



COMMONWEALTH OF AUSTRALIA

**JOINT PARLIAMENTARY
COMMITTEE**

on

PUBLIC WORKS

Reference: East Coast Armament Complex, Point Wilson, Victoria

GEELONG

Friday, 13 February 1998

OFFICIAL HANSARD REPORT

CANBERRA

JOINT COMMITTEE ON PUBLIC WORKS

Members:

Mr Tuckey (Chair)

Senator Calvert
Senator Ferguson
Senator Murphy

Mr Richard Evans
Mr Forrest
Mr Ted Grace
Mr Hatton
Mr Hollis

WITNESSES

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JOINT COMMITTEE ON PUBLIC WORKS

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Present

Mr Tuckey (Chair)

Mr Forrest

Mr Hollis

The committee met at 11.05 a.m.

Mr Tuckey took the chair.

CHAIR—I declare open this public hearing into the proposed East Coast Armament Complex, Point Wilson, Victoria, which we will probably choose to refer to as ECAC from here on in. This project was referred to the Joint Committee on Public Works for consideration and report to the parliament by the House of Representatives on 3 December 1997, at an out-turn cost of \$72.27 million. The brief for the committee is as follows. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) 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 of Defence owned land at Point Wilson: the jetty and wharf, and the sites proposed for various elements of the proposed works. Today the committee will hear evidence from the Department of Defence and Combined Environment Groups. However, before calling those people as witnesses, it is my intention to invite Mr Gavan O'Connor, who is the local member for Corio, to address the committee.

O'CONNOR, Mr Gavan, MP, Parliament House, Canberra, Australian Capital Territory

CHAIR—Welcome.

Mr O'Connor—Mr Chairman, thank you for the opportunity to make a very brief presentation to the committee here this morning. First of all, welcome to my electorate and to the Geelong region. As you have travelled out around the Point Wilson area, you will have observed that this is a very beautiful area of the state. I only hope that, if not on this occasion then on other occasions, you will get the opportunity to see just how beautiful this area is. I have made a four-page submission that basically outlines some points that I would like the committee to take into consideration in its deliberations.

CHAIR—Thank you. Is it the wish of the committee that the submission be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

CHAIR—Please proceed, Mr O'Connor.

Mr O'Connor—I will highlight a couple of points from the submission and then conclude my remarks. This particular investment is important to the Geelong region. The original ECAC proposal was in the region of \$235 million or thereabouts and had enormous job generation potential. Even in its scaled down form, this public investment is something this community badly needs.

The original ECAC proposal was to commence construction, as I understand it, in June 1996. If we were to work from that particular date as a starting point to the present time, the Barwon south-western region has lost, according to ABS statistics, in the region of 20,000 full-time job positions. I make that point to the committee in the hope that, in your deliberations, you come to understand the significant importance of public investment to this region.

I have drawn the committee's attention in my submission also to the issue of the Princes Highway upgrade. Regardless of whether this proposal is to proceed in a scaled down form or in its full form, the proposal will lead to some increased heavy vehicular traffic on the Princes Highway. At the time the decision to proceed with ECAC was made by the previous government, we had on the drawing boards here a substantial development at Avalon airport; the Victorian government's proposal to relocate the Coode Island chemicals facility to Port Lillias, in the Point Wilson area; and, of course, the ECAC proposal.

All of these developments, desirable as they are, put enormous pressure on the road infrastructure between Melbourne and Geelong. It is this stretch of highway which is one of the most dangerous in the country. I am asking the committee to reflect on that particular Princes Highway upgrade in its deliberations and also to bring to the attention of the government the need to examine the proposals that have been put by local governments, including the city of Greater Geelong, to upgrade that piece of public infrastructure. It is a substantial investment: one of national economic significance, we believe, and one that ought to proceed at the earliest opportunity.

In conclusion, I pay tribute to the Department of Defence in the public consultation and consideration of this particular proposal. The defence forces have conducted themselves in a most professional manner in the way in which they have consulted with the Geelong community on all aspects of this development. The environmental study that was undertaken on the ECAC proposal was done with the full cooperation of the Department of Defence, and the department at all times has indicated its sensitivity to community concerns in drafting this proposal. I pay tribute to their professionalism and the way in which they have consulted the Geelong community over this particular development.

CHAIR—Thank you, Mr O'Connor. As no-one has any questions regarding Mr O'Connor's address to us, we will continue with our hearing.

[11.12 a.m.]

ADAMS, Captain Malcolm, Superintendent of Armament Logistics, c/- RAN Armament Depot, The Northern Road, Kingswood, New South Wales 2750

COX, Commodore Timothy Harvey, Director General Maritime Development, Department of Defence, Russell Offices (B-4-05A), Canberra, Australian Capital Territory 2600

FERRARIS, Mr Diego Felice, Project Director, Department of Defence, Campbell Park Offices (CP3-3-23), Canberra, Australian Capital Territory 2600

KELLY, Brigadier Garry Ross, Director General Project Delivery, Department of Defence, Campbell Park Offices (CP3-3-03), Canberra, Australian Capital Territory 2600

YOUNG, Mr Steven Bruce, Project Manager, Department of Defence, c/- Gutteridge Haskins and Davey Pty Ltd, 380 Lonsdale Street, Melbourne, Victoria 3000

CHAIR—Welcome. The committee has received a submission from the Department of Defence, dated December 1997. Do you wish to propose any amendment to that submission?

Brig. Kelly—Mr Chairman, I propose several minor amendments. Firstly, on page 2, paragraph 9, in the last sentence, we propose to replace the comma with a full stop after the word ‘reduced’, so that it reads, ‘While the overall purpose of the facility remains similar in nature, the requirement for on-site storage and maintenance of explosive ordnance has been reduced. The draft of ships using the berth will continue to be limited by a water depth of the charted 9.1 metres.’ In addition, we have corrected the spelling error of the word ‘charted’.

On page 2, paragraph 10, after the sentence ending ‘with NATO safety principles’ we intend to insert the sentence ‘The facility may also be used for transfer of commercial explosives, as agreed with the Department of Defence.’ This is to be in accord with the ADI submission, which indicated that we were precluding the use of commercial operators.

On page 2, paragraph 12, replace the sentence, ‘The Murtcaim Wildlife Area is proposed to be listed on the Register of the National Estate, which will prohibit urban development’, with the words, ‘The Murtcaim Wildlife Area was listed on the Register of the National Estate on 9 December 1997, which will prohibit urban development’.

On page 4, paragraph 24, delete ‘as required at ECAC and as required by the Australian Defence Force for imported explosive ordnance’ and substitute ‘as required for

the handling of explosive material being shipped through Point Wilson'. Again, the intent was to indicate that it could be used by commercial operators. A copy of these amendments has been passed to the secretariat.

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.

Brig. Kelly—Thank you. Refurbishment of the wharf and jetty and construction of new facilities at Point Wilson is advocated to enable East Coast Fleet ammunition operations to be relocated from Sydney.

The governing considerations are that in 1992, the then Minister for Defence committed to relocating the armament depot at Newington, New South Wales, to a proposed East Coast Armament Complex, ECAC, to allow the closure of the Sydney ammunition 'pipeline'. There is an ongoing operational requirement to cater for ammunitioning and de-ammunitioning of naval vessels on the east coast.

On 20 April 1994, the government announced the decision to locate ECAC at Point Wilson, Victoria, subject to satisfactory environmental clearance via a commission of inquiry. The commission of inquiry recommended in January 1996 that the proposal to construct new facilities at Point Wilson proceed, noting that the existing facilities date back to the 1950s and are unsuitable for their proposed role for operational, safety and environmental reasons.

Concerning the need for the facilities, the existing 2.7 kilometre steel and concrete jetty and wharf structure was constructed in the late 1950s. The concrete and steel are naturally corroding due to the breakdown of the existing corrosion protection systems and the rate of deterioration is expected to accelerate. The wharf is too narrow to safely conduct armament loading operations and enable adequate emergency access. The existing timber fendering system is not suitable for RAN ships and submarines and the fire services and infrastructure need to be upgraded to meet current standards. The four existing explosives storage and handling buildings were constructed in 1981 and do not cater for the forecast explosive ordnance storage and handling needs of the complex.

The current administration and workshop support facilities are located within the explosive zone and do not meet current safety standards, nor do they have sufficient size to cater for the proposed staff requirements resulting from the increased workload. The commission of inquiry recommended that the administration and workshop facilities be demolished to minimise the disturbance to the habitat of the endangered orange-bellied parrot.

The existing access road through Murtcaim Wildlife Area is proposed to be closed for environmental reasons, as recommended by the commission of inquiry, and an alternative access route is required. The existing water supply, power supply, telecommunications and waste water systems do not meet the needs of the proposed complex. Acquisition of adjacent land currently owned by ICI is required to protect the operations of ECAC from encroachment by external developments.

The proposed works include a refurbishment of the existing wharf and jetty and upgrade of the cathodic protection system; a transit facility; container parking and truck holding bays; non-guided weapons storehouses; a guided weapons storehouse; explosives storehouses; an isolation facility; an administration centre; a non-explosives storehouse and workshop; a security checkpoint; civil works infrastructure; and, associated engineering services.

In addition to the Point Wilson works, the use of existing facilities on the coast of New South Wales is proposed. Defence would purchase crane lighters to transfer explosive ordnance between ship and shore at these locations.

The out-turn cost of the project is \$72.27 million which includes construction costs, land acquisition costs, purchase of crane lighters, professional fees and charges, furniture and fittings, construction contingency and previous expenditure on the Commission of Inquiry and preliminary project development for the original ECAC project. Subject to parliamentary approval of this proposal, contracts for the wharf/jetty refurbishment and the onshore works are planned to be awarded in May 1998 and September 1998 respectively, with the objective of completing construction by December 1999.

Concerning the benefits and social effects, the proposed development would allow the Sydney ammunition pipeline to be closed prior to the year 2000 Olympics and would extend the life of the existing jetty and wharf to continue the role of importing Defence explosive ordnance and some commercial explosives. The development would provide an appropriate standard of facilities that meet the NATO safety principles, occupational health and safety requirements and Building Code of Australia requirements. Additionally, the works will significantly improve environmental management of the site. Approximately 50 personnel are proposed to be employed at ECAC during construction and 25 during the operation of the complex.

Turning to environmental and heritage considerations: siting of ECAC at Point Wilson was subject to a Commission of Inquiry under the Environment Protection (Impact of Proposals) Act 1974. The commission reported on 15 January 1996 and recommended that development of the project proceed subject to the implementation of modifications, mitigation measures and monitoring to minimise environmental impacts at Point Wilson. Subsequent to the Commission of Inquiry, the Department of Defence reduced the scope of the ECAC project considerably as a result of a review of Navy's armament logistics management. There is no longer a need for a new wharf and associated dredging, and the requirement for onshore facilities has been reduced. Consequently, the project's impact on the environment is reduced.

The Department of Defence conducted a study in consultation with Environment Australia to determine which of the commission's recommendations were applicable to the reduced project. Environment Australia has agreed with the outcome of this study and with the specific recommendations that will be implemented by the Department of Defence.

Preliminary environment works have been carried out on the site, including construction of a predator proof fence, installation of culverts on 29 Mile Road to improve the saltmarsh environment, and minor demolition and decontamination works. Environmental monitoring and captive breeding have also been carried out.

Environmental management plans for construction and operation of the complex have been developed. An environment advisory committee will be established to inform the committee members of progress with the implementation of the Commission of Inquiry recommendations and to address environmental issues which arise during construction. Relevant authorities and state and local government bodies have been consulted. That completes my statement, Mr Chairman.

CHAIR—Thank you. Have any of my colleagues any questions?

Mr HOLLIS—There have been extensive consultations and inspection of sites. Are you convinced that this is the best site here at Point Wilson for this complex?

Brig. Kelly—Navy and the Department of Defence have been interested in relocating from Newington for a considerable amount of time, perhaps going back 20 years or more. Up to 60 alternative sites were considered in early studies, and an interdepartmental committee recommended that five were worthy of further examination. From a naval point of view, the two preferred were Eden and Jervis Bay. However these were found to be unsuitable, along with the other sites that were short-listed, and from the available sites Point Wilson was the only one that met the requirements. It is therefore the most suitable for the facility.

Mr HOLLIS—When you say ‘unsuitable’, it was not from a logistical point of view, or a depth of water point of view, or anything. Why were Eden and Jervis Bay unsuitable?

Brig. Kelly—Jervis Bay was the preferred site of all the sites. It was found to be unsuitable primarily because of the environmental considerations. When Jervis Bay was considered there was considerable public consultation and a great deal of public concern about the pristine nature of the Jervis Bay area. Although it was the preferred Navy site, Defence decided that it was not appropriate to pursue that location.

Mr HOLLIS—Has Defence paid an additional cost for this facility coming here to Point Wilson?

Brig. Kelly—It will pay an additional operational cost.

Cdre Cox—There is a transit cost for us for ships on the east coast, a two-day passage to Point Wilson and a two-day passage back to Sydney.

Mr HOLLIS—That will be forever?

Cdre Cox—Yes.

Mr HOLLIS—Or while the facility remains. How secure is that site there?

Brig. Kelly—In terms of physical security?

Mr HOLLIS—Yes.

Brig. Kelly—It is an isolated site. Defence has undertaken some studies, with support of security experts, to determine the security requirements of the project. The buildings will be protected by sophisticated intruder detection alarm systems and there will be an appropriate response either by civilian police or a civilian security firm.

Mr HOLLIS—Civilian police—it would take them a while to get out there, wouldn't it? Where would they come from?

Brig. Kelly—I am not familiar with the final results of the study.

Mr HOLLIS—Won't Defence have any security?

Brig. Kelly—Yes, of course; there will be a permanent presence on site, 24 hours a day, with a watchman at the entry point.

Mr HOLLIS—What if, for example, I was out there fishing in the bay and I decided to put ashore, light a campfire and spend some time there—would I be stopped from doing that?

Capt. Adams—The perimeters would be controlled by the security people. As in any Defence establishment, you would not want people camping and lighting fires, et cetera, and particularly within an armament depot. So the answer to that, I would say, is no, you would not want them there.

Mr HOLLIS—Why are we not replacing the wharf that is there? Why are we just doing upgrade work on that wharf?

Brig. Kelly—The life of the wharf as constructed was about 40 years. It has reached its operational life. It is, however, in adequate condition to be upgraded. The approximate cost of the upgrade of the wharf is \$22 million. The cost of a new wharf in the area would be approximately \$80 million. It therefore makes economic sense to carry out refurbishment and maintenance works, which will extend the life of the wharf for 30 years.

Mr HOLLIS—I am not an expert in this field, but this is the second or third time I have visited that wharf. It is a long wharf—a couple of kilometres—so, to my untrained eye, that means that the water must be very shallow. It goes out to where the channel is, does it?

Cdre Cox—It goes out to where you have a depth of water of at least 9.1 metres running along the side of the wharf.

Mr HOLLIS—But will that 9.1 metres remain? Is there any possibility of it silting up? Will it have to be dredged? Will there have to be a channel in and out?

Cdre Cox—The FFGs that will be going in there will draw 7.9 metres, so we will have to keep it at least at 9.1 metres and if it silts up then it would have to be dredged.

Mr HOLLIS—Whose responsibility will that be?

Cdre Cox—For the channel coming in it is the Victorian Ports Authority. I guess we would probably have some liability for alongside the wharf. At the moment the wharf, from the last survey I saw, is about 10.5 metres. You have quite a lot of wash running through there, so it is reasonable to presume that silting up is not going to be a critical problem.

Mr HOLLIS—Has there been discussion with the Victorian authority in case it does?

Cdre Cox—I believe there has.

Mr Young—There have been some discussions with the Victorian Channels Authority, which is a new authority established about two years ago. They have the responsibility to keep that charted depth at 9.1 metres. There were discussions a few months ago. In the life of the berth there, it has only been maintenance dredged two or three times in the last 40 years, so silting up is not seen as a major issue.

Mr HOLLIS—There has been some work done there—that fence, and some of the buildings have been removed. How much did that cost? What was the cost of the work carried out over the last year or 18 months on that site?

Mr Young—Approximately \$600,000.

Mr HOLLIS—Is that all—\$600,000? That was for the fence that went around—

Mr Young—The fence, the culvert and the decontamination work, and the removal of the storehouses.

Mr HOLLIS—I thought it was more. Okay.

Mr FORREST—I listened to your response to Mr Hollis's questions but I am still not satisfied in my own mind about this being the most appropriate site. It is described as the East Coast Armament Complex, yet it is not on the east coast. Standing on that wharf, I was observing busy shipping lanes, and there is the need to come through the narrow Heads. I assume this facility is going to be used for arming submarines as well. That means a submarine has to be above the surface all the time it is negotiating that long route from the Heads to the site. From a military point of view, it seems that it could not possibly be the most preferred site.

Cdre Cox—I do not think we have any difficulty coming into Port Phillip Bay, in the same way as we go into any other harbour. As far as the submarines are concerned, we intend to base the six Collins class submarines in Western Australia. We would probably, nine times out of 10, ammunition them in Western Australia and this facility would only be used to top up ones that are operating on the east coast, so I do not think the submarine is a significant issue. On the question of transiting in, I do not see that it will add any particular difficulty, as far as we are concerned, to transit through Port Phillip Bay.

Mr FORREST—I assume that, in an emergency situation, this might be an operation that had to be conducted very quickly. How long is it going to take to negotiate from the sea side of the Heads, through the bay, up to Point Wilson?

Cdre Cox—I would have to measure it out. I think it is about 40 kilometres, which is probably two hours.

Mr FORREST—Do you have any concerns about that, from a Defence point of view, if armaments are required in a hurry, in a real emergency?

CHAIR—I think the problem is not getting up the bay; it is getting from Sydney to the bay.

Cdre Cox—I do not think that two hours is a problem. Two days is the transit time. We will just have to build that into our planning. I think we can master that. Some of the topping up we can do with *Success*, the tanker that also carries ammunition. I think we can manage that.

Mr FORREST—I will leave that point, I suppose, but I have other concerns. I have a number of questions I would like to work through. The submission refers in a number of places to commercial explosives. I am just wondering if you could describe what nature of operation that is, who the commercial clients are and how you separate the military activities from the commercial activities?

Capt. Adams—The East Coast Armament Complex facility is to accommodate military operations and commercial import—it is our primary point of entry into the country. Going back over some statistics that we have, in 1995 there was a total of two commercial container ships. From that, there were 18 military containers and nine commercial containers. In 1996, there were three operations, with 80 military and 15 commercial containers. Last year, there were three container ships, with 72 military and 20 commercial containers.

On the commercial side, it is primarily Olin-Winchester. They have storage facilities on site for propellant. In addition, we have had ADI importing explosives to manufacture ordnance in the country.

Mr FORREST—How does the operation occur on the wharf? I assume Defence maintains responsibility to a certain stage. Or are there civilian personnel on the wharf as well managing this kind of cargo?

Capt. Adams—No; with all our explosive operations, we control the area of operations. There is a person designated as in charge. For Point Wilson, we have a manager nominated. He would take charge of the operation. In accordance with the NATO safety principles and our operating procedures, only those people directly involved in the explosives operation are to be in that vicinity, and that is managed and controlled accordingly. It is no different from any of our other operations, in Sydney at the moment, for explosive ordnance.

Mr FORREST—Are the commercial clients or customers, if you like—and I can understand that it is commercial-in-confidence—charged a fee for the service that is provided to them, a wharfage fee?

Capt. Adams—For wharfage, at the moment they are not, as a general rule. There are one or two instances. We are restricted in actual fact because of the legislation under which we actually operate the Point Wilson facility.

Mr FORREST—Is there no potential for the Commonwealth to redeem some of the costs that are obviously incurred to provide this facility?

Capt. Adams—We have not looked at that in detail.

Mr FORREST—Will it be looked at? There is a substantial investment being made here. I would have thought that if there is any commercial use of the site there ought to be some wharfage fees charged.

Mr Young—My understanding of the situation is that, under the legislation, there are gazetted charges which the commercial vessels are actually brought in under. I am not aware of what the charge rates are, but I know there are gazetted charges in the legislation

that they operate under.

Mr FORREST—I am not all that interested in what the charges are, rather in the fact that they can be collected.

Mr Young—There is that provision within the legislation.

Mr FORREST—What then occurs off-site in the transfer of those commercial explosives, with regard to the responsibility beyond the security gate? I am thinking of Mr O'Connor's concerns about explosives on the Princes Highway.

Capt. Adams—The explosives are shipped in containers. They would be broken down and put to their consignees and then dispatched—using explosives vehicles, and in accordance with NATO safety principles—to the relevant areas where they would be stored or used. I do not believe there is any risk additional to that at present. We are operating under NATO safety principles.

CHAIR—Can I ask for clarification? I would have assumed that those containers would have gone on the back of a semi from the site to wherever and have then been broken down. Are you suggesting that there will be a facility for the unloading of containers on the site, for commercial consumers?

Capt. Adams—No. I was describing the way we operate at the moment. The way we intend to operate in the future is that we would tell the dispatcher from overseas how we wanted the EO put into the containers. The containers would come. They would be off-loaded and then be arranged and dispatched—in the containers, on explosives trucks—to the relevant people who were to receive them.

CHAIR—Once they left your gate, they would be under state law?

Capt. Adams—Correct.

Mr FORREST—I want to pursue this. You would be aware that I drove out to the site for the inspection this morning, independently. I had a great deal of difficulty working out where I was in order to get on to the Point Henry Road. The access off the highway was not clear. To me, explosives transports wandering around some of those intersections with the highway would be quite uncertain and dangerous. It seems to me that there has to be some major signage upgrades and all sorts of warnings where those interchanges connect with the highway. I wandered around and ended up in Little River, before I could find the right overpass to get down to Point Wilson. Is that what a laden semi-trailer is going to be doing?

Brig. Kelly—Mr Forrest, we are relocating the entrance to the facility as part of this project, as you know. It would be appropriate for us to consult with local authorities

to ensure that it is well signposted.

Mr FORREST—Could I assume then that the major intersection from the Princes Highway to get to this site would be where Beaches Road intersects with the highway? Is that right?

Mr Young—No, that is not correct. It is actually the next interchange back towards Geelong, at Avalon Road.

Mr FORREST—Avalon Road, right.

Mr Young—And then east along Dandos Road, straight into the site.

Mr FORREST—Then, clearly, there is going to be a need for some capital infrastructure in some of those locations. Has that been investigated?

Mr Young—It has not been investigated. We are at concept design stage at the moment. That would be part of the detailed design to go through and be assured of that. Avalon Road and Dandos Road are currently used by the Mountain View Quarry trucks. That is about 100 quarry trucks using that section of road every day. I am unaware of any incidents that have occurred along that stretch of road.

CHAIR—Nevertheless, we, as the Commonwealth, would be providing a convenience to commercial operators. I would assume it would be between them and the state road authority, and the state safety authorities, et cetera, as to what happened with commercial loads once they left the perimeter of the site. We are not the reason for the problem: we are just providing a facility for the unloading of commercial quantities of explosives, aren't we?

Brig. Kelly—Yes. In terms of total traffic on that road, though, our contribution would be relatively insignificant compared with 100 quarry trucks per day.

CHAIR—Some of your products will be coming in and out.

Brig. Kelly—Yes.

Mr FORREST—Reference has also been made to the so-called downgrade of the original proposal. I know the submission goes to some lengths as to why that has occurred but could you just run past me again the reasons that the proposal we are now considering is only one-third of the capital cost of what was originally proposed.

Capt. Adams—The original proposal dates back some time. We have looked and we have a changed operating environment. We have new platforms and we are dealing with different weapons. As well as that, the original proposal was to have major storage

on site but we do not have major storage on site. We are only transiting ammunition through the site. As I said earlier, it is a major import point for explosives and a capability to do full ammunitioning for our combatants. It is a component of a wider, more flexible what we are calling east coast logistics model. We are looking at loading our combatants with top-ups at commercial facilities. We are actually conducting a trial at Port Kembla tomorrow. We are also looking at the potential for using a roll-on, roll-off capability. We have not examined that in any detail to date.

Mr FORREST—But these have been decisions that Defence has made in order to have a coordinated east coast operation rather than some restriction at the site since the original proposal, is that right?

Capt. Adams—The original proposal was for storage and handling facilities. What we have done is reviewed the way we wish to operate. We have spoken to our primary customer, the Maritime Commander, on how he would like to get his ammunition. We have addressed that and we have come up with this concept.

Mr HOLLIS—It is lucky that we did not have the hearing two years ago because by delaying it two years, it looks as though we have saved the Commonwealth \$130 million. I can never understand how it is that when a project, whatever it is, is delayed, as happens occasionally—even though the justification and the cost for that project has been put to us—it then comes in at a substantially reduced cost. I am absolutely certain that if we had been sitting in this room two years ago that we would have had all the evidence to justify the spending of that \$200 million. But now we find out that, by waiting two years, miraculously, \$130 million has been saved. Maybe we ought to delay this project another couple of years because we may get it down to \$30 million or \$40 million!

CHAIR—You have got to wait for the dollar to go up again, then! The other side of that is that the initial proposal presumably meant a substantial downgrading of the storage facilities in New South Wales. Is that correct?

Capt. Adams—Yes.

CHAIR—And you are now going to unload your ordnance here, ship it up there and then, in some cases, ship it back again. That means that the operational cost will go up as the capital cost has come down. Is that a true assessment?

Capt. Adams—Yes, it is.

CHAIR—Are you buying it on time payment?

Brig. Kelly—Yes.

Mr FORREST—I want to be satisfied that these are decisions that Defence has

made, quite rightly, and not as Mr O'Connor has suggested in his submission to us, that it has been somehow a government decision to not spend as much money on the site, that these decisions that Defence has made in the coordination of its overall project.

Brig. Kelly—I think it is well-recorded that the Minister for Defence directed Defence to look at more efficient ways of doing business, and that is what led to the complete review of how armament logistics is operated on the east coast.

Mr FORREST—The other thing that interested me in the submission is the reference to trying to design 30 years ahead. With technology and electronics the way they are, especially with ordnance, how can you have a crystal ball that says, 'In 30 years time, this is going to be the nature of missile operations and so forth?' Can you do that with real confidence or is a missile a missile, no matter what?

Brig. Kelly—I would say a 30-year design life does take some account of that concern. In most facilities we would look at it as a longer design life, as a solid engineering facility of perhaps 40 or 50 years. The fact that we are going 30 years out is both a reflection of the likely extension of life of the wharf for an economical cost and the potential that there will be other ways of doing business in that time frame.

Mr FORREST—I suppose it is not so much the infrastructure that I am thinking about but the style of the ordnance. It could be big. I notice that the doors have to be widened to allow for longer ordnances and so forth. How can you build into the infrastructure some flexibility for the way technology might go in the future?

Brig. Kelly—It is essentially a very simple system. We have a wharf, and we have some very simple facilities to accept in-transit or short-term storage of the ammunition that comes off the ships. I cannot imagine that there would be such changes to technology that it would impact on those parts of the project. There is no doubt that technology could impact on the equipment that handles the ammunition, or armaments, or the way that they are handled but I do not believe that is a significant part of this project.

Cdre Cox—I understand your worries about missiles but the world of naval missiles has not been characterised by enormous successes over the years. In the years that we have had the Adams class destroyers, which is coming towards 30, we have gone through two families of missiles. We have progressed from one to the other and the size has not changed. The new missile in larger ships is one of the same family so they have not changed all that much. Developments in missiles to replace that would, I think, take most of that time to complete to get to success and bring anything larger.

CHAIR—Can I ask you to confirm that there will be no substantial storage on-site. Brigadier Kelly has just mentioned that there will be a capacity to store ammunition that has been taken off a ship which has been de-ammunitioned so that it can have repair work or whatever else done. Is it the situation that that will be stored on-site so that when the

work is done the ship can come straight back and be re-ammunitioned?

Cdre Cox—We have capacity for three destroyer outfits.

CHAIR—So you will have enough capacity, in fact, to de-ammunition three ships, leave it on-site, and re-ammunition them when whatever work is being done is completed.

Capt. Adams—That is correct. As well as that, part of the land acquisition is to retain the purple arcs within the Commonwealth property boundary. We have looked at what potential or what other things are coming down the pipeline in relation to technology and follow-on, and we have built into that purple arc some contingencies.

CHAIR—Thank you. I just wanted that on the record.

Mr FORREST—I do not want to hog all the questions. Paragraph five describes the operations being conducted in Sydney and talks about a public risk waiver. I am somewhat ignorant. Could you explain what a public risk waiver is? I hope it is not accepting a higher risk?

CHAIR—It sounds like accepting liability to me.

Mr FORREST—What is actually meant by a public risk waiver and how dangerous is it to public safety in the Sydney ammunition pipelines in reference there in that paragraph?

Capt. Adams—A public risk waiver is an approval process. A waiver is an authorisation for the performance of an activity which does not comply, in terms of safety or risk to property or people, with Defence principles for the storage of ammunition and explosives. It is a process that we actually go through. There are two categories. There is a departmental risk waiver, which is managed within the department and the Deputy Chief of Navy has the authority to sign off on that. There is also a public risk waiver which must go to the minister and must get authorisation from the minister, so we can conduct those operations. Basically, it is a checks and balances system built in to ensure safe operation and no danger to property or people with our operations.

Cdre Cox—I have a copy of the Sydney Harbour public risk waiver with the diagrams on the back that you are most welcome to examine.

CHAIR—Yes. If you will table that, we will have it on the record. Thank you.

Mr FORREST—Does the construction of this new facility reduce that need or does the fact that the facility is here create the need? I am a bit confused about that.

Capt. Adams—The reason we are building ECAC was that need to get out of the

business of having public risk waivers. We have one in Sydney Harbour and the aim of having ECAC and these other operations was to get rid of the requirement to have a public risk waiver.

Mr FORREST—Okay, that is good.

Cdre Cox—If we are ammunitioning through Port Kembla, or any other place, then we will probably require a public risk waiver for that particular activity.

CHAIR—But not at Point Wilson?

Cdre Cox—No.

Mr HOLLIS—But how much loading would you be doing through Port Kembla?

Cdre Cox—We do it for top-ups.

Mr HOLLIS—Do you do that every week, every day, once a year or how often? The exercises, for example, come out of Jervis Bay and are often held off the coast there. When you are doing a fortnight exercise there, would you be coming into Port Kembla then for top-up, or what?

Cdre Cox—No, our current operating cycle would be that we would ammunition when the ship starts a work-up cycle. At the end of a work-up, we would top-up the ammunition and we would probably be looking at 60 to 80 rounds of practice ammunition for any ship at the period, but it is a top-up of practice ammunition and, in the case of the destroyers that do naval gun fire support, some HE, probably in the order of 40 to 50 rounds. We would not be putting missiles through any top-up facility.

Mr HOLLIS—My real worry is where the facility is. If you had this facility at, say, Jervis Bay—and bear in mind that most of the ships of the east coast are in Sydney and most of the exercises come out of Jervis Bay and are conducted up and down the east coast from about Stanwell Park down to Ulladulla or somewhere. That is the area where you do all your exercises. When we have overseas navies here, they do all the exercises there. You say yourself that you are going to use Port Kembla or maybe Eden, which is in the middle of that, as a top-up. I wonder if this is really the right place? Would you need Port Kembla as a top-up facility if you had the ammunition facilities at Jervis Bay on the east coast? The answer is obviously no.

Cdre Cox—The answer is no.

Mr FORREST—I would like to ask some questions about the land acquisition, but I do not want to make you nervous. I am aware of the commercial-in-confidence. I would just like to pursue it without talking about dollars and cents because I realise the sensitive

negotiation that is occurring. I understand a substantial amount of land to be required will leave in excess of around 100 hectares that will not be needed in order to secure the purple safety line.

I am looking for an opportunity that the Commonwealth might have for the use of that land and wondering how that land is going to be used prior to that. What discussion is being had with the local municipality about the town planning requirements to secure that purple zone for no future development? In many of the sites that the committee has to inspect, we have seen that future urban encroachment means that the site cannot be used for its original Defence purpose. How far ahead has that planning been thought through for the use of the land and preserving this site for the future?

Mr Young—The proposed use of the site that we would be acquiring from ICI would be for grazing in the short term. In the longer term, there may be opportunities if there was a commercial negotiation to sell that parcel of land. The second part is Geelong did have a regional structure planned for that area. Currently that land is zoned industrial but, as I pointed out this morning, it may not be compatible with some of the environmental constraints in that area. There is still a bit of room to move.

Mr FORREST—I suppose Defence's approach has been, 'We will buy the land and hold the title; that is one way we can at least control any development.'

CHAIR—I might add that you convinced us of the need for a buffer zone and the purple line and all the reasons for that. Mr Forrest's—and I might add my own—area of concern is that, because of the existing boundaries, a substantial area of land is outside that purple boundary. We would like to know: firstly, whether it cannot be used for environmental reasons, which would appear to reduce the value of the land in the hands of the present owner and should cost us less; or, secondly, whether it can be used so and, consequently, the Commonwealth stands the opportunity to recover some of its original outlay at a later date. If you would comment on that it would be appreciated. In other words, can we have our cake and eat it too in this regard? We are being forced to buy a parcel of land larger than we need. What are our chances or what steps do you intend to take to ensure that we can recover on that in due course?

Mr Young—I do not think I can make a definitive answer to that right at the moment. Defence could take that on notice and get back to the committee.

Brig. Kelly—The intent though is, within the constraints of the environmental concerns, to continue grazing in the area. Part of the project is to provide internal fencing and watering, et cetera. Defence commonly uses grazing as a means of reducing growth of grass for fire purposes and so on. In appropriate areas there is an opportunity for revenue, either by sale of the area outside the purple arc or by agistment of areas within the purple arc. I am not sure how that sits with the fact that the majority of the land is within the Register of the National Estate.

CHAIR—Both Mr Forrest and I, who have rural electorates, would tell you that you are not going to get interest on your money grazing sheep on agistments you might be able to sell.

Mr FORREST—All that will do is keep the grass down, I am afraid.

Brig. Kelly—It is not our core business, Mr Chairman.

CHAIR—We would agree on that also.

Brig. Kelly—We do use it primarily for control of fires.

CHAIR—I know. I understand it is within the purple zone. You have told us that you will give us some further evidence.

Mr FORREST—You accept a lower risk for beef, cattle and sheep. I have two more questions. Housing is always an interesting issue. What is proposed for the housing needs of those 25 permanent personnel? Would they come out of Geelong or is on-site housing being proposed?

Brig. Kelly—No on-site housing is proposed. The people will be recruited from the local community and presumably will live in the local community.

CHAIR—Does that mean that substantially they will not be service personnel?

Brig. Kelly—They will not be service personnel.

Mr FORREST—That is good for the community. There was one other question I had, Mr Chairman, and then I will give other members an opportunity. From an environmental point of view—and I cannot remember where I read it in the submission—there was a proposal to collect waste water underneath the jetty. Having had a look at that environment already, I have just got some concerns about how that operation will occur in a very corrosive environment. What safeguards are proposed to preserve environmental disasters if some of that waste water leaked or whatever?

CHAIR—Can I just take that one step further, because I was struck by that comment also? We are talking about waste water from a ship. In other words, a pretty substantial quantity. Would it not be cheaper to pipe it off the jetty to the sewer works, or whatever, that you speak of?

Mr Young—On the first aspect about the holding tank, a ship during an ammunitioning or a de-ammunitioning may only be there for 12 hours or, at worse case, probably 18 hours. So it is only a fairly short time. We have actually done some calculations and it is expected to be a fairly small tank that you actually need. What we

would be proposing to do at the end of each day of the operation is to get a commercial operator to come in and pump the tank out. So it would hold waste water for the minimum time possible. So that is that aspect of it.

As far as protecting the tank from corrosion et cetera, we are putting in a cathodic protection system. That tank would more likely be a steel tank and that would be protected by the cathodic protection system and a painting system as well. Does that answer the question or do you want me to—

CHAIR—It strikes me that you are taking the most expensive option. A poly pipe would clear that at relatively limited cost. I do not know if you are talking about 1,000 gallons or something but, to me, it would be substantially more. But it also strikes me that, if it is a tanker load, like a semitrailer tanker load, considering the limited periods that you would be operating, why do you not just back the tanker in, fill it up and let it sit there for 12 hours?

Mr Young—One of the reasons for that is the length of existing wharf, as you saw today, with the ship in there and with the proposed layout during a navy operation, one more truck on that wharf is not required. It is a non-core operation at that time, so it is better to provide that holding tank so that room is not cluttered.

CHAIR—Why don't you pump it down your redundant asbestos cement pipe? Anyway, I think we have taken enough time. It just struck us both independently that it seemed to be an expensive way, considering it does not happen very often. Because of some of the questions that have been asked, in terms of delivering explosives to this wharf and accepting the 9.1 metres of minimum depth, to what extent does that limit the size of container ships and consequently the cost benefit of freight? Do you have to have special small ships to bring those containers in or can a typical container ship coming out from Europe, America or somewhere drop a few containers off at your side and then go over to the Webb dock or somewhere?

Capt. Adams—The population of ships that actually do commercial delivery of explosives are relatively the same size that we are operating now. My understanding is that there are only something like 12 of them available in the world anyway.

CHAIR—So they are specialist ships?

Capt. Adams—Yes. It is a limited population that you are dealing with.

CHAIR—The depths are adequate for that type of ship to deliver into your facility?

Capt. Adams—That is my understanding, Mr Chairman.

CHAIR—Thank you. John?

Mr FORREST—I am pretty well done with my questions, Mr Chairman.

Mr HOLLIS—You do not seem to have convinced the environmental groups of the worthiness of your project?

Brig. Kelly—Mr Hollis, that is a matter of judgment, I suppose.

Mr HOLLIS—No, it is not a matter of judgment. I am just reading what they say here. The Combined Environmental Group believes that Point Wilson is an inappropriate location for the East Coast Armament Complex and strongly recommends that the committee reject the Defence proposal for an ECAC at Point Wilson. That seems to me to be a fairly strong statement from them.

Brig. Kelly—As I explained earlier, this project commenced perhaps 20 years ago with 60 options and we have ended up with only one that appears to be workable. Before you asked the question about how much money had been spent on environmental work and the answer was given. In fact about \$6 million or \$6½ million has already been spent on issues relating to the environment, including the Commission of Inquiry. So I believe we have taken all steps appropriate, including taking it to a Commission of Inquiry which is the highest level of public examination under the EP(IP) Act and I believe that we have demonstrated that we are prepared to implement the recommendations of that inquiry as they apply to the reduced project. We have already undertaken most of the most important recommendations as they relate to physical works on the area.

CHAIR—This question is partly for the record, because I did ask this question this morning when we were out on our inspection. Considering again that this is a facility that gets very limited use, would you give some reasons why you have chosen what I might call the capital option expenditure of about \$4 million or thereabouts on widening the wharf area when, in fact, if turning semi-trailers and such around was a problem, it might be cheaper to buy specialised double-ended vehicles that just drove up and down the jetty? Would you give the committee some evidence on why you have chosen the option you have in widening the wharf area and part of the jetty?

Mr Young—I will answer that question. As the design consultant for the project, we have investigated double-ended trailers. It does come out to be a cheaper cost as far as the actual movement of ammunition.

A couple of things with that is that the trailers would actually have to be a capital cost as part of the project as well. You are talking about \$1 million for the special trailers and the number that you would actually need, as well as the actual hire of the special tow motors. What Defence is actually looking at with this project is the commercial support of using commercial operators to actually do some of that transport and that would limit the

competition in that area.

The other aspect of why the wharf is being widened is one, principally, of safety. During a Navy operation, you have mobile cranes which take up approximately six to eight metres width of the wharf plus trailers storing ammunition. On the existing jetty, that would leave approximately one available lane for the movement of materials plus the egress of materials and personnel in case of an emergency. That one lane was considered a high risk in terms of getting on and off and also the likelihood of an accident occurring with someone leaving a forklift in that lane or some similar incident which would jam up the jetty and may compromise the safety of over 200 people and also the assets that are involved out there. The primary purpose is to provide extra lanes so that if any contingency arises, you can actually get materials that are not threatened by the incident off the wharf. It also allows a response to the incident to be taken into account.

CHAIR—Fine. Without actually expressing amounts of money, the cathodic protection you mentioned this morning is a very difficult task. What percentage of the cost of reconstructing the jetty would that represent?

Mr Young—It would represent close on two-thirds of the amount of the wharf and jetty works: the cathodic protection system, the re-coating of the steel work and the refurbishment type of works.

CHAIR—So things like the sandblasting and recoating are included in your estimate of two-thirds?

Mr Young—Yes.

CHAIR—Right. You are convinced that that is the only protection that would be suitable, considering that it is fairly expensive? There are not other options?

Mr Young—There were a number of options considered and that was based on life cycle costings over the 30 years. That was seen as the most efficient way of doing it.

CHAIR—A leading wharf constructor told me once that rust was one of the better protectors of steel, anyway. You may not be aware of that.

Mr Young—It may be, but it also takes away the structural capacity eventually, too.

CHAIR—Over time, yes. He had some interesting views on that. He reckoned that a lot of this was unnecessary, and he is a big guy in the business.

Mr FORREST—Why not just build a new wharf?

CHAIR—We have asked that question.

Mr Young—The new wharf would cost probably four times as much as the refurbishment, plus the widening of it.

Mr FORREST—Presumably with a new wharf you would still probably have this kind of cathodic protection anyway, given—

Mr Young—In a new structure you may do it slightly differently. Concrete technology has come a long way in that time, so you may actually build it into the design. But you would still have a cathodic protection system for your steel piles.

CHAIR—Could you tell the committee a bit about the new buffer system that is required? Is that just replacing the timber work with very large pieces of rubber tubing, or is it something more sophisticated?

Mr Young—The existing timber fenders which are suitable for the commercial operations which have generally occurred over the last 40 years at the site are not suitable for the thinner-skinned naval vessels. The hull pressures that are acceptable on the naval vessels are about half those on the commercial vessels. That is the reason we need to upgrade or provide the new fendering on the wharf.

The new fenderings are basically 3½-metre long rubber tubes, as you call them, two metres in diameter. They would probably be spaced about 12 metres apart along the side of the wharf.

CHAIR—Thank you. If there are no further questions, thank you very much. I think you have answered all the questions that the committee has at this time. Thank you for your attendance. I guess we will follow the normal procedure and invite you gentlemen back, so you are still under oath until we hear subsequent witnesses.

[12.15 p.m.]

BROTHERTON, Dr Peter Donaldson, Vice-President, Australian Conservation Foundation, and Representative, Combined Environment Groups, c/- Australian Conservation Foundation, 340 Gore Street, Fitzroy, Victoria 3065

MAILER, Mr John Alistair Bryce, Coordinator, Combined Environment Groups, c/- Australian Conservation Foundation, 340 Gore Street, Fitzroy, Victoria 3065

CHAIR—Welcome. The committee has received a submission from the Combined Environment Groups dated 28 January 1998. Do you wish to propose any amendments to that written submission?

Mr Mailer—No, we do not propose any amendments but we would like to make some comments.

CHAIR—It is proposed that the submission and the response from the Department of Defence 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 submissions read as follows—

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

Mr Mailer—Thank you. I am not sure of the extent to which the committee may have familiarised itself with our written submission and therefore the extent to which we should recap on some of those points. However, I would like to provide a brief overview of our written submission and raise one additional matter. We have received a request from the Maribyrnong City Council, the residents of that council area being most directly affected by environmental problems at the Coode Island hazardous chemical facility. Following a resolution which was passed at that council's meeting on 9 February, they have asked me, in a letter, to convey to the committee that council's support for our submission to your committee on this Defence proposal.

The committee should note that we made a number of submissions to the Commonwealth commission of inquiry into the original Defence proposals on ECAC. In fact, our members have been involved in issues associated with Coode Island and western Port Phillip Bay for some time. We were, in fact, pre-fire advocates of the closure of the Coode Island facility in Melbourne's inner western suburbs and we reluctantly accepted that this would, for the foreseeable future, require an alternative, albeit much better facility, elsewhere. We participated in the Victorian government's Coode Island Review Panel process and supported the general thrust of its recommendations.

As we have said in our written submission, we do not intend to cover all the matters discussed in detail in our submission to the committee. We certainly will not consider all the issues in respect of an ECAC at Point Wilson that were comprehensively covered by the Commonwealth commission of inquiry. However, we would like to cover matters that impinge upon the need and justification for an ECAC at Point Wilson, to offer proper consideration of the alternative sites, and cover the failure by Defence to adhere to the relevant recommendations made by the commission of inquiry which were subsequently accepted by government and Defence.

The need and justification for an ECAC at Point Wilson and proper consideration of alternatives were, in fact, matters which were excluded from consideration by the commission of inquiry by its terms of reference. Consequently, these matters have not previously received any open public examination. The reason for mentioning Coode Island and the reason for mentioning the Maribyrnong City Council submission were because we believe that the proposals by the Victorian government to relocate the Coode Island chemical facility have a significant bearing on this matter.

We have mentioned in our submission the way the Coode Island Review Panel was set up by the Victorian government to identify and assess options for a new site for that facility and how they conducted an assessment and concluded that West Point Wilson was, in fact, the site of least environmental impact on the western shores of Port Phillip Bay. Members of our group were involved in the Victorian government's consultative

committee which was set up to assist the government in the preparation of an environmental effect statement for that proposal.

Just as our concern will be the relocation of the Coode Island chemical facility from the inner western suburbs of Melbourne, we also recognise the need to close the ammunition pipeline through the western suburbs of Sydney. In 1989, the then Commonwealth government did promise an open inquiry into determining the best alternative site for this undesirable arrangement in Sydney. Unfortunately, that promised inquiry never took place.

In December 1993, the then Minister for Defence announced that the government was going to close that pipeline, and he nominated Twofold Bay and Jervis Bay—both on the east coast of New South Wales—as the short-listed sites for the development of an ECAC. At that time, the Minister for Defence emphasised in his media release that the relocation of the armaments depot would not be done at the expense of the people in the western suburbs of Victoria, and added that they then expected the Victorian government to move quickly to relocate Coode Island to Point Wilson.

We believe that the subsequent selection by Defence in 1994 of Point Wilson for an ECAC was based upon a flawed and inadequate process, with inadequate consultation and consideration of the environmental and social consequences, particularly in respect to the Coode Island problem. In fact, Defence admitted to the commission of inquiry that the Commonwealth government's interdepartmental committee had concluded that Point Wilson could only be considered an option if the chemical facility were to be located at an alternative site, such as Kirk Point or Point Lillias.

Given that the siting of an ECAC at Point Wilson removed any possibility of locating this hazardous chemical storage facility at West Point Wilson, the Minister for Defence gave an assurance that the Commonwealth government would not do anything to jeopardise the closing of Coode Island. The minister's press release to this effect was preceded by a series of Commonwealth-state meetings designed to provide, in our view, a smokescreen to facilitate the Victorian government's prior decision to move from the proposed West Point Wilson site to the cheaper, but more environmentally sensitive, site at Point Lillias.

In January 1994, the then Minister for the Environment advised that the government had made a decision on a short list of sites and that the selected sites would be subjected to environmental assessment under the Environment Protection (Impact of Proposals) Act. Instead of the open inquiry originally promised, the Commonwealth announced the commission of inquiry, under the environment protection act, into the possible establishment of an ECAC only at Point Wilson. The Commonwealth did not carry out an open evaluation of short-listed sites under the Environment Protection (Impact of Proposals) Act, and the inquiry that was established had terms of reference which specifically precluded consideration of any possible alternative sites along the east coast of

Australia and also prevented any assessment of the need for an ECAC facility.

These were matters that were raised by us in front of the commission, and we were quite firmly prevented from putting submissions on those matters to the commission. The committee should note in this regard that the parliament of Victoria's Environmental and Natural Resources Committee, in its report in 1994, noted that the Commonwealth decision making process in selecting the Point Wilson site was 'secretive and unsystematic'. In our view, your committee needs to be certain that there is no better alternative for an ECAC.

The Victorian government's EES process for looking at Point Lillias as the site for a hazardous chemical facility was supposed to contain a serious evaluation of the West Point Wilson site but, in our view, this never occurred. However, even now, we still believe that West Point Wilson is a much less undesirable site for a chemical storage facility than is Point Lillias, and we have given a number of reasons for that in our submission.

Referring to matters that were raised by the committee earlier this morning, we note that Defence asserted in a submission to the commission of inquiry that selection of Point Wilson as a site for an ECAC had only occurred after the Minister for Defence had been assured that all Defence's requirements could be accommodated on one contiguous site. We have noted in our submission that other assessments clearly showed that the original Defence requirements were only achievable at Point Wilson with zero or very small buffers to the environmentally sensitive areas.

Similar information was contained in reports for the Commonwealth Environment Protection Authority on co-location of ECAC in a chemical terminal at Point Wilson. Again, similar figures were used in the ACS assessment of co-location options in 1994. So we contend that the basis for the original assurance to the minister that Defence's requirements could be accommodated on the one contiguous site has been shown to be flawed on simple environmental protection grounds, since the commission of inquiry subsequently determined that minimum buffers of 500 metres are required in most circumstances.

We have suggested in our submission that it is clear from Defence's letter of February 1995 to the commission of inquiry that the Minister for Defence may have been misled about the selection of Point Wilson as a site for ECAC. Defence again appeared to have assured the minister that all of Defence's requirements could be accommodated on the one contiguous site, but this was still without proper consideration of the environmental impact of the full proposal.

Subsequently, Defence's full requirements for an ECAC at Point Wilson were scaled back, even during the commission of inquiry, to ensure that the environmental, safety and physical constraints of the site could be met. It would not be difficult to

conclude, therefore, that there had not been enough room at Point Wilson for the original Defence ECAC requirement.

After all Defence's statements made to the Commission of Inquiry regarding the absolute necessity for the facilities finally proposed to the commission at Point Wilson, an examination later—as has been indicated by the committee this morning—has apparently determined that, after all, it was not necessary to have all the defence facilities specified to the Commission of Inquiry, and that now only about one-third of the final proposal, as indicated in Defence's option J to the commission, are required. As also indicated to the committee this morning, if Defence were perhaps given a few more months by the committee, some further reduction in public works expenditure could be achieved and an even more flexible explosive ordinance logistic model could be developed.

We believe that the committee should require an assurance that there is in fact a firm need for this latest Defence proposal for an ECAC at Point Wilson, and it needs to be assured that there are no viable alternatives, perhaps at other locations, that would cost even fewer dollars and have even less impact on the environment. We contend that the latest Defence proposal and justification for ECAC does not meet the requirements of schedule 4 of the Environment Protection (Impact of Proposals) Act, which requires additional matters to be examined, including the need for the proposal and the consequences of not taking the proposed action; an examination of any feasible and prudent alternative to the proposal; and the reasons for the choice of proposal. These have not been covered. We believe that these requirements should form the baseline for the committee's consideration of the Defence proposal.

Defence stated to the Commission of Inquiry in their ADF user requirement that major ADF support facilities were needed on the east coast of Australia and that these facilities should be located in the south-east, close to appropriate Defence and civil support infrastructure. We would submit to the committee that a facility located at Point Wilson on the south coast of Australia does not meet this requirement. Unless it is the intention of Defence to relocate the navy's east coast fleet to the south coast of Australia and to relocate the navy's fleet maintenance facilities to an establishment within Port Phillip Bay—perhaps at Williamstown—we would recommend to the committee they should be satisfied that an ECAC at Point Wilson does satisfy the Defence user requirement.

We also believe the committee needs to be satisfied that there are no specific alternatives to the Defence proposal which would still satisfy previously studied Defence requirements. For instance, storing guided weapons in maintenance facilities at the Myambat facility, in Defence's words, could be done without any loss of operation or efficiency. A Defence document said that the study of guided weapons, maintenance and wholesale storage indicated that there was very little to choose between Myambat and Point Wilson as long term sites.

The other questions were about whether or not explosive ordnance retail, storage and maintenance, as originally proposed for the Jervis Bay facility, could be located away from the transit wharf facility, perhaps at the ADI Benalla facility, which is already licensed for this purpose. We have indicated in our submission that, in regard to past environmental management at Point Wilson and the history of the activities at the Point Wilson site, very poor environmental management practices by Commonwealth authorities—most notably Defence—have in the past detrimentally impacted on the Point Wilson ecological and cultural environment.

We are very concerned that Defence have in the past been less than diligent in their application of sound environmental management on the ground at Point Wilson. However, we note that recent works by Defence at Point Wilson are welcomed by us because of their greater consideration of the environmental sensitivity of the site. It is unfortunate that it took a commission of inquiry to produce some good environmental practice on the part of Defence. It should be of concern to the committee that Defence should not be permitted to slip back into practices and proposals already considered by the commission of inquiry to have been unreasonable.

We have already noted the Commission of Inquiry terms of reference. The Environment Protection (Impact of Proposals) Act noted that neither the Defence environmental impact assessment nor the commission of inquiry examined the normal full complement of features that would be required for Commonwealth environmental impact assessment. In our view, Defence have not carried out a full and proper environmental impact assessment of the ECAC proposal. This should be taken into consideration by the committee when considering expenditure at the environmentally very sensitive site at Point Wilson.

Since the January 1996 Commission of Inquiry report, the committee would be aware that the Victorian government announced that they would no longer proceed with the proposal to relocate the Coode Island hazardous chemical facility to Point Lillias. In effect, we are saying that the proposal for an ECAC at Point Wilson has forced the Victorian government to choose between relocating the hazardous chemical facility to Point Lillias or leaving it at Coode Island, since it was not possible to collocate chemicals and armaments at Point Wilson for obvious safety reasons.

We would suggest to the committee that this ECAC at Point Wilson has compromised the originally preferred plan by the Victorian government to relocate Coode Island to West Point Wilson. This plan, up until April 1994, had been supported by both Labor and Liberal Victorian governments, subject to detailed environmental impact assessment. We strongly support the need for the facility at Coode Island to be relocated to a site that does not have the health and social disadvantages experienced by the people of Footscray, Yarraville and Flemington that the present site imposes.

CHAIR—We may have to ask you to hurry up a bit. Usually once you have put in

a written submission—and your submission is quite lengthy—we just want you to summarise it. I am not really sure of the extent to which my committee can consider internal decisions of the state government of Victoria in terms of Coode Island. It may be of concern to you, but it is not an issue that we would be looking at under our terms of reference.

Mr Mailer—Yes. Just to finish that point off, we wanted to point out that there had been no effective open inquiry into where the ammunition pipeline from Sydney should be relocated, as opposed to the fact that there had been a full inquiry into the Coode Island facility.

CHAIR—That is a point.

Mr Mailer—In our submission we have reviewed the 1996 Commission of Inquiry recommendations and noted a number of changes that have been made by Defence and a number of ways in which we believe that Defence have not adhered to the Commission of Inquiry recommendations. My inquiries in recent days to the Department of the Environment have elicited the information that, at least up until the day before yesterday, there had been no formal approval by the Minister for the Environment for the way in which Defence had gone about looking at complying with the commission of inquiry recommendations.

We believe that this is a matter of great importance and should be considered by this committee with respect to the current Defence proposal. After all, the Department of Defence and the government did commit themselves to complying with those Commission of Inquiry recommendations. We have indicated in our written submission some principle points where we believe those recommendations have not been adhered to. Dr Peter Brotherton would now like to make some additional comments on the Defence response to matters relating to public consultation.

Dr Brotherton—I need some guidance from you, Mr Chairman, given your concerns about the time. In our original submission we wrote about a page or a page and a half in response to one paragraph which Defence included in its rather thin initial submission on matters relating to environmental management and public consultation. In the rather generic response which Defence has submitted to our submission, a number of other concerns have been raised. I would propose that what I should do is table this, but quickly summarise it on the way through.

CHAIR—That is fine.

Dr Brotherton—We would propose to table this at the end of this presentation.

Mr Mailer—We could table our whole—

CHAIR—That is the point. All your written submissions will be dealt with in other sittings. We are here, in a public area, to make sure that you have been able to summarise them verbally; otherwise, we will deal with the written aspects of it in due course.

Dr Brotherton—I would just like to briefly summarise it—

CHAIR—I am quite happy with that.

Dr Brotherton—because this is, in fact, a spin-off from what Defence said in response to what we did. We are very concerned that the proposals which Defence has set up for environmental management and public consultation thereon, in so far as they have been revealed, appear to be a direct negation of the recommendation of the Commission of Inquiry. They appear to have reverted to the proposals which Defence put before the inquiry and which were considered at great length by that inquiry and by and large rejected.

The particular matters I refer to are the proposed membership of the committee, including its chair, where the commission of inquiry recommended that, in addition to the members proposed by Defence, there be representatives from both national conservation groups and state conservation groups and, most importantly in our view, an independent chair. Within the Commission of Inquiry's report, a strong argument was put in favour of that and the commission so recommended: that Defence's environmental advisory committee include two extra environmental representatives and an independent chair. Defence have responded to say that they are not going to do that.

We are particularly concerned that the Defence response to our submission says that a copy of the review of environmental factors will be available for public examination at the public hearing on 13 February. That does not give us much opportunity to comment on it today. We would certainly hope that we would be able to get hold of a copy of that because it appears that whatever Defence is proposing now in its consultations with Environment Australia is based upon that report. At the moment, the contents of that report are effectively unknown to us.

An important matter also raised by the commission of inquiry was resourcing of the Environmental Advisory Committee proposed by Defence. In response to that, Defence has said that it:

. . . does not propose to pay committee member costs associated with the EAC. Point Wilson is Defence's preferred location for EAC meetings, thereby minimising cost to non-government EAC members.

Mr Forrest, I share your difficulties at finding and getting to Point Wilson from time to time and I have driven around not minimising costs trying to get there.

The commission of inquiry, in considering Defence's proposition, said:

The Commission considered the proposal to resource voluntary members had merit. Considerable time, in terms of preparation for attending meetings and digesting reports and other documents, would be required. The Commission—

and I stress this—

considered it unreasonable to expect this input from non-government members without payment of sitting fees and incidental expenses.

Defence still considers that to be a reasonable position.

The terms of reference for the Environment Advisory Committee proposed by Defence have eight elements. Those proposed by the Commission of Inquiry had 17 elements, and we suggest that those are a much better set of draft terms of reference for that committee as a starting point than those proposed by Defence.

Another matter which was dealt with by the commission and was seen as being of considerable importance was the access of the Environmental Advisory Committee to original documentation from environmental consultants, auditors and anyone else who is involved in the proposal. Thus far, what we have seen in the Defence submission appears to suggest that Environmental Advisory Committee members will receive a digest of information for consideration, which is another matter which is contrary to that recommended by the commission of inquiry.

Because I am summarising and I know how much time we have taken up, I will leave it at that, with the intention to table this submission at the end of this session.

CHAIR—Yes, okay.

Mr Mailer—Can I briefly finish off, Mr Chairman?

CHAIR—Yes.

Mr Mailer—There are some specific matters which are of concern to us in the Defence proposal. For instance, there is the on-site treatment of sewage rather than pumping to a sewage treatment plant. It is a specific requirement of the Commission of Inquiry that this be treated off site. The environmentally very sensitive nature of the site means that discharges even from normally treated sewage can have ecological impacts.

The latest Defence proposal proposes to relocate explosive ordnance storehouses much closer to ecologically sensitive areas than was the case permitted by the Commission of Inquiry. The commission also required the Olin-Winchester commercial storehouses, which are virtually adjacent to very sensitive areas, be relocated, and none of these matters

has been complied with in the latest Defence proposal.

We have also briefly mentioned in our written submission to the committee that there are a number of very significant impediments to the continued operation and establishment of an ECAC at Point Wilson relating to a number of Commonwealth acts, conventions, treaties and agreements. We would really like to reiterate that point because it does indicate the extreme sensitivity of this particular site. It is in the context of those significant impediments that the failure by Defence to produce a comprehensive assessment of alternative sites for their ECAC becomes relevant. It is doubtful whether any alternative sites suffer from such a range of contractual obligations, both national and international.

In concluding, we believe that the committee should reject the Defence proposal for an ECAC at Point Wilson because we do not believe they have demonstrated the need for an ECAC at Point Wilson. We do not believe they have demonstrated that there are no alternative sites that could be used. That is, they have not demonstrated that Point Wilson is the best site. The location of ECAC at Point Wilson has precluded use of the West Point Wilson site for relocation of the Coode Island hazardous chemical facility. Defence has not adhered to the recommendations of the Commonwealth Commission of Inquiry into ECAC at Point Wilson and there are significant implements inherent in the Commonwealth obligations under various acts, plans, conventions and agreements.

CHAIR—Is that section H of your written submission you have just put to us?

Mr Mailer—That is right.

CHAIR—So you intend to stand by your original summary there?

Mr Mailer—Quite definitely, yes, Mr Chairman. We believe that should the committee recommend to parliament that the project proceed, then Defence must comply in full with the relevant ECAC commission of inquiry recommendations.

CHAIR—Thank you.

Mr FORREST—I have just been trying to summarise what the concerns of your group are. There was a lot of concern there about Coode Island. The chairman has already made it clear that that issue is beyond our terms of reference. But what you are basically saying is that Defence has a poor record in the prior management of this site. You would prefer that the site be preserved as an option for Coode Island. You say that it is not the best site and frankly, I have to agree with you. It is a second-rate site, caused by overriding environmental considerations somewhere else. It seems to me that your group will never be satisfied. We are now providing the second option in effect to preserve environmental considerations somewhere else and still your group is not satisfied. And you express some concerns about a future consultation process. That is a legitimate concern, I

think, and we can make sure that recommendations are made that proper consultation occurs. Sometimes I worry that environmental groups will never be happy. We have had a Commission of Inquiry and still you are not satisfied. What else can be done to feel that you have been embraced?

Dr Brotherton—First of all, the Commission of Inquiry was very constrained in its terms of reference as you know. It just inquired into Point Wilson. It had no opportunity within its terms of reference to look elsewhere.

I will go back to a bit of the history of the involvement of our groups in this issue, both in terms of the Coode Island relocation and looking to some mechanism to get rid of the arms pipeline through Sydney. We first approached the federal government, I think, through the Minister for the Environment and the Minister for Defence, perhaps around 1990, saying that we were perfectly willing to engage in a process to see how these things might be looked at. We first got involved when the Defence list of sites had gone from 60 down to five. We consulted with our colleagues in Queensland. At that stage, Gladstone was one of the possible sites for an ECAC. We said, 'Maybe that is worthy of investigation.' The list of sites then went from five to four. Gladstone just disappeared. We then looked at the list of four and we thought Williamstown near Newcastle might be something to look at. Then it disappeared and the list got down to three.

I think it has been echoed by the committee. The case for this, both in terms of Defence logistics and in terms of a process of trying to see how the Defence requirements might be met, has ended up with, I think, a pretty third-rate outcome all round.

Mr FORREST—From a Defence strategy point of view, yes, but caused by a consideration of the needs you expressed. When are you ever going to be satisfied?

Dr Brotherton—We said that we were perfectly satisfied for a much closer investigation of Gladstone and a site near Newcastle in New South Wales. We said we were perfectly willing to enter into a process as has happened in Victoria, when looking at options to the relocation of Coode Island. In fact, there was an open process and we went through the whole site selection process. We made it very clear that we did not think West Point Wilson was an ideal site by any means for a hazardous chemical facility, but we said that we were prepared to accept that as being the best alternative through an open process.

Mr HOLLIS—It is always a difficult issue. I have reservations about this proposal, not from an environmental point of view, but purely from an economic point of view. I think it is wrong and I think it will be an ongoing cost on the Australian taxpayer. The environmental point of view is that you people may find in the long term that if the Navy goes ahead here, you will benefit. I think, having looked at a lot of their works, be it *Stirling* or wherever—and I used to represent Jervis Bay in the federal parliament—their record on environmental issues is quite good. I looked over the site and, okay, there are a

couple of preserved areas, but quite frankly, the environmental credentials in my soul were not terribly stirred there today. That is the third time I have been there. One of you did say that they did not have a good record when you were giving your evidence. Is that true? Have you got evidence there at the site that they have not had a good record. In most other places—they are very fond of concrete and things like that and straight lines—but environmentally, they have always had a fairly good record.

Mr Mailer—We have listed a number of past practices in our submission—for instance, allowing the sand to be taken off the beaches in environmentally sensitive areas; contamination of the land; and sheep grazing of salt marsh, which is habitat for endangered species. There are a number of things there—the failure to control field animals. The crux of the matter is that it is a very sad indictment on the way we go about things if, in order to get good environmental management of a site, we have to get a Defence facility installed. In other words, there were obligations there anyway for good environmental management, and it should not take the construction of a Defence facility and Defence environmental management to improve what goes on there.

Mr HOLLIS—There is no argument there, but that is one of the sad realities of life today. I used to represent Jervis Bay. Had the navy not been there for a number of years, that would have just been an absolute disaster today. I suggest it may be the same with *Stirling*, but let us not get into an argument there.

I asked a question of the Defence witnesses this morning on what work had already been carried out. They said, from memory, that it was \$600,000 worth. A lot of that had to do with the environment; a lot of that was cleaning up contaminated sites, putting that predator fence in and things like that. Surely that is an indication. If this proposal went ahead—and I have real doubts about whether it will, but if it did go ahead—I think you would find that this committee and the government would put strict conditions on it regarding the environment, which is always the way.

Mr Mailer—As we said in our comments earlier this morning, we welcome the work that has been done on the site since the Commission of Inquiry took place. Certainly, the environmental management plans that Defence prepared for the site, under the auspices of the Commission of Inquiry, were a very welcome improvement on what had happened before. In effect, there had been no environmental management of the site before, and we acknowledge that there has been a commitment on the part of Defence to have considerably improved environmental management. So, yes, we certainly welcome the work that has been done there already. Certainly, clearing up contaminated sites and putting predator proof fencing around and that sort of thing is exactly what is needed for that site.

Mr FORREST—Your submission does not say that.

Mr Mailer—I read out a paragraph this morning which is not in our written

submission because I have found out only recently the extent of the works that have been carried out by Defence. In fact, I spoke to a person on Tuesday night, from Birds Australia, who told me what work had been carried out on the site. As I said in my earlier notes, we do welcome the work that has been carried out.

Dr Brotherton—We are quite happy to scrutinise the Defence proposal. I think Defence know that, because we have been doing it for three or four years. What is interesting is that Defence do not seem to be happy to have us scrutinise their proposals in that they have particularly picked out members of our group not to be involved in their environmental advisory committee, as suggested by the Commission of Inquiry.

Could I try to clarify, though, what is the status of that review of environmental factors report, because for us to respond in detail is quite difficult at the moment. We would like to give a balanced response: to praise Defence for what it may be doing well and to criticise it for what it is doing badly. At the moment, we are responding to, as I said before, a quite thin initial submission to this inquiry. For us to have an understanding of how Defence's proposition has changed in terms of the nature of the works and also in terms of the proposals for environmental management, and how that might vary from the recommendations of the Commission of Inquiry, we desperately need to get hold of a copy of that review of environmental factors report. If we get it, we will be quite happy to do a lot of work on it.

CHAIR—I am going to make a suggestion because, again, I am now advised we are down to something less than 15 minutes of tape. Our practice in these matters is to invite the departmental witnesses back to respond in some way to the remarks you have made. Maybe they would be able to enlighten you further on anything that has transpired more recently.

We have your very comprehensive submission. I think you have basically spoken to that and you have covered a couple of other issues. We have your other submission which we will certainly take account of and incorporate in our records. If you would agree, I would like to conclude your evidence now so I can get Defence back to answer some of your comments—maybe to your benefit.

Dr Brotherton—Thank you. We are still trying to get hold of that report, I can tell you.

CHAIR—That is something we can consider in our remarks. We have taken that on board.

Mr Mailer—That is particularly relevant in relation to our understanding of what the Minister for the Environment was supposed to do in terms of giving approval to the changed Defence proposal. Thank you.

CHAIR—Fine. Anyway, as I said, we will take all those remarks on board. Thank you. I recall the Department of Defence witnesses, please.

[12.57 p.m.]

ADAMS, Captain Malcolm, Superintendent of Armament Logistics, c/- RAN Armament Depot, The Northern Road, Kingswood, New South Wales 2750

COX, Commodore Timothy Harvey, Director, General Maritime Development, Department of Defence, Russell Offices (B-4-05A), Canberra, Australian Capital Territory

FERRARIS, Mr Diego Felice, Project Director, Department of Defence, Campbell Park Offices (CP3-3-23), Canberra, Australian Capital Territory

KELLY, Brigadier Garry Ross, Director, General Project Delivery, Department of Defence, Campbell Park Offices (CP3-3-03), Canberra, Australian Capital Territory

YOUNG, Mr Steven Bruce, Project Manager, Department of Defence, c/- Gutteridge Haskins and Davey Pty Ltd, 380 Lonsdale Street, Melbourne, Victoria 3000

CHAIR—Thank you, gentlemen. As you are aware, the purpose is to give you an opportunity to respond to some of the evidence just given. Maybe you are able to address some of the issues that have been raised in a positive sense.

Brig. Kelly—Thank you, Mr Chairman. Yes, it is rather difficult to ensure that I cover all the points because there is a large number. I would make the point that our response to the submission may have been a little light on. That is partly due to the fact that we also had about two days, I think, to consider the 30-page submission from CEG.

Our view is that we have to work with what we have got. I will quickly address the Coode Island issue because I think it is a significant part of the CEG submission. The fact is that the Victorian government has stated that they do not wish to have Coode Island relocated at West Point Wilson. In fact, when they intended to relocate it, it was at Point Lillias. So we are entitled to work with what we have and go ahead with redeveloping the facility that we already have at Point Wilson.

I am also not entirely sure exactly what the role of the Combined Environmental Groups is at this stage, having gone through the Commission of Inquiry where the CEG played a part. We now have to deal with it in the framework that the act lays down and that requires us to deal with Environment Australia. I believe that we have done that adequately.

The report which we have prepared is not necessarily a releasable document, but we are happy to do it. It is a working document and it has been addressed by the Environment Australia Environment Assessment Branch. We have had advice from the Assistant Secretary of that branch, which says:

In general, the Department accepts Defence's rationale and proposed response to the Commission of Inquiry recommendations, as outlined in the *Review of Environmental Factors*, and agrees the further consideration of the proposal under the *Environment Protection (Impact of Proposals) Act 1974* is not required.

So we are entitled, I believe, to work on that basis as approval. We are, however, awaiting formal advice from the Minister for the Environment to the Minister for Defence, and that is why we are still calling it a working document. But a letter from the Assistant Secretary of the responsible branch is, I believe, sufficient for us to plan with some confidence.

I would like to address some of the other issues. The changes proposed as part of the new reduced project are not required to be examined again by Environment Australia, and that is not surprising because it is a significant reduction in the amount of work that is to be done on site and the environmental impact which results from that work.

The new project, in fact, retains the existing wharf. There will be fewer buildings on site than there were before we demolished the old buildings in recent times. The environment will be significantly enhanced because of the works that we have undertaken and, in some instances, the purple arcs will have been drawn closer to the facility, because of changes in licensing. There is a significant reduction in the proposed works and a significant reduction in the environmental impact; so it is not surprising that Environment Australia is prepared to say that 'further consideration of the proposal is not required'. We have simply reduced the impact.

We have proposed a number of changes to the recommendations made by the commission of inquiry. We are not bound to accept those recommendations but we have to consider them. I suppose it is then the right of Environment Australia to reject our proposal, based on whether they consider that the recommendations which we choose not to employ are overly significant.

One of the ones that was given some highlight was the environmental management committee. We have proposed a reduction in the number of people on it, and we have proposed some changes to the terms of reference. Because of the fact that it is a much reduced project, we consider that this is no longer a project with national significance in terms of requiring national organisations to be represented. We still have local groups represented and we assume that those local groups have a network back into the national organisations which have an interest. So it is our policy to have, for environmental advice, management advisory committees based on local organisations. We have structured this on the models that we have used successfully in other areas, and some of these you will be familiar with.

We have existing management advisory committees in Mount Bunday, Shoalwater Bay and the Townsville Field Training Area, and one is being set up at Bradshaw. All of those are in response to the requirement of the environmental process. In addition, we have set up a number of others outside that process, because we considered that it would

be useful—for example, at *Stirling* in Western Australia, *Majura* in the ACT, *HMAS Cerberus* down this way, and *RAAF Sherger* in north Queensland. They are all running quite well. They are based on small local organisations chaired by the local Defence representative, and the primary mission of those is to advise the organisations of what we are doing so that they can judge the recommendations and the work that we are doing, and to gather input from those organisations to advise us as to how we should proceed if there are any issues.

In terms of paying, we do not consider that we should pay for the time of the people involved. We do pay for travel, accommodation and meals where people come from some distance away. For example, if people have to go to Shoalwater Bay, we provide the transport, meals and overnight accommodation, et cetera, as required. Our view is that here that would not be required, because the people presumably come from the local area. If some of those requirements were there, we would pay for them, but we do not propose to pay for the time of people involved.

Some mention was made of Point Wilson not being on the east coast but being on the south coast. Perhaps my Navy colleagues would comment better on that, but I will have a shot at it. We have a west coast fleet and an east coast fleet, and so presumably somewhere in the middle there is a line of demarcation and it might be somewhere in South Australia; so presumably anywhere east of that is the responsibility of the east coast fleet, and we would talk about it as being east coast.

Reference was made to Myambat as being as good as Point Wilson for storage, and that is true. Point Wilson was never intended to replace Myambat; it was intended to replace Kingswood, when it was proposed that wholesale storage would be down here. Myambat exists and so does Kingswood, but the existence of Myambat has no impact on Point Wilson. We will eventually locate out of Kingswood, and logistics by then might be done in another manner. We are currently looking at commercialisation of some of these issues, and Myambat could be a replacement for Kingswood—it could be sourced commercially. However, that does not replace the requirement for Point Wilson.

Point Wilson, in its current proposal, is a retail outlet. We should not forget the fact that it is not just here for navy ammunition and de-ammunitioning, it is also here for the importation of explosives and ammunition. Regardless of the Navy requirement, there is a requirement for an ammunition wharf of this type.

It is important to note that the top-up system proposed out of ports along the New South Wales coast is for small amounts. We are talking 20 semitrailers at a time out of ships which de-ammunition at Point Wilson. That cannot be done by lighters out of ports on the east coast. The unfortunate fact is that Point Wilson is the closest port to Sydney which suits our requirements.

To comment on our previous environmental record I find difficult. I do not have

the knowledge. I would be prepared to accept that we are doing things much better now than we used to. I suppose it is only in the last 10 years or so that Defence has formally addressed environmental issues. I think we have always been fairly good at it just because of the way we did business, otherwise we would not have the Shoalwater Bays and so on to be proud of.

In the last 10 years we have taken big steps. Ten years ago we did not have an environmental officer. There are probably 30 or more environmental officers posted to regions around Australia right now. It is only in recent years there would have been an environmental officer available in this area. I suppose it is also reasonable that we managed the area in a manner appropriate to the surrounding lands, that is, rural grazing land. I think it is fairly obvious, if you travel to Point Wilson, that the best bit of ground in that area is the ground that is currently occupied by Defence. I would have said that the rest of the land that I have seen there is relatively degraded grazing land. So, although it might not have been best practice, and we are now addressing that, I think it was not as bad as it has been portrayed. Certainly, we are now committed to the environmental aspects of this project and we intend to recognise separation distances and so on where required.

Mention was made of the fact that we were not going to move the Olin-Winchester storehouses. That is true. That was based, I think, on a separation of 500 metres from the saltbush. The studies that we have had undertaken by environmental consultants indicate that 150 metres or so is a distance at which the parrots have no great concerns. In fact, at 50 metres they have no great concerns. So, we do not intend to relocate that small storehouse. We will, nevertheless, relocate the road to it to the far side of the traverse so it has much less impact than it otherwise does. I understand that one vehicle per week goes to that storehouse, so I do not consider that it is a great issue.

Mr Chairman, I think I have covered a number of issues there. Perhaps you could prompt me on some that I might have missed.

Mr FORREST—One of the criticisms was that Defence is only complying with 14 of the 17 terms of reference of the Commission of Inquiry. Is there a reason for that? Is it due to the scaling down of the project?

Brig. Kelly—It is partly due to the scaling down of the project. Some of them are simply not now required because aspects of the project will not go ahead, but it is partly because we do not see a requirement in the reduced project to have all of those terms of reference in there. We have tried to bring it back into line with the environmental advisory committees that we have operating in about 10 other sites around Australia.

Mr FORREST—Can you supply to the committee what the original 17 are, what the 14 are you are complying with and why three have been dropped? You can take it on notice.

Brig. Kelly—We can answer that on the spot.

Mr Ferraris—The 17 requirements are covered on page 23 of the commission of inquiry report. We have addressed the terms of reference we propose for this Environmental Advisory Committee in our response to the Combined Environment Groups' submission. It is on the attachment to the submission. I might say that we had these proposals studied. We went to Environment Australia and sought their advice and they were quite happy with the initial draft set that we proposed. They recommended some changes. We have incorporated those changes. If they require further changes, we will do so.

The other thing that we have undertaken to do is that the Environment Advisory Committee will basically determine its charter. Environment Australia has required us to do that and we are happy to do that. If the Environment Advisory Committee proposes that we include further terms of reference, we will do so.

I would like to step back a point in relation to the criticism that the Combined Environment Groups were not consulted. When we entered into this proposal we checked with Environment Australia and said, 'Who should we be talking to?' They proposed the people we should be talking to. A verbal comment from the desk officer from Environment Australia who has been involved since the commission of inquiry days indicated that he was not aware that the Combined Environment Groups were still in existence. He was surprised when he got their submission through the mail.

As the Brigadier has said, we have a copy of the working document there, which addresses all the commission of inquiry recommendations, the impact, and what we propose to do now. We are prepared to make that available to interested parties, if we can take their name and number. We have some copies here that we can let the Combined Environment Groups have, but we would like the opportunity to update that with the finalised document once we have got the response from Environment Australia.

Mr FORREST—That is fairly consistent with what we know that Defence does, and Mr Hollis has referred to that. Consultation is the way to save time bothering the committee. There are obviously logical reasons why three of those terms of reference are not relevant any more. I would just like some brief idea of what they were. I am happy to take it on notice.

CHAIR—There is a letter here that refers to what they propose to do.

Mr Young—I would like to make one comment on that. The overall context in which the commission of inquiry was undertaken was that we had the Point Lillias chemical terminal five kilometres away and we had the Geelong dredging of the channel occurring at the same time as the ECAC proposal was going to be involved. Now that is not the case: the Geelong dredging has taken place, the Point Lillias project has been abandoned and ECAC is a much scaled down version of what it was. I would think, if you

consider the regional context, that is part of the reason it has been scaled back with regard to those terms of reference.

Mr Ferraris—One further point is that the consultant that was employed through GHD to do the environmental assessment in relation to our reduced proposal was the same one that was the independent consultant to the commission of inquiry. We are quite confident that this gentleman has maintained his independence.

CHAIR—Anyway, just in closing on that particular issue, you are making available your working paper, and that is what the Combined Environment Groups were anxious to see. I think that answers that question.

Brig. Kelly—Perhaps the best way to address Mr Forrest's concern is to table the appropriate page with the original terms of reference.

CHAIR—Yes; that report could be tabled as such, if we have not got it already, and that will give the originals. We do have some correspondence that identifies the proposals that you intend to continue. I presume that is the letter of 3 February 1995. Is that the letter that you referred to, Mr Ferraris?

Mr Ferraris—No; it is the letter of 6 February 1998, where we responded. That is the latest one.

CHAIR—Okay. That is the reference to the commission of inquiry that I mentioned. There are no other specific matters you wish to raise, Brigadier Kelly?

Brig. Kelly—No, Mr Chairman.

CHAIR—Thank you very much. As there are no further questions, it is proposed that the correspondence received that has been circulated to members of the committee be incorporated in the transcript of evidence. There being no objection, it is so ordered.

The documents read as follows—

CHAIR—Before closing, I would like to thank the witnesses who appeared before the committee today and those who assisted our inspections. I would also like to thank the Mayor of the City of Greater Geelong, Councillor Gerry Smith, and the Deputy Mayor, who was our direct host today, for making us welcome and for the use of this facility for this public hearing. I also thank committee members, *Hansard* and the secretariat.

Resolved (on motion by **Mr Hollis**):

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

Committee adjourned at 1.15 p.m.