



COMMONWEALTH OF AUSTRALIA

**JOINT PARLIAMENTARY
COMMITTEE**

on

PUBLIC WORKS

Reference: East Coast Armament Complex, Point Wilson, Victoria

EDEN

Monday, 27 April 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

BARCLAY, Mr Gordon Campbell, Member, South-East Regional Strategic Planning Forum, PO Box 265, Eden, New South Wales 2551323

BARRY, Mr Garrett, Manager—Strategic Planning, Bega Valley Shire Council, Council Chambers, Zingel Place, Bega, New South Wales 2550283

COLLINS, Councillor Tim, Mayor, Bega Valley Shire Council, Council Chambers, Zingel Place, Bega, New South Wales 2550283

COX, Commodore Timothy Harvey, DGMD, Director-General Maritime Development, Department of Defence, Russell Offices, R1-3-CO33, Canberra, Australian Capital Territory 2600479

FERRARIS, Mr Diego Felice, Project Director, East Coast armament Complex, Department of Defence, Campbell Park Offices, CP3-3-23, Canberra Australian Capital Territory 2600479

GOOLD, Mr John Jefferson, Australian Ordnance Council, Department of Defence, CP2-3-23, PO Box E33, Queen Victoria Terrace, Canberra, Australian Capital Territory 2600479

HALE, Mr Garrick James, Chairman, Eden Foundation and Eden Regional Development Group, PO Box 579, Eden, New South Wales 2551323

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MARTIN, Mr Anthony Francis Gibson, President, Eden Chamber of Commerce, PO Box 435, Eden, New South Wales 2551323

McAULEY, Mr John, Senior Surveyor, NSW, Australian Maritime Safety Authority, PO Box K405, Haymarket, New South Wales 1240468

NAIRN, Mr Gary, MP, Parliament House, Canberra, Australian Capital Territory 2600270

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ROSE, Mr Trevor, Acting Area Manager, NSW, Australian Maritime Safety Authority, PO Box K405, Haymarket, New South Wales 1240468

SAUNDERS, Mr Max, Eden Harbour Master, Office of Marine Administration,

Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000311

STURDAY, Mr John, Manager Ports and Projects, Office of Marine Administration, Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000311

TAYLOR, Mr Matthew, Acting Secretary, Office of Marine Administration, Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000311

YOULL, Mr Stephen John, Consultant to Bega Valley Shire Council, Managing Director, Lopac Pty Ltd, 3 Evans Crescent, Griffith, New South Wales 2603283

YOUNG, Mr Steven Bruce, Project Manager, East Coast Armaments, Gutteridge Haskins and Davey Pty Ltd, 380 Lonsdale Street, Melbourne, Victoria 3000479

Monday, 27 April 1998

Present

Mr Tuckey (Chair)
Mr Hollis

Committee met at 1.30 p.m.
Mr Tuckey took the chair.

CHAIR—I declare open this public hearing into the feasibility of constructing an East Coast Armament Complex at Eden, New South Wales. A proposal to construct an East Coast Armament Complex at Point Wilson, Victoria was originally referred to the committee by the House of Representatives on 3 December 1997 at an estimated outturn cost of \$72.27 million. The committee conducted a public hearing into the Point Wilson proposal on 13 February this year. The proposal put to the committee involved the refurbishment and construction of new facilities at Point Wilson. The scope of the proposed facilities was designed to overcome problems associated with the closure of the Sydney ammunition pipeline and to enable the import and export of ordnance to and from Australia.

The Department of Defence has identified Point Wilson as the best site for these activities, although the storage and missile maintenance repair facility at Kingswood, New South Wales would remain in use and not be transferred to Point Wilson as originally proposed.

A second parliament hearing was held at Parliament House in Canberra on 26 March at which the practicalities and costs of alternative locations for the armament complex were examined. Might I just add to that that the committee was quite deeply concerned to consider that our naval establishment on the east coast is, of course, based on Sydney and we were being confronted with a proposition that suggested that ships wishing to be de-armed for maintenance purposes and other matters of that nature would be steaming all the way to Point Wilson in Port Phillip Bay, being de-ammunitioned and then brought all the way back to Sydney for whatever work was required and then repeating that process. In the meantime, if there was any work to be done on any of the equipment, any of the missiles or anything like that, they would be trucked all the way back to Sydney also. We are concerned about that. We are doubly concerned in terms of the thing we hope will never happen and that is an actual conflict when in fact we would think that it would be better that these re-arming facilities were much closer or more northerly.

Arising from this hearing, the committee resolved to explore the feasibility of constructing the complex at Eden. Our purpose today will be to hear evidence from state and local authorities on this question. 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, in the company of council officials, representatives of the Australian Maritime Safety Authority, the Australian Ordnance Council, the state government and the

Department of Defence, who are all present, the committee undertook an extensive inspection of the site at Munganno Point, at which the state and Commonwealth governments have indicated a wharf might be constructed, and the area around Munganno Point.

Today the committee will hear evidence from Mr Gary Nairn, MP, the member for Eden-Monaro; the Bega Valley Shire Council; the New South Wales Ministry for Forests and Marine Administration; the Australian Maritime Safety Authority; the Eden Foundation; the South East Regional Strategic Planning Forum; the Eden Chamber of Commerce; and the Department of Defence.

Ladies and gentlemen, this is a hearing and an inquiry. The recommendations that this committee will make in the end will be based on all the evidence received regarding what we have seen at Port Wilson and what we have seen and hear here today. It is not a cut and dried situation at this point in time but it is one in which the committee has a very considerable interest to get an appropriate outcome particularly in terms of the defence of our country. I would like to make that well understood.

I will now call Mr Gary Nairn, the member for Eden-Monaro, as our first witness.

[1.35 p.m.]

**NAIRN, Mr Gary, MP, Parliament House, Canberra, Australian Capital Territory
2600**

CHAIR—The committee has received a submission from you dated 20 April 1998. Do you wish to propose any amendment to that written submission?

Mr Nairn—No.

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

The submission read as follows—

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

Mr Nairn—Thank you for the opportunity to appear before your committee today. I welcome you and Deputy Chair Mr Hollis and staff to Eden here in the south-east corner of my electorate. I also want to thank the committee for allocating time to make the trip as part of your investigations into the establishment of the East Coast Armament Complex. I propose to leave detailed submissions of the benefit of locating the complex here in Eden rather than Point Wilson to the Bega Valley Shire Council and others. However, I would like to make a few observations in support of those submissions.

Firstly, I believe there is now very strong evidence for revisiting the decision made by the former government to locate the complex at Point Wilson if for no other reason than the fact that the proposed development is substantially different now from that originally proposed. It would seem that many of the reasons that excluded Twofold Bay in the original assessment are now not relevant. For example, a 30-tonne NEQ is now proposed rather than the 1,000-tonne NEQ originally. This eliminates at least one of the original barriers. It is clear that the navy's preferred sites were Jervis Bay and Eden rather than Point Wilson. However, the enormity of the original proposal meant that Point Wilson became the only site to comply. That is now not necessarily so.

The second observation I wish to make is that with the changed criteria there may well be savings to the government in establishment costs in siting the complex in Eden rather than Point Wilson. For example, I understand substantial private land would have to be purchased at Point Wilson at some considerable cost which will not be as necessary here. Also, there is the opportunity to make use of \$8 million already allocated for the purpose of a multipurpose wharf. The New South Wales government has set aside \$5 million and the federal government has provided \$3 million for forest adjustment. The opportunity is there to design a truly multipurpose wharf to cater for all needs rather than upgrading an existing wharf at Point Wilson which would be only for one specific use.

Probably the most important observation I would like to make is in relation to the operation of this complex and for the future. Firstly, it is obvious to all that Eden is better placed than Point Wilson. Being substantially closer to Sydney, Nowra and exercise areas must be a strategic advantage alone. The ongoing operational cost is a matter that does not appear to have been given enough emphasis.

I note in the hearing held in Geelong, answering a question from Mr Hollis, Brigadier Kelly said, 'It'—that is the Department of Defence—'will pay an additional operational cost.' When further asked by Mr Hollis, 'That will be forever?' Commodore Cox replied, 'Yes.' I think the committee must determine what that ongoing cost is likely to be. In steaming time alone it would have to be substantial. Too often governments are criticised for short-term popular decisions that burden taxpayers forever. In this case, I suspect money can be saved both in the short term and in the long term and have a result that is strategically more sensible. In defence terms I would have thought that that should be paramount.

I also understand that, if Point Wilson proceeds, top-up facilities will be required along the east coast at possibly Port Kembla and Eden. With the main complex at Eden,

further savings will be possible. I have limited my comments to the merit of the proposal in defence and dollar terms, but note that the member for Corio in his submission concentrated on the need for government to spend money in the Geelong area to help create jobs. Decisions should be made on the basis of what is best for defence operations and what is the best use of public moneys.

I, too, however, could highlight the decimation of the timber industry in this region over the past 10 years as a result of former government decisions, and the need for new initiatives. Twofold Bay is ideally placed to meet the needs of our Defence Force for this armaments complex.

CHAIR—Thank you, Mr Nairn.

Mr HOLLIS—I have no real questions. The only point I would like to agree with Mr Nairn on is that my deliberations on this project will purely be on what I perceive, rightly or wrongly, as the best outcome from a defence point of view and the money to be expended on that. That is what we are charged with doing under the terms of reference of this committee. I will be basing it entirely on whether it creates one or one thousand jobs or no jobs at all. My whole emphasis is going to be on the advantage I see, from a defence point of view, as to whether it goes here, Point Wilson or somewhere yet undetermined.

CHAIR—Mr Nairn, you would be well-travelled throughout the electorate, no doubt. I have similar experiences with a rural electorate. Although in road transport of ordnance Australia has an excellent record, it is a matter of concern that, even if the facility was established here in Twofold Bay, we would still see ordnance being transported back and forward to Kingston for maintenance of missiles and the other works that are required. What is your view of a suitable road system? How would you compare that with someone having to transport, say, from Point Wilson?

Mr Nairn—There are some added advantages with Eden because we are very close now to an excellent connection from the location in Sydney, which I understand is out towards Penrith way, via the Hume Highway to Canberra. There is only one part of that now still being completed around Lake George. When that section is completed, you will have virtually four lanes all the way from Sydney through to Canberra and then from Canberra through to Cooma on the Monaro Highway. There is one section south of Canberra and north of Williamsdale which is going to be reconstructed commencing September this year. Then you will have excellent highway facilities right through.

From Cooma to Bombala there were two bridges which would have caused difficulties. A replacement for one of those was opened a few months ago at Bibbenluke. The New South Wales RTA is about to commence construction of a new bridge just north of Bombala, which solves that problem. Going via south of Bombala and the Imlay Road brings you in very close to where we went this morning, the main road to the chip mill. I think a couple of hundred metres at the top end of the Imlay Road require some updating.

In fact, I think there is a substantially better road connection from Sydney to here than, as I understand it, there is into Point Wilson. There are some quite considerable difficulties at the Point Wilson end of it, as well as it being a lot further.

CHAIR—What is your estimate of the distance to Sydney via that route to Munganno Point?

Mr Nairn—I have not measured it. I would only guess at it being between 500 and 550 or something of that order.

CHAIR—Kilometres?

Mr Nairn—Yes, but that is quickly off the top of my head.

CHAIR—The final question I have for you is again from a political perspective. When Jervis Bay was considered as the logical site for this particular ECAC there was very substantial community opposition. Are you prepared to give any advice to the committee as to your assessment at this stage of the community attitude within this region? I make the point that, if there were substantial community opposition, we would have some difficulty in convincing any government to proceed. That was the problem with Jervis Bay. Have you done anything? Are you aware of any polling or anything of that nature?

Mr Nairn—Certainly others have made some quite comprehensive studies. I think some of that evidence will be given to you this afternoon. From my perspective, I have had very strong support from most of the community. I have heard of strong support right around the community, and certainly have not come up against any strong opposition. But I think you will find that some more detailed evidence will be given to you in that regard this afternoon.

CHAIR—Thanks, Mr Nairn. There are no further questions.

EDEN

[1.47 p.m.]

BARRY, Mr Garrett, Manager—Strategic Planning, Bega Valley Shire Council, Council Chambers, Zingel Place, Bega, New South Wales 2550

COLLINS, Councillor Tim, Mayor, Bega Valley Shire Council, Council Chambers, Zingel Place, Bega, New South Wales 2550

KENNY, Mr Andrew, Manager—Economic Development, Bega Valley Shire Council, Council Chambers, Zingel Place, Bega, New South Wales 2550

YOULL, Mr Stephen John, Consultant to Bega Valley Shire Council, Managing Director, Lopac Pty Ltd, 3 Evans Crescent, Griffith, New South Wales 2603

CHAIR—Welcome, and thank you for your attendance today. The committee has received a submission from the Bega Valley Shire Council dated 30 April 1998. Do you wish to propose any amendment?

Councillor Collins—No.

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

The document read as follows—

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

Councillor Collins—You will notice that attached to the front of the submission is a letter from me, which I will not read out unless you would like me to.

CHAIR—No.

Councillor Collins—It was a great pleasure to be able to conduct the survey with you around our beautiful bay this morning. It turned out to be a lovely day—it was not so last night. This is pretty typical of Eden. I think you realise now that we have the greatest and the deepest natural harbour in the Southern Hemisphere—as you might have noticed, mostly unused. I believe a facility around that side of the bay is really going to make proper use of the natural asset.

The area was first settled as a whaling area, as well as for agriculture, dairy farming and beef farming. The greatest thing we have going for us at the moment is tourism. This bay has been looked at ever since my family came to the area, which was around the late 1850s. The reason they came here was because they thought it was going to be ‘the’ harbour. At that time there were the problems between the Campbells in Sydney and Sir Thomas Mort in Melbourne. We have been waiting a long time to try and get a facility that will utilise this harbour to its best potential.

I think you realise that we are doing our best to try and retain and increase employment in the area. Unfortunately, as fast as we create jobs other factors are happening in the region, such as the closing down of our state forests, which are taking the jobs away as fast as we are trying to create them. We have some good things going for us. We have the additions to the Bega Co-op—a cutting and packing plant there which is going to employ a significant number of people—and we have some good tourist ventures that look as if they might take off and enhance the area.

I think Bega was always considered as the second choice, after Jervis Bay, for the relocation of ECAC. I think you know—and I believe this is so—that it was a political decision that Point Wilson was selected over Eden. I hope now that our submission to you and comments from my two staff members may convince you that we have the best place for the relocation of that ECAC facility. It is important to remember the strategic situation: exactly halfway between Sydney and Melbourne, and very close to Canberra. I think strategically we are very well placed. Thank you.

Mr Kenny—Mr Chairman, in summary of recent works and of our submission, we have liaised very closely with the navy and we thank them for their assistance over the last few weeks. Based on our most recent discussions, we believe that the option to incorporate a 30-tonne NEQ facility at Munganno Point looks to be the most feasible, based upon navy requirements. It also fulfils our need, which is to create a multipurpose wharf operation which can cater for commercial cargo.

Feasibility studies have been done in the past which indicate that there is a need for a multipurpose wharf. The funding that has been recommended by the state and federal government has been subject to an OSB plant being created in Bombala. That has not

come to fruition as yet. However, that money is still there from the state government and we believe that would further enhance the cost benefit of putting a facility in Eden. The navy, from our discussions with them, believe that it meets all of their requirements and can see no reason why a joint operation, being a navy facility and also a commercial multipurpose wharf operation, cannot be feasible. That comes down to a scheduling arrangement, which can be sorted out in the future.

We are in desperate need of creating opportunities in the area. We see the creation of a navy facility in Eden as being excellent for the region. That can create jobs and also lead into further opportunities through the operation of a multipurpose wharf. Thank you.

CHAIR—Thank you.

Mr Barry—Perhaps I might just expand a little on the land use attributes, et cetera, that the council sees on this site with regard to the navy's requirements. Mr Nairn has adequately addressed the aspects of transport to the site. We have a good road system from the Princes Highway and a developing road system linking through to Sydney. With regard to the navy's requirements, the site itself is well separated from centres of population. It is basically surrounded by state forest and harbour or national parks. The ownership is essentially the woodchip company, Harris Daishowa; otherwise it is state land. These lands should be able to be provided at an economic cost to the federal government in terms of acquisition.

The harbour itself is a safe one. The area has been studied in relation to a recent possible marina development. The sediment movements et cetera in the bay are considered to be stable. There are various reports around that detail that sort of information. In terms of the natural resources in the area, there are no major environmental constraints envisaged in the sites that are under consideration. Basically, the forest areas around the immediate site have been substantially modified in the past. We are confident that the natural facilities can be accommodated and the landscape of the bay can be reasonably maintained.

As I said, the ownership of the site is straightforward. There is no private property, other than the woodchip mill, that would be really affected by the development. Indeed, the latest design of the wharf facility, as council understands, would have minimum impact on the mill itself.

Overall, council sees this as an excellent opportunity for the government to demonstrate a multiple use facility of both public and private infrastructure. Unfortunately, it is a fact of life with defence facilities that they sometimes have to be seen as special purpose and a lot of money has to be invested in them. Here we have an opportunity to have a facility that can perhaps have public and private use. The council has been involved in fairly detailed designs and investigations for a multipurpose wharf and adjoining industrial areas that would be accommodated in this vicinity. We believe that all these features can be put together and this would be an excellent demonstration of cooperation of all levels of government and public and private infrastructure.

CHAIR—Is there going to be another spokesman?

Mr Youll—No.

CHAIR—Mr Barry, this morning in discussion you gave us an indication of a couple of matters. I understand that some substantial environmental work was done in considering a multipurpose wharf associated with the chipboard plan. Are you able to advise the committee what the status of that is or whether there are any written documents available?

Mr Barry—Certainly. There are several studies that have been completed. They included an investigation of the structure for the wharf, transport arrangements and a general overview of the environmental, Aboriginal and other requirements of the area. That is not to say there is not further work that would have to be done as part of the environmental impact statement that would follow with this project. I think enough work has been done to demonstrate, certainly to council, that there are no major constraining issues in any one particular sphere.

CHAIR—As you might be aware, very substantial amounts of money have been spent at Point Wilson in overcoming all those matters. If there were to be a lengthy process associated with Eden, that could be a negative. Does the council have copies of this documentation? If it does, is it prepared to make them available to the committee as evidence?

Mr Barry—Certainly. There are these preliminary reports that will be furnished with the background information to our submission. There have been a number of other discussions with the local Aboriginal community. There are a number of flora and fauna surveys that have been done by state forestry in the area. All this background material will provide an excellent basis for the preparation of the necessary environmental impact statement in the next phase should the committee move to that area.

CHAIR—That is the point. If the evidence is available and we have some undertakings from the council that in terms of community matters—you mentioned Aboriginal interests and others—there will be local work done to make sure that all the processes are understood and nobody is confronted with problems at a later date. That would be beneficial in terms of the evidence we will be seeking. My second question relates to roadworks. Quite clearly, there will be some additional roadworks required. Where as a road builder would the Bega shire council see itself in terms of that? You can answer as you wish, but it is all a matter of the record when we look at the final cost to the Commonwealth.

Mr Barry—Basically, our shire extends almost to the western extent of Imlay Road. Within that area there is only one section which Mr Nairn alluded to which is currently unsealed. It is of the order of one to two kilometres and would need a small bridge. Beyond that, you are getting into the state network going back towards Canberra, and there are a couple of other small project areas there. Outside of that in our shire area, coming in the main haulage route where munitions would be brought, I understand that the road standard is adequate for the purpose. It does not mean to say that a few more bends could not be taken out of Imlay Road, for example, to further improve that for more multipurpose haulage of freight from the western areas in time as the wharf expands its role.

Edrom Road from the Princes Highway is quite a good standard haulage road, already catering for quite a heavy volume of traffic to the chip mill. Similarly, the highway itself, south to Victoria, is basically B double standard, which means it can accommodate the heavier trucks. Partly as a result of the Bega cheese packaging plant project, the state government is giving some extra focus to try to get B double standard haulage on the Princes Highway to the north over time as well. We would hope to have quite a good road standard within a five-year period.

CHAIR—When would you imagine that a B double standard road could go all the way to the front door of this proposed location?

Mr Barry—Physically it could do that now. There would be munition controls that I am not aware of as to the safety standards. As I understand it, there is one bridge to be done in the Bombala-Monaro section of the highway. There will be a small bridge and road sealing at the end of Imlay Road. From my understanding of it, that would make that a feasible option.

Mr HOLLIS—Councillor Collins, I would like to follow up with a question that the Chairman asked Mr Nairn before. I have got reams of paper here indicating community support for this proposal. Can you tell me about the opposition? There must be some opposition somewhere.

Councillor Collins—I think if I asked everyone in this room to stand for the proposal they would.

Mr HOLLIS—But they are a picked audience.

Councillor Collins—Mr Hollis, I did not see, as I usually see when I come to meetings in Eden, people blockading the doors downstairs. This was called as a public meeting, and I have not heard of any opposition to this proposal.

Mr HOLLIS—Regularly I see on the television people protesting here, although on different topics. What is to say that there will not be some sophisticated argument presented? We are looking out on a beautiful bay, and I can envisage people on little boats protesting there. Do you envisage this, or do you think the proposal will be very well accepted?

Councillor Collins—I think the proposal will be very well accepted. Sitting behind me, I think you have representatives of just about all of the organisations in Eden. I think you will be presented with some submissions in support today. The ones that are not available today we will send to the committee. When the proposal came up before, four years ago, ACF held a public meeting here. I have not found a copy of what they put to the committee then—maybe you have a copy of it—but it was my understanding after a full day's hearing that they had practically no opposition.

The other point is that the proposition for a multipurpose wharf at Munganno Point has been going for some time. As you know, there have been certain studies. There have been statements made that we are well on the way to getting that facility. So I think they are leaving things a bit late if they are going to mount an opposition now.

Mr HOLLIS—From a local council point of view, do you envisage any difficulties or any problems at all? The chairman asked about roads and things like that. Obviously there would be an impact on the local government area. From your perspective as the mayor, and from the council's perspective, do you see any difficulties?

Councillor Collins—No. All I see is economic benefits. A report will have to come to council, and certain decisions will have to be made. I thought Mr Tuckey was referring to the access from Edrom Road down to the facility area. I imagine with things like that that council will have to fund a part of it. All I see is economic benefits coming to the region. This might be the turning point by having this facility with the navy here. After that, all I can see is growth. So council will be very happy to participate.

Mr HOLLIS—I hope if this proposal goes ahead that we do not see what so often happens, which is a sudden input of growth and then people protesting to have it removed. I have seen that happen so many times with airports and things like that.

Councillor Collins—I think we are strategically well placed. You noticed the way we drove in this morning. We have a huge buffer area around the particular facility, and I think that is very much in our favour.

CHAIR—Yes. I think it is worthy of note that the facilities themselves, with the storage that is required when the ships are unloaded, in hectare terms is quite small, but the buffer zone required is quite large. Trees can grow on that, and that is what is happening at the moment. I have no further questions. Thank you for your attendance.

[2.05 p.m.]

SAUNDERS, Mr Max, Eden Harbour Master, Office of Marine Administration, Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000

STURDAY, Mr John, Manager Ports and Projects, Office of Marine Administration, Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000

TAYLOR, Mr Matthew, Acting Secretary, Office of Marine Administration, Ministry for Forests and Marine Administration, PO Box 11, Millers Point, New South Wales 2000

CHAIR—Welcome. The committee has received a submission from the Ministry for Forests and Marine Administration dated 14 April 1998. Do you wish to propose any amendment?

Mr Taylor—No.

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

Mr Taylor—Thank you for giving us the opportunity of being here today to talk to you about this interesting project. I would like to briefly explain, by way of preamble, where we come from. The port of Eden, which includes all of the waters of Twofold Bay, is a declared port under the New South Wales marine legislation. It is administered by the Ministry for Forests and Marine Administration. The ministry has a harbour master located at Eden, and that is Mr Saunders. Overall management of the port is coordinated from the Sydney office of the ministry. The bed of Twofold Bay, on the other hand, is in the ownership of the New South Wales Department of Land and Water Conservation.

The New South Wales government has been examining the prospect of a wharf in Twofold Bay for several years, and it is currently negotiating the facilitation of the development of a wharf on the south side of the harbour as part of the orient strand board plant project at Bombala which is proposed by the private sector. As part of this negotiation, the New South Wales government has undertaken to provide an export facility in the port of Eden on the southern side of the bay, as I just mentioned. This facility is fundamental to the negotiations with the private sector in relation to the plant at Bombala in order for it to be able to export its product without having to ship it vast distances by truck.

Studies undertaken for the ministry show that the Munganno Point site on the southern shore of Twofold Bay is the only practicable site in Twofold Bay for the development of an export wharf. The studies that we have had conducted made it quite clear that Snug Cove—a fishing port just to the south of us and on the north side of the bay—was not suitable because, apart from the practical considerations of space and cost, development for cargo purposes at that site would stifle future expansion of the fishing and tourist industries, both of which are very important to the township of Eden and the surrounding area.

You mentioned earlier environmental studies, and I think we may be able to help point you in that direction when we come to your questions. It is essential in our view, and in the New South Wales government's view, that any facility developed for the navy be able to accommodate commercial trading vessels. It is not the norm around the world for large navies to share their armament berths with commercial shipping. I am well aware of that. Although I am not aware of the statistics, I imagine the smaller and medium sized navies around the world must have to do the same as we are proposing here in many cases—in other words, joint use by navy and commercial interests.

To meet the requirements for exports from the Bombala plant, the wharf that we are looking at will initially need to handle vessels up to 12,000 tonnes, with the possibility of that being enlarged at a later date to handle bigger ships should it be necessary. The initial stage has been costed at \$8 million and, as part of that cost, land will be required for storage facilities in the vicinity of the wharf.

The New South Wales government has allocated \$5 million—I think we already heard—towards the construction of the proposed wharf, provided the Bombala plant proceeds. The federal Department of Primary Industries and Energy has contributed a

further \$3 million.

Mr Chairman, there are a number of issues that go with my submission and my verbal submission that I have just outlined. I would like to list those quickly. Before a joint project can be fully endorsed by the state government or the Ministry for Forests and Marine Administrative we need to agree that we look at this range of issues: firstly, the availability of the facility for commercial port users—that is a fundamental issue that, although we have had discussions, we have not really come to a firm position or agreement on; secondly, navigational considerations including the orientation of the berth, requirements for additional navigation aids, dredging configurations and a raft of other practical issues; thirdly, the exclusion zones and their impact on other port users, not only Harris Daishowa's wharf operations, but other operations within the bay that occur from time to time; fourthly, financial considerations, including capital funding, land ownership and tenure for ongoing costs and charges; fifthly, wharf management and operational guidelines—who shall be responsible for what and when; sixthly, availability of land for storage in the vicinity of the wharf for commercial port users; seventh, environmental considerations and approvals which I know you are interested in, Mr Chairman; and eighth, possible native title issues.

One of those points that I touched on has been of more concern to me than some of the others since this morning when I saw the plan of the wharf going out into the bay for 700 metres and the rather small structure at the end for the vessel to tie up to. I would think it would be difficult to run an efficient commercial loading or unloading operation using that type of configuration and I believe we will need to look at that a lot more closely.

CHAIR—It might be where you are going to spend your \$5 million.

Mr Taylor—We will talk about all those things.

Mr HOLLIS—I understood from what they were saying—we can have this clarified—that they were going to put a T there rather than the one that was shown on the diagram.

Mr Taylor—That is correct.

CHAIR—I think that was the council's proposal. It is not really any more.

Mr Taylor—Yes. But unless I am wrong, the Defence proposal is to have a similar size rectangle at the end of the pier oriented in a different direction but it still will not be any bigger than that, as far as I am aware. It is not impossible to handle cargo using a wharf of that dimension, shape and size but it would be very inefficient.

CHAIR—Fine. I think that, for the record, you are really identifying these as areas for negotiation.

Mr Taylor—Yes. That is all I have to say. We are very keen to explore all these issues and make the best out of it.

CHAIR—Mr Sturday or Mr Saunders, do you have anything to add?

Mr Sturday—No, I have nothing more to add. I am happy to answer questions.

Mr HOLLIS—Wearing your marine hat, you mentioned Snug Cove was not suitable because of the commercial activities. As I understand it, there are something like 50 commercial fishing boats operating out of this port. With the naval facility in that area would you envisage that there be any restrictions on that fishing fleet?

CHAIR—Or the need thereof, I guess.

Mr Taylor—The fishing fleet would have to be able to operate normally and have some scope for expansion. Putting a proper cargo wharf down there would require enormous areas for stacking, sheds and that sort of thing, which simply are not there at the moment. As well as having to extend the existing wharf and the breakwater, there would be a need to reclaim land or get land from somewhere in that area for cargo to be stored, stacked or placed before it was put on board the ship.

CHAIR—I think Mr Hollis was more concerned—maybe we will have a better opportunity when we get to marine safety—but when a ship is unloading, would there be any problems associated with the movement of fishing boats? I would assume the distances would be—

Mr Saunders—It should not be a problem.

CHAIR—I was thinking of a navy ship being de-ammunitioned at that site—over at Munganno.

Mr HOLLIS—I am talking about the proposed site. What I would like to know—and I will also be asking this question of navy and other people—is whether, in your view, there would be any restrictions or any hindrance to the continual commercial operation of a fishing fleet out of this port due to putting in a navy facility there?

Mr Taylor—I am sorry. I thought you were talking about Snug Cove.

Mr HOLLIS—No. That might have been misleading on my part. I brought that in because you had identified that.

Mr Taylor—Yes, I focused on it.

Mr Saunders—I think that fishing vessels operating out of Snug Cove are going to be well outside the exclusion zones when a naval vessel is arming. It is not going to impact at all, I would not think.

Mr HOLLIS—The fishing fleet, in your opinion, as it is today, will be able to continue and, if necessary, to expand even with a facility over there.

Mr Saunders—Yes.

CHAIR—It would appear that they would get out.

Mr HOLLIS—Where does the fishing fleet mainly operate? Does it go outside the bay or does it operate in the bay?

Mr Saunders—No. The fishing vessels mainly work offshore.

Mr HOLLIS—So they just go out.

Mr Taylor—There is an aquaculture or mussel culture business in the bay which has also been considered and, under these considerations, it is my understanding that that is not affected either.

Mr Saunders—That is outside the exclusion zones as well so there is no problem there.

Mr HOLLIS—Mr Taylor, in your introduction you said that this was a dedicated port—

Mr Taylor—It is a designated port.

Mr HOLLIS—I have here it is a declared port and that comes under the control of forestry and marine but then you said something about the sea floor or the sea bed.

Mr Taylor—Yes. The bed of the harbour is actually owned by what used to be the crown lands department. It owns all the crown lands of the state and the beds of all the harbours except Sydney, Botany Bay, Newcastle and Port Kembla. That is one of the arcane things of government. It owns the bed of all the ports inside state waters—in other words, inside the three-mile limit—in the state of New South Wales, other than the major ports of Sydney, Botany Bay, Newcastle and Port Kembla.

Mr HOLLIS—What does that mean if there is any dredging or anything required? Do you have to get the permission of that department?

Mr Taylor—Essentially, yes. That department, as land owner, and the environmental conservation authority as well. That organisation would probably want you to take out some sort of a leasehold on its land, just as if it was dry land.

Mr HOLLIS—That is interesting.

CHAIR—We would have to share that with you, wouldn't we?

Mr Taylor—You could probably get a 99-year lease from them. I do not know.

Mr Sturday—We approached that department when we were putting in a multipurpose port at Munganno Point and received a positive response that they were willing to cooperate.

Mr Taylor—We do not anticipate any trouble.

Mr Sturday—That is right.

CHAIR—The suggestion is that, to be adequate for the purposes of the navy, I think, at Point Wilson that nine metres of low tide depth was required. I think you made mention of a 12,000-tonne ship, and we could be looking as high as 20,000 tonnes, and navy would confirm that at a later date. From your knowledge of the area, what sort of dredging would be anticipated to achieve that or would a longer jetty achieve it?

Mr Taylor—Some dredging was going to be necessary under our cargo wharf proposal.

CHAIR—What was the length of that jetty to achieve 12,000 tonnes?

Mr Sturday—Our proposal was to balance the dredging with reclaiming land for a stacking area. The proposal was to have it as close to shore as possible. Attached to our submission is a plan that showed the point we have got to with our preferred location with filling in that little bay back from where Harris Daishowa's facility is and a fairly short jetty. In that way we were balancing the dredging spoil that came out with the amount of reclamation that we needed for storage.

CHAIR—So was the cost benefit with landfill from dredging rather than extending along the jetty?

Mr Sturday—That is right. I believe the option the Navy is looking at is to get as far away from Harris Daishowa as possible and also to get into deep water and minimise the dredging. It is just the way you approach the problem.

CHAIR—As the owner or controller of most of the property surrounding this area, do you anticipate that the Navy would have any difficulty in having the necessary locations available to them for the construction of storage? Are there other needs that they would have if they were to participate in the building of a jetty here?

Mr Taylor—That is mainly state forest land. From what I heard this morning, they would not have any difficulty with that, but you would need to clear that with state forest people.

CHAIR—I thought you were with the ministry for forests—

Mr Taylor—We are thinking that everyone knows what I am talking about when I talk about the ministry. State forests is a government corporatised body that is at arm's length from anybody else. I cannot speak for it, but I can talk to them, for want of a better way of putting it.

CHAIR—Fine.

Mr Taylor—We can undertake to make that inquiry and get back to you.

CHAIR—You made a reference to practical issues to be addressed and I understand the need for that. In the case of a friendly negotiation, how quickly do you think

they could be proceeded with? I make this point quite clearly because all these sorts of arrangements are concluded in terms of Point Wilson. Clearly, we are dealing with that reference and any delays would all militate against an operation elsewhere.

Mr Taylor—Chairman, we could sit down with you this afternoon to start.

CHAIR—It will be with the military, the defence force.

Mr Taylor—We need to consult our brothers in other departments in Sydney. These issues could be dealt with quickly.

CHAIR—It is your view the state authorities would be keen to negotiate these with haste. Is that a fair proposition?

Mr Taylor—They would be prepared to put a very fair wind behind it. Cabinet would have to come into it at some stage of the game, but that would not necessarily mean a delay in the process.

CHAIR—Mr Hollis will fix that up. I just have to deal with the one in Canberra.

Mr Taylor—We could guarantee expedition of that process.

CHAIR—I think it is worth putting the question too in terms of funding. You made the point that the state government's promise of \$5 million related to or was conditional on the Bombala plant being constructed and that still has apparently some time to go. Are you prepared to comment on the Navy replacing Bombala or the other need for the facility? Would you be comfortable that the New South Wales government would still be interested in making its contribution in that situation if the Bombala plant were still somewhere down the road?

Mr Taylor—They would certainly be interested in it, but they have not been approached, and I cannot speak for them. That is something that we obviously need to get to grips with very quickly. The sooner we have these practical discussions to determine whether the project can go or not, the sooner we can put something to cabinet to see what their view is. I would hope that we could get positive results from such an approach.

CHAIR—You also had some reference costings. They might have been referred to in the council submission. You were talking about \$8 million. This morning reference was made to figures more in the \$50 million mark. Are you able to comment at all on costings in the broad brush sense for the facilities involved? It might be too difficult.

Mr Sturday—I could just add a few words. The structure we were looking at that was costed at \$8 million was a minimal structure designed to kick off the commercial shipping and would handle ships of the 10,000- to 12,000-tonne size. The Ove Arup report, of which I believe you have a copy, which was with council's submission, suggested somewhere more like \$18 million or \$19 million. That included sheds and various other cost items and would accommodate a larger vessel. I think once you start to get further from the shore then you do run the risk of a more expensive structure and a greater need for dredging. The cost goes up with the size of vessel that it is needed to

accommodate.

CHAIR—What survey information is available, considering that Harris Daishowa have already constructed that particular facility? They tie their ship off to buoy. There are some very substantial structures in the ocean there. What, if any, difficulties did they experience with those constructions? Is it a rock bottom or can you drive piles? What is your knowledge of that?

Mr Sturday—It is limited. The next step we would have taken was to do geotechnical work. As you will understand, there have been some delays in the negotiations with the orient strand board people. Certainly one of the next steps was to undertake some drilling and determine where rock was, because obviously that affects your cost for dredging and where you would site the wharf. So that is something that needs to be done fairly urgently.

CHAIR—What is the situation with the major works of the nature that Harris Daishowa have there? Do they, as in mining and other areas, advise the government of all of their drilling results and things of that nature? I just wondered how much of that is on the record.

Mr Taylor—That wharf was constructed before Max's time, which means it was before my time. The short answer is, we do not know. We can find out.

CHAIR—If those sorts of things are registered with your department as a consequence of their licensing, as I assume they are, it would, I imagine, give some fairly good leads there.

Mr Sturday—We have done a search of a lot of information and we can go back through that and see what is there.

Mr HOLLIS—As the chairman said, we do not know where the committee will decide to recommend that this project proceed. But, if it did proceed here, the one thing that would stop it is if we got into a fight within government departments and so on. Wherever it goes, Defence have already proceeded well down the track at Point Wilson. Defence have got to move the armaments out of Sydney and any delay between government departments would spell the death knell at the beginning, wouldn't you say, Mr Chairman?

CHAIR—That would be an area of my concern. We have submissions to the effect that the delays that might arise by our recommending a change of venue should be considered. I am sure we would be seeking 'fairly good wind' behind the project. I think we have to stress, and I think Mr Hollis's point is well made, that be it in EISs, be it in native title, be it in just all those departments that become involved at the state government level, we would be very anxious that they realise that they would have to give some undertakings for speedy resolution in every area if we are to create all things as equal.

Mr Taylor—The point is well made and well noted, so we will be working with that in mind.

CHAIR—Thank you, gentlemen.

[2.30 p.m.]

BARCLAY, Mr Gordon Campbell, Member, South-East Regional Strategic Planning Forum, PO Box 265, Eden, New South Wales 2551

HALE, Mr Garrick James, Chairman, Eden Foundation and Eden Regional Development Group, PO Box 579, Eden, New South Wales 2551

MARTIN, Mr Anthony Francis Gibson, President, Eden Chamber of Commerce, PO Box 435, Eden, New South Wales 2551

CHAIR—Welcome. The committee has received submissions from the Eden Chamber of Commerce dated 16 April, the Eden Foundation dated 17 April and the South-East Region Strategic Planning Forum dated 17 April. Does any of you wish to make any amendments to those written submissions?

Mr Barclay—I would like to table an additional document which I would like to speak to shortly.

CHAIR—Mr Barclay is tabling an additional document.

Mr Martin—I would like to amend some of the numbers in the end result of the survey. It appears there has been a slight kerfuffle in the compilation of it and we have had some duplicated forms which would account for about 10.

CHAIR—Could you state those at this time?

Mr Martin—I do not have them with me. Off the top of my head, Eden Tourist Park was one, Eden Gifts and Hardware was another. I cannot remember them all.

CHAIR—Are you going to give us a written submission altering part of your original submission?

Mr Martin—I am quite prepared to do that.

Mr Hale—I have no amendments to our written submission.

CHAIR—Mr Barclay, would you like to speak briefly to your submission, and we will then go on to Mr Martin and Mr Hale and then come to questions.

I have missed a procedural matter. Is it the wish of the committee that the submissions be received, taken as read with the amendments and incorporated in the transcript of evidence? There being no objection, it is so ordered.

The documents read as follows—

Mr Barclay—About 12 months ago a group of people from the district got together, which included the Bega Valley Shire, the Bombala Council, Eden Chamber of Commerce, state forests, national parks, the Eden Foundation, the South-East Timber Association and a number of other groups, most of which are represented here today. They held a workshop to develop a plan for Eden. The impetus for that plan was that from 1996 to 1998 the timber industry has lost 150 direct jobs and, with a multiplier effect of between 1.9 and 2.3, this has had a very dramatic effect on our region. The RFA process threatens the loss of up to 70 additional jobs. The resulting plan, of which I have tabled a one-page summary, is a blueprint for assessing projects. The projects selected for evaluation provide an evolving direction that can deliver growth, certainty and confidence, building on natural advantages. Whilst the armaments depot was not considered, it does complement and add a further dimension to that list.

If you look at the top left-hand corner, which is a spot analysis, we identify Twofold Bay as one of our strengths and we identified the pine as one of our strengths. The building of a wharf would certainly utilise that strength and give some opportunity for pine to be marketed. It turns some of our weaknesses into strengths and opportunities. We notice our weakness is infrastructure and industrial land, and the building of a multipurpose wharf would add to that. It takes advantage of our opportunities in that it gives us an opportunity with processing of pine and Victorian hardwood. The multipurpose wharf is identified as an opportunity and also provides export opportunities. It takes account of some of our threats, in that we perceive in Eden that we have been hard done by by government decisions, especially relating to the forestry industry and to a lesser extent with restrictions that have come in on the fishing industry.

When we look at where we want to go, we say that we want a balanced social and economic natural environment for the management of resources, recognising custodial rights and participation of local stakeholders. We note that this inquiry here is allowing local stakeholders to participate. Our competitive advantage is that we will win by consolidating support for the community to produce one strong voice to government and investors. You will notice that the voices so far have been quite strong.

The key performance measure is community support, and we would go out and get that for you, and government contact. It fits in well with our strategies to position ourselves in that we identified in our strategies infrastructure developments including wharf, road links, airport upgrade and an industry park. We believe an industry park will be situated over the bay. As part of our marketing strategies, we want to identify key industries and investors for government contracts and export opportunities. It does utilise our natural resources in Twofold Bay by value-adding and working with government.

The number one project that was identified by the strategic planning forum was the multipurpose wharf. We identified 15 projects; that was the number one priority of the people that voted in it. You have a copy of our full plan. The number one issue in this region, in Eden and Bombala, was employment. Eighty-seven per cent of the people that participated in a survey we conducted said employment was the number one priority. We believe that the wharf can provide an employment driver and would be a catalyst for flow-on benefits by providing some certainty and particularly confidence to the people of the region.

We did actually survey each of the projects. In relation to the multipurpose wharf, you have a copy of the results in the plan that you were given. It had the highest level of community support of all the projects we looked at. It was of very high strategic importance to the region. At that stage, it did not look to have a high economic contribution because of where the pine was going, but the armaments depot might make some difference to that. It had a high level of synergy with existing industries. At the stage we looked at it, there was some doubt of its ability to self-fund, but I believe that the armaments depot might address that. It rated fairly highly on the impact on society, which relates to quality of life and the environment. There may be some concerns relating to that. I have noticed some of the points in the chamber's submission that were brought forward.

Mr Martin—At a meeting on 8 April 1998 we met with some navy personnel. After that was Easter, so the Eden Chamber of Commerce executive could not meet because it was a busy time. On 14 April 1998 the executive committee met and decided that, because of the shortness of time available to put in a submission, the two options available were, first, a special general meeting to call for a resolution in support of the armaments depots. Another alternative put up was to conduct this survey of members of the chamber and people associated with commerce. We set out to do that in a relatively short time. That is the end result. Our submission is based on the results of that survey as to the level of support for the relocation of an armaments depot to the Eden area.

There are some inconsistencies but the result indicates very strong support, with some reservations expressed by users of the bay in relation to restrictions on right of way. Overall, the result the survey indicated that commercial operators or people involved with commerce in Eden were very much for it. That is the basis of our submission.

Mr Hale—You have already heard much evidence of the suitability of the physical aspects of the placement of the armaments complex. Our written submission was based very much on the socioeconomic needs of the community and the benefits that would accrue from that. However, if you read behind the lines in our submission, I am sure you will see that we did infer that there are some obvious advantages for Defence purposes. We live in a community that is very familiar with maritime issues. It has a long history in fishing. The very early transport in the early days was coastal shipping. So there are obviously some advantages there, which would be indicated by some of the light industrial structure and facilities that we have in place here in Eden already. I am sure that there would be a further opportunity to advance those that would support such a complex.

It is very much a working community and the development potential for that working community would obviously support a naval presence also. The Eden Foundation has in the short time we have had to operate, as Tony indicated, surveyed community support. We have put out a very brief survey to our community and I have here some 400 signatures, which is about 10 per cent or slightly more of the population and does indicate that there is a ground swell of feeling in support of such a development. I might indicate too that with this survey it was just left for people to volunteer their signatures and that the matter was not canvassed by any of our members.

Whilst there is that community support, there are certain sectors of our community, particularly in the fishing, abalone, aquaculture and tourism industries, that have some

questions that they need to have answered, particularly on the exclusion zones et cetera. But generally I would like to say that we have a community that is fairly supportive of the establishment of the armament complex. Thank you.

Mr HOLLIS—I have no questions because I have read your submission. I saw the survey that was carried out and I particularly liked the comment by one lady that women in this town like men in uniform. I like that.

I come from an area that has suffered unemployment as well. We are not a committee of the parliament looking at unemployment or job generation in any area. What we have got to do, and what we are charged by parliament to do, is make the decision about where the Commonwealth can get the best value for the dollar that it spends—and that is in the statement that the chairman reads out. All the arguments about the need for jobs, although I am very sympathetic to those, will not influence me or, I suspect, the other members of the committee at all. We will be looking at the proposal that is put up from a practical defence possibility and we will be looking to ensure the proper use of the money that the Commonwealth spends, wherever it spends that money—and it is a considerable amount of money.

The facility will be there for the long term and we want to make sure that this committee gets it right and gets the best value for the taxpayer's dollar. That is what will be guiding our deliberations. As strong as the necessity for employment is and wherever it goes, the job generation prospects will not influence me in making my personal decision. I just wanted to put that on the record.

CHAIR—Fine. In taking that point, I think nevertheless that we are dealing here with the defence of Australia and we are anxious to ascertain from you that community support is available, which you have just done. I am repeating myself when I say it but the last thing that the defence forces would want, having been through it once and having gone as far away as Point Wilson to find a site and having spent millions of dollars on EISs and other inquiries, would be—this is hypothetical now—to give their support to a relocation here and find people blockading the roads or going silly about it, which I think would be silly.

Even in terms of the exclusion zone, if we are talking about this 30-tonne NEQ, it is quite obvious that with that outside circle—and we are seeking evidence today as to what that outside circle actually means when you are standing on the rim of it—there is still in fact quite adequate room to come and go, assuming that there is a depth of water sufficient for fishing boats and that out here. As they are anchored here, I presume there is.

We welcome your evidence as particularly being evidence of community support. We see that as an important factor. I have no other specific questions to put to you.

Mr Barclay—The people that blockade the roads do not come from Eden. They are actually from the capital cities.

Mr HOLLIS—That is the problem: we all suffer from protests in our area.

Mr Hale—I was going to add that too. You will find that, as for the questions that need to be answered by some sectors of our community, that will be done in a very sensible way. I wish to support Gordon on the fact of the people who will come in, whether they are going to come in canoes, kayaks and surfboards to get in front of ships or whatever. After the establishment of such a complex, you would find that would be happening during university holiday time, for a start, which has just been demonstrated by the recent demonstrations at our chip mill in the last two weeks. They certainly would not come from the local area.

CHAIR—We can, of course, give them a line route through Sydney as to where the explosives travel now, so we might be quite happy to send them off to you. That is a local issue. It is a fairly basic construction task. It is an issue of people's concern relating to the fact that high explosives are involved. As I said, the track record of the Australian defence forces in this regard is almost without blemish so it is not one that should be statistically very high in people's area of concern.

We are just here, in terms of this public hearing, as members of parliament. We members of the committee are anxious to stress to the people of this area that that is a significant factor in our recommending a change from what the government has asked us to approve. It is a lot easier for us to just give a tick to what the government said they thought they wanted than to stand them up and say, 'No, we think there would be better alternatives.'

Mr Barclay—Just one other thing: as for the 87 per cent of the people here who rate employment as the No. 1 priority, we are not talking about unemployment, we are talking about employment. That is surely indicative of community support.

CHAIR—Yes. We are continuing to stress this point because we are here amongst the community and it is a serious issue, and you and the council are the community representatives. I thank you for your evidence, which is on that basis of community support. Thank you very much.

[2.48 p.m.]

**McAULEY, Mr John, Senior Surveyor, NSW, Australian Maritime Safety Authority,
PO Box K405, Haymarket, New South Wales 1240**

**ROSE, Mr Trevor, Acting Area Manager, NSW, Australian Maritime Safety
Authority, PO Box K405, Haymarket, New South Wales 1240**

CHAIR—Welcome. The committee has received a submission from the Australian Maritime Safety Authority dated 15 April 1998. Do you propose any amendment to that written submission?

Mr Rose—No.

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

The submission read as follows—

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

Mr Rose—Thank you, Mr Chairman, and thank you for the opportunity to be able to address this committee today. With the permission of the committee, I would like to briefly describe the organisation and functions performed by AMSA. AMSA was formed in 1991 from the maritime operations division of the former Department of Transport. We are a self-funding government agency, managed by a board and responsible to the Minister for Workplace Relations and Small Business.

AMSA is a federal government agency responsible for the regulation and control of the safety of international and interstate shipping, maritime pollution, and search and rescue. Our head office is located in Canberra and there are 16 regional offices strategically located in ports around Australia. The closest of those offices to Eden would be Port Kembla and Melbourne.

One of AMSA's most important functions is overseeing the loading, unloading and shipment of cargoes on board merchant ships. The principal requirements for shipping and handling dangerous cargoes, such as explosives, are contained in the international maritime dangerous goods code, commonly known as the IMDG code, which is produced by the International Maritime Organisation.

The relevant Australian legislation is Maritime Orders part 41, which makes the IMDG code mandatory in Australia and stipulates requirements for inspection of containment, handling and stowage of dangerous goods, and Marine Orders part 32 which contains requirements for the loading and unloading of ships. AMSA is to be notified of all shipments of explosives on merchant ships and will generally inspect all exports, about 30 per cent of imports and respond to any complaints or reports about a hazardous situation or practice.

Details about AMSA's involvement in the carriage of explosives by sea and the requirements of the IMDG code are contained in the submission which AMSA made to the committee. In addition, Mr Chairman, we would like to present the committee with some additional information on AMSA's actual involvement in the loading and unloading of ships and in particular, explosives. Thank you, sir.

CHAIR—That concludes your statement?

Mr Rose—That concludes it.

CHAIR—Mr McAuley, you have nothing to add to that?

Mr McAuley—Nothing further to add to that.

CHAIR—Good. Mr Hollis.

Mr HOLLIS—Tell me, AMSA has got control of the loading and unloading of ships carrying ammunition. If a ship came in here to a designated wharf, what would be your role there?

Mr Rose—If that ship is a merchant navy ship and not a Navy Defence Force ship that belongs to a government, our role would be to inspect all loadings that are undertaken and we would do random inspections of discharging.

Mr HOLLIS—What is your role here, now, in Eden in Twofold Bay?

Mr Rose—In Twofold Bay at the moment we do surveys of two tugboats and a pilot boat and random inspections of woodchip carriers under our port state control regime.

Mr HOLLIS—AMSA would not have any view on whether this is a safe place for explosives to be loaded or unloaded? You would not have a view on that?

Mr Rose—No, sir, AMSA would not.

CHAIR—At this point in time?

Mr Rose—At this point in time.

CHAIR—Because they are not being unloaded?

Mr Rose—No.

CHAIR—One of the principal reasons that we were anxious to have your evidence was to better understand the various circles: the purple circle, the yellow circle and whatever. We have maps here that indicate how they might operate under a 30-tonne NEQ and a 250-tonne NEQ. In terms of Point Wilson, it was considered as a multipurpose operation where you could ammunition and de-ammunition naval craft and as a receipt point for overseas commercial shipping to unload particularly high explosives and other imported explosives at that particular place, which, as we were advised, took us up to 1,000 tonne NEQ.

Can you advise the committee what the effect in any of those categories would be on an individual or a building or anything else if they were literally standing or constructed at the edge of the purple circle? I mean, are the windows going to blow in? Is the person going to fall off their pushbike or in fact are they going to be injured? When you draw a circle, what likelihood of injury is there if you were 10 metres inside it or 50 metres inside it or right on the circle?

Mr Rose—I am sorry; I am unable to answer that question. I think it may be better addressed to the Department of Defence experts. Our involvement with the shipping of explosives or even handling of explosives starts and finishes at the ship's edge. Our main concern is the stowage on board ships and the actual handling from the wharf on to the ship. The area that you are getting into now, I am afraid, is way beyond my expertise. I am sorry.

CHAIR—Okay, we will have to find someone else who can tell us those sorts of things because they are of considerable interest, in terms of what is the effect. Can you, nevertheless, relying on your information and experience, give us then your understanding

of the extent to which explosives and, I guess, more particularly, high explosives are carried by general cargo shipping.

An example occurred in Western Australia the other day where, due to unloading difficulties on another matter, a ship had one container of explosives on board which they had concerns about unloading and leaving on the wharf, which indicated to me that at least certain explosives are carried amongst general cargo. What is the incidence of that?

The proposition put to us at Point Wilson was that specialist ships were needed to carry high explosives and that is why you needed a dedicated facility, such as Point Wilson, for their unloading. What is the normal procedure in your sphere of influence or responsibility?

Mr Rose—I might just ask Mr McAuley to answer.

Mr McAuley—Mr Chairman, I would like to mention that explosives of various types do actually come in and out of the ports of Sydney and Botany Bay quite regularly. Some of these are very high explosives. As far as the Australian Maritime Safety Authority is concerned, particularly with the exports, we inspect the packaging and the containment of those explosives prior to them being loaded on board the merchant ships.

CHAIR—In a foreign country?

Mr McAuley—No, here in Australia for export.

CHAIR—Oh yes.

Mr McAuley—On imports, we do a random check to make sure that the explosives have been packed correctly under the international regulations, as contained in the international maritime dangerous goods code. We also check documentation et cetera to ensure that our colleagues in governments overseas are ensuring that exports from their countries are being done correctly.

CHAIR—What you are telling us is that there is at least a reasonable quantity of very high explosives handled through the port of Sydney and Botany Bay in both directions?

Mr McAuley—Yes, there is. The Sydney Ports Corporation has a lot of input into the actual timing of when these explosives arrive at the ships or when they are discharged from the ships, of course. A lot of them, you will find actually leave in the middle of the night when there is less traffic and fewer people around.

CHAIR—Shipping traffic?

Mr McAuley—No, car type traffic and people traffic.

CHAIR—But you are now talking about the actual removal of the explosives from the port site?

Mr McAuley—That is right, yes, from the ships.

CHAIR—The ships themselves would arrive in the normal way and be unloaded, weighed and put on container cranes?

Mr McAuley—That is right. No problem.

CHAIR—I am sorry, Mr Hollis. I was anxious to have those matters put on the record. That was the principal area of my questioning. Again, obviously, the construction of any wharf facilities here would have to take account of your requirements in terms of facilities for unloading, but the navy, of course, would be very experienced in that area. Thank you very much and thank you for your time.

[3.08 p.m.]

GOOLD, Mr John Jefferson, Australian Ordnance Council, Department of Defence, CP2-3-23, PO Box E33, Queen Victoria Terrace, Canberra, Australian Capital Territory 2600

PHILLIPS, Captain Peter Geoffrey, President, Australian Ordnance Council, Department of Defence, CP2-3-23, PO Box E33, Queen Victoria Terrace, Canberra, Australian Capital Territory 2600

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

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

FERRARIS, Mr Diego Felice, Project Director, East Coast armament Complex, Department of Defence, Campbell Park Offices, CP3-3-23, Canberra Australian Capital Territory 2600

YOUNG, Mr Steven Bruce, Project Manager, East Coast Armaments, Gutteridge Haskins and Davey Pty Ltd, 380 Lonsdale Street, Melbourne, Victoria 3000

CHAIR—Some of the witnesses have limited time available and for that reason both the Australian Ordnance Council and the Department of Defence appear together. I welcome these witnesses. I remind the witnesses that, in the case of those that have been sworn previously, this is a continuation of evidence given by them previously and that they are still under oath.

There was no submission by the Ordnance Council. The committee earlier today received a further submission from the Department of Defence dated 24 April 1998. Is there any proposal in that regard? Are there any amendments proposed to that submission?

Brig. Kelly—Yes. As a result of questions asked by the committee at the 26 March hearing on ECAC, Defence has examined the potential to use Twofold Bay and HMAS Stirling in Western Australia. The results of that study were summarised in the paper provided to the secretary this morning. I would propose two minor amendments to the paragraph headed ‘Summary’. Half-way down the paragraph where it refers to ‘89 per cent of Defence’s imported EO to the west’, it should state, ‘to the east’; and at the end of the paragraph where it says, ‘costs than HMAS Stirling’, that should say, ‘costs than either HMAS Stirling or Twofold Bay’.

CHAIR—It is proposed that the further submission as amended 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—Gentlemen, I invite you to address the committee on the general question of safety arcs which would apply to ordnance storage, loading and unloading at an armament complex constructed at Eden before we proceed to questions. You overheard my previous questions to the wrong witness; I would appreciate, rather than my repeating them, that you cover those issues in your remarks to us.

Capt. Phillips—I am told you are interested in the Department of Defence's safety procedures for logistic operations involving explosives and in particular, how separation or quantity distances are derived and applied. I would like to point out that what we are dealing with here are risk management procedures aimed in the first place at lowering the probability of something going wrong and, secondly, at limiting the consequences if something remiss does occur.

The use of explosives by the military and by civilian engineers is well known. Indeed, their use is essential to both us and the civil engineering professions. Such familiarity, though, may well cause us to lose sight of the fact that explosives, though they can be transported, stored, handled and used safely by competent people, are hazardous materials that always present some risk in their management and use.

From reading the recent papers, the demolition of the Royal Canberra Hospital demonstrates vividly the risks inherent in the use of explosives. When dealing with hazardous substances, whether they be explosives, dangerous gases, flammable liquids, corrosives, oxidising agents, toxins or radioactive substances, the possibility of a catastrophe occurring is always present. Please bear with me while I recount a little history, as it sets the scene for today's regulations and safety standards.

In 1874, two tonnes of explosives went off in a tunnel in central London. The public outcry was as would be expected and parliament responded with the first explosives act to control the transport and use of explosives. Our parliament's Explosives Act of 1961 descended from its British counterpart. In 1917, some 3,000 tonnes exploded in a ship at Halifax, Nova Scotia; 1,800 people died and 8,000 were injured. In 1926, the US Navy ammunition depot in Lake Denmark, New Jersey, exploded in a series of detonations that largely destroyed the nearby town of Rockaway; 19 people were killed and 38 injured. As a result of the US Congressional inquiry, the first scientifically-based table of separation distances was derived and brought into law. Derivatives of this table are still used today.

There were then a series of ammunition explosions in Bombay, Port Chicago, California and the Guadalcanal, all involving heavy tonnages and all killing a lot of people. These last three incidents resulted in the maritime authorities in Australia secretly reviewing local port handling procedures in 1946. At that time nearly all of Australia's imported explosives were going through the port of Melbourne. It may be of current interest that Webb Dock was particularly popular.

Their studies showed that if an incident similar to the Bombay disaster had occurred in Melbourne, most of the central business district would have disappeared and there would have been extensive damage as far out as St Patrick's Cathedral. That is almost to Fitzroy. This study was the impetus for the Commonwealth and the state of Victoria to get together and commission the explosives facility at Point Wilson.

In 1947, a ship containing 2,500 tonnes of ammonium nitrate caught fire and exploded at a wharf in Texas City. Five hundred and sixty-one people were killed; 3,000 were injured. The decision to build Point Wilson was really looking good at this point.

The reason for my little history lesson is to remind you that explosives are dangerous; transporting them has its risks and some of the most terrible accidents which have occurred have occurred in ports. What do we do to manage the risk here in Australia? First of all, we have the laws. Both the Commonwealth and state have explosive or dangerous goods acts. There are regulations made under these acts. To back up the laws and regulations, we have advice from the Attorney-General and the Solicitor-General that the legal responsibility to ensure safety by those handling explosives is almost absolute and that the approval of such procedures is the responsibility of government itself. To put that in context, the government will tell you what to do and if you get it wrong they will come looking for you with the tar and feathers.

Secondly, occupational health and safety legislation now enshrines in law an educational principle that has always been advocated by the military. That is that no-one is to be involved with explosives unless trained appropriately for the level of involvement and refresher training is also required.

Finally, we also have a very good understanding of explosives technology and its associated safety engineering practices. Explosives have to be qualified as suitable for their use and we apply safety and suitability for use assessment procedures to made up munitions. These procedures are compatible with the Australian environment and we actually test our munitions to see that they will stand up to the Australian environment.

To go back to legislation for a moment, the Commonwealth legislation is good, with respect to land transport activities, explosives hazards identification and managerial responsibilities for land transport. Unfortunately, apart from the explosives areas regulations which are used for the administration of Point Wilson, there is no Commonwealth legal guidance—apart from that if you do it wrong, you are in trouble—on storage, handling and port activities. I guess that this stems from the early division of Commonwealth and state responsibilities where it may have been perceived that explosives logistics activities would be conducted through state facilities. There may be other reasons of which I am unaware.

While state legislation provides some guidance, this legislation could not be called at the cutting edge of explosives safety technology. Current Australian standards are also somewhat lacking. However, to be fair, both of these organisations are reviewing their procedures. I know that you are aware that Defence solved these problems of guidance by adopting what was then in 1981, and is now, the world's best practice for guidance on logistic storage, transport and handling practices, that is, the NATO safety principles. The principles relevant to Australian use are reproduced in an unclassified Defence publication called OPSMAN 3 and a copy of this publication is available if you wish.

As well as promulgating safety guidance, all explosive handling operations are carefully planned and follow approved written standard operating procedures. Use of the NATO procedures have been approved by government. The OPSMAN 3 has been distributed to the states and territories, interested overseas governments and to Standards

Australia.

The section on transferring explosives through ports has been distributed to the Australian Maritime Safety Association and the Association of Australian Port and Marine Authorities. The NATO principles and OPSMAN 3 make, in most cases, the use of separation distances or quantity distances mandatory. It is a quaint term 'quantity distance' but it is descriptive. The greater the quantity of explosives held, the greater the distance required to separate the explosives to exposed sites. There are exceptions but they are for small quantities, that is, less than 50 kilograms of explosives. We are undergoing a series of international trials at this moment to fill in our gaps in our knowledge of these results.

Let me digress just for a moment to speak about waivers. Sometimes situations occur where it is essential for an activity to be conducted, yet the conduct of that activity does not comply in terms of safety or risk to property or people with the safety regulations. In such a case, a waiver may be requested. If the activity results in an increase in risk to Defence property or personnel in support of the explosive related operations, then a waiver for a limited time may be approved by specified senior Department of Defence personnel. It is known as a departmental risk waiver. If the activity results in risk to non-Defence personnel and property—those people not actively employed in direct support of explosive related activities—a public risk waiver must be approved by the Minister for Defence.

Waivers to transport related activities generally require the approval of the Minister for Transport and Regional Development. Waivers are not issued lightly and requests for waivers have to be accompanied by a stringent appreciation to justify their granting. Public risk waivers are normally sought for the time period necessary to remedy or complete the non-complying activities.

I return to quantity distances: I must at this stage repeat that quantity distances are determined to limit the consequences of an accidental explosion. They do not produce a line on the map on one side of which you are safe and on the other of which you are in mortal danger. The distances are based on tolerable risk as approved by government. We accept that there will be damage to property and the probability that people will be injured outside the specified distances.

It is worth mentioning at this point that considerable international progress is being made towards modelling and quantifying the nature and levels of risk for different situations. As these new techniques mature, government involvement will be necessary to determine what is an acceptable use.

However, the current degree of risk has been accepted by government through their formal endorsement of departmental explosives safety policy. The provision of absolute safety to the public through the imposition of separation distance which would be so expensive that the manufacture, storage and handling of explosives would be economically impossible.

Note here that I did not mention the deliberate use of explosives. The concept of tolerable risks for handling the storage is acceptable politically because history has shown that in this country we have been able to minimise the probability of a major accident

occurring. These have been few and far between and have resulted in little material damage and, fortunately, very few casualties. There have probably been fewer than half a dozen significant accidents with explosives related logistic activities by all users in Australia since federation.

If accidents were happening all the time, however, public perceptions and subsequent political response would alter forever the way that explosives are handled. The deliberate use of explosives is different. Here we have 100 per cent probability of an explosion, so far more stringent separation distances are required.

Let us go back now to the concept of separation by quantity distance as used in logistic activities. These distances are different for different types of explosive effects. The more hazardous the explosive effect, the greater the separation distance imposed. The following factors are considered when deriving these distances: blast effects, thermal effects, fragmentation effects and, in some cases of underground activities for instance, seismic effects.

There are two types of quantity distances imposed. They are: the internal distances and external distances. Internal distances are separations between explosive storehouses, manufacturing and workshop facilities, other dangerous goods storage and some internal administrative facilities. They aim, in the event of an incident, to prevent a whole facility exploding sympathetically.

These distances include ship separation distances for ships moored at wharves or piers. The external distances are those that I am sure will be of most interest to this committee. Again, there are two subsets: public traffic distances applying to roads, railways, public parks, recreational areas where no structures are involved, golf courses, outdoor tennis courts and football fields.

Then you have the inhabited building distances, which are applied to where people live or congregate in large numbers, for instance office buildings, workshops, factories, essential service facilities, stations, churches, schools, hospitals, homes, sports stadiums, shipyards, safety facilities and busy freeways. These two distances are colloquially known as the green line and yellow line distances, respectively. Their envelopes are, naturally enough, the green and yellow zones. When considering mass exploding ammunition, these distances have a minimum default of 270 metres and 400 metres respectively, for fragmentation effects.

There is one other distance used for mass exploding ammunition. This is called the purple line distance. It equates to twice the inhabited building distance, or yellow line distance, though the 400-metre fragmentation distance default is not doubled. This distance is used to high-rise curtain wall structures, large facilities of special construction or importance, large educational institutes and hospitals, major public works and traffic terminals, public utilities and facilities used for mass meetings and assemblies.

It is current DoD safety policy that when siting new facilities, the purple zone should be contained in defence-owned or controlled property. This has a tendency to upset a few people especially if when siting a new facility there are no obvious exposed sites warranting purple-line consideration. Our experience is that such facilities spring up after

we have completed our facility building. We then have to constrain our activities or move elsewhere. In the long run it is better to own or control the land on which you work rather than rely on the continued goodwill of neighbours or governments to allow you to continue to operate.

You did ask what effects you would actually have on people in buildings within those distances. Within the green line, unstrengthened buildings will suffer average damage of about 10 per cent of the replacement cost. People under cover are afforded a high degree of protection even though you will have injuries from breakages of glass and building debris. People in the open are not likely to be seriously injured by glass but they will get some fragment injury.

Within the yellow area, unstrengthened buildings will suffer minor damage to windows, door frames, chimneys and roof cladding. In general damage is only likely to exceed five per cent of replacement cost. Serious injuries and fatalities are unlikely. Injuries that do occur will be caused principally by glass breakage and flying or falling debris. At the purple line, unstrengthened structures are likely to suffer only superficial damage. Breakages of 50 per cent or greater of large panes of glass are expected and injuries will primarily be caused by glass breakage and falling panels.

In summary, there will be some damage to property which will be repairable; there will be some injury to people caught in the open and some injuries due to broken glass and flying debris. We know this because we have trials and we have looked at the consequences of accidents. There was a rocket plant that blew up in Nevada. The plant was sited adjacent to a new housing estate and separated by the current US separation distances. There was limited property damage and no injuries to personnel.

You now have an idea of the basis of our safety philosophy. To ensure that the troops keep to the straight and narrow, we also impose on them a strict regime of safety monitoring and external audit. You can be sure that these invigilators are not popular, but it is essential for Defence management to know that the safety system is being maintained and to be aware of any failures in the system before such failures cause catastrophe.

To conclude then, our explosives logistics safety procedures are based on a firm legal requirement backed up by appropriate acts, regulations and standards; the training of personnel to high standards and understanding of explosives and munitions technology; the promulgation of specific safety procedures; the imposition of separation distances where necessary; and monitoring and auditing to ensure standards do not slip.

In answer to some of the questions you raised, at the time of an ammunition activity on a warship, no person would be allowed within what we would call the green line, 460-metre radius. You will allow people on a recreational fishing basis or whatever as long as they do not congregate in large fleets to be between the green and the yellow lines and similarly between the yellow and purple lines we would expect no problems. It is only during the times of ammunition activity that we would require there to be a restriction at the 460-metre radius.

CHAIR—Thank you for that; it gives us a better understanding of that. Brigadier Kelly, would you like to comment at this stage on your additional submission?

Brig. Kelly—Thank you, Mr Chairman. As a result of our examination over the last several weeks and informal discussions with relevant authorities, much of which has been confirmed formally here today, we consider that Twofold Bay appears technically suitable for the navy ammunitioning and de-ammunitioning function. I would remind the committee that there were actually two functions that we intended to undertake at Point Wilson. We find that Twofold Bay is not suitable for the import function which could be undertaken at Point Wilson or HMAS *Stirling* in Western Australia.

Twofold Bay is suitable for the navy function if the explosive licence is limited to 30-tonne net explosive quantity, permitting ammunitioning and de-ammunitioning of a single ship, if the wharf is constructed on a jetty long enough to place the operation at sufficient distance from the woodchip plant to exclude it from the yellow arc, if the current defence policy of controlling the purple arc is waived for the woodchip plant and if arrangements are made to control future development within the purple arc.

Planning concepts and costings are necessarily broad at this stage but we have a good degree of confidence in them. Environmental aspects and issues such as limitations on road transport have not, at this stage, been addressed.

On current figures, the Point Wilson proposal has a capital cost of \$73 million, with transport operating costs of \$2.7 million per year. I will use this as the base study. Development of the navy function at Twofold Bay with import at Point Wilson would cost \$104 million with transport operating costs of \$1.1 million per year. On raw costs, the break even point, compared with Point Wilson, would be after 19 years.

Use of Twofold Bay for the navy function and using HMAS *Stirling* for import would have a capital cost of \$79 million, with annual transport operating costs of \$1.8 million. On raw costs, the break even point, compared with Point Wilson, would be after seven years. Nevertheless, although the HMAS *Stirling* option would appear to be much cheaper, our operational preference would be for Point Wilson as 89 per cent of imported EO is used in the east. An inability to import into the east or to conduct contingency navy operations in the east could be a strategic deficiency.

Justifying the additional cost of locating part of the ECAC function at Twofold Bay would be a matter for broader departmental and government consideration. If this option were adopted, the extra cost of retaining Point Wilson for the import function rather than HMAS *Stirling* would also be subject to the broader considerations. In summary, we consider that Twofold Bay is technically feasible and operationally attractive.

CHAIR—Thank you. Are there any other comments arising from any members of the group? Are there any questions?

Mr HOLLIS—I want to get this clear. Are you saying that, even if the committee recommended we proceed with Twofold Bay, we would still have to maintain a facility at Point Wilson?

Brig. Kelly—We would still be required to maintain a facility with which we could conduct the import function and that requires an NEQ of 1,000 tonnes to accommo-

date commercial ships which call to Australia.

Mr HOLLIS—If we had a facility here, how frequently would the facility at Point Wilson be used?

Cdre Cox—About four to six times a year.

Mr HOLLIS—That would involve \$70 million to \$104 million. We are talking about an expenditure of \$30 million to use a facility four times a year.

Brig. Kelly—That is correct.

Mr HOLLIS—I cannot believe it. What has happened to economic rationalisation that we hear so much about? It would be the most expensive ship movement in the world. It is \$30 million for a ship coming in four times a year.

Brig. Kelly—That might be correct but the fact is that we would have to maintain a facility to provide that function. By coming to Twofold Bay, we certainly improve the convenience for Navy but at the expense of making the other function at Point Wilson appear less economically attractive.

Mr HOLLIS—I hope we are not having two bites at the cherry and keeping everyone happy by giving some of the facility to Point Wilson and some of the facility to Twofold Bay.

Cdre Cox—One of our reasons behind that is that, although we transport missiles across the country now to Western Australia by truck, we believe that it is not in the long-term interests of the missiles to be trucked backwards and forwards. That is one of our concerns with not having an import/export facility on the east coast, even though it is only used a few times. If you amortise that \$30 million over 30 years, it does not look quite so gruesome.

Brig. Kelly—The actual payback, as I said in my statement, is 19 years. I did say that HMAS *Stirling* in the west can be used for the function at an additional cost of only \$5 million, but there are certain strategic or operational disincentives in going to the west. That is why I made the comment that it was technically feasible and operationally attractive. When we get into the discussion with the government and the department to determine if it is economically viable, we might come up with other solutions.

CHAIR—I think the issue of the import arrangements is one that the committee needs to gather quite a bit of evidence on. Whilst I understand some of the concerns you have with items moving back and forward, I am a bit confused about that because, obviously, you have got a fleet based on the west coast, a fleet on the east coast and you are already sending the west coast missiles back to Penrith or Kingston or whatever it is called for servicing, so they must go back and forward anyway.

Cdre Cox—They do, yes.

CHAIR—The consideration in terms of cost, if we accept the greater distance

involved—and I am a Western Australian—return backloading is something that a lot of truck operators would kill for. It is very much a one-way traffic from the eastern states and some very high quality trucks are available that cart all our Arnotts biscuits and our Weeties and all sorts of things over there and, of course, the same applies to rail. But I think the cost in that regard is worthy of looking at.

I am also interested and believe it worthy of consideration that the 30-tonne NEQ would be maintained if more restricted loads of HE could be unloaded, for instance, here. In other words, a couple of containers coming in on a ship as compared to one of these ships. The 1,000-tonne requirement is only if you are using a specialised dedicated ship that just happens to have a very large quantity of explosives which is not going to unload entirely in Australia, is it not? I mean, they do not turn up with a shipload for us.

Cdre Cox—But they can turn up with 1,000-tonne NEQ here.

CHAIR—Yes, I understand that. But not for delivery within Australia. You talked about four trips a year—and I think your previous evidence did tell us. In a year, how many containers is that—100 or something like that—that you anticipate unloading off four ships or was it 100 per ship? More likely four, I think.

Cdre Cox—I would have to take that on notice.

CHAIR—Yes. I think it is on the record.

Brig. Kelly—I believe it was 100 in a year.

CHAIR—It is on the record now. So we have a few considerations there. But, basically, the point you are putting to us is that, if a recommendation came out of this committee regarding Eden, we have to include in our recommendations an acceptable proposal to Defence as to how our import operation would be continued. In your \$30 million, remembering that it was about \$20 million for the jetty, and considering that there is, I would imagine, no need for a storage facility down there—the import could be taken straightaway on trucks—would it be still considered that we would need that high a degree of development that was proposed for the jetty down there?

Brig. Kelly—It was presumed that most of that cost would actually be for the jetty to give it a life of another 30 years.

CHAIR—Yes. It is a lot of money, isn't it, for that limited amount of operation?

Brig. Kelly—It is. The other reason that I said that, operationally, Point Wilson might still be preferred is that it would leave us in a difficult situation if we had no facility on the east coast at all that could accept import or a contingency loading of navy ships—that is, greater than one ship.

CHAIR—It really comes down to how much is going to turn up alongside the wharf in one load, doesn't it?

Mr HOLLIS—Couldn't that be overcome, though, by the ordering process or is

that too simple? You are saying that we are going to have to keep Point Wilson. It is going to cost an extra \$30 million, because a ship may come in with 1,000 tonnes and all that 1,000 tonnes might not necessarily be unloaded there but it might just be in transit to somewhere else. Is that right?

Cdre Cox—Yes.

Mr HOLLIS—It would seem to me that, when you are ordering these explosives, why wouldn't we order only a couple of containers or something?

Cdre Cox—It is a problem of licence for the shippers, as I understand it. The ship has got an NEQ licence of 1,000 tonnes. We order it and it comes from a supplier, generally speaking, in the United States. It will be transiting around the Pacific and I guess ours is just added in with everybody else's. So you need a wharf that is licensed to take the NEQ of a ship. The ship might not have 1,000 tonnes when it gets here, but that is the maximum that they go for, and there are three vessels that come here.

Mr HOLLIS—If we are last in the chain, by the time it came to us, it might not have a thousand.

Cdre Cox—It may not.

Brig. Kelly—That would be correct. Captain Adams, in his previous evidence, stated that if we were to arrange it to our satisfaction, the costs we might pay to achieve that would be prohibitive.

CHAIR—Yes.

Brig. Kelly—That is, the shipping company would have to rearrange its routes.

Mr Goold—I think the problem, too, is that they are not just general purpose trading ships, they are specialised explosive ships.

CHAIR—We understand that. The question is one that we have tested two or three times: why would they always be fully loaded when they came to Australia? You have provided us with the names of the shipping companies and we are going to ask them to tell us about that and we can follow that through.

I do take note of the evidence previously given that high explosives are being imported and exported in lesser quantities out of Sydney and Botany Bay. Whilst that in itself might be over simplistic, too, there are all the other options that we have got to pursue in coming to our conclusions. The evidence given to us today is that whilst Eden is technically feasible and has, as we all recognise I think, substantial advantages operationally, even if we spent \$30 million at Point Wilson, we would still get our money back on transport in 19 years. This presupposes that the price of diesel does not go up. There is some very interesting evidence available to us, and we have just got to pursue that and see where we come to.

Mr HOLLIS—This proposal for a multipurpose wharf that has been put up: do

you see any difficulties with that from a navy point of view?

Cdre Cox—No, sir. There is no reason that we cannot operate and do our 45 days worth of ammunitioning here and let it be used for other purposes for the rest of the year. I can see no difficulty at all. It is different for us, but we can do it.

CHAIR—Following on that quickly, in terms of your 19-year equation, has any account been taken of the revenue that might arise from it being a multiple facility?

Brig. Kelly—No. That was a very raw figure based on transport costs only. We have not looked at additional operating costs, such as personnel.

Cdre Cox—If the cost of diesel goes up, do not worry about your trucks. We can get rid of diesel much quicker than that. You will get your money back quicker.

Mr HOLLIS—One of the points that I think the representative of the state government put up was the design of the wharf. They said that there were some difficulties. This is only in the feasibility stages.

Brig. Kelly—I would like to say that the diagram that was shown this morning is very much an early conceptual design. Mr Taylor expressed some concern about the size of the wharf. At this stage our plan was for a 200 metre by 26 metre wide wharf at the end of a 700 metre jetty. I believe that 200 metres would go close to satisfying most requirements.

Cdre Cox—We would aim for 11 metres of depth.

Mr HOLLIS—Eleven metres would be better than you have at Port Wilson.

Cdre Cox—That just gets *Success* in with a full load of fuel to put ammunition on it.

Mr HOLLIS—What is the depth? Would that necessitate dredging to reach that, or is that already there?

Cdre Cox—It needs a little bit of dredging and we need a swinging basin as well, so there is a bit of dredging to be done.

CHAIR—You have estimated that?

Cdre Cox—It will cost \$3 million. If Mr Taylor brings his \$5 million, then he can have a wider wharf.

Mr HOLLIS—If the depth here is already greater than at Point Wilson, Point Wilson would require dredging, as well.

Cdre Cox—No. We were going to manage that by bringing *Success* in only half-fuelled, and then taking it to Geelong and putting fuel in it. We would have had to—

Mr HOLLIS—You are adding to the steaming time again. Going to the three days they gave us, they are now up to 3½ days.

CHAIR—The reality is that you would get two extra metres of depth here under the plans that you are proposing.

Mr HOLLIS—If the proposal is for here—obviously, it would not be required here—what about the topping-up facility that you told us about at Kembla?

Cdre Cox—Yes. We will still use that, but it is licensed to, I think, four tonnes. It is only for using the small amounts of ammunition that we would expend during work ups off Sydney and it would be cost effective to do that.

CHAIR—If you had an adequate facility here, your need for a top-up facility of a barge nature would be substantially reduced, wouldn't it?

Cdre Cox—Yes, sir.

Mr HOLLIS—The other point is—the point I asked someone before—you do not see any difficulties with the commercial fleet here, the fishing fleet that already operates here?

Cdre Cox—No. They are not going to cause us any heartache getting in and out of the bay. I do not see any difficulty with the restrictions of the 460 metres whilst we are doing the ammunitioning, provided they do not stop inside of it. We have loaded ferries going past ships in Sydney Harbour where we ammunition now, so I think that in the scale of things it presents a reasonably small problem.

CHAIR—When one looks at that 30-tonne NEQ drawing, the green line does not even extend out far even if you drew a line between the two points. So you could say that the fishing fleet has almost the entire Twofold Bay available to it on that.

Mr HOLLIS—Let us get to the nitty-gritty now, the real problem. If this committee recommended that a facility be established here, what problems would that cause given the limitations in Sydney and the work that has already proceeded at Point Wilson? Would you all be required to submit your resignations? Would it be a difficult decision?

Brig. Kelly—I might have to submit my resignation. Commodore Cox would probably get a promotion. The answer is that we would have to have an interim facility. It would take a year or so to develop a case and get approval for development at Twofold Bay. That would not meet the requirement to be out of Sydney Harbour by the time of the Olympics. We would have to have an interim facility. That would presumably be Point Wilson. If we made an early decision that Point Wilson was going to be where the import facility was, then we would simply go ahead with our plan for the minimum works required for the import. If a decision was made that we were going to go to HMAS *Stirling* and that decision was made quickly, then we might either get by with no works, or very limited works, at Point Wilson to accommodate an interim solution.

Mr HOLLIS—So the crux of the matter is that the desired result in Sydney—that is, getting the stuff out of Sydney—could still be achieved within that time limit?

Cdre Cox—Sydney is 1999 for the Olympics regardless of what your committee might do. We are out of there in 1999. If we have got to go to Point Wilson for an interim period, it is no more difficult than we are expecting now. If we come here eventually, then it saves us time.

Mr HOLLIS—Do you see any difficulties here? I know we have put this question to you before. It is a difficult one for us because we have looked at Point Wilson. As I said before, that was a genuine comment. What we are trying to do is get the best facility for Defence and the best return on the taxpayer's dollar.

Cdre Cox—I personally cannot see any difficulties with the sort of concept that we have proposed here as far as the navy is concerned for using a facility here.

Mr HOLLIS—Brigadier Kelly?

Brig. Kelly—I saw two concerns. Firstly, I was concerned about the use of the Princes Highway, but if the Imlay road is as it has been described today, then I would think that the inland route to provide road access is appropriate, down via Canberra.

The second concern, I suppose, is that we would not be complying with our preferred intention to control all the land within the purple arc. That would require both an acceptance of that by those working in the woodchip mill and those working in a future development of industrial facilities on the far side of Twofold Bay. I think that it would require us to have an agreement to have first option on acquiring the woodchip mill land should the woodchip mill cease operation at some stage in the future so that we could control future development. While we can easily operate with the current activities there, if the woodchip mill were replaced by Club Med with large expanses of plate glass, then we would be forced, probably, to close down.

Mr HOLLIS—As you have seen with the operations of the woodchip mill there now, there is no—

Cdre Cox—I see no concerns.

Capt. Phillips—It would obviously require a deeper on-site inspection than what we had time for today. But on the superficial look that we had, there would appear to be no problems.

Mr HOLLIS—Have you seen the other papers that have been put to us including a submission from the Illawarra Regional Development Board? Let us just put this. There is a proposal—and God knows where this comes from, although I have got my suspicions—that Jervis Bay be reactivated as a site and that the loading and unloading would come through Port Kembla. I do not know what that does to your purple arc, let alone your green and your yellow one. But let us knock this one on the head here and now and put it to death. There is no proposal to have Port Kembla as the point for loading and unloading ammunitions to be trucked by road down the Princes Highway through Berry,

Kiama and Nowra to end up behind *Albatross* somewhere—which is being proposed by some. We are not going to do that, are we?

Cdre Cox—No, sir.

Mr HOLLIS—No. Brigadier?

Brig. Kelly—Absolutely not; we would not in any way, shape or form reconsider Jervis Bay.

Mr HOLLIS—Okay, that is on the record. The decision, as it appears to you people, is either Twofold Bay, Point Wilson and a combination of both or maybe a touch with *Stirling* as an outside chance as well. But the real competition is between Twofold Bay and Point Wilson and with a probability of a little bit for both?

Brig. Kelly—That is correct.

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

The letters read as follows—

CHAIR—Before closing I would like to thank the witnesses who have appeared before the committee today and those who assisted our inspections. I would also like to thank the president of the Eden Fisherman's Club for making us welcome and for the use of this facility for the public hearing. I also wish to thank Mr Hollis and me for the job we have done today and *Hansard* and the secretariat. Mr Hollis would you care to move a motion concerning the publication of evidence?

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 at public hearing this day.

Committee adjourned at 3.53 p.m.