

Proposed Moorebank Units Relocation, Holsworthy, NSW

- 4.1 The Department of Defence occupies Commonwealth-owned land at Moorebank, NSW. This site has been selected as the location for the Moorebank intermodal terminal (IMT) site.
- 4.2 The purpose of the Moorebank Units Relocation (MUR) project is to relocate all 13 Defence units and four Defence facilities currently occupying Steele Barracks (the site for the proposed Moorebank IMT) to Holsworthy Barracks. The largest of these facilities is the School of Military Engineering (SME).
- 4.3 The project also brings forward scope elements initially proposed in the future projects to deliver an optimum, consolidated and efficient facilities solution at Holsworthy Barracks.
- 4.4 The cost of the project is \$870 million.
- 4.5 This proposed construction project was referred to the Committee on 20 June 2012.

Conduct of the inquiry

- 4.6 Following referral, the inquiry was advertised in *The Australian* on 27 June 2012.
- 4.7 The Committee received one submission and two supplementary submissions from Defence, and two confidential supplementary submissions detailing the project costs. The Committee also received one submission from the Representative Colonel Commandant of the Royal Australian Engineers (RAE). A list of submissions can be found at Appendix A.

- 4.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 9 August 2012 in Sydney.
- 4.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 4.10 Defence outlined how the site was selected for the Moorebank IMT:

On 15 September 2004 a joint announcement was made by the then Minister for Defence, Senator the Hon Robert Hill, and Minister for Transport and Regional Services the Hon John Anderson MP, that the Defence land at Moorebank was to be considered as the site for a proposed IMT. In November 2004, the Government established an Inter-Departmental Committee comprising officials from the Departments of Infrastructure and Transport, Defence, and Finance and Deregulation to identify issues and options that would enable further consideration of the Moorebank IMT.

Subsequently, in May 2010, the Government allocated funds to the Department of Finance and Deregulation and the Department of Defence to progress planning activities related to the project, including, in relation to the Moorebank IMT, the preparation of a Scoping Study and Business Case.²

On 23 April 2012 [...] the Government announced that the Moorebank Units Relocation project would relocate all Defence assets currently on the Moorebank IMT site to Holsworthy Barracks by December 2014. This timeframe for relocation was subsequently amended on 6 June 2012 by the Moorebank IMT inter-Departmental Steering Committee with consideration of the construction program, to the end of June 2015.³

- 4.11 Defence indicated that this project provides an opportunity to upgrade facilities at Holsworthy Barracks:

In relocating units from the Moorebank site to Holsworthy Barracks, Defence is taking the opportunity to provide a contemporary facilities solution to replace the existing old and obsolescent buildings that are only marginally capable of supporting current training and operational outcomes. This project

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

2 Department of Defence (Defence), Submission 1, p. 3.

3 Defence, Submission 1.2, p. 3.

proposes to consolidate and rationalise multiple existing facilities from the current 198 hectare Moorebank site, to a deliberately planned, precinct based site of approximately 50 hectares at Holsworthy Barracks for the SME facilities and a total of 110 hectares for the full scope of works that includes units in addition to those located at Moorebank.⁴

Complementing this consolidation and rationalisation, the project proposes to upgrade the Holsworthy Barracks access security, replace the existing gymnasium and pool, replace working accommodation for several units and sub-units of the 5th Brigade, and replace 11 existing Messes with a single Mess. In addition to improving the facilities, this proposal provides Defence with operating cost savings.⁵

4.12 The Committee is satisfied that there is a need for the works.

Scope of the works

4.13 The project will be delivered in five distinct precincts:

- Holsworthy Barracks entry precinct
- SME precinct
- Holsworthy Barracks mess precinct
- Holsworthy Barracks physical fitness complex precinct
- Training precinct.⁶

4.14 The Holsworthy Barracks entry precinct includes:

- a new barracks entry off Heathcote Road
- a new multi-denominational chapel
- a Military Engineering Heritage and Learning Centre
- commercial offices for Defence Support
- a Defence Community Organisation facility
- working accommodation for ADF cadets

4 Defence, Submission 1.2, p. 3.

5 Defence, Submission 1, p. 3.

6 Defence, Submission 1, p. 14.

- a DS transport yard including the Chief Information Officer Group store and LMA Quartermaster store
- security infrastructure for the entry precinct
- the LMA clothing store
- the Australian Defence Credit Union and Defence Bank.⁷

4.15 The SME precinct includes:

- SME headquarters
- SME central instructional facility and working accommodation for the engineer tactics, combat engineering and geospatial engineering wings
- an initial employment training wing
- a construction engineering wing including the watermanship and bridging section of the combat engineering wing
- facilities for the explosive detection dog section
- a multi-function facility
- the SME Quartermaster store
- workshops including Heavy 'C' (construction) vehicle maintenance facilities for the Defence National Storage and Distribution Centre
- permanent and trainee level 1 living in accommodation for staff and students
- external training infrastructure.⁸

4.16 Holsworthy Barracks mess precinct will cater for a design population of 1,100 with a seating capacity for 750, have a central kitchen and stores with separate dining and ante rooms.⁹

4.17 Holsworthy Barracks physical fitness complex precinct will provide facilities for physical training and specialist training for Defence personnel. It will include:

- office accommodation for twelve personnel
- a 50m indoor pool

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

8 Defence, Submission 1, pp. 17-20.

9 Defence, Submission 1, p. 21.

- multi-purpose courts (within the space required for two basket ball courts)
 - a weights room
 - a cardio fitness room
 - a close quarter combat training room
 - a spin room
 - two squash courts
 - circulation, amenities, plant and equipment requirements.¹⁰
- 4.18 The proposal includes special purpose enhancements to enable Special Operations Command personnel training in various aviation emplane, deplane, parachute, waterborne operations, diving and close quarter combat techniques.¹¹
- 4.19 The proposal also includes a number of external training facilities including:
- combined cricket and Australian Rules field including 600m running track
 - a run, dodge, jump course
 - a rope training facility
 - a heave beam
 - two crickets nets
 - two beach volleyball courts
 - four tennis courts
 - an upgrade of two existing rectangular sports fields including amenities.¹²
- 4.20 The training precinct provides a second precinct for the minor units relocated from the Moorebank site. It provides working and instructional facilities to be shared between the regular and reserve components.¹³

10 Defence, Submission 1, p. 20.

11 Defence, Submission 1, p. 20.

12 Defence, Submission 1, pp. 20-21.

13 Defence, Submission 1, p. 21.

- 4.21 Defence provides detailed information on the proposed works at each of these barracks in Submission 1.¹⁴
- 4.22 In addition to the proposed precinct works, the project is proposed to include provision for the upgrade or replacement of existing services, demolition of obsolescent buildings and the temporary relocation of units from one area of Holsworthy Barracks to another. The demolition works include:
- 125 buildings located at the former Gallipoli Lines (proposed SME precinct)
 - 56 buildings at the former Kapyong Lines (proposed Holsworthy physical fitness complex and training precincts)
 - Seven former messes located at various locations across Holsworthy Barracks, including three at the former Kapyong Lines (replaced by new Holsworthy mess) and one each at Coral Lines, Jordan Lines, Malaya Lines and Old Holsworthy.¹⁵
- 4.23 Subject to Parliamentary approval, construction is planned to commence by October 2012 and be completed by October 2015. Works to permit relocation of the Moorebank units will be completed by the end of June 2015 to meet the IMT development milestone.¹⁶
- 4.24 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 4.25 The overall project cost is \$870 million, excluding GST.
- 4.26 The project is being funded through the Nation-Building Funds Program (\$517.1 million) and the Defence Major Capital Facilities Program (\$352.9 million).
- 4.27 Of the total project costs, approximately two-thirds are directly related to moving the Moorebank units to Holsworthy Barracks. The other third is for providing further redevelopment work at Holsworthy Barracks.¹⁷

14 Defence, Submission 1, pp. 14-23, available on the Committee's website: <www.aph.gov.au/pwc>

15 Defence, Submission 1, pp. 23-24.

16 Defence, Submission 1, p. 39; Defence, Submission 1.2, p. 5.

17 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

- 4.28 The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with Defence on these costs.
- 4.29 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

- 4.30 The Committee questioned Defence and the Department of Finance and Deregulation (Finance) at the public hearing. The issues presented in this section are areas that the Committee sought clarification on at the hearing or areas that the Committee considers to be of interest to the public.

Relationship to Moorebank IMT project

- 4.31 Defence was directed by the Australian Government to vacate the Moorebank site by June 2015. Finance confirmed that Defence was consulted throughout the development of the Moorebank IMT:

The Moorebank Project Office [MPO] is an interagency task force comprising Defence and the departments of finance and infrastructure. Defence were consulted through that process and we had a steering committee which was overseeing the [MUR] and the [IMT] project. So Defence's views were reincorporated in the overall assessment.¹⁸

- 4.32 Defence affirmed this statement, stating that it:

... has been engaged in development of this project right from the outset as a member of the [IMT] steering committee and [in the MPO]. During development of the program for the [IMT], [Defence] has been engaged completely in understanding our time lines to undertake the work that we need to do to vacate the site.

We have had to negotiate with the other members of the [MPO] to come up with a program that will meet both [IMT] objectives and also [Defence] objectives. We believe that we have a program that, while tight and challenging, is achievable.¹⁹

18 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

19 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 6.

- 4.33 In addition to the MPO, there is a Planning Approvals and Connections Enabling (PACE) committee, comprising the same departments at the federal level as well as NSW state departments. The MPO was set up in mid-2010 and the PACE committee was set up in mid-2012.²⁰
- 4.34 Finance stated that it broadly considered the extra costs of the relocation as part of a cost benefit analysis for the Moorebank IMT.²¹ Finance sought a sensitivity analysis in relation to taking into consideration the MUR costs (though not quantifying all of the associated benefits). This also showed a positive cost-benefit ratio.²²
- 4.35 Defence also stated that:
- ... one of the objectives of the intermodal terminal project that was agreed between departments and by government was to ensure that there was no adverse impact on defence capability as a result of the project. That has been an underlying consideration from the start.²³
- 4.36 At the public hearing, Finance provided an overview of the community consultation process for the IMT.²⁴ Further, Finance stated that its process for consulting with state and federal members was through and at the request of its Minister's office. Finance had not been requested to brief the local state or federal members at the time of the public hearing.²⁵

Committee comment

- 4.37 The Committee suggests Finance and Defence continue to communicate with each other throughout the MUR project. The Committee also suggests that Finance and Defence maintain and improve their lines of communication and resolve any issues that arise as expeditiously as possible.
- 4.38 The Committee requested that Finance brief local state and federal members on the MUR project. At the very least, the Committee suggests that Finance write to the affected local state and federal members to notify them of the IMT project.

20 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 4.

21 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

22 Mr S. MacSweeney, KPMG Corporate Finance (Australia), *transcript of evidence*, 9 August 2012, p. 2.

23 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

24 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

25 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 3

Heritage

4.39 The SME has several significant heritage elements that will be dismantled and relocated in full or in part to Holsworthy Barracks. These elements have significant value to people associated with the SME, as well as to the broader community.

4.40 These elements include the All Saints Chapel, the Royal Australian Engineers (RAE) memorial and the gates at the entrance to the barracks. The chapel and the memorial were both built by Sappers from the SME. Sandstone from the chapel will be incorporated into the new Holsworthy Chapel and the memorial will be relocated to Holsworthy Barracks.²⁶

4.41 Defence outlined the plan for these heritage elements:

The plan has been developed in conjunction with the head of corps of the Royal Australian Engineers to understand those items of significance, and there are quite a few of them. The project is scoped to include the dismantling of some of those assets that will be moved and then the relocation and incorporation of those into the works at the new site.²⁷

4.42 Defence explained the process for determining the viability of relocating elements of Steele Barracks:

As part of the design review process we had a look at the heritage value of SME and Moorebank and had a look at what was viable and what was not viable to move and at what was of value to the corps and what was not valuable. Through that process we developed a matrix of what was going to move and what was not going to move and what we were going to keep records of. That was then run through the head of corps as the basis for what we would move and not move, and some ought to stay there, in situ.²⁸

4.43 Defence also stated the Head of Corps' intent for the heritage elements of Steele Barracks:

His key intent theme was to replace old, dysfunctional and inefficient with new, functional and efficient whilst ensuring there is a connection between the old and the new SMEs and consideration in the context of value for money and project funding constraints. He came at it with the objective of, I guess,

26 F.J. Hickling, Submission 2, p. 1.

27 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

28 Mr M. Theoharous, Point Project Management, *transcript of evidence*, 9 August 2012, p. 11.

understanding that we are not going to be able to move everything, so let us look at what represents value for money for us to move and what does not and then, similarly, ensure that what is built new represents value for money as the ultimate solution.²⁹

- 4.44 The Committee received a submission from the Representative Colonel Commandant of the RAE that was supportive of the project. The submission stated that the project ‘has the full support of the Engineer community, serving and ex-serving’. It indicated that the project team had adequately addressed heritage elements and stated that the team’s approach:

... has been instrumental in gaining support for the move from ex-service people in particular.³⁰

Committee comment

- 4.45 The Committee acknowledges the historic links and sentimental ties to Steele Barracks for Defence personnel, particularly engineers who trained at the SME. The Committee also acknowledges that the heritage elements of Steele Barracks are celebrated by the wider community.
- 4.46 The Committee notes that Sappers constructed the All Saints Chapel and the RAE memorial, and would support a role for Sappers in the construction of buildings at Holsworthy Barracks if feasible. This will also be noted later in the section on Defence trainees.

Replacing ageing buildings and consolidating facilities

- 4.47 The Committee undertook site inspections at both Steele Barracks and Holsworthy Barracks and viewed many ageing buildings. The SME buildings are in poor condition and were developed from 1940 onwards. Defence training and requirements have changed since then.
- 4.48 Replacing ageing buildings will also build relationships between different areas of Defence and lead to various efficiencies:

I would also offer that there will be efficiencies as well in terms of use of multiple facilities through the colocation there. [...] we do

29 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

30 F. J. Hickling, Submission 2, p. 1.

expect efficiencies to flow through training and the use of those facilities over the next 30 to 40 years.³¹

- 4.49 The decision to demolish various buildings at Holsworthy Barracks was made following a condition assessment:

Looking at the master plan that was set for the project – the proposed master plan – we then went and identified the buildings that were impacted by that. Some 204 buildings were surveyed on the site, and, though I cannot give you the age of all of the buildings, I can say that there are a number of contamination issues associated with them. At least 167 of those buildings had some form of hazardous substance located within.³²

- 4.50 Various other issues were taken into consideration before determining which buildings were to be demolished:

In making a determination as to how we were going to develop the precinct, a very strong consideration was whether we were going to be able to adaptively reuse existing facilities. At every point along the way, the project team considered that in determining what the long-term plan would be and what the best whole-of-life outcome would be. One of the options on facilities, as you know, is to go in and undertake a refurbishment and reconditioning and to try to extend the life that way. In the majority on this occasion it proved to be more beneficial for us to be able to clean the slate effectively in that site and start again. That was not only in the buildings themselves; it was also in a lot of the inground infrastructure. A lot of the sewerage, drainage, water reticulation and so on was in very poor condition and had been in the ground for 50 or 60 years and would have needed a significant amount of work to bring it up to current standards...³³

- 4.51 The move from Steele Barracks to Holsworthy Barracks has benefits for the SME:

... looking at SME in particular, one of the capability gains that we will get out of this project is that we will have a much more efficient, much better tailored facility that is fit for purpose, which allows us to undertake efficient and effective training of our

31 Major Gen. J. Sengelman, Defence, *transcript of evidence*, 9 August 2012, p. 17.

32 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 9.

33 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 9.

combat engineers to ensure that we can generate the capability that government demands of us.³⁴

4.52 Instead of merely replicating the SME facilities at Holsworthy Barracks, the project will consolidate certain facilities to provide upgraded facilities and overall efficiencies. One example of this is the physical fitness complex, including a pool and gymnasium.

4.53 Defence provided the following explanation for consolidating the facilities rather than replicating the Steele Barracks facility at Holsworthy Barracks:

... what we had was a gymnasium facility at SME and a gymnasium facility at Holsworthy. When we developed options for how we were going to deal with this project, one of the things we looked at was whether to just replicate the SME gymnasium when we move across. The first thing we looked at was whether the existing Holsworthy gymnasium has the capacity to support the additional demand that would be placed on it from moving the SME folks across. The answer to that was no. We then looked at whether to just build a new gymnasium facility to support SME. We looked at that and determined that we could do that, but the other option that we considered was taking the opportunity to combine the two and look at all of the other concerns that needed to be addressed. One of those was the fact that the gym that is there at Holsworthy right now is old. It is ageing. It was constructed about 40-odd years ago, and it is the same with the swimming pool. As was briefed there this morning, the swimming pool does have a lot of problems with it. There are a significant number of issues that would need to be dealt with if we were to try to maintain that pool. Similarly, the current gymnasium does not meet current work health and safety standards for undertaking physical fitness activities and, as you saw this morning, it is very small just for the demand population that it has to support right now. That is not even considering the additional requirements that have arisen as a result of 2 Commando's changing role.³⁵

4.54 Consolidating the existing two fitness facilities will provide a modern, upgraded facility that will have marginally higher operating costs than the existing facilities. It will however be much more efficient and provide a much higher standard of facility.³⁶

34 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 17.

35 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

36 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 8.

- 4.55 Other details of this complex will be discussed below in the section on the upgraded physical fitness complex.
- 4.56 Another example of consolidation is the replacement of 11 existing messes with a single non-Special Forces area mess.³⁷ This is an opportunity to replace existing ageing messes with an upgraded facility and provide operational costs savings.³⁸
- 4.57 The new Holsworthy Mess will provide:
- ... a combined Mess for the non- Special Forces (SF) Defence personnel on the Barracks including absorbing the RAE Officer's Mess, RAE Sergeant's Mess and 'Peeler Club' (SME Other Ranks Club). The Mess will cater for a design population of 1,100 with a seating capacity for 750, having a central kitchen and stores with separate dining rooms and ante rooms for Officers, Senior Non-Commissioned Officers and Other Ranks.³⁹
- 4.58 The mess will also have the ability to utilise external spaces for 'surge' activities involving larger than usual numbers of personnel.⁴⁰

Committee comment

- 4.59 On its site inspection at Holsworthy Barracks, the Committee noted the dilapidated condition of various buildings and agreed that they require upgrading. The Committee also noted that several buildings were closed due to the presence of hazardous materials.
- 4.60 The Committee agrees that the existing facilities at Holsworthy Barracks do not support current Defence requirements, and this would worsen with addition of relocated personnel from Steele Barracks. The Committee supports the need for upgraded, consolidated facilities.
- 4.61 The Committee is satisfied that Defence has taken into account its requirements to deliver capability in designing the project.

Removal of contaminants

- 4.62 The project will involve the removal of contaminants. These are mostly asbestos-containing materials, but also include lead paint and other contaminants.⁴¹

37 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 5.

38 Defence, Submission 1, p. 3.

39 Defence, Submission 1, p. 21.

40 Defence, Submission 1, p. 26.

- 4.63 The project has a contamination management plan. Defence outlined the NSW regulations for disposing of asbestos and reassured the Committee that it would comply with these regulations.⁴²
- 4.64 Defence explained that the responsibility for contamination management falls to the managing contractor, although Defence is ultimately accountable for what occurs on a project site when hazardous work is being undertaken:
- One of the obligations the managing contractor will have is to produce a contractor's environmental management plan. That will include the contractor's plans for management of environmental issues across the entire site. Included in that would be contamination management. Also, the contractor is obliged to provide us with a remediation action plan for any contamination that is found. That remediation action plan will be reviewed by our project manager to ensure that it meets the appropriate standards and requirements.⁴³
- 4.65 On its site inspection of Holsworthy Barracks, the Committee walked past the Little Diggers childcare centre to view a future construction site for the project.
- 4.66 At the public hearing, the Committee sought reassurance that children at Little Diggers would not be exposed to asbestos. Defence responded:
- ... the nearest demolition to the Little Diggers Child Care Centre is 180 metres away. In that area, the furthest is 320 metres from the Little Diggers Child Care Centre. With asbestos removal from site comes a whole lot of protection measures.⁴⁴
- 4.67 Defence reiterated that specific air quality monitoring will be undertaken throughout the entire project site:
- In terms of control of hazardous removal, we will be undertaking specific air quality monitoring on site, not just around Little Diggers but around the rest of the site as well. We will also be employing occupational hygienists to monitor dust and other things. We propose to do that particularly with the early removal

41 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 15.

42 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 15.

43 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 15.

44 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 15.

of hazardous material. There is also the encapsulation process, which is a standard process...⁴⁵

- 4.68 Defence also stated that the prevailing weather conditions would also reduce the risk of contamination at Little Diggers:

The prevailing weather is from the south-west to the north-east, which is away from the Little Diggers Child Care Centre. All of the work in terms of demolitions will be occurring with the prevailing wind away from the Little Diggers Child Care Centre.⁴⁶

Committee comment

- 4.69 The Committee was concerned that asbestos may pose a health risk to persons near the demolition and construction areas, particularly the children at Little Diggers.
- 4.70 The Committee was satisfied that Defence is taking all necessary steps to address the presence of asbestos and other contaminants. The Committee expects Defence to conform to contaminant management requirements, maintain vigilance and reduce the risk further wherever possible.

Upgraded physical fitness complex

- 4.71 A key feature of the project is the consolidated, upgraded physical fitness complex. This complex caters for training and rehabilitation purposes:

First and foremost, facilities like the fitness facility, or 'gymnasium' if others want to call it that, are about capability. They are about fitness for soldiers and training opportunities that are directly linked to their employment requirements and the capabilities that flow from that. [...] the pool, for example, would allow our very high-readiness commando forces to practice water operations activities, diving activities, parachute based activities; it would have a direct connection to their readiness levels. It would reduce travel time to distant training facilities that they otherwise would have to go to. The other part of the fitness facility would also allow high levels of fitness for larger numbers of commandos. [...]

Although the fitness facility is not dedicated to this, I also touched on the rehabilitation of wounded soldiers. This is an ongoing, an

45 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 16.

46 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 16.

enduring task and there are a large number of those at Holsworthy at present. Access to modern fitness facilities is a key part of that rehabilitation. And all of these things would enhance readiness levels and preparedness levels and help to deliver capability more effectively at Holsworthy barracks.⁴⁷

4.72 Defence stated that the population of Holsworthy Barracks after the project is delivered will be 4,829, with 3,550 using the physical fitness facilities. The Committee toured the existing facility, which services approximately 2,500 people. It will be replaced by the new complex.

4.73 Defence outlined why this new complex is necessary:

I think the key point is that the facility was designed and built in another time and effectively for another army – an army that was in existence back in 1970 – and it really has not moved on from there in spite of all of the changes that we have faced as a defence force over that intervening period. [...] It was probably suitable at the time that it was built, but it certainly is not suitable now to meet the requirements on a daily basis for individual and group physical training requirements and obligations.⁴⁸

Committee comment

4.74 The Committee understands the importance of a physical fitness complex that can support the training and rehabilitation needs of Defence personnel. The Committee agrees that the consolidated, upgraded physical fitness complex will support Defence capability.

Provision for future growth

4.75 The Committee queried whether the potential for further growth in Defence personnel numbers at Holsworthy Barracks had been factored into the project design.

4.76 Defence stated that it only designs facilities for the current need or for approved growth of the current unit being accommodated, but maintains flexibility for potential future growth:

... otherwise it is sort of chasing ground – you do not know where you stop in order to provide for something that might happen down the track. That would not be a very prudent expenditure of

47 Major Gen. J. Sengelman, Defence, *transcript of evidence*, 9 August 2012, p. 12.

48 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 12.

Commonwealth funds. So what we do is we design for what we understand to be the approved growth figures for a particular unit or stakeholder or whoever it is who is going to occupy that facility. [...] we then try to design it to ensure that if there is a subsequent approved growth or change in function of that unit, then the building that is being constructed does not stop you from being able to make a cost-effective change to that facility.⁴⁹

- 4.77 The exception for this is engineering services, which are designed with excess capacity as it is very difficult to increase capacity at a later date. Spare capacity on engineering services will range between 30 and 40 per cent at Holsworthy Barracks.⁵⁰

Committee comment

- 4.78 The Committee supports Defence's approach to the provision for future growth at Holsworthy Barracks.

Construction traffic

- 4.79 Construction traffic for the project was estimated at an average of 2,000 vehicle movements per working day.⁵¹ Defence stated that a Construction Traffic Management Plan will be prepared and implemented for the site.⁵²
- 4.80 Defence provided an explanation of how construction traffic will impact on the site and on surrounding roads, and how this will be managed:

Clearly when you bring that many people into a site like that it is going to have an impact. It is going to have an impact not only outside but also inside the barracks. [...] some of the considerations that would have been taken into account for [the construction traffic management plan] were: what options we had for alternate access, where would we take deliveries of all of the materials that come in – it is not only the tradesmen and labourers who are working on the site, it is also all of the deliveries that would be required to deliver materials for construction.⁵³

[...] With the size of the project, it obviously has to start at a starting point and then build. So we are not starting the project

49 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

50 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

51 Defence, Submission 1, p. 27.

52 Defence, Submission 1, p. 28.

53 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

and taking over the whole MUR site that you saw this morning. We are starting in a corner and building through that as we go through our services terminations, the hazardous material removal and civil works before we actually physically begin to start construction. So it is a build-up of people who will be coming to site.

- 4.81 Defence stated that construction traffic would be segregated from Defence traffic prior to entering the base and while on the base.⁵⁴

Committee comment

- 4.82 The Committee was satisfied with the traffic management provisions. The Committee acknowledges the security considerations that apply when undertaking construction on a Defence base.
- 4.83 The Committee suggests that Defence continue to monitor and respond to issues as they arise, and pay particular attention to traffic congestion or other issues on local roads surrounding Steele Barracks and Holsworthy Barracks. The Committee expects Defence to address local traffic issues wherever possible.

Consultation

- 4.84 Defence conducted consultation for the project, as part of the communications plan. This included consulting with various state, federal and Defence stakeholders.⁵⁵ Defence elaborated on its communication policy:

... we engaged a communications firm [...] to assist us. With them, we developed a stakeholder engagement plan which basically looked at the best ways to reach the broader community, to specify the stakeholders we needed to engage with. That clearly runs to local members, utility providers, authorities, local residents, businesses and so forth. It is a pretty extensive list, as you would imagine. It identified the main issues which were likely to be of interest to those stakeholders.⁵⁶

54 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 13.

55 Defence, Submission 1, p. 11.

56 Lt Col. M. Thomson, Defence, *transcript of evidence*, 9 August 2012, p. 14.

- 4.85 The initial submission stated that some technical matters were identified and were yet to be worked through:⁵⁷

In general there has been a positive reaction to the MUR project. The key issues raised in those activities were an understanding of how the overall construction process would be [managed], including traffic management issues you referred to. The changes proposed for Heathcote Road were commented upon in a positive manner in relation to the contribution to traffic flow, although it was acknowledged during consultation that the [Defence] traffic component is only a partial contributor in the railway precinct – we saw that this morning. Some minor commentary was received on the design of buildings and so forth. The issue of ongoing noise, acoustics and the treatment of noise was also raised. We have addressed that in the project.⁵⁸

Committee comment

- 4.86 The Committee is satisfied that Defence has carried out extensive stakeholder consultation and is addressing issues as they arise.
- 4.87 The Committee encourages Defence to continue such engagement throughout the duration of the project.

Environmental impacts

- 4.88 The project site potentially has four threatened species: the green and golden bell frog (*Litoria aurea*), the swift parrot (*Lathamus discolor*), the Illawarra greenhood orchid (*Pterostylis gibbosa*) and the Sydney Plains greenhood orchid (*Pterostylis saxicola*). Defence indicated that the project would not have a significant impact on those threatened species.⁵⁹
- 4.89 Defence explained the process for assessing the potential impact of the project on these species:

Essentially, we had a series of field surveys for threatened species undertaken by qualified ecologists in and around the MUR development area and no species were recorded.⁶⁰

57 Defence, Submission 1, p. 11.

58 Lt Col. M. Thomson, Defence, *transcript of evidence*, 9 August 2012, p. 14.

59 Defence, Submission 1, p. 8.

60 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 14.

It is important that we comply with the law. In doing so, looking at the threatened species, we applied the significant impact guideline tests under the [*Environment Protection and Biodiversity Conservation Act 1999*]. That was supported by the ecological baseline assessment that we undertook. Further, we then went back and it is important to note that we had a targeted survey of those areas. So it was when birds were migrating or in the springtime that we identified whether those species were present. From the studies we have submitted to the regulator, we determined that there was no significant impact.⁶¹

Committee comment

4.90 The Committee is satisfied that Defence followed proper processes with regard to the environmental impacts of the project.

Protecting subcontractors

4.91 The project will use subcontractors. Defence explained its system to protect subcontractors from intermediaries failing to pay:

Under our managing contractor form of contract, the subcontractors are engaged by our managing contractor and then the subcontractors undertake the work and they bill the managing contractor. The managing contractor then renders an invoice to Defence which is paid, but it is paid to a trust account not to the [managing contractor]. From the trust account it goes directly to the subcontractor. What that does is ensure that it goes to the subcontractor and does not get lost somewhere along the way. There are various declarations that need to be made along the way to ensure that the works are completed. There is a role for the project manager as well to assess the claims and ensure that those claims are valid. Once we have all of that in line the payments are made through the trust account to the subcontractor. We believe that that provides as much protection as we can give to ensure that the subcontractor actually does get paid for the work performed.⁶²

61 Mr L. Woodford, Defence, *transcript of evidence*, 9 August 2012, p. 15.

62 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 10.

Committee comment

- 4.92 The Committee acknowledges that no system is foolproof, however it is satisfied that this system provides the best possible level of protection for subcontractors.

Using Defence trainees to build the new facilities

- 4.93 During its site inspection at Steele Barracks, the Committee viewed trainees using heavy machinery. The Committee asked if Defence apprentices and trainees would be able to gain experience with subcontractors on the project. This occurred during the construction of Steele Barracks.

- 4.94 Defence stated that this would be unlikely, due to the requirement for fully trained plant operators:

It is a difficult question to answer because if the plant operator is a trainee we would be requiring, through our workplace health and safety requirements and safety systems, a fully ticketed, fully competent plant operator. I am not saying there is no opportunity in terms of a relational exercise with Defence. However, if it were just the provision of a person who was a student to work proper on the project, that could be difficult.⁶³

- 4.95 Defence noted however that if the opportunity arose, Defence would be interested in pursuing it.⁶⁴

Committee comment

- 4.96 The Committee supports Defence's commitment to training individuals and would support the involvement of Defence personnel in the project, if possible.

Final Committee comment

- 4.97 The Committee notes that this is a significant project, particularly in comparison to other Defence projects. Many of the issues raised here were not problematic and were adequately addressed by Defence.

63 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 11.

64 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

- 4.98 The Committee is satisfied that Defence has undertaken comprehensive preparation for this project and its referral to the Committee. The Committee is satisfied with the detailed and timely information provided to it and the preparation for the public hearing and suggests that this be an example for future Defence projects.
- 4.99 The Committee was satisfied with the evidence provided by Defence regarding the proposed Moorebank Units Relocation, Holsworthy, NSW.
- 4.100 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: Proposed Moorebank Units Relocation, Holsworthy, NSW.