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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
Monday, 26 March 2001

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

Participating members: Senators Abetz, Bolkus, Boswell, Brandis, 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, Lightfoot, Sandy Macdonald 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.

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Committee met at 9.33 a.m.

BELLI, Ms Monique Therese, Victorian Client Manager, Department of Defence, KFPW Pty Ltd

BAIN, Mr Ross Kenneth, Assistant Secretary, Property Management, Defence Estate Organisation, Department of Defence

CLARK, Ms Liz, Director, Property Disposal, Department of Defence

COREY, Mr Rodney William, Head, Defence Estate Organisation, Department of Defence

CHAIR—I declare open this public meeting of the Senate Foreign Affairs, Defence and Trade References Committee which is inquiring into the disposal of Defence properties. I again welcome officers from the Department of Defence and their advisers. 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 which you have tendered in the formulation of policy. You will not be required to express a personal opinion on matters of policy. I now invite you to make an opening statement and we will then proceed to questions where we left off last time. Is there any opening statement?

Mr Corey—No.

CHAIR—There is just one issue hanging over from last time that needs clarification. I understand that on top of the annual landing charge fee—I think it is \$250—there is an administration fee of \$260 that you mentioned. Is that \$260 administration fee payable only on the first occasion that a person establishes a contract with the organisation, or is it paid on an annual basis regardless?

Ms Belli—The \$260 administration fee payable to KFPW was a one-off, up-front fee to put each agreement in place.

CHAIR—So every time the agreement comes up for renewal, regardless of the fact that there might be fewer intricacies involved in putting that agreement in place, the fee remains standard at \$260?

Ms Belli—That is correct. We have just completed a process of renewal for the current airfield operators, and there was no further administration charge which applied.

CHAIR—Oh, there is no further administration charge. So once you have paid it for the first time the contract is arranged, there is no subsequent administration charge. That is what we are trying to establish.

Ms Belli—Yes, that is correct.

CHAIR—If I am a new operator this year, I would pay the \$250 plus the \$260, but next year I would pay only the \$250.

Ms Belli—Yes. If I could clarify the \$250 that you mentioned: that will vary depending upon the type of aircraft, whether it is commercial or non-commercial, so the actual access fee could vary, but the administration fee of \$260 is a one-off, up-front fee, putting the agreement in place for the first time. Then as far as renewals there is no further administration fee.

Mr Bain—With the licences and leases of that nature, where someone is trying to acquire use of a Commonwealth asset, it is the normal procedure that they pay for the establishment fees for that licence or lease.

Senator WEST—On the issue of Point Cook, you mentioned that Commonwealth interests were at risk when you took over. What interests were at risk and in what way?

Mr Bain—The issue related to non-Commonwealth occupants of the site, and there were no proper arrangements in place in relation to their tenancies.

Senator WEST—What were the risks?

Mr Bain—The risks were associated with people occupying Commonwealth property. It is not unique to Point Cook; it happens with any property where a non-Commonwealth user comes onto Commonwealth land. There must be proper arrangements in place which recognise their responsibilities to the Commonwealth, but it also sets out what activities they can undertake on the property.

Senator WEST—So you cannot identify for us what interests were at risk and in what way?

Ms Belli—Basically it is the standard public liability issues that could come into play, as well as property damage issues.

Senator WEST—That is basically it.

Ms Belli—That is it, yes.

Senator WEST—There is nothing else? No other interests, no other risks?

Mr Bain—As I said, it is also the issue of describing what use people can make of Commonwealth land and what the purpose of their occupancy is. So it really just lays out the circumstances in which they occupy the Commonwealth property.

Mr Corey—It would be no different from anybody occupying private property. The landlords and owners would require certain indemnities and undertakings by occupants, no matter who they were.

Senator WEST—So those are the risks to which you were referring—

Mr Bain—Yes.

Senator WEST—Nothing else?

Ms Belli—To demonstrate something a little further, as far as the airfield operators in particular are concerned, the Commonwealth did not have control in terms of the quality of the aircraft that were there. Some of those aircraft are vintage, which probably poses a higher risk. That is just to cite an example.

Senator WEST—Those are the sorts of interests and risks that we are trying to tease out—what is there and what they are.

Ms Belli—There are many, I guess, and they are quite varied. Another example could be in respect of property damage. There could be a fire on the property. It could impact directly upon a premises that is occupied and, obviously, it could extend further than that. I guess the examples are numerous and varied and, as has been mentioned, they relate to those risks associated with any privately owned property. But given that there are airfield operations there too, that could be deemed to be a higher risk in terms of public liability should any accident or incident occur.

Senator WEST—Was the indemnity cover of those bodies and groups that were using Point Cook adequate?

Ms Belli—Until the agreements were put into place—the airfield use agreements as well as the licences for the hangers—in many instances, there were simply no formal arrangements in place, be it exchange of correspondence or any formal legal agreement; thus the reason for DEO looking to implement appropriate legal agreements.

Senator WEST—Presumably that is a legal agreement with the Commonwealth.

Ms Belli—That is correct.

Senator WEST—You have just said that one of the areas of concern was adequate financial protection in terms of insurance—I would assume you are talking about—to cover unforeseen circumstances there. When you actually sought the information, was the cover adequate? Were there shortfalls? Were there shortcomings?

Ms Belli—In relation to insurance, as far as the airfield use agreement, basically, during the development of that agreement, obviously consideration was given to the appropriate level of insurance cover required for public liability, because of the situation of the airfield being unlicensed and, as I mentioned before, Defence having no control over the quality of the aircraft that were at the site, as well as the nature of various users—there are quite a few trainer pilots there, there is RMIT, there are ultralights, and there are also vintage aircraft as I mentioned as well. There is a mix of aircraft there too so, all of those things considered, DEO initially considered the risks probably high and thus that was reflected in an insurance amount of \$20 million cover. Defence then did look to seek independent expert advice in relation to whether that amount was suitable or not. The aircraft operators were also invited to put forward information that they had if it reflected perhaps that an insurance amount for a lesser amount could be put forward. After that process, with input from independent insurers in the industry, the figure is actually now \$5 million public liability cover as far as the airfield use agreement goes.

Interestingly enough, with discussions with one of the insurers, because of the vintage aircraft, whilst the amount of \$5 million was finally decided upon, it was a question that they felt there was a level of risk there that they were not prepared to take on. It was Defence, at the end of the day, who decided that, in the interest of allowing access to the airfield, they would actually on a higher level of risk, and they reduced it from \$20 million to \$5 million.

Senator WEST—None of the bodies or organisations with which you have an arrangement or a lease have complained that they think the lease is onerous for the organisation to comply with?

Ms Clark—The actual licence that is in place is consistent with similar property arrangements that are in place. It is not onerous, although Mr Pilkington did mention that it was onerous. Since we put the arrangement in place, which is now over 12 months—the second 12 months has now started—a number of organisations have already signed up. There has been no request or any concern with regard to the documentation, and there has been no request to make any adjustments or amendments.

Senator WEST—So you are not expecting any of the organisations, companies, boards or directors to accept responsibility for any shortcomings on the part of Defence? For example, if there were contamination on the site, you would not expect them to take responsibility for that or to indemnify the department against any injury or damage caused by Defence property shortcomings?

Ms Clark—In relation to the contamination?

Senator WEST—A contamination, or anything.

Ms Belli—If the users are responsible for contaminating the site, they would be responsible for making good of that.

Senator WEST—That was not the question I asked. I asked about existing contamination on the base. Does the arrangement require an organisation, its management committee or a company or its directors to accept responsibility for what is existing—not for what they are responsible for but for what Defence put there.

Mr Bain—No, it does not.

Senator WEST—You said that Point Cook is an unlicensed airfield. What are the effects of that on your management of the airfield?

Ms Clark—It is not licensed. We chose not to license the airfield when we were putting in the management arrangements. However, given that there was quite a bit of use of the airfield—we had RMIT there with training—we chose to put in airfield operators at the time.

Senator WEST—Why did you choose not to license it?

Ms Clark—Basically, the facility has been identified for disposal, and we are not in the business of running a commercial airfield. You would license it if you were using it as a commercial airfield, with regular public transport situations, which is not what we have at Point Cook.

CHAIR—What is the difference between a licensed airfield and an unlicensed airfield? Does it mean anything to the operators?

Mr Bain—A licensed airfield is one where CASA grants a licence pursuant to regulation 89C of the Civil Aviation Regulations 1988:

A licence is required when an aerodrome/airfield is operated for use in regular public transport operations (Regulation 89A(1)) and the maximum seating capacity for an aircraft used in the operation exceeds 30 seats (Reg 89A(2)).

Point Cook is not a commercial airfield and it is not used for regular public transport. That is the basis upon which it is an unlicensed airfield.

CHAIR—What would be the cost to the Defence Estate Organisation to make it a licensed airfield and to bring in commuter aircraft?

Mr Bain—We would have to take that question on notice.

Senator WEST—Have you ever looked at that?

Mr Corey—No. It has never been a commercial airfield. The airfield was there primarily for RAAF training purposes when the Macchis were down there. Once we had relocated that function away from Point Cook, the options were to close down the airfield in its entirety or to have some aviation activity there in support of the RAAF museum. The latter option was taken up. We never looked at the option of turning it into a commercial airfield because it was something that we had no interest in doing.

CHAIR—Mr Greenwood from the Royal Victorian Aero Club said before the committee:

The club's operation is presently hindered by the restrictive access agreement and the inability we have in freely utilising our entire fleet. We presently have three aircraft permanently on the ground at Point Cook but our difficulty remains with the aircraft on the itinerant list. As aircraft are subject to continuing maintenance, often with little or no notice, we are prevented under this agreement from quickly switching identical aircraft to meet the needs and demands of our customers at Point Cook. We are simply not prepared to place a holding deposit on each aircraft in our entire fleet on the off-chance that one day they may be required to fly into Point Cook. The position is such that our ability to properly service Point Cook, the flying training, the charter business, the tourism business, and the private flying demands from the Point Cook Flying Club have been downgraded as a result of the onerous and inappropriate conditions, we believe, of the access agreement.

That is the view of Mr Greenwood appearing before the committee. Why have such conditions been placed on the Aero Club? Are such conditions normal for Victorian airports, or any airports for that matter?

Ms Belli—In relation to the Royal Victorian Aero Club and those issues, it should be acknowledged too that this agreement has been put into place and Defence has not set everything in concrete as far as the operational side of things. If there are improvements that can

be made, they will certainly be considered by DEO. There is something which is currently being considered with RMIT at the moment.

Specifically, in relation to the Royal Victorian Aero Club, during the 12 months that have just concluded up to 28 February this year, there were approximately five perhaps changes to particular aircraft that were named under the agreement with the Royal Victorian Aero Club. All of those were handled very, very promptly through KFPW, in so far as a request coming through from the club, that being referred to DEO and the airfield managers for approval and then simply the change being made by way of a deed of variation, which is simply an exchange of correspondence to confirm that. So there really had not been any apparent disadvantage at all to the Royal Victorian Aero Club during that time. But having said all of that, Defence is currently considering perhaps another arrangement with RMIT which may also be suitable for the Royal Victorian Aero Club.

CHAIR—In Mr Greenwood's statement, he said:

We are simply not prepared to place a holding deposit on each aircraft in our entire fleet ...

Was that the situation—that they had to put a holding deposit on each aircraft?

Ms Belli—What happens is that there is a security deposit required for each aircraft. That is correct. But when there was—

CHAIR—What is the cost of that?

Ms Belli—If you had an annual access—

CHAIR—I presume there is a graduated scale.

Ms Belli—It is a sliding scale, that is right. So it would be \$100 for each aircraft where there was, for example, a \$250 access fee per annum, and where it was above the \$250 per annum, it was equivalent to three months of the access fee. So that was the sliding scale that was used. In terms of what I just mentioned with the Royal Victorian Aero Club where we did swap aircraft, no additional security deposit was required because the situation was that an aircraft would be coming out and a new one coming in, so there was no need to vary that aspect of things. It really was only a situation where, if they were looking to add more, then the appropriate security deposit would be requested.

CHAIR—What happens to that security deposit? Is that forfeited?

Ms Belli—No. It is held in trust. Assuming there is no reason to call upon it, it would be returned at the expiry of the agreement.

CHAIR—In Mr Greenwood's evidence, he said that they are simply not prepared to place a holding deposit on each aircraft in the entire fleet. Do you know how many aircraft in their fleet they did register with you?

Ms Belli—I do have a list. We have approximately seven with the Royal Victorian Aero Club at this time. Basically, if they have a broader fleet and are looking to have more aircraft included on the agreement, similar to what RMIT have just done, we would simply need a proposal from them. As I said, it is a working document as far as the operational side of things goes. Defence have indicated to us that they would certainly be looking to see where improvements can be made. So that is the sort of thing that we would be happy enough to look at to see whether we can come up with a better approach. But aside from requests as far as swapping particular aircraft, we have not had an approach from Royal Victorian Aero Club at this stage as far as coming up with some other means to be able to put on their whole fleet or a considerably larger number than what they currently have at this time.

CHAIR—Given that circumstances are not always in their control—it may be that an aircraft goes in a moment's notice and they have to switch an aircraft in then—is there any retrospective facility where they can switch the aircraft in and then later advise you as an adjustment to the agreement?

Ms Belli—We certainly have not encouraged that, but there situation has not occurred. I have got a couple of examples on response times. I have not got exact dates but I do have them here, so I can refer to them. We had a request on a particular day, and by the very next day the situation had been sorted out as far as a swap. Another example is where we got the request on a particular day and the swap was sorted out on that same day. So the response time has been—

CHAIR—How are these requests handled, by email or by fax?

Ms Belli—Normally it is a telephone call, and we request it in writing. So, as soon as we receive the call, it is back in their court to get it across to us. We handle that as soon as it comes through, as I say, by forwarding the request through to DEO and to the airfield managers, just to make sure there is no problem with the type of aircraft being requested for a switch, given the different types of users and levels of experience of the operators out there. So that is all considered, just to make sure that safety is not being compromised.

CHAIR—I recall Mr Greenwood's evidence. His view was quite firm that 'Point Cook Flying Club have been downgraded as a result of the onerous and inappropriate conditions, we believe, of the access agreement'. Have you people actually sat down with the likes of the Royal Victorian Aero Club and discussed their difficulties and the issues that they came along to the committee to raise?

Ms Belli—During the process of implementing the airfield use agreement, I had several discussions with Mr Greenwood. It was made very clear that we would be happy to answer any queries or to discuss any issues, which we did. One that will come up is in relation to guarantees with the Royal Victorian Aero Club. That offer has always been put forward and different matters were discussed with Mr Greenwood. They obviously signed up to the agreement and, as Liz mentioned just before, they renewed their agreement without any issues or further queries, not even raising the issue of looking to come up with a new approach to include more aircraft without, perhaps, having to pay a security deposit on each one.

CHAIR—I understand that, and I thank you for your evidence. But the difficulty that the committee has—and I think I can say this on a broad basis—is that when these people appeared

before us, they appeared as reasonable, ordinary people in the business community, but they appeared to be very angry people. We are trying to get a finger on what really is making them angry? I think that the words of Mr Greenwood certainly did not necessarily totally encapsulate the feeling of the members of the Royal Victorian Aero Club when they appeared before us. I am just wondering about the relationship.

Mr Corey—I think you have to understand some of the history of this: the RAAF operated Point Cook over a long period of time and a whole lot of informal relationships developed. The Royal Victorian Aero Club would have been one of those where they probably flew out of Point Cook on an ‘old boy’ basis. When we decided to close down the flying operations of the Air Force and this property became surplus and we did not intend to make it a licensed airfield, the ‘old boy’ relationships no longer existed and we instructed KFPW to put some of these on a more commercial footing.

CHAIR—I accept that.

Mr Corey—And that is why you are getting the reaction from the Aero Club: for many years they have flown on an informal basis at no cost out of Point Cook, and all of a sudden they are being treated like any other commercial user and they do not like it. Perhaps we have not negotiated or spoken to them enough or consulted with them sufficiently, but our intention has always been to close down Point Cook, to get out of Point Cook and let somebody else take over its operation.

CHAIR—So that still is the intention?

Mr Corey—That still is the intention. If and when somebody actually takes over Point Cook and turns it into a commercial activity, I am sure that the Royal Victorian Aero Club will have the same difficulties with that organisation as well, because they will be placed on a commercial footing.

CHAIR—I can accept that. It just seems to me—I do not necessarily speak for the rest of my colleagues—that there was a lack of consultation somewhere along the line. It may well have been done in a very businesslike fashion and, given the sort of arrangement that previously existed, I am just wondering if the whole process may have been handled better. It is easy to see these things in hindsight, but these people appeared before the committee and of course registered their—

Mr Corey—I must admit that, from the viewpoint of the Defence Estate, this is a very small issue, and we have delegated this activity to our agents, KFPW, to manage. Had we been aware that it would take us so long to untangle Point Cook, we probably would have paid more attention to it. But, from where we sat up to five years ago, we assumed that we were going to be out of Point Cook and it was going to be managed some other way. But for a whole lot of reasons, which we have heard some of—some political and some not political—it has not happened. I guess all we can do is learn from where we have been and, in the next stage of Point Cook, manage it more actively. And hopefully the other people we invite to play in the game will also participate actively.

CHAIR—What is the next stage of Point Cook?

Mr Corey—The next stage of Point Cook is that we will engage the Victorian, federal and local governments and key stakeholders in a meeting to determine the way ahead. We will probably appoint a steering committee to manage the future of Point Cook, with an independent chairman and participation from the key stakeholders.

CHAIR—When will that be?

Mr Corey—We have put a proposal to our minister suggesting that that should happen in the short term.

Senator WEST—How short is the short term?

Mr Corey—We put a strategy to the minister and when he signs up to it, we will run with it. I would expect that that will happen within the next month.

CHAIR—That is good. I think one of the other things that can be said, from our tour of Point Cook and the evidence that we took in Melbourne, is that the general uncertainty that pervades the environment there leads to a lot of disgruntlement.

Mr Corey—I can understand that.

CHAIR—I will move on, because we still have a fair way to go with questions. Mr Hayes told the committee that the commanding officer arranged a meeting for him with the DEO manager in Victoria, and they settled a problem similar to that of the Royal Victorian Aero Club on the basis of compromise. However, the Aero Club still has its original conditions. Why were there two different arrangements, according to the evidence that we received?

Mr Corey—Mr Hayes is from RMIT, I think.

CHAIR—Yes.

Ms Belli—In relation to the Royal Victorian Aero Club, a variation was signed off in relation to the guarantee. There was the issue that was raised by Mr Greenwood in terms of the guarantee, because they are an incorporated company. The Commonwealth, in terms of the way the agreement was structured, would request personal guarantees. The club raised a problem with that, and that was that their members were not prepared to give personal guarantees. So DEO, with us, looked at other options that may be available, which included bank guarantee, personal guarantee—as I mentioned—or individual members signing up on their own agreement. The other was to request an increased security sum. On the balance of the options available and trying to assist the club, Defence decided that it would bear some of the risk and would simply request an increased security amount of \$500, which obviously is not in line with some of the exposure that could occur there. But Defence was trying to assist the club and, having done that, I think there was still criticism put forward to Defence—which perhaps demonstrates to some degree some of the people that you are dealing with. Defence looked to assist them and they were still criticised at the end of the day. So that was the arrangement with the Royal Victorian Aero Club. There was a variation to RMIT, and we may have to confirm what that was. I know there was a variation, but I cannot recall off the top of my head what that was in relation to.

CHAIR—All right. You can get back to us with that. Mr Greenwood also complained that the DEO required the Aero Club to pay its initial fees with bank cheques, which, he said, is commercially unrealistic. Is this the case? If it is, why was this required of the Royal Victorian Aero Club?

Ms Belli—Bank cheques were requested of all parties. That is the way the agreement was structured. Again, I guess, it just added a level of security for Defence, knowing that the moneys would be there in terms of any cheques they received. That was requested, and it is not dissimilar to standard commercial practice. In some instances where there may have been some difficulties with that, I think perhaps there was some—

CHAIR—But this club has been there for 75 years. I know that it operated on the ‘old boy’ type of agreement, as Mr Corey said. They were not exactly Ned Kelly or someone else. I understand your dilemma. You have to operate in a very commercial, businesslike sense, and yet you have people who have been in a situation for the last 75 years where they have not had to operate in that formal sense, and all of a sudden they are being asked to pay their initial fees with bank cheques.

Ms Belli—It is an issue of consistency as well, of dealing with different groups in the same manner. Consistency is obviously an important issue for Defence as well as for other property owners and dealers.

CHAIR—Was there any complaint when that happened?

Ms Belli—It did present some difficulty for some people. In the main, most people just paid by bank cheque and it simply was not an issue. I do recall that the Royal Victorian Aero Club was not particularly happy about having to make arrangements for a bank cheque.

CHAIR—Mr Greenwood also complained that, on the day of signing the agreement on 29 February, an extra clause was inserted which exempted entirely the Commonwealth from having to do any maintenance whatsoever on the airfield. The Aero Club was told that the rejection of that clause would mean ‘immediate withdrawal’ from the airfield. Is that correct? Apart from the content of the clause itself, was that a reasonable way for DEO to operate with a longstanding user of the airfield?

Ms Belli—I am not sure that that is actually the way the events took place. There was a change to the agreement. The variation related to the indemnity and it actually reduced the risk to the operators. That happened in advance of people signing off on those agreements and was highlighted in correspondence that went out to them as far as the final execution copies of that agreement.

CHAIR—I think the way the evidence was presented to the committee, if I recall, is that this was a clause that appeared on the day the agreement was to be signed, that it had not been there previously and that it was something that manifested itself in the final draft of the document.

Ms Belli—As I mentioned, as far as that amendment, that change was made. It was to the advantage of the airport operators. It was pointed out in correspondence which was sent out

with the execution copies, but it would not have gone out on the day that it was to be returned. I would have to say that I do not agree with that.

CHAIR—Can you find out when it was actually sent out? Can you take that question on notice? It was mentioned that it was in respect of the maintenance that was to be carried out on the airfield. Who is responsible for the carrying out of repairs to the airport?

Ms Clark—The Defence Estate Organisation.

Senator WEST—Is that for all maintenance?

Mr Corey—Yes—that is, for all the maintenance that we do.

Senator WEST—For all maintenance that you do—that is different. Thanks for adding the rider, Mr Corey.

Mr Corey—Which does not include airfield lighting because we do not have night flying.

CHAIR—I have got a question coming up on airfield lighting, so we can look forward to that with joy and glee.

Senator WEST—Okay, so it is for all maintenance.

CHAIR—Mr Hayes said:

...we have always had to go through KFPW. So every issue that we tried to negotiate was going backwards and forwards through KFPW, so it took a long time to get responses. When we signed the agreement, other than the fact that we have been paying our rent all that time in good faith, we were ordered to pay \$10,000 which was Government Solicitor's fees and also a fee for KFPW. I thought, well, KFPW is their agent so are they getting something from both ends of the stick? I do not know the answer. But it lead me to wonder whether KFPW has been getting a management fee from DEO and then charging us another one.

That was in the *Hansard* of 16 February, at page 464. What was the amount of the fee payable to KFPW, and why did KFPW charge RMIT a fee for acting as an agent for DEO?

Ms Belli—The fee paid was \$3,000. In accordance with revenue leasing Defence policy, the licensee, or lessee—being RMIT in this case—pays the fee to KFPW to put the arrangement in place. That is just standard as far as revenue leasing arrangements with Defence are concerned.

CHAIR—Is that an annual fee?

Ms Belli—No. It is a one-off fee.

CHAIR—I understand that the leases are only for 12 months.

Ms Belli—That is a one-off fee to put the arrangement in place.

CHAIR—So what was the \$10,000?

Ms Belli—I believe the \$10,000 comprised a \$3,000 KFPW fee and a \$6,000 fee, approximately, to the Australian Government Solicitor, who was acting for DEO in this matter.

CHAIR—What would that fee have covered?

Ms Belli—It would have covered legal advice, preparation of various draft lease documents, attendances with the RMIT solicitor and RMIT representatives as required, liaison with KFPW, attendance at meetings and so on.

CHAIR—So would that fee have been charged to each and every person who signed a lease for use of the Point Cook airfield?

Ms Belli—In terms of the airfield, in both instances it is my understanding that, in the building 202 lease with RMIT, DEO absorbed some of the legal costs associated and that the amount of approximately \$6,000 was the sum put forward to RMIT at the end of the day for their payment. It is part of Defence's revenue leasing policy, as I mentioned, that the other party pays the Commonwealth's reasonable legal and consultancy fees. In the case of the RMIT lease, it is stated there that the initial offer and the actual signing of the document took some three years to occur.

CHAIR—That fee is a reflection of the complexity of the contract that was put in place. Is that a fair statement? And would the Royal Victorian Aero Club have had as equally a complex contract and would their legal fees have been in the order of \$3,000 as well?

Ms Belli—I do not know that these were necessarily additionally complex documents as far as the lease with RMIT. It is a fairly standard lease out in the marketplace, particularly a Commonwealth lease. There was obviously a fair bit of negotiation and there was actually a lot of follow-up by KFPW with RMIT to try to expedite the matter, which, at the end of the day, took some three years to conclude. As far as the legal fees in relation to the airfield use agreement are concerned, as you know, the arrangement was that there was a \$260 administration fee. Basically it was put forward that, if there was a requirement for Defence's solicitors to become involved because of particular issues that may have been raised and Defence needed to obtain legal advice, it would be the responsibility of the operator to pay. I do not believe there were any instances where legal costs were incurred in relation to the airfield use agreement when it went out to the marketplace advising that, as of 1 March last year, a new agreement had to be signed up for people wanting to access the airfield. Defence did absorb a lot of legal costs for the hangar licences and the airfield use agreement for those parties whom we dealt with first.

CHAIR—Could you quantify for us those costs that were absorbed? If you cannot, could you take that on notice?

Ms Belli—Yes.

CHAIR—And we would be interested in the charges that were absorbed by an individual client. That will rebut, undoubtedly, some of the criticism that was made of Defence Estate in this whole process.

One of the criticisms that was raised with us is that site users only have access to the management consultants engaged by Defence. They do not have access to DEO direct for the resolution of difficulties where they believe there is an impasse with the consultants. Is that the case and, if so, why?

Ms Clark—I do not think so. I have spoken with representatives from RMIT; I actually met with them before we even started the process. They understood the situation we had in approaching and putting in these agreements. They were advised that Defence was intending to get rid of the airfield. We could not give them any certainty about when that was going to occur and what the future of the airfield was. No doubt that has frustrated them, and it has frustrated us as well. What we were trying to do was to put something in place that protected them as well as us and at least gave them some certainty, which they had not had up until that time. At that meeting there were representatives from a lot of the people who were already on the site. RMIT, the Royal Victorian Aero Club and the Point Cook Flying Club were there. They should have appreciated the situation that we were having to deal with. It wasn't easy and we all knew that. What we have done is to put in place an arrangement that, hopefully, does give them certainty as far as we can give it to them. The arrangements have been put in place in line with the Commonwealth policy on use of Commonwealth land by third parties.

Mr Corey—I might just add to that. In relation to their having difficulty dealing with anyone except our agent, we have outsourced some 95 per cent of Defence Estate activities in line with government policy. It is not unusual for anybody who deals with the Department of Defence or the Commonwealth, in relation to leases and other things, to have to deal with KFPW. They are our agents.

CHAIR—I accept that. Whilst we are focusing on Point Cook at this moment, I think it would be fair to say that there were a number of occasions throughout the inquiry where councils and/or other organisations had difficulty dealing with the nominees of Defence Estate, whether they be consultants or what form they might come in. There was a frustration expressed that they were not able to access fine personnel such as yourself, Mr Corey, to be able to resolve some of the difficulties that they were having. I think they saw the consultants as a barrier to resolving many of their problems.

Mr Corey—I think that is possibly right, because some of their problems are not resolvable until we actually determine the future use of Point Cook. I would be interested to know: did the film industry come and make a representation to your committee?

CHAIR—No, we did not see the film industry.

Mr Corey—That is interesting, because they were an organisation that came on a commercial footing from day one, and they are very satisfied with where they have gone. I think that the people we are having difficulty with are the ones who think there may be something there that they do not have to act commercially.

CHAIR—I will just check with the secretary of the committee. We did not know about them.

Mr Corey—That is the horizon tank.

CHAIR—Yes, I understand. We had that pointed out to us when we did the inspection.

Mr Corey—They probably were not on site when you were there.

CHAIR—No, I don't think they were. We were not aware of the full extent of the leases or who was involved at Point Cook until we did the inspection.

Mr Corey—As I said, the ability of the Defence Estate to manage the detail of leases on a site like Point Cook is just beyond the staffing levels we have. I accept that if these people felt that they were not getting a fair hearing through our agent, they should have approached us. If they tried to approach us and were rebuked, I would be very surprised.

CHAIR—What sort of overseeing of the process is done by DEO personnel from your section of KFPW and other consultants? I think this is a more general question that we have elsewhere in our repertoire of questions.

Mr Corey—It would depend upon the activity that is going on. As you saw from the Sydney disposals organisation, I would probably sit in on a meeting with Bernard Blackley and all of the people who work for him in Sydney in a three-monthly review of where they are with particular properties. If there is an issue of significance that comes up during any time, it comes to my level—or to Ross in the first instance, and then to me. Similarly with Point Cook, I would have thought that issues would be raised with Liz Clark. If something came up for KFPW that was creating a problem that could not be resolved or that they were having difficulty resolving, they would go to Liz.

Mr Bain—Also, KFPW are our national property service provider. They might deal with specific issues such as Point Cook, which Monique is dealing with, but they also cover a whole range of things throughout Australia. There is at least a monthly meeting between the Director, Property Services and the Defence senior point of contact in KFPW at which we can resolve these issues. There is more contact than monthly, but we do have a formal meeting each month to go through any particular issues that might exist.

Ms Belli—We have a very close working relationship with DEO in relation to the matters at Point Cook, because it comes from a background that was inevitably going to create some difficulties, which obviously it has. Clearly KFPW acts on instructions from DEO at the end of the day. If at any time there were requests from individuals to speak directly to any representative of DEO then, in the normal course of business, we obviously would make the client aware of that. That would take place if Defence felt it to be appropriate. Or, if it were a matter that Defence really felt should simply be dealt with by us, we would do that. But there is a very close working relationship in relation to Point Cook.

Mr Bain—Mr Chairman, if you like, I could table the list of operators at Point Cook. This is the list of the 27 operators for the new agreements that take effect from 1 March 2001 to the end of February 2002.

CHAIR—That would be helpful indeed, Mr Bain. We welcome that. Proceeding through the evidence that was given to the committee, Mr Hayes referred to the maintenance of the building that RMIT occupies. He said:

The airconditioning is continually breaking down. We are told by the contractors that it really needs replacing because it has been neglected for so long, and all the fixes that they are doing now are just to get it going again. So the same applies there. We pay a lease on the building and getting maintenance on the building is very difficult.

Is it DEO's responsibility to attend to the maintenance of the buildings occupied by RMIT and, if so, why isn't proper maintenance being done, according to the evidence given by Mr Hayes?

Ms Belli—DEO is undertaking periodic maintenance to the airconditioning as well as ad hoc repairs, if and when they come up, in accordance with the specific lease obligations that the Commonwealth has. There have been some issues with the airconditioning; there is no doubt about that, and Defence has looked into some costs to address that. Possibly one of the situations is that the airconditioning should be replaced and a new system put in. You could be looking at a cost of about \$250,000 to do that, and given the situation with the site at the moment, with the future disposal and so forth, if Defence were to look at spending those sorts of funds on capital expenditure it would not recoup the money under the current leasing arrangement. But Defence is undertaking its obligations as per the lease.

CHAIR—Would it not be possible, though, in a situation where you have got airconditioning continually breaking down, to look for second-hand units or something such as that to fill in the gap?

Ms Belli—As I understand, various options have been looked at. I am not privy to all the details, but my understanding is that perhaps the best solution was the full replacement, which obviously was the most costly as well. I am not sure about the possibilities of a second-hand system being put into place.

CHAIR—Thank you. What is the extent of the environmental surveys Defence has done at Point Cook in order to ascertain its ability to withstand future development?

Ms Clark—We have undertaken two lots of environmental assessment, which looked at contamination. CMPF&S were the company that undertook it.

CHAIR—When was that done?

Ms Clark—I think it was around 1998-99.

CHAIR—And the second survey?

Ms Clark—There was another review probably around the financial year 1999-2000.

CHAIR—And who did that?

Ms Clark—CMPF&S did another round, and URS did a review.

CHAIR—What did URS find—that CMPF&S were correct or incorrect, or—

Mr Corey—These assessments were primarily done to assess the extent of contamination on the site, to verify what the contamination was and where it is. We did not look at the future of

Point Cook from a development point of view—in a contamination sense or in a remediation sense—because we do not know what the future is. We know what contamination exists on site.

CHAIR—And what is the extent of the contamination? Are those reports available?

Mr Corey—We could give you a copy of the report, yes.

CHAIR—That would be very helpful. Has anyone else asked for a copy of those reports? For example, have PCOL asked?

Ms Clark—From my recollection, they have not asked for the reports.

CHAIR—How does Defence intend to deal with the significant site contamination at Point Cook? I know we have touched on this. There is the issue of remediation.

Mr Corey—The decision on remediation will not be made until the future use of the site is known. To remediate a site for residential purposes as distinct from industrial purposes or ongoing airfield activities, there would be three different levels of remediation to undertake. It does not make any sense to remediate until the future of the site is determined. But Defence has the liability to remediate the site to whatever extent is necessary.

CHAIR—I accept that. Given that the prime area of remediation, as I understand, is the area on the side away from where the buildings are—

Mr Corey—There is an old tip over there. It is full of water now, I think.

CHAIR—I think it was referred to very nicely as being a ‘tip’. For the sale of that site to proceed in totality, would the remediation have to be complete, or would it be sliced up and the parts that did not need remediation would be sold off first? I am just trying to get some feeling as to how the disposal—

Mr Corey—Until we get a strategy agreed on the future use of Point Cook, that is really impossible to determine.

CHAIR—That raises the next issue. You have been able to give the operators out of Point Cook a further 12 months. But given that there is a process to determine what might happen with the site, and let us assume that it is a sale process, then there are certain steps that you would have to go through before the final, I presume, release of the site to whoever the prospective purchaser was. Would it not be possible, therefore, to say that there is a reasonable opportunity for DEO to give those clients who just signed up, instead of a 12-month window of operation, a two-year window of operation, and that really you would be looking at two years minimum before anything of any substance really happened with the site? Is that unreasonable?

Mr Corey—If you were a punting man, that would be the way you would make the judgment.

CHAIR—I am known to go to the TAB on the odd occasion, and obviously you do as well. It is a worthwhile practice. I am looking now in the interests of those people who signed up. I think you said, Mr Bain, that there are 27 signed up. Instead of leaving them on a 12-month contract, if you said to them, ‘We can give you a two-year contract of certainty’—given that it is determined that the site has to be sold and will be sold, and the manner in which it will be sold is still something that is up in the air; we don’t really know what is happening to the site—I think that would be a lot better for some of these operators than next year coming round to 27 February 2002.

Mr Corey—Just as well it is not 29 February.

CHAIR—That is right—or the 30th. They would be in real trouble. I am just thinking: is that something that could be considered by DEO as being a gesture of goodwill?

Mr Corey—We could look at the implications of that.

Mr Bain—Yes, and as I indicated on the 16th at the previous hearing, it did not assume that it would stop after a year. It was just leaving us with flexibility, but there was no presumption that it will automatically cease in 2002.

Mr Corey—We could take that on board and have a look at that. The uncertainty is one issue, but the uncertainty exists in the planning process as well.

CHAIR—We accept that. This is just something that has come out of the inquiry and we are just putting it to you.

Ms Belli—If I could add an observation: there is an early determination provision in the existing agreement. Certainly I think Defence is in the best position just now, as far as looking strategically at possible timing for disposal and so on, but I guess the operators are there for different uses. Some are simply hobby and others, such as RMIT, are for commercial purposes. I think that Defence has always been extremely up-front in the circumstances that they have been working in, as far as the uncertainty and so forth, and they are mindful of the fact that groups such as RMIT are entering into commercial arrangements and contracts themselves and they need to be very clear that they are not providing terms that realistically cannot be provided. Defence has always been extremely up-front about that.

CHAIR—Thank you. What is Defence’s reaction to the Wyndham City Council-Point Cook Concept Plan 2000? Did Defence have any formal input, through either invitation or consultation, into the plan? That was given to us at the 16 February hearing, at page 425 of *Hansard*.

Ms Clark—With the concept plan there was input, particularly from an area of estate planning which has responsibility for noise. From our perspective of future use of the site, that invitation did not come in until quite late in the process, which was, I think, around August or September last year.

CHAIR—When was the process first opened, roughly, and when roughly was the entry of DEO into the process?

Ms Clark—In 1997, I believe. I will have to check that.

CHAIR—When did you people enter the process?

Ms Clark—In the middle of last year; around August 2000.

CHAIR—Was that through a formal invitation?

Ms Clark—I believe it was through a conversation on the telephone from my staff to Wyndham City Council, and then we got a copy of the actual proposal.

CHAIR—Were you surprised that you were not involved in the process earlier?

Ms Clark—Yes, as a significant property owner.

CHAIR—Did you attempt to be involved in the process at an earlier time?

Ms Clark—We had correspondence with Wyndham City Council, and Ross and I had actually met with the council in relation to Point Cook 12 months in advance of that. We advised them about the situation with Point Cook and that it was identified for disposal. Other than through the telephone conversation, we were not aware of what was occurring.

CHAIR—How do you respond to the Wyndham Council stating that they see no value in additional residential development in the Point Cook corridor, and will you take that into account during your disposal process, given that they have got their plans?

Mr Corey—Our proposal, which has gone forward to the minister, includes Wyndham Council being part of that process. We would see them being one of the key stakeholders involved in sorting out the future use of Point Cook. We cannot do it in isolation of people like Wyndham Council.

CHAIR—Have you received, from Air Force, the results of a review of Point Cook by Wing Commander Mather? If so, what were those results, and has it changed the view about the future of Point Cook? That refers to *Hansard* of 16 February, page 436.

Mr Corey—No, we have not received the results of those from Air Force. But I had a meeting with the Chief of Air Force last week and discussed with him the future strategy for handling Point Cook, and he is in agreement with the position I outlined to you earlier this morning. I am assuming there is nothing in the Mather report that he is aware of—if he is aware of the report, and I assume he is.

CHAIR—He did not express to you that he had received the Mather report at that stage?

Mr Corey—No, he did not; nor did he indicate any disagreement with the proposal that I outlined to you earlier this morning.

CHAIR—In a written briefing you provided to the committee on 19 January 2001, Mr Bain, it is stated:

Defence is aware that PCOL was looking to take over responsibility for the whole base on a peppercorn rental on a long-term basis. Through the Museum staff, PCOL has been informed that such a proposal would not be supported. Point Cook is a multi-user site and its future is not centred on the Museum. It is understood that PCOL is no longer pursuing this idea and is now concentrating on the Museum itself. There have been some discussions between PCOL and the Defence Estate Organisation and these are expected to continue.

Where did DEO get the idea that PCOL is now concentrating only on the museum and not on the rest of the Point Cook site? I think they made it clear to us that was not their perspective on things.

Mr Bain—PCOL was established as a non-Commonwealth entity to assist in the running of the museum. My impressions initially were that that was the focus of their attention. I was aware that they were looking a bit broader and how they might oversight the whole of the Point Cook site. At the time of writing that, my view was that they had backed away from the broader concept, given that it is quite a huge expense to take on a site of that significance. They may be changing back and forth on what particular position they have adopted, but we have had no formal documentation on what their proposal is at the moment.

CHAIR—Have you had formal discussions with PCOL at all?

Mr Bain—I have had a few discussions with them, and I think Liz Clark and Kitty Marmanidis, Manager of Defence Estate in Victoria, have also had discussions with them, in particular in relation to their occupancy of a part of Point Cook.

CHAIR—What sort of discussions have you had with PCOL and when? Can you give us a timeline on those? You can take that on notice.

Mr Bain—I can certainly give it to you. I have had one or two discussions. It was in relation to the setting up an arrangement in the museum shop and what conditions would apply to their tenancy there. I recall we discussed the broader issues about the future of Point Cook.

CHAIR—What about their formal proposal that I believe they put before our committee? Have you had any discussions in relation to that proposal?

Mr Bain—I am informed we have got a vision statement from them but not a formal business case of their full proposal.

CHAIR—Have they discussed their vision statement with you?

Ms Clark—Yes. We attended a meeting with them in June of last year.

Mr Bain—I also recall, with regard to Point Cook and the sale of Essendon, that I invited people from PCOL to put forward their proposal to OASITO.

CHAIR—I understand that PCOL were set up by RAAF. Why, therefore, did DEO direct PCOL to change their address from Point Cook and state that it was improper for the

organisation to have an address at the RAAF Point Cook? This was the evidence of 16 February, on page 440.

Mr Bain—There is a bit of confusion here.

CHAIR—There was no confusion in the way it was put to the committee. It was pretty clear.

Mr Bain—No. The issue is with regard to a non-Commonwealth entity coming on to a Commonwealth property. The objection was not to their being there but, if they were going to be established there, they had to be established under the proper arrangements.

CHAIR—What do you deem to be ‘proper arrangements’?

Mr Bain—The setting up of a licence or a lease. That was explained to Air Vice Marshal Scully in a letter from Ms Marmanidis, to which there was a fairly curt response. I recall sending a message to the OC, Air Commodore Chipman, and asking him to endeavour to resolve this, because Air Vice Marshal Scully was perhaps not aware of the requirement. We were not trying to impose anything unnecessary on him; we were just trying to establish the formal arrangements. I recall as well that the Australian Government Solicitor, in advice to the museum, indicated that PCOL should discuss with DEO any tenancy arrangements at Point Cook. I am happy to table those documents.

CHAIR—If you can, that would be helpful indeed. Why would that be the case, though? What was the difficulty with PCOL? I must say I found that quite difficult to understand. I have heard your explanation. Again, I think it goes back to part of what Mr Corey and I discussed earlier about the arrangements that must have existed on site previously, not just with PCOL but with a broad range and a broad group of people. They have now found that world turned over on its head—rightfully or wrongly; I am not trying to go into the merits of that. It then gets down to the issue of the handling of the situation that has emerged since DEO took the decision—or have known—that the property was surplus to the needs of Defence. Whilst there is this hiatus period where nothing has been determined as to the future of the property, nonetheless it must leave a fair degree of bad taste in the mouths of a number of people?

Mr Corey—Again, Senator, I think you need to understand some of the history in this. Point Cook has been occupied by the RAAF for a long time.

CHAIR—I understand it is their icon.

Mr Corey—I am not sure it is their icon—I am not sure what icons are—but it is the home of the RAAF and the birthplace of the RAAF. There is a reluctance, particularly by some of the retired members of the Air Force, to disassociate themselves with Point Cook. I would not be speaking out of school to suggest that if the retired Air Force group—represented in large part through PCOL now—had their way, they would think that Point Cook should be handed over to them and they should be able to occupy it for a peppercorn rental and set up their own business there.

When the National Air and Space Museum was mooted, that was to be the saviour of Point Cook. That was a deal that was being worked out through the Victorian government of the day,

the RAAF museum and other participants. That did not happen because it was not economic to do so. PCOL is now an offshoot of the next generation of ex-Air Force—and Air Force, to an extent—attempts to retain some control and ownership of Point Cook. I see nothing wrong with that, but they need to understand, and that is where we have some difficulty with them, that to exist in the commercial world they have to be commercial, and they have to have business cases to support that commerciality. That is where we are attempting to get PCOL, or any other institution that comes out of the woodwork that purports to run Point Cook, under any regime.

CHAIR—All right. So there is actually no room to move on the part of DEO without being seen to be overly bureaucratic in accommodating PCOL on the Point Cook site.

Mr Corey—PCOL need to be like any other organisation. They need to take out a licence and they need to act in a commercial way. We could probably operate with PCOL on a lease that was less than commercial, provided they sign up the licence and things that go with it.

CHAIR—I think the problem here, with respect, is that PCOL have probably moved from an organisation that was highly voluntary in nature to an organisation that is now maturing into one that will have a business focus.

Mr Corey—I can only hope that you are right.

CHAIR—This is, again, an observation that I have made. I do not think they have been at that point right throughout the whole process. It just seems to me that it may well have been possible to accommodate PCOL in some way and they may well have ended up exactly where they are now without—

Mr Corey—We have an undertaking with the Air Force that if and when PCOL develop a business case and come forward, we will consider that on its merits. We have been trying, with the Air Force, to come up with an arrangement that will enable the RAAF presence to remain at Point Cook. We understand that the museum will remain there, either indefinitely or forever. If there is some way that we can facilitate that, we will facilitate it, but we are not going to facilitate it at the expense of the totality of the site, nor could we.

CHAIR—I accept that. I am just thinking about the interim arrangements whereby PCOL could have been accommodated.

Mr Corey—They probably could, but we have had a history of this site and we probably carry some baggage as well.

CHAIR—My point really is that it is not as if they are a local community group. They are an Air Force focused—

Mr Corey—Retired Air Force—

CHAIR—Retired Air Force. They are people who have a quite designated interest in the future of the site, the future of the museum, and the future of Air Force. Whereas if it had been some local croquet club that had come along and appealed to the better side of your nature, I

could understand you might say, 'Wait a minute, you are only a croquet club. We are not interested.'

Mr Corey—They would be much less of a problem to us than PCOL.

CHAIR—Don't you doubt that at all, Mr Corey. They can become quite vicious.

Mr Corey—Our future strategy sees PCOL being involved in determining the future of Point Cook as well.

CHAIR—I accept that and, again, we are trawling over events that have taken place. It just appears to me, from some of the evidence that we have had before us, that they could have been probably better accommodated and probably better handled. We cannot undo what has been done.

Mr Corey—They probably could have, but what we tend to find out from people like PCOL and others is that we get advised of things late in the day. It is unfortunate, but that is the way it has worked over the past.

Mr Bain—My understanding is that PCOL does not have a formal agreement with Air Force as yet.

CHAIR—Yes, I understand, and I am not criticising the bureaucratic position that DEO come from—let us get that quite clear.

Mr Corey—We are probably the least bureaucratic organisation.

CHAIR—Mr Corey, please! I am not being critical of that, and I understand the position that you have to come from, but it may well be that there is a need to duchess the way these groups are handled when it comes to a sensitive issue such as this. That is all I am saying, nothing more.

Mr Corey—I hear you, Senator.

CHAIR—I am not in any way being critical of your processes, and I am not criticising your right to do the things that you have to do in accordance with your obligations to carry out your job. Please do not take it that way. I think you know me better than that. Does DEO have a potential return or a figure in mind for the disposal of Point Cook?

Mr Corey—There have been various figures quoted, but we have no definitive figure.

CHAIR—Is there a ballpark figure?

Mr Corey—No. There are valuations that were done some time ago.

CHAIR—What are the valuations?

Ms Clark—The Ambidji report did an assessment and came up with somewhere between \$2 million and \$34 million, so you can pick somewhere in between that. We have not done a formal valuation at all.

Mr Corey—Between \$2 million and \$34 million.

CHAIR—Do you have a formal valuation of the site?

Mr Corey—No.

Mr Bain—Other than for Defence use.

CHAIR—What is the valuation for Defence use, because it would have to be in your list of assets now.

Mr Bain—I will have to take that on notice.

Mr Corey—It would be the depreciated gross value. We would have a figure on that.

CHAIR—Can you tell us what that is?

Mr Corey—That is not its alternative use value; it would be nothing like that.

CHAIR—I accept that.

Mr Corey—From a broader than Defence Estate Organisation view—that is, the Defence point of view—the rationale for getting out of Point Cook, and that is where we have been progressing for some time, is to reduce the operating costs associated with having a large number of smaller bases, which do not make any sense in the Australian defence environment. The overheads associated with maintaining these bases varies between \$3 million and \$5 million minimum per annum, without the actual maintenance of buildings.

CHAIR—Can you give us an idea of the value of the contract for the management of the airport site?

Mr Corey—I am not sure that we can.

Ms Clark—It is commercial-in-confidence, and the actual contract is up for tender at the moment. What Mr Hayes says in here is substantially higher than what is actually being paid for it.

CHAIR—Mr Hayes gave a figure in excess of \$320,000.

Ms Clark—Correct—well in excess of what we are paying. He inferred that we have two people on the site managing the site; in fact, it is only one day a week when there are two people there. The rest of the time there is only one person there.

CHAIR—What does that management contract cover?

Ms Clark—It manages the airfield. If people want to come in and land, they have to communicate with the managers. They give them advice as to how full the circuit is. They look at bookings such as RMIT and whether they are doing bulk training flights. They look at future requests for use of the airfield for particular activities to do with emergencies. If somebody wants to come in and do some training to do with the emergency services, they do inspections of the airfield. They ensure that activities, such as mowing the grass and all of that, is appropriate for the facility. They deal with any people who are straying onto the site. They are responsible for anything that is to do with the airfield and its usage.

CHAIR—Those two people basically work daylight hours, I presume?

Ms Clark—There is one person each day. It is only on the Wednesday, when they have a changeover day and when they are talking about issues that have happened during the week or that may be coming up in the following week, that they work the one day together.

Senator WEST—They are there seven days a week.

Ms Clark—Basically, yes.

Senator WEST—Do they work one full week?

Ms Clark—I think they work seven days on and six days off.

Senator WEST—Are they there 24 hours a day?

CHAIR—We have about three or four more questions on Point Cook, and then we will take a short break. I understand that we have members from the Army History Unit here who are going to make a brief statement. I think we should fit them in so that we can get their statement on record, and then we will deal with Annerley and the other properties that the committee went to. Mr Hayes from RMIT told the committee:

At the invitation of both the Victorian government and the then National Air and Space Museum we were invited to set up at Point Cook

.....

With the demise of NASMA in 1997 we were then forced to take up negotiations with the Defence Estate Organisation to cement our position at Point Cook. This negotiation was very difficult, long and protracted, and in actual fact we finally signed an agreement in December 2000, three weeks before the agreement was due to expire.

That was from the *Hansard* of 16 February 2000, at page 461. Why did it take three weeks before the agreement was due to expire before the renewal was signed, and wouldn't that have put RMIT in a difficult commercial position, because it had international contracts to fulfil?

Ms Belli—I note that part of that quote made reference to being forced to enter into an arrangement with DEO. I think Rod Corey has given the background in relation to the NASMA situation—that is, it did not go ahead for economic reasons. RMIT was still occupying space

and Defence was happy for that to continue but simply required them, under normal commercial practice, to enter into an arrangement, and a lease was offered. They were not forced to take that up, but certainly negotiations were taken up as far as finalising that lease. It did take roughly in the order of about three years, as I mentioned earlier. As I also mentioned earlier, we do have a chronology of the discussions, correspondence, meetings and so forth of the negotiation process.

CHAIR—Can you table that for us?

Ms Belli—Yes. We can table that information. I think it demonstrates that there was a lot of driving from KFPW on behalf of DEO and a lot of follow-up from KFPW on behalf of DEO. There was a period of delay. It was necessary for DEO to go out to tender for the building services contracts. I think they went out to tender twice, so there was a period of delay in relation to that. As I say, our records show that there was a lot of drive and follow-up that we had to do with RMIT to try to keep it moving along and to get it signed off. During the course of all of that, and because it did take an extended period of time—obviously these things wouldn't normally take that long—there was a period in which to exercise an option for a further term. We pointed that out to RMIT. That was a courtesy thing that DEO wanted, and there was actually an extension granted to cover the period in which they had to exercise their option. We finally received that document and, again after a follow-up with RMIT, I think the final, signed document came through on about 20 December last year. It is currently operating on a monthly overholding, and we are looking to put in place a new arrangement with RMIT.

Senator WEST—If RMIT did not take up the option at Point Cook, what were their alternatives? You say they were not forced, but I am wondering what the alternatives were.

Ms Belli—They could have looked at other sites, potentially Moorabbin and possibly Essendon.

Senator WEST—At that stage Essendon was mooted for disposal, wasn't it?

Ms Belli—But so was Point Cook. There was no certainty in relation to Point Cook. I would reiterate what I mentioned previously: DEO were extremely up-front with all groups, especially RMIT, because they were aware they were entering into contracts that would obviously commit them to these various groups. Yet there was still a question mark over this site and, in fact, the lease they had entered into, like other arrangements, I think, may have had an early termination provision in it as well.

Mr Corey—Can I ask a question for my information here, Mr Chairman?

CHAIR—Yes.

Mr Corey—Monique, were RMIT actually paying rent for all the time they had been there?

Ms Belli—No, they were not paying rent for all of the time they were there. Rent was paid probably from about 1999.

Mr Corey—So for the time that they were there with NASMA and while they were negotiating with us they were not paying rent?

Ms Belli—That is correct. I understand that perhaps some moneys had been paid to NASMA.

Mr Corey—Maybe that explains why they were in no hurry to finalise the agreement.

Ms Belli—Yes.

CHAIR—That is a very good question, Mr Corey. Why weren't they paying rent previously?

Mr Corey—I do not know. They were there under an informal arrangement, as I understand it, with NASMA, on the understanding that NASMA would get off the ground and then they would put something formal in place. When the demise of NASMA occurred—

CHAIR—Who would NASMA's relationship have been with?

Mr Corey—NASMA was going to acquire Point Cook. They were going to take over Point Cook, set up this National Air and Space Museum, have 450,000 visitors a year and make a fortune for them and the Victorian government.

Mr Bain—And the RAAF museum was a part of that.

CHAIR—What I am trying to get at is that the relationship was between RMIT and NASMA, and then there was the relationship between NASMA and Defence?

Mr Corey—It was a relationship between Defence and the Victorian government and the Victorian government and NASMA so it was a sort of tripartite relationship.

CHAIR—But there was never a relationship in the first instance between RMIT and Defence?

Mr Corey—No. It is quite interesting, and it probably explains their reluctance to sign a lease—or at least part of it.

CHAIR—So, therefore, for a period of about two years, from about 1997, they were paying absolutely nothing at all?

Mr Corey—So it would seem.

Ms Belli—In August 1999 a formal request was made for rental to be paid for the period 25 December 1997 to 31 October 1999 because no funds had been paid directly to Defence.

CHAIR—Did they pay for that period eventually?

Ms Belli—They did eventually pay for that.

Mr Corey—That explains it. That puts a different spin on it.

Senator WEST—In the end, they were not there rent free; they actually did pay rent.

CHAIR—Yes. They paid for the usage.

Ms Clark—We do not know whether they paid when they were there with NASMA; we are not sure of that arrangement.

Senator WEST—Presumably you had an arrangement with NASMA or the Victorian government?

Mr Bain—I do not know what the arrangement was. We were not privy to the details of the arrangement.

CHAIR—Why weren't you privy? Were you kept in the dark?

Mr Corey—Probably. We were probably getting the mushroom treatment.

CHAIR—Like mushrooms again—it is a sad life.

Mr Corey—Yes.

CHAIR—I heard you say, Mr Corey, that Defence Estate was not responsible for runway lighting. But I understand from evidence given previously that there was a quote from DEO of \$50,000 to fix a runway lighting problem that eventually cost RMIT \$2,500 to fix. Is that right?

Mr Corey—It says it is. I will have to follow that up.

CHAIR—I am getting a nod to your right there.

Ms Clark—There is a quote here.

Mr Corey—Is there a quote?

Ms Clark—Yes.

Mr Corey—Obviously we do things in a different way from RMIT.

CHAIR—Why is there a disparity from \$2,500 to \$50,000?

Mr Corey—I would think that, if we did things to the standard we do on military airfields, the quote was probably in that context. The sorts of repairs we would conduct would probably be a lot more significant than those by someone who might just patch up something to keep it going in the short term.

CHAIR—Who should have fixed the problem, RMIT or DEO?

Mr Corey—We had no use for airfield lighting.

CHAIR—It does not matter whether you have a use for it, you have a tenant.

Ms Belli—Under the airfield use agreement, Defence was not required to fix it.

CHAIR—Mr Hayes also said:

The other piece of equipment at the site, the NDB, which is essential for navigation was unserviceable for six months. Every time it rained there were problems with the earthing plate. Once again RMIT was forced to foot the bill to fix the device so that we could remain operational and conduct the level of training that we were conducting at the site.

Is that so? Was it DEO's responsibility to fix that piece of equipment?

Ms Belli—Again, under the agreement Defence is not required to repair that. It is on the basis that there are provisions in the document that do not warrant the suitability or ongoing suitability of the site for an operational airfield. On that basis, Defence does not have a positive obligation to undertake those repairs, but I know that Defence was looking at certain things. Perhaps if it was in a position to do so, it may have, but it does not have a positive obligation to do that.

CHAIR—Does Defence have any obligations at all to any of the people it signs contracts with? If so, to do what? It seems that every time we raise something, it has been written out of the contract.

Senator WEST—Mr Corey told me earlier in the day that the only thing at Point Cook they did not have a responsibility for in terms of maintenance was the airfield lighting.

Mr Corey—Did I say that?

Senator WEST—That was the impression I certainly gained, Mr Corey.

Mr Corey—If you look at the transcript, I actually said, 'The things that we were responsible for,' and you made a comment that suggested that maybe we had some flexibility other than just the airfield lighting. We could table the airfield agreement for you.

Senator WEST—That is probably not a bad idea.

CHAIR—That would be handy.

Ms Belli—I think you can see the reason for it.

Senator WEST—No, I cannot. I have difficulty seeing that you are leasing something to an organisation—it is your set up. When you rent a house, you usually expect the landlord to fix the electrical problems and to fix the plumbing and all those sorts of things. This might tell us where the plumbing is and where the electricals are and who is going to fix what.

Mr Corey—It is quite interesting what landlords do not fix.

Senator WEST—Yes, I know. It is not because they should not fix them, though.

Mr Corey—It is what is written into the lease agreements these days.

Senator WEST—It is the difference between what they should and should not fix.

Ms Belli—Given the circumstances and background to the arrangement that has been conveyed here today—with the site's future being uncertain and being possibly up for disposal—Defence is looking to put in place an interim arrangement to protect the interests of the parties, to set out the rights and obligations and to provide a term as certain as possible. Clearly on the basis that there could be a maintenance issue. That could be for a very large sum of money. Given the current circumstances, Defence does not have the funding available because of the possible disposal of the site; therefore, Defence has specifically looked to implement such provisions to give it some options in that regard. It is a little different, perhaps, from your standard residential tenancy agreement. Because of the circumstances Defence have thought about it and specifically looked to include these provisions. They have been there for the parties to see and for them to obtain legal advice. That is the basis on which the airfield is available to people.

CHAIR—Would it be fair to characterise it this way: that Defence has written out any responsibility for maintenance and repair on the site pertaining specifically to the airfield—I am not talking about the surrounding facilities—and placed that burden upon those who have signed the contracts?

Mr Corey—You have to understand that the reason why RMIT is there is principally to make money from training Chinese students.

CHAIR—I understand that.

Mr Corey—We do not get any return from that. They are effectively getting the free use of an airfield to make revenue from it. Why should we maintain the airfield?

CHAIR—That is not the issue.

Mr Corey—We have. We have structured the agreement with the RMIT on the basis that we do not have a long-term future for the airfield. If they want to use the airfield and something goes wrong with it, they fix it.

CHAIR—You have shifted the responsibility for the maintenance of the airfield to RMIT.

Mr Corey—To the extent possible, yes.

Ms Clark—AOS, who are the airfield managers, are there to ensure that the airfield can be used. If you do not have somebody there who checks the runways all the time, keeps them clear of dirt, keeps everything mown and all that sort of stuff—that is what it costs us to allow people to use it. So we do maintain the airfield. If the airfield is not maintained it is not operational.

You will find that, in some instances, when airfields are not operational they are closed. That is what we do. We have in place an arrangement which allows that airfield to be operational.

Mr Corey—But there are specific things in the lease that the lessee has to pick up.

CHAIR—In a shorthand way, could you give us a list of those things that are excluded?

Mr Corey—We can give you a list of the things that we do and a list of the things that the lessee has to do.

CHAIR—Yes; that will make it a lot easier. The last question again goes to something that Mr Hayes raised. He said:

In terms of our own airfield agreement and our lease arrangements that has been very, very difficult. DEO insisted that we had two separate agreements—one for the use of the airfield and one for the lease on the building. That was unacceptable to us because obviously we do not want to be stuck with a lease on a building if we cannot fly out of Point Cook. There was an absolutely adamant refusal to combine the two agreements so finally we settled that, if the two agreements could at least be run in parallel with the dates...

That appears in the *Hansard* of 16 February 2001, at page 463. Why did Defence insist on two separate agreements with RMIT—one for the use of the airfield and one for the use of the building? Are they currently running in parallel?

Ms Belli—I have some details to read which state:

It was not appropriate for one agreement to be prepared in lieu of the lease for the building and the license for the Airfield Use Agreement due to the varying nature of the activities permitted under each agreement and the varying level of associated risk. If a single document had been prepared, additional costs would have been incurred by the Commonwealth, which in line with Defence revenue leasing policy would have had to have been paid by RMIT.

It should be noted that DEO specifically made the offer for the airfield use agreement and the lease for the building term to run concurrently so that they were not disadvantaged in that respect.

CHAIR—So that is the current situation; they do run concurrently?

Ms Belli—The lease is on a monthly overhold so, to that extent, they do not at the moment. But prior to it expiring they did, and as far as the new arrangement is concerned the intent would be to do exactly the same as was done originally—that is, for the terms to run concurrently.

CHAIR—The RMIT contract runs out on 27 February; is that the same as the other users?

Ms Belli—Correct.

CHAIR—So there is a common date for all users?

Ms Belli—That is right.

CHAIR—Thanks very much. I know we have devoted a fair bit of time to this but it was a fairly substantial issue that came before the committee. As I said, we thought that you had the right to respond to some of the challenges that were put down in the *Hansard* previously. We thank you for your evidence. We will adjourn for 10 minutes. We will then hear from the Army History Unit so that they can put down the evidence they need to in response to the documents that have been tabled to the committee.

[11.23 a.m.]

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

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

CHAIR—Welcome. I note for the record that Mr Bain, Ms Clark and Mr Corey—our previous witnesses—have stayed at the table. Do you have an opening statement you wish to make?

Mr Lee—I have a letter which I sent to the committee. Would you like me to read that in?

CHAIR—I think it might be worth while.

Mr Lee—It is addressed to Mr Barsdell, and it reads:

Dear Mr Barsdell

You wrote to Major General Peter Leahy concerning a letter you have received from Colonel J. Patrick Shanahan, President of the Victoria Barracks Historical Society, Brisbane. General Leahy has passed it to me to answer directly.

My initial reaction upon reading Colonel Shanahan's letter was surprise, as the letter re-raises a number of issues that the Society brought to the attention of the then Minister for Defence, the Hon Ian McLachlan, in 1998. The Society, through the President of the RSL, Major General Peter Phillips, raised with the Minister their concerns with major changes in administration and management of museums within Defence. MAJGEN Phillips approached the Minister and a copy of the Minister's reply to MAJGEN Phillips is attached for the Committee's information. As you will see, many of the matters Colonel Shanahan now raises were addressed in that reply. I should stress also that the Minister's involvement came at the end of an extensive and drawn out period of negotiation between the Army History Unit and the Victoria Barracks Historical Society, in which these concerns were debated at length. The main meeting at which all these issues were addressed in considerable detail occurred on 10 December 1997. The proceedings of this meeting were, by mutual agreement, taped and transcribed by the Army legal officer present. Some of my following comments draw upon that record.

Without wishing to take too much of the Committee's time, I would like to address individually the key points made in the Colonel's note to the Committee.

On page 1, paragraph 1, I can advise that the Society was never—

As they quote—

'forced to vacate its accommodation' at the Barracks. The Society chose to remove its collection, including a number of objects for which title was uncertain, over a long weekend.

I think it was in June 1998. The letter continues:

No notice to vacate the building was ever served or, indeed, ever prepared, as AHU was under the impression that the ongoing negotiations were resolving the outstanding concerns. While I cannot say why the Society chose to leave, I would assume from the tone of the last sentence in this paragraph that they left because they did not wish to be bound by the new Defence Instruction (D1) concerning the management of defence supported museums.

I must disagree also with the accuracy of the last sentence in paragraph one. The transcript of the meeting reveals that the two alternative types of museum provided for under the DI were discussed, as was the likely cost to the society of continuing to operate the museum as a non-Army—Type B museum.

In paragraph 2 of page one, Colonel Shanahan's wording leaves the museum's chronology open to misinterpretation. My understanding is that incorporation of the Society occurred in 1997, not between its original forming and the opening of the museum. The 1997 incorporation occurred after the Society had been informed of a decision, taken at the September 1996 Heads of Corps Conference, that all volunteer organizations involved in museums within Army needed to be incorporated as companies limited by guarantee. We have never been informed as to why the Society chose to incorporate as a society under Queensland legislation at that time rather than follow the model being adopted by all other museums in the Army network, other than the 1/15th NSW Lancers museum.

The fourth sentence in paragraph 2 of page one perhaps sums up the cause of the difficulty in relations between Army and the Society. This sentence disregards the fact that after the implementation of the DI(G) it was not legally possible for the prior support provided by Defence to the Society to legally continue. The change in defence support procedures was detailed on several occasions to the Society but was always either ignored or rejected by its Committee.

In paragraph 3, the AHU Legal adviser has stated that he has no record of the comments being attributed to him nor of the comments attributed to Mr Leo Walsh, the Society's Secretary. [The legal adviser] Lt. Col. Isenberg advises that the transcripts show the debate revolved around a statement made by him that the DI stated that the Commonwealth would not enter into a contract with an unincorporated association. It was an interpretation of a clause in Annex A to the DI(G) which stated that the Program Manager (that is, in this case, the Chief of Army) determines all aspects of the relationship with external organizations. The Society was of the opinion that because it was not expressly proscribed by the D1, Army had no authority to refuse to enter into a contract with an unincorporated association.

On page 2, paragraph one, sixth line, Colonel Shanahan is presumably referring to a three-page letter from RJ Carson, Director Administration Division Queensland Police Service, dated 17 April 1998. This letter does not state, as Colonel Shanahan alleges, that "the State Government actually owned most of the restricted firearms held by the Society." The letter refers to a number of firearms; an unidentified transaction (para 5) which concludes that items the subject of that transaction "remain the property of the State of Queensland held, for the time being, by the Society" and states at para 7(b) "ownership did not transfer to the Society" and distinguishes between ownership and possession. The letter goes on to state, confusingly, at para 10 "if the Society decides to retain ownership of the firearms..."

Further, Colonel Shanahan states in that paragraph that in correspondence between Defence and the relevant Queensland Service "Defence was informed that ... the conditional gifting to the Commonwealth would not be permitted." The AHU legal officer interprets the correspondence differently. He advises me that, on his reading of the letter from the Queensland Police, there is no reference to any conditional gifting. The letter does state at para 11, "If the decision is that Army should own the weapons and retain the Museum on site, the QPS could accede to this arrangement. In that case, we would arrange transfer of ownership to Army, Once the firearms are owned by a Defence Establishment, Queensland law would no longer apply and the QPS would have no continuing interest in the matter."

My final point relates to paragraph 3 on page two. I am amazed that Colonel Shanahan can state that "unknown to the Society was the fact that things had changed." The files contain a wealth of correspondence and references to meetings and briefings involving the Society and the Army. Unless the previous Committee has not kept records and not briefed Colonel Shanahan properly, I can think of no basis for his statement.

There is any number of other points that I could take issue with, but this would be excessive. The fundamental difficulty is that the Society did not accept that Army, or Defence, could in any way seek to have some involvement in the operation and direction of the Museum, even though it was a consumer of Army resources. The Defence Instruction (General) is a difficult document—

which we acknowledged earlier—

Nevertheless, it is a legal direction and Army must comply with it. To have acceded to the wishes of the Society would have required me to break the law.

I am happy to expand on any of these points ...

CHAIR—There is just one issue we wish to raise. You might be able to answer this now, but if you cannot you might take it on notice. Is there any substantial difference between a company limited by guarantee and an incorporated association under Queensland law?

Mr Lee—I would have to ask my legal adviser about that one.

CHAIR—I accept that.

Mr Lee—The issue here is basically this: I operate a network of museums across every state in this country and every territory. We try to operate to one set of standard instructions and one set of rules. If I have to comply with varying state laws regarding associations incorporated under separate state acts, we would have an administrative difficulty, to put it mildly, whereas the company limited by guarantee is a Commonwealth registered institution.

CHAIR—Is there anything you wish to add, Mr Manns?

Mr Manns—Only to clarify the sequence of events. Just to reinforce: there was considerable consultation between the Army History Unit, Army, and the society, which dates back to April 1996. With the introduction of the new Defence Instruction, we brought together representatives of every Army museum to Canberra, where we explained that, as a result of this Defence Instruction introduction, we were now required to be much more accountable about how we did business in relation to museums. There was a personal briefing between my predecessor, Mr Cameron, and Lieutenant Colonel Isenberg. They went to Brisbane and briefed in detail on the requirements. That occurred on 19 February 1997. Mr Cameron sent a written brief to reinforce those points on 18 March 1997. It is interesting to note that, with what would appear to be quite a bit of information passed to them as to what we were attempting to do, they then incorporated their society under Queensland legislation on 16 October 1997. Finally, without giving us any prior notice at all, on 6 June 1998 they left. We did not know they had gone until after the event.

CHAIR—I have one question. What has happened about the items with questionable ownership in the collection?

Mr Lee—It is a difficult question. The Defence Inspector General looked at some elements of it and found it difficult to make progress with the association. Our own legal advisers looked into it. In the end we decided that it was probably not worth the legal costs, the litigation and the bad feeling between the association and us to pursue issues of ownership over objects, given that when the museums were first established it was never clear whether somebody coming in off the street and making a donation to the museum, to the Historical Society, to the Army, to the Commonwealth or whatever was donating just to the museum. The intent of the original donor is not always clear. Herein lies a large part of our legal problem. I doubt that we will ever resolve that one. In the end, the decision was taken that it would be difficult to pursue them—to recover. We were never made party to their assets register, we never knew what objects they had and we were never made party to the documentation pertaining to how they obtained those objects.

CHAIR—Do you assist the museum in any way currently?

Mr Lee—We still have a museum in Brisbane. The society left, but there is still an Army barracks in Brisbane, operated by a new group formed as a company limited by guarantee.

CHAIR—I am talking about the former museum?

Mr Lee—No, the association has taken its exhibits and set up in other premises provided for it in the valley.

CHAIR—You do not assist them in any way?

Mr Lee—No. We have made an open invitation to them on several occasions that, if they are willing to accept the fact that the Commonwealth has some role to play in the management of the museum, they are more than welcome to return to Victoria Barracks and to continue providing a museum service there. But they have never entered into discussions.

CHAIR—This is not meant to be a trivial question, but you do only look after Army, don't you?

Mr Lee—Correct. I know nothing about Point Cook.

CHAIR—I am not going to drag you in on Point Cook, as much as I would like to. You do not have any involvement with any counterorganisation in the other parts of the Defence Force?

Mr Lee—I have close links with them on a professional basis, as I do with the museum community outside of Defence. We are a major sponsor—

CHAIR—But you have no formal links in the sense that there is a formal liaison with a similar unit in the Navy or Air Force?

Mr Lee—There are no similar units in the other two; they do things differently.

CHAIR—That is what I understood to be the case. I asked that question on the last occasion, and it was going to be clarified. We have a range of questions now which go to the issue of Dudley Street, at Annerley in Brisbane. It might be appropriate if you people want to stay. There may be things that you can contribute.

Mr Lee—The only thing I would suggest is that I understand the cause of my being here—

CHAIR—I don't want to exclude you. It is up to you, Mr Corey.

Mr Corey—No, I don't think there is anything we need to add.

CHAIR—Thank you very much for coming today. We appreciate the evidence you have given. If I can turn to Annerley. During the hearings in Brisbane, Mr Warfield, of SPACE, related the difficulty his groups had in obtaining a copy of a report made to DEO on heritage values at the site at Dudley Street. In the end, SPACE obtained a copy through Mr Hardgrave, the local federal member for Moreton. Why was DEO reluctant to supply a copy of the report to SPACE when apparently the report was given to developers?

Mr Bain—It was only a draft report at that stage.

CHAIR—Am I to interpret that Mr Hardgrave, the local federal member, was given a copy of the draft report?

Ms Clark—Peter Marquis-Kyle were the company that did the report on Annerley in the first instance. In the report that came through, they provided information about the significance of Annerley, which was that it was not significant. There was an issue about another facility, Sandgate, which they alluded to in the report. When that report was submitted to Defence, we advised Mr Marquis-Kyle that that facility had actually been relocated and asked him to review the report on that basis. Therefore, there was this time when the report was being reviewed, and that was at the time that they asked for that report.

CHAIR—I am just trying to get the time line fixed.

Ms Clark—SPACE actually phoned me and said that they would like to have the report. It was Ms Luxton who rang, not Mr Warfield. I advised her that I did not know if it would be made available because it had not been finalised. What is recorded is not actually my recollection of it at all. I advised her that, if it could be made available, it would be but I did not know at the time. The report was subsequently revised and submitted. I think that is what went past.

CHAIR—When the report was revised, why was it revised and how was it revised?

Ms Clark—When we got the initial report, it was on the basis that a drill hall at Sandgate was still there. But when the report was submitted to Defence the Sandgate facility had actually been relocated.

CHAIR—Was that the substance of what was taken out of the original report?

Ms Clark—I asked Mr Marquis-Kyle to review it on the basis that the Sandgate drill hall had been relocated.

CHAIR—I understand that, but the point was raised at the hearings that SPACE had to obtain a copy of the report through Mr Hardgrave. As you are aware, Mr Hardgrave appeared before the committee and gave evidence before the committee in Brisbane as well. Was Mr Hardgrave supplied with the final version of the report or was he given the draft copy of the report?

Ms Clark—I think he got the final version, and I think that was passed on to SPACE.

CHAIR—If Mr Hardgrave was given the final version of the report, why couldn't SPACE have been given the final version of the report?

Ms Clark—He passed it on to them.

CHAIR—Yes, but, as I understand it, they approached DEO to get a copy.

Ms Clark—I understand that the requests came at the same time. One was sent through to Defence and one came through Mr Hardgrave. We just passed the copy to Mr Hardgrave, who then passed it on to SPACE.

CHAIR—This is the sort of area where people see conspiracies happening, and I can understand why. If the federal member can secure a copy of the report and people approach DEO to obtain a copy of the same report and cannot get it but can get it through Mr Hardgrave, they think there is some sort of conspiracy as to why they could not get it. All I am trying to establish for the sake of the record—you can take the question on notice—is, very briefly, the time line as to when they approached you and when the local federal member, who has a keen interest in this issue, approached you. That would be helpful indeed. I understand that the conservation architect engaged to provide an assessment of cultural significance for the Annerley depot reported that the depot is:

Assessed as one of a diminishing group of surviving early Brisbane Army drill hall sites, and on the evidence available, the Annerley depot reaches the threshold for entry in the Register of the National Estate; a decision whether to enter the place in the register rests with the Australian Heritage Commission. Similarly, the site warrants entry in the Queensland Heritage Register, for which the Queensland Heritage Council is the responsible agency.

In view of this assessment, why was a letter sent by Senator Abetz to Mr Hardgrave, the member for Moreton, on 20 April 2000, stating:

Environment and heritage studies of the property have been conducted. The heritage study concluded that the property was not of heritage significance.

Ms Clark—That was on the basis of the draft report that we got from Peter Marquis-Kyle. We did not receive his final report until 29 May. The document written by the senator was actually sent before the final report was in.

Mr Corey—In his draft report in late 1999, the heritage architect stated that, ‘The Annerley depot does not meet the threshold for entry in either the Register of the National Estate or the Queensland Heritage Register.’ That was the information that formed the basis for Senator Abetz’s letter. Subsequently, on 29 May 2000, the updated report came from Marquis-Kyle. When we advised him that the Sandgate drill hall had been relocated, he went back and reviewed his findings and then he came forward and said that the depot reached the threshold for entry in the Queensland Heritage Register. The letter from Senator Abetz went in the interim period and was based on Mr Marquis-Kyle’s initial findings.

CHAIR—Is Defence appealing against the whole aspect of the provisional listing of the site by the Queensland Heritage Council, and what is the basis of Defence’s objection to the listing?

Mr Bain—The basis of the objection is that it is a blanket listing of the entire site. We would wish to consider whether that is appropriate or not. There are two different styles of drill halls on the site, which you would be aware of, Senator. We want to understand what the implications are of that approach, and whether it is appropriate to, in fact, put a blanket listing or to list specific buildings on the site.

CHAIR—You have lodged a formal objection?

Ms Clark—Yes, that is right.

CHAIR—When was that lodged?

Ms Clark—I think it was in October 2000. I do not have the exact date.

CHAIR—Roughly, that will do us. It was October 2000. That property was listed for disposal and, when we visited the site, signs indicating that the property was available for disposal had shown that the property had been withdrawn from the market.

Ms Clark—That is right.

CHAIR—What is the current state of the property?

Ms Clark—Now that the objection has been placed, we are still awaiting advice from the Queensland Environmental Protection Agency regarding that listing. We are meeting with them this afternoon on the matter to find out whether it is going to continue as a blanket or be on specific buildings. Once that has been determined, we will be speaking again with the Heritage Commission, Brisbane City Council and also with SPACE with regard to it actually going to the market.

CHAIR—Will there be actually a formal hearing process and, if so, when do you expect that will take place?

Ms Clark—A formal hearing with regard to—

CHAIR—The heritage listing.

Ms Clark—I am not sure of the process that the—

CHAIR—I am uncertain of the process and that is why—

Mr Corey—It is normally not a formal hearing. Heritage considerations are done behind closed doors, to an extent. They discuss with people but I have never seen a formal heritage hearing.

CHAIR—What effect would a heritage listing have on the commercial value of the Annerley property?

Mr Corey—It would obviously decrease the value substantially.

CHAIR—Has DEO offered the Brisbane City Council a priority sale of the property?

Mr Corey—Yes, we have.

CHAIR—When was that initiated?

Ms Clark—On 19 February.

CHAIR—What year?

Ms Clark—This year, 2001.

CHAIR—For the sake of the record, I need the 2001 in there. What was the reaction of the Brisbane City Council to that offer?

Mr Bain—They have not responded yet. We are expecting a response very shortly.

CHAIR—Are there any caveats on the offer of a priority sale?

Mr Corey—Obviously, the valuation will be a point that we will debate.

CHAIR—Obviously, I expect that, but are there any others?

Ms Clark—We just need the Minister for Finance and Administration to approve it.

CHAIR—That approval has not been given at this stage?

Mr Corey—No. It has not been sought yet.

Ms Clark—It has not been sought.

Mr Corey—It will not be sought until such time as the council indicates a willingness to pursue the priority sale.

CHAIR—What is the basis of making the offer of a priority sale to the Brisbane City Council rather than, say, the Queensland state government? I am thinking now in terms of what happened to the Fremantle Artillery Barracks. The offer there was to the state government and not to the local council.

Mr Corey—The history of artillery barracks is different from that of this site, in the sense that initially a priority sale was going to be made to—

CHAIR—To Notre Dame.

Mr Corey—To Notre Dame University and then it became a state government issue. I think it had a different lineage. Every site is different, but normally we would offer it to the local council, whether it is at Ballarat, Brisbane or anywhere else.

CHAIR—But that priority sale also would be somewhat dependent upon, I presume, what happens with the heritage listing?

Mr Corey—Obviously.

CHAIR—Yes. When is that likely to be resolved? You said you are meeting with the Heritage Council this afternoon?

Ms Clark—Yes, at the Queensland EPA's discretion. It is something that they are investigating.

CHAIR—Thank you.

Ms Clark—Just with regard to Annerley, when we started discussions on the Annerley site with the council back in 1997—

CHAIR—I am sorry, you had—

Ms Clark—When we started discussing the future of Annerley with Brisbane City Council back in 1997, the deputy mayor, Councillor Quinn, suggested that the state government might be interested in a priority sale itself for community development on that site. We went through that process with the state government. At no time during my discussions with Brisbane City Council, since that time, have they expressed an interest in actually a priority sale themselves for that property. I acknowledge I had not offered it, but they also had not expressed any interest in it either.

Mr Corey—But it had been offered to the state—

CHAIR—It had been offered to the state.

Mr Corey—in 1997 and 1999. There have been ongoing discussions with the state over the period ever since it has been potentially surplus.

CHAIR—What has been the reaction of the state government in Queensland?

Ms Clark—They withdrew—

Mr Corey—Disinterested.

CHAIR—Have they formally responded or were they—I think I picked up your last comment—disinterested? It would be good for the record to have that there.

Ms Clark—The state government withdrew their interest in January 2000.

CHAIR—I think you said disinterested.

Mr Bain—They became interested again when it became a heritage issue. It became a different issue then. They were not interested in acquiring the site on a priority basis at any stage and now they tend to be becoming interested again.

CHAIR—It may well be that they were not interested in it for purely commercial reasons.

Mr Corey—Yes.

CHAIR—But they could be interested if it has heritage value?

Mr Corey—I cannot speak for them.

CHAIR—I understand that, but one could reasonably surmise that that might be the case. The opinion was expressed that DEO has a trigger for community consultation based around heritage listing. If a site is heritage listed, then community consultation is conducted but, if not, then DEO goes ahead and disposes of the site without engaging the local community. How would you respond to that? That was said in the *Hansard* on 23 January at page 263.

Mr Corey—We had a policy of engaging in consultation with the community and interested bodies, whether the site is heritage listed or not heritage listed.

CHAIR—So that is not a trigger of itself?

Mr Corey—No, it is not a trigger of itself.

CHAIR—The report that was received in no way influenced the level of consultation by DEO?

Mr Corey—No, not at all. One of the parts of our process is to undertake a heritage assessment of a site, if there is any indication of a history of heritage on the site. That applies to all sites.

CHAIR—Thank you. Mr Warfield also referred to a building condition report, which we understand DEO has denied SPACE a copy of. Is that correct?

Ms Clark—I think there was a little confusion over that. It was undertaken by the regional manager in Queensland to provide it. Unfortunately, for personal reasons he was away for quite a substantial period of time and had not passed on the agreement that he would pass over that report. I know I have sent that report to them.

CHAIR—That has now gone across?

Ms Clark—Yes.

CHAIR—Can you supply us with a copy of that report?

Ms Clark—Yes, by all means.

CHAIR—For some small properties with heritage values which are sought for community purposes, especially military heritage purposes, why wouldn't you consider forsaking optimised revenue which would, in any event, be minimal in relative terms, and make the property available for those community purposes?

Mr Corey—It all depends on the view of what has military heritage and what has not. As I said, we do a heritage assessment—not necessarily a military one—of all our properties. In many cases, local communities see a Defence property with an old building on it and suggest that, if that is a heritage building, then it should become a park and we will retain the building

for community purposes. That is not the view we take. If it has a genuine heritage background, then we do the assessment and work with the local council or local community on the future of the property.

CHAIR—I understand the point of view from which you are coming. How do you qualify a genuine heritage value?

Mr Corey—We engage heritage architects to assess the site. We forward the reports to the Heritage Commission and we reach agreement on whether it has a genuine heritage requirement or not.

CHAIR—Is that prior to or after consultation with the local community?

Mr Corey—It can be at any stage, but it is normally part of the consultative process. We do remediation strategy and heritage surveys concurrently. We can be or may not be involved with the community at that stage. The property may be occupied at the stage we are doing those assessments, getting ready for the time when it is no longer required. We probably would not be in formal negotiation or consultation with the community at that time in some cases, but in some cases we may be.

CHAIR—Yes. I think that seemed to be the problem coming from the various communities that appeared before us on a range of issues: the horse seemed to have bolted before they had the chance to be consulted on the issue. What is your response to that?

Mr Corey—Unless I had a specific, it is very difficult. I will give you an example: Yeronga has been held up to us now as an example of good practice.

CHAIR—Yes, we visited Yeronga.

Mr Corey—The Yeronga process and the Annerley process are identical. It is quite amazing.

CHAIR—The outcomes were different. The committee did visit Yeronga and were impressed with the outcome there. I do not think anyone would resile from that. One could say that, from where we stood on the issue, people were reasonably satisfied that there was a reasonable process in place.

Mr Corey—At the time of our conducting the disposal and going through the consultative process for Yeronga, we had exactly the same attitude from the community and the council as we are experiencing with Annerley.

CHAIR—Exactly the same?

Mr Corey—Exactly the same—probably stronger. And now it is being held up as an example of the way to do business.

CHAIR—Yeronga?

Mr Corey—Yes.

CHAIR—What happened at the Annerley site that caused it to go wrong?

Mr Corey—It has not gone wrong, Senator.

CHAIR—It went wrong in the sense that, again, we had a number of fairly motivated and agitated people.

Mr Corey—At every site we attempt to dispose of we have a minority group within that community that does not agree with us. It does not agree with the rest of the community and it does not agree with us. That is democracy and it is something we have to work our way around.

CHAIR—I must admit that it is democracy. I was not unimpressed by the fact that we had the local federal member there. But, while the local federal member is not of my persuasion in politics, it seemed to transgress.

Mr Corey—You can see that it is a very marginal seat, and there is an election coming up this year. I would have thought that there would obviously be things that would interest people that may not necessarily interest them at other times.

CHAIR—You can say that, Mr Corey.

Mr Corey—I probably can, but I probably should not.

CHAIR—You can say it but I certainly cannot, or will not. I am saying that, in a genuine sense, there seemed to be a fairly broad concern there. If you are saying to me that Annerley was handled in the same way as Yeronga, why was there a different reaction?

Mr Corey—We had exactly the same reaction in Yeronga. We went through exactly the same stage with Yeronga as we are now going through with Annerley; it is no different. We went through a similar situation at Kelvin Grove.

CHAIR—What was different about the community aspirations for the site at Yeronga as opposed to the site at Annerley?

Mr Corey—The aspirations were the same. They wanted to turn it into open space.

CHAIR—Why the reaction, then, at Annerley and not at Yeronga?

Mr Corey—It was at Yeronga. We went through a process at Yeronga. There is a group of people who still do not believe we did the right thing at Yeronga. There is always going to be a group of people who are not going to accept what we do. They do not accept what anybody does.

CHAIR—Mr Corey, I can understand that.

Mr Corey—We try to take a process forward that lets all the views come to the table and, at the end of the day, there has to be a decision made that is in the interests of the majority.

CHAIR—What is Defence's response to Annerley and other similar sites being run by a community organisation, which would be responsible for the ongoing maintenance and upkeep and rental from the Commonwealth at a peppercorn rental for 99 years? What is your response to that proposition?

Mr Corey—The government policy is that we dispose of Commonwealth property for its best value. If we wanted to do a priority sale or gift it to the community, the decision rests with the delegate under the Lands Acquisition Act, which is the Minister for Finance and Administration. From Defence's point of view, we would not recommend that to the minister in any event. Unless there was a genuine reason why the Annerley site should not be developed—and we do not see that as yet—the only thing we can see on it is that there is a drill hall that has some heritage value and that, in itself, would not stop the bulk of the site having some development value. From Defence's point of view, that will give us revenue and it will give the Commonwealth revenue. We would be hard pressed to recommend that to the Minister for Finance and Administration. I do not think there is any way he would agree that it should be disposed of in that way.

CHAIR—The Annerley local community groups believe that Defence has not liaised with them, let alone kept them informed of developments. That was in evidence on 23 January, at page 265 of *Hansard*. Would you like to respond to that, that you failed to liaise with them and keep them informed of developments?

Mr Corey—I will ask Liz to run through the liaison that did go on.

Ms Clark—In looking at our properties and what the issues are with preparing them for the market, we undertake studies. As I have already mentioned, I was speaking with council about this site for over three years before we got to this situation. At no time during those discussions was there any indication from council that there was any concern with its future use. The Brisbane council plan for this area, and particularly the Annerley property, has it for residential development. Those local area plans are done through an extensive consultation process by the Brisbane City Council. Councillor Soorley actually advised you of that at the hearing. Councillor Soorley was also advocating that we go through a master planning process. We agree with what he is saying, that the greatest surety you can give to a potential purchaser, the more comfort he has in actually paying the dollars for it. We do not disagree with that at all.

However, going through a master planning process has no legal basis whatsoever in the final analysis. In relation to master planning, we have carried out master plans, particularly for our bigger sites. In South Australia we have had 700 hectares surplus land, and we have worked through a master planning process there with the state government and the two local councils. That provides a jump off point for a disposal strategy. We are intending to do that with Maribyrnong in Victoria, Point Cook and possibly Wacol, which Councillor Soorley made mention of as well. That is where you have a very large block of land where it is not clear how it is going to be used in the future.

Annerley has this residential underlying zoning there already. We cannot zone, rezone or apply for a change of use while it is still in Commonwealth ownership. It has to go out of our ownership before that application can be put in place. As part of that change of use application, the new owner, together with the council, is required to advertise, take in public comment from that and consider it, and the council, as the local planning authority, has to agree to its change of use. In Annerley, there are two stages where the community has an opportunity to make comment on its future use. SPACE are not comfortable with it being developed for residential use, and that is fine. There has been one opportunity, and there will be another opportunity, for them to make comment in relation to that.

CHAIR—All right, but their specific charge was that they had not been liaised with, let alone kept informed of developments.

Ms Clark—We have been speaking with Gary Hardgrave on a regular basis and he has been speaking with SPACE. I have spoken to SPACE on a number of occasions, written to them; there has been correspondence on and back. Perhaps we should have done it—

CHAIR—I am not trying to pick on the local federal member, but do you think, though, that liaising with the federal member and expecting the federal member—whether it be Gary Hardgrave or Julia Gillard—in law is of itself sufficient? Do you see a need to actually liaise yourselves with the individual community groups and organisations that might be raising the difficulties?

Mr Corey—We do. In relation to properties in New South Wales, Senator, we do. We can take it through a planning process ourselves, and that is where we have engaged Randwick and a whole range of other site communities in detailed consultation. In the case of Queensland, as Liz was pointing out, we have no control over the future use of the site.

CHAIR—I accept that.

Mr Corey—So really the consultative process is post us getting rid of the site, but we want to make sure that the site is positioned in such a way that we can maximise the return to Defence and the Commonwealth. I guess that is probably an issue that needs to be raised at the state government level to get some understanding, to get a process in place that enables us and the Queensland government and the local councils to have a process that does engage the local communities at a much earlier stage.

CHAIR—If that is an outcome of this inquiry then that of itself would be—

Mr Corey—That would help us no end.

CHAIR—That could be a valuable recommendation which may well smooth over some of the difficulties that have been presented to this committee during its inquiry.

Mr Corey—We have great difficulty with the Queensland properties because of that. We are always shown as the bad men in the process.

CHAIR—It is not that Queensland is my home state and making me sensitive to these issues, but I want to find out whether you have the same difficulties in other parts of Australia as well. You have said no in respect of New South Wales.

Mr Corey—We had a similar difficulty in Victoria.

CHAIR—Right. What about Tasmania where you would have limited properties.

Mr Corey—No, we do not have too many properties to dispose of in Tasmania. They are usually very political and a lot of the ones that we do dispose of have heritage value, and they involve a very difficult time for us.

CHAIR—What about South Australia?

Mr Corey—It is not really a difficulty in South Australia. In South Australia we seem to be able to get them rezoned. I think in South Australia the actual land line has a Defence special purposes zoning on it. It also has an underlying zoning not dissimilar to Queensland. In Western Australia we have not actually disposed of too much vacant land, and the state government usually gets involved—

CHAIR—But there is a bit there to be disposed of in Western Australia.

Mr Corey—There is a bit to be disposed of in the future, yes. So it would be useful to have a consistent approach across the country.

CHAIR—That is something you do not have at this stage, and that brings different reactions in different states by community organisations, councils and state governments.

Mr Corey—It certainly does. But if we did have one process fits all right across the country, it would not necessarily take away the vested interest groups who are going to not necessarily agree with what we do anyway. In New South Wales we have continuing and ongoing consultation and there is always a group that will not agree with us.

CHAIR—I accept that, but it will at least make the process more open and more transparent.

Mr Corey—Yes, I accept that.

CHAIR—Regardless of whether people agree with the outcome, so long as they believe that there is openness and transparency in the process. We all know we cannot win everything that we put our minds to and it may well mean that the task together you are charged with will be made a heck of a lot easier.

Mr Corey—Yes. In New South Wales there is a safety valve in that you have got the Land and Environment Court so that if the council do not want to rezone the property or to accept the result that we want, we can actually take it to an independent arbitrator to make a judgment on it. If you had that similar process in other states you could get someone to make a decision for you, otherwise you can wheel spin indefinitely.

CHAIR—I think that has been a useful discussion. Indeed, I think most of this inquiry has been useful. Can I go back to Annerley? The first notification the local residents claim they had of the sale of the property was through their local member, who was informed by the parliamentary secretary for defence. That was stated in the *Hansard* of 23 January at page 272. Is that correct? Was there no other direct form of notification to these people? Was their first knowledge of this through their federal member?

Ms Clark—I had not been notified by council of any groups within the area which had an interest in the future use of that site.

CHAIR—I think that is part of the problem; these groups only emerge once they know the site is up for grabs.

Ms Clark—I had not had any advice and I did not actually know of their existence until after that letter had gone to Mr Hardgrave.

CHAIR—Were there any organisations such as the local RSL branch or other similar community organisations in the area that you would have notified?

Ms Clark—The two local RSL clubs were aware of it because we arranged for the flagpole that was sitting on the property to be relocated.

CHAIR—This was prior to the notification to the federal minister?

Ms Clark—Yes, in fact I worked with Gary Hardgrave on it.

CHAIR—The site at Annerley apparently had been vacant since 1997. When did Defence decide to sell the site and when did they intend to consult with the residents, as opposed to any community interest groups that might have been there?

Ms Clark—It was 1997 when it was identified for disposal. I think in 1998 we advised council. Subsequently it was then withdrawn from disposal for a period of about 12 months when it was being re-evaluated for possible defence use. It then went back into the non-disposal side and came back out again in, I think, early 1999, which was when we approached the state government about their interest in the site.

With regard to consultation with the community, we had not planned on a consultation process basically because the information regarding the future use of the site and the consultation that had already taken place through the council process did not indicate there were any issues.

CHAIR—Thank you. When the Queensland Living History Foundation inquired into the process for the disposal of Annerley, they were told that they would be kept informed. This was the last contact they claimed to have received from DEO. Why did DEO not keep an obviously interested local group informed as to what was happening?

Mr Corey—That claim is probably valid; I do not know.

Ms Clark—I did not contact them subsequently, but I did not know of their interest either.

CHAIR—Do you have a register of groups, residents or organisations that have indicated an interest in the sale of a particular property, for whatever reason? Do you keep it and then use it as the basis from which you—?

Mr Corey—No, I think that would be rare. On this particular site, as Liz indicated, Defence took the view that, because council had gone through a formal process of engaging the community and determining the future use of the site in a general sense, there was no further need to consult the community and they would get a subsequent bite at the cherry when council took the next step. In hindsight, that is probably not the way we should have done it.

CHAIR—The following comments came up in evidence in Brisbane, but not necessarily relating specifically to Annerley. The Lord Mayor of Brisbane, Councillor Soorley, stated that he believed Defence was giving a very misleading impression to developers by not disclosing the constraints that are imposed on the future development of Defence land under the city plan, especially in relation to a green corridor and southern Brisbane. That was said in evidence on 23 January, on page 281 of the *Hansard*. What is your response?

Mr Corey—I can only assume that Councillor Soorley is referring to the Wacol site. We have had an unsolicited proposal from a developer suggesting how the site should be used, and we have just taken that as background information. Obviously he has talked to Councillor Soorley as well.

CHAIR—What happens to unsolicited approaches such as that? Do they get filed?

Mr Corey—They get thrown in—

CHAIR—In the WPB?

Mr Corey—We probably read them and take from them what is useful, and they may influence our planning in the future. It is an idea that somebody has for what the future use of the site may be, but the unsolicited proposal is just that. It will not have any long-term bearing on the site. It may influence the way we approach the disposal process with some ideas, but we still have to go to public tender and the unsolicited proposer has no more advantage than anybody else does.

CHAIR—The Brisbane City Council claims there is no formal process between Defence and the council when planning for the disposal of Defence land. Is this true and, if so, why? What should be done to remedy the situation if it is true?

Mr Corey—The words are probably very careful there, and there probably is no formal proposal as a matter of process. But as a matter of course we engage the council at the earliest stage in any of our sites. That has been the case for Annerley, Wacol and Yeronga because the council hold the authority to rezone and the future use of the site is in their hands, it is not in ours. So I think that is perhaps mischievous.

CHAIR—Mischievous, right. So if there is no formal process, you are saying there is clearly an informal process.

Mr Corey—There is, and we have followed it on every occasion. If I am wrong, correct me.

Mr Bain—In fact, Senator, on 12 July 1999, Liz Clark provided advice to the Brisbane City Council of Defence properties in the Brisbane area which were up for disposal—that is one letter. There has been continuous consultation since that time on all of our properties up there, so they are well aware of what we are doing.

CHAIR—When you say that, who do they formally correspond with? Is there a planning division within the Brisbane City Council?

Mr Bain—Yes. Mr Kevin Cronin is our principal point of contact and he is in the development assessment area.

Ms Clark—He is our point of contact with the Brisbane City Council, nominated by Councillor Soorley. We have a chronology here that we will submit. I usually speak with or visit with Mr Cronin every two to three months, so there is that informal process where we go through all our properties, detail where we are at and what is coming up in the future.

CHAIR—Putting aside Brisbane, is that informal process repeated with other councils? Do you have the same type of informal process without it being regimented and rigorous?

Mr Corey—In Victoria we do, we engage the council at the earliest stage. In South Australia and Western Australia we have not had the same because there have been fewer experiences. In New South Wales, yes, we engage the council because they are vital to the outcome.

CHAIR—What I am trying to get at is this: is there a broad template that officers of your department use in dealing with the councils? Is there a set procedure, a set process, a set way in which you approach the council, who you approach, the sorts of details you give to the council?

Mr Corey—You have to understand that there are only two directors in this organisation—one in Sydney and Liz—and they have staff of four and five respectively. So it is quite a tightly controlled group.

CHAIR—I understand that.

Mr Corey—While we do not have it formalised and written down—that is, this is a step by step way you approach it—Liz would advise her staff on each occasion: ‘This is how you will proceed through this disposal.’ Bernard Blackley would do exactly the same thing.

CHAIR—That may well be known within the organisation, but it is not known outside.

Mr Corey—No.

CHAIR—Seeing that you are getting to the stage where you have a substantial number of Defence properties that are now becoming available for disposal—and they are not insignificant sites either in terms of size or perceived heritage values—and that this is an area where the public have no understanding or knowledge of the practices and procedures adopted by Defence, it may well be that therein lies some of the scepticism, if I can use that word, that they may have of the way in which Defence Estate operates.

Mr Corey—I accept that. It is quite likely. It may be that we need to develop some more formal processes in broad terms that can be communicated to councils and the community more generally.

CHAIR—It just seems to me that, instead of running into brick walls all the time—

Mr Corey—I am not suggesting that by putting this process out the brick walls will be removed.

CHAIR—No, I am not suggesting that either. But it may well be that—

Mr Corey—It may weaken the mortar a bit, do you think?

CHAIR—You cannot white ant mortar, but if you could, you might.

Mr Bain—We do have a formal process in place for advising the states and territories on our properties through annual meetings.

Mr Corey—There is a formal process of engaging states and territories at official levels on an annual basis, where we provide them with the future use of Defence property. But that does not necessarily feed down to councils and local communities.

CHAIR—You did take a question on notice last time. You were going to do a comparison between Point Cook and other facilities in relation to operating charges and so on.

Mr Bain—We have that, Senator.

CHAIR—Can you table that for us?

Mr Bain—Yes.

CHAIR—We did indicate to you, and you agreed, that there would be some evidence that we would take in camera. We will do that right at the end of the proceedings next time.

Mr Corey—We have that and we will bring that back next week.

CHAIR—Can you just give us an indication as to how long you think that will take?

Mr Corey—About four minutes.

CHAIR—We will allow 10 minutes in case there are any questions. We do thank you for your appearance today. As I said, it is important that your evidence is placed on record because of the nature of the inquiry and the fact that it is a very important issue.

Committee adjourned at 12.22 p.m.