

## Proposed HMAS Albatross redevelopment, Nowra, NSW

- 3.1 The Department of Defence (Defence) seeks approval to redevelop the Royal Australian Navy Air Station, HMAS Albatross, which is situated in Nowra, NSW.
- 3.2 The purpose of the project is to upgrade facilities, infrastructure and engineering services to meet the base's projected operational needs and support capabilities over the next 30 years.
- 3.3 The proposed redevelopment was referred to the Committee on 22 September 2011.

### Conduct of the inquiry

- 3.4 The inquiry was advertised nationally and submissions sought from those with a direct interest in the proposal. The Committee received one submission from Defence and three supplementary submissions, two of which were confidential and related to the project costings. A list of submissions can be found at Appendix A.
- 3.5 The Committee undertook a site inspection and held a public hearing and an in-camera hearing on the project costs on 6 December 2011 in Nowra.
- 3.6 The transcript of the public hearing and a copy of the submissions to this 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

3.7 Defence submitted that the redevelopment of HMAS Albatross was necessary for the following reasons:

- to meet projected base operational needs and support capabilities for the next 30 years;
- to upgrade and replace ageing, obsolete and, in some cases, potentially unsafe infrastructure to improve the functionality and capability of facilities; and
- to improve base performance by:
  - ⇒ upgrading trunk engineering services which support Naval operations;
  - ⇒ improving base security;
  - ⇒ updating buildings and facilities to support operational capability and meet contemporary standards;
  - ⇒ providing an improved working environment; and
  - ⇒ providing new facilities to meet current and future planning for the site.<sup>2</sup>

3.8 Defence stated that the project would facilitate the introduction of new capability to the base and sustain the Defence capability at HMAS Albatross over the next 30 years:

The significant reinvestment in engineering services and common facilities will ensure the Base has the ability to support the introduction of the new MRH-90 helicopters, the new Seahawk helicopters, and the proposed joint Army and Navy helicopter aircrew training school.<sup>3</sup>

3.9 The underground services at HMAS Albatross have not been upgraded base-wide since the base commenced operations in 1942. Defence noted:

We think it is about time that we got in there and did some investment, particularly in engineering services, to ensure that this base can continue to operate for the foreseeable future.<sup>4</sup>

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

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2 Department of Defence, Submission 1, p. 1.

3 Department of Defence, Submission 1.2, p. 1. See also Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 2.

4 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 2.

## Scope of the works

3.11 The proposed scope of the works is detailed in Submission 1: Department of Defence.<sup>5</sup>

3.12 Defence noted their priorities contained in the project scope:

Priority will be given to the upgrade and refurbishment of the engineering services, much of which has not been upgraded since the base commenced operations in 1942. The remaining elements of the project will focus on works that will deliver operational efficiencies, address occupational health and safety issues and meet current personnel support requirements.<sup>6</sup>

3.13 In summary, there are 22 project elements proposed to be undertaken as part of the redevelopment. These are as follows:

- upgrade base fire alarm system;
- upgrade electricity, water, gas, sewerage, irrigation and security engineering services;
- upgrade Defence restricted and secret networks;
- upgrade telecommunications;
- upgrade stormwater system;
- new hot refuelling point;
- new fuelling pipeline;
- upgrade parachute drop zone;
- extend the Australian Joint Acoustic Analysis Centre;
- new air movements section;
- upgrade roads and infrastructure;
- new front entry and relocate navy security personnel (1<sup>st</sup> Lieutenants and Coxswains);
- new clothing store;
- new base support precinct;
- new Headquarters Fleet Air Arm;

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5 Department of Defence, Submission 1, pp. 5-16.

6 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 1.

- new Defence support facility;
  - new fitness track;
  - refurbish base administrative support building;
  - new sporting facility;
  - demolition of standard airside facilities;
  - realignment of Swordfish Road; and
  - Sycamore Road property works.
- 3.14 Subject to Parliamentary approval of the project, construction is planned to commence on the project in mid-2012 and completion would be expected by mid-2015.<sup>7</sup>
- 3.15 The anticipated design life for the project is 30 years, with Defence aiming to maintain a serviceable, fit-for-purpose facility over its lifespan.
- 3.16 There are currently 265 buildings on HMAS Albatross. The proposed redevelopment would involve rebuilding 34 existing buildings and constructing five new buildings on the base.
- 3.17 The Committee was concerned that due to the size of the scope, a further project of similar magnitude would be required at the end of the project's design life. Defence responded:
- There would be an expectation that, at some point, there might be midlife upgrade required. The end of that 30-year period does not necessarily mean that we would need to push the building over. We could potentially do some further work on it to ensure that it continues to provide a serviceable, fit-for-purpose facility. While we are doing an enormous amount of work on this base, if you look at particularly the building component of it, it is not a very large component of the existing assets on the base.<sup>8</sup>
- 3.18 The Committee notes the extensive number of scope elements contained in Defence's project proposal. However, the Committee is satisfied with the evidence provided to it in relation to each scope element and finds that the proposed scope of the redevelopment is appropriate to meet the need and project objectives.

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7 Department of Defence, Submission 1, p. 25.

8 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 9.

## Cost of the works

- 3.19 The estimated cost of the project is \$192 million, excluding GST. This includes delivery costs for management and design fees, construction costs, information communication technology, furniture, fittings and equipment, contingencies and an allowance for escalation.<sup>9</sup>
- 3.20 Defence expects a net increase in the costs of base operations as a result of the project. The increase in operating costs will result from the introduction of more sophisticated technical and environmentally compliant equipment, upgraded infrastructure and engineering services.<sup>10</sup>
- 3.21 Defence argued that the high anticipated cost of the works is justified, having regard to the size of the base and its considerable capital value:
- Yes, \$192 million is a lot of money – there is no question about that – but it is an amount of money that we need to invest to ensure that that larger asset continues to operate.<sup>11</sup>
- 3.22 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Bushfire risk

- 3.23 During the Committee's inspection of HMAS Albatross on 6 December 2011, the Committee was concerned to note the proximity of the aviation fuel farm to neighbouring bushland at HMAS Albatross and questioned Defence regarding their strategy to mitigate the risk of bushfire.
- 3.24 Defence submitted that the aviation fuel farm at HMAS Albatross is considered important and vulnerable to the effects of bushfire.<sup>12</sup>
- 3.25 Defence has implemented two mitigation measures to address the potential fire hazard and bushfire risk to the base, in accordance with the Shoalhaven Defence Estate Bushfire Management Plan 2009/10-2013/14:

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9 Department of Defence, Submission 1, p. 24.

10 Department of Defence, Submission 1, p. 24.

11 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 10.

12 Department of Defence, Submission 1.2, p. 3.

- establishing an Asset Protection Zone by clearing the understorey vegetation in the bush to the east of the fuel farm to a minimum of 100 metres;
  - maintaining bushfire protection along the bushland side of the fuel farm, consisting of three fixed fire hydrants and fire hoses, for use by the designated HMAS Albatross Fire Fighting Service.<sup>13</sup>
- 3.26 Defence also noted there is a fire station at HMAS Albatross, near the flight line of the base.<sup>14</sup>

### Committee comment

- 3.27 Having regard to the evidence put before it regarding the bushfire mitigation strategy, the Committee is satisfied that Defence has taken appropriate measures to reduce the bushfire risk of the fuel farm, through its compliance with the Shoalhaven Defence Estate Bushfire Management Plan 2009/10 – 2013/14.

### Childcare centre

- 3.28 In its primary submission to the Committee, Defence submitted that there is no requirement for childcare facilities, as this project does not increase the base population.<sup>15</sup>
- 3.29 The Committee was concerned to ensure that Defence personnel living or working on HMAS Albatross had appropriate access to childcare facilities, having regard to the population of personnel with dependent children.
- 3.30 In response to a question on notice, Defence informed the Committee that a childcare facility is located outside of the secure area of the Base on Bedford Road, Nowra Hill, in close proximity to the Parachute Training School and adjacent to the Nowra Hill Primary School.<sup>16</sup>
- 3.31 Defence continued:
- The centre is operated under contract by B4Kids Pty Ltd in Commonwealth owned facilities. The centre has a capacity of 79 children and there are several vacancies for 2012. These facilities

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13 Department of Defence, Submission 1.2, p. 3.

14 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 8.

15 Department of Defence, Submission 1, p. 23.

16 Department of Defence, Submission 1.2, p. 3.

have been assessed as being of sufficient capacity and condition to meet the current childcare requirements of the base.<sup>17</sup>

## Committee comment

- 3.32 Having regard to the further evidence provided by Defence regarding access to childcare facilities on HMAS Albatross, the Committee is satisfied that Defence personnel who live and/or work on the base have appropriate access to childcare facilities.

## Final Committee comment

- 3.33 Overall, the Committee was impressed with the evidence provided by Defence regarding the proposed redevelopment of HMAS Albatross in Nowra, NSW, particularly considering the broad range of scope elements outlined in the project.
- 3.34 The Committee was greatly assisted by Defence's supplementary submission to the inquiry, which addressed a number of outstanding queries the Committee had, which could not be addressed at the public hearing due to time constraints.
- 3.35 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this Defence 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 HMAS Albatross redevelopment, Nowra, New South Wales.**

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17 Department of Defence, Submission 1.2, p. 3.