There is no reason for us to say what we believe the property is worth. We’ll declare that information as and when we decide to make it available.’

Contrast that with what Rod Corey said this morning: ‘If someone came up with an offer 50 per cent greater than the Notre Dam offer, we would have to go back. If nobody knows what the offer is or what it is worth, who can make a supplementary offer?’ I table that document.

On 25 September, the foundation met with Senator Eric Abetz. At that meeting Senator Abetz stated that he would be willing to sell the Australian War Memorial. Apparently he is saying that that is not true or that he was taken out of context. I tender five statutory declarations from five of the six people who were there. Of those—

Senator SANDY MACDONALD—I object to those being tabled. What Senator Abetz said concerning the Australian War Memorial is completely irrelevant to this inquiry. They may be defamatory, and they also may be in contempt of the Senate in the circumstances that I understand Mr Bridges provided those declarations to the member for Cowan, who used them on the adjournment last night. I consider that to be improper. I have not read them, and I certainly would not agree to them being tabled until such time as I have.

Mr Bridges—This was part of the consultative process between the parliamentary secretary and the foundation. We understand that statements that he made are being denied.

CHAIR—I can tell you now: I think what we should do is receive them and then Senator Macdonald can scrutinise them, as he is entitled to. They can be tabled at a later date. Is that fair enough?

Senator SANDY MACDONALD—Fair enough.

CHAIR—All right.

Mr Bridges—I did not provide them to anybody.

CHAIR—Can I just say that I know Senator Macdonald has got some questions. You have got seven minutes.

Mr Bridges—I will be as quick as I can.

CHAIR—You do not have seven minutes.

Senator SANDY MACDONALD—No, I have seven minutes. Mr Bridges, are you aware of the Commonwealth Ombudsman's letter to your chairman dated 21 September?

Mr Bridges—Yes, I am.

Senator SANDY MACDONALD—What was the finding of the Commonwealth Ombudsman?

Mr Bridges—The finding of the Commonwealth Ombudsman, as I recall it, was that the DEO or Defence was carrying out the letter of the law in terms of the procedures. They could find no anomalies and were not going to investigate further. That is my recollection, and I think that was pretty much the last line.

Senator SANDY MACDONALD—Can I just confirm that Defence is acting within both the law and policy guidelines in proposing a priority sale of the Artillery Barracks to the University

of Notre Dame. The proposal has the approval, in principle, of the Minister for Finance and Administration. He must approve the final sale if that is to take place. In the circumstances, we consider that Defence is not acting unreasonably in this matter. Mr Bridges, about the foundation's business plan, can you confirm what the *Hansard* record tells us, and that is that the business plan was finalised by you on 6 September this year and provided to the parliamentary secretary on 25 September this year?

Mr Bridges—On 6 September we gave a copy of the business plan to the City of Fremantle. I believe that it was actually completed before that, although I do not have that on my chronology. I can confirm that we gave a copy of the business plan to Senator Abetz in the same meeting that I have tabled the stat decs about.

Senator SANDY MACDONALD—Can you explain why Dr Carmen Lawrence was given a copy of the business plan so that she could write to Senator Abetz on 23 August, accusing Senator Abetz of failing 'to explore the business plan'? You must understand that I am suspicious. You give it to the Labor Party one full month or more before giving it to the government and allow a Labor member to attack the government for not having explored your proposition when you had not given it to the government.

Mr Bridges—What was the date?

Senator SANDY MACDONALD—Dr Carmen Lawrence was able to write to Senator Abetz on 23 August, which was a month before Senator Abetz received the business plan himself.

Mr Bridges—We have only done four copies of—

CHAIR—Can we have that correspondence tabled for the sake of the committee?

Senator SANDY MACDONALD—Yes. I think the correspondence might well be on the public record.

Mr Bridges—I can confirm that the master plan was finalised on 21 September. In terms of the business plan, there was a presentation to the City of Fremantle on the 6th. I am not aware that a copy of the business plan was given to Carmen Lawrence. I would be most surprised if that was the case because I know the way that it was made up. It was on Lieutenant Colonel John Tick's computer and it was in a number of different packages. He would print them out and bind them himself. Each of the bound copies was presented to various people. One went to Senator Abetz and there are a number of other people which I would have to confirm.

Senator SANDY MACDONALD—Can I suggest to you that your approach was to personally attack Senator Abetz? To back that argument up, didn't the foundation write to Senator Abetz on 29 September—allow me to quote from this letter—'You now leave us no option but to attack you.' In the foundation's letter it also says that the foundation would 'attack Senator Abetz's party and erode their vote base'. Is this not a classic case of playing the man and not the game?

Mr Bridges—We will take on anyone who stands in our way. That is our position. We were very soft on Senator Abetz at the meeting. We actually believed that we could convince him with logical argument; we were patently wrong.

Senator MASON—Does that include telling Mr Edwards, the member for Cowan, about what you proposed to do today?

Mr Bridges—What I proposed to do today?

Senator MASON—About attempting to table statutory declarations.

Mr Bridges—I had the choice of working out of a number of politicians' offices. The faxes came through Graham Edwards's office; there is no question of that. I did work out of his office yesterday afternoon. It was offered to me. He has been a good supporter of our cause, as a number of politicians have. I will not name them for other reasons. I have got nothing to hide on that score.

Senator MASON—So Dr Lawrence has received information a month before Senator Abetz in one case and you are briefing Mr Edwards about what you are going to do today?

Mr Bridges—I did not brief Mr Edwards about what I was doing today.

Senator MASON—You briefed him about some of the facts.

Mr Bridges—No.

Senator MASON—Let me quote what Mr Edwards said in the adjournment debate last night:

Tomorrow, however, a number of statutory declarations sworn by several highly respected Western Australians will be produced at a Senate hearing into the sale.

How did he know that?

Mr Bridges—I would suggest that he knew that through Jim Dalton who was the person who faxed the other four stat decs across. I typed my stat dec up before they arrived.

Senator MASON—Do you know if Mr Dalton has ever worked for a member of parliament?

Mr Bridges—Yes, he has.

Senator MASON—Which one?

Mr Bridges—Con Sciacca, I believe.

Senator MASON—Have you ever worked for a member of parliament?

Mr Bridges—Yes, I have.

Senator MASON—Who was that?

Mr Bridges—That was the member for Fremantle, John Dawkins. That was for an eight-month period in 1988-90.

Senator SANDY MACDONALD—Have you been a Labor mayor?

Mr Bridges—I have been a mayor. I was never a Labor mayor—I can swear to that. I am no longer a member of the Labor Party if you wish to pursue that line. We take a bipartisan approach on this.

Senator MASON—Mr Bridges, you have more or less said that whatever it takes you will do. Is that right?

Mr Bridges—We believe that we represent the spirit of Anzac in defending our museum. I know that is a bold statement, but that is where we come from. We feel that our museum is under attack and we will defend our position. We honestly take a bipartisan position. It is individuals who criticise us or try and destroy our museum—which we will fight back for. I think that is our right. That is the right that our diggers fought for.

Senator MASON—That is interesting. You have said there is evidence that you are preparing a Senate campaign. Is that right?

Mr Bridges—That is correct.

Senator MASON—And who is going to run on your ticket?

Mr Bridges—Jim Dalton.

Senator MASON—Who are you going to give the preferences to?

Mr Bridges—That will be decided by the membership.

Senator MASON—I wonder who that will be.

Mr Bridges—It will be those individuals and political parties who support our cause.

Senator MASON—So it is just a coincidence that you have been a member of the Australian Labor Party?

Mr Bridges—Of course. I am no longer a member of the Labor Party.

Senator MASON—You have worked for a former Labor federal minister. Is that a coincidence as well?

Mr Bridges—I do not think that is a crime.

Senator MASON—I do not think it is a crime either, but we have to establish your state of mind.

Mr Bridges—My state of mind is that I am here defending our museum.

Senator MASON—That is for this committee to decide. But we have to establish your state of mind and what your motive might be.

Mr Bridges—You are questioning me and putting me under criticism. I can accept that, and I accept where you are coming from. But I think you are wrong.

CHAIR—I think we should come back to the issue, rather than the person.

Senator MASON—That is interesting. We have had a bit of playing the man here today, I think.

Mr Bridges—I am happy with tit for tat.

Senator SANDY MACDONALD—Mr Bridges, with your political background, how can the foundation honestly write to Senator Abetz and say, ‘It is a tragedy really, as we should be part of your natural constituency.’

Mr Bridges—Because I believe that.

Senator SANDY MACDONALD—Since when have you and Mr Dalton formed part of the Liberal Party’s natural constituency?

Mr Bridges—I cannot speak for Mr Dalton, but I have never voted Liberal in my life.

Senator SANDY MACDONALD—Your newsletter is quite extraordinary in a way. Those comments of yours go out under your name ‘Deputy Curator’. You also take a very severe swipe at Western Australian Liberal Senator Chris Ellison.

Mr Bridges—Certainly.

Senator SANDY MACDONALD—You said that he sponsored the Notre Dame priority sale application. You might have noticed that this morning we had letters tabled that showed that Mr Kim Beazley could also be said to have sponsored the Notre Dame priority sale application.

Mr Bridges—I am not here to defend Kim Beazley.

Senator SANDY MACDONALD—And then you go on to say, ‘No wonder people mistrust and despise politicians.’

Mr Bridges—That is very true.

Senator SANDY MACDONALD—What a disgraceful thing to say. Do you think that is a fair comment?

Mr Bridges—I think that there are politicians who take actions that bring the parliament into disrepute, and I do not like people who do that.

Senator SANDY MACDONALD—And you say, ‘Perhaps we should invite Chris to address the AGM.’ Did you?

Mr Bridges—No, we did not. We invited him to a subsequent board meeting—there was not enough time to invite him to the AGM—and he did not appear. He is welcome to come to any of our board meetings to explain his actions.

Senator SANDY MACDONALD—He has advised you—has he not?—that he is quite willing to come and address your foundation.

Mr Bridges—Well, he has not.

Senator SANDY MACDONALD—I cannot put my hands on it here, but I think I have correspondence that shows that he has.

CHAIR—Order! It being almost 3 p.m. I will have to draw the proceedings to a conclusion for the simple reason that we have a limitation placed on us by a decision of the Senate as to the time that we can sit while the Senate sits, and that runs out at 3 o’clock. Whilst this is interesting and I would like the matter to proceed—I have no reason to want to stop it—we have to stop it now.

Mr Bridges—I would like to register my disapproval because the volunteer group spent \$800 getting me here and I have been cut short. But I do thank you for allowing me to come.

CHAIR—You were given the right to respond to the material that was raised by DEO in their appearance here today. It depends how long you think the right of reply should have been. A right of reply—it is standard down in the Senate—is 10 minutes. It is 10 or 20 minutes under standing orders. It does not matter; it is not long. I think you have had a fair chance to respond.

Mr Bridges—Perhaps I misunderstood—

CHAIR—Any further matter you can put in writing to the committee in response to the evidence today, and we will take that into consideration when we draft our report, as we always do.

Mr Bridges—Thank you.

CHAIR—The committee stands suspended.

Committee adjourned at 2.59 p.m.