

Multi-User Barge Ramp Facility, East Arm, Darwin, Northern Territory

- 3.1 The Department of Defence (Defence) seeks approval from the Committee to create a Multi-User Barge Ramp Facility (MUBRF) at East Arm in Darwin, Northern Territory.
- 3.2 The proposed facility is a collaboration between Defence and the Land Development Corporation (LDC) in the Northern Territory.¹
- 3.3 The works will provide Defence watercraft round-the-clock capability to load and unload helicopter docks, other amphibious ships and explosive ordnance irrespective of tidal conditions in Darwin.²
- 3.4 Additionally, the works will allow Defence to provide humanitarian assistance, disaster relief and civil evacuation duties in the region.³
- 3.5 The estimated cost of the project is \$18.0 million, excluding GST, with the cost to Defence being \$16.1 million, excluding GST.
- 3.6 The project was referred to the Committee on 4 March 2015.

Conduct of the inquiry

- 3.7 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 3.8 The Committee received one submission and one supplementary submission from Defence. A list of submissions can be found at Appendix A.
- 3.9 The Committee conducted an inquiry briefing and inspection, and public and in-camera hearings in Darwin on 23 April 2015. The public

1 Defence, submission 1, p. 6.

2 Defence, submission 1, p. 7.

3 Commodore Braddon Wheeler, Defence, transcript of evidence, 23 April 2015, p. 3.

submission to the inquiry and a transcript of the public hearing are available on the Committee's website.⁴

Need for the works

- 3.10 In February 2001, a Deed of Licence between Defence and the Darwin Port Corporation (DPC) gave Defence access to Stokes Hill Wharf, Iron Ore Wharf, and the Fort Hill Wharf Roll On/Roll Off facility (and adjacent land area) for the purposes of fuelling and de-fuelling vessels and loading and unloading cargo including military vehicles, personnel, equipment and supplies.⁵
- 3.11 The Fort Hill Wharf Roll On/Roll Off facility was decommissioned in November 2008 due to deterioration.⁶
- 3.12 The *Defence White Paper 2009* outlined enhancements for specific infrastructure, including a new boat ramp in Darwin. Subsequently in late 2010, Defence conducted discussions with the DPC to develop a MUBRF. This facility would also be managed under a Deed of Licence.⁷
- 3.13 In July 2011, Stokes Hill and Iron Ore wharves were removed from the Deed of Licence, the former being structurally unsuitable for large vessels and the latter having previously been demolished.⁸
- 3.14 Defence currently uses an existing barge ramp owned by the Paspaley Group, however this is unable to fully support Defence's requirements.⁹
- 3.15 Noting that the transportation of heavy military equipment and explosive ordnance by road through the Darwin CBD is becoming increasingly less viable, Defence identified the East Arm Wharf complex as the only practical alternative through which future amphibious loads could be conducted.¹⁰
- 3.16 Furthermore, East Arm is in close proximity to both Robertson Barracks and Darwin's CBD and provides good road and rail connections.¹¹
- 3.17 The Committee is satisfied that the need for the work exists.

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

5 Defence, submission 1, p. 2.

6 Defence, submission 1, pp. 2-3.

7 Defence, submission 1, p. 3.

8 Defence, submission 1, p. 3.

9 Defence, submission 1, p. 5.

10 Defence, submission 1, p. 5.

11 Defence, submission 1, p. 5.

Terms of the Deed of Licence

- 3.18 The proposed Deed will be between Defence and the LDC and will be valid for a period of 20 years, with the option of two five-year extensions. The Committee was told that the engaging the extension options would incur no extra cost to Defence.¹²
- 3.19 Defence will have access to the barge ramp facility for 60 days per calendar year. This is sufficient to meet Defence's needs. For the remaining days, the facility will be leased out to commercial users and revenue from such arrangements will fund ongoing maintenance. Defence therefore will not be financially responsible for maintenance.¹³
- 3.20 At the public hearing, the Committee enquired how Defence plan to ensure the facility is properly maintained. Defence confirmed that the LDC is legally bound by the Deed to undertake maintenance works.¹⁴
- 3.21 Defence will be granted first opportunity to take up any unused commercial days over and above the 60 days.¹⁵
- 3.22 At the public hearing, the Committee was assured that Defence's use of the facility over and above the 60 days would be at no extra cost:
- ...under the Defence Act, we do not pay for the use of wharves and access to them. And, particularly if it is for a declared contingency, there is certainly no requirement to meet any cost. If we have to move a commercial vessel – if it loses its wharfage in response to a contingency – then there is a fee that we would have to pay in compensation for that.¹⁶
- 3.23 Additionally, the Committee heard that, had it not been for Defence requirements, the LDC would not have prioritised a barge ramp facility.¹⁷ However the LDC is confident it can attract suitable commercial clients:
- I am quite confident that the facility will still provide better access than any other barge ramp in the Darwin area, with far more tidal access, given our extreme tidal ranges. We have had some informal discussions with operators who have shown interest in a process. So, yes, we are quite confident.¹⁸

12 Brigadier Noel Beutel, Defence, transcript of evidence, 23 April 2015, p. 4.

13 Defence, submission 1, p. 7.

14 Brigadier Noel Beutel, Defence, transcript of evidence, 23 April 2015, p. 9.

15 Defence, submission 1, p. 7.

16 Brigadier Michael Ashleigh, Defence, transcript of evidence, 23 April 2015, p. 3.

17 Mr Andrew Kirkman, Land Development Corporation, transcript of evidence, 23 April 2015, p. 4.

18 Mr Andrew Kirkman, Land Development Corporation, transcript of evidence, 23 April 2015, p. 7.

Options considered

- 3.24 In addition to the preferred option to build a new facility, two options were considered for enhancing the existing wharf at East Arm. These included:
- A floating Roll On/Roll Off pontoon, connected to a fixed wharf deck by a steel ramp, and
 - A cut-out section in an existing wharf, fitted with a platform that could move vertically and connect to the wharf by a loading ramp.
- 3.25 When taking into account high design, construction and maintenance costs to create structures that could bear the required weight, these options were considered extremely expensive, with estimated costs for a moving ramp being in excess of \$50 million.¹⁹
- 3.26 Despite identifying two minor operational limitations associated with water depth and flow, Defence has stated that the proposed MUBRF was considered to be the most cost-effective and operationally effective solution.²⁰
- 3.27 The Committee found that Defence has considered a number of options to deliver the project and has selected the most suitable option.

Scope of the works

- 3.28 The design of the proposed MUBRF has been managed by the LDC, with key Defence stakeholders providing considerable input into the development of the design.²¹
- 3.29 The key aspects of the MUBRF design requirements were addressed in Defence's Functional Design Brief and include:
- accommodating amphibious landing craft;
 - allowing for the safe passage of two landing craft travelling in opposite directions;
 - providing staging and marshalling areas suitable for a wide range of Defence vehicles; and
 - incorporating appropriate maritime navigation aids suitable for 24/7 operations.

19 Defence, submission 1, pp. 7-8.

20 Defence, submission 1, pp. 8, 17.

21 Defence, submission 1, p. 15.

Common use area

- 3.30 While not part of the project scope, it should be noted that the LDC is developing a 70,000m² staging area hardstand to be constructed within the 90,000m² common use area.²² This will be located at the head of the proposed MUBRF access road and will be used to unload armoured vehicles and engineering plant from articulated transporters that have very wide turning circles.²³

Site management

- 3.31 The Committee heard that the common use area is not contingent on the barge ramp facility:

That is being driven by the local industry up here, which was crying out for a temporary hardened surface to do that sort of work within the logistics area. There is easy access to the marine supply base, the port of Darwin and the railway.²⁴

- 3.32 Additionally, the Committee was told that LDC is currently liaising with industry regarding use and management of the facility:

Our intention is that we would put that out to a broader operator. Of course we would need to seek interest in that, and we are hopeful of getting some good interest. Then we would put that out for an operator to run both the barge facility for us and to have that direct liaison with the Defence officers and also with the other industry participants around the common use area.²⁵

- 3.33 The Committee raised the issue of restrictions on corporations with large foreign ownership elements that might seek to undertake this management role²⁶, but was subsequently satisfied in the in-camera hearing that arrangements would not adversely affect Defence's interests.

Heritage

- 3.34 At the public hearing, the Committee commented on a media article regarding relics from the operational base of a World War II fighting unit, known as Z-Force.

22 This figure was corrected at the public hearing. See Brigadier Noel Beutel, Defence, transcripts of evidence, 23 April 2015, p. 1.

23 Defence, submission 1, p. 16.

24 Mr Andrew Kirkman, Land Development Corporation, transcript of evidence, 23 April 2015, p. 4.

25 Mr Andrew Kirkman, Land Development Corporation, transcript of evidence, 23 April 2015, p. 5.

26 Senator Dean Smith, transcripts of evidence, 23 April 2015, p. 9.

Defence is confident that, with the proposed construction methodology and the mitigation measures that we have in place, there is no impact to any environment or heritage issues, particularly in the Z-Force area that is adjacent to the proposed barge ramp. I add that there is no perceived or identified impact on that facility for the subsequent operation of the barge ramp facility. I also add that I think that article makes mention of the Catalina boat ramp on Paspaley group land. That was included in looking at the heritage precinct. I can also confirm that this proposal does not impact on the Catalina boat ramp or subsequent operations on that boat ramp.²⁷

- 3.35 Subject to Parliamentary approval of the project, construction is expected to commence by mid-2015 and be completed by mid-2016.²⁸
- 3.36 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Cost of the works

- 3.37 The estimated cost of the project is \$18.0 million, excluding GST, with the cost to Defence being \$16.1 million, excluding GST.
- 3.38 At the public hearing, the Committee sought to address how LDC would meet ongoing maintenance costs if revenue from commercial opportunities is limited. The Committee was duly assured there were other sources of revenue:

The common user area will be a valuable piece of real estate for industry. We will take out short and longer term leases with industry for that land. That will support the barge ramp facility also.²⁹

- 3.39 When asked about potential return on capital, Defence told the Committee:
- ...there was no requirement within that NPP [New Policy Proposal] to look at a potential revenue stream for Defence with this barge ramp facility.³⁰
- 3.40 Defence provided further detail on the project costs in the confidential submissions and during the in-camera hearing.

27 Brigadier Noel Beutel, Defence, transcripts of evidence, 23 April 2015, p. 8.

28 Defence, submission 1, p. 21.

29 Mr Andrew Kirkman, Land Development Corporation, transcript of evidence, 23 April 2015, p. 8.

30 Brigadier Noel Beutel, Defence, transcripts of evidence, 23 April 2015, p. 4.

- 3.41 The Committee considers that the cost estimates for the project have been adequately assessed by Defence and is satisfied that the proposed expenditure is cost effective. Revenue generated from the project after completion will be paid to the LDC and therefore the Committee makes no further comment on revenue.

Committee comments

- 3.42 The Committee is satisfied that construction of the MUBRF will greatly assist in Defence's ability to provide humanitarian assistance and security operations efficiently and effectively.
- 3.43 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.
- 3.44 Proponent agencies must notify the Committee of any changes to the project scope, time, cost, function or design. 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.
- 3.45 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 3

- 3.46 **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: Multi-User Barge Ramp Facility, East Arm, Darwin, Northern Territory.**

