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JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Special operations working accommodation and base redevelopment
stage 1, Holsworthy, New South Wales.**

FRIDAY, 10 JUNE 2005

HOLSWORTHY

BY AUTHORITY OF THE PARLIAMENT

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JOINT STATUTORY COMMITTEE ON

PUBLIC WORKS

Friday, 10 June 2005

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Ferguson, Forshaw and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

Members in attendance: Senators Forshaw and Troeth, and Mrs Moylan and Mr Brendan O'Connor

Terms of reference for the inquiry:

To inquire into and report on:

Special operations working accommodation and base redevelopment stage 1, Holsworthy, New South Wales.

WITNESSES

HEALY, Mr Michael Gregory, Director, Project Development and Delivery, Australian Capital Territory and New South Wales, Department of Defence..... 1

HUTCHINSON, Brigadier Peter John, Director General, Infrastructure Asset Development, Department of Defence 1

McOWAN, Brigadier Timothy Joseph, Deputy Special Operations Commander, Australian Army and Special Operations Command, Department of Defence..... 1

MILLS, Mr Craig John, Regional Manager, Corporate Services and Infrastructure Group, Department of Defence 1

WEIR, Mr Rodney Paul, Managing Director, Carson Group 1

Committee met at 12.11 pm**WEIR, Mr Rodney Paul, Managing Director, Carson Group****HEALY, Mr Michael Gregory, Director, Project Development and Delivery, Australian Capital Territory and New South Wales, Department of Defence****HUTCHINSON, Brigadier Peter John, Director General, Infrastructure Asset Development, Department of Defence****McOWAN, Brigadier Timothy Joseph, Deputy Special Operations Commander, Australian Army and Special Operations Command, Department of Defence****MILLS, Mr Craig John, Regional Manager, Corporate Services and Infrastructure Group, Department of Defence**

CHAIR—I declare open this public hearing into the Holsworthy special operations working accommodation and base redevelopment, stage 1. This project was referred to the Public Works Committee on 11 May 2005 for consideration and report to parliament. 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.

We would like to thank Defence, and Brigadier Hutchinson in particular, for arranging this morning's confidential briefing and also the inspection of the site of the proposed works. I also particularly thank Brigadier McOwan for the excellent introduction and overview which highlighted the need for the works. The committee will now take further evidence from Defence on the public record. I thank the assistant secretary to the committee for swearing in and affirming members of the Department of Defence. On behalf of the committee, I welcome you all to this hearing today and I thank you for taking the time to attend. Do you have anything to add to the capacity in which you are appearing?

Mr Weir—I am a project manager and a consultant to the Department of Defence.

CHAIR—The committee has received a submission and a supplementary submission from the Department of Defence. Does Defence wish to propose any amendments to the submission that was made?

Brig. Hutchinson—No.

CHAIR—I invite you to provide a brief overview.

Brig. Hutchinson—This proposal seeks approval for the Holsworthy program of works at Holsworthy Barracks for the Department of Defence. The program consists of five interrelated works projects planned to be undertaken within the Holsworthy Barracks which will support the following capabilities: the establishment of Army's full-time commando capability based on the 4th Battalion Royal Australian Regiment (Commando), the establishment of the Tactical Assault Group (East) to become an organic element of the 4th Battalion Royal Australian Regiment (Commando), the establishment of the Incident Response Regiment, the establishment of Special Operations Command and the first stage of the redevelopment of the Holsworthy Barracks Precinct.

The first four of these projects have been announced by government from 2001 onwards, initially in response to the terrorist attacks in the USA and following consideration by government of permanent counter-terrorist capability requirements and special operations capability requirements. These capabilities remain a high priority for government and are critical for the defence of Australia and its interests. The projects have been grouped to enable planning and delivery synergies and to ensure best value for money for the Commonwealth in delivering a consolidated capability.

The program of works includes new works, adaptive reuse of existing facilities, repairs and maintenance to some existing facilities, augmentation and upgrade of area engineering services and area infrastructure, some environmental remediation works and some relatively minor works at the DSTO establishment at Fishermans Bend. The total budget for this project is \$207.7 million. This includes professional design and management fees and charges, construction, furniture, fittings and equipment, together with appropriate allowances for contingency. The project was foreshadowed as part of the 2005-06 budget. Subject to parliamentary approval, it is intended that works will commence in early 2006 and be progressively completed by late 2009.

CHAIR—Can you clarify again for the public record the situation with the facility at Fishermans Bend, which I understand is part of this overall project. Without going into the confidential aspects of the costings, could you, again for the public record, tell us whether the Fishermans Bend component is incorporated into the total sum for this project.

Brig. Hutchinson—The Fishermans Bend component is included in the \$207.7 million. It is a small extension to the existing facilities at the Defence Science and Technology Organisation at Fishermans Bend which will support the specific requirements of the Incident Response Regiment in relation to technical and analytical requirements for support for its special capabilities.

CHAIR—How many staff do you anticipate will be located at Fishermans Bend?

Brig. Hutchinson—I will have to take that on notice, but hopefully we should be able to get that back to you by the end of the hearing. I am not sure of the exact number.

CHAIR—Was consideration given to incorporating the Fishermans Bend activities into the site and, if not, can you explain why?

Brig. Hutchinson—The capability is being built at Fishermans Bend to leverage off the scientific and technical capabilities of the Defence Science and Technology Organisation at Fishermans Bend. The analytical and research requirements that they will be looking to establish down there are seen to leverage off the expertise which is already located with the DSTO site at Fishermans Bend rather than having a number of scientists up here where they would not be able to leverage off the expert advice of all of their counterparts at that site. The nature of the work that they do is such that it is easier to take the work to them than to bring them to this site, noting that this site is a home location for the units that operate here. The units can operate anywhere, but a lot of the capabilities are primarily focused on support to the eastern seaboard of Australia.

CHAIR—So on the activities at Fishermans Bend would be of a highly technical scientific nature.

Brig. Hutchinson—That is right.

Mr BRENDAN O'CONNOR—Can I ask you about the airconditioning proposal. In the submission that has been put forward by the Department of Defence it states, I think in paragraph 41:

If air cooled airconditioning systems are proposed, no specific precautions against the Legionella bacillus are considered necessary. If, however, other forms of airconditioning plant are envisaged, design shall take cognisance of the risk of Legionella bacillus.

Although it is clear that you are aware of the potential danger of legionella, why hasn't the airconditioning system been determined yet? In other words, there is a concern if you go to a particular type of system in certain circumstances. Why hasn't that been determined one way or the other?

Brig. Hutchinson—The airconditioning system will actually comprise centrally located air cooled condensers providing refrigerant to ceiling mounted cassette units in the offices and other occupied rooms. The airconditioning will be preset, so we will have set points by a building management system to be available when the temperature dips below 19 degrees or goes above 25 degrees. This is part of our energy efficiency process, that we actually rely on natural ventilation within those sorts of parameters and we only use the airconditioning outside those parameters, which will reduce our overall energy costs and contribute to the targets that we are looking for for ecologically sustainable development and our whole-of-life requirements. There is no water cooled plant in this process.

Mr BRENDAN O'CONNOR—But what about the type of airconditioning system that will not be air cooling, if you cannot use that process: are you looking at exploring what would be the best type of airconditioning system where you do not have an air cooling option?

Brig. Hutchinson—In this case we have determined that now. Part of it is the difference between the time that we have submitted the original evidence and where we are now with our development. What I have just told you now is where we are at with the development, and that is the solution we are moving towards.

Mr BRENDAN O'CONNOR—You talked about the need to preserve energy and not unnecessarily use airconditioning. You talk about where appropriate time switches being installed. Where would that be appropriate and where would it not be? Is that based on a particular idea, Mr Weir?

Brig. Hutchinson—I will ask Mr Weir to follow on, but in general what we have done with this building is progress a little bit beyond what we said in the more generic bits of the evidence. As I said, we have looked at temperature boundaries and that sort of thing. I will ask Mr Weir to talk about the time implications.

Mr Weir—Outside of normal working hours there is a building management system in place that will control the airconditioning, and that will control whether it is available in terms of the temperature. If it is within a range of 19 to 25 degrees then airconditioning will not be available. And we have looked at hours control. If there are rooms that are irregularly inhabited then they will have set controls, the switches that you were referring to.

Mr BRENDAN O'CONNOR—We looked earlier at the design of some of the buildings proposed for construction and they have louvre windows. Is there a situation where you are going to have an airconditioning system, because you cannot use air cooled arrangements, and have the possibility of opening windows and closing windows? What will you do in that the circumstance?

Mr Weir—That situation exists and that is part of the approach of maximising the use of natural ventilation. We have opening windows and louvres in areas where we can in security—

Mr BRENDAN O'CONNOR—So it is only where there is air cooled—

Mr Weir—No, airconditioning will be available to those areas, and we have LCD indicators to tell people when the airconditioning is on and they need to manually close their windows.

Brig. Hutchinson—We hope that our special operations soldiers and officers would be able to close the windows whilst they are operating the airconditioning.

Mr BRENDAN O'CONNOR—That was not a reflection on the personnel, just the design—whether you would really want to have the capacity to open windows and at the same time use an airconditioning system. I will also ask some questions in relation to fire protection. Firstly, has the fire protection certification been attained? If so, who certified the proposal and, if not, when does the defence department anticipate receiving fire protection certification? I alert you to paragraph 53 of the submission, where it states:

b) Defence requires certification from a suitably qualified Certifier that the design and construction meet the requirements of the Building Code of Australia and the Defence Manual of Fire Protection Engineering, relevant Codes and Standards and any additional State and Defence requirements ...

It is against that backdrop that I ask whether the certification has yet been obtained.

Brig. Hutchinson—I will lead off and then ask Mr Weir to follow with some of the detail. I will just give you some general principles. First of all, the design has taken account of the bushfire threat in the area and we have looked to establish a buffer zone where possible of 100 metres around the buildings. Where it has not been possible to establish that buffer zone, we have looked at design features within the building to reduce the exposure to bushfire. In terms of the certification process, we not only meet the Building Code of Australia—and this is not just for bushfire; this is for some of the more domestic and industrial requirements and military uses—we have additional requirements that we look at in all of our military structures that go beyond the Building Code of Australia, and they are in our own Defence fire manual. We look to in the design process incorporate all of those requirements, to get the certification made during the design process and then, on completion of the building, to have certification again from the appropriate authority.

Mr Weir—I repeat that certification is carried out at the end of the design and at the end of construction, but we also monitor compliance with the codes right through the design process. Also at the end of the project we will have the project visited by the New South Wales fire brigade and the Rural Fire Service to make sure that they are happy with and familiar with the project, and we have consulted with them on the way.

Mr BRENDAN O'CONNOR—Paragraph 29 of the submission makes mention of the fact that the fire hydrant ring main does not meet current Australian standards and therefore is deemed 'unsuitable for the long-term supply of fire hydrant and sprinkler systems across the site'. Can Defence assure the committee that all fire hydrants and sprinkler systems will comply with current Australian standards and that the site will be adequately protected?

Brig. Hutchinson—That is certainly the aim with the proposal. As you would be aware, Australian standards change over time and the age of the barracks is why we have the problem at the moment. Everything that we construct will be built to meet those current standards. The only point that I would make is that we can only guarantee that it will meet those standards in the areas that we actually address. We are addressing a backbone requirement and we are addressing the new facilities in the special operations area.

Mr BRENDAN O'CONNOR—So it could be the case that you have substandard facilities in areas that are not currently under the purview of the project at this site. You have pointed to the fact that clearly there are substandard arrangements—probably because there has not been enough capital invested in the upkeep and, indeed, because the standards may have become more onerous to meet. I am gleaning from your answer that it could well be the case that there are substandard facilities or even substandard sprinklers in areas that are not currently under the project's area of focus. I guess what you are putting to us is that we cannot expect that the project will look after those areas that are not being upgraded or being constructed.

Brig. Hutchinson—I guess what I am saying is that we are covering the backbone, which will be the hydrants that you will see around the area, without drilling into what other fire protection measures might be available in areas that we are not specifically driving into. We are not going into individual buildings in this area here, for example, which is not part of the redevelopment. We are not going into individual buildings here and looking at what fire measures are here. We

are only going into the backbone of the actual fire hydrant system for the base. For those areas of the barracks that are not being covered, there may be a fire system that goes beyond the backbone. I do not know what the answer is. We would not be addressing the firefighting system in this particular building, for example.

Mr BRENDAN O'CONNOR—What would occur in the event of a fire? Would the local fire brigade come onto the site? How would that operate? Do you just rely upon the existing services inside or do you actually collaborate?

Brig. Hutchinson—I will hand over to Mr Mills.

Mr Mills—It is the normal principle. We are just another Commonwealth piece of land, if you like. The local fire brigade would respond to any alarm and would deal with it within the constraints or the abilities they have.

Mr BRENDAN O'CONNOR—And that would be the metropolitan fire brigade of Sydney, would it?

Mr Mills—Yes. There is a fire station just down Moorebank Avenue, in fact, which is on leased defence land where we did have an Army fire element previously. They actually would respond to this base.

Senator FORSHAW—Is there a local bushfire brigade service that would also get involved if there were a threat of bushfire?

Mr Mills—Holsworthy and the Holsworthy area extends quite a distance. There are a number of local bushfire brigade elements that would support the base.

Brig. McOwan—The other point I would like to make is that the Emergency Response Squadron has a capability there and that would be a first-response capability from within the Incident Response Regiment in the local area.

Mr BRENDAN O'CONNOR—That makes sense.

Mr Weir—I would just like to add to the point on bushfires. We have consulted with the local rural bushfire service and have installed filling points on the new ring main to assist them in those occurrences.

Senator TROETH—I note that at paragraph 62 of your submission you have listed a number of authorities and organisations that will be consulted during the development of the project. What level and type of consultation has been undertaken up to this point and is that going to go to a different level at some future stage?

Brig. Hutchinson—As you can see, there are a number there that we have said we will consult with. We have actually written to a number of those organisations already. I can provide you with full details, but, for example, we have written to the local federal member, Mrs Vale MP; we have written to the local state member, Ms Megarrity; we have written to Mr David Borthwick at Environment Australia; and so on. Perhaps I should give you that list separately.

Senator TROETH—Yes.

Brig. Hutchinson—Going right through, I have about a dozen or so names there. There are still a couple of areas that we have yet to contact but we intend to contact them as well.

Senator TROETH—What was the nature of that communication? Was it just a statement of intent in terms of what you propose to do? I do realise that, as this is Commonwealth and Defence land, in some ways you are not answerable to anybody. Was it a statement of intent or to tell them what you were going to do?

Brig. Hutchinson—Basically it was to inform them of our plans to construct the facilities here and to give them a little detail of what we are doing.

Senator TROETH— I see the Liverpool City Council is listed in those organisations with whom you will be consulting. Have you had any interaction with them up to date?

Brig. Hutchinson—I can pass to Mr Mills in a minute to talk about the detail with his consultation. As the regional manager, he maintains very close relations with the Liverpool City Council. We are due to brief the General Manager of the Liverpool City Council on 17 June. I believe that there has been ongoing consultation but perhaps Mr Mills could talk about that.

Mr Mills—I cannot speak with detail about consultations specific to this project but as a normal process with all Defence bases, particularly Holsworthy and any other sites, the local community and the councils are engaged on a variety of occasions to address any of the issues of what we might be doing or what the council proposes. They are aware of our plans and we are able to interact with and include and consider them in the things that we undertake.

Senator TROETH—Has there been any feedback from any of the organisations you have contacted so far?

Brig. Hutchinson—I believe the feedback has been fairly limited to date. We have had some limited responses and you would note that Integral Energy is one organisation that has responded. We have maintained contact with them on their response.

Senator TROETH—The other issue I wanted to ask about was child care. I note that in your submission in paragraph 61 you stated that the Little Diggers Centre, a 40-place child-care facility is intended to be replaced under a separate project with a 90-place child-care/day-care centre within the next two years. Obviously, that expansion or replacement was not included with the current proposal. What was the reason for that?

Brig. Hutchinson—As you saw from our initial presentation, this proposal has been as a result of the government's initiatives on special operations requirements, in particular the counter-terrorist response and the reaction to that. It has actually occurred over a period of time. We have put all of those proposals together relating to the special operations to ensure that we get the synergies and we are not doing incremental development of that. The child-care initiative is something that we have been doing on a separate thrust around Australia. For example, we have just been working on the child-care facilities at Williamtown, north of Newcastle; we are currently building a child-care facility down at East Sale; and we have also recently completed a

child-care facility at Puckapunyal in Victoria. The Holsworthy child-care facility was part of that separate program to address child-care facilities and so it has always been addressed as a completely separate body of work, if you like, to the special operations requirements.

Senator TROETH—Is the one that exists at the moment exclusively for the children of the Holsworthy Barracks personnel?

Brig. Hutchinson—I think that the way that they operate child-care facilities around Australia on Defence bases is that they have a ratings system where they give priority, for example, firstly to single parents who are serving in the ADF, secondly to dual parents who both work in the ADF and so on down on that priority basis. That is a general policy across the board. When you look at the number of places that are available there it means that normally only serving members would actually be able to get the places because of the way the priorities are applied.

Mr BRENDAN O'CONNOR—Is the child-care centre on the base?

Brig. Hutchinson—Yes.

Senator FORSHAW—I have a couple of questions. We have received a submission from Integral Energy, which is one of those authorities and organisations that you listed under 'Consultation' in your submission. I presume you are aware of their submission. They refer to the need for negotiations to be commenced and finalised on the transference of title of land—so that they can install some additional capacity for the electricity supply, I gather. Could you tell us what is happening there? Their submission states:

These negotiations are progressing and it is expected that title to the appropriate land will be transferred from the Department of Defence to Integral Energy within the next twelve months.

This is as at 23 May this year. Can you expand on the situation there?

Brig. Hutchinson—Yes. Integral Energy, as I understand it, operate a substation which is on defence land. Under the licensing arrangements that we have with Integral Energy at the moment, they are required to give priority of power to this base. The capacity that they have through their substation and the backbone that is in place at the moment are certainly well above the capacity for the base. As I understand it, the spare capacity is used in the local area. I guess part of what they are saying is really subject to commercial negotiations. We have a licence with them at the moment for the supply of power. We want to maintain our position with that licence. Clearly, they would be interested in looking at how they could move forward commercially.

Senator FORSHAW—I do not want to stray into what might be confidential matters, but they say:

Negotiations have been underway since early 2004 with the Department of Defence to secure additional real estate adjacent to the existing substation to permit the installation of additional capacity at this site.

Am I correct in my understanding that this substation is on defence land but is licensed for them to operate?

Brig. Hutchinson—That is correct.

Senator FORSHAW—Are they looking to get additional defence land but not to purchase it?

Brig. Hutchinson—No, they are looking to purchase the whole thing, as I understand it.

Mr Healy—They want to purchase the existing site plus a further 1,500 square metres.

Senator FORSHAW—It is a fairly short submission. Is there no agreement on that?

Brig. Hutchinson—We are quite happy to deal with them. We are waiting to go through the process and we have given them the details of that process.

Senator FORSHAW—Does this need to be finalised in order to get additional capacity for this base? That is what I read into their submission. You seem to be saying that there is sufficient capacity now.

Brig. Hutchinson—What I am saying is that for our purposes we believe there is sufficient capacity, but they are looking at the expansion of the broader area, which is not just the military load. So, for their commercial purposes, they want to expand their capacity. We are happy to deal with them on that, but that is a separate negotiation. From our perspective it does not affect this project, because at the moment our peak demand for capacity is 6.8 MvA. We have two feeder lines going from that substation, each of 4.5 MvA for a total of nine MvA. That is our calculated peak demand given the requirements of the project.

Senator FORSHAW—In your submission there is a section which refers to disabilities. It says:

Facilities for the disabled will be provided for most buildings in accordance with current codes and policies.

Then you go on to state:

However, for those workshops and external training structures that are predominantly occupied by Australian Defence Force personnel whose activities would preclude people with disabilities and dispensation for non-compliance with Building Code of Australia disabled access requirements will be sought.

I understand what you are saying there, but could you for the record indicate what the process is in getting that dispensation. Is it a dispensation that applies across the site or the project or is it specific to certain discrete buildings and facilities? In other words, how would a dispensation work?

Brig. Hutchinson—I will start on that and then I will ask Mr Healy to follow on with the detail. The process is that across all Commonwealth agencies there is a dispensation for a designated officer within the Commonwealth agency to allow that dispensation. Within our organisation I think it is the assistant secretary of environmental health and risk, Mr Terry Weston, who can provide that dispensation. Within our projects across Australia we will look at everything on a case-by-case basis, so it is not a general dispensation; it will be a project specific dispensation where we will look at the area required. For example, Mr Mills working in his

regional office has access to the public and therefore we would not seek such a dispensation in that sort of situation. But in areas where we have fit, highly trained people with restricted access but the public does not go there, we would look at the specific aspects of that dispensation. Do you have anything to add, Mr Healy?

Senator FORSHAW—I suppose I am specifically talking about this work you are doing here. Given the people who are going to be located there or working there, I can understand the proposition.

Mr Healy—Generally the buildings that we are proposing are compliant. For example, the two-storey buildings, the office buildings, have a lift to give access to the upper levels. It is particularly the workshop logistics type areas where there may be some noncompliance. The building certifier that we talked about earlier in relation to fire provides the same service when reviewing the design, and where there are noncompliances that is brought to our attention and it has to go back through this separate process where it goes outside of our branch to an independent assistant secretary within Defence who will provide that ability to go beyond what the code says. If this were in a private sector project, local government would provide that dispensation process.

Senator FORSHAW—Given the critical situation with water supply everywhere, but obviously here in Sydney, will there be particular consideration given to any water-saving measures or looking at the nature of the supply and all that is going on at the moment in the public debate about how we try and reduce our water consumption? Maybe you are looking at reusing or recycling water in some way. I assume the water supply here is just drawn from the normal water supply for the region.

Brig. Hutchinson—We draw from Sydney Water.

Senator FORSHAW—The supply would probably be Woronora Dam. I stand to be corrected on that.

Brig. Hutchinson—I offered during the confidential briefing in response to your question to give you a list of our ecologically sustainable development initiatives. I will provide that list separately.

Senator FORSHAW—That will be fine.

Brig. Hutchinson—But I will just talk about we are doing on water. Rainwater is to be collected in detention basins. Basically, we will be channelling all the water through surface and subsurface means into detention basins and wetlands, where it will be recycled for irrigation of any of our landscaping and that sort of thing. We will use it for keeping the area as green as possible, but we are not going to reuse it, for example, in terms of grey water and that sort of thing. Dual reticulation is being provided within buildings for the possibility of a future connection of a grey water system by Sydney Water. Because we get our water from Sydney Water and they also look after the waste water as well, we do not want to come up with our own system on the base. We understand that Sydney Water is looking at a future grey water system and we will dual plumb the buildings so that we can take advantage of that in the future. But we are not putting the connection in there ourselves; we will wait to see what happens with Sydney

Water. We will do submetering of individual buildings, which will allow us to monitor what is happening with water usage so that we can identify if there is an issue in the future and use management solutions, and we will provide water efficient fittings, with all fixtures having a AAA or higher rating.

CHAIR—I go to the project delivery. At paragraph 72 of your main submission, you state that the project will be delivered:

using a proven project management approach ... through a traditional process of detailed design and documentation by a number of Design Consultants, and construction by a number of Head Contracts.

I wonder if you could explain what that means and who is responsible for the overall oversighting and management of the project.

Brig. Hutchinson—The overall responsibility for the management of the project relates through my organisation. I am responsible for all projects which are being delivered across Australia—that is, new capital works facilities projects for Defence. I have my own project director for the project, Lieutenant Colonel Skin, who you met today, and I have a couple of project officers assigned for the project, including a project officer on the site.

CHAIR—For the public record, could you give us an overview of what you mean when you say ‘proven project management approaches’?

Brig. Hutchinson—The proven project management approach is that we then go to having a contracted project manager, Carson Group. Mr Weir is the representative of Carson Group. They have been involved in supervising the design of the project, and they will now supervise the construction of the project, with my team overseeing their work. In terms of the contracting, we then go for a series of head contracts to deliver the individual components of the work. We are looking to use a large head contract for the majority of the project, but we are actually breaking the project down into about three separate work sites. We do not want to have a number of head contracts on a single work site. For the control of the work, we want to make sure we separate the contract for a given site, so we use a separate head contract for that site and we have about four different sites. So there are four different head contracts that we will be going out on for the different elements of the work. So we have the main works at the commando precinct, and then we have separate work sites for the services requirements that we are talking about: the water—

CHAIR—Can you explain why you separate these components out?

Brig. Hutchinson—The reason we separated those components is so that you do not have contractual disconnects. Contractors can get in each other’s way, and it can give you problems with access to the site and that sort of thing. This is about one contractor having control of a site and able to go that way. Within that head contract, we would expect that the head contractors would then let a number of subcontracts, many of which will go to local firms or local individuals for work in the area. It also gives us better control over cost, time and those sorts of requirements.

CHAIR—That leads me into the next question. I think I saw somewhere in your submission that you anticipate about 250 people working on this project over the project delivery period.

Can you explain what will be done to try to provide opportunity for local people to participate in the work that is being carried out here?

Brig. Hutchinson—Part of that process is to publicise what we are doing so that local people are aware of the opportunities. Also, once we have let head contracts, we will be encouraging the head contractors to look at how they can do that locally. I think they will do that anyway. The other issue is how you define ‘local’ in the Sydney area. You have a huge construction industry here. I am sure it is going to be absorbed by the Sydney construction industry, but people that live more locally will be more competitive for a lot of those contracts because their cost structure will be lower if they do not have to move as far or whatever. I am assuming that the market factors will cover that in this area, as they would in any project. Anyone who writes to us looking for the work will be passed through our project manager to our head contractor. We go through a competitive process to establish those head contracts.

Senator TROETH—In my earlier questions on consultation I meant to ask you whether or not there has been any input or you have asked for consultation from the personnel involved. Obviously from what we have seen this morning there would be a strongly worded desire to have better working conditions. Have you formally sought any input from the personnel who will be involved?

Brig. Hutchinson—In the military we do things in a hierarchical structure. Within Brigadier McOwan’s organisation, which is the prime user here, he has representatives who represent the user. Lieutenant Colonel Powell and Wing Commander Griffith from his organisation have been heavily involved in providing that user interface. I guess part of that process is to look at the management of expectations versus what is affordable and what is sensible and to try to cut down what is required. There has been extensive consultation with the user at all levels, using those representatives to help define with the project manager at Carson Group the user requirement and trim it down to what is really important for capability, looking after our people, meeting all of our legislative requirements and that sort of thing. That becomes a real balancing act and a heavy consultation process in that regard.

Mr Weir—I would like to acknowledge the significant input that the user groups have provided to the design while having to maintain their operations and responsibility. A design of this size and complexity requires a lot of input from them to get it right and they have provided that fully while maintaining their operations and their training regime. All commendation to them.

CHAIR—To some extent my question goes to the question asked by Senator Troeth. We were talking earlier about—and I thought it might be useful to have this on the public record—the reason you chose the Tobruk Lines as a redevelopment option. You said it represented the best value for money. I wonder if you would like to put on the public record how you came to the decision that the Tobruk Lines development was the best option.

Brig. Hutchinson—I will put the whole process on the public record. The first thing was that the government announced that it wanted to establish the capability on the eastern seaboard and it announced that it would go into the Sydney region. So we carried out an analysis of what were suitable areas within the Sydney region for the facilities to be located. Holsworthy was clearly the most suitable area because not only did it have the capacity to hold the elements that we

needed here; it also had the training space available immediately adjacent to it; and it had sufficient buffer zones between the organisation and the community for security and for other purposes—all the environmental issues and that sort of thing. So Holsworthy was clearly the right place at the higher strategic level.

Within Holsworthy we were originally looking at both Jordan Lines and Tobruk Lines for the capability. But the initial design work that the Carson Group did for us showed that the Jordan Lines option—using Jordan Lines and Tobruk Lines—actually was about \$10 million more expensive because of the earthworks and other infrastructure requirements that were within that proposal. So, when we actually went to government with our proposal, we put the various options there but with the preferred option being that we consolidate at Tobruk Lines because it was going to provide a tight, easy-to-control sort of organisation but would also be an effective organisation and was clearly more cost effective than other options within the area.

CHAIR—Do committee members want to have more detail on how that selection process was carried out? What is the general view? They are happy. Thank you very much, Brigadier Hutchinson.

Mr BRENDAN O’CONNOR—Brigadier Hutchinson, I know you have been asked about the project delivery schedule—the commencement to the end of this project. If everything goes well the commencement of construction will be in March next year and the construction will be completed in September 2009. Could that program be expedited? Why would it take 3½ years for the completion? I have been to a number of bases now and I am a little shocked at the standard of office accommodation here for what are clearly valuable and highly trained personnel. They are expected to work and live in substandard conditions, with no heating or cooling and so on. You do not have to make the case very strongly. We can see for ourselves that something should be done and done quickly. Clearly that is why the project is moving. In light of the fact that we have such important people here, who on occasion are placed in a position where they endanger themselves for the country—without getting too emotional—why could we not bring forward those time lines? It seems a long time—the end of 2009—before we get to the end of it.

Brig. Hutchinson—I think that is a very good question. It is certainly something that I am looking at. I am keen to see if we can expedite the program. Of course, that will depend on what the market tells us. We will certainly be looking at expediting that schedule with whoever wins our head contracts. I would like to bring that forward. You have certainly hit the nail on the head. We are keen to do that. I know that Brigadier McOwan would be keen to look at bringing that forward as you have said.

However, the issue with this particular project is that it is a staged development, as you saw. We cannot just start all the work at once. Firstly, we are going with our greenfield component and the headquarters element for the 4RAR Commando, which is located at the same end as the greenfield element. Then we will move down the site. The issue is that we have to keep our special operations capability operating whilst we are doing the work.

Mr BRENDAN O’CONNOR—But it is still self-contained. You are not in a situation where you disrupt the public.

Brig. Hutchinson—That is right.

Mr BRENDAN O'CONNOR—There are certainly some advantages to being on a site such as this in terms of construction. You do not have too many third parties. I understand what you are saying about reconciling an ongoing activity and, at the same time, trying to build around it. It just seems to me that it would be worth while—certainly, from my point of view, and it may be a view shared by other committee members—expediting the process, if possible, to properly accommodate defence personnel. Appalling is perhaps too strong a word, but it is clearly a substandard arrangement for the people we are talking about—or for anyone, but particularly for the types of people we are training up to do the things they are doing. I think it is pretty important that we move it forward if we can.

Brig. Hutchinson—I certainly agree with you. I hope that my successor will be able to write to the Public Works Committee and inform you that we have achieved something better than what we originally put for this project. But, as I said, the biggest problem we have is that we have to continue to operate from the base and we are limited in the funds that we have, so we cannot build huge staging areas to put people in. It is a balance between economy and our budget to make it work. I think we can do better and we will certainly attempt to do better.

CHAIR—A couple of my colleagues asked about the water main situation. In paragraph 29 of your submission you talk of environmental remediation. It says, 'Significant improvements to soil and water management practices are necessary.' Could you explain why it is necessary? Also, could you let us know what, if any, hazardous material needs to be removed from the site as a result of this work?

Brig. Hutchinson—I will start but I will pass to Mr Healy or Mr Weir to help me at some stage. In terms of the environmental treatment, the key issue is the retention basins that we are building in the project—I think the location of those retention basins are given as an appendix to the evidence. We will be looking at channelling the stormwater to those retention basins. The water that leaves the Holsworthy site will have gone through the retention basins, where silting and everything has occurred. You then have a better quality of water leaving the site and joining the Sydney water system. Or we can reuse water that is retained in the basins. It is also a flood mitigation system, so you reduce the flash-flooding potential from the base because we are retaining that water on the base. That allows storms to pass and then the water goes off. Although we are in a big drought in New South Wales and Sydney at the moment, the area traditionally does get a fair bit of rain and is subject to flash flooding and those sorts of factors. So the design has taken into account all those sorts of things. When you are putting in additional large areas of buildings or paved areas you want to be able to make sure that the water does not go rushing off the site. So this is an important part of the environmental treatment. That is the key bit on the environmental treatment.

In terms of hazardous materials, there is hazardous material on the base, largely asbestos. We have had a program to identify all of the asbestos and other hazardous materials and to mark the buildings and so on. And we would be looking at any buildings that are removed as a result of the project—we do have a number of buildings that we are demolishing in the project—to ensure that the appropriate treatment is undertaken for the removal and proper handling of that hazardous material.

CHAIR—Is there also soil contamination that has to be dealt with in the development?

Mr Weir—Only some very limited contamination with regard to old fuel tanks—but it is very limited.

CHAIR—Okay. Thank you.

Mr BRENDAN O’CONNOR—So it would be specialists who would deal with the removal of asbestos?

Brig. Hutchinson—Yes. There will be specialist subcontractors who will deal with the removal of asbestos when we are doing the demolition. Part of the demolition contract would require the contractor to have all of those requirements. We would be relying on our project manager to make sure that that is done properly. That would all be part of the work plans—we would require method-of-work plans from the subcontractor and the head contractor before they start any of those works, and we will monitor those works while they are ongoing.

CHAIR—Thank you very much. Before closing I would like to thank all of the witnesses who have appeared before the committee today and thank all of those who assisted the committee with the inspection of the site this morning. Thank you very much for that.

Resolved (on motion by **Mr Brendan O’Connor**):

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

Committee adjourned at 1.11 pm