



**COMMONWEALTH OF AUSTRALIA**

# **JOINT PARLIAMENTARY COMMITTEE**

on

**PUBLIC WORKS**

**Reference: Development of facilities for the Army Logistics Training Centre and the  
Bandiana Logistics Group at Bandiana and Bonegilla, Victoria**

**BANDIANA**

**Tuesday, 26 November 1996**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

**WITNESSES**

**JONES, Lieutenant Colonel Stephen John, Project Director, Directorate of Accommodation and Works—Army, Campbell Park Offices, Canberra, Australian Capital Territory 3**

**KELLY, Colonel Garry Ross, Acting Director General Accommodation and Works Army, Campbell Park Offices, Canberra, Australian Capital Territory 3**

**SHARP, Colonel Colin McOlvin, Commandant Army Logistics Training Centre, Bandiana, Victoria 3**

**TABONE, Colonel Michael Vincent, Commander, Bandiana Logistics Group, Wadsworth Barracks, Bandiana, Victoria 3**

JOINT COMMITTEE ON PUBLIC WORKS

(Subcommittee)

*Development of facilities for the Army Logistics Training Centre and the Bandiana  
Logistics Group at Bandiana and Bonegilla, Victoria*

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Present

Mr Andrews (Chair)

Senator Ferguson Mr Hollis

The subcommittee met at 1.10 p.m.

Mr Andrews took the chair.

**CHAIR**—I declare open this public hearing into the proposed development of facilities for the Army Logistics Training Centre and Bandiana Logistics Group at Bandiana and Bonegilla, Victoria. This project was referred to the Public Works Committee for consideration and report to parliament by the House of Representatives on 19 September 1996 at an estimated cost of \$16.081 million. In accordance with subsection 17(3) of the Public Works Committee Act 1969, in considering and reporting on a public work, the committee shall have regard to:

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

This morning the committee inspected existing facilities at Bandiana and Bonegilla. Today the committee will hear evidence from the Department of Defence. I would like to indicate that we were joined this morning by the local member for Indi, the Hon. Lou Lieberman, who accompanied the committee on inspections but who because of other duties within his electorate is unable to be with us this afternoon. However, I would like to welcome to the hearing the state member for Benambra, Mr Tony Plowman, and thank him for his presence this afternoon. I will now call the representatives from the Department of Defence who will be sworn in by the assistant secretary.

**JONES, Lieutenant Colonel Stephen John, Project Director, Directorate of Accommodation and Works—Army, Campbell Park Offices, Canberra, Australian Capital Territory**

**KELLY, Colonel Garry Ross, Acting Director General Accommodation and Works Army, Campbell Park Offices, Canberra, Australian Capital Territory**

**SHARP, Colonel Colin McOlvin, Commandant Army Logistics Training Centre, Bandiana, Victoria**

**TABONE, Colonel Michael Vincent, Commander, Bandiana Logistics Group, Wadsworth Barracks, Bandiana, Victoria**

**CHAIR**—The committee has received a submission from the Department of Defence dated November 1996. Do you propose any amendments?

**Col. Kelly**—Thank you, Mr Chairman. I propose two minor editorial amendments to page 9 of the tendered evidence. In paragraph 40, under North Bandiana, the one stop shop which is shown as ‘new construction’, the most likely outcome there is ‘refurbishment of North Bandiana officers mess’. Then halfway down the page under South Bandiana, the Headquarters ALTC is shown as ‘Refurbishment of the former 31 Supply Battalion Headquarter Building’. To be consistent, it should say ‘refurbishment of the former RAAOC Headquarter Building’. That completes my amendments.

**CHAIR**—Thank you, Colonel Kelly. It is proposed that the submission be received, taken as read and be 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**—Would a representative of the Department of Defence now care to read the summary statement.

**Col. Kelly**—Thank you, Mr Chairman. This proposal seeks government approval for the construction of new and refurbished facilities for the Bandiana Logistics Group and the Army Logistics Training Centre at Bandiana and Bonegilla. The logistics group has functions currently dispersed throughout the Bandiana area that are occupying substandard World War II facilities. Some of their requirements were foreshadowed during the development of Bandiana Stage 1 redevelopment project.

The Army Logistics Training Centre is a relatively new organisation that amalgamates the former Army TAFE, the Royal Australian Army Ordnance Corps Centre and the Royal Australian Electrical and Mechanical Engineers Training Centre, all of which were located within the Albury Wodonga Military Area. The former School of Transport at Puckapunyal and the School of Army Health at Portsea are also now part of the Army Logistics Training Centre but do not impact to any significant extent on this proposal. Currently, due to facilities constraints, the organisation is dysfunctional with elements carrying out similar functions being located at both Bandiana and Bonegilla. This proposal will rationalise these functional deficiencies.

Works include the adaptive reuse of seven existing buildings, the construction of extensions to four buildings and the construction of three new buildings. The proposal provides for trade training facilities in both Bonegilla and North Bandiana; administrative, development and weapons storage and repair facilities in East Bandiana; administrative facilities in North Bandiana, including a Q store-clothing store and a one stop shop; and a training unit headquarters and administrative facilities in South Bandiana. A range of engineering services, including fire services, will be upgraded in the project.

The works are proposed on three major grounds: firstly, to replace buildings that are beyond their economic life or do not meet OH&S standards; secondly, to replace facilities that do not meet current security requirements; and, thirdly, to provide facilities that will increase the functionality of administration and training resulting in staff efficiencies.

The project will be delivered in the conventional manner engaging a project manager for the project, with designers and head contractors engaged for each package. The construction period will be approximately 18 months. It is anticipated that the facilities will be completed by December 1998. The out-turn cost for the project is \$16.081 million.

**CHAIR**—Thank you, Colonel Kelly. I will now open the hearing to questions from parliamentary members. Colonel Kelly, I think it would not be inappropriate—although unusual—for me to say that I have been quite impressed with what I have seen of the stage 1 development. I express my congratulations to Army for the way in which they

have allowed the evolution of Stage 1 to impact on the changes they were going to make in Stage 2. Clearly, from what we have seen this morning, the flexibility has been done in the taxpayers' interest without in any way sacrificing Army efficiency. However, given that this whole Bandiana project has been characterised by changes that were not originally anticipated, because buildings that were going to be used for one use in Stage 1 were found they could be better used for something else in Stage 2 as outlined to us. Are you confident that the project will remain within the budgeted \$16 million and that cost overruns will be avoided, given the uncertainty of some of the changes that are going to be made?

**Col. Kelly**—We are aware that there will be changes in the future. Army is currently undergoing change for a number of reasons, including the Defence efficiency review. We believe that we can manage any changes to this project in the same way in which we managed change to Stage 1. That is, we identify any elements which are at risk; we get the clearance of the parliamentary Public Works Committee to slip those elements and to bring forward other elements, if appropriate; and, in general, to take account of changes as they become a risk to the project.

The risks to the project at this stage are nowhere near as great as they were in the early stages of Stage 1. We know where we are going with the Army Logistics Training Centre. The efficiencies which have been made with the Bandiana Logistics Group are now fairly well set in concrete. I do not imagine that there will be significant threats to the budget. As we have identified in the evidence, there is to be a follow-on Stage 3. So any threats to the budget can be accommodated by a flexible approach to elements of Stage 2 and Stage 3, if appropriate.

**CHAIR**—You do not believe then that the McIntosh review is likely to impact on the recommendations you have made for the Stage 2 development?

**Col. Kelly**—I believe there is some potential that that review might make some recommendations relating to, for example, tri-service or joint training. I do not believe they would be significant to Army but, if they are, they would be known early enough for us to take account of them. The efficiency review is to report in an interim manner on 7 January and a final report is to be made on 20 March 1997. At that stage we will be just into design and very early construction for this project, so we can take it into account. I imagine that any changes that are made to tri-service training might reinforce the presence at Bandiana rather than reduce it because of the suitability of the facilities that we have here.

**CHAIR**—One of the things that we have found particularly interesting as a committee—both the Vice-Chairman and I have been here on previous occasions as part of the Stage 1 development—has been the degree of cooperation that has existed between Army, Navy and Air Force under the relatively new Department of Defence and what you rightly call tri-service training. I would have thought logistics was one area where the



three arms of the Defence Force had a great deal in common. Do you therefore see increasing cooperation between the Air Force and the Navy in training facilities at Bandiana and greater use by Air Force and Navy of either existing facilities or those planned under Stage 2?

**Col. Kelly**—I believe it is likely. I would expect that the efficiency review will make recommendations that will enhance tri-service training. However, I would note that about 12 months ago the PWC visited Bonegilla to look at the potential for Navy training to be conducted at that facility at that stage. It was found that the training of the particular trades that were being looked at were not similar enough to justify single service training.

**CHAIR**—On that note, a comment was made over lunch that there was a time when the cooperation between North and South Bandiana was relatively low and cooperation is now commonplace and was characterised by the use of a common messing facility. In an ideal world, would you suggest that the facilities we now have at North, South and East Bandiana and at Bonegilla would be better if they were all on one enormous complex or are they sufficiently different in their character for the separate titles not to be a problem?

**Col. Kelly**—In terms of single service training at this facility?

**CHAIR**—In terms of making this entire Albury Wodonga facility more functional. Have we four service facilities which have characteristics different enough to justify them being separated or in an ideal world should they all be on one block?

**Col. Kelly**—This project allows us to consolidate like training in appropriate areas of Bandiana and Bonegilla. Whether or not other services can come and train in a similar environment would be subject to future examination. Certainly, it would be desirable if we were able to bring training of other services to this facility, and I think that is a likely outcome.

**CHAIR**—Between Stages 1 and 2, the Commonwealth will have invested and injected a great deal of money into this facility with the idea of increasing tri-service training. It will also in the process provide an opportunity for local construction industry. I understand that, in a parallel project at Kapooka, seminars were held to acquaint the local construction industry with what was likely to be available and to encourage them to tender. Are you proposing such seminars or do you feel that the local construction industry at the end of Stage 1 is familiar enough not to need the seminars as part of Stage 2?

**Col. Kelly**—The local construction industry is well aware of what we have been doing here and they have been well involved. I believe that 70 per cent of all the construction packages that were let for Stage 1 involved local contractors. We will, however, go through the full Defence process of identifying our contractors for this project. That includes registration of interest stage at which stage we would advertise and

conduct on-site briefings for local contractors or any other contractors who were involved. So at the early stages of getting our contractors on board, yes, we will undertake a publicity campaign.

**Mr HOLLIS**—Since the time we were here for Stage 1, the Army apprenticeship scheme has gone out of existence. What factors prompted the conclusion of that system?

**Col. Sharp**—I am not aware of the full factors that led to the cessation of the Army apprenticeship scheme being replaced by the Army trade and technician scheme. That was before my time. But if I could take that on notice or perhaps refer to my Deputy Commandant who was here at the time—

**Col. Kelly**—Mr Hollis, I might be able to provide some information. I believe that, at the stage the decision was made, the apprentice scheme was not meeting our requirements in that it recruited people basically from year 10. In this day and age we found that the cream of the crop were not leaving school at year 10 and seeking apprenticeships, they were proceeding to year 12. So we were missing the cream of the crop. It simply did not seem to be meeting our requirements at the time.

**Mr HOLLIS**—My next two questions were going to be what have been the advantages and disadvantages of that?

**Col. Kelly**—An advantage is that we have a much more flexible approach to recruiting. We can recruit off the street for potential tradesmen or we can recruit within the service for service people who are enthusiastic about becoming tradesmen. Another advantage is that we do not have to run parallel schemes. The people who came in to do the apprenticeship scheme were not mature soldiers and were administered under a different system, which was quite manpower intensive.

**Mr HOLLIS**—At any time how many people will you be training here in the whole complex?

**Col. Sharp**—As indicated this morning on the briefing, around 450 people in the area are continually involved with the Army Logistics Training Centre.

**CHAIR**—That is civilian and Army?

**Col. Sharp**—No, that is Army.

**CHAIR**—What would be the civilian numbers?

**Col. Sharp**—Very few civilians are trained at the moment. For instance, we have trained two this year. We do not have integrated military and civilian courses yet.

**CHAIR**—What is the Army population of the four centres and the number of civilians employed in terms of your impact in the Albury-Wodonga area?

**Col. Sharp**—The impact?

**CHAIR**—How many Army personnel are located either on North, South or East Bandiana or Bonegilla?

**Col. Sharp**—I do not have the figures by geographic location but I can certainly get them.

**Col. Tabone**—Bandiana Logistics Group employs approximately 1,100 people. That number varies, because we have 40 adult trainees undergoing on-the-job training within our organisation. About 60 per cent of that 1,100 are civilians employed from this region.

**Mr HOLLIS**—You were saying this morning about the length of training being something like 24 months. Will those 400 all be during that period or are there staggered lots of training?

**Col. Sharp**—No, they are staggered. The ALTC conducts about 300 courses a year, 200 different ones. We have courses ending throughout the year and starting throughout the year and, as you saw, that causes the fluctuations in the graph. But on average we have 450 here at any one time. Not all of them are here for the 14 months, which is the trade training, some remain another 10 months for continuation training. We have about 300 students in the 14 months training scheme.

**Mr HOLLIS**—I want to ask a couple of questions about the military police. You only have one lot of military police that cover all areas; is that right? Each establishment does not have its own separate military police. How many military police do we have?

**Col. Tabone**—Bandiana Logistics Group is responsible for providing military police support to this region. I have a Warrant Officer Class 2 who is the head of the platoon, three investigators and six patrol classes. So in total 10.

**Mr HOLLIS**—This is a fairly simplistic question: what are their functions; do they overlap with civilian police?

**Col. Tabone**—They look after the jurisdiction of the Albury Wodonga Military Area. They do not overlap. They do not get involved in matters of civilian law. They are mainly involved in conducting investigations into incidents that occur on base. They also provide advice on physical security. They do lecturing not only in this area but all units in our region, and they do active patrolling.

**Mr HOLLIS**—We do not have any cells here.

**Col. Tabone**—The detention centre that you refer is intended to be located with the military police, but it is not their function to actually man the detention centre. The unit who is responsible for the detainee is responsible for manning and operating the detention centre. It is collocated with the duty room which is manned during the quiet hours and with the police during the active hours.

**Lt Col. Jones**—But there are no cells here at the present time.

**Mr HOLLIS**—They are planned?

**Lt Col. Jones**—They are proposed.

**Col. Tabone**—There is a detention centre of sorts, but it certainly does not meet current standards.

**Mr HOLLIS**—But the fact that you will be providing cells, do you expect an increase in activity or is it just a precautionary move?

**Col. Tabone**—Detention is one of the powers of punishment that is provided under the Defence Force Discipline Act. We have had people undergo detention. In the last 18 months we have had about 10 people have undergone detention for up to seven days. Those people are supervised to make sure that they do not do any harm to themselves. It is part of the disciplinary code. It is also, obviously, a deterrent for those people who want to not comply with the Defence Force Discipline Act and with our local orders. We certainly do not see it as an indication that we are going to see an increase in activity in that area.

**Mr HOLLIS**—We have a particular interest in the detention centres, because this committee approved the Holsworthy centre which I believe at the time was state of the art.

**Senator FERGUSON**—Lieutenant Colonel Jones, during the comprehensive briefing we had this morning, on at least one or two occasions you used the phrase ‘for the foreseeable future’ and a couple of times you quantified that by mentioning 15 years, if I remember rightly.

**Lt Col. Jones**—Yes.

**Senator FERGUSON**—In view of the fact that the government has put a lot into it and is putting in more, is the ‘foreseeable future’ in your terms for most of the improvements that have been made 15 years?

**Lt Col. Jones**—The reason I used that term is that we are currently undertaking a

master planning study for future developments within this Albury Wodonga Military Area. We do that for a number of reasons. One is that it ensures that we have a plan for where we wish to put future developments, so that we do not put developments in an area that we intend perhaps to move out of at some stage in the future.

The second thing is that it enables us to ensure that we do not superimpose buildings over the top of significant underground engineering services type assets. One of the things that we are doing as part of this master planning study is creating a shift geographically—given that we are looking at about 15 years into the future—from what has always been North and South Bandiana for training, East Bandiana for repair and logistic requirements and Bonegilla for training to a move more towards future new construction, particularly for domestic type requirements like living-in accommodation and perhaps even other training and administrative requirements, into South Bandiana as against North Bandiana.

We see that in the future—and 15 years is the figure that we have chosen by way of an example of a period of time—we could well move out of North Bandiana in total and consolidate into South and East Bandiana and Bonegilla. So the 15 years, I guess, is more aimed at the period of time that we would be prepared to move out of North Bandiana given the amount of money that we have spent so far, like in the electrical trades area, and that we foresee ourselves spending within this proposal. We believe that is a reasonable period of time, given that investment, to move away from.

**Senator FERGUSON**—So 15 years when we are talking about the foreseeable future really only applies to certain aspects of the proposed changes or the proposed additions that you want to make?

**Lt Col. Jones**—It only applies to that part of the scope that is within North Bandiana.

**Col. Kelly**—I think the next major re-investment decision we will have to make is in about 15 years when large amounts of living-in accommodation on that side of the road require replacement. We are already making a move to consolidation on South Bandiana and Bonegilla. Despite the efficiencies that we are achieving, we are still occupying three different properties for training and one for logistics. I think logistics can stand alone. The three properties for training can be further rationalised and we can achieve perhaps some further efficiencies.

At this stage it is not an issue. For us to move from North Bandiana now would require significant capital investment to replace several hundred living-in rooms and the considerable facilities we have on that side of the road. In about 15 years time, when we have to look at replacing those facilities, that will be the time at which we make a decision to consolidate further in South Bandiana or Bonegilla. We are making that decision easier now by rebuilding the vehicle wing and armaments wing at Bonegilla

rather than heavily re-investing now on that side of the road. The reason that we are re-investing in the electrical wing is that it makes economic sense to do that.

**Senator FERGUSON**—You also showed us this morning the proposals for the one stop shop that you have in mind. Are there any examples of the one stop shop or like proposal at any other military establishment?

**Lt Col. Jones**—Yes. Down at Puckapunyal there was an officers mess which was central to the camp and which became surplus to requirements because of a geographic change within the Puckapunyal area. There was a requirement for a one stop shop within what was then the Base Administrative Support Centre in Puckapunyal, which has since been subsumed into logistics battalion as the same function has become part of the logistics group here.

When we looked at the proposal, it was decided that reuse of that officers mess was feasible. Detailed design and documentation was carried out and it was actually constructed. So the officers mess, which included the existing anteroom, dining and kitchen area and the existing accommodation area, was all stripped out and all of the elements of the one stop shop were put in there. That includes legal, chaplains, community services, pay people, the cash office, housing and the Army removals personnel. It has been operating now for approximately 12 months and is operating very efficiently within that reused building.

**Col. Kelly**—The concept is well proven in other places as well. We built a facility for a one stop shop specifically at Enoggera last year and had planned to build one at Holsworthy in the next financial year. That is currently on hold because of the uncertainty over Holsworthy airport. But if that goes away, we would intend to proceed. In places where we have not put in capital works to achieve the function, local commanders using minor works money have generally achieved the function in other ways. So the concept of a one stop shop is very well tested and tried.

**Senator FERGUSON**—So you intend to introduce the concept Australia-wide as the opportunity arises?

**Col. Kelly**—It virtually is Australia-wide now.

**Senator FERGUSON**—The other area that the chairman touched on earlier was about locating ALTC to one central area. Currently, you have the three main areas—here, at Puckapunyal and at Portsea. Why is the ALTC dispersed over these three major locations now?

**Col. Sharp**—It is because of history. We have only been established for 12 months. The amalgamation of like training—personnel training and logistics training—was made at the Chief of the General Staff Advisory Committee on 27 October last year.

Essentially, we formed an organisation headquarters over the top of a functional organisation but we have not taken advantage of collocating and getting all the reductions in overhead costs by facilities.

The cost of producing the ALTC on a greenfield site would be prohibitive and not supported. So we have to evolve organisationally and then establish the facilities to match. That is what we are trying to do. Now that we have been established for 12 months, we can see there are advantages of moving the health services wing up here without detriment to training. So we are trying to take that opportunity. It was presented to us with the move of the School of Military Survey.

**Senator FERGUSON**—I guess one of the things we would be interested in would be matters of cost savings, which I think have been talked about. Is it more efficient to have all of the ALTC on one site?

**Col. Sharp**—It is. The things that you would look for, if not altogether at least in part, are either efficiencies in training; that is, where you can get like training and you can deliver it to other courses. As in the case of a TAFE or a university, you have centres of expertise for occupational health and safety, industrial relations or technical training, then you deliver those modules across the campus. That presupposes that you are pretty close or you have proximate training. So you can get training integration by being close.

If you cannot get training integration, then you look for administrative overheads. Even though the training is dissimilar, the administrative functions are the same. So if you can collocate student administrative services and staff administrative services, then you can make savings there. The other one is I suppose a subset of the first is that the use of facilities, if you can get close, you can minimise the use of general classrooms. You still need some specific laboratories, but those are the advantages of collocating. The disadvantage, of course, is the cost of really putting the ALTC on a greenfield site.

**Senator FERGUSON**—How many students do you have over the three locations in training?

**Col. Sharp**—Over the three locations in Albury Wodonga, we have had 450 at any time.

**Senator FERGUSON**—I mean what about including Puckapunyal and Portsea, these three broad locations not the three that are here?

**Col. Sharp**—The total is about 750 at any one time.

**Senator FERGUSON**—If you were to consolidate it in one spot, what sort of savings would there be in numbers of training staff and administrative staff; do you have any idea?

**Col. Sharp**—It would be a guess. I would say that in overheads, I would get 50 out of Portsea; out of Puckapunyal, I would probably get 20 to 25; so there is 75 in administrative overheads.

**Senator FERGUSON**—Is that because of duplication?

**Col. Sharp**—Yes, it is. So you can get quite a few savings in the administrative area if you collocate it. Then, of course, there are some savings that we have not tested yet. With training integration you get some training instructor savings and then also not tested is that you have a much better opportunity for outsourcing in the control of the contract if you are collocated. These are some opportunities from collocation.

**Senator FERGUSON**—I guess you have to outset, for instance, if you are going to increase from 450 to 750 in one site, you have the offset of maybe providing more accommodation for students. So there are some offsets that would be extra capital expenditure.

**Col. Sharp**—That is the interesting thing about the development of the ALTC so far. I think what we have been able to do is take the opportunity to say that, by amalgamating in the Albury Wodonga Military Area, we have been able to better schedule the use of facilities, accommodation and use of messes and classrooms. So the ALTC has some ability to absorb agencies from Puckapunyal and Portsea.

If you bring it up the next step, you might go to the next quantum level where you have returned all your economies of scale and you have to get more accommodation. But even in that sense I hope that by then we would be looking at innovative schemes such as use of local hospitality arrangements and contracting that out for short courses rather than investing in large-scale accommodation. Sure, you need that for long-term courses but for shorter courses we may be able to use local hotels, which are far cheaper than the investment in facilities. I think in the future we will be looking at that strategy.

**Senator FERGUSON**—There are all these advantages of bringing everything together in one location. Are there any disadvantages?

**Col. Sharp**—The cost. The one-time capital cost and the one-time cost to the Defence Department of moving people and relocating families outside of the normal posting cycle. That has to be factored in in one term.

**Senator FERGUSON**—No other disadvantages other than the cost?

**Col. Jones**—One of the disadvantages is, for example, if we moved ALTC elements out of Puckapunyal, then there would be vacancies within Puckapunyal that we could not necessarily fill with anything else. So we have a lost capability by doing that, to some extent.



**Senator FERGUSON**—That is all for the present, Mr Chairman.

**CHAIR**—Can I just observe that, superficially, one may say that Stage 1 having been approved and successfully executed and Stage 2 being a follow-on, this hearing is scarcely necessary. However, a complication I find as Chairman of this committee—and I suspect it is shared by my fellow committee members who will speak up for themselves if I am misrepresenting them—is that here we have a case where we have taken once separate facilities and are endeavouring to treat them as if they were one. In addition to that, within each of those four facilities, we are amalgamating some of the activities that occurred separately on each site.

So I actually find the waters quite muddy about a number of these proposals. By that, even if our good friend Brigadier McCann were here, I am not suggesting that you are deliberately muddying the waters in order to confuse the Public Works Committee. But we do have an obligation to ensure that all that is happening is necessary. Can you reassure me that in the case of these four separate locations—I guess this leads on from Senator Ferguson's question—we are working to some sort of master plan with a view to ultimately relinquishing one? You may say that is not possible because we do not know what 2020 is going to hold in terms of defence demands, but is there a master plan that keeps bringing these separate activities closer together and possibly to one site even if that meant ultimately surrendering a site such as North Bandiana?

**Col. Kelly**—Mr Chairman, I think that is the way we will approach it. Although we have not thought it completely through, and it is very hard to look forward 15 years. If we look back 15 years to the Defence Force or the Army we had at that time, we could never have imagined some of the efficiencies and the changes that have been made in that time. I presume the next 15 years might be the same.

Our intention is to rationalise as much as possible and to create the efficiencies that we can get where possible. The best way to do that is to standardise like training, collocate like training and minimise the amount of infrastructure that we maintain. This principle does not just apply here; it applies in places like Sydney, where we are quitting on a large scale the number of facilities that we own in that city, and in other areas. It is part of a general principle that we have.

**CHAIR**—But so far as these four sites go, the things that we are approving in Stage 2 would fit into a master plan for further rationalisation?

**Col. Kelly**—Yes, they would. Otherwise we would have been proposing to you that we rebuild the armaments wing and the vehicle wing on North Bandiana and that we refurbish the officers mess there, rather than moving to a single mess on this side of the road and so on.

**CHAIR**—Given that, as the employees of 1,100 people you are very important

corporate citizens in the Albury Wodonga area, the other impression we have—it is reinforced, frankly, by the lack of community involvement in this hearing—is that the community are very happy to have you here and are certainly not unhappy about the proposals. Could you comment for the sake of the record on what is done about community consultation on the level of interaction between officers such as yourselves and the Albury Wodonga community development board and things like that?

**Col. Tabone**—Both Colonel Sharp and myself are involved in the community. I am directly involved in being a member of the regional economic development board for Albury Wodonga. I am also involved heavily with Rotary and support a number of community activities. We provide a lot of representation on local committees. We are involved in disaster planning and in a lot of community programs such as: sporting activities, Anzac day, Remembrance day and Australia remembers type activities. So we have a very significant presence in the community.

**Col. Sharp**—Michael is virtually a private member on the Development Albury Wodonga 2000 Committee. As the area representative, I am on the Albury Wodonga Chamber of Commerce executive and I am involved in Rotary as well. My feeling is that the community is comfortable with the Army presence—not only comfortable but demands it. We have a very good and long history in association with Albury Wodonga, and it has been a similar type of activity.

It has not been the experience of some other defence establishments which can be characterised by large numbers of soldiers coming in after exercises and hitting the town. We have a steady tradesman-like attitude to our relationship with the community. It has been well appreciated; it is stable; we have good consultation with the police and all government bodies.

It makes an excellent area to live when we talk about bringing health services up here. There are good opportunities for spouses of service people to get jobs, and it is a good place to bring up children. We realise that we are important because of the amount of money that we bring into the community but also we like the area because there is good community support. That is not an ideal comment. We get that feedback from all the boards that we are on.

**CHAIR**—Certainly the absence of any evidence to the contrary in this hearing this afternoon and the transcripts of evidence already submitted to the committee by a number of the groups you have referred to, which will be incorporated later in the *Hansard* record, would reinforce what you have said.

**Mr HOLLIS**—Just a couple of questions on the fire station. I know that that was approved under Stage 1, but is it in the appropriate position and in hindsight you do not think it should be moved somewhere else?

**Col. Kelly**—It was previously located here in South Bandiana and was moved to East Bandiana because firstly it was more central to the facilities that we have in this area, including Bonegilla, but primarily it was then closest to the potential high risk loss which is the facility at East Bandiana. I believe that the value of stores that are held in the distribution centre that you saw earlier today is in excess of \$100 million; so it makes sense to have the fire station located adjacent to that.

**Mr HOLLIS**—Although those storerooms would all have sprinkler systems, would they not?

**Col. Kelly**—They do, yes.

**Mr HOLLIS**—It is difficult sometimes to cost alterations to buildings and I think a good illustration was when we saw that igloo this morning. I was going to ask this morning what was going to be the cost of refurbishing the igloo. Someone volunteered the information that the building person said, 'For that cost I can build you a new one.' A lot of the proposal that is before us today is for extensions to buildings, alterations and things like that. When we see the confidential cost estimates, there is always an element of contingencies in there. Are you confident of your costing on these—give or take a little—and that you will not have to draw on contingencies?

**Col. Kelly**—We are as confident, as we would be at this stage on any project, with the cost estimates that we have. The contingency is there to cover unforeseen changes, for example, as a result of latent conditions in refurbishment, due to design changes, due to client requirements or changes in the local building industry which might cause escalation in contract prices. It is a standard part of contract planning and the six per cent that we have allocated to contingency is about the standard.

**Mr HOLLIS**—How competitive is the building and construction industry here?

**Lt Col. Jones**—During Stage 1 we found that about 70 per cent of the contracts were awarded to local builders in competition with builders from Melbourne and from Shepparton. So particularly at the moment we know from talking to the builders that the marketplace here is very low. There are not too many opportunities for builders. They are having to go elsewhere. Our expectation is that the local builders will be very competitive in the marketplace. We know from their record so far in Stage 1 that they can produce the goods.

**Col. Kelly**—One of the reasons that we were able to bring forward the scope of works with the PWC approval in Stage 1 is that we had very competitive prices for a number of the larger packages.

**Mr HOLLIS**—But on this project you are talking about, there will not be just one delivery method, there will be several—

**Col. Kelly**—No, we will deliver it in pretty much the same way as Stage 1. We take into account the requirements of the local industry. We are doing this in Darwin as well where it was felt that the local industry was not quite ready or accepting of our managing contractor approach to delivery, which has been used in a number of larger projects in Brisbane and Sydney. We will engage a project manager and then let separate packages—generally a single building or a group of like buildings—by head contract or design and construct, which suits the capability of the local industry.

**Mr HOLLIS**—You have not had any problem with design and construct?

**Col. Kelly**—No, not particularly. It is a higher risk strategy in some ways, I suppose, in that we do not define so well up-front our requirements as we do in a head contract where we design the requirement completely. But it is an appropriate way to deliver simple type facilities, and a number of the requirements here come into that category.

**Lt Col. Jones**—During Stage 1, probably the largest scope of work that we undertook using design and construct was the distribution centre at roughly \$8 million. While it had its problems during the construction or challenges—depending on which view you wish to take—they were no different from the types of problems and challenges you would face with the traditional form of delivery with fully document and design. In fact, it probably occurred quicker using that form of delivery than the traditional method.

**Col. Kelly**—Because the builder is able to build in buildability to the design as he develops it. He knows that he is building it.

**Mr HOLLIS**—You have not been affected by floods here at all, have you? I know what has happened recently. I do not know if it was in Stage 1 or some other time, but there was a creek; I think something was going to be built on or near that creek; and we suggested it be moved.

**Col. Kelly**—That was in Stage 1, Mr Hollis.

**Mr HOLLIS**—Or was it even earlier?

**Col. Kelly**—No, it was in Stage 1. You are referring to the plan at that stage to build the distribution centre at North Bandiana in the location which was occupied by part of a man-made drain. The intention was to divert that drain around the side of the building. The PWC at that stage expressed considerable concern. I guess that concern was vindicated to some extent later on when we sought approval to build that facility at East Bandiana.

**Mr HOLLIS**—I remember that one particularly because there was a lot of rain down here at one time. I remember I asked the then Secretary to ring someone here and

ask how many buildings were flooded and whether the concerns that we had expressed about that building had been vindicated.

**Col. Tabone**—We are above the 100-year flood line which was in 1983, I think, in this area. In the area that we drove through this morning going to Bonegilla, the inundated areas are below that flood line. But we are certainly in this area above that 100-year flood line.

**Lt Col. Jones**—I think part of the problem in the lead-up to the Stage 1 hearing was that the area commander at the time decided, probably quite rightly, that he would conduct an aerial reconnaissance and take an aerial video of the area for use at the hearing as part of the briefing for the members of the PWC. Unfortunately for him, it absolutely poured with rain for three weeks before the video was taken. I think that, at the time when the video was done, the local area was probably at its worst in relation to the amount of surface water that was sitting around. I think that is probably what caused people to focus very much on that.

**Mr HOLLIS**—It has nothing to do with this hearing but on another series of projects we always get a video and the committee over many years has got a particular aversion to videos. If you ever want to win a project, I suggest with all possible respect, never show this committee a video because this is one committee that does not like videos. That is all the questions I have got.

**CHAIR**—Mr Hollis did raise a matter that prompted me to make a note. One was about the firefighting. To what degree is the Army's firefighting unit used for civilian fires?

**Col. Tabone**—We responded, last year I think it was, to a fire that was nearby to the fire station. We were able to get in and deal with it before the Country Fire Authority. We have a memorandum of understanding with the CFA. They come to our assistance. They are responsible for providing firefighting capability beyond those resources we have. We have at times gone to their assistance, providing it is not obviously to the detriment of the Commonwealth's interests. We are about to have a visit from the Country Fire Authority to our area, again, to become more familiar with the area facilities as a result of Stage 1. They are using parts of our premises for specialist training.

**CHAIR**—Related to that, during this morning's tour Lieutenant Colonel Jones did refer to the ring main that we understood from the briefing notes was to be duplicated. He said that he thought the term 'duplication' may have been a little inaccurate. I presume it is duplication that is largely related to its firefighting capacity. I wonder if you would care to elaborate so that the impression we had from the briefing notes can be corrected for the record.

**Lt Col. Jones**—Certainly. The existing fire main can only be entered from one

direction. What we wish to create in this stage of the project is a loop, if you like, so that water can move in both directions around the loop. So if you have a break in the part of the loop, you can redirect the water in another direction. If there is a breakdown in your fire capability, you can actually divert it in a different direction and get the water to the fire source. That is what we will create in Stage 2, provided it goes ahead.

**Senator FERGUSON**—I was just looking at the supporting letter from the Development of Albury Wodonga 2000, I had not read closely but I see there is a chronology of events. Mr Hollis is probably keen on this because the chronology starts in December 1972 with federal election, federal ALP wins, and continues from there. I would have thought Albury Wodonga had a history longer than that. Already today you have talked about Stage 3. We have not got past Stage 2 yet but you have mentioned about Stage 3. Could you give us some idea of what further developments are envisaged and why that further Stage 3 development will be needed?

**Col. Kelly**—The scope of works for this stage was artificially capped within the Department of Defence to take account of the heavy requirement we have for funding in other significant projects, such as the Army move to the north, Scherger Air Base, Russell Redevelopment and Stirling Redevelopment. So it was artificially capped at \$15 million at that time to take account of that, knowing that there were additional works at some stage to be accounted for in a follow-up project.

**Senator FERGUSON**—Why do you use the term ‘artificially capped’?

**Col. Kelly**—Simply to indicate that it does not represent the full scope of works for the project. The remaining scope of works for Stage 3 has not been well defined but, in general terms, it will be to replace all of the World War II facilities that you have seen on the tour. Stages 1 and 2 get rid of most of those but there are still a considerable number of warehouses and vehicle shelters in particular which we need to replace. Not only are they in poor condition but they are very inefficient. They are generally small and do not allow the use of modern warehousing techniques and modern materials handling equipment. The intention will be to replace those. Stage 3 will also take account of any amalgamation of the ALTC which we have not been able to accommodate either in this stage or in other minor or medium works which we might handle in the meantime.

**Senator FERGUSON**—Do you have any idea of what the costing might be? Is it likely to be more than Stage 2 or less than Stage 2?

**Lt Col. Jones**—Within Defence’s planning document, the green book, the cost at the present time for Stage 3 is \$45 million and it is planned for the financial year 2000-01. Just to continue a little from what Colonel Kelly said, in the original green book provision, Stage 2 was \$31.2 million having been identified as a requirement perhaps back during the development of Stage 1. Because of the developing nature of the ALTC, we elected to reduce the cost associated with the scope to this arbitrary figure which we

chose, being \$15 million. So, as Colonel Kelly indicated, it is a figure that was deliberately chosen. That is why we have used the sort of terminology that we did. Rather than say, 'This is the scope of works and it is going to cost this amount of money,' we have said, 'This is the amount of money and we are going to produce a scope of work given the developing nature of the requirement in this area and the changes that we know are likely to occur and we will cost cap it at that. Then we will continue further developments and process it into Stage 3.'

**Senator FERGUSON**—So this is because within the Defence budget that you are working under you had other priorities that you thought required the existing funding?

**Lt Col. Jones**—Exactly. There are other competing requirements such as Darwin and Townsville that have a higher priority for Army, for that additional \$15 million that was originally budgeted, than what this area and requirement does at the present time.

**Senator FERGUSON**—What you are really saying is that, in an ideal world, your original Stage 2 development would have been \$32 million not \$15 million.

**Lt Col. Jones**—Yes, that is correct. But it is reasonable to say that, during the development of the project, had we got to this stage of it with the original budget of \$32 million, we may have found that we could not actually justify the extent of \$32 million given the scope of works that we can identify. That might have been our start point, but the end point may have been that the realistic scope of work we can justify was only \$20 million worth. So \$32 million would have been our start point to aim for.

**Senator FERGUSON**—If you are talking about a \$45 million project in five years time, are you using today's prices, do you inflate your anticipated expenditure for inflation or if you are building it today would it cost \$45 million?

**Col. Kelly**—We have not refined our costs well enough to make that an issue, quite frankly. There are a number of parts of the scope of this work that are at this stage quite unknown. For example, the replacement of engineering services is at this stage quite unknown. There is some provision in this project but it is almost a nominal sum to take account of priority requirements. In Stage 3, or perhaps even earlier, we will have to address the total issue of sewerage in the Bandiana area. That could require the replacement of large amounts of the existing infrastructure, which dates back to World War II in places, or some other means of dealing with the current sewerage plant. We just have not done the preliminary investigations at this stage to cost those accurately.

**Lt Col. Jones**—I think the other thing with Stage 3 is that, in most of our project development these days, we tend to watch for developing medium works as well because they come up from the area on an ongoing basis as a result of area requirements—bearing in mind that a medium work is anything above \$250,000 so the threshold is reasonably low. What we tend to do, where appropriate, is incorporate those into these redevelopment

projects. So come the time when we get into the definition phase of the development of Stage 3, there may be four or five medium works that are required within the area that we would also include as part of that project so that we are not undertaking a major work and a medium work concurrently in the area.

**Senator FERGUSON**—I guess one of the reasons I asked the question was that, it seems within your Department in choosing your priorities as to where you will spend money, you do get a situation where you can actually make do with some existing arrangements. It would not be your preference but you can actually make do. If other priorities take the place of what you want to do here in Stage 3, you might be in the same make do situation rather than an ideal situation.

**Col. Kelly**—Certainly. It is a matter of competing priorities. We would have preferred to replace all of the World War II facilities at once. Certainly, it would have been nice to have replaced what you still see on the other side of the road as part of Stage 2. But, as you say, we can get by—perhaps somewhat inefficiently and certainly those buildings are not very aesthetic looking; we would hope to replace most of them as soon as we can—it is a matter of competing priorities. Most of the projects I mentioned in the program are actually strategic type projects that have priority, such as the move to the north, northern air bases and naval basing in the west.

**CHAIR**—On the tour this morning amongst the impressive things we saw was the work being done at Bonegilla in fitter and turner training. It seemed to fit in with what is the popular, if rather historic, image of the Army when we later also visited the small weapons store facility and understood that some of the small weapons maintenance is also undertaken here. What level of small weapons maintenance is undertaken on this Albury Wodonga facility; does it apply to small weapons from other bases; and, if so, how wide a field do they come here; and do you see it as a potentially expanding market as you become the professionals in this area and are able to offer a service that other regiments might like to access?

**Col. Tabone**—The weapons repair capacity we will have here is really to support our region. The national holding of weapons and the national repair agency for weapons is in Sydney at Moorebank. The facility we are building is low-tech in terms of its storage capacity and repair capacity. It has been targeted to meet our regional needs; that is, the needs to support customers located as far north of Wagga, as far south Euroa and as west as Mildura.

**CHAIR**—Does Army then for logistic reasons tend to maintain repair capacity within a region rather than have it centralised?

**Col. Tabone**—The centralisation of repair is where there are economies of scale. With the weapons systems we have these days and certainly the sort of repairs we are talking about is far more economically done locally. If you are talking about extensive



repair and equipment such as the leopard tank, then you do not want to duplicate that everywhere because it requires a lot of test equipment as well as a high degree of skill. The repair and maintenance of small arms, and certainly this current generation of small arms, does not involve any extensive or complicated facilities, test facilities or highly specialist skills. We are able to take those economically in a region.

**CHAIR**—There was one other area I wanted to pursue. Yesterday the committee looked at a facility being proposed by Defence—not by Army alone—but it is a facility that I suspect will be rather more to Navy's advantage than Army's in the proposal for a high frequency transmitter that would match high frequency transmitters to be located in four spots across Australia solely for Defence use. Could you comment on what you find as the adequacy or inadequacy of communication facilities within the four bases here in Albury Wodonga and nationally?

**Col. Tabone**—The communication infrastructure we have here is primarily based on cabling. We have in this area a copper cable network for our voice communications. We have a fibre optic cable backbone stretched across the area and which is at the moment carrying data. It does have the potential to carry voice traffic, but the integration of our voice network with the fibre optic cable does require a lot more investment.

We also have a radio link between the PABX here at South Bandiana and Bonegilla which is a form of redundancy we have in-built into our system. Our internal communications are highly dependent at the moment on the somewhat ageing but still workable copper cable. With the advent of the move to fibre optic cable, it will certainly support our needs for the future.

**CHAIR**—But there is a proposal to upgrade the communications centre here as part of the Stage 2 development?

**Col. Tabone**—Yes, Mr Chairman. The communications centre is a node of the Defence Communications Network. It will receive signal traffic taking classified material and then circulate it within our immediate area—in hard copy at the moment—by safe hand.

**CHAIR**—If the committee is to approve the proposal brought to it yesterday for new communications centres that will cover not only the entire nation but 3,000 kilometres out to sea and all of that, the only change will be the way in which the signal is received in your communications centre.

**Col. Tabone**—I am not entirely sure how the centre you have looked at fits into our Defence communications centre. But if it is intended to carry signal traffic throughout the Defence Communication Network, then what we are is a node at the end of that communication chain.

**Mr HOLLIS**—If the committee approved it, what is the time frame for the construction of Stage 2?

**Col. Kelly**—We hope to have the construction completed by the end of 1998. We would hope to make a fairly early start next year in design and to commit most of the construction in the following financial year.

**CHAIR**—If there are no other questions from committee members, does Defence wish to make any concluding statements or cover anything that they feel has been overlooked by the committee?

**Mr HOLLIS**—The opportunity for you to put the questions we did not ask you.

**Col. Kelly**—To be quite honest, I cannot think of any, Mr Chairman. But I do have some requests to make in terms of us getting this project moving. Because the committee presumably will take some time to deliver a report on this given the Christmas break coming up and because of a May budget next year which will require us to get on to the next year's program in July, we would request approval from the PWC to conduct the registrations of interest for the project manager, designers and contractors prior to the approval of parliament, subject of course to that approval. We would request approval to actually commission a project manager on a phased basis; that is, for phase A up to approval of the project, subject to that approval for phase B. We would request approval to commence some design on early packages so we can commit early in the new year

**CHAIR**—In the absence of Brigadier McCann, I have a strange feeling of his presence. The committee will take your requests to its next meeting—It meets on every sitting Thursday of the parliament—consider your request and respond formally to Defence.

**Col. Kelly**—Would you like us to put specific requirements to you in correspondence?

**CHAIR**—Yes, that would be appreciated. If you send that to the secretary in writing, it will be considered at the next meeting. There are no other witnesses listed to appear before the committee. However, I should indicate that Mr Plowman as the state member indicated a willingness to appear and to attest to what he saw as the particular advantage of having a defence presence here in Albury Wodonga and I gather his general support for that presence. It has not been the custom for the committee to have other witnesses appear and be sworn unless they have indicated their willingness to do so beforehand. I would want publicly to indicate to Mr Plowman my appreciation for his willingness to volunteer that; that in itself was endorsement of the way in which the community feels about the presence of the defence here. Thank you, Mr Plowman.

If there are no other questions, I formally indicate to all present it is proposed that

the documents lodged with the committee 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 documents read as follows—*

**CHAIR**—Before closing this hearing, I would like to thank the witnesses who appeared before the committee today and those who assisted with our inspection. While Mr Hollis has earlier in the proceeding indicated that he thought there was a certain disadvantage in offering video evidence to this committee, as the chairman I should just balance that by saying that a good video is always well received. We have had some that rather resembled Uncle Arthur's tours. They were the ones that proved not to be advantageous to the witnesses who were offering that sort of evidence.

On that note, what I particularly appreciated as the chairman today was the windscreen tour was conducted so professionally by Defence. You will appreciate that members of this committee spend a great deal of time in various establishments, many of them Defence, around Australia. A number of them offer us windscreen tours and at the end of some of the windscreen tours you begin to wonder why you did not stay in the hall rather than have this rushed tour around the base.

**Mr HOLLIS**—Or see a video.

**CHAIR**—I thought that today's tour was well conducted and provided us with an opportunity to get out and to stop and view things without feeling rushed. Can I compliment Defence on the way in which they went about the difficult task of embracing four different sites in one hearing and of endeavouring to get us across a number of building moves and unit moves that we would have had difficulty appreciating by any other technique.

I have already indicated our gratitude to Defence for their hospitality earlier today. I would appreciate it, Colonel Kelly, if you would pass on to each of the officers in the Army Logistics Training Centre our appreciation for the role they played in making the tour possible and for the briefing prior to this hearing.

**Col. Kelly**—Thanks, Mr Chairman, I will do so.

**CHAIR**—I also want to pass on directly to Colonel Sharp and Colonel Tabone our appreciation for the use of this venue and the way in which this building has been made available to us today. Can I also thank my committee members. I should point out that we are rather light in numbers today. Because the Senate is sitting, it took a great deal of manipulation to get Senator Ferguson's leave out of the Senate whip who has been one reluctant to give leave. I am sorry the committee is down in numbers, but that is the reason. We are grateful that Senator Ferguson is here and also Mr Hollis who has come here with some difficulties. I would thank him for that. I would thank *Hansard*, Sound and Vision and the secretariat.

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

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

**Subcommittee adjourned at 2.28 p.m.**