

Issues and Conclusions

Need

- 3.1 Defence submitted that the five FCPBs currently berthed at HMAS *Cairns* will be replaced by four ACPBs thus reducing the total number of vessels accommodated at the facility from 15 to 14.¹ Whilst noting that the ACPBs are some 15 metres longer than the FCPBs, the Committee inquired whether the overall reduction in the number of vessels berthed at the site meant that the new vessels might be accommodated under current arrangements without the execution of the proposed redevelopment works. Defence responded that the larger size of the ACPBs would effectively reduce the number of available berthing spaces by two, and added that ad hoc development of the base over time also meant that the proposed works were required to improve operational efficiency.²

Options Considered

- 3.2 Since the establishment of HMAS *Cairns* at its current location in 1982, the base population has increased from 100 to 783, while the number of

1 Appendix C, Submission No.1, paragraph 7

2 Appendix D, Official Transcript of Evidence, page 4

vessels home-ported at the facility has increased from four to 15.³ Further expansion of the current naval facility is prevented by surrounding commercial development and by the physical size and layout of the HMAS *Cairns* navigation channel.⁴ Noting the growth of the facility over time, the Committee asked if Defence had considered relocating the facility to a site capable of accommodating further expansion. Defence responded that the existence of HMAS *Cairns* as a functioning asset and the prohibitive cost of a greenfield development had excluded such an option. Defence added that it has a considerable history at HMAS *Cairns* and is committed to remaining at the site in the long term.⁵

Property Acquisition

3.3 As Defence's Statement of Evidence had provided little information about the proposed property acquisitions associated with the redevelopment, the Committee explored the matter at the public hearing. Defence explained that it hoped to make the following acquisitions through normal commercial means:

- lot 485, from the Cairns Port Authority;
- part of Draper Street road reserve, from the Queensland Department of Natural Resources, Mines and Water (DNRMW);
- the Cook Street road reserve, also from the DNRMW; and
- the training ship *Endeavour*.⁶

3.4 Defence asserted that it was close to reaching agreements-in-principle in respect of each property to be acquired.⁷

Training Ship *Endeavour*

3.5 Contrary to the evidence supplied by Defence, the Committee received a submission from the Cairns Navy League Incorporated stating that no agreement had been reached regarding Defence's acquisition of the training ship *Endeavour*, and raising a number of concerns about the

3 Appendix C, Submission No.1, paragraphs 7 - 8

4 *ibid*, paragraph 29

5 Appendix D, Official Transcript of Evidence, page 5

6 *ibid*, pages 5 - 6

7 *ibid*, page 6

proposal. At the public hearing, witnesses for the Navy League explained that theirs is an independent, community-based organisation formed to influence public thinking on maritime matters and to foster an interest in the sea. In Cairns, the primary purpose of the Navy League is to support the Australian Navy Cadets through provision and management of infrastructure and properties. In this capacity, the Cairns Navy League Incorporated currently rents the training ship *Endeavour* site from the Cairns Port Authority under a 25-year lease that is due to expire in 2018. The Navy League stated that its main concern in respect of the Defence acquisition is the welfare of the cadets and the continuation of the cadet unit as a community-based organisation in its current location.

- 3.6 The Navy League stressed that, despite several meetings with Defence, it had made no agreement in respect of the incorporation of the training ship *Endeavour* into HMAS *Cairns*.⁸ At a meeting on 5 May, Defence had presented the Navy with three acquisition options, the most preferred of which was that the League sub-let the *Endeavour* property to Defence. Following the meeting, the Navy League approached Defence with an alternative solution, under which Defence would acquire the freehold to the land from the Cairns Port Authority, while the Cairns Navy League would retain the leasehold. Defence would acquire the fixed improvements from the League on an agreed valuation basis and contribute some \$200,000 for the refurbishment of the *Endeavour*. The Navy League would then re-invest the bulk of the fixed assets purchase price in capital improvements to the facility, with the expectation that Defence would grant the League a further 25-year lease extension, at terms similar to those currently in place, and assume all maintenance and operational costs.⁹
- 3.7 In a written submission to the inquiry, the Cairns Port Authority supported Defence's acquisition of the training ship *Endeavour* site,
...subject to appropriate treatment of Cairns Navy League's
interest.¹⁰
- 3.8 The Commanding Officer of the training ship *Endeavour* Navy Cadet unit and the Vice President of the Unit Support Committee explained that the training ship *Endeavour* has a number of pressing infrastructure deficiencies and expressed concern that the \$200,000 allocated by Defence

8 Appendix D, Official Transcript of Evidence, pages 19 - 20

9 *ibid*, page 21

10 *Volume of Submissions*, Submission No.10, Cairns Port Authority, page 3

for refurbishment would not be sufficient to address them. Identified facilities requirements included:

- completion of a boat ramp and jetty to facilitate deep water access;
- provision of additional storage for boats and equipment to minimise occupational health and safety risks to cadets during removal and handling;
- provision of appropriate gender and rank-separated ablutions for 43 cadets and eight staff;
- upgrade and expansion of currently unusable accommodation facilities to provide gender separation and to allow for accommodation of visiting units; and
- associated upgrade of galley.¹¹

3.9 The Navy Cadet Unit Commander stated that, whilst priority would be given to the upgrade of operational facilities such as the partly-completed jetty and boat ramp, the accommodation issues would have to be addressed eventually. The unit intends to continue its close association with the Cairns Navy League, but noted that Defence would be responsible for infrastructure support at the *Endeavour* following its incorporation into HMAS *Cairns*.¹²

3.10 Notwithstanding these concerns, the cadet unit representatives stated that they were satisfied with the consultation process undertaken by Defence and with the commitment shown to the cadets by HMAS *Cairns*. Whilst acknowledging that the upgrade works to the *Endeavour* would need to be the subject of further negotiation, the cadet Unit Commander stated that:

... this is probably going to be the best thing that has happened to our unit in its entire history... I think that at the end of the day we will end up with a better facility with a greater range of experience for our cadets.¹³

3.11 In response to the comments made by the Cairns Navy League and the Training Ship *Endeavour* Unit Support, Defence explained that its budget for the acquisition of the *Endeavour* property is some \$700,000, which includes both the purchase price of the land from the Cairns Port Authority, and of the fixed assets from the Cairns Navy League. An

11 *Volume of Submissions*, Submission No.3, TS *Endeavour* Australian Navy Cadets Unit Support Committee and Appendix D, Official Transcript of Evidence, pages 25 and 30

12 Appendix D, Official Transcript of Evidence, page 27

13 *ibid*

additional \$200,000 has been allocated for refurbishment of the cadet facilities.¹⁴ At the hearing, Defence reaffirmed its commitment to the training ship *Endeavour*, and to working with all stakeholders to resolve the property acquisition issue in the best interest of the cadets. Defence applauded the Cairns Navy League's intention to reinvest asset sales funds into the improvement of the *Endeavour* facility and believes that this will ultimately result in "a win-win situation for everybody".¹⁵

- 3.12 Whilst not wishing to operate outside its remit by becoming involved in the particulars of the process, the Committee remains concerned to ensure that the acquisition the training ship *Endeavour* by Defence be negotiated to the satisfaction of all parties, and in a way that does not impact adversely upon the redevelopment project. To this end, the Committee wishes to be kept apprised of the negotiation process.

Recommendation 1

The Committee recommends that the Department of Defence keep it informed of progress with, and the outcome of, negotiations conducted with the Cairns Navy League, the Training Ship *Endeavour* Unit Support Committee and the Cairns Port Authority, in respect of the acquisition by Defence of the Training Ship *Endeavour* land and facilities .

Project Delivery Considerations

Staging of Works

- 3.13 The Committee asked how Defence intended to continue operations at HMAS *Cairns* during the execution of the redevelopment works. Defence replied that Navy personnel, such as the Port Services Manager, would be required to work very closely with the contractors to ensure awareness of vessel movements and other activities; while visits to the base by non-essential personnel would be minimised. Further, Defence anticipates that

14 Appendix D, Official Transcript of Evidence, page 33

15 *ibid*, page 34

its chosen project delivery mechanism will provide for close coordination between the construction contractors and the base.¹⁶

Project Delivery Mechanism

3.14 Defence proposes that the HMAS *Cairns* redevelopment works will be delivered using a managing contractor form of delivery, as this has proven to be the most appropriate contracting strategy for a complex redevelopment project on an operational base. This form of delivery mechanism is expected to provide

...a strong on-site management presence to coordinate all elements of the project and ensure[s] that risks associated with construction can be addressed as they arise.¹⁷

3.15 At the public hearing, the Committee requested further information on the particular advantages of the managing contractor delivery methodology. Defence explained that the mechanism was designed specifically for works undertaken in occupied premises. As the managing contractor costs are a fixed lump sum, Defence would not be liable for additional costs incurred by disruption to works by operational activities at the base. Defence added that it had been using this approach for some seven years and it had proven successful in past projects.¹⁸

Demolition Works

3.16 Defence's statement of evidence to the inquiry stated that:

A limited number of structures have been identified as available for demolition....¹⁹

3.17 Committee members wished to know how many structures had been earmarked for demolition, and whether any of those identified contained hazardous materials such as asbestos.

3.18 Defence explained that the structures identified as surplus to requirements were demountables and would therefore be removed rather than destroyed on site. Demolition proper would be limited to the removal of internal fixtures and partitioning in the Command Building. Defence added that asbestos was present on the base and that all occurrences had

16 Appendix D, Official Transcript of Evidence, pages 4 - 5

17 Appendix C, Submission No.1, paragraph 36

18 Appendix D, Official Transcript of Evidence, pages 8 - 9

19 *ibid*, paragraph 26

been recorded on the regional asbestos register, and had been sealed and stabilised in preparation for removal, either under the proposed base redevelopment or through the regional asbestos remediation program.²⁰

Consultation

3.19 The Committee noted that Defence's statement of evidence contained a list of 16 organisations that

...have been consulted or will be consulted during the development of this project.²¹

3.20 At the public hearing, the Committee sought to ascertain which bodies had already been consulted by Defence and which were yet to be approached. Defence responded that discussions had been held with all bodies listed in its submission, with the exception of the Great Barrier Reef Marine Park Authority (GBRMPA). Defence reported that all those consulted had been supportive of the project, and that no major objections had been raised.²²

Cairns City Council

3.21 In outlining its consultation process, Defence noted that there were some minor issues to be resolved with the Cairns City Council. These related to road works and essential services infrastructure, and were described in detail in the Council's written submission to the Committee.²³

3.22 At the public hearing, the Council expressed its support for the continuation of a strong naval presence in Cairns. The Council stated that it was satisfied with the level of consultation undertaken by Defence in respect of the redevelopment project, and expressed confidence that Defence was committed to address the issues raised by the Council and to acting as a responsible developer.²⁴

20 Appendix D, Official Transcript of Evidence, pages 13 - 14

21 Appendix C, Submission No.1, paragraph 42

22 Appendix D, Official Transcript of Evidence, pages 6 - 7

23 *Volume of Submissions*, Submission No.4, Cairns City Council

24 Appendix D, Official Transcript of Evidence, page 16

Environmental Considerations

Environmental Impact Assessment

- 3.23 Defence submitted that an Environmental Impact Assessment (EIA) undertaken at HMAS *Cairns* found that the proposed redevelopment project would not require referral to the Department of Environment and Heritage (DEH) under the *Environmental Protection and Biodiversity Conservation Act 1999* (the EPBC Act). However, Defence added that the assessment had identified certain requirements for the construction work, which would be addressed by the project team.²⁵ At the public hearing, Defence explained that all mitigation measures identified in the EIA, and subsequently, would be incorporated into the Construction and Environmental Management Plan (CEMP) to be developed for the project.
- 3.24 In addition to the project-specific CEMP, Defence informed members that HMAS *Cairns* already has a Base Environmental Management Plan, which is currently under review. The Committee was most concerned to ensure that the plan would be amended to include all new works at the site, and was assured by Defence that the plan would be reviewed again upon completion of the project.

Recommendation 2

The Committee recommends that, upon completion of the HMAS *Cairns* Redevelopment Project, the Department of Defence supply the Committee with an updated copy of the HMAS *Cairns* Base Environmental Management Plan, which has been amended to include the new works.

Dredging

- 3.25 The Committee was interested to learn about the management of dredging activities at HMAS *Cairns*. Defence responded that no dredging would be undertaken as part of the redevelopment project, but added that the HMAS *Cairns* basin and the area outside of the Navy wharf were dredged in alternate years. Defence added that each dredging process requires operational works permit from the Queensland Department of Environment and Fisheries and an environmental management plan to be
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submitted by the dredging contractor. Other environmental protection requirements attendant upon the process include:

- production of a sediment analysis plan;
- attainment of an environmental permit to dredge from the Queensland Environmental Protection Agency;
- possession of a marine parks permit, jointly issued by the Queensland Parks and Wildlife Service and GBRMPA;
- development of a copy of safe work practices for clamshell dredging; and
- the monitoring of water quality during dredging activities.²⁶

Local Impacts

Use of Commercial Wharf

- 3.26 Under the proposed redevelopment project, Defence plans to construct an access jetty between the naval and commercial wharves, to route requisite shore services to two new berthing points at the commercial wharf.²⁷ Defence submitted that it will have priority use of the commercial facility, but does not expect this to impact upon local commercial marine activities.²⁸
- 3.27 At the hearing, the Committee was interested to learn how the shared use of the commercial wharf would be orchestrated. Defence explained that, while communication and coordination between HMAS Cairns and Queensland Sugar Ltd would be essential, its licence agreement gave it priority use of the wharf, which is used infrequently by commercial vessels.²⁹ Indeed, supplementary information provided by Defence subsequent to the hearing revealed that Queensland Sugar Ltd use the wharf only 26 days each year.³⁰ Defence added that there would be no commercial disadvantage to the owner of the wharf, as it is currently

26 Appendix D, Official Transcript of Evidence, pages 12 - 13

27 Appendix C, Submission No.1, paragraph 11

28 *ibid*, paragraph 39

29 Appendix D, Official Transcript of Evidence, page 10

30 Letter to Deputy Chair from Acting Director General, Infrastructure Asset Development Branch, Department of Defence, 23 May 2006

underutilised, and that a financial benefit might be expected as Defence would be required to contribute towards annual dredging costs.³¹

Parking

- 3.28 In its written submission to the inquiry, the Cairns City Council sought to ensure that the proposed car parking spaces provided on Lot 485 would be sufficient to cater for the anticipated demand of the redevelopment, and to replace the car parking spaces currently available within the Draper Street Road Reserve.³²
- 3.29 Defence stated that the proposed works would provide 255 parking spaces on Lot 485, which would be sufficient to removing parking from the unformed verges of Draper Street and from “on board” HMAS *Cairns*.³³

Road Works

- 3.30 The Council’s submission also requested that Defence consider undertaking works to upgrade Draper Street to Major Collector Road standard between the railway and Cook Street.³⁴
- 3.31 At the public hearing, Defence stated that works to the new Draper Street road reserve would comply with the Council’s Major Collector Road design, but that the works would be restricted to the proper redesign of verges and the removal of informal parking.³⁵

Essential Services Infrastructure

- 3.32 The Council submitted that Defence would be required to pay headwork charges for any additional load placed upon sewerage and water services as a result of the proposed work. Defence stated that the project would not lead to an increase in base population, and that it expected the existing water supply and sewerage reticulation would remain sufficient.³⁶ The Council confirmed that if there were to be no additional load upon services, no headwork charges would be incurred.³⁷

31 Appendix D, Official Transcript of Evidence, page 10

32 *Volume of Submissions*, Submission No.4, Cairns City Council, page 3

33 Appendix D, Official Transcript of Evidence, page 8

34 *Volume of Submissions*, Submission No.4, Cairns City Council, page 3

35 Appendix D, Official Transcript of Evidence, page 8

36 *ibid*, page 7

37 *ibid*, page 17

Costs

- 3.33 The Committee questioned Defence on the detailed project cost estimate and some tendering issues in camera, prior to the public hearing. Upon receipt on 24 May of supplementary information relating to certain project cost elements, the Committee was satisfied that the project constitutes an appropriate expenditure of Commonwealth funds.

Recommendation 3

The Committee recommends that the proposed HMAS *Cairns* Redevelopment proceed at the estimated cost of \$76.3 million.

Hon Judi Moylan MP

Chair

14 June 2006

