



COMMONWEALTH OF AUSTRALIA

**JOINT PARLIAMENTARY
COMMITTEE**

on

PUBLIC WORKS

Reference: Redevelopment Stage 1 at HMAS *Albatross*

NOWRA

Friday, 21 November 1997

OFFICIAL HANSARD REPORT

CANBERRA

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JOINT COMMITTEE ON PUBLIC WORKS
(Subcommittee)

Redevelopment Stage 1 at HMAS Albatross

NOWRA

Friday, 21 November 1997

Present

Mr Tuckey (Chair)
Senator Alan Ferguson

The subcommittee met at 1.24 p.m.

Mr Tuckey took the chair.

COLE, Captain Geoffrey Raymond, Commanding Officer HMAS *Albatross*, HMAS *Albatross*, Nowra, New South Wales

KABLE, Commodore Garvon Paul, Director General, Maritime Development, Defence Headquarters, Department of Defence, Russell Offices, Canberra, Australian Capital Territory

KENNEDY, Air Commodore James Frederick George, Director General Project Delivery, Defence Estate Organisation, Department of Defence, Campbell Offices, Canberra, Australian Capital Territory

NEWMAN, Wing Commander John James, Project Director, Department of Defence, Campbell Park Offices, Canberra, Australian Capital Territory

CHAIR—I declare open this public hearing into the proposed development of facilities—stage 1 redevelopment project at HMAS *Albatross*. This project was referred to the Public Works Committee for consideration and report to parliament by the House of Representatives on 2 October 1997 at an estimated outturn cost of \$69.3 million. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

In considering and reporting on a public work, the Committee shall have regard to:

- (a) the stated purpose of the work and its suitability for that purpose;
- (b) the necessity for, or the advisability of, carrying out the work;
- (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
- (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
- (e) the present and prospective public value of the work.

This morning the committee undertook an extensive inspection at HMAS *Albatross*, including the sites proposed for various elements of the proposed works. This afternoon we will hear evidence from the Department of Defence and Shoalhaven City Council. I now call representatives from the Department of Defence who will be sworn in by the assistant secretary.

The committee has received a submission from the Department of Defence dated October 1997. Do you wish to propose any amendment to that submission?

Air Cdre Kennedy—Yes, Mr Chairman. There is one amendment. Annex G to the Defence statement of evidence contains an error in the legend. I have submitted to the

secretariat a copy of the new annex.

CHAIR—Thank you. It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—Would a representative of the Department of Defence now read the summary statement to the committee after which we will proceed to questions.

Air Cdre Kennedy—It is advocated that new facilities are constructed at HMAS *Albatross* to provide the necessary functional capabilities in accordance with current standards.

HMAS *Albatross* is the Royal Australian Navy's major establishment for the provision of operational, training, engineering, administrative and logistic support for naval air squadrons and is the supporting base for a number of lodger units responsible to the maritime, training and support commanders. The base provides aviation related operational and maintenance support for fleet units. Other functions at HMAS *Albatross* include the Army Parachute Training School and the commercially operated Naval Aviation Museum. Many of the existing operational, maintenance and administrative facilities date back to the World War II era and are unsuitable for their current use.

The proposed works are needed to provide the base with the facilities to perform its operational role in a safe and effective manner. The prime deficiencies can be summarised as follows: HS 816 Squadron operates in overcrowded facilities from J hangar which accommodates the squadron's 10 helicopters and six of the Royal New Zealand Air Force's TA4 Skyhawk aircraft. This situation results in inefficient work practices and an unacceptably high risk of losing a number of strategically valuable aircraft.

Suitable facilities do not exist on the base to support 10 new Sea Sprite helicopters for the newly formed ANZAC Helicopter Squadron to be based at HMAS *Albatross*. ANZAC Squadron will provide aircraft, flight crews and operational support to eight ANZAC ships. A new air traffic control tower is required to replace the existing one which is inappropriately located on the airfield and has a number of operational deficiencies and occupational health and safety problems.

The existing airfield lighting system is generally at the end of its life and needs to be replaced. Existing fixtures and equipment are generally obsolete, both commercially and technically, and beyond economic repair. Under the Enhanced Nowra Agreement, aircraft shelters are required to provide environmental protection to six RNZAF TA4 Skyhawk aircraft at HMAS *Albatross*.

Existing explosive ordnance facilities constructed in 1955 do not meet the current or future storage requirements for the base. The existing buildings have severe deficiencies and occupational health and safety problems. Existing training facilities at HMAS *Albatross* are used for training of naval aircrew and technical and flight deck personnel. The facilities are located in seven dispersed locations and are functionally inadequate, inefficient, overcrowded and a maintenance liability. The photographic unit is an existing World War II facility and is poorly located, substandard, a maintenance liability and unsuitable for redevelopment.

The works include: new hangarage, workshop and administrative facilities for HS 816 Squadron and ANZAC Squadron; a new air traffic control complex, including tower and support facilities; a new airfield lighting system; a new flight line shelter for six aircraft; new explosive ordnance storage and handling facilities including two EO storehouses, an EO quarantine storage building, an EO preparation building, an EO repack facility, a vehicle carport-storage building and administration facilities; a new Aviation Systems Training Centre; and a new photographic centre and associated infrastructure.

The estimated outturn cost of the works is \$69.3 million including professional fees and charges, furniture and fittings, and a contingency provision. Subject to parliamentary approval of this proposal, it is planned to call tenders in March 1998 with the objective of completing construction by mid 2000.

The proposed stage 1 development works will provide many benefits, including: an appropriate standard of accommodation to meet occupational health and safety and Building Code of Australia requirements, improved operational efficiencies, appropriate aircraft hangarage with fire protection to current standards, fewer buildings to operate and maintain, improved aircraft operational safety standards and compliance with the Enhanced Nowra Agreement. It is estimated that a peak of 200 construction workers will be required on site with additional job opportunities created in the local community and the region.

An environmental certificate of compliance has been issued for the works. No direct adverse environmental effects are foreseen, and measures to contain any possible environmental degradation are being incorporated into the design of the facilities. No heritage implications are evident in respect of the works. Relevant authorities and state and local government bodies have been consulted. Thank you, Mr Chairman.

CHAIR—Thank you, Air Commodore Kennedy. Senator Ferguson, do you have any questions?

Senator FERGUSON—Yes, I do have some. During the inspections we had this morning, some questions were asked to which we received answers. I think for the purposes of the *Hansard* record, they really ought to be recorded.

One of the questions I wanted to ask Air Commodore Kennedy was that, in the committee's 12th report in 1986, there was a description of a lot of the works that were undertaken here, a considerable proportion of which were specifically required to house Seahawk helicopters. At that time, were the works not considered to be adequate for the Seahawk helicopters?

Air Cdre Kennedy—The works carried out at that time did not relate to hangarage as such. On our inspection, you would have seen some augmentation of J hangar in terms of the facility to the south of the hangar, but there was no hangarage as such provided for Seahawk helicopters.

Senator FERGUSON—What will happen to the Seahawk helicopters when the Sea Sprite helicopters become fully operational?

Air Cdre Kennedy—This proposal provides the provision of two hangars, one for the Seahawks and one for the Sea Sprites. They are located adjacent to each other and incorporating an existing administrative facility.

Senator FERGUSON—Will the Seahawks be phased out at a later stage?

Cdre Kable—It is intended that the Seahawks have the same life as the FFG frigates from which they operate. The last FFG is planned to pay off in the year 2021. We have just embarked on a Seahawk life of type extension project to keep them running until 2021.

Senator FERGUSON—So for the foreseeable future you will be using both Seahawk and Sea Sprite helicopters and you require housing for both?

Cdre Kable—That is right, to support the 14 frigates. When the FFGs start to pay off, which starts in 2013, we will be introducing a new surface combatant which will, in turn, need its own helicopters. So we see the number of total aircraft at HMAS *Albatross* into the foreseeable future being the 66 that we will operate from here from the year 2004.

Senator FERGUSON—How many Sea Sprite helicopters are likely to be based at HMAS *Stirling*?

Cdre Kable—There is a total of 18 Sea Sprites being acquired by the Defence Force. There will be four ANZACs at HMAS *Stirling* which would normally require four Sea Sprites to be at HMAS *Stirling*. The ANZAC can only operate one helicopter whereas the FFG operates two.

Senator FERGUSON—So would we be required to operate similar facilities there?

Cdre Kable—No, the training and logistic facilities already at HMAS *Stirling* are sufficient for aircraft that are normally embarked on the ships. The home squadron for the long-term maintenance and long-term career training will be here at HMAS *Albatross* for those ships.

Senator FERGUSON—I would like to turn to the air traffic control tower which we had the good fortune or otherwise to visit this morning. For the *Hansard* record, could you explain to us whether or not the existing tower compromises safety and, if so, how it does compromise safety?

Air Cdre Kennedy—The existing control tower protrudes into the safety template

for the airfield in terms of its height. There are other deficiencies in terms of the master plan. It lies on a location that is also required to be vacated but, more importantly, the best location for the tower is to the western side of the airfield to give the air traffic controllers better visibility of the aircraft operating areas and the approaches to the airfield.

Senator FERGUSON—Do you have any idea why the control tower was sited there originally? I would presume that the siting of the tower and the height of the tower was originally prompted by operational requirements; I am just wondering why it was put where it is.

Air Cdre Kennedy—I cannot answer that. You would have seen this morning in terms of endeavouring to get the equipment into the operating area of the tower up the top that it is very cluttered and very inefficient in space. It is certainly poorly designed in being able to take the equipment of the day that is needed in there.

I should mention that a capital equipment project is re-equipping control towers right across Australia for the Australian Defence Force. The committee last year agreed to proceed with the tower at Darwin which will also take the new equipment. HMAS *Albatross* will be fitted out with new equipment as well. The area to house the console equipment is ineffective in being able to take that equipment.

Senator FERGUSON—I was just looking at the confidential cost estimates you have provided to us. Without divulging anything that is in those confidential figures, it would appear to me that there is a considerable amount of expenditure on the new airfield lighting system. We understand from your submission that you consider that the fixture and equipment is generally obsolete, both commercially and technically, and beyond any form of economic repair. How long has the system that is there now been in place?

Air Cdre Kennedy—I would have to take that on notice but I would say it has been in there for many years—off the top of my head, I would say at least 20 years. It is quite normal for this type of equipment to come to the end of its life not only in terms of fixtures but also in the electrical reticulation associated with that equipment. Part of the Darwin air traffic control proposal also required the airfield lighting to be replaced. So it is quite normal for this to be replaced every 20 or 25 years.

Senator FERGUSON—Have there been any failures of the current lighting system?

Capt. Cole—I would not say failures, but it is certainly less than totally reliable. That means we tend to leave it on rather than relying on the pilot activated lighting system. So, in that way, it is inefficient and more costly to operate than it could be.

Senator FERGUSON—Do you have any idea what percentage of your aircraft

movements require lighting?

Capt. Cole—I could not answer that without going back to research the data.

Senator FERGUSON—But a considerable amount?

Capt. Cole—A considerable amount. It is a requirement of the training squadrons to qualify their pilots and aircrew for night operations. On any week, we are probably operating night flying maybe three nights a week. I am told that some 20 to 30 per cent of our operations are after dark and require the lighting system.

Senator FERGUSON—But I guess if it was only five per cent, you would still require adequate lighting.

Capt. Cole—Yes, sir.

Senator FERGUSON—I am just concerned that it does seem a very large amount in the line items.

Air Cdre Kennedy—The bottom line is that it has reached the end of its economic life. It requires replacement. It cannot be maintained because the equipment is obsolete. The key factor is it is a maintenance requirement to replace it. It is included in this proposal here because of the totality of the capital and maintenance which will be spent on this base in the forthcoming couple of years.

CHAIR—If I can interrupt on that point because Senator Ferguson probably has some other questions: I still think we need some evidence as to where that amount of money is going. In my electorate, local Lions clubs finance airstrip lighting on runways that are not all that much shorter than what we see here. Without giving away secrets, there is a gigantic gap between the sorts of funds they raise to make sure I can get in for an evening visit and, more importantly, that the flying doctor can land. Is there technology and other aspects involved in this price to justify it, compared with what would appear to be the cost of literally running some wires and lights down each side of a couple of runways?

Wing Cmdr Newman—If I can answer part of that. One element of the airfield lighting system is obviously the airfield lights themselves as well as the cabling. The airfield lights are all imported. They are not made in Australia. They are a specialist fitting that is not available at all locally. The configuration of each one of those lights can either be bidirectional or omnidirectional, which means they can be seen from a variety of different directions depending on what the operation requires and what the base requires. Each of those elements adds to the cost of the individual light fitting. The actual cost of each fitting is quite significant. It is also an imported item.

Senator FERGUSON—Are they different lights from the ones that are used in other bases throughout Australia?

Wing Cmdr Newman—From what Mr Tuckey was saying about smaller airfields, it depends on the nature of the airfields. Those airfields may not be using the exact same lighting that we are using here.

CHAIR—I am becoming convinced about that. But when I am up there and someone is going to bring me down to ground, I would have thought the level of lighting available to a commercial pilot in that situation would be substantially the same. You talk about multiple capacity within a light that is marking the perimeter of a runway, what does that deliver to pilots particularly when the prime need is to know where the runway is?

Air Cdre Kennedy—I think that we are talking about more than the runway, Mr Chairman. Perhaps I could give you a rough idea—

CHAIR—That is what I asked for originally. I thought there had to be more in it than lights and wires.

Air Cdre Kennedy—We are talking about control systems, about the cabling, which I have mentioned, and about the replacement of the transformers from a compatibility point of view. We are talking about both high intensity and low intensity runway lighting—there are two components of that. We are talking about taxiway lighting and also apron edge lighting. We are also talking in terms of the approach lights on runway 26/08. There is lighting right across the spectrum for the airfield. It is not just the runways themselves.

CHAIR—When you talk about taxiway lighting, is some of that going to have to be installed within the taxiway and does that add to the cost with civil works and things of that nature?

Air Cdre Kennedy—It is minor but quite a significant amount of trenching will have to be done alongside the runway to replace the cabling, because the cabling is all below ground. On the taxiways themselves, the cost depends on the type of material they have to go through as to whether it needs to be cut or not. In terms of the cost of replacing the lighting system here at HMAS *Albatross*, it is comparable to the types of projects we have been involved in across Australia. I believe it is a fairly accurate estimate of cost of what the works will be.

CHAIR—Thank you.

Senator FERGUSON—If we could move on: this morning we inspected your current training centre and I do not think anyone in their right mind would consider them

to be of a sufficient standard to continue using them—in the condition that we saw anyway. Are these courses a recent innovation or have they been part of the system for a number of years?

Capt. Cole—There is a mix of courses. Some of our aircrew training courses are relatively recent additions to the style of course that was happening in the past. For example, we have taken part of the observer course that used to be done at RAAF base East Sale and we now do it at Nowra to more appropriately focus that training on the naval aircraft observer role.

We intend to increase the amount of what we call in lead-in helicopter flying training for our pilots to give them the experience level necessary to operate in single pilot aircraft at sea. The maintainer training is primarily on specific equipment—engines, airframes and so on—that are fitted in our aircraft. So there is a mix of those courses that have been running for some time and those which are modern versions of perhaps courses that have been running for some time.

Senator FERGUSON—Bearing in mind that we saw what could only be described as substandard conditions for a training centre and for conducting the training sessions that are required, has Defence ever considered devolving these courses to, for instance, a TAFE course in Nowra where there are existing facilities rather than providing them on base?

Capt. Cole—Our generic training, if I can use that term, for our maintainers to get them to the basic qualification level is done at the Riverina TAFE at RAAF Wagga. We take them beyond the TAFE level to give them the specific equipment training. It really has to be done here because the TAFE, frankly, does not have the people with that specific equipment knowledge that our own maintainers and that the maintainers operating here at the naval air station have. I do not think it would be possible to give that equipment specific training in a TAFE here or at Wagga.

Senator FERGUSON—The reason I ask is that the provision of that training facility is also a very significant line item in the total works here. If a fair proportion of that work can be undertaken by doing it off base, I just wondered in my own mind whether the expenditure of that degree of the total project is warranted. While I agree that the training facilities here are totally substandard, I just wondered whether it needed to be that extensive.

Cdre Kable—Once again, it might be helpful to go through the proposed scope of the training centre: training, administration and support facilities for 57 staff of the training centre; classrooms, laboratories and other training venues for up to 1,500 trainees per annum; library services for the training centre; and an instructional printing centre for the base—

Senator FERGUSON—If I can just intervene, what current library facilities do you have?

Capt. Cole—In this case, the term ‘library’ could be a little misleading; it is a technical library of documentation for aircraft. We call it a library but it is not the same term as a lending library. It is a specific purpose library requirement containing documents that must be maintained up to date for safety and proper operation of the aircraft.

Cdre Kable—You saw one of those documents this morning in the classroom.

Senator FERGUSON—I did, but it is not my immediate interpretation of a library; that is all.

Cdre Kable—Training library.

Capt. Cole—It is a jargon term we use when we call it a tech library.

Cdre Kable—The last item is an auditorium to be used to give general presentations to HMAS *Albatross* personnel, staff meetings, presentations to personnel by external authorities, to show training movies and to conduct seminars. It will also be used as a base cinema and available for use to external authorities, such as the public works committee. So that is part of the training centre.

Senator FERGUSON—It really is more than a training centre.

Cdre Kable—It is more than just classrooms.

Senator FERGUSON—If you are looking at the amount of expenditure and you are just talking about training facilities for the sorts of things we saw this morning, I think I could be excused for thinking that the line item is rather large for those sorts of facilities—

Air Cdre Kennedy—I think the opportunity has been used to aggregate a whole lot of functions around the base—training was one mentioned that was dispersed around the base—into the one area to reduce the number of facilities on the base. This is a rationalisation which has been brought about in the master planning of this establishment.

But if I can come back to your question on what could be outsourced: I would like to assure the committee that the Department of Defence is taking a very active consideration on what should be commercial support in terms of what is core and non-core. It is only retaining those training functions—or, in fact, any functions—that are considered core to the ADF.

Senator FERGUSON—If we move on from training facilities and, if we thought

they were substandard, I do not know what we would say about the photographic section. For the purposes of the *Hansard* record, I really need to ask this question: could not many of the functions that need to be performed in that centre be outsourced to the private sector?

Capt. Cole—I will take that one, Senator. No, I do not believe they can because, as you will have seen, a lot of our work is defect investigation related photography, as well as intelligence related photography and engineering assessments of equipment which has faults or which has been damaged in some way. That is the sort of photography which really has to be done here. It is quite essential to the maintenance operation of the base.

CHAIR—Captain Cole, could you also advise us for the record on what sort of extended skills are needed? Your petty officer referred to a member of staff from here going down and creating a visual record of the arrest of a fishing boat down near Heard Island. I think the maintenance of those skills would be fairly necessary from some point; is that right?

Capt. Cole—Yes, sir. The skills they require are significantly more than the average commercial photographer. They have to look at that operational record. We are getting more and more into digital imagery and those sorts of things. The photography is very much part of supporting the operational activity of the force which just happens to come out of the base here because we are suitably located with the aviation maintenance facilities here on the base as well as some of our more intelligence oriented activities.

CHAIR—In our discussions with the petty officer, he drew our attention to a deficiency in the existing building in being able to introduce large items, such as a piece of an engine, so it could be photographed there rather than back in the workshop. Looking at these drawings, I do not see—maybe just because they chose to draw a line around the outside—any sort of substantial roller door type entry to room 8 which is a studio. Is that intended in the more detailed design?

Air Cdre Kennedy—Yes, Mr Chairman. I should point out that they are conceptual sketches only. The facilities have not been designed.

CHAIR—Fine, thank you.

Senator FERGUSON—I just want to ask a couple of general questions related to master planning and other things. Firstly, I understand there have been some media reports in recent times of theft of Commonwealth property at naval establishments. I have been made aware of those media reports although I cannot give you the instances. Do any of those allegations relate to HMAS *Albatross*?

Capt. Cole—Certainly none that I am aware of.

Senator FERGUSON—In developing the master plan, has any assessment been undertaken as to the adequacy of the security of the property and stored assets at HMAS *Albatross*? If it has, are there any additional security measures proposed in the current reference?

Air Cdre Kennedy—Certainly, the master planners have addressed the disposition of the key facilities—in layman's terms, separating the key operational facilities from the domestic support type functions. I should point out that this is stage 1 of what we call the HMAS *Albatross* development. We are already taking stage 2 through the departmental approval processes, which we are hoping to put before this committee next year. That will certainly reflect appropriate division between those key operational and support facilities in terms of appropriate barriers—fencing or other elements of security. That is allowed for in the master plan.

Senator FERGUSON—How carefully do you monitor things such as theft? It can become a very difficult problem in Commonwealth property.

Capt. Cole—Yes, sir, it can. In the time I have been here, I have seen no evidence that there is any theft. We maintain a monitoring process. We have had a security review in the last couple of weeks in which we received a highly satisfactory assessment to show that our security is appropriate to the needs. I believe we are doing everything we can in terms of using our naval police coxswain force and our civilian security people to maintain security as tight as we can probably do in a relatively open environment such as this.

Senator FERGUSON—If there was theft taking place, how long would it take you to discover it—if you are monitoring it?

Capt. Cole—The major items of equipment which are Commonwealth owned are accounted for on what we call custody lists or permanent loan lists. They are mustered every six months.

Senator FERGUSON—Six months?

Capt. Cole—Yes, six-monthly musters. If anything disappeared, I think the fact that it disappeared would become obvious much quicker than that. That is the formal muster of a permanent loan list as required by the naval regulations.

Senator FERGUSON—Are you aware of the reports of the theft on naval property; have you read about them?

Capt. Cole—I have read only what I have seen in the press. I have not seen anything official.

Senator FERGUSON—Did it trigger any more activity on the part of HMAS *Albatross* to make any current checks?

Capt. Cole—As it turned out, those reports came out at about the same time as we had our security review. It was certainly in our minds that, if there were any holes in our security, they would need to be tightened up. But, as I said, our security review was highly satisfactory.

Senator FERGUSON—Air Commodore Kennedy, when was the master plan prepared and have there been any modifications to it?

Air Cdre Kennedy—The master plan was reviewed as part of this development. Master plans are reviewed periodically, usually about every 10 years, or if there is going to be a significant major development. In line with this proposal and knowing that stage 2 is coming along immediately behind, a detailed master plan review of HMAS *Albatross*, including an environmental study, was undertaken this year.

Senator FERGUSON—When was the original master plan prepared?

Air Cdre Kennedy—I cannot answer that.

Senator FERGUSON—Before or after the two ocean navy was announced?

Air Cdre Kennedy—Before, but there has been no major development here at HMAS *Albatross* since that time.

Senator FERGUSON—No, but I wonder whether there have been any changes to the master plan since the development of the two ocean navy. I mean, was it based on facilities to support half of the RAN at HMAS *Stirling* and half at HMAS *Albatross*?

Air Cdre Kennedy—The current master plan was developed this year in terms of strategic guidance and the vision as put forward by the Australian Defence Force Headquarters. We are looking forward 10 or 15 years.

Cdre Kable—Can I just stress the difference between the role of HMAS *Albatross* and the role of the base in the west, the north or wherever else we operate ships with embarked helicopters: HMAS *Albatross* is the main operational, training, engineering, administrative and logistic support for the entire Naval Aviation Force. The forward bases in the west or the north are purely to assist the ships where helicopters are embarked, to maintain those aircraft where it is often easier to do it ashore in the hangar than on the flight deck of the ship or to enable the aircrew to remain current while the ship is in the docks for a couple of weeks. They are not for the long-term maintenance or training of aircrew.

Air Cdre Kennedy—Perhaps the comparison should be more with Fleet Base Sydney and Fleet Base Western Australia.

Senator FERGUSON—Okay.

CHAIR—This is your specialist training and general maintenance facility?

Air Cdre Kennedy—For aviation primarily.

CHAIR—Yes.

Senator FERGUSON—One of the advantages of new facilities being put up is that it can, at various times, actually decrease the expenditure on repairs and maintenance. Many of the buildings seem to have been here at HMAS *Albatross* for a fair while, do you have any idea of what the savings on annual savings on cost and maintenance will be with the introduction of new facilities and new structures?

Air Cdre Kennedy—I cannot tell you exactly. What I can say is that, under the defence reform program, the defence estate is being managed differently. The defence reform program came into being in the middle of this year.

Senator FERGUSON—This is as a result of the strategic review?

Air Cdre Kennedy—That is correct, the one led by Malcolm McIntosh. The defence estate is now centrally controlled and comes under one umbrella. Prior to that time, capital and maintenance had been separated. They are now together. This gives us an opportunity to have greater control over through life costing and balancing the maintenance as against capital investment. I would say that not only with stage 1 but also with stage 2 there will be a very significant reduction in inefficient maintenance requirements on this base.

Senator FERGUSON—Will there only be two stages?

Air Cdre Kennedy—No, there will be more than that. In terms of staging proposals—reinvestment proposals primarily—they are in competition with the availability of resources within our capital facilities program right across Australia. So we tend to stage those redevelopments or reinvestments in accordance with the amount of dollars that are available. I would envisage there will be further stages beyond stage 2.

Senator FERGUSON—I guess it is a final question before I hand back to the chairman. We have already investigated proposals for HMAS *Stirling* and now here—how far ahead in your planning are you envisaging the expenditure of capital works? In other words, in your role, how far ahead do you plan in your master plan for all of the facilities in Australia? I know it is a general question.

Air Cdre Kennedy—The master plan itself does not identify reinvestment specifically. It is a real estate reservation document to ensure that we have orderly development to meet the strategic operational requirement of this particular establishment. The reinvestment comes out of more detailed studies on the cost of maintenance. In terms of reinvestment, we certainly expect that facilities will have a limited life. We need to determine whether they can be redeveloped or whether they need to be replaced. So it is an ongoing thing. We have reserved real estate to rationalise the disposition of facilities on this establishment over time but not immediately.

Senator FERGUSON—I guess the reason I ask that question is that we as members often have to bear the criticism of expenditure as well. The question that is often asked is: ‘You are spending so much money on capital works and infrastructure and facilities onshore, would this money not be better spent on equipment, personnel?’ There are all sorts of reasons. We have to justify why the government is spending the amounts that it does on infrastructure.

Air Cdre Kennedy—I will ask my colleague to answer in terms of capital equipment. But in terms of capital investment versus maintenance cost on the defence estate, the annual expenditure on capital is of the order of \$450 million to \$500 million a year, and the annual expenditure on maintenance across the estate is of the order of \$200 million to \$300 million a year. We are talking about quite large dollar signs.

Cdre Kable—My job is to propose to government investment in Australia’s maritime capability which includes ships, aeroplanes, submarines, shore infrastructure, targets, ranges, weapons, armament complexes—so the whole gambit of maritime. My aim is to put as much investment into the fighting capability as I can and only spend money on infrastructure that is in proper balance. I presently have approvals valued at \$20,500 million for fighting equipment and I am seeking \$250 million for maritime infrastructure. So the ratio there is \$1 in infrastructure for every \$80 in fighting equipment.

Senator FERGUSON—Over what period is the money to be spent on fighting equipment though?

Cdre Kable—That is over a period of about 15 years, but these proposals that I have added up to \$250 million are to support that equipment. So it is over about the same period.

Senator FERGUSON—I understand that, but the \$250 million is to be spent in one year and the \$20 billion is to be spent over 15 years; isn’t it?

Cdre Kable—No, the \$250 million is the total of my proposals in the green book, the planning book, which is over a period of five years. But we have looked ahead to what is coming into service in fighting equipment to get the infrastructure ready in time by way of wharves, hangars, training equipment and that sort of thing.

Senator FERGUSON—I will hand back to the chairman; I have had a fair go.

CHAIR—There are not too many competing with you today. I wanted to carry on, Air Commodore Kennedy, with the question I put to you casually today regarding the confidential cost break-down of the two hangars. I would like to get the record straight on that. It was made clear to me by you and some others that the amounts of money are not just for a shelter and that there is substantial development within those shelters. You happened to mention the very sophisticated fire prevention measures. When we were in one of the hangars, we were advised there would be quite a lot of administrative activity conducted within them, requiring facilities. Could you be a little more extensive on the record as to what these facilities will look like in that regard towards the end because it would better justify the outlays involved.

Air Cdre Kennedy—I reiterate again that the facilities are not designed yet. They are conceptual, although I believe they resemble quite clearly what the ultimate design form will be, having carried out some very significant value engineering in consultation with the users. The hangar facilities themselves could probably be divided into three components: the first would be the deeper level maintenance of aircraft; the second would be the support elements in terms of that function, both administrative and maintenance support functions; and the third would be the hangarage of operational aircraft.

The significant change that you would see in the concept of these facilities is the move away from hangaring all our assets in one space. In terms of the aircraft that are under deeper level maintenance, they will be hangared in what we call the maintenance hangar proper in which there will be sophisticated fire protection requirements, both passive and in terms of the structure itself. There will be a foam suppression system, two types of integrated fire detection in terms of smoke and flame and a ventilation system in the roof of that space.

The hangarage for the operational aircraft will be on the basis of one aircraft per hangarage, and that is a significant change. It resembles somewhat what we do in the Royal Australian Air Force in terms of aircraft being placed on eight individual aprons. It certainly enhances security of those assets. In terms of the administrative elements, this particular facility will make use of an existing administrative building by being built around that particular building. They would be three prime components, Mr Chairman.

CHAIR—If we look at page C-2 of the second document which comes under tab BC, what we are looking at in terms of hangarages are indicated as A. You are saying that each and every one of those is actually a separate room, if I can use that simple term.

Air Cdre Kennedy—Separate space.

CHAIR—And not just designated by white lines on the floor. In other words, if one of those were to catch fire, there would be a fair chance that it would have no effect

on the plane or the aircraft in the adjoining space?

Air Cdre Kennedy—Exactly, that is the concept. You will notice that what is envisaged is that a couple of those spaces will be a little bit larger than the others. That relates to the rotors of those aircraft being unfolded. So it enables some operational maintenance to be carried out in those spaces as well. But, from a security point of view, if there was a fire situation in one of those hangarettes, it would not spread to the next.

CHAIR—Good.

Cdre Kable—Can I again stress the ratio of the value of the infrastructure to the value of the assets that will be housed in it. Here we have, let us say on an average day, 12 helicopters of the Sea Sprite and Seahawk housed here, with each helicopter worth between \$30 million and \$40 million. Knowing the value of the hangar, you will see that that proportion is quite fair. That also does not take into account those assets that cannot be measured in dollar terms; that is, efficiency of the people working in there whose jobs have a life or death result.

CHAIR—The purpose of my questioning is to establish where the cost is because, as Senator Ferguson pointed out a minute ago, someone such as a farmer without that information is going to put their hand up and say, ‘I can build a shed like that for a lot less than you are going to build this one for. Where is the money going?’ If in fact you were only filling it up with hay, no doubt you could. I think that explanation is what I wanted. In that regard, also on that page I notice that item C, the other hangars, are not going to have that sort of separation. Is that the meaning of the dotted lines?

Air Cdre Kennedy—That is correct. There are four aircraft in the one hangar space. They are the ones under maintenance.

CHAIR—Then the areas marked D, which are designated maintenance, seem to be extremely small areas. Is that because some of your existing facilities are going to be retained for maintenance? As I understood it, we were going to be a you-beaut maintenance facility as well.

Air Cdre Kennedy—They are the support activities that are required.

CHAIR—Within this hangarage?

Air Cdre Kennedy—That is right.

CHAIR—Is there going to be somewhere else where you pull one of your helicopters to pieces or is that it?

Wing Cmdr Newman—No, the maintenance on the helicopters can be undertaken

in areas C or in areas A. The areas A will be individual helicopters and they will be able to be maintained to a certain level within those areas. The areas C are the deeper level maintenance. That is where the helicopters such as you observed today in the J hangar with the rotors taken off—generally, that is the activity that will occur in the area C. The maintenance areas you have identified as area D are really those backroom type support areas where they will have their tool store, for example, and where smaller elements will possibly be worked on. A lot of the work actually occurs around the aircraft such as you saw today.

CHAIR—So the areas D are more like where the benchwork is done?

Wing Cmdr Newman—Yes, that is right.

Air Cdre Kennedy—Mr Tuckey, I probably should add the need for those areas A hangarettas because of the Nowra environment. The aircraft need to be put away in those hangarettas. The aircraft frame, avionics and so forth will be dehumidified in those facilities in order to slow down the corrosion aspects which are caused by this salt air environment.

CHAIR—In terms of the situation with the Royal New Zealand Air Force and their activities here, could you for the record give us some information as to the extent of the present treaty agreement which indicates the sort of longevity of their being here compared with what we are investing in assets for them?

Capt. Cole—The current agreement runs for a five-year period from 1996 to mid-2001. It would be open to that being extended if it was in the interests of both countries.

Cdre Kable—Mr Tuckey, if the Enhanced Nowra Agreement is not extended, the role of fleet support still needs to be carried out. The Royal Australian Air Force is introducing the new Hawk lead-in fighter, and a number of those aircraft are earmarked for the fleet support role. So if there are not New Zealand A4s, then there will be Australian Hawk aircraft in those shelters.

CHAIR—Thank you. As is our practice in these matters, we will proceed to call the other witness and then invite you, gentlemen, back if there are additional comments required. Thank you for this morning's briefing and inspection in which we received a lot of the information we need.

[2.18 p.m.]

**PULLEN, Mr Greg, Economic Development Manager, Shoalhaven City Council,
Bridge Road, Nowra, New South Wales**

CHAIR—I would now call the representative of the Shoalhaven City Council who will be sworn in by the assistant secretary. The committee has received a submission from the Shoalhaven City Council dated 7 November 1996. Do you wish to make any amendments to that submission?

Mr Pullen—No.

CHAIR—It is proposed that the submission and the Department of Defence response be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission before we proceed to questions.

Mr Pullen—Thank you, Mr Chairman. Shoalhaven City Council is generally in support of the refurbishment at HMAS *Albatross*. The brief run-down of the Shoalhaven city area is that we are experiencing rapid population growth. We require economic development in our area to enhance the number of jobs available to the people who wish to live here. We have looked at the defence sector as being a major sector for providing jobs in the area, which will generate a multiplier effect into our local economy.

Certain key factors have been identified over time as being relevant to the growth of the Shoalhaven. They include tertiary education and a better road link through to Canberra and the Hume Highway, both of which are currently being addressed by council in conjunction with the governments at state and federal level. Those things are starting to come together.

We see HMAS *Albatross*'s growth as the key to future growth in the area. Council in its submission made comment about two projects, one being that Shoalhaven highway proposal to link through to Canberra and to the Hume Highway, and the other being the Eastern Gas Pipeline project. There are several other projects in the area that will also give impetus to the economic growth. The upgrade of HMAS *Albatross* is similarly seen as one which will enhance the local area by way of providing a substantial amount of construction activity in the area.

Also, council is looking—in liaison with the Department of Defence and in conjunction with the state government—at establishing an industrial area at the western end of HMAS *Albatross* in conjunction with the suppliers of the Sea Sprite helicopters, Kaman Aerospace. We want to establish an industrial estate so that we can look at enticing commercial support program contractors into the local area. We are confident that we can have approvals in place to build on that technology park by about February-March next year, with construction commencing before June. That will be an initial investment of approximately \$3 million by council and the state government.

In conclusion, council supports the refurbishment and expansion of facilities at HMAS *Albatross*. I noted comments you made about the photographic laboratory. In my submission, I made the comment that that really epitomises some of the reasons why this refurbishment is required. We see this activity and what you are considering here today as an integral part of the development not only of the Shoalhaven but also of the lower Illawarra region.

CHAIR—Thank you very much.

Senator FERGUSON—Before I ask any questions, Mr Pullen, I would like to congratulate you on the quality of your submission. I did not receive a copy of your

submission until late last night and, if you promise never to tell Air Commodore Kennedy this, I spent more time reading your submission than his. I think it is important that we note how the defence establishments complement the opportunities at Shoalhaven. If you had not been so keen on this expansion, I can think of 100 communities that would have been keen. I am very pleased that you included details on the effects in the community, particularly the economic effects.

Can I ask you a question of more of a social nature: in a lot of the defence establishments around Australia, one of the considerations of defence personnel when they are moving around is the ability of spouses or partners to be able to get work. I understand that it is not that easy in Nowra because you have a reasonably high unemployment level. Do you have any comment you would like to make about that; and could you confirm whether or not that is the case?

Mr Pullen—That has been one of the things identified over time. Along with tertiary education and the link through to Canberra and the Hume Highway, spouse employment has been the third leg of the needs that we have in the Shoalhaven. We are continually trying to address that question not specifically for spouses of military personnel but for the community in general. Our problem is that our population growth is such that we have 700 plus people each and every year joining the labour force in this area.

We are creating in excess of 500 jobs but we are falling short. I do not believe there would be too many local areas creating 500 jobs per annum in the local economy. We are doing that in areas that we consider will value add and give greater economic benefit in the manufacturing sector. As pointed out in our submission, the manufacturing sector is the biggest wage and salary sector in the Shoalhaven economy followed by defence. However, the alarming part is that between those two sectors is unemployment. Manufacturing comes in at \$63 million, defence at \$45 million and unemployment comes in at \$55 million. That is a major concern. We are addressing the problem, but I think it will always be a problem.

I remember being in a committee meeting in Sydney some 12 years ago when I first joined council with John Hatton, the state member for the South Coast, when he made the comment that Shoalhaven will nearly always have a 15 per cent unemployment rate. Unemployment currently sits at 14.8 per cent. As soon as we create the jobs, more and more people come. Whilst I would like to say we have a solution, like most coastal areas between Batemans Bay and Cairns, we do not.

Senator FERGUSON—Another interesting comment that I remember reading in your submission was the fact that, because many defence personnel have spent some time stationed here or are stationed here on a long-term basis, a number of them also tend to retire in the area. Do you have any figures or any comment to make on that situation?

Mr Pullen—We do not have any figures. But from people that we know and who are active in the community, there are a lot of ex-navy personnel. This is anecdotal, but a number of businesses employ a lot of ex-navy trained personnel who come out of here with some good trades. There are also a lot of people who retire back to the area. They secure their house here, move away for a posting and then come back. As to how many, I do not have figures on that.

Senator FERGUSON—Wherever there is a defence establishment, particularly in modern times, it seems as though at least some members of the surrounding community have complaints of one sort or another about the existence of the defence establishment or something to do with it. I guess in a facility like this that the most likely complaint would be one of noise. Do you as a council have any records of complaints? Are there very many complaints, of any kind, about the existence of the defence establishment within the area?

Mr Pullen—I would like to treat that on three grounds. First, on the integration of the defence personnel with the community in general, the Shoalhaven area now has a population of the size of 80,000 people. The number of personnel and their families here would number, I suppose, around 3,000 people. That is becoming a smaller percentage of the population. They are not as high a ratio today. Some 20 or 30 years ago when this establishment represented upwards of 20 or 30 per cent of the population, there were probably some more social implications.

With regard to noise and the effect of aircraft flying, I think there is a general acknowledgment in the wider population that we have a military base and that it is a positive contribution to the economy. There is general support from the people who live adjacent to the base. Council has been involved with the defence department in the issue of noise contours and noise zones and also in developing building standards and subdivision requirements.

The complaints that have come in are more about control on land usage. Council faces the dilemma of trying to support and to allow people free development in accordance with the rules, while at the same time trying to preserve the integrity of this base as an economic driver in our economy. Quite often, council is the meat in the sandwich but, generally, we have defended HMAS *Albatross* in that respect. We have established noise zones around the base. We do not get substantial complaints. We occasionally have complaints when there are exercises on. We may get a complaint from some resident at Sussex Inlet, who has never had a plane fly over—more a fixed wing than a helicopter—when one flies over for the first time.

Senator FERGUSON—I suppose it would not be unfair to say you have an excellent relationship in the community with the base?

Mr Pullen—Yes.

CHAIR—This morning we inspected some of the houses under construction and particularly those that are available to defence personnel in lease back arrangements. Does the city have a general view of encouraging this process which is planned to extend in terms of getting people into the suburban areas in single residences?

Mr Pullen—Yes, I think council has been encouraged to work with the Defence Housing Authority to allow that to happen. I know that private developers who are looking with contracts with defence housing have liaised with council. There is a medium density development at Bomaderry, for instance, where council and the developer worked fairly closely together to try to work that into the community. So, yes, there is.

CHAIR—As a consequence of all that, defence is proposing to sell off some of the houses on the base or immediately adjacent to the base where they believe they are too subject to noise levels, and these are of a Scandinavian type design which can be relocated with jinkers and things of that nature. Has the city imposed any restrictions on where they might be located or sold so that defence can maximise their return for further investment in the area?

Mr Pullen—Council does have a policy on relocated dwellings. I am not fully au fait with that but, generally, relocated dwellings are not accepted into urban areas. It is more into the semirural areas. I think a number of those facilities have been relocated onto smaller acreages around the area, and there would probably be the ability for that. Shoalhaven is becoming more and more metropolitan, and I think the tolerance of neighbours to relocated dwellings that may or may not get refurbished has to be taken into account by council.

CHAIR—You have given us some advice already on your attitude to zoning reasonably close to the facility here. Historically around Australia, most facilities associated with aeroplanes start off in the bush, but then everybody rushes to build houses around them and then complain about the noise. You have indicated to us that your zoning planning has been not to allow things to get too close. To the extent that they might be in the intermediate region, has there been any attempt to put some conditions on the zoning that make people very clearly understand what they are getting into, if you like?

Mr Pullen—I would make two comments. One is that we have tried to zone the land around the base such that it is low density development. Between the base and the town is the industrial area and also a major sporting recreation area. We have tried to buffer that by having activities which are noisy or unpopulated in their own activity.

With regard to immediately around the base, these noise zone contours have been incorporated into our planning document. People planning to build or to sell houses or property are actually advised on their 149 certificates from council that those restrictions apply. In certain areas, there are requirements as to building certain remedial works or noise attenuation works that have to be incorporated into buildings. There are other areas

in which residences are not permitted.

CHAIR—Thank you. Finally, in attempting to address the unemployment and I take your point that the more efficient you are at creating jobs in this day and age, the more people come around looking for them. I think that is something that is misunderstood in some areas.

Are you able to advise the committee of the extent to which you have any formal arrangements with the base? You mentioned the arrival of the Sea Sprites where there is some cooperation with the people who have the servicing responsibility to a degree there. But when one thinks of the technology and other aspects of our modern defence service today, is there any sort of formal cooperation which can be identified where the base load of some requirement here at HMAS *Albatross* can be used for an expanded activity and where someone might be able to start a small business servicing the base which then has much wider opportunities for servicing the nation?

Mr Pullen—A number of contractors in this local area are undertaking work under CSP. They become involved in the local community and my office at council has tried to build on those technologies. In the case of one industry, yes, they have at least one defence contract as well as having defence contracts with other nations. We have put together a joint venture with the University of Wollongong to incorporate some of those technologies into planning designs for aeroplanes using a thermal imaging system. When the Minister for the Environment, Senator Hill, came to visit the region, he was made aware of that development and of the technological advances being made. We are trying as much as possible to work with the commanding officer at the base, and his predecessor, to take every opportunity that we can to have local industries participate.

This redevelopment will provide a major opportunity for local contractors to participate in the construction program. In relation to the housing development, we made some recommendations through the commanding officer at the time to the Defence Housing Authority, because there was some concern that the industry here was not capable of building the number of houses they required in the Shoalhaven in a 12- to 18-month period. Last year I think we approved in excess of 900 cottages and we have been up as high as 1,800 cottages per annum. So to build the number of houses that Defence Housing requires would not be a problem in this economy. We are one of the top three local government areas for housing construction in the whole of the state. We are looking for every opportunity that we can.

CHAIR—Fine, thank you very much. I would repeat the thanks and congratulations issued to you by Senator Ferguson. It is great to see the local authority taking interest of this nature and having such a high level of cooperation with the base. We thank you for that. I would now like to recall the Department of Defence witnesses.

[2.39 p.m.]

COLE, Captain Geoffrey Raymond, Commanding Officer HMAS *Albatross*, HMAS *Albatross*, Nowra, New South Wales

KABLE, Cdre Garvon Paul, Director General, Maritime Development, Defence Headquarters, Department of Defence, Russell Offices, Canberra, Australian Capital Territory

KENNEDY, Air Commodore James Frederick George, Director General Project Delivery, Defence Estate Organisation, Department of Defence, Campbell Offices, Canberra, Australian Capital Territory

NEWMAN, Wing Commander John James, Project Director, Department of Defence, Campbell Park Offices, Canberra, Australian Capital Territory

CHAIR—Thank you, gentlemen. This session can often be to answer criticisms, but you got none. So that is great, isn't it?

Air Cdre Kennedy—I am very pleased about that.

CHAIR—But you may wish to make some concluding comment or to add to your previous evidence on some matter that has occurred to you in that brief interlude. Is there anything that you wish to raise?

Air Cdre Kennedy—From the state of the facilities that we are proposing to re-invest in, it is quite evident that an urgent need has existed for some time. I would like to make one point of clarification in relation to a question from Senator Ferguson on the control tower. One would envisage that, since the control tower was built, quite a number of contemporary standards have evolved in terms of clearance planes and those sorts of aspects which have led to that facility no longer being viable in terms of either safety or OH&S requirements.

Senator FERGUSON—I understand.

Air Cdre Kennedy—Thank you, Mr Chairman.

CHAIR—Just before making my final statement, the committee would like to put on record the fact that this is Air Commodore Kennedy's last appearance before this committee, after a very distinguished career both in the air force and in this particular role which he has held for 18 years. The other point is that, in formally thanking Air Commodore Kennedy the other night, the committee produced a bound volume of all of the submissions he has put before this committee over that period. With what we are looking at today, the sums involved exceed \$700 million. The defence establishment can

be very grateful for his representations, because I think he has won every case. That puts him in the Perry Mason category.

I know the other members of the committee would like me to thank him again in a formal sense. I am only new to the committee but all the evidence and comments put to me are that he has done a great job and has been a great representative for the Department of Defence. Fred, we wish you well in your retirement.

Air Cdre Kennedy—Thank you very much.

Senator FERGUSON—Hear, hear.

CHAIR—We now get back to the formalities. As there are no further questions, it is proposed that the correspondence that has been circulated to members of the committee be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The documents read as follows—

CHAIR—Before closing, I would like to thank the witnesses who have appeared before the committee today and those who assisted on our inspections this morning. I would also like to thank my fellow committee man on this occasion, Senator Ferguson, our *Hansard* operatives and our secretariat.

Resolved (on motion by **Senator Ferguson**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this subcommittee authorises publication of the evidence given before it at public hearing this day.

Subcommittee adjourned at 2.42 p.m.