
The Parliament of the Commonwealth of Australia

Report 1/2015

Referrals made October 2014

- Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project
- Project AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS) Facilities Project

Parliamentary Standing Committee on Public Works

February 2015
Canberra

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Membership of the Committee

Chair Mrs Karen Andrews MP (until 23/12/14)

Deputy Chair Mr Graham Perrett MP

Members Senator Matthew Canavan

Ms Sharon Claydon MP

Senator Alex Gallacher

Mr Ian Goodenough MP

Senator the Hon Bill Heffernan

Ms Joanne Ryan MP

Dr Andrew Southcott MP

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List of recommendations

2 Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project

Recommendation 1

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project.

3 Project AIR9000 Phase 7 – Helicopter Aircrew Training System Facilities Project

Recommendation 2

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Project AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS) Facilities Project.

Introduction

- 1.1 Under the Public Works Committee Act 1969 (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by the Parliamentary Secretary to the Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.¹
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
 - the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
 - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
 - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
 - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
 - the clearing of land and the development of land for use as urban land or otherwise; and

¹ The *Public Works Committee Act 1969* (The Act), Part III, Section 18(8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the Regulations.

- any other matter declared by the regulations to be a work.²
- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
 - the present and prospective public value of the work.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

Structure of the report

- 1.6 The proposed projects were referred to the Committee in October 2014 by the Parliamentary Secretary to the Minister for Finance, The Hon Michael McCormack MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agencies, submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on significant issues of interest or concern.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.⁴
- 1.10 Chapter 2 of this report addresses Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project. The estimated cost of the project is \$707.9 million, excluding GST.
- 1.11 Chapter 3 of this report addresses Project AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS) Facilities Project. The estimated cost of the project is \$157.1 million, excluding GST.
- 1.12 Submissions are listed at Appendix A, and hearings and witnesses are listed at Appendix B.

2 The Act, Section 5.

3 The Act, Section 17.

4 <www.aph.gov.au/pwc>

Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project

- 2.1 The Department of Defence (Defence) seeks approval from the Committee to provide facilities, infrastructure and airfield works for the introduction of new Boeing P-8A Poseidon aircraft.
- 2.2 The proposed facilities include administration, operations, simulation and training, maintenance hangars, workshops to conduct operational level maintenance, aircraft pavements, aircraft rinse facilities, explosive ordnance facilities and associated engineering services.¹
- 2.3 The works would be undertaken at the main operating base at RAAF Base Edinburgh, SA, and designated forward operating bases at RAAF Bases Darwin, NT, Pearce, WA, and Townsville, Qld. Minor works would also be undertaken at HMAS Stirling, WA.²
- 2.4 The estimated cost of the project is \$707.9 million, excluding GST.
- 2.5 The project was referred to the Committee on 28 October 2014.

Conduct of the inquiry

- 2.6 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 2.7 The Committee received one submission and three supplementary submissions from Defence. A list of submissions can be found at Appendix A.
- 2.8 The Committee conducted an inquiry briefing and inspection, and public and in-camera hearings, in Adelaide on 29 January 2015. A transcript of

1 Defence, submission 1, p. 8.

2 Defence, submission 1, p. 8.

the public hearing and the public submissions to the inquiry are available on the Committee's website.³

Need for the works

- 2.9 The 2013 Defence White Paper stated that Defence will continue to provide 'effective intelligence, surveillance and reconnaissance capability across Australia's vast maritime area of interest. This will require ongoing sustainment of the frequently used but ageing AP-3C Orion fleet, along with the timely acquisition of a replacement capability'.⁴
- 2.10 The White Paper identified that Government intends to replace the AP-3C Orion fleet with P-8A Poseidon aircraft, complemented by unmanned aircraft capable of undertaking broad area maritime surveillance and fleet overwatch. The goal is to provide long-range, long-endurance maritime surveillance and response and an effective anti-submarine and anti-surface warfare capability.⁵
- 2.11 The project being assessed by the Committee provides the facilities, infrastructure and airfield works to support the new aircraft. The size and weight of the P-8A aircraft will require new maintenance hangars at RAAF Bases Edinburgh and Darwin to operate and maintain these new aircraft. The P-8A aircraft is wider and heavier than the AP-3C Orion and will be more demanding, and potentially damaging, on aircraft pavements. Upgrades including strengthening of existing pavements and runway lengthening to a number of RAAF and joint user airfields are required.⁶
- 2.12 Further, the agreement between the United States of America (USA) and Australia for the supply of the P-8A aircraft requires that Australia comply with certain specific USA security requirements. These include the information and physical security of all aspects of the aircraft system, including training, maintenance and operations. The security requirements must meet the higher physical security zone requirements of the Protective Security Policy Framework. The physical security of the aircraft requires a secure apron and maintenance areas, while uninstalled components (software and hardware) require secure storage.⁷
- 2.13 There are two aspects to the need for an increased level of security:

3 <www.aph.gov.au/pwc>

4 2013 Defence White Paper, p. 88; Defence, submission 1, p. 4.

5 Defence, submission 1, p. 4.

6 Defence, submission 1, p. 8.

7 Defence, submission 1, p. 8.

The first part is... protecting Australia's national interests. ...there is an increased capability in sensors and also in communications devices. That increases the security space in which we will work with the P-8A. The second part is the US government's International Traffic in Arms Regulations that limit people's access to US-acquired capability.⁸

2.14 The Committee is satisfied that the need for the work exists.

Options considered

2.15 Defence has completed concept design activities for the project. During this process, alternatives for reuse of existing facilities were considered. However, due to the need to maintain the AP-3C Orion in service until the P-8A fleet is fully operational, opportunities for reuse are limited and introduce additional costs associated with decanting AP-3C functions and unacceptable capability risks.⁹

2.16 In addition, the existing facilities at RAAF Bases Edinburgh and Darwin do not meet the higher physical security zone requirements of the Protective Security Framework for the facilities, as stipulated in the agreement between the USA and Australia for the supply of the P-8A Poseidon aircraft and would require substantial improvements to achieve the required standard.¹⁰

2.17 Various siting options for the facilities were considered at RAAF Bases Edinburgh and Darwin, with site-specific considerations determining the preferred location.¹¹

2.18 Options considered for runway extensions at RAAF Bases Edinburgh, Townsville and Pearce included relocating the existing runway thresholds (coincidental threshold) or adding pavement pre-threshold for take off only (displaced threshold).¹² Displaced threshold options are preferred for each site.¹³

2.19 Further detail on the range of options considered can be found in Defence's submission.¹⁴

2.20 The Committee found that Defence has considered multiple options to deliver the project and has selected the most suitable option.

8 Wing Commander Lee Read, Defence, transcript of evidence, 29 January 2015, p. 3.

9 Defence, submission 1, p. 11.

10 Defence, submission 1, p. 11.

11 Defence, submission 1, p. 13, 17.

12 Defence, submission 1, p. 12.

13 Defence, submission 1, p. 15, 20, 21.

14 Defence, submission 1, pp. 11-22.

Scope of the works

- 2.21 The scope of the works at RAAF Base Edinburgh includes:
- 92 Wing facility (including hangar maintenance and operational facility and operational conversion facility);
 - airfield works (including runway extension, taxiways and runway thresholds, high intensity approach lighting, apron and aircraft rinse facility);
 - engineering infrastructure;
 - carparking;
 - other facilities (existing facilities impacted by proposed works); and
 - temporary works to support initial operations until the new facilities are completed.¹⁵
- 2.22 Defence advised that the temporary works at RAAF Base Edinburgh are minor and will be used for approximately 18 months between the arrival of the first aircraft and the completion of the facilities.¹⁶
- 2.23 Works at RAAF Base Darwin include:
- 92 Wing facility (including hangar maintenance and operational facility);
 - airfield works (including aircraft rinse facility, parking apron and fuel hydrant line); and
 - engineering infrastructure.¹⁷
- 2.24 Works at RAAF Base Townsville include:
- runway extension;
 - redevelopment of existing maritime ordnance loading aprons 13 and 14; and
 - aircraft rinse facility.¹⁸
- 2.25 Works at RAAF Base Pearce include:
- runway extension;
 - parking apron;
 - aircraft rinse facility; and
 - redevelopment of the existing ordnance loading apron.¹⁹

15 Defence, submission 1, pp. 14-16.

16 Brigadier Noel Beutel, Defence, transcript of evidence, 29 January 2015, p. 3.

17 Defence, submission 1, pp. 17-19.

18 Defence, submission 1, pp. 19-20.

19 Defence, submission 1, pp. 20-21.

- 2.26 Works at HMAS Stirling include:
- construction of a new earth covered building for the storage of explosive ordnance; and
 - refurbishment to the existing torpedo maintenance facility to accommodate additional torpedo testing and maintenance equipment.²⁰
- 2.27 For full detail on the scope of the works, refer to Defence’s submission²¹ and the transcript of the public hearing.²²
- 2.28 Subject to Parliamentary approval of the project, construction is expected to commence in October 2015 at RAAF Base Edinburgh and HMAS Stirling. Works at the forward operating bases are planned to commence in 2018, but may be delivered earlier if funding is available. All works are expected to be completed by the end of 2020.²³
- 2.29 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 2.30 The estimated cost of the project is \$707.9 million, excluding GST.
- 2.31 Defence provided further detail on the project costs in the confidential submissions and during the in-camera hearing.
- 2.32 The Committee considers that the cost estimates for the project have been adequately assessed by Defence and the Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

Committee comments

- 2.33 The Committee commends Defence for the community consultation it has undertaken throughout the project. In particular, the Committee applauds Defence for its consultation with traditional owners and Indigenous communities and the protocols in place to deal with expected or chance finds.²⁴ The Committee expects that community consultation will continue throughout the project.
- 2.34 The Committee also notes community consultation undertaken with regard to Penfield Road, adjacent to RAAF Base Edinburgh. The required runway extension would impact on the road and while the local council

20 Defence, submission 1, pp. 21-22.

21 Defence, submission 1, pp. 11-22.

22 Brigadier Noel Beutel, Defence, transcript of evidence, 29 January 2015, pp. 1-2.

23 Defence, submission 1, pp. 38-39.

24 Mr David Fairweather, Aurecon, transcript of evidence, 29 January 2015, p. 7.

preferred the road to be closed, Defence's community consultation showed a fairly even split of preferences for closing the road or keeping it open.²⁵ In view of this, Defence is investigating the feasibility of a jet-blast wall at the end of the runway to allow the road to remain open.²⁶

- 2.35 With regard to heritage assessments, the Committee notes that some existing buildings may have high heritage ratings. However, Defence assured the Committee that these buildings are not located on the same footprint as the proposed facilities, and as such, the project can be delivered irrespective of the outcome of further heritage assessments.²⁷
- 2.36 The Committee did not identify any issues of concern with Defence's proposal and is satisfied that the project has merit in terms of need, scope and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A report template can be found on the Committee's website.
- 2.37 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 1

- 2.38 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Project AIR7000 Phase 2B - Maritime Patrol Aircraft Replacement Project.**

25 Defence, submission 1, p. 30; Defence, submission 1.3, p. [6].

26 Brigadier Noel Beutel, Defence, transcript of evidence, 29 January 2015, p. 6.

27 Brigadier Noel Beutel, Defence, and Mr David Fairweather, Aurecon, transcript of evidence, 29 January 2015, p. 5.

Project AIR9000 Phase 7 – Helicopter Aircrew Training System Facilities Project

- 3.1 The Department of Defence (Defence) seeks approval from the Committee to provide facilities at HMAS Albatross, NSW and Jervis Bay Airfield, ACT, which can deliver helicopter training in a safe, fully integrated, modern environment, using a combination of live and synthetic training experiences on both modern twin-engine helicopters and flight simulators.¹
- 3.2 Defence informed the Committee that the Government is acquiring advanced, new generation naval combat and battlefield helicopters. Consequently, an upgrade to the introductory helicopter training system is required to ensure aircrew are adequately trained to operate these helicopters.²
- 3.3 The purpose of the proposed JP9000 Phase 7 Helicopter Aircrew Training System (HATS) facilities project is to provide a new training system incorporating both live and synthetic training elements to consolidate Navy and Army helicopter training into a single joint helicopter aircrew training system at HMAS Albatross and Jervis Bay Airfield (JBAF).³
- 3.4 The estimated cost of the project is \$157.1 million, excluding GST.
- 3.5 The project was referred to the Committee on 28 October 2014.

Conduct of the inquiry

- 3.6 Following referral, the inquiry was publicised on the Committee's website and via media release.

1 Defence, submission 1, p. 4.

2 Defence, submission 1, p. 1.

3 Defence, submission 1, p. 1.

- 3.7 The Committee received one submission and three supplementary submissions from Defence. A list of submissions can be found at Appendix A.
- 3.8 The Committee conducted an inspection, public hearing and in-camera hearing on the project on 30 January 2015 at HMAS Albatross in Nowra, NSW. A transcript of the public hearing and the public submissions to the inquiry are available on the Committee's website.⁴

Need for the works

- 3.9 The new HATS capability will prepare Navy and Army aircrew pilots, aviation warfare officers and aircrewmen/sensor operators for conversion to the advanced, new generation, operational helicopters.⁵
- 3.10 Defence told the Committee that the implementation of the HATS project will:
- ... reduce the training burden on operational aircraft, provide efficiencies across the Australian Defence Force (ADF) by capturing aircrew training competencies that are common in each of the different ADF helicopter types, and provide greater opportunity for the ADF's combat helicopters to focus on core operational capability. The Facilities Project is required to enable JP9000 Phase 7 HATS to meet these outputs.⁶
- 3.11 The project will use both commercial-off-the-shelf and military-off-the-shelf technologies to deliver a complete training system which will be supported by hangar, maintenance, training, administration, storage and warehousing facilities.⁷
- 3.12 At the public hearing, Defence told the Committee that the new helicopter aircrew training system will :
- ... provide training for Navy and Army aircrew, including pilots, aviation warfare officers, aircrewmen and sensor operators, before these aircrew progress to conversion onto advanced operational helicopter types, including the MH60R Seahawk, the MRH90 Army multirole helicopter and Navy maritime support helicopter, the S70A9 Black Hawk, the CH47 D/F Chinook and the EC655 Tiger armed reconnaissance helicopter.⁸

4 <www.aph.gov.au/pwc>

5 Defence, submission 1, p. 1.

6 Defence, submission 1, p. 6.

7 Defence, submission 1, p. 1.

8 Group Captain Ian Browning, Defence, transcript of evidence, 30 January 2015, p. 1.

- 3.13 Defence has stated that the existing facilities at HMAS Albatross and JBAF do not satisfy the specialised facility requirements necessary for HATS. Therefore, modification of existing facilities and infrastructure services, along with the construction of new facilities are required to address this current shortfall. The proposed facilities will support the safe and effective delivery of the new training system.⁹
- 3.14 During its visit to HMAS Albatross, the Committee observed a student sitting in front of a cardboard cut-out representing the cockpit of a helicopter and noted in the hearing that this method of training seemed somewhat out-dated. The Commander of the Fleet Air Arm told the Committee that:
- ... what we have had in place for the best part of the four decades that I have been flying has not been different from that. I have returned to command the Fleet Air Arm after 20 years' absence from it, and the very cardboard cut-outs that I used back when I was the CO of the squadron, and converting onto the type years before that, are the ones I used to get familiar with the cockpit again on the way back in.¹⁰
- 3.15 Having witnessed first-hand the dated training systems and facilities, the Committee is satisfied that the need for the works exists.

Location of the works

- 3.16 The proposed works will be undertaken at the Commonwealth owned, Defence controlled establishments of HMAS Albatross – which is located approximately 6km south west of Nowra on the south coast of NSW, and JBAF – which is located 33km south east of HMAS Albatross, and is managed through HMAS Creswell.¹¹

Scope of the works

- 3.17 The capability being acquired under the JP9000 Phase 7 HATS project includes:
- 15 Airbus EC135 helicopters;
 - three full flight simulators (with capacity for installation of an additional simulator in the future);
 - one marshalling synthetic trainer;

9 Defence, submission 1, p. 8.

10 Commodore Vincenzo Di Pietro, Commander, Fleet Air Arm, Fleet Command, Royal Australian Navy, transcript of evidence, 30 January 2015, p. 5.

11 Defence, submission 1, p. 5.

- one aircraft replica trainer;
 - two desktop trainers;
 - two tactical part task trainers; and
 - through-life support contracts.
- 3.18 The facilities work proposed at HMAS Albatross and JBAF to support the JP9000 Phase 7 HATS project include:
- offices space;
 - workshops and hangars for maintenance and storage of the aircraft;
 - training facilities (classrooms, flight simulators and synthetic trainers) for instructors, pilots, aviation warfare officers, aircrewmen and sensor operators;
 - parking aprons and refuelling facilities;
 - briefing and crew rooms; and
 - living-in accommodation.
- 3.19 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Options considered

- 3.20 Defence told the Committee that it initially investigated ten training facilities options, five living-in accommodation options and two JBAF briefing facility options. Through a process of elimination during multiple design reviews, value management reviews and siting option workshops, each project element option was assessed for its suitability to meet Defence's requirements. Viable options were assessed and the option found to provide the best value for money solution was identified as the proposed option.¹²
- 3.21 The preferred facility solutions for the HATS Training Facilities and Living in Accommodation at HMAS Albatross, and the Briefing Facility at JBAF were adopted as they all:
- provide value for money solutions that address the current facilities deficiencies to fully support the HATS capability;
 - create effective and streamlined interaction between like functions which will improve the efficiency of the HATS Training Curriculum;
 - meet current compliance legislation and other statutory requirements;
 - maximise opportunities to achieve optimised ecologically sustainable design and green building outcomes;

12 Defence, submission 1, p. 11.

- maximise opportunities to integrate similar functions to achieve construction economies of scale and facility performance efficiencies post construction;
 - minimise the requirement for temporary facilities and decanting, which in turn minimises disruption to ongoing training and operations; and
 - minimise whole of life costs.
- 3.22 In order to achieve the JP9000 Phase 7 Initial Operational Capability milestone, the selected option would need to be able to complete the Synthetic Training Facility by late 2016, and start installation of the full flight simulators in August 2016 to support the commencement of the Initial HATS Pilot Training Course.¹³
- 3.23 Additionally, the chosen option for the HATS facilities project would be required to enable the integration of live training with synthetic training devices, including flight simulators and computer based training platforms; and consider best use of the estate, in particular the airside real estate at HMAS Albatross and JBAF.¹⁴
- 3.24 Defence stated that it considered the viability of adaptively re-using or refurbishing existing facilities to reduce the requirement for new construction but in most cases, the options to re-use facilities were not cost effective because of the dilapidation, structural inadequacy, dysfunctional layout or inappropriate siting of the available facilities. Consequently, the majority of facilities proposed in this project are to be new construction. The exception is the live training component which will be housed in the existing K hangar. K Hangar was assessed as cost effective for refurbishment and adaptive reuse as it currently fulfils similar functions.¹⁵
- 3.25 Two buildings will be demolished, both of which are between 30 and 40 years old.¹⁶ Group Capt. Browning noted that being 1970s buildings “we will encounter asbestos”.¹⁷ The Committee was told:
- All asbestos will be removed, and that will be undertaken by licensed asbestos removers ... to be disposed of in accordance with New South Wales government regulations and the Defence Strategic Management Plan.¹⁸
- 3.26 The Committee is satisfied that Defence’s reasons for adopting the proposed course of action are sound.
-

13 Defence, submission 1, p. 11.

14 Defence, submission 1, p. 11.

15 Defence, submission 1, p. 11.

16 Group Captain Ian Browning, Defence, transcript of evidence, 30 January 2015, p. 2.

17 Group Captain Ian Browning, Defence, transcript of evidence, 30 January 2015, p. 3.

18 Mr Johnny Tripodi, Lend Lease, transcript of evidence, 30 January 2015, p. 3.

Impact on local community

- 3.27 Defence told the Committee that the project will generate short-term local employment predominantly in the building, construction and unskilled labour markets. Defence expects that a peak workforce of approximately 380 will be directly employed on construction activities as well as off-site functions for manufacturing and distribution of materials.
- 3.28 Defence anticipates that local building subcontractors will be employed on a large proportion of the construction works. The Managing Contractor will engage with local industry groups to maximise opportunities for local businesses, providing a positive economic impact to small and medium enterprises in the region. Defence anticipates that where the local market has insufficient capacity to manage the volume of the work, it will employ major sub-contractors from city based markets, which will provide wider economic benefits to the community.
- 3.29 Construction traffic routes will be managed through a project traffic management plan. Defence anticipates minimal disruption to the local community as both HMAS Albatross and JBAF are not accessed via major trunk roads.¹⁹
- 3.30 Regarding heritage issues, at the public hearing, Defence noted that during consultation with the Aboriginal Community Council:

There was no concern raised by the Wreck Bay community in terms of environmental issues. In terms of the project itself, the HATS facility environmental report found that the potential for Indigenous heritage values is reduced where the land has been impacted by early development, in this case with the proposed sites within Albatross and at Jervis Bay airfield. HMAS Albatross is not recognised for Indigenous heritage values on the National Heritage List or the Commonwealth Heritage List or the Register of the National Estate. A review of the New South Wales State Heritage Register indicates that there are no known Indigenous sites within the footprint of Albatross itself. Indigenous artefacts' locations have been identified outside the airfield perimeter at Jervis Bay airfield, away from the preferred new HATS briefing facility sites.²⁰

Cost of the works

- 3.31 The estimated cost of this facilities project is \$157.1 million, excluding GST.

¹⁹ Defence, submission 1.2, p. 18.

²⁰ Ms Jacqueline Bestek, Defence, transcript of evidence, 30 January 2015, p. 2.

- 3.32 Defence provided further detail on the project costs in the confidential submissions and during the in-camera hearing.
- 3.33 The Committee considers that the cost estimates for the project have been adequately assessed by Defence and the Committee is satisfied that the proposed expenditure is cost effective. As the project will not be revenue generating the Committee makes no comment in relation to this matter.

Committee comments

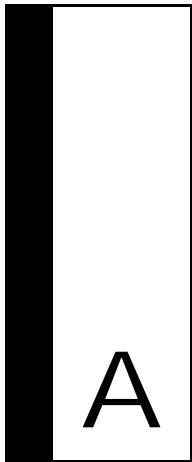
- 3.34 The Committee thanks Defence staff who were involved in the Committee's visit to HMAS Albatross. The Committee was warmly welcomed and appreciated the effort put into making the briefing and site inspection both interesting and informative.
- 3.35 At HMAS Albatross, the Committee saw firsthand the deficiencies in the existing training facilities and systems and was surprised at how out-of-date some of the training systems appeared to be. However, the Committee fully accepts the Commander's assurances that while operating for some years under sub-optimal training conditions, training has always been to the highest standard and HMAS Albatross has consistently produced exceptional pilots.
- 3.36 The Committee did not identify any issues of concern with Defence's proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 3.37 During the in-camera hearing, Defence demonstrated that it has appropriately assessed the project costs and risks, and will continue to manage these elements throughout the project.
- 3.38 The Committee reminds Defence that it must notify it of any changes to the project scope, time and cost. The Committee also requires that a post-implementation report be provided within three months of completion of the project. A report template can be found on the Committee's website.
- 3.39 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 2

- 3.40 **The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Project AIR9000 Phase 7 - Helicopter Aircrew Training System (HATS) Facilities Project.**

Graham Perrett MP
Deputy Chair

12 February 2015



Appendix A – List of Submissions

Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Confidential
 - 1.3 Department of Defence

Project AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS) Facilities Project

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Confidential
 - 1.3 Department of Defence



Appendix B – List of Hearings and Witnesses

Project AIR7000 Phase 2B – Maritime Patrol Aircraft Replacement Project

Thursday, 29 January 2015 – RAAF Base Edinburgh, SA

Public Hearing

For Department of Defence

BRIG Noel Beutel, Director General Capital Facilities and Infrastructure,
Department of Defence

AIRCDRE Adam Brown, Director General Aerospace Maritime, Training and
Surveillance, Defence Materiel Organisation

GPCAPT Phillip Champion, Officer Commanding, 92 Wing, Defence

WGCDR Sunil Narayan, Project Director, Capital Facilities and Infrastructure
Branch, Department of Defence

WGCDR Lee Read, Deputy Director Maritime Intelligence, Surveillance,
Reconnaissance and Response Transition Office, Department of Defence

Mr David Fairweather, Project Manager/Contract Administrator, Aurecon

In-Camera Hearing

Six witnesses

Project AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS) Facilities Project

Friday, 30 January 2015 – RAAF Base *Albatross*, Nowra NSW

Public Hearing

For Department of Defence

GPCAPT Ian Browning, Director of National Air/ Maritime Projects, Capital Facilities and Infrastructure Branch, Defence Support and Reform Group, Department of Defence

CDRE Vincenzo Di Pietro, Commander Fleet Air Arm, Headquarters Fleet Air Arm

CDRE Colin Lawrence, Director General Navy Aviation Systems, DMO, Department of Defence

Ms Jacqueline Bestek, Project Director National Maritime Projects, Capital Facilities and Infrastructure Branch, Defence Support and Reform Group, Department of Defence

Mr Johnny Tripodi, Defence Sector Leader Southern Region Lend Lease, Managing Contractor AIR 9000 Facilities Project, Lend Lease

Mr Stephen Carter, National Director of Defence, Sweett Group, Brisbane

Private Witness

Mr Mark (Ivor) Nelson

In-Camera Hearing

Six witnesses