

Report 1/2013

# Referrals made May to November 2012

- **Extension of budget and timeline for the CSIRO Australian Square Kilometre Array Pathfinder (ASKAP) radio telescope project**
- **The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project**
- **Australian Federal Police proposed new forensic facility at Majura, ACT**
- **The Australian War Memorial redevelopment of the First World War galleries**
- **Proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT**

Parliamentary Standing Committee on Public Works

March 2013  
Canberra

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## Membership of the Committee

**Chair** Ms Kirsten Livermore (from 29/11/2012)

Ms Janelle Saffin MP (to 29/11/2012)

**Deputy Chair** Mr John Forrest MP

**Members** Mrs Karen Andrews MP

Senator Sue Boyce

Senator Alex Gallacher

Mr Steve Georganas MP (to 27/11/2012)

Ms Jill Hall MP

Ms Kirsten Livermore (from 27/11/2012)

Ms Janelle Saffin MP (from 29/11/2012)

Mr Patrick Secker MP

Senator Anne Urquhart

## Committee Secretariat

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	Ms Kathy Caruso





## List of recommendations

### **3 The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine 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: The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project.

### **4 Australian Federal Police proposed new forensic facility at Majura, ACT**

#### **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: Australian Federal Police proposed new forensic facility at Majura, ACT.

### **5 The Australian War Memorial redevelopment of the First World War galleries**

#### **Recommendation 3**

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: The Australian War Memorial redevelopment of the First World War galleries.

## 6 Proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT

### Recommendation 4

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: proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT.

## 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 Special Minister of State.
- 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.<sup>1</sup>
- 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
  - any other matter declared by the regulations to be a work.<sup>2</sup>
- 1.4 The Act requires that the Committee consider and report on:

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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*.

2 The Act, Section 5.

- 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.<sup>3</sup>
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

## Structure of the report

- 1.6 Three works considered in this report were referred to the Committee in November 2012. The works were referred by the Hon Peter Garrett AM MP, Minister for School Education, Early Childhood and Youth, on behalf of the Special Minister of State, the Hon Gary Gray AO MP.
- 1.7 One work was referred in May 2012 and reported on in November 2012. The Committee has reopened this inquiry. This work was referred by the Special Minister of State, the Hon Gary Gray AO MP.
- 1.8 This report also contains an extension to budget and timeline for a work referred in June 2008.
- 1.9 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.10 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on major issues of concern.
- 1.11 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.
- 1.12 Chapter 2 addresses the extension to budget and timeline to the CSIRO Australian Square Kilometre Array Pathfinder (ASKAP) radio telescope project. This project was originally referred to the Committee in June 2008. The estimated cost of the project is now \$188 million.
- 1.13 Chapter 3 addresses the proposed Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project. The project is estimated to cost \$168.8 million.

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3 The Act, Section 17.

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- 1.14 Chapter 4 addresses the Australian Federal Police proposed new forensic facility at Majura, ACT. The project is estimated to cost \$106 million, excluding GST.
  - 1.15 Chapter 5 addresses the proposed Australian War Memorial redevelopment of the First World War galleries. The project is estimated to cost \$32.52 million, excluding GST.
  - 1.16 Chapter 6 addresses the proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT. The project is estimated to cost \$97.9 million.
  - 1.17 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.



## Extension of budget and timeline for the CSIRO Australian Square Kilometre Array Pathfinder (ASKAP) radio telescope project

- 2.1 The Australian Square Kilometre Array (SKA) Pathfinder Radio Telescope (ASKAP), Western Australia project was referred to the Committee on 25 June 2008. CSIRO was the proponent agency.<sup>1</sup>
- 2.2 The project proposed to establish the world's most effective survey radio telescope intended for international research in cosmology, transient radio sources, pulsar astronomy and the structure and magnetic field of our galaxy.
- 2.3 The works were proposed to be located in Western Australia, primarily at the Murchison Radio-Astronomy Observatory (MRO) at Boolardy Station, with a support facility in Geraldton.<sup>2</sup>
- 2.4 This extension of budget and timeline seeks to raise the project budget to \$188 million. There is no completion date as funding has not been secured for the entire budget.

### Original referral (2008)

- 2.5 The scope of the original project was for *up to* 36 parabolic antennas, each with phased array feed receivers (PAFs) at the MRO site, with associated support facilities at Boolardy Station and in Geraldton. The original

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1 The original submissions, public hearing transcript and report from 2008, the public hearing transcript and report from 2010, and the public hearing transcript from 31 January 2013 are available on the Committee's website: <[www.apf.gov.au/pwc](http://www.apf.gov.au/pwc)>

2 Report 9/2008, p. 5.

project budget was \$111 million.<sup>3</sup> However, this costing was only for 30 antennas, not the full scope of 36 antennas.<sup>4</sup>

- 2.6 Construction of the project was scheduled to be completed by November 2012.<sup>5</sup>
- 2.7 The Committee reported on the project in Report 9/2008, tabled on 1 December 2008. In this report, the Committee accepted the need for the project, the suitability of the scope, and the adequacy of the costings provided. The Committee recommended expediency for the project.<sup>6</sup>
- 2.8 At the time, the Committee was satisfied with the evidence provided regarding adequate costings for construction in a remote location, and adequate contingency planning.<sup>7</sup>

### Extension of scope (2010)

- 2.9 In 2010, CSIRO requested an extension of scope to the ASKAP project and the Pawsey High Performance Computing Centre for SKA Science.
- 2.10 This extension was related to sustainable energy rather than to the telescope components of the project.<sup>8</sup>
- 2.11 The Committee held a public hearing on this matter on 24 June 2010.
- 2.12 The Committee agreed to the extension of scope in Report 3/2010, tabled on 12 July 2010.
- 2.13 Following this extension of scope, the budget for the ASKAP project increased by \$27.5 million, from \$111 million to \$138.5 million.

### Extension of budget and timeline (2012)

- 2.14 In September 2012, CSIRO notified the Committee of extensions to the project budget and timeline.
- 2.15 CSIRO provided a private briefing to the Committee in November 2012.
- 2.16 The Committee conducted public and in-camera hearings with CSIRO on 31 January 2013 in Sydney. The public hearing was advertised on the Committee's website and in a media release. The transcript of the public hearing is available on the Committee's website.<sup>9</sup>

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3 Report 9/2008, p. 8.

4 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 4.

5 CSIRO, Submission 1 (2008), p. 26.

6 Report 9/2008, p. 16.

7 Report 9/2008, p. 9.

8 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 6.

9 <[www.apf.gov.au/pwc](http://www.apf.gov.au/pwc)>



- 2.17 The need for the works remains valid. The scope of the works remains unchanged, and the costs now incorporate the full scope of the project (all 36 antennas). At the time of the public hearing, all 36 antennas had been completed, and four antennas have PAFs.<sup>10</sup>
- 2.18 Regarding changes to budget, CSIRO presented the remaining works in two phases:
- Phase 1: PAFs on 18 antennas and single pixel feed receivers on the remaining 18 antennas
  - Phase 2: PAFs on all 36 antennas.<sup>11</sup>
- 2.19 Other project works are included in each of the phases, with the majority of the scope of the original project included in Phase 1.
- 2.20 The cost of the works above the original project budget of \$111 million (and the extension in 2010 to \$138.5 million) was presented as follows:
- Phase 1, an additional \$25.8 million, to a total of \$164.3 million<sup>12</sup>
  - Phase 2, an additional \$23.7 million, to a total of \$188 million.<sup>13</sup>
- 2.21 CSIRO advised that funding for Phase 1 has been secured.<sup>14</sup>
- 2.22 Funding for Phase 2 has yet to be identified and secured.<sup>15</sup> This funding is unlikely to be secured all at once. Phase 2 would not be commenced until some funding is secured.<sup>16</sup>
- 2.23 Regarding changes to timeline, Phase 1 will be completed by July 2014. The timeline for completion of Phase 2 is dependent on CSIRO's ability to secure funding.<sup>17</sup>

## Project issues

- 2.24 The key issues relate to project costings:
- construction contingency and cost overruns on the original project

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10 Mr A. Schinckel, CSIRO, *transcript of evidence*, 31 January 2013, p. 2.

11 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 1.

12 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, pp. 1-2. Note that this figure includes all project costs up to present, including foundations, roadworks, the antenna field and design works for the PAFs.

13 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, pp. 1-2.

14 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 1.

15 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 1.

16 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 3.

17 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 1.

- no contingency for PAFs in the original project
- uncertainties surrounding the Phase 2 cost estimate.

2.25 For the public record, CSIRO's Group Executive for Information Sciences and Chief Finance Officer apologised to the Committee for CSIRO's costing errors in the project:

... I am always embarrassed to come back for more money.<sup>18</sup>

... there were past deficiencies. In the 2008 submission, clearly we did not recognise, portray, the financial risk. I think when we met previously I used the words, 'it was imprudent', and it was; it was imprudent not to come forward with a costing that acknowledged the degree of risk we were going into. We said it then and I am very happy to put it on the record that the CSIRO has examined the processes under which it undertakes conceptual costings, and there is no risk that it would happen again. We are doing everything in our internal processes – we have done so in terms of the double checking that is undertaken, in terms of the discussion with our colleagues from our science side to have them understand more of the risk and therefore the obligation of articulating the risk so that we can put appropriate financial parameters around that risk. We can never probably cover everything all the time, but the points you are making are well made, we do feel them, and we are at the point of needing to come back to the committee for an approach that says, 'We are outside the budget'. [...] we do acknowledge the error of the 2008 costing submission. As I say, internally we have taken steps to ensure that this does not happen in anything, whether or not it comes before the Public Works Committee or whether it is any other type of project that we undertake.<sup>19</sup>

## Construction contingency and cost overruns on the original project

2.26 CSIRO stated that the infrastructure costs for the original project (included in Phase 1) came in slightly over budget, but on schedule:

The infrastructure costs which are largely in place came in more or less on budget – just about a million over on quite a substantial amount.<sup>20</sup>

2.27 The contingency for the infrastructure portion of the project was 20 per cent.<sup>21</sup>

18 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 6.

19 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 6.

20 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 4.

2.28 CSIRO stated that the infrastructure contingency and the escalation anticipating cost increases in the initial submission to the Committee in 2008 proved insufficient. CSIRO stated that this was due to unanticipated increases in construction in Western Australia.<sup>22</sup>

2.29 One increase was due to a requirement for a higher standard of camp accommodation. CSIRO attributed this to the mining boom in Western Australia:

In the initial estimates that came through from the quantity surveyor, which is part of us putting together the estimate of the cost for the work, they were a Perth based company that do quantity surveying and they estimated at that point that they saw a camp of a particular style as meeting the WA standards for this sort of work. In the time between that and when we then bid the contract infrastructure out we basically moved into even steeper part of the boom curve and the requirements for the camp. The contractors who were submitting tenders for that infrastructure work all submitted tenders that had a substantially more impressive camp associated with housing their staff. The argument that was put to us was that there was the very real shortage of labour in the Western Australian construction market and to attract the labour that was required to build these facilities you had to provide a competitive camp facility – competitive with the other big construction projects in Western Australia, such as the mining industry.<sup>23</sup>

2.30 CSIRO also underestimated the expense of providing radio-quiet and energy efficient building infrastructure:

... the radio-quiet part is a moderately unique aspect and requirement of the facility. There are very few facilities in the world that require the levels of stringent radio quietness that our buildings do. In fact, the whole reason we are going to Western Australia – to this remote region – is radio telescopes everywhere in the world are now having a real problem with the amount of noise we generate with our day-to-day living. So the requirement for that radio suppression has increased significantly. It has gone beyond what were well-known and well-understood technologies. We have had to work with the contractors to work out how to

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21 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 4.

22 Mr A. Mikulic, CSIRO, *transcript of evidence*, 31 January 2013, p. 9.

23 Mr A. Schinckel, CSIRO, *transcript of evidence*, 31 January 2013, pp. 7-8.

implement very well-known industrial processes and try to apply them to this unique field.

With the energy efficient component in particular, as well, we were very keen – hence the 2010 submission – to make sure we came up with a design that was extremely energy efficient for that environment so as to lower our long-term carbon footprint, use of diesel fuel and that sort of thing. The fundamental issue there was that the combination of having that energy efficiency with the RFI quiet building was quite complex.<sup>24</sup>

- 2.31 CSIRO indicated that the requirement for radio-quiet infrastructure was more complex than anticipated, and it took a significant amount of time and effort to finalise this with contractors. There was also a delay between commencing this process and contracts being approved, which resulted in additional costs.<sup>25</sup> Further time delays resulting in cost overruns were evident in other areas of the project.<sup>26</sup>

### Committee comment

- 2.32 The Committee notes that the cost of infrastructure is higher in remote locations and for more technical building requirements. However, these costs are not new or completely unknown. CSIRO should have been more conservative in developing its costings.
- 2.33 The Committee is of the view that CSIRO should have identified and quantified potential areas of cost increases, and should have included a higher contingency to allow for such situations. If there was a high possibility of unknown factors or potential risks then the project cost estimates should have reflected this.
- 2.34 Further, the Committee is stunned that the requirements for radio-quiet infrastructure were underestimated. The need for radio-quiet was a key reason for locating the project in outback WA. The Committee expects CSIRO to be able to appropriately cost and deliver its core business requirements.

### No contingency for PAFs in the original project

- 2.35 In the initial project, CSIRO did not apply any contingency for the design and deployment of the PAFs.<sup>27</sup> CSIRO accepted that this was a significant

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24 Mr A. Schinckel, CSIRO, *transcript of evidence*, 31 January 2013, p. 8.

25 Mr A. Schinckel, CSIRO, *transcript of evidence*, 31 January 2013, p. 8.

26 Mr A. Mikulic and Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 9.

27 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 4.

error and that a contingency of up to 50 per cent would have been appropriate.<sup>28</sup>

- 2.36 Further, CSIRO acknowledged that it had made errors during the development of the cost estimate for the PAFs, and did not adequately assess the project risks:

At the conceptual phase of the project, CSIRO should have been engaging with the committee and indicating that we felt it was prudent to put anything up to a 50 per cent contingency at concept stage on those costings. We should also have been having this discussion which, in some sense, we are now having in hindsight – which is much more about the risk of the design, the risk behind the costings. That discussion which should have been held with the committee did not occur.

... Had we done a contingency between the 50 to 100, [...] we would be sitting here within budget. So your point about the inadequacy of the contingency is correct.<sup>29</sup>

- 2.37 CSIRO indicated that it has addressed these shortcomings by instituting new processes for compliance for other current and future projects.<sup>30</sup>

- 2.38 CSIRO explained that PAFs were a new technology in 2008:

... our knowledge of these phased array feeds was minimal. No-one had ever built one at all of this design. So we were very much experimenting with coming up with how you would build it, how it would work. So we have learnt a great deal. We have retired a lot of the risk associated with that R&D project.<sup>31</sup>

- 2.39 CSIRO stated that it is now confident that it can reliably cost the construction and deployment of each of the remaining PAFs:

We are now in a position where the infrastructure is in place, the antennas are in place. The mark 1 phased array feed was designed and has been deployed on four of the antennas to do testing. In that design they found there were two or three deficiencies in that system to achieve the science. One was the frequency range it could operate at and one was the temperature of the system when operating, which probably impacted on the frequency range at the same time. As a result, they redesigned. They went to a redesign of that phased array feed, which is to set a field of view that looks

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28 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p 4.

29 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, pp. 4-5.

30 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 5.

31 Mr A. Schinckel, CSIRO, *transcript of evidence*, 31 January 2013, p. 2.

into space, receive the signals and feed them back. They reduced the mass considerably. They reduced the electronics considerably. In the time that has gone on since then, they are now comfortable that the new design works, they know the design and they can proceed with that design for the future antennas.<sup>32</sup>

2.40 Further to this, CSIRO indicated that:

... having now come through the design and development, we do, if you like, have a proven blueprint, a proven design. We have experience and now know who and how to manufacture. We have, therefore, the known costs of what today it takes to develop and install a phased array feed.<sup>33</sup>

2.41 While CSIRO agreed that its costing for the research, design, development and deployment of the PAFs was inadequate, it reminded the Committee that research carries inherent risk, and the result is of an extremely high standard:

... I would say that the design that we have got on the table – this phased array feed – is world leading, full stop. The rest of the world will follow rather than lead on this. Australia really took a big step forward in terms of the technologies that are going to be available to radio astronomy, and took that lead as a conscious decision. With all research programs, the fact that it is called research means there is uncertainty. If you knew the answer it would not be research. In this case, research is not just about doing the new science; the research has been in the technology that you require to provide the capability to do that science. This project has been a research project in its own right, designing these phased array feeds. Australia took the decision to take the lead. I have a feeling that one or two countries were asked to be involved and did not come in. But now that we have got to the root of the problem and got the problem solved, I think you will see the phased array feed being the flagship not just in astronomy but in other fields as well, because the basic design really is fundamentally new and different and world leading.<sup>34</sup>

## Committee comment

2.42 The current Committee does not wish to reflect on the deliberations of the previous Committee at the time of the original inquiry. The current

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32 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, p. 1.

33 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 5.

34 Dr D. Williams, CSIRO, *transcript of evidence*, 31 January 2013, pp. 5-6.

Committee recognises that there may have been deficiencies in some information presented to the previous Committee.

- 2.43 The Committee concedes that there has been less consistency or clarity of costs details in some projects in the past. There have been differences in the quality of information provided to the Committee, particularly prior to the revision of the Committee's Manual of Practice and Procedure in 2010.
- 2.44 The Committee is very concerned that the original costings for this project may not have been sufficiently detailed for scrutiny purposes. The Committee found it extraordinary that there was *no contingency at all* for the research, design, development, installation and testing of PAFs.
- 2.45 The Committee is of the view that CSIRO should have included a significant contingency on this element of the project, commensurate with the high risk it involved. The possibility or existence of risks does not excuse poor costings.
- 2.46 Further, significant concerns would be raised if a project was brought forward for scrutiny with a contingency of 50 to 100 per cent for one element of the project.
- 2.47 Alternatively, CSIRO might have chosen to develop the PAFs to an appropriate level prior to planning and commencing this project. This would have reduced some of the risk to the project. However, the Committee does recognise the constraints that required CSIRO to develop the PAFs and progress the project concurrently.
- 2.48 The Committee is pleased that CSIRO has instituted new processes for developing cost estimates. However, the Committee cannot fully understand how such a significant risk assessment oversight occurred.

## Uncertainties surrounding the Phase 2 cost estimate

- 2.49 CSIRO stated that it is satisfied with Phase 1 costings, however the estimate for Phase 2 could change, depending on when and how the required funding is secured.
- 2.50 As CSIRO now has a proven design for the PAFs, it is able to provide an estimate for Phase 2, which includes a 20 per cent contingency:
- ... based on the fact that we feel we may be putting the remaining 18 on in a piecemeal fashion and obviously we are going to get diseconomies in that process. So it is very much based now on costs that we are much more certain about.<sup>35</sup>
- 2.51 CSIRO explained why the \$23.7 million figure is still only an estimate:
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35 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 5.

Very broadly, the estimate is, as I indicated, based around the time and in a piecemeal fashion. If you like, we do know the cost of a PAF and how much it takes to build it. But the actual installation and, as my colleague has indicated, getting it on board, getting the positioning correct, and testing also requires a team of people. Should it be that we do not manage to back phase 2 immediately onto the end of phase 1, we are in the situation of potentially standing people down with people having to come back in. Therefore, that could change some of the contracts and things that would go around it. In some sense that is why I have indicated we have put a 20 per cent contingency on that final element, because we are in an unknown area with the timing.<sup>36</sup>

- 2.52 CSIRO also stated that it was confident that the contingency for Phase 2 was adequate.<sup>37</sup>

### Committee comment

- 2.53 The Committee considers 20 per cent to be a high contingency for a project with known costs and cost certainties. However, the Committee understands that the cost of Phase 2 may change as funding has not been secured.
- 2.54 The Committee notes that CSIRO will not proceed with Phase 2 unless all or part of the required funding is secured.

### Final Committee comment

- 2.55 In 2008, the Public Works Committee of the 42<sup>nd</sup> Parliament made an assessment of the ASKAP project, based on the information it was given at the time.
- 2.56 The present Committee is disappointed that the costings that CSIRO developed for the original project had significant deficiencies. The Committee is appalled that there was no contingency applied to the PAFs portion of the project.
- 2.57 The Committee is not satisfied with CSIRO's statement that infrastructure cost increases could not have been anticipated. The Committee is also disappointed that CSIRO did not adequately estimate the cost of providing radio-quiet infrastructure.

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36 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 6.

37 Ms H. Bennett, CSIRO, *transcript of evidence*, 31 January 2013, p. 7.



- 2.58 The Committee acknowledges that the cost estimate for Phase 2 is dependent on funding being secured in the near future. It is unclear if or when CSIRO will secure the necessary funding.
- 2.59 The Committee reiterates that CSIRO must understand that it is responsible for assessing risks in its projects and incorporating appropriate contingency allowances for those risks.
- 2.60 It appears that CSIRO employees, particularly scientists, may not fully understand how to identify, assess and quantify project risks. The Committee acknowledges that scientists must be involved in the development of projects, however they should be trained in the appropriate assessment of project risks.
- 2.61 In this project, CSIRO subject matter experts were attempting to take on project management roles. The Committee has seen this in other inquiries and strongly advises agencies to engage experienced project management experts to deliver projects.
- 2.62 CSIRO should have balanced the scientific and project management aspects of the works between internal and external individuals and organisations with financial and project management experience. The Committee expects CSIRO to apply this approach to future projects.
- 2.63 While the Committee accepts that risks are an integral part of research and development projects, this is not an acceptable reason to fail to identify, quantify, mitigate and include contingency for project risks.
- 2.64 This significant oversight, leads the Committee to question CSIRO's ability to provide reliable cost estimates for projects. In particular, the Committee is concerned that seemingly obvious factors were not adequately accounted for.
- 2.65 The Committee acknowledges that CSIRO has implemented new internal processes to prevent such an error from occurring in future projects. The Committee expects future cost estimates to be subject to a rigorous costing process. The Committee also expects future projects to include greater involvement of project management experts.
- 2.66 With regard to this requested extension of budget and timeline, CSIRO's written correspondence and submissions lacked clarity and gave greater weight to the scientific aspects of the project than the delivery and cost aspects.
- 2.67 The Committee expects CSIRO to improve its ability to write concisely, clearly present the most relevant information, and provide an appropriate balance of scientific and project management information.

- 2.68 The Committee was satisfied that CSIRO answered the Committee's questions and acknowledged its errors on the public record. However, given the history of the project, the Committee is not satisfied that the remainder of the project will meet the \$188 million budget.
- 2.69 Further, as the Committee was not presented with an initial cost estimate for the full scope of the project (all 36 antennas), it is unable to determine how much of the final budget of \$188 million is attributable to the increases in scope and how much is due to cost overruns.
- 2.70 However, the Committee acknowledges and approves this change of budget and timeline for the project.
- 2.71 CSIRO should be aware that this extension does not reflect well on its financial reputation and that the Committee will continue to scrutinise the project.
- 2.72 Accordingly, as the project progresses, the Committee expects CSIRO to provide the following:
- a post-implementation report at the end of Phase 1
  - notification of additional funding as it is secured
  - notification of any changes to the Phase 2 cost estimate or budget as they occur
  - a post-implementation report at the end of Phase 2.

## The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project

- 3.1 The Australian Nuclear Science and Technology Organisation (ANSTO) produces and sells nuclear medicine, including Molybdenum-99 (Mo-99).
- 3.2 The project has two parts:
  - a facility to process Mo-99 into a form suitable for use by over 200 hospitals in Australia and New Zealand
  - a facility to produce a synthetic rock material (Synroc) from the waste by-product of nuclear medicine production.
- 3.3 The purpose of the project is to provide a secure supply of Mo-99 and to treat waste for safe disposal.
- 3.4 The cost of the project is \$168.8 million.
- 3.5 The project was referred to the Committee on 29 November 2012.

### Conduct of the inquiry

- 3.6 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in the *St George and Sutherland Shire Leader* newspaper.
- 3.7 The Committee received one submission and two supplementary submissions from ANSTO. The Committee also received submissions from two other organisations. The list of submissions can be found at Appendix A.
- 3.8 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 1 February 2013 in Sydney.

- 3.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.<sup>1</sup>

## Need for the works

- 3.10 ANSTO is currently dependent on its existing Mo-99 plant and imports of nuclear medicine to ensure a reliable supply to Australia. This plant is ageing and will reach the end of its useful life in 2017.
- 3.11 The existing Mo-99 facility was retro-fitted with the existing suite of radiation shielding enclosures or 'hot cells' in 2006. This plant was designed and commissioned as a demonstration plant with a life of 10 years. It was always anticipated that this plant would be superseded within its design life.
- 3.12 The purpose of the Synroc waste treatment facility will be to treat the waste which is a necessary by-product of nuclear medicine production. Synroc technology is an Australian innovation which immobilises nuclear waste into a synthetic rock which is safe for long-term storage. The Synroc plant will also be used to treat legacy waste from over 50 years of Australian nuclear medicine production into a form suitable for ultimate disposal.
- 3.13 The plant could also create excellent spin-off opportunities for Australia. Australia will not store other countries' waste. However, the Synroc plant will become an operating demonstration facility to showcase how Synroc technology could be exported with significant commercialisation potential.<sup>2</sup>
- 3.14 ANSTO determined that the existing Mo-99 facility could not be refurbished and considered other options for processing Mo-99. In its submission, ANSTO explained why it proposes to construct a new facility. ANSTO also assessed various options for disposing of nuclear waste and provided reasons for proposing the Synroc facility.<sup>3</sup>
- 3.15 The Committee is satisfied that there is a need for the works.

## Scope of the works

- 3.16 The Mo-99 facility will contain:
- a production area with radiation shielding enclosures for the handling, process and maintenance of the facility
  - tanks for the interim storage of production liquid wastes

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

2 ANSTO, Submission 1, p. 4.

3 ANSTO, Submission 1, pp. 5-9.

- a treatment system for production off-gases
  - laboratories for analysing starting materials and finished product
  - a product dispatch area
  - staff amenities
  - reticulated building services, including water, waste water, ventilation, electrical, lighting, security, fire detection, alarms and public address.<sup>4</sup>
- 3.17 The Synroc plant will contain three areas:
- the white area which contains offices, meeting rooms, and hot cell operations rooms
  - the blue area which contains space for the support of the hot cell equipment
  - the red area which contains the hot cells for the purpose of processing the waste into a synthetic rock material.<sup>5</sup>
- 3.18 The Synroc project contains an approved test and evaluation plant, which will be essential to demonstrate the technology to the regulator whilst seeking regulatory approvals. The test and evaluation plant will also serve as a useful training tool and marketing device.<sup>6</sup>
- 3.19 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

- 3.20 The project cost is \$168.8 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with ANSTO on these costs.
- 3.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Community consultation and waste management

- 3.22 The Sutherland Shire Council, where the Lucas Heights site is located, made a submission to the inquiry. This submission raised issues including

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4 ANSTO, Submission 1, p. 14.

5 ANSTO, Submission 1, p. 14.

6 ANSTO, Submission 1, p. 15.

the lack of a national nuclear waste repository, a lack of information on the project, and the scale and safety of the facilities.<sup>7</sup>

3.23 ANSTO is a large employer within the Sutherland Shire and many of its employees live in the Shire. ANSTO stated that it has ongoing consultation with the Council and the local community.<sup>8</sup>

3.24 The Council expressed concern that the Synroc plant would process nuclear waste from other countries and that waste would be stored on the grounds of ANSTO's Lucas Heights site.<sup>9</sup>

3.25 ANSTO agreed that the key public concern was waste management. The Chief Executive Officer of ANSTO affirmed that:

We have no intention of processing other countries' waste locally.<sup>10</sup>

3.26 Regarding waste storage on site, ANSTO stated that it was also concerned that waste would not be removed from Lucas Heights:

... our [A]ct does not permit us to become the long-term waste repository and store. So the [P]arliament has already anticipated that and it is a very strong position we can take. I am certain the regulator – because they are also required to reflect international best practice, which I think is the term in the [A]ct – would never allow this to become a permanent repository and store, because it would fly in the face of what everybody else has agreed at the International Atomic Energy Agency.<sup>11</sup>

3.27 Furthermore, ANSTO stated that it advocates against the long-term storage of nuclear waste at its Lucas Heights site.<sup>12</sup>

We have regularly engaged in Senate estimates and other settings, explaining the importance of Australia as a country that meets international best practice, which is to have a national waste repository and store. Typically, these are located in remote sites that are geologically and otherwise stable for these storage purposes. We have assisted the department responsible for that with our expertise in interim waste management, as we do on the site, to assist them in developing the process by which it is happening.<sup>13</sup>

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7 Sutherland Shire Council, Submission 2.

8 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 5.

9 Sutherland Shire Council, Submission 2, p. [4].

10 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 2.

11 Dr A Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 6.

12 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 5.

13 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 5.

- 3.28 ANSTO affirmed that it is encouraged by and supportive of the development of a national waste repository and store. ANSTO indicated that it is responsible for maintaining the interim storage facilities and building public confidence in nuclear waste management.<sup>14</sup>
- 3.29 The lack of information regarding the facilities is due to the fact that the detailed design stages have not yet commenced. This is explained further in the Costs section below. However, ANSTO stated that it is happy to share detailed design information with the Council when it is developed.<sup>15</sup> This will provide the Council with further detail on the size and scale of the facilities.
- 3.30 Further, ANSTO indicated that the size and scale of nuclear facilities does not affect safety:
- ... scale and safety are not correlated in my view. It is always safe, and scale is simply the scale you require to deliver the result.<sup>16</sup>
- 3.31 ANSTO also reaffirmed that it is not able to operate any nuclear facilities without the approval of the independent regulator, the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA).
- [ARPANSA's] statute and mandate goes to the issue of public accountability for safety and health for the public and the broader environment itself. So the public can be reassured that there are sufficient independent processes to look to public safety, to look to the safety of operations and the work and safety environment in which we operate. We would not be permitted to proceed if there was any risk to the public in this regard.<sup>17</sup>
- 3.32 ANSTO noted that two reactors in Canada were constructed but were prohibited from being operated by the Canadian regulator, demonstrating the power of regulators over organisations such as ANSTO.<sup>18</sup>
- 3.33 ANSTO reaffirmed that communication and consultation is essential:
- I believe we have a duty and a burden to continue to communicate with stakeholders in the shire and in the broader region. But I do not think there are any fundamental issues that would in any way compromise the quality of the thinking and the planning that has underpinned this application.<sup>19</sup>
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14 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 5.

15 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, pp. 5-6.

16 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 6.

17 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 6.

18 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, pp. 8-9.

19 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 6.

- 3.34 At the public hearing, ANSTO undertook to provide a further submission addressing the concerns of the Sutherland Shire Council. This submission acknowledges and responds to the Council's concerns.<sup>20</sup>

### Committee comment

- 3.35 The Committee appreciates ANSTO's willingness to acknowledge the concerns of the local community and to publicly respond to issues raised in the submission from the Sutherland Shire Council.
- 3.36 In future, ANSTO should endeavour to provide more comprehensive detail in its initial submissions wherever possible.
- 3.37 The Committee notes ANSTO's ongoing engagement with the Council and expects ANSTO to continue to engage with the Council and the local community, provide timely public information wherever possible and address issues of concern as they arise.
- 3.38 The Committee expects ANSTO to consult with the Council and other interested stakeholders once the detailed designs are available.
- 3.39 The Committee accepts ANSTO's undertakings that waste will not be stored over the long-term at ANSTO's Lucas Heights site. The Committee also accepts ANSTO's statement that the Synroc plant will not process nuclear waste from other countries.

### Costs

- 3.40 ANSTO acknowledged that it does not have a detailed design for either the Mo-99 facility or the Synroc facility at this point in time. However, ANSTO indicated that this is a standard ANSTO process and costs are estimated with this in mind:

We have had this discussion with the committee in previous meetings. The challenge is to have a sufficiently advanced design whereby you can have a predictable set of costs but not so advanced that you consume public resources to a great degree. So we are currently at the point where we have not yet entered into a detailed design, because that is when you spend all of the money on detailing all of the engineering issues. We have essentially completed the preliminary design for the Synroc plant and we are ready to roll on the detailed design. For the nuclear medicine plant, we are completing the preliminary design during the course



of this next part of the calendar year [the detailed design will commence in around August-September].<sup>21</sup>

- 3.41 ANSTO provided significant detail in the public hearing regarding its processes for developing cost estimates, including how it develops contingency estimates:

... at the early stages of project development we will have an envelope in which we are operating in which you will have as many defined costs as you can define and a large contingency. As you move through the stage-gates and you get more predictability and more certainty, the contingency tends to shrink and the scope of the project gets better and better defined as you move through it. The reason I am confident that ANSTO can operate within the budget that we have secured for this project is that within our strategic assets projects that we are currently delivering, which is a portfolio of about \$300 million in value, we are not experiencing cost blow-outs. For example, our own internal construction team works up the work that we then provide to people like quantity surveyors and others to assist us, and we are finding that we are very close to the types of estimates that they will then confirm with their work. Ultimately, these are found to be pretty respectable estimates when we tender out for the work to be done in detail.<sup>22</sup>

- 3.42 ANSTO noted that the competitive nature of the construction sector also assists in keeping costs down.<sup>23</sup>

- 3.43 Further, ANSTO stated that it has been particularly cautious with cost estimates for the Synroc plant, given it is a first-of-its-kind development:

... we have drawn on the knowledge of international nuclear engineering reviewers to come and review, in detail, the engineering status of that project so that we can be assured, with their independent view, that we have developed the capacity and the facilities to the level where they are manufacturable, constructible and operable. That is a discipline that is seldom used in first-of-a-kind projects, but we feel it is absolutely essential to utilise that type of discipline.<sup>24</sup>

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21 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 3.

22 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, pp. 3-4.

23 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 4.

24 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 4.

- 3.44 ANSTO indicated that it will repay all funds for both facilities once they are operational. ANSTO also stated that it will also pay a dividend on the production of nuclear medicine.<sup>25</sup>

### Committee comment

- 3.45 The Committee acknowledges that ANSTO has a record of meeting project budgets and avoiding cost blowouts.
- 3.46 The Committee is satisfied that ANSTO has adequate costing processes and has incorporated adequate allowances for the proposed project.

### Protection of intellectual property

- 3.47 The Committee raised some concerns about the protection of the intellectual property surrounding Synroc. ANSTO stated emphatically:
- I will make a very clear statement in the public setting: we are very serious about protecting this. We think that this is a major future engineering opportunity for Australia. We want to capture it for this country and be able to go to other countries to do the work.<sup>26</sup>
- 3.48 ANSTO emphasised that there have been high-level bilateral discussions with the United States regarding the sharing and protection of ANSTO's intellectual property in other instances.<sup>27</sup>

### Committee comment

- 3.49 Following assurances during the in-camera hearing, the Committee is satisfied that ANSTO is taking all appropriate measures to protect intellectual property.
- 3.50 Further, the Committee encourages ANSTO to promote its various technologies and capabilities, such as Synroc, to a wider audience.

### Final Committee comment

- 3.51 The Committee's briefing clearly highlighted the global need for an increased supply of Mo-99, recent global shortages and the imminent closure of the Canadian producer, which contributes a significant proportion of the global supply of Mo-99.
- 3.52 The Committee's inspection at Lucas Heights included the current Mo-99 facility and the OPAL reactor. The Committee met various ANSTO personnel during the briefing and inspection and thanks them for their

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25 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 7.

26 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 5.

27 Dr A. Paterson, ANSTO, *transcript of evidence*, 1 February 2013, p. 4.

contributions to the inquiry. The Committee also enjoyed lunch with some of ANSTO's graduates, which provided valuable insight into the work of the organisation.

- 3.53 The Committee appreciates the submission from the Sutherland Shire Council. The Committee acknowledges ANSTO's commitment to ongoing consultation with the Council.
- 3.54 The Committee encourages ANSTO to promote and fully protect Australian innovation and technology.
- 3.55 The Committee was satisfied with the evidence provided by ANSTO regarding the proposed Nuclear Medicine Project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 3.56 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**

**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: The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project.**



## Australian Federal Police proposed new forensic facility at Majura, ACT

- 4.1 The Australian Federal Police (AFP) proposes to deliver a fit-for-purpose facility that will be fully operational by the end of 2015, assuring AFP forensic and technical intelligence operations and projected growth of specialist disciplines over the next 20 years.
- 4.2 The objectives of the project are to:
- meet current and future business needs associated with continued growth in forensic requirements for the next 20 years
  - overcome increasing risks associated with poor design and non-compliance with contemporary building standards of the currently leased facility
  - resolve potential problems associated with expiry of the current lease at Weston or decisions of the landlord which may affect the future use and intent of the property
  - enable important productivity gains through system and business process reforms, based on fundamental redesign of the workplace and application of the collaborative forensic model
  - overcome constraints that inhibit the implementation of new and future forensic and technical intelligence capabilities.<sup>1</sup>
- 4.3 The cost of the project is \$106 million, excluding GST.
- 4.4 The project was referred to the Committee on 29 November 2012.

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1 AFP, Submission 1, pp. 12-13.

## Conduct of the inquiry

- 4.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in the *Canberra Times* newspaper.
- 4.6 The Committee received one submission and one supplementary submission from the AFP. The list of submissions can be found at Appendix A.
- 4.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 8 February 2013 in Canberra.
- 4.8 A transcript of the public hearing and the submission to the inquiry are available on the Committee's website.<sup>2</sup>

## Need for the works

- 4.9 The AFP's ability to perform its role in forensic science and technical intelligence, both now and in the future, is constrained by a number of key problems and challenges with the current facility at Weston.
- 4.10 These constraints include:
- anticipated growth in forensic requirements
  - functional design problems
  - site planning and tenure constraints
  - vulnerable forensic systems and processes.<sup>3</sup>
- 4.11 During its inspection of the AFP's current facilities in Weston, the Committee viewed an evidence collection space, the armoury and a demountable forensic laboratory. The Committee notes that these spaces were crowded and limited the efficiency of the AFP's evidence collection and analysis. The Committee also observed a lack of storage space, particularly in the armoury.
- 4.12 The AFP considered four options to meet the need for improved forensic facilities:
- do a minimal upgrade of the existing Weston facility
  - do a major refurbishment and upgrade of the existing Weston facility
  - lease a new purpose-built facility
  - construct a new purpose-built facility at the AFP's Majura Complex.<sup>4</sup>

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2 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

3 AFP, Submission 1, pp. 6-8.

4 AFP, Submission 1, pp. 8-9.

- 4.13 The Committee is satisfied that the AFP considered various options for improving its forensic capabilities. The Committee commends the AFP for providing detail on each option's advantages and disadvantages, and for clearly outlining in the public submission why it chose the fourth option.<sup>5</sup>
- 4.14 The Committee is satisfied that there is a need for the works.

### Scope of the works

- 4.15 The facility would accommodate the following specialist forensic and technical intelligence disciplines:
- Australian Bomb Data Centre
  - Australian Chemical, Biological, Radiological and Nuclear Data Centre
  - Crime Scene Sciences
  - Forensic Intelligence
  - Search Precinct (combining Exhibit Management and Rapid Laboratory)
  - Facial Identification, Imagery and Geometrics
  - Firearms Identification and Armoury Team (FIAT)
  - Fingerprint Identification
  - Biological Criminalistics
  - Chemical Criminalistics
  - Electronic Evidence (Computer Forensics and Audio & Video Signal Processing)
  - Document Sciences
  - Planning, Deployment and Systems (combining Operational Planning and Deployment and Operational Systems)
  - Policy Projects and Planning
  - Capability Development and Training
  - Executive, Chief Scientist and Quality Management.<sup>6</sup>
- 4.16 The facility will comprise the following spaces:
- office spaces
  - conferencing and training laboratory facilities
  - meeting rooms

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5 AFP, Submission 1, pp. 8-10.

6 AFP, Submission 1, pp. 11-12.

- laboratories (biological, chemistry, document sciences, ballistics, fingerprint, specialist hazards)
  - search precinct
  - exhibit storage
  - Fire Arms Identification and Armoury Team (industrial areas)
  - central store and logistics (general storage, garaging/ vehicle store, workshops)
  - mechanical plant rooms
  - staff facilities.<sup>7</sup>
- 4.17 Subject to Parliamentary approval, construction is planned to commence in late 2013 and be completed by mid-2015.<sup>8</sup>
- 4.18 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

- 4.19 The cost of the project is \$106 million, excluding GST. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the AFP on these costs.
- 4.20 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Childcare

- 4.21 The AFP's submission stated that the new facility does not have any provision for childcare.<sup>9</sup> At the public hearing, the AFP indicated that it has a predominantly female workforce, and explained why childcare provisions have not been included:

We are very aware of the implications that you are talking about. We have had the same concerns. We had the same question about what needs needed to be met. As a consequence, we ran a survey of our staff.

Of the Weston based staff, we had 92 respondents to that survey – which is approaching half of our staff – of which, 84.8 per cent do

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7 AFP, Submission 1, pp. 15-17.

8 AFP, Submission 1, p. 31.

9 AFP, Submission 1, p. 27.



not currently use childcare facilities. Where they did use childcare facilities, the preference was to have childcare facilities in closer proximity to their home than the workplace. For them that was logistically the best option and gave them greater flexibility. So we are fairly satisfied that we did not need to pursue a childcare facility on site. Although we are aware that there are two childcare facilities in close proximity, at Brindabella Park and Majura Park.<sup>10</sup>

## Committee comment

- 4.22 The Committee accepts that the AFP sought and considered the views of its staff in assessing the need for a child care facility in the project.

## Construction traffic and site security

- 4.23 The AFP stated that construction traffic will have a minimal impact on local traffic networks.<sup>11</sup> The access and exit point for construction activities and traffic at the Majura site will be separate from the staff entry:

There is a side road adjoining Defence to the north of the property that we will use as the access point for all of the construction works.<sup>12</sup>

- 4.24 The AFP also affirmed that it would institute security measures to keep the construction and staff areas of the site separate:

We expect that the 300-odd workers, together with heavy vehicles and all the rest of it, can be quite quarantined from the AFP operations to the front of the property.

We are looking at the measures applicable there in terms of making sure that the areas that are construction zones are dedicated and zoned off accordingly [from the operational areas of the Majura Complex].<sup>13</sup>

## Committee comment

- 4.25 The Committee accepts that the AFP has considered the traffic and security issues that surround construction on an operational site, and that the AFP will make arrangements to ensure that the construction activities do not impinge on the traffic flow or security of the Majura Complex.

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10 Mr J. Slater, AFP, *transcript of evidence*, 8 February 2013, p. 5.

11 AFP, Submission 1, p. 31.

12 Mr J. Sawyers, AFP, *transcript of evidence*, 8 February 2013, p. 8.

13 Mr J. Sawyers, AFP, *transcript of evidence*, 8 February 2013, p. 8.

## Final Committee comment

- 4.26 The Committee commends the AFP for its clear, comprehensive, accurate and succinct presentation of information in the submissions, private briefing, inspection, public hearing and in-camera hearing.
- 4.27 The Committee considers this inquiry to be an example of efficient and satisfactory participation in the inquiry process. In particular, the Committee appreciates the clear presentation of relevant information in a logical order to justify the need, scope and cost of the project.
- 4.28 Further, the Committee encourages other proponent agencies to use the AFP's experience as an excellent example of how to proceed with an inquiry.
- 4.29 The Committee found that the new facility has been designed to enable more efficient business processes. The Committee acknowledges that the new facility will increase the capabilities of the AFP.
- 4.30 The Committee met many AFP personnel during the briefing and inspection and thanks them for their contributions to the inquiry.
- 4.31 The Committee was satisfied with the evidence provided by the AFP regarding the proposed new forensic facility at Majura, ACT. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 4.32 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

**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: Australian Federal Police proposed new forensic facility at Majura, ACT.**

## The Australian War Memorial redevelopment of the First World War galleries

- 5.1 The Australian War Memorial (the Memorial) proposes to redevelop the First World War galleries in time for the Anzac centenary (2014-2018).
- 5.2 The objectives of the redevelopment are:
- to express the Memorial's purpose of commemorating the sacrifice of Australians who have died in war
  - to use the Memorial's collection as an integral part of communicating this commemoration
  - to understand and address modern audience needs, both in terms of exhibition interpretation and physical aspects of the gallery space.
- 5.3 The cost of the project is \$32.52 million, excluding GST.
- 5.4 The project was referred to the Committee on 29 November 2012.

### Conduct of the inquiry

- 5.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in the *Canberra Times* newspaper.
- 5.6 The Committee received one submission and two supplementary submissions from the Memorial. The list of submissions can be found at Appendix A.
- 5.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 15 February 2013 in Canberra.
- 5.8 A transcript of the public hearing and the submission to the inquiry are available on the Committee's website.<sup>1</sup>

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

## Need for the works

- 5.9 The Memorial combines a shrine, a world-class museum, and an extensive archive. The Memorial's purpose is to commemorate the sacrifice of those Australians who have died in war. Its mission is to assist Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society. It is a unique and special place that provides a deeply emotional and personal link to those who have served.<sup>2</sup>
- 5.10 The Memorial has a legislative responsibility to maintain the national memorial, as detailed in the *Australian War Memorial Act 1980*.<sup>3</sup>
- 5.11 There are deficiencies in the current facilities that will be addressed in the project. These include:
- non-compliance with aspects of building code
  - plant equipment occupying potential exhibition space
  - aged building services
  - aged exhibition infrastructure (including low quality and inefficient lighting)
  - confusing visitor circulation throughout the galleries
  - confusing narrative (lacking geographical and chronological order) within the exhibitions presented
  - considerable conservation and cleaning work required to the historic dioramas (an integral element to the First World War galleries)
  - inadequate and below-standard display of First World War collection material and interpretative material
  - unsympathetic treatment of original building fabric (including circa 1940s ceilings).<sup>4</sup>
- 5.12 The Memorial considered the option of constructing a new building to enhance and improve the First World War galleries in 2010. However, redeveloping the existing galleries presented a more cost-effective way to address deficiencies.<sup>5</sup>
- 5.13 The redevelopment would take place in time for the upcoming Anzac Centenary (2014-2018).<sup>6</sup>
- 5.14 The Committee is satisfied that there is a need for the works.
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2 The Memorial, Submission 1, p. 5.

3 The Memorial, Submission 1, pp. 5-6.

4 The Memorial, Submission 1, pp. 6-7.

5 The Memorial, Submission 1, p. 7.

6 The Memorial, Submission 1, p. 8.

## Scope of the works

- 5.15 The proposed works include building and exhibition works.
- 5.16 Building works will include:
- base building works
  - plant room and mechanical services
  - electrical services
  - improving circulation of people through the galleries
  - changing the plant room location
  - fire compartment strategy
  - internal building works
  - external building works.<sup>7</sup>
- 5.17 Exhibition works will include a design strategy, incorporating the following elements:
- exhibition spatial planning
  - fit out considerations
  - multimedia and ICT considerations
  - graphic considerations
  - lighting, acoustic and security considerations.<sup>8</sup>
- 5.18 Exhibition works will include:
- cabinets, plinths and other exhibition-specific joinery
  - showcases
  - exhibition specific services
  - seating
  - graphic structures
  - public program infrastructure and defined spaces
  - object barriers
  - exhibition lighting (fixtures and track)
  - exhibition security systems
  - exhibition graphics, signage and text
  - object display and support elements
  - mannequin displays
  - hanging systems
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7 The Memorial, Submission 1, pp. 18-30.

8 The Memorial, Submission 1, pp. 30-33

- guidelines for materials used in showcases
  - specified showcase systems
  - multimedia/ICT infrastructure (hardware and software).<sup>9</sup>
- 5.19 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

- 5.20 The cost of the project is \$32.52 million, excluding GST. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the Memorial on these costs.
- 5.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Business continuity during the redevelopment

- 5.22 The Memorial's other galleries will remain open during the redevelopment of the First World War galleries. However:
- All of the First World War galleries, other than Gallipoli, will close in early April, and then the Gallipoli galleries on 3 June 2013. There will be an interim presentation of the First World War from late November 2013 through to and including what we describe as a 'soft opening' of this redevelopment around November 2014.<sup>10</sup>
- 5.23 The closures are being publicised during public engagements, on the Memorial's website and with signage around exhibits that are currently undergoing preliminary conservation work.<sup>11</sup>
- 5.24 The Memorial indicated that it would provide further information using these methods throughout the project, as well as providing information to visitors at the memorial prior to and through the closure of the galleries.<sup>12</sup>

### Committee comment

- 5.25 The Committee acknowledges that the First World War galleries must close for the redevelopment. The Committee is pleased that the Memorial

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<sup>9</sup> The Memorial, Submission 1, pp. 33-34.

<sup>10</sup> Dr B. Nelson, The Memorial, *transcript of evidence*, 15 February 2013, p. 1.

<sup>11</sup> Dr B. Nelson and Ms K. McMahon, The Memorial, *transcript of evidence*, 15 February 2013, p. 2.

<sup>12</sup> Dr B. Nelson and Ms K. McMahon, The Memorial, *transcript of evidence*, 15 February 2013, p. 2.

will provide an interim First World War presentation for most of the duration of the redevelopment.

- 5.26 The Committee notes the importance of publicising the closure of the First World War galleries. The Committee agrees that the Memorial must emphasise that the rest of the building will remain open during the redevelopment and that there will be an opportunity to view a presentation on the First World War during much of the redevelopment.

## Community consultation

- 5.27 The Memorial has undertaken broad community consultation for the project.<sup>13</sup> It has an established stakeholder management framework for redeveloping galleries and designing exhibitions, which includes consultation with both the veteran community and the broader community.<sup>14</sup> This framework involves ongoing evaluation of the project and the galleries, including evaluations prior to commencement and at the conclusion of the project.<sup>15</sup>

- 5.28 The Memorial notes that the consultation for this project is different from other gallery redevelopments as there are no First World War veterans left alive:

Our approach consists of awareness-raising and our stakeholder management plan for this specific project has a very detailed list of stakeholders that we consider should be consulted with regard to what we are doing in the project. That goes from the Prime Minister and members of parliament, [to] RSLs and school groups.<sup>16</sup>

- 5.29 For this project, the Light Horse arm is a key stakeholder:

There is an association to deal with the Light Horse, the AE1 and AE2 association, and we have done some specific consultation with regard to this group.<sup>17</sup>

- 5.30 The Memorial is also engaging with state governments, the Shrine of Remembrance in Melbourne and other cultural institutions in Canberra.<sup>18</sup>

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13 The Memorial, Submission 1, pp. 10-11.

14 Ms K. McMahan, The Memorial, *transcript of evidence*, 15 February 2013, p. 5.

15 Ms K. McMahan, The Memorial, *transcript of evidence*, 15 February 2013, pp. 5-6.

16 Ms K. McMahan, The Memorial, *transcript of evidence*, 15 February 2013, p. 5.

17 Ms K. McMahan, The Memorial, *transcript of evidence*, 15 February 2013, p. 5.

18 Dr B. Nelson, The Memorial, *transcript of evidence*, 15 February 2013, p. 6.

## Committee comment

- 5.31 The Committee believes that consultation is essential for any project, but is particularly pertinent for this project, as many people have strong personal connections to the Memorial and its collection.
- 5.32 The Committee acknowledges that the Memorial has conducted thorough consultation this far. The Committee has not received any correspondence or submissions indicating any dissatisfaction with the project or the Memorial's community consultation.
- 5.33 The Committee expects the Memorial to enable ongoing consultation, particularly with veterans groups, throughout the project. The Committee expects the Memorial to undertake extensive community consultation for all future redevelopments or changes to the Memorial.

## Asbestos and other hazardous materials

- 5.34 The Memorial commissioned a hazardous materials survey of the project area which determined that there was some asbestos present:
- ... there is no asbestos internally, in the building, [however] there is some presence of asbestos in the mortar joints for the sandstone. The only area where this project touches that is in the parapet where we are building a new plant room to free up exhibition floor space below.<sup>19</sup>
- 5.35 The Memorial stated that it intends to remove the asbestos (and other hazardous materials found in the survey) before any other project work begins. The Memorial advised that the industry standard practice is that remediation work is usually done in normal working hours. The remediation area would be fully sealed with negative air pressure. The Memorial assured the Committee that all work would comply with the Building Code of Australia requirements.<sup>20</sup>
- 5.36 Furthermore, some lead paint was identified in the heritage ceilings. The Memorial explained how it would deal with this hazardous material:
- There is a process described for its appropriate handling and removal. We are providing full disclosure of that to the tenderers and we will be looking at their management strategy before we award contracts and then monitoring it independently during the construction.<sup>21</sup>

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19 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 3.

20 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 3.

21 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 6.



## Committee comment

- 5.37 The Committee notes the presence of asbestos and other hazardous materials in the building.
- 5.38 The Committee is satisfied that the Memorial has adequate processes and procedures in place to safely handle and remove these materials.

## Construction issues

- 5.39 Possible issues during construction include increased traffic at and around the Memorial and the safety of people, particularly visitors to the Memorial and students at the neighbouring high school.
- 5.40 Regarding traffic, the building works would be labour intensive and at the Memorial site. The Memorial estimated that there would be no more than 40 people on site at any one time.<sup>22</sup>
- 5.41 For the exhibition works, most of the fabrication or production would be done elsewhere, then brought to the site and installed sequentially, thus reducing the traffic and the number of contractors at and around the site.<sup>23</sup>
- 5.42 The Memorial indicated that this project would not be the largest it has undertaken. The Memorial stated that previous projects have been constructed and managed 'without any serious impact on visitors.'<sup>24</sup>
- 5.43 Regarding the safety of pedestrians at and around the Memorial during construction, traffic is a key consideration:

... there is a site compound adjacent to the building, just opposite the administration building, which is where we have previously set up site compounds. That is where the sheds and whatnot are for the workers on site. We tend to organise deliveries out of hours, either before or after visiting hours. But where deliveries are required or material is required to be taken away during visiting hours, our contractors, when they submit their tender, have to submit a traffic management plan, amongst a whole range of other plans, as to how all of that is going to be taken care of. We are there to supervise that.<sup>25</sup>

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22 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 3.

23 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 3.

24 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 3.

25 Mr P. Root, The Memorial, *transcript of evidence*, 15 February 2013, p. 4.

## Committee comment

- 5.44 The Committee accepts that the Memorial has considered the local traffic flow, and the presence and safety of visitors to the Memorial and people in nearby areas, in developing the project.

## Final Committee comment

- 5.45 The Committee acknowledges that the Memorial is a key attraction for visitors to Canberra, and many locals and visitors spend considerable time at the Memorial each year. The Committee notes that there were over 800,000 visitors to the Memorial last year, including many students and international visitors.
- 5.46 The Committee notes that while visitor numbers at cultural institutions in Canberra are declining slightly, the Memorial has had less of a decline than other cultural institutions.
- 5.47 The Committee supports the work of the Memorial and encourages it to promote its vision and its collection to all visitors and Australians, through a combination of various traditional and modern technologies and displays.
- 5.48 The Committee's inspection of the First World War galleries provided valuable information to the inquiry. During the inspection, the Committee viewed dioramas which were in the process of being cleaned and restored.
- 5.49 Separate to this project, the Committee understands that the Memorial is planning to develop a presentation on Afghanistan. The Committee commends the Memorial for this commitment.
- 5.50 The Committee was satisfied with the evidence provided by the Memorial regarding the proposed redevelopment of the First World War galleries. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 5.51 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**

**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: The Australian War Memorial redevelopment of the First World War galleries.**



## Proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT

- 6.1 The proposed new National Archives Preservation Facility (NAPF) was referred to the Committee on 24 May 2012. The National Archives of Australia (NAA) was the proponent agency.
- 6.2 The Committee conducted an inquiry into the NAPF, with public and in-camera hearings on 9 July and 2 November 2012.
- 6.3 All information from the inquiry, including submissions, public hearing transcripts and the Committee's report, can be found on the Committee's website.<sup>1</sup>
- 6.4 The Committee reported on 26 November 2012.<sup>2</sup> The Committee did not recommend expediency for the project, rather that the NAA seek funding to pay for the fit-out of the facility up-front.
- 6.5 Following the tabling of the Committee's report, the Director-General of the NAA wrote to the Committee requesting that the inquiry be reopened.
- 6.6 The Committee conducted a further public hearing with the NAA and the Department of Finance and Deregulation (DoFD) on 15 February 2013. The hearing was advertised on the Committee's website and by a media release.

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

2 Report 6/2012.

## Project issues

### The pre-commitment lease (PCL) funding model

- 6.7 The pre-commitment lease (PCL) funding model was selected for the project. The NAA previously indicated that it had presented many funding options to government.
- 6.8 At the final hearing, the NAA clarified that it had presented the upfront payment model to government:
- I would like to clarify for the committee, as I note in the report and I may not have emphasised this clearly, that the design-build-operate is the upfront capital model that was requested from government.<sup>3</sup>
- 6.9 DoFD stated that the government had considered the options presented to it by the NAA. The government then determined that the NAA should use the PCL model to deliver the project.<sup>4</sup>
- 6.10 The Committee had expressed concerns with the NAA's development of the project and the validity of the PCL model. DoFD outlined its involvement in the development of project funding:
- When the modelling was done leading up to things being finalised, the archives spoke to finance and we assessed it. We thought that, based on the available information, it seemed like a reasonable approach. In a sense you might say both the archives and finance, as well as the consultants involved from the archives, thought those appeared reasonable assumptions to use.
- ... There are always uncertainties about these things, but it seemed like a reasonable approach to us.<sup>5</sup>
- 6.11 DoFD confirmed that it considered the PCL model to be an appropriate option:
- Yes, we certainly regard it as an appropriate option. When you look at the present value calculations, it is certainly within the ballpark of what is achievable or a reasonable approach to doing things.<sup>6</sup>

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3 Ms C. Watson, NAA, *transcript of evidence*, 15 February 2013, p. 1.

4 Mr G. Painton, DoFD, *transcript of evidence*, 15 February 2013, pp. 2-3.

5 Mr G. Painton, DoFD, *transcript of evidence*, 15 February 2013, p. 6.

6 Mr G. Painton, DoFD, *transcript of evidence*, 15 February 2013, p. 5.

## Committee comment

- 6.12 The Committee is satisfied that the PCL model is a valid funding methodology. However, the Committee has been extremely dissatisfied with the NAA's inability to clearly explain the PCL model and its implications. Agencies must be able to explain and justify project decisions to the Committee.
- 6.13 The Committee should not have to request the presence of officials from DoFD or other agencies at public hearings to justify a proponent agency's project decisions. Agencies should be more forthright in providing comprehensible information. For some projects and agencies this may be best done by the project management experts rather than agency subject matter experts.

## Public comparative costs

- 6.14 The Committee sought comparative cost estimates for the fit-out component of the project for the PCL model and the upfront payment option.
- 6.15 To get a comparative cost estimate for the PCL option, the net present cost (NPC) must be calculated. For the NAPF this involves 'discounting' the figure for the amortised shelving and fit-out to make it equivalent to today's dollars. This figure can then be compared to the upfront payment option figure.<sup>7</sup>
- 6.16 Based on correspondence presented prior to the final public hearing, the Committee is under the impression that the NPC adjusted fit-out figure for the PCL is approximately one million dollars less than the upfront payment figure for the fit-out.
- 6.17 Subsequent correspondence from DoFD stated:
- Using assumptions consistent with the original business case, and an 8 per cent discount rate, in net present value terms, the cost of leasing the fit-out and shelving is the same as purchasing the fit-out and shelving at the start.<sup>8</sup>

## Committee comment

- 6.18 The Committee does not appreciate the lack of clear and correct information throughout this inquiry. The provision of clear and correct

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7 Mr G. Painton, DoFD, *transcript of evidence*, 15 February 2013, p. 3.

8 Department of Finance and Deregulation, Submission 3, p. 1.

- information regarding the comparison of delivery models was absolutely crucial for the Committee's deliberations.
- 6.19 The lack of a public cost figure in the initial information provided, and the absence of appropriately adjusted figures that would have facilitated meaningful comparisons, impeded the Committee's ability to assess the project. For this project the Committee was also left to grapple with information that was in some instances contradictory, and sometimes even incorrect.
- 6.20 Deficiencies in the quality of the evidence provided to the Committee and the public resulted in a waste of valuable time and resources. The Committee observes that other agencies are able to provide cost estimates that are detailed, comprehensive, well-articulated and correct. The NAA should have fully answered questions at the public hearings, and should have prepared an easily accessible table of relevant figures so it could quickly provide correct information.
- 6.21 All agencies must be able to clearly explain the decisions they have made and the reasons for those decisions. If the agency is unable to provide a satisfactory explanation at a hearing, the information should be promptly conveyed to the Committee.
- 6.22 In submissions, correspondence and hearings, the NAA often reiterated earlier irrelevant or already accepted information, particularly regarding the need for the project, but repeatedly failed to adequately respond to the Committee's concerns.

### Discount rate to calculate NPC figures

- 6.23 The NPC calculation includes a discount rate. The Committee understands that the discount rate should be linked to the Treasury bond rate. However, the Committee was advised that the discount rate is determined on a case by case basis. According to DoFD:
- The discount rate used was a matter of judgement, rather than being set by an external body or institute.<sup>9</sup>
- 6.24 DoFD's advice stated that the NAA used 'a uniform 8 per cent discount rate.'<sup>10</sup>

### Committee comment

- 6.25 The Committee has privately received conflicting information, from various sources, regarding the determination of the discount rate.

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<sup>9</sup> Department of Finance and Deregulation, Submission 3, p. 1.

<sup>10</sup> Department of Finance and Deregulation, Submission 3, p. 1.



- 6.26 The Committee remains uncertain about how the NAA determined the discount rate of 8 per cent.
- 6.27 The Committee is concerned that there is no standard discount rate applied by DoFD or another agency.
- 6.28 The Committee is also concerned that agencies who do not frequently deliver large projects may not engage, seek advice from or listen to project management consultants with regard to project cost estimates.

### Final Committee comment

- 6.29 In the past year, the Committee has conducted several well-presented inquiries. For example, refer to the Australian Federal Police and Australian War Memorial inquiries in this report. In these inquiries, the proponent agencies provided clear, concise and accurate information at the time of referral, answered questions clearly at the public hearings and provided any follow up information as quickly as possible. Additional submissions, correspondence and hearings were not required.
- 6.30 The NAA should reflect on its performance and endeavour to learn from other agencies that navigate the Public Works Committee process, frequently or otherwise.
- 6.31 Information presented in submissions and in the hearings lacked clarity and failed to adequately substantiate the NAA's claims that the PCL funding model provided best value for money. At times the information was conflicting and incorrect.
- 6.32 The Committee is unimpressed that the NAA was not able to adequately explain the PCL funding model, and did not provide comparative figures until asked. The provision of this information at the beginning of the inquiry would have allowed the Committee to make a determination on whether paying for the fit-out component up-front would provide better value for money than the PCL option.
- 6.33 Given that this project has been in development for many years, the NAA's inability to provide clear and correct information in the initial submissions is incomprehensible.
- 6.34 Ultimately, the NAA relied on DoFD to substantiate the claim that the decision to pursue a PCL funding model was a decision of the Australian Government, and that the PCL model was a valid project delivery model. While the NAA did include this information, it was not sufficiently emphasised or explained.

- 6.35 The Committee is very disappointed that the NAA needed to rely upon DoFD to explain the PCL funding model and justify its use for the project. Such an explanation is the responsibility of the proponent agency.
- 6.36 In future, the NAA must take advice from project contractors or experienced agencies on how to provide clear information to the Committee.
- 6.37 The need for the project was accepted by the Committee in November 2012. Despite this, the NAA kept trying to reiterate the importance of the project, as though this would end the Committee's quest to determine whether the project provided best value for money.
- 6.38 This occurred again in the February 2013 hearing. The NAA must understand that the need for the project was very convincing, however this does not exclude the agency from being required to demonstrate that the project provides value for money.
- 6.39 This reflects extremely poorly on the NAA, and the Committee will continue to scrutinise the project as it progresses. The fact that the NAA is enacting a decision of the Australian Government does not excuse the agency's inadequate performance and inability to provide correct, clear information about the project.
- 6.40 Given that the Australian Government has declined to provide upfront funding for the fit-out, and DoFD and the NAA have reassured the Committee that the comparative costs are 'the same', the Committee has reconsidered the proposed funding model.
- 6.41 In view of the additional information provided, and in the context of a more comprehensive explanation of the PCL funding model, the Committee is now of the view that value for money has been demonstrated. As the need for the project has already been established, the Committee is now in a position to recommend expediency.

#### **Recommendation 4**

**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: proposed new National Archives Preservation Facility for the National Archives of Australia at Mitchell, ACT.**

**Ms Kirsten Livermore MP**

**Chair**

**18 March 2013**





## Appendix A – List of Submissions

### **The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project**

1. ANSTO
  - 1.1 Confidential
  - 1.2 ANSTO
2. Sutherland Shire Council

### **Australian Federal Police proposed new forensic facility at Majura, ACT**

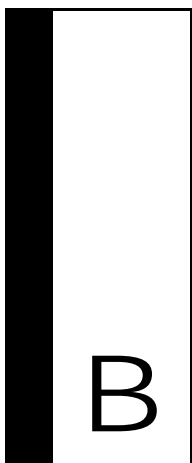
1. Australian Federal Police
  - 1.1 Confidential

### **The Australian War Memorial redevelopment of the First World War galleries**

1. Australian War Memorial
  - 1.1 Confidential
  - 1.2 Confidential

## **Proposed new National Archives Preservation Facility and refurbishment of the existing Mitchell facility for the National Archives of Australia at Mitchell, ACT**

1. National Archives of Australia
  - 1.1 Confidential
  - 1.2 National Archives of Australia
  - 1.3 Confidential
  - 1.4 Confidential
  - 1.5 National Archives of Australia
2. Southern Distribution Hub
3. Department of Finance and Deregulation



## Appendix B – List of Inspections, Hearings and Witnesses

### Extension of budget and timeline to the CSIRO Australian Square Kilometre Array Pathfinder (ASKAP) radio telescope project

Thursday, 31 January 2013 – Sydney

#### Public Hearing

CSIRO

Dr David Williams, Group Executive, Information Sciences

Ms Hazel Bennett, Chief Finance Officer

Mr Antony Schinckel, ASKAP Director

Mr Antony Mikulic, Deputy General Manager, Property Services

#### In-Camera Hearing

Four witnesses

## **The Australian Nuclear Science and Technology Organisation (ANSTO) Nuclear Medicine Project**

Friday, 1 February 2013 – Sydney

### **Public Hearing**

ANSTO

Dr Adrian (Adi) Paterson, Chief Executive Officer

Mr Shaun Jenkinson, General Manager, ANSTO Health

Mr Con Lyras, General Manager, Engineering and Capital Programs

Mr Steve McIntosh, Manager, International Relations, Government Affairs and Policy

Mr Andy Garcia, Program Director

### **In-Camera Hearing**

Six witnesses

## **Australian Federal Police proposed new forensic facility at Majura, ACT**

Friday, 8 February 2013 – Canberra

### **Public Hearing**

Australian Federal Police

Mr Peter Gunning, Chief Financial Officer

Ms Nicole Levay, Manager, Forensic Capability Program

Mr Michael Phelan, Deputy Commissioner, Close Operations Support

Mr Justin Sawyers, Manager, Commercial Support

Mr Julian Slater, Assistant Commissioner, National Manager, Forensic and Data Centres



Hassell

Mr Mark Roehrs, Principal Architect

### **In-Camera Hearing**

Seven witnesses

## **The Australian War Memorial redevelopment of the First World War galleries**

Friday, 15 February 2013 – Canberra

### **Public Hearing**

Australian War Memorial

Ms Rhonda Adler, Assistant Director, Branch Head, Corporate Services

Ms Katherine McMahon, Head, Exhibitions

Dr Brendan Nelson, Director

Johnson Pilton Walker

Mr Kiong Lee, Director

Root Projects Australia

Mr Peter Root, Director

WTPartnership

Mr Malcolm Pratt, Associate

### **In-Camera Hearing**

Seven witnesses

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## **Proposed new National Archives Preservation Facility and refurbishment of the existing Mitchell facility for the National Archives of Australia at Mitchell, ACT**

**Monday, 9 July 2012 – Canberra**

### **Public Hearing**

**Bill Ross and Associates (trading as RPL Pty Ltd)**

Mr Bill Ross, Director

**GHD Pty Ltd**

Ms Jennifer Perrin, Service Group Manager, Project Management

**National Archives of Australia**

Mr Michael Boyle, Project Manager

Dr Stephen Ellis, Assistant Director-General, Operations and Preservation

Ms Cheryl Watson, Assistant Director-General, Corporate Services

**Rider Levett Bucknall, ACT Pty Ltd**

Mr Matt Richard, Director

### **In-Camera Hearing**

Six witnesses

**Friday, 2 November 2012 – Canberra**

### **Public Hearing**

**National Archives of Australia**

Mr Michael Boyle, Project Manager

Dr Stephen Ellis, Assistant Director-General, Operations and Preservation

Mr Len Marsden, Assistant Director-General, National Coordination

Ms Cheryl Watson, Assistant Director-General, Corporate Services

## **In-Camera Hearing**

Four witnesses

**Friday, 15 February 2013 – Canberra**

### **Public Hearing**

#### **Department of Finance and Deregulation**

Mr Fabian Harding, Assistant Secretary, Project Inception Branch, Property and Construction Division, Business, Procurement and Asset Management Group

Mr Geoff Painton, Assistant Secretary, Central Agencies Branch, Government and Defence Division, Budget Group

#### **National Archives of Australia**

Mr Michael Boyle, Project Manager

Mr Craig Maconachie, Chief Financial Officer

Mr Len Marsden, Assistant Director-General, National Coordination

Ms Cheryl Watson, Assistant Director-General, Corporate Services