



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Redevelopment of HMAS Cairns**

MONDAY, 15 MAY 2006

CAIRNS

BY AUTHORITY OF THE PARLIAMENT



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**JOINT STATUTORY COMMITTEE ON  
PUBLIC WORKS**

**Monday, 15 May 2006**

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

**Members in attendance:** Senators Parry and Troeth and Mr Forrest, Mr Brendan O'Connor and Mr Wakelin

**Terms of reference for the inquiry:**

To inquire into and report on:

Redevelopment of HMAS *Cairns*

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**Committee met at 11.15 am**

**ACTING CHAIR (Mr Brendan O'Connor)**—I declare open this public hearing of the Joint Committee on Public Works inquiry into the redevelopment of HMAS *Cairns* at Cairns in Queensland. This project was referred to the Public Works Committee on 1 March 2006 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.

Earlier this morning the committee received a confidential briefing on the project costs from the Department of Defence in respect of the site of the proposed works. The committee will now hear evidence from the Department of Defence, the Cairns City Council, the Cairns branch of the Navy League of Australia and the Training Ship *Endeavour*.

[11.16 am]

**BENNETT, Mr Bruce William, Project Director, North Queensland, Infrastructure Asset Development Branch, Department of Defence**

**GRICE, Colonel William Alfred, Acting Director, General Infrastructure Asset Development, Infrastructure Asset Development Branch, Department of Defence**

**McGRATH, Mr Alan Leslie, Director, Project Development and Delivery, Queensland, Infrastructure Asset Development Branch, Department of Defence**

**MORROW, Mr Neal Keith, Project Manager, GHD**

**DAKIN, Commander, RAN, Andrew Walter, Commanding Officer, HMAS *Cairns*, Royal Australian Navy**

**TAYLOR, Mr Ian Verdun, Operations Manager, Construction, Building Division Queensland/Northern Territory/Pacific, Thiess Pty Ltd**

*Witnesses were then sworn or affirmed—*

**ACTING CHAIR**—Welcome. The committee has received a statement of evidence and four supplementary submissions from Defence. These submissions will be made available in a volume of submissions for the inquiry and they are also available on the committee's web site. Does Defence wish to propose amendments to any of the submissions made to the committee?

**Col. Grice**—No.

**ACTING CHAIR**—I now invite a representative from the Department of Defence to make a brief opening statement, after which we will proceed to questions.

**Col. Grice**—Thank you. The Department of Defence is proposing to redevelop the naval base HMAS *Cairns*. The proposal comprises marine works, refurbishment and adaptive reuse of existing buildings, the construction of new buildings, civil works, temporary facilities and minor works, services works, demolition works and several property acquisitions. The proposed facilities will support all Navy vessels planned to be home ported at HMAS *Cairns* and operating in Far North Queensland, including the new Armidale class patrol boats.

The objectives of the project are to refurbish and reinvest in the aging infrastructure at HMAS *Cairns*, which is the only naval base in Queensland, and to address the needs of the new Armidale class patrol boat that will be home ported at HMAS *Cairns* from November 2006. With the introduction of the much larger Armidale class patrol boat, the pressures on the existing berthing and base facilities will increase.

The proposal is divided into a number of project elements. These are marine works, refurbishment and adaptive reuse of existing buildings, construction of new buildings and civil



works. For the marine works element the project optimises reinvestment in wharfage works by reusing the existing Navy wharf, widening the northern side of the access jetty and refurbishing services to the existing berthing points. The existing services connections do not meet the Armidale class patrol boat requirements.

Defence has been berthing Navy vessels at the nearby commercial berth since the 20 September 1996. While the arrangement has alleviated berthing pressures on HMAS *Cairns*, the vessels cannot be provided with a full range of shore services and require a higher number of crew members on board than would normally be required. The project proposes constructing an access jetty connecting HMAS *Cairns* to the commercial wharf to improve access and to route shore services to two new berthing points. Almost all buildings on the base will be retained in the proposed works and they will either be refurbished or adaptively reused to rationalise and improve efficiency.

Four major buildings—the command building, the in-service support facility, the fleet logistics support element building and the fleet intermediate maintenance activity building will be reused or augmented for new functions. The neighbouring naval cadet property Training Ship *Endeavour* will be incorporated into the base with a modest upgrade of their existing facilities.

A new, two-storey central building is proposed to accommodate the health services centre, the corporate services customer service centre, the base command element, the career management cell, the comprehensive maintenance services contractor and the Navy communications centre. This building has direct access to the base entry and a clear view of the wharves. A new fitness centre is proposed to be built to meet the physical fitness requirements of base personnel. This facility will be built on property, lot 485, to be acquired from the Cairns Port Authority.

The civil works will include changes to the existing base entry, provision of a new queuing lane in Draper Street to accommodate vehicles entering HMAS *Cairns* and a new 255-space car park, which will be built on lot 485. Landscaping will be incorporated in the project to provide open space to balance against the increase in site density and site usage, and the proposal for landscaping on lot 485 will establish formal planting which visually links to HMAS *Cairns* base and provides car park shading. A site-wide upgrade of existing base services infrastructure is also proposed. This upgrading will include changes to the electrical reticulation, water reticulation, stormwater drainage, sewerage, voice and data communications and the base security system.

Defence proposes to acquire an interest in several properties adjacent to HMAS *Cairns* that will extend the berthing arrangements and enable the planned construction of new facilities to proceed. Preliminary negotiations with the respective property owners have been productive. No objections have been raised to the proposed acquisitions and Defence expects to acquire the properties through normal commercial transactions.

The total estimated outturn cost of the proposal, including property acquisitions, is \$76.3 million. Defence has considered the cost effectiveness of building new shore facilities compared to the reuse of existing. For this project there is a 50 per cent premium in the rates for building new when compared to the costs of refurbishing and adaptively reusing existing buildings. Subject to parliamentary approval, construction is programmed to commence in late 2006. Project completion is planned to occur by mid 2009. Over the construction period of three years

an average of 180 skilled personnel will be directly employed on construction activity. In addition, it is anticipated that construction will generate further job opportunities off-site for the supply, manufacture and distribution of components and materials for local and national contractors and suppliers.

**ACTING CHAIR**—This may seem an obvious question: as I understand it there will be fewer vessels—it will go from 15 to 14—albeit many of the vessels will be larger than the ones currently docked. Given that there is a reduction in the number of vessels, is there an actual need for this construction? Other than the need to dock these new vessels—clearly there has been no net reduction—why is it so important for us to spend over \$70 million of public money on the site?

**Col. Grice**—I will make some remarks and then Commander Andrew Dakin, the commanding officer of the base, will supplement these. There is a small reduction in the overall number but the Armidale class patrol boats are very much larger than the existing Fremantle class patrol boats. So although there is a reduction in one vessel, more berthing space is required to accommodate the larger vessels.

Turning to the second part of your question, the facilities at HMAS *Cairns* have developed on an incremental basis over the last 15 to 20 years and have become somewhat dysfunctional, with functions dislocated throughout the base. The redevelopment is required to increase the efficiency of the base and to make sure that functions are contained in appropriate accommodation.

**Cmdr Dakin**—As we saw this morning when we looked around over the years since 1982 the base, which was originally designed to home port four small attack craft, patrol boats and one survey ship, HMAS *Flinders*, has grown to have to accommodate at its peak 15 ships—now 14, as HMAS *Whyalla* was decommissioned last year—and as the colonel said, the Armidale is a significantly bigger ship. We in effect lose two berthing places by replacing Fremantles with Armidales. Whilst there is a net increase in personnel because of the crewing methodology being used for Armidale class patrol boats, the fact is that—again, as the colonel said—over the years the base has become dysfunctional and we need to have a more efficient means of providing the support that the ships need.

**ACTING CHAIR**—You did show us this morning. We did have a pretty comprehensive inspection of the area, and I would like to thank you for being able to provide us with sufficient information between showers in Cairns beautiful weather—and I can say that, coming from Melbourne. How will naval activities be able to cope with the work? Clearly, you will have to continue to operate whilst the work is undertaken, and work is to be undertaken up until 2009— isn't that right? I am putting this to any of the witnesses who feel in a position to answer: how will you be able to conduct naval activities while concurrently ensuring that the works are undertaken?

**Cmdr Dakin**—I understand that there is obviously going to need to be fairly good consultation with the contractors on board. I have in my staff my port services manager, who controls the movement of ships in and out of the base and alongside and we will work very closely with the contractors so that they are aware of our ships' movements and any other activities that are going on on base. I think that we will need to restrict the number of visitors

that we generally look after on the base over any couple of weeks and days. We have a lot of schoolchildren visiting the base. We have a lot of requests from a number of organisations to come look at the base. All those sorts of events will need to be looked at more closely and we will manage them accordingly. As far as moving organisations in and out of the buildings is concerned, I will pass that one on, but I understand there is a fairly significant decanting program, if you like, being designed to make sure that we reduce the problems over that period.

**Col. Grice**—To supplement Commander Dakin's remarks, in the planning of the project the strategy for delivering that we are using is the managing contractor method. This strategy has inherent flexibility for the delivery of the actual works packages and we will be able to achieve close coordination with port services and the commander of the base for the delivery to make sure that we do not impact on the base.

**ACTING CHAIR**—The other question that sprung to mind was whether this was the right place to locate. Clearly, there is a history of the Navy being docked here but, given that it is a considerable sum of money and that there are some difficulties in terms of the size of the location and also of course the possibility of further growth needs into the future, did Defence look at this site and say that they would refurbish or did they try to look at something within close proximity that would be more of a greenfields site project?

**Col. Grice**—The greenfields site option would have been cost prohibitive given that we have a functioning asset here in Cairns. Defence has a long history of being based here in Cairns and it is suitable for our operational purposes to date. It is more cost-effective for us to supplement the facilities in HMAS *Cairns* and maintain a location which suits our operational activities than to relocate elsewhere.

**Senator TROETH**—How long does Defence estimate that HMAS *Cairns* will continue to operate in its present location?

**Col. Grice**—The design life of the facilities is 30 years. Defence has an intention to maintain a presence in HMAS *Cairns* in the long term.

**Senator TROETH**—Moving along to property acquisition, I think that you have said in your submission that you propose to acquire an interest in several properties adjacent. One is on lot 485, which belongs to the Cairns Port Authority, and paragraph 17 mentions that the training ship *Endeavour* facilities will be incorporated into HMAS *Cairns*. Could you give us further specifics as to what properties you are seeking to acquire, and from whom?

**Col. Grice**—Certainly, Senator. There is lot 485, which is currently owned by the Cairns Port Authority. We are looking to acquire this for a long-term lease so that we can develop car parking and a fitness centre on it. The second portion of land that we are looking to acquire is a part of the Draper Street road reserve, which we will be looking to acquire from the Queensland Department of Natural Resources, Mines and Water. The acquisition of this block of land would enable us to construct an access road within the confines of HMAS *Cairns* to the commercial wharf.

The second portion of land, which is the property of the Queensland Department of Natural Resources, Mines and Water, is the Cook Street road reserve which is adjacent to the training

ship *Endeavour*, and we would be looking to acquire it from the Queensland state government as well to be able to provide us access to the commercial wharf. We would be looking to acquire the training ship *Endeavour* so that we have access to the commercial sugar wharf as well. We have been in discussions with the owners of all four properties. We believe we either have agreements in principle or are very close to having agreements in principle for the acquisition of each of these properties. We are confident that by the time works proceed to the point where it becomes a critical activity for us to acquire the lands we will have reached satisfactory agreements with all the current interested parties.

**Senator TROETH**—So you could not see any possibility that any of those agreements will fall through?

**Col. Grice**—No, we have been negotiating in good faith with all of the owners and we believe that we will be able to resolve any outstanding issues in final negotiations.

**Senator TROETH**—I think that you have also provided us in paragraph 42 of your statement of evidence with a list of 16 bodies that have been, or will be, consulted during the development of the project. Of those 16 names, could you tell us which have already being consulted by you?

**Mr Bennett**—I will run through the list, and I will get Mr Neal Morrow to advise the committee on those that are being consulted on that I do not know of. I have personally consulted with the federal member for Leichhardt. I have personally been involved in consulting with the Cairns Navy League, the Cairns Port Authority, Sugar Terminals Ltd, Queensland Sugar Ltd, the Cairns City Council and the Queensland Department of Natural Resources, Mines and Water. That is where my personal consultation has come to an end, but I should add that in the list that I have just read out we have also consulted with the TS *Endeavour* Unit Support Committee, which I have just realised is not on that list.

**ACTING CHAIR**—Who was that?

**Mr Bennett**—The TS *Endeavour* Unit Support Committee is an incorporated association, which put in a submission to the committee. Beyond item (h), I will ask Mr Morrow to confirm which ones are being consulted.

**Mr Morrow**—We have consulted with Ergon Energy, Telstra, the Queensland Environmental Protection Agency, the Queensland Department of Primary Industries and Fisheries, the Queensland Fire and Rescue Service, the harbour master division of Queensland Transport, the Commonwealth Department of Environment and Heritage. To date, we have not consulted with the Department of Transport and Regional Services.

**Senator Troeth**—I will not ask you to go through the list individually, but I guess some of those would have been personal meetings and some of them written advice. Is that correct?

**Mr Bennett**—Yes, that is correct. I should just add that I consulted directly with the Commonwealth Department of Transport and Regional Services when I was preparing a submission to government for approval of the project.

**ACTING CHAIR**—What about the Great Barrier Reef Marine Park Authority, which is over the page?

**Mr Morrow**—Not directly yet, no.

**Senator Troeth**—In general terms, have any major issues regarding adverse implications been raised in those consultations?

**Col. Grice**—No. Everyone has been supportive of the project. Of course, there are minor issues that need to be resolved and, as we go through the design process and look at the effect on headworks, we will resolve that with the Cairns City Council. It has generally been very supportive.

**Senator Troeth**—So you are confident that those issues with the council can be resolved?

**Col. Grice**—Sure. These are normal issues which we will resolve in good faith.

**ACTING CHAIR**—It is obviously important that you have consulted with all of those listed in the submission; but, clearly, some of them are more complex than others, given that either they are in a lease arrangement or they own property that you want to acquire. Can I just ask about the nature of the negotiations or consultations with the Cairns City Council. Wouldn't there be some need to reach a resolution there?

**Col. Grice**—I will let Mr Bennett talk about the discussions with the Cairns City Council.

**Mr Bennett**—I am referring to their submission, No. 4, that they made to the committee. In our return submission, we acknowledge their advice that the proposal requires adequate water supply and sewerage infrastructure; the payment of headwork contributions for increased loading on water supply and sewerage infrastructure; the need to place water supply, drainage and sewerage infrastructure in easements; the need to keep Draper Street functional as a collector road, and the need to demonstrate that the car parking spaces proposed for lot 485 are sufficient in number.

We acknowledge their submission. In response we put that, because the HMAS *Cairns* base population will not increase—there is no net increase in personnel—the demand on water supply and the sewerage system load, we believe will be sufficient to serve an upper limit of 1,000 personnel. Defence's design consultants have reported that the existing capacities of the water and sewer systems that service the base are adequate. Our proposal—as shown in the model and the drawings—has allowed for the sewer rising main in Draper Street to be relocated within the narrower road reserve as part of the Draper Street road resumption.

The proposal has also allowed for relocation of existing gravity sewer and rising mains in the Cook Street road reserve into a five-metre wide zone abutting the Queensland Sugar boundary. That is against that fence we saw this morning. The five-metre zone is congruent with our intentions. We want to have that as a passive defence setback off that boundary for operational security. It could become an easement for council if required. In fact, it is going to have to be required, because there are services under that part of the land.

The new Draper Street road reserve will comply with council's major collector road design requirements but we are actually not rebuilding Draper Street as a chunk of road. We are only taking the informal parking off either side and making sure that the verges are designed correctly. The number of car parking spaces proposed in lot 485 is sufficient to cater for the anticipated demand of the redevelopment.

**ACTING CHAIR**—Is that therefore more or the same than what is currently being used? From my observation, there seemed to be cars where there were not car parking spaces. It seemed to me that there were more cars than actual sites.

**Col. Grice**—Yes. Defence is quite concerned about the safety of its personnel. We would like to get those cars off the unformed verges of Draper Street and into a properly designed and constructed car park on lot 485. We see this as one of the priority elements of the redevelopment. We are proposing to put in 255 car parks there, which will cater for everything that is currently on the unformed sides of Draper Street and a proportion of those that are currently parked on HMAS *Cairns*.

**Senator TROETH**—Will that be multistorey or two-level?

**Col. Grice**—No, it will be at ground level.

**Mr FORREST**—Is there a car parking policy? There seemed to be a hell of a lot of cars there this morning. Is there some sort of policy about who can park on the base? What I am getting at is whether there are any disincentives.

**Cmdr Dakin**—Car parking is a subject close to my heart. We do control car parking on the base. You have to have a specific base car pass to get onto the base. We run an annual audit, if you like, of how many car passes have been handed out. We also need to ensure that we have—I would not say sufficient; we will never have sufficient—some parking for contractors. To the best of our ability we control car parking onboard.

**Mr FORREST**—What about security?

**Cmdr Dakin**—In what sense?

**Mr FORREST**—Are vehicles inspected when they enter the base?

**Cmdr Dakin**—We have main gate security 24 hours a day. Anybody that comes in has to show their car pass and/or their security pass. If they do not have one—if they are contractors—then we will take their names, find out where they are going and make sure that they can get onboard. I suppose the important aspect there is that, because of the way things are managed at the moment, that then means you invariably end up with a backlog of traffic trying to get into the base. One of the things that redevelopment will do, of course, is allow us to manage the movement of vehicles in and out of the base more appropriately.

**Col. Grice**—I would just add that, if the safe base level is raised beyond its current level, there is a requirement under the safe base procedures for all vehicles entering the base to be

searched. The redevelopment provides a lay-by area outside of the base where that activity could occur if we ever have to go to that level.

**Mr FORREST**—Just for the record, although we have talked about this earlier in the private briefing, we need to discuss this managing contractor proposal, without talking about the money, in order to be convinced about approving a process that is relatively new. I would ask Colonel Grice to explain to the committee why this particular managing contractor approach is required for this project. What is so good about it that you have to depart from well-established practices?

**Col. Grice**—Defence has engaged a managing contractor to assist with the development phase of the project. Subject to project approval and satisfactory performance in the development phase, this commission may be extended to deliver the project. This approach provides a strong on-site management presence to coordinate all elements of the project. It ensures that risks associated with construction can be addressed as they arise. It has proved on other projects to be the most appropriate contracting strategy for a complicated redevelopment site on an operational base, especially in this case where maritime activities and construction activities must be properly synchronised with the ongoing operational activities on the base.

**ACTING CHAIR**—Why does it make that different from any other process? I understand the answer, but perhaps someone could assist in telling me just how that differs from another way to deliver the service.

**Col. Grice**—Suppose we proceed with a series of head contracts where we produce 100 per cent of the design, receive competitive tenders and award a contract for a contractor to deliver a portion of the works in a defined period of time. If, during the execution of the head contract, there were changes and delays to the contractor which were due to operations on the base then Defence would be liable for additional costs borne by the contractor because of those disruptions to his free access to the site. The managing contractor approach gives us the flexibility to employ tradespeople to complete the work, without having those delay costs. Mr Bennett, is there anything else you would like to add?

**Mr Bennett**—Yes. I would like to add that the delivery mechanism—the managing contractor contract, as we call it—specifically addresses working in occupied premises, as I said before, so that, at short notice, if the commander of the base or the force element group needs to do something with the ships, they can stop work and we can work around it without incurring additional delay costs to the Commonwealth. The costs of the managing contractor are fixed as lump sums, so their management time, their supervision time, is fixed as a cost over the three-year duration and the delivery of the project.

**Mr FORREST**—Have Defence used this approach before? If you have, could you give examples?

**Mr Bennett**—Yes, we have. We have used it at Lavarack Barracks, in redevelopment stages 2 and 3. We have used it in the redevelopment of RAAF Townsville.

**Mr McGrath**—I understand that it was used in RAAF Base Amberley redevelopment stage 2, which was subject to the committee's consideration last year. The RAAF college project in Sale and Wagga was also an example of a form of managing contractor. The MC strategy, as we call

it, has been in play as a form of contracting for more than six or seven years. In fact, we can trace it back as a form of delivery to the Army Presence in the North project many years ago. So it is not something new. Certainly, the form of contracting we are using now, as opposed to close to 20 years ago, has evolved in the detail of how it is done. But the general strategy is the same as it was 20 years ago. So it is not a new form of contract but it is an evolved form from those years.

**Mr FORREST**—I have a second issue. The question has already been asked about mixing operations with a commercial wharf, with the proposal to use QSL's wharf there. As comfortably as you can, could you explain how the arrangement will work when, clearly, in certain circumstances Defence will have to have priority. If there is a sugar ship there, involving heaps of finances, yet Defence must have priority, how do you incorporate that into an agreement? It must involve money. I am asking about the repercussions of that in the future.

**Col. Grice**—I will pass to Commander Dakin in due course. The licence agreement that we will put in place will give us priority use of the wharf. The key element here is consultation and coordination between Queensland Sugar Ltd and HMAS *Cairns*. This will be accomplished by the port services manager of HMAS *Cairns*. There will be close consultation with Queensland Sugar Ltd. That wharf, as we understand it, is used infrequently. We believe, and HMAS *Cairns* believes, that we can adequately co-use the facility. Commander Dakin, is there anything else you would like to add?

**Mr FORREST**—Without any commercial downsides for the owner? That is the question.

**Col. Grice**—No, I do not think there will be any commercial downsides for the owner. In fact, that wharf is underutilised at the moment so, if anything, there will be a commercial upside—that is, that Defence, I am sure, will be expected to contribute its portion to the annual dredging costs, and we will be required to maintain any improvements we make to the wharf. However, Queensland Sugar will be required to maintain their wharf, which is their property. Would you like to talk about the physical operation?

**Mr FORREST**—Is the Commonwealth protected against any significant claim—for example, if there is a sugar ship there and in an emergency situation you have to request for it to be removed to make allowance for Defence. That is the situation I am thinking of.

**Col. Grice**—I will let Commander Dakin go into that. We were talking about damage previously, and I just want to reassure you that damage to the wharf or the improvements we make to the wharf will be the responsibility of the party that caused the damage. This will be covered in the licence agreement so that, if someone damages the improvements that the Commonwealth makes to the wharf, then they will be liable for it—and conversely.

**Mr FORREST**—That was my next question—I am about to ask it now. I was just thinking about in an emergency, a defence situation.

**Cmdr Dakin**—The plan is that we would put the hydrographic ships on the sugar terminal—that was the largest ship that you saw this morning during the tour. We operate two of those class of ships out of Cairns, and our berthing plan would be that they would be the only ones that would utilise that wharf. The operating cycles of the ships, of course, mean that it is most



unusual that you would ever see all 14 ships back at the base at any one time. So, whilst that would be our preference, I think that we would always have the ability to move a ship—cold move or whichever method is required—off that berth in order to make way for a sugar ship.

**Col. Grice**—What we are proposing under the licence agreement that there would be periods for which QSL would have exclusive use, and that would be coordinated well in advance. Outside of that period, Defence would have the priority. So if there is an urgent requirement which comes up from QSL it would have to be resolved in good faith and with the base.

**Mr FORREST**—Can I talk about the environmental considerations and the environmental effects statement that we are advised has been undertaken. I would like to know who undertook the environmental impact assessment and what the issues are. I am a bit concerned when I hear the word ‘dredging’ mentioned. Firstly, who did that survey?

**Mr Bennett**—A copy of the environmental impact assessment is available for review by committee. I have it here.

**Mr FORREST**—Do you want to submit that?

**ACTING CHAIR**—Yes, that will be fine. There being no objection, the exhibit is accepted as evidence, as moved by Senator Parry and seconded by Mr John Forrest.

**Mr Bennett**—The submission was prepared by Gutteridge Haskins and Davey, who are environmental consultants to the Department of Defence under our environment panel arrangements.

**Mr FORREST**—Could you tell us what it recommends?

**Mr Bennett**—In summary, GHD’s environmental impact assessment has been undertaken. Internally, the Department of Defence has a directorate of environment, heritage and risk. That part of our division considers that the project will not have a significant impact on the environment and therefore does not require referral under the Environment Protection and Biodiversity Conservation Act 1999, commonly called the EPBC Act.

The internal processes of an environmental clearance certificate will be required for the environmental clearance of the project, provided the action is undertaken in accordance with the following points. The project should be undertaken within the project scope of that already assessed in the EIA, the environmental impact assessment. If the project changes in scope or is unable to implement any of the mitigation measures to minimise impacts on the environment, advice will need to be sought from the director of environmental stewardship and/or the senior environmental adviser up here in North Queensland on the potential for impacts and the necessary clearances.

It is noted that young mangroves and seedlings will be required to be removed from the foreshore area during development of the site, and foreshore vegetation established on the seaward retaining wall will similarly be disturbed. In Queensland, mangroves are protected under the Queensland Fisheries Act 1994. Therefore, a permit will be required to be obtained by a contractor prior to the removal of these mangroves.

**Mr FORREST**—Who is that through? Is it DPI&F?

**Mr Bennett**—Yes, DPI&F.

**Mr FORREST**—Has that been applied for yet?

**Mr Bennett**—No, not yet. Thiess will apply for that once the project is approved to go ahead. That is the same group that makes the reference in its submission to the committee, submission No. 2, to the same issue. The Defence advisory report on the review of the HMAS *Cairns* redevelopment heritage impact assessment has identified two locations that are listed on the Register of the National Estate. When you read the heritage assessment, you see that we will not be impacting on those.

Contingencies must be developed to manage any issues associated with excavation, and all mitigation measures identified here and in the EIA as well as any additional mitigation measures identified during consultation with local environmental staff should be incorporated in the construction and environmental management plan, which will be produced by Thiess.

**Mr FORREST**—We came across this approach up at Darwin. Is that plan yet to be produced?

**Mr Bennett**—That is correct.

**Col. Grice**—But there is a base environmental management plan, which I believe we have a copy of here, for HMAS *Cairns*, if you would like to have a look at that.

**Mr FORREST**—I am more interested in how it might be changed to incorporate the new work. For example, the committee will insist on being advised that that is done. There is no doubt about it.

**Col. Grice**—The base environmental plan is currently in review this year and will be reviewed again subject to the completion of the project so that all new works on the property are incorporated into the base environmental management plan.

**Mr FORREST**—Satisfy me a bit on this dredging. I imagine it has been a fairly significant issue in the assessment. I gather that it is a fairly regular process out there.

**Col. Grice**—Yes. No dredging will be undertaken as part of this redevelopment project. However, as with the rest of the Cairns port, there is a requirement on a biennial basis to do dredging either within the HMAS *Cairns* basin or on the outside of the wharf. Whenever this is conducted, an operational works permit for titled works will be applied for from the Department of Primary Industries and Fisheries for construction of the wharf and access jetty. Dredging of the inner basin is programmed for September 2006 and the outside of the Navy wharf was dredged in 2005 by the Cairns Port Authority under licence from Defence. Dredging is done in alternate years and is conducted under a blanket order, which currently applies until 2008 via a subcontract arrangement with the Cairns Port Authority.

The documentation that is requested of the contractor on each occasion prior to dredging being conducted includes an environmental management plan for dredging of the HMAS *Cairns* basin.

There is a sediment analysis plan which is produced by Sinclair Knight Merz, who are consultants for Defence. The contractor has to produce an environmental permit to dredge, which is issued by the Queensland government Environmental Protection Agency, and a marine parks permit, which is issued jointly by the Great Barrier Reef Marine Park Authority and the Queensland Parks and Wildlife Service. The contractor also has to produce a copy of safe work practices for clamshell dredging. During the dredging our consultants GHD undertake water quality monitoring. This is a routine activity which has been going on since the establishment of HMAS *Cairns*, and the dredging we do with HMAS *Cairns* is no different to the dredging which is done by the Cairns Port Authority for Trinity Wharf or for elsewhere within the port.

**Mr FORREST**—So Defence has certain dredging demands other than those the port has? I imagine that a big sugar ship needs more clearance than Navy vessels. When will the situation arise that Defence has to request dredging and how likely is it as compared to what the commercial operator would want?

**Cmdr Dakin**—We dredge regularly and have done for years, alternately inner and outer, as part of a contract which is managed, I think, through the garrison support contract. So, as was explained, that is just an ongoing annual thing throughout the whole of the inlet. I do not think that there are any requests made outside what is a normal programmed event.

**Col. Grice**—We dredge inside the HMAS *Cairns* base and adjacent to the Navy wharf on the Trinity Inlet side of the Navy wharf. We do not dredge the shipping channel.

**Senator PARRY**—Mr Forrest has covered a number of my questions but I have some in the interests of finding out about the environmental issues and demolition of some of the buildings on site. You identified this morning, I think, most of the buildings that need to be demolished or removed. As for the temporary accommodation, are they just going to be removed and sold off or what is happening to those temporary units, the relocatables?

**Mr Bennett**—They are a Commonwealth asset at the moment.

**Col. Grice**—I think that the answer is that they are a Commonwealth asset that will be removed and we will discuss with CSI North Queensland to see if there are alternative uses for them before they are disposed of. If there is an alternative use on some other property required for defence, then they will be relocated and reused. That has not been identified as yet.

**Senator PARRY**—What is CSI?

**Col. Grice**—Corporate Services and Infrastructure Group North Queensland.

**Senator PARRY**—What about demolition?

**Mr Bennett**—Just to complete the senator's question, I would like to refer to Mr Taylor to advise which other demolition works have been undertaken.

**Mr Taylor**—We would certainly discuss it with CSI to see what they use them for. Most of the buildings are demountable, so they could be put on the back of a truck. The only other area is

the gym area and that is just an A-frame shed that could be relocated to somewhere else if required.

**Col. Grice**—That is the extent of both buildings we showed you this morning.

**Senator PARRY**—So demolition is restricted to—

**Col. Grice**—It is restricted to the prefabs located behind the command building that you saw and, as well, the current gymnasium building—

**Senator PARRY**—But that is not demolition. That is removal, isn't it?

**Col. Grice**—Yes.

**Senator PARRY**—Are there any demolition works on site at all?

**Col. Grice**—Outside of that, no.

**Mr Bennett**—Yes, there is. We are doing the internal refurbishment of the command building, which means pulling down internal partitions, and by definition in the industry rearranging internal partitions is demolition work. But it is internal demolition; it is not—

**Senator PARRY**—What about asbestos? Has any survey for asbestos been undertaken?

**Col. Grice**—There is currently asbestos material in facilities on the HMAS *Cairns* site but it is mostly sheeting and all occurrences have been identified in the regional asbestos register as being sealable, sealed and stable. Asbestos material will be removed from the site either as part of the HMAS *Cairns* redevelopment or as scheduled in the regional asbestos remediation program, which is run by corporate services.

**Senator PARRY**—So it has been identified and it will be removed under the right regulations. What about the wharf area where the additional widening of that first pier goes out, and the second one, but in particular the widening? Does that require demolition works up towards the edge to attach the new concrete work? I presume it will be concrete.

**Col. Grice**—Where it joins?

**Senator PARRY**—Yes. Are we going to have debris falling into the ocean and things like this? That is what I am getting at.

**Mr Taylor**—They will take the fenders off—the ones you saw on the side. They will just be removed and the new deck will be on its own pile structure, so there will not be any demolition of anything there that could fall and cause debris to go into the ocean.

**Senator PARRY**—And the environmental impact statement is taking into account the pile driving and things like that?

**Mr Taylor**—Yes.

**ACTING CHAIR**—I think that has exhausted all our questions for the time being unless Mr Forrest has any questions to finish.

**Mr FORREST**—Yes, I just stopped my list to give someone else a go.

**ACTING CHAIR**—We are about half an hour behind time.

**Mr FORREST**—We have not addressed the concerns that we have received in evidence from the Cairns Navy League. I am just wondering whether you want to handle that, Mr Chairman, by hearing from them first and then coming back to Defence.

**ACTING CHAIR**—That is true. I was about to say that certainly the department will be back. If we need to examine evidence again, we will. But can I say for the moment thank you very much for presenting information to us today.

[12.05 pm]

**FARMER, Mr David Brian, Chief Executive Officer, Cairns City Council**

*Witness was then sworn or affirmed—*

**ACTING CHAIR**—Welcome. The committee has received a submission from the Cairns City Council. Do you wish to propose any amendments to the submission made to the committee?

**Mr Farmer**—No.

**ACTING CHAIR**—I now invite you to make a brief opening statement, after which we will proceed to questions.

**Mr Farmer**—Council lodged a written submission with the committee. That written submission was primarily on town planning matters. The responses from the Department of Defence to the committee and to council indicate that they are dealing appropriately with the issues that we raised in our submission. Therefore, I do not intend to raise the matters any further.

I do want to reinforce council's support for a continued strong naval presence in Cairns. HMAS *Cairns* is one of the largest employers in Cairns and provides an important stabilising economic event in a community where the majority of the economic base is tourism. Tourism is a wholly volatile industry, so the presence of a large Navy contingent assists in moderating the peaks and troughs of the tourism market. The Navy presence is well regarded in Cairns with no apparent adverse social outcomes being noted.

The naval operations fit well into the operations of the Cairns port and there are no issues in that regard from our perspective. On 20 April council consented to a partial road closure to facilitate the redevelopment, although the ultimate decision lies with the Queensland Department of Natural Resources, Mines and Water. In summary, we support the works as a critical plank in ensuring an ongoing naval presence. We are working with the Department of Defence to provide a good outcome for both the Navy and the City of Cairns.

**ACTING CHAIR**—Thank you. It seems that you are satisfied with the level of consultation that has been undertaken with Defence.

**Mr Farmer**—Yes, certainly.

**ACTING CHAIR**—What still has to be resolved? You may have been here when the Department of Defence was indicating that there were still some areas to reconcile between the council and the department.

**Mr Farmer**—It is down to final design and details on all of those issues that we raised. Essentially at this point in time we are satisfied that they have committed to address those issues

and are acting essentially as a responsible developer. We have no concerns in that regard as long as they stick to the undertakings that they have made to us and to your committee.

**ACTING CHAIR**—In the council's submission it is indicated that Defence stated—and we heard this again this morning—that there would be no additional load placed upon services infrastructure. In light of that, is the council satisfied by the Defence statement that the load on water and sewerage systems will not increase as a result of the proposed development?

**Mr Farmer**—Ultimately on the basis of those contentions, yes.

**Mr FORREST**—Does that mean there will be no headwork charges as a result?

**Mr Farmer**—The logic is that, if there is no increased demand as a result of the development, there would be no headwork charges.

**ACTING CHAIR**—If there was an increase, would there have to be a reconsideration by council?

**Mr Farmer**—Clearly. That would be the case with any development.

**ACTING CHAIR**—What magnitude of contribution would the council be seeking from Defence and for what specific purpose? Other than what undertakings have already been given by the department, are there things that the council could envisage being a cost upon the municipality?

**Mr Farmer**—No, I think we attempted to identify what would be issues for our municipality. An important issue to note is that it is on Cairns Port Authority land—it is not within our planning scheme—and they are the assessment manager in this instance. We normally work very closely with the port authority in any development on their land, anyhow. So we really have no essential control over any development and we hope that anybody who does development on port authority land is a responsible developer—and, typically, that is how it occurs.

**Mr FORREST**—Does council have any concerns about any changed traffic circumstances in respect of the work to be done on Draper Street? I am thinking about the junction where it meets the main road.

**Mr Farmer**—The primary work on Draper Street is south, I guess, or closer to the HMAS *Cairns* base than the primary traffic path, which goes down Draper Street and then heads west along the National Highway. So from our perspective Draper Street is a collector road only. It is important, but it is at a reasonably low level in our traffic hierarchy.

**Mr FORREST**—Who will undertake that work? Will council undertake that work, or do you expect the feds to do that construction?

**Mr Farmer**—My understanding is that the Department of Defence have undertaken to do works on our asset to our standards.

**Mr FORREST**—It seems pretty straightforward.

**ACTING CHAIR**—There being no other questions from members of the committee, Mr Farmer, thank you very much for your submission and for your contribution this afternoon.

**Mr Farmer**—Thank you.



[12.11 pm]

**CHRISTENSEN, Mr Philip, Committee Member, Cairns Navy League Inc.**

**CUNNEEN, Mr Alfred James, Secretary/Treasurer, Cairns Navy League Inc.**

**MOLONEY, Mr Brian Maurice, Committee Member, Cairns Navy League Inc.**

**STORRS, Commander Michael John, President, Cairns Navy League Inc.**

*Witnesses were then sworn or affirmed—*

**ACTING CHAIR**—Is there anything you would like to add about the capacity in which you appear?

**Mr Christensen**—I am also the honorary solicitor for the Cairns Navy League.

**ACTING CHAIR**—Thank you. The committee has received a submission from the Navy league. Do you wish to propose any amendments to the submission made to the committee?

**Cmdr Storrs**—There was a small typo. I would like to follow up on that submission; we have had a subsequent meeting with Defence on putting that in.

**ACTING CHAIR**—If you want to propose a particular amendment we can do that now.

**Cmdr Storrs**—It was just a small typo. At the beginning of paragraph 3, where it reads ‘Discussions with the Defence’, it should read ‘Discussions with Defence’. That is our only change to the submission. I would like to explain to the committee what Navy league is.

**ACTING CHAIR**—Absolutely. I now invite you to make an opening statement, after which we will proceed to questions.

**Cmdr Storrs**—I often feel that the word ‘Navy’ in ‘Navy league’ is a slight misnomer. It should be called the ‘maritime league of Australia’, because we are not Navy—we are an independent organisation that goes back to Federation. It was established in Australia in 1900, initially in the form of small branches of the United Kingdom Navy League, which was established in 1897. Since 1950, it has been an autonomous national body, headed by a federal council. It has representatives in six states, so in Queensland we have subbranches in Bundaberg, Townsville and Cairns and also the state branch in Brisbane.

It is one of a number of independent Navy leagues formed in countries of the free world to influence public thinking on maritime matters and to create interest in the sea. I refer to our statement of policy, which has some 24 points. Although a lot of those refer to Defence and to the Navy, there is one that supports the ANZUS treaty, one that urges a close relationship with the nearer ASEAN countries, one that endorses the control of coastal surveillance and one that advocates measures to foster a build-up of Australian owned shipping to ensure the carriage of

essential cargoes in war. The final point supports the maintenance of a strong Australian naval cadets organisation.

In Cairns, our *raison d'être* is to look after the cadets. It is our hope that in the longer term the interests of the cadets will be well served. We are rather unique in the overall gamut of Defence cadets in that none of the other units—the Air Force or the Army—has a body such as Navy league, which looks after their infrastructure. I stress that we look after their infrastructure and their properties. We have nothing to do with the cadets themselves.

The involvement of Navy league goes back to post World War II, when the cadets were initially the Navy League Cadets. They then became the Australian Sea Cadet Corps. In the seventies, Defence became involved; they became the Naval Reserve Cadets and are now the Australian Navy Cadets. Navy league has a long history of supporting cadets, as we have here in Cairns. We have been involved with them for nearly 50 years. Navy league was established in Cairns before the cadets were established. This uniqueness has had its benefits insofar as, when the government of the day decided in the early seventies to disband cadets, Navy Cadets survived, mainly due to the fact that most of the units throughout Australia had the sponsorship of Navy league—which, I stress, is a community based organisation.

The cadet unit here has been functioning continually for 49 years. While our focus is on the cadets, we have also involved ourselves in assisting maritime training organisations in Cairns. We have had relationships with the Outward Bound movement, with Operation Rally, particularly when they did excavations on the *Pandora* wreck in the early eighties, with local schools, scouts, guides and with elements of the Defence Force which from time to time have asked to use our facilities. For 16 years, we also ran a training ship, the TS *Triton*, which we no longer have.

In Cairns, at the behest of the federal body of Navy league when, about three years ago, they intimated that they would rather we took total control of cadets, we firstly incorporated ourselves as Cairns Navy League and we then assigned the lease we held, which was in the name of the federal body, to Cairns Navy League Incorporated. I stress that the ownership of everything in this unit does not involve the federal body of Navy league. While we are still members of the federal body of Navy league, we are talking here about Cairns Navy League Incorporated. As I said in our submission, we have a 25-year peppercorn rental lease with the Cairns Port Authority, to whom we are most appreciative. That lease goes until 2018.

We have had a number of meetings with Defence on a sporadic basis from December 2004. We had some meetings with the contractors in February. On 7 March we met with the project manager. A number of matters were discussed at that meeting, subsequent to which we learned that a submission had been put in by Defence. We then put in our submission, which responded to some of the points in the Defence submission where, in particular, we had agreed to nothing. We put our point that we had not agreed to anything as far as the incorporation of the cadet unit within HMAS *Cairns*.

I stress throughout this submission that all we are concerned about is the welfare of this unit and the continuance of this unit in its present location and that it remain a community based organisation. I cannot stress enough that it is a community based organisation. Just to give you some idea, I will introduce you to some of the members of the league. On my far left is our

secretary, Mr Al Cunneen, who has had some 25 years involvement with the unit and for half of that time has been the commanding officer—so he has a tremendous interest in it. Also, he is a former head of the apprenticeship board in the Far North, and he was in the Naval Reserve. To my left is Mr Brian Moloney, who is a former chief engineer in the merchant marines. He went into marine surveying and is now retired. On my right is Mr Phil Christensen, who is a parent of a former cadet. A couple of his boys were in the cadets and one of them has joined the Navy. He assists us with the preparation of submissions and is a very valued member of the Navy league in Cairns. Although we are a small group of people, we are a very vibrant group and, as I said, our focus is on the cadets.

After we put in our submission to the parliamentary Public Works committee, we had a subsequent meeting with Defence on 5 May. At that meeting three options were discussed, because it was obvious that we could not come to this meeting with some of these matters unresolved. We were presented with three options and we went away from the meeting basically with option 2, which was that Cairns Navy League would sublease to Defence. Subsequently, Phil Christensen came up with what we believe is a much better proposal and we emailed this to Defence. Basically, it is that Defence acquires the freehold from the Cairns Port Authority. The Cairns Navy League retains the leasehold at a price to be agreed. Defence acquires the fixed improvements from us on an agreed valuation basis. Defence will provide a contribution of some \$200,000 for the refurbishment of Training Ship *Endeavour*, and Cairns Navy League will invest the majority of the purchase price paid for the fixed assets into the refurbishment and reinvestment in capital works at TS *Endeavour*. I stress that we are very much reliant on the goodwill of the local community in any project we undertake. All the buildings which make up the present facility, which I gather you have already seen—

**ACTING CHAIR**—We have seen it.

**Cmdr Storrs**—have been provided by the local community. We are in the process of trying to complete a boat ramp—it is 90 per cent complete—and there is a jetty which needs to be completed as well.

**ACTING CHAIR**—We did have a brief look today, so we have some idea of it.

**Cmdr Storrs**—I will continue with the other points that we brought up. After investing the majority of the purchase price, Defence will grant Navy league an option of a further 25-year extension of the current lease, on similar terms to the present one. Defence will take over the cost of asset maintenance and operating outgoings such as rates et cetera. Defence will allow continued access to the Training Ship *Endeavour* by Cairns Navy League and cadets through HMAS *Cairns*. Other items concern the relocating of the parade ground, which we have agreed to. Defence will meet associated costs such as legal fees, stamp duties, permit approvals et cetera.

**ACTING CHAIR**—I do not mean to interrupt but we might just go to some questions, unless there is something further you want to add.

**Cmdr Storrs**—No, that is about all I have to say. The final thing is that we want a long-term guarantee that the unit will remain in its present location.

**ACTING CHAIR**—Thank you very much for your submission and your attendance here today. We do appreciate it. Also, thank you for providing some history of the origins of the Cairns Navy League and how it distinguishes itself from other bodies. We have heard from the department, which clearly wants to resolve any outstanding matters with other organisations, including yours. We are not a committee that want to necessarily involve ourselves in the details of those arrangements, but we are doing so because we want to see a successful project that is determined and processed pursuant to Commonwealth law. Clearly, we would like to see those matters resolved. How confident are you of those matters between you and the Department of Defence being resolved amicably?

**Mr Christensen**—There have been fruitful discussions so far, but they have not yet borne fruit.

**ACTING CHAIR**—Hopefully such pickings will not be far off. We have heard some confident assessments by the Defence department. What we will need to know is that these matters have been resolved. Clearly, without resolution, there are going to be problems with the project itself. I think the department is aware of that, the Port authority is aware of that and, clearly, CNL is also very cognisant of that.

**Cmdr Storrs**—I should stress that we do not want to be a dog in the manger at all. Our interest is that the cadets are not disadvantaged and that it remains a community based organisation. One of our concerns is that, once it goes behind the wire of HMAS *Cairns*, it is then seen as a Defence facility. That does concern us a little because there is already a perception—albeit an incorrect one amongst parents, for example—that the Navy provides everything for cadets. They do not. They provide uniforms and they provide a lot of assistance, which they are very appreciative of, but it is organisations such as ours that provide the basic infrastructure for them.

**ACTING CHAIR**—I think that has been understood. It is very difficult in a public hearing to go through processes and agreements that should be between the parties. However, we have had very good hearings both privately and publicly today with the Defence department, which certainly seems to want to resolve this where there is a mutual benefit. No evidence has been provided to us, either publicly or privately, that would say otherwise, and I just put that to you. That is about as far as we can go. Clearly, we will have to keep apprised of the negotiations so that they do not adversely impact upon the project before us. I hope that gives you some sense of surety that we will examine the undertakings we have been given today and ensure that ultimately they are fulfilled.

The Defence department indicated to us that they feel they have an agreement in principle and it is along the lines that you have raised but, in our view, that has to be left to the parties. We want you to contact the committee via the secretariat if there are problems and if anything is inconsistent with what has been put today by the department. That is probably as far as we can go. You may want to raise other points and the members may want to ask other questions; however, I am very sensitive to the fact that we should stay within our charter. We want you to be happy that you have had your say and that you understand that this commitment to a resolution and an agreement in principle will in fact be pursued and scrutinised by the committee within the boundaries of the Public Works Act.

**Senator TROETH**—That sums it up very well.

**Mr FORREST**—To summarise, we could still keep a watching brief. To me, you have three concerns. Firstly, no doubt you are looking for a commitment to the continuance of the cadets, and you made that pretty clear. Secondly, you have some anxieties about the protection of the community asset. I can imagine lots of fundraising and lamingtons sales have gone into providing resources, so you want it protected. Thirdly, you also raised the issue about access. At the moment, it is basically public access but there is the additional requirement that cadets and parents who arrive have to go through security. Are they the three points about which you are anxious?

**Cmdr Storrs**—The last one about access we are confident is not a problem now. It is no different from people coming in to attend a cocktail party during Navy Week. It is a matter of control and organisation of people coming and going. The access will not be as good as it is now, but I think we can work that out.

**Senator PARRY**—In some respects it may be better for you, for security and so on.

**Cmdr Storrs**—Yes, certainly in terms of security.

**Mr FORREST**—So that is a lesser priority. The other two are—

**Cmdr Storrs**—Those two are our major concerns. We know that governments come and go and commanding officers at the base come and go every two years. It is all very well for someone to say, 'Cadets, you're going to be right,' but we always feel there is something in the background that may happen one day—and that is a very attractive property to use. The cadets would end up being in the back blocks of *Manoora*, away from the water.

**Mr FORREST**—Are there any cadet facilities on a base anywhere—and for the other services as well?

**Cmdr Storrs**—Yes. There is certainly one in Canberra, at *Harman*. There are cadets there. There is one at *Penguin*, in Balmoral. There is one at *Cerberus*, at Westernport. I think there is probably one also at *Sterling* in Western Australia. The difference with all of those is that they are basically cadet units; they do not have a Navy league sponsoring them, as far as I know. They are probably run by the parents' committee.

**Mr FORREST**—There is a very real argument for what a wonderful asset it would be to be part of the base in terms of the experience of the cadets. I have a Navy cadet unit in Mildura. It is an anathema, in a way. They would break arms and legs to see this facility and to watch the ships up close. Wouldn't there be an argument for such an asset?

**Mr Christensen**—We do not have a problem with that, and that should not be a problem in the future. There are some problems more on the Defence side of things than on the cadet side of things these days, with blue cards and all those sorts of things. But we do not see it being a major problem, as long as we have the appropriate guarantees for the continued operation of the unit.

**ACTING CHAIR**—Thanks very much, gentleman. As I said, if there is any particular need we will call Defence back later today. You are more than welcome to stay until then if you are in a position to do so. We thank you for your submission and, indeed, for the comments you have made and the answers you have given to questions put. I have to leave now. Senator Troeth will chair in my absence. I would also like to thank those witnesses who have already appeared before us and to let you know there may be a situation where you are recalled.

[12.33 pm]

**GRACE, Mr Ted, Vice President, Unit Support Committee, Training Ship *Endeavour***

**MacLEOD, Lieutenant ANC Rory Callum, Commanding Officer, Training Ship *Endeavour*, Australian Navy Cadets**

*Witnesses were then sworn or affirmed—*

**ACTING CHAIR (Senator Troeth)**—Welcome. The committee has received the submission from the Training Ship *Endeavour*. Do you wish to propose any amendments to the submission made to the committee?

**Lt MacLeod**—No, we do not propose any amendments except to add our acknowledgement of the work done by the Navy league, by their commanding officer of HMAS *Cairns*.

**ACTING CHAIR**—I now invite you to make a brief opening statement.

**Lt MacLeod**—You have a fair bit of the history from the Cairns Navy League. Historically Navy Cadets have had a close association with the Navy league, which is our infrastructure sponsor in Cairns. We have had discussions with the Navy league. Our support committee is made up of parents and friends of cadets. It is probably important to note that, when we are talking about cadets, we are talking about young men and women between the ages of 12½ and 21 years, in their formative years of life. The experience that cadet training gives them pretty much sets them up for the citizenship of this country. I note that one of the members, Mr Forrest, was examining the experience of what it would be like to be behind the fence at HMAS *Cairns*. I would certainly like to acknowledge that the cadets would value that experience. That statement is definitely valid.

The TS *Endeavour* in particular has been a community unit over many years. The Cairns Navy League represents a large part of that community involvement. Our Unit Support Committee also represents another part of community involvement through its devices and lobbying of various agencies. We have had a great deal of support from the Cairns City Council and companies like NQEA, Norship Marine and Cairns Earthmoving Contractors over the years. Our history is that we are very close to the Cairns community. My expectation is that we will seek to continue the community involvement and sponsorship through the community.

The amount of work that is proposed to be done at TS *Endeavour* in its component of the HMAS *Cairns* redevelopment probably does not represent the entire needs of the unit in terms of upgrading accommodation and facilities maintenance. Although I am extremely satisfied with what has been proposed with the redevelopment of HMAS *Cairns* and its impact on TS *Endeavour*, I would just like to be comfortable that, in terms of capital investment, it is not necessarily going to be the end of bringing TS *Endeavour* up to a standard where we can accommodate cadets safely and also be in accordance with defence's own regulations on the matter.

**ACTING CHAIR**—So how would you envisage that it should go further?

**Lt MacLeod**—I am not sure that there is enough funding in this redevelopment to fully upgrade our accommodation to the level it needs—although, having said that, my priority would be on operational matters, like making sure the boat ramp and the jetty is completed and the deep water access is secured. It is just something that I would like noted for the record: we do have some issues around our accommodation that will probably need to be sorted out either concurrently or through some other source or at a later date.

**ACTING CHAIR**—Before we go any further, Mr Grace, I should note that you are a former member of this committee.

**Mr Grace**—Yes. It is a bit funny being on this side of the table.

**ACTING CHAIR**—It must be. And you are the former member for Fisher, so we do welcome you very warmly on both those accounts. I presume, Lieutenant MacLeod, that you have mentioned these aspects in your discussions with Defence and the proponents.

**Lt MacLeod**—Yes. I have had discussions with our own directorate on the matter and with the commanding officer of HMAS *Cairns*, and I certainly acknowledge that they have been very helpful and supportive on the subject. I have also had meetings and discussions with Mr Neal Morrow, who is our contact with the main contractors, GHD, on the subject. I guess it is a matter of ongoing discussion, but it certainly would need to be resolved.

**ACTING CHAIR**—Thank you. Mr Wakelin has some questions.

**Mr WAKELIN**—I just have two or three basic questions. How many cadets do you currently have?

**Lt Macleod**—Currently we have 43 cadets and eight staff. Generally—and this varies throughout the course of each year—the cadets are fifty-fifty male and female. I believe that at this stage the staff are fifty-fifty male and female as well. Our accommodation issues run into separation of sexes, separation of staff from cadets and ablutions for them.

**Mr WAKELIN**—Do you have any general percentages on the number that go forward into the services?

**Lt Macleod**—Once again, that goes up and down. Most young people come into cadets because they have an interest in the forces. By the time they have gone all the way through Navy Cadets—bearing in mind that our retention does not always allow for them to go all the way through our system—they go into the services at a rate of 15 to 20 per cent and the rest of them go on to professions such as law or medicine. So a lot of them go on to further professional studies and certainly all of them go on to provide some sort of valuable contribution to society.

**Mr WAKELIN**—Some even go on to be Prime Minister.

**Lt Macleod**—Every now and then they do, yes—or member of committees.



**Mr WAKELIN**—I am a great supporter of cadets because I have seen within my own electorate the magnificent response that young people have at what I regard as a fairly young age, when they are still under parental support. All I can do here—and it was expressed by the deputy chair earlier—is wish you well in your negotiations. But there is no doubt you are an essential part of our overall society, so thank you.

**Senator PARRY**—At the end of the day, are you going to end up with a better facility or something less than what you currently have?

**Lt Macleod**—I am grateful for the opportunity to say clearly that this is probably going to be the best thing that has happened to our unit in its entire history. There are some things that are up for further negotiation, but I think that at the end of the day we will end up with a better facility with a greater range of experience for our cadets.

**Senator PARRY**—The concern that you expressed in your opening statement—or it might have been in response to a question from Senator Troeth—was basically that you thought there were some issues you were not comfortable with, but they were mainly futuristic issues, not issues with where you will be at the end of the construction process.

**Lt Macleod**—On the construction process, my concern is in the timing of the construction. Through the good devices of HMAS *Cairns* and through the redevelopment and all the people involved in it, we do have to prioritise what we can achieve with the certain amount of money that we have available. One of the things I have had to do is go through and prioritise what I would like dealt with in the first instance. That means looking at our operational issues on a day-to-day basis, such as what causes us the biggest problems when we parade on a Saturday morning. Without wanting to bore you with detail, it is things like making sure that we move our boats in and out. We have about 22 boats altogether, but we have to move around 10 of those in and out of the shed just to parade. Some of them are motorboats, so there are occupational health and safety issues associated with fuel and so on.

**Senator PARRY**—These are things that happen currently, though. You are currently experiencing these things?

**Lt MacLeod**—We currently experience this. They are things that through the normal course of events and over a number of years we would have, with our community support, dealt with and resolved. The difference in the relationship at the end of the process is going to be that our infrastructure is going to be supported by Defence rather than by Cairns Navy League, obviously with an understanding between the Cairns Navy League and Defence—whatever is negotiated there. Certainly, we would want to continue our relationship with Cairns Navy League. They are really basic operational and health and safety issues for the cadets. When we move equipment around we use the cadets as the manpower to do it and that does present some interesting management issues.

**Senator PARRY**—I am just clearly establishing that that is what exists today. We are talking about internal operational aspects rather than total infrastructure. Without putting words into your mouth, to summarise what you are saying: you are satisfied with the project development and where you are going to be rehoused. You might have some internal issues as far as when the

works are undertaken but you feel as though the unit will operate, if not the same, possibly better than it does currently.

**Lt MacLeod**—We are certainly satisfied with the redevelopment.

**Senator PARRY**—Thank you.

**Mr Grace**—I retired to this lovely part of the world and then I came out of retirement to join this community based organisation. Some of the reasons have been covered by the commander: it is worth while and it is a great builder of youth in the area. As a newcomer I am not prone to treading on toes, as you would know, John, and as you would know, Mr Wakelin. I think some of the facilities these kids have at the present time urgently need upgrading. I heard Senator Parry saying that these areas exist already, and are we happy with the new facilities. I for one am not really happy with them. The commander knows my feelings. We have what we call a bit of a ‘Swiss navy’ at the present time—a bit like Mr Forrest’s navy down south. We cannot launch a boat off the premises because of the mud situation and we have some friendly crocodiles. We have a group of people who joined the cadets mainly for their love of the sea who cannot launch a boat from their own facilities. To me this does not cut any ice at all. I think it is a ridiculous situation to be in.

I am not pointing the finger at anybody. Since the period I have been here I can only see that the Navy has been more than 100 per cent supportive of us. Without them we would not be able to exist at all. But I do see that the commander is probably too polite to say that he is absolutely scared witless to allow a group of people near the water to launch a canoe, never mind a proper boat. That is partly due, I suppose, to the good fishing facilities in the area where the crocs are feeding and partly because of the public access on the right-hand side of the property as you approach it—fishermen get in and leave the remains of fish in the area. That encourages the crocs.

**Senator PARRY**—Mr Grace, none of what is proposed is going to make that situation worse. Is that correct?

**Mr Grace**—That has not been specified as part of the work to be done. That is why I am worried. And I am worried about the amount to be spent. All that money could be spent—I am not an estimator—on that facility alone and we could finish up with a facility in the building where we cannot have weekends for our cadets. I know there are existing conditions but with the upgrade of council facilities they are on us all the time—it is only recently. We cannot segregate male and female toilets sufficiently to meet council or naval regulations—for the staff or the cadets.

I think it is a great idea to get behind Defence with the Navy. It definitely will facilitate the whole organisation. This has come to us cap in hand from our support committee—which, if I do say so, has worked very hard to keep this outfit afloat with petty cash. We would like to see extra money made available. And the committee would be aware that the \$200,000 is not the original amount offered to this project. So it has been downgraded. I would hate to see the downgrading affect the facilities and the buildings themselves—that is, the ablutions block and so forth.

**ACTING CHAIR**—I think Mr O'Connor indicated very strongly that the committee will be keeping a watching brief on the negotiations that you will be having. I also understand from your letter to the committee of 20 April that all the things you mentioned are on your list of the things that you would like to happen.

**Mr Grace**—We would like to keep them there.

**ACTING CHAIR**—You would like to have that happen. Please be assured that that—

**Mr FORREST**—Mr Grace mentioned a figure. What figure do you understand that \$200,000 is, Mr Grace?

**Mr Grace**—That is the figure as we understand it, but we understood that the figure about six months ago was far in excess of that.

**Mr FORREST**—But what was it for?

**Mr Grace**—It was for facilitating TS *Endeavour*, either to the Navy league or to us overall.

**ACTING CHAIR**—That is something that we can take up with Defence. Senator Parry, do you have any more questions?

**Senator PARRY**—No, but I think we will have to recall Defence.

**ACTING CHAIR**—Yes, we will be recalling them in any case.

**Mr FORREST**—I have one question to both witnesses about the consultations, but I need to make a statement first. Defence are caught in an awkward situation where they are trying to deal with commercial-in-confidence arrangements, and that has to be respected. You guys are getting caught in that.

**Mr Grace**—We appreciate that.

**Mr FORREST**—Putting that aside, are you satisfied with the commitment that is demonstrated by Navy to the cadets on this site? And are you satisfied that the consultation is adequate, given the frustrations of the commercial-in-confidence issues?

**Lt MacLeod**—I am entirely satisfied with the commitment that has been displayed by everyone involved with HMAS *Cairns*. I am satisfied with the commitment to further examine our issues through our directorate. I am satisfied that the consultation process has a lot of commercial-in-confidence issues to deal with. We are dealing with an organisation that, from our point of view, is mostly run through volunteer effort by people who work during the week. So there are some difficulties from our side in basically playing a full part in the consultation process, but we certainly do try. I am satisfied with the commitment demonstrated by the Cairns Navy League and their input into the consultation process. I do not know whether that answers your question.

**Mr FORREST**—I have another question before we recall Defence. I imagine that, being a voluntary organisation, you had to raise the funding yourselves, and that is a lot of lamington sales and all the other things that go into fundraising. Do you have any idea at all what sort of capital you would need, Mr Grace, to bring that facility up to a standard that you would think is adequate for young cadets?

**Mr Grace**—I think the commander is probably in a better position to answer that question.

**Lt MacLeod**—I can point to facilities in other areas. For example, TS *Coral Sea* in Townsville recently went through an upgrade process where they acquired an office building and upgraded it to the extent that they can accommodate cadets. As part of that project, a separate boat accommodation was built in a shed and an ablutions block was imported to allow separate ablutions for cadets and staff. The existing ablutions were upgraded to meet a standard to allow the cadets and staff to use them. The accommodation was entirely designed and constructed through CSIG. My understanding is that that came at a cost of around \$400,000.

**Mr FORREST**—So you need the jetty installed, the boat ramp finished and the kitchen, ablutions and accommodation upgraded? Or is the accommodation close?

**Lt MacLeod**—Accommodation at our unit does not really currently exist in any form that we can use. We have a large area that could be upgraded to allow for accommodation. We have around 50 double bunks that date back to our original location at the old immigration centre in Cairns in the late fifties, when we started. We have no mattresses that I would put a cadet on. We have no permanent separation to allow male and female cadets to be accommodated at the unit at the same time. We have five pedestal toilets, a urinal and four showers for that number of people. Quite often we have quests as well. If we were to accommodate people, we would be hosting other units, which could conceivably push the numbers up to 100 or more. We currently do not do that. We have stopped accommodating cadets overnight, because my staff have to start 24-hour rotating shifts as soon as they start at cadets on a Friday night to deal with all of those issues, and that does not stop until Sunday when we all go home. Then my staff start work on Monday.

**Senator PARRY**—If this proposal had never gone ahead with the defence department, what would you have done ordinarily to rectify that situation?

**Lt MacLeod**—We would have done what we continue to do, and that is continue to raise funds and continue to build the building. It is something that we have been doing for just under 50 years now. We have been constantly building.

**Senator PARRY**—And your annual fundraising, I would imagine—correct me if I am wrong—would be of a minimalist nature, so you would not be doing a lot of these major works in a hurry.

**Lt MacLeod**—From our Unit Support Committee's point of view, our annual fundraising for the six years up until the year before last was barely covering insurance.

**Mr FORREST**—Does fundraising have to include costs for staff like you, or do you have another job?

**Lt MacLeod**—I work for the Department of Housing in Queensland and I am adequately compensated for that. As an appointed officer of Navy Cadets, I get a small amount of money for the work I do.

**ACTING CHAIR**—How many staff do you have?

**Lt MacLeod**—I have one other appointed instructor, who is a chief petty officer, and I have six other staff awaiting appointment.

**ACTING CHAIR**—Is that on a full-time basis?

**Lt MacLeod**—They are always part time. All those jobs are part time.

**Mr FORREST**—Has some of the work for the jetty already commenced? There are some piers already located—

**Lt MacLeod**—Four piles have been driven, and I believe the Navy league has materials available to be able to start works on the completion. I do not know whether you saw that jetty during high tide, medium tide or low tide, but the mud extends beyond the last two piles, so that would need to be dredged as well. We have a 24-foot yacht that we would like to tie up alongside that. I think we owe the port authority a little bit of money for tying it at their facility.

**Mr FORREST**—It seems to me that finishing the pier would be the bulk demand for capital, wouldn't it?

**Lt MacLeod**—As part of our process before this point, I have identified my understanding of what our priorities are. I believe you may have the spreadsheet of that. I have listed things like that as a first priority.

**Mr FORREST**—What are you referring to there?

**Lt MacLeod**—I have a spreadsheet that I sent to GHD.

**Mr FORREST**—Can we have that submitted, Chair?

**ACTING CHAIR**—Yes, you can submit that, thank you. I have a motion to accept that, moved by Senator Parry and seconded by Mr Wakelin. That motion is carried.

**Lt MacLeod**—I have listed the boat ramp and the jetty as first priorities.

**Mr FORREST**—The dollars are empty.

**Lt MacLeod**—Yes. Sorry, I do not know how much all that is going to cost.

**ACTING CHAIR**—Thank you for that. That gives us an idea of what you would like to see happen.

**Senator PARRY**—Could I just ask one more clarifying question, because it is going to be an issue with Defence. At the moment, on the negotiation table, what you have been offered is the refurbishment of the existing building, once you have come within the confines of the HMAS Cairns, and a sum of money, which is the \$200,000 we were talking about. Is that correct?

**Lt MacLeod**—My understanding is that that \$200,000 is towards the refurbishment of the existing facility. I believe that further sums of money are up for negotiation between the Cairns Navy League and Defence. That is my understanding.

**Mr FORREST**—I think that might be for the purchase of the land. Mr Grace's point was: what is the point of buying the land; why not put that into upgrading the facility? Isn't that the point Mr Grace made? I think the figure you have in your mind there is for the purchase—

**Lt MacLeod**—The figure of \$200,000 recently came up in a meeting. There was the purchase of the land, and then there was the figure of \$200,000 for a refurbishment of our existing facility. Any other figure was for the purchase of the land and the facility.

**ACTING CHAIR**—Perhaps that is something we can clarify with Defence. In that case, as there are no further questions, thank you very much for your appearance before us today.

**Lt MacLeod**—Thank you for the opportunity.

*Evidence was then taken in camera but later resumed in public—*

**Proceedings suspended from 1.02 pm to 1.14 pm**

**BENNETT, Mr Bruce William, Project Director, North Queensland, Infrastructure Asset Development Branch, Department of Defence**

**GRICE, Colonel William Alfred, Acting Director, General Infrastructure Asset Development, Infrastructure Asset Development Branch, Department of Defence**

**McGRATH, Mr Alan Leslie, Director, Project Development and Delivery, Queensland, Infrastructure Asset Development Branch, Department of Defence**

**MORROW, Mr Neal Keith, Project Manager, GHD**

**DAKIN, Commander, RAN, Andrew Walter, Commanding Officer, HMAS *Cairns*, Royal Australian Navy**

**TAYLOR, Mr Ian Verdun, Operations Manager, Construction, Building Division Queensland/Northern Territory/Pacific, Thiess Pty Ltd**

**ACTING CHAIR (Senator Troeth)**—We will now revert to the public part of the hearing. Colonel Grice, I will simply ask you to go over that part of the budget which you feel able to outline for the TS *Endeavour* Australian Navy Cadets.

**Col. Grice**—Thank you. What I will say in advance is that the acquisition of the Training Ship *Endeavour* site will be a commercial activity and there are still negotiations and independent evaluation to be conducted. We have some hoops to go through with our Lands Acquisition Act and the department of finance procedures.

However, budgetwise, within our property acquisition budget we had allowed approximately \$700,000 to acquire the property. That would include acquiring the property from the Cairns Port Authority as well as the improvements that the Cairns Navy League had made to the property. We believe that, subject to valuation, we will be able to finalise the agreement within our budget limit. A second provision that we have elsewhere in the budget is for the refurbishment of the Training Ship *Endeavour* facilities. We have approximately \$200,000 within our budget for that.

What I would like to say is that Defence supports the Training Ship *Endeavour* and the cadets. The Training Ship *Endeavour* was established and has operated in accordance with Defence policies in place: the *Australian Book Of Reference*, ABR 5128, which is the *Policy and Operating Instructions Manual for the Australian Navy Cadets*, and also the draft Australian Defence Force cadet accommodation policy. Copies of both of those policies are available if you would like to see them.

In essence, the policy is that Defence, in partnership with the community, assists cadet units to operate in accommodation that is conducive to a positive experience in a military like environment. In the case of Navy cadet units, the preference is for the unit to be located near water to support Navy cadet activity programs. Defence encourages units to develop community assisted solutions to their accommodation needs. However, Defence works with the community to develop solutions that are appropriate, cost effective and compliant with local legislation.

Defence is doing that in this case. Consistent with this policy, Defence reaffirms its commitment to Training Ship *Endeavour* by working with HMAS *Cairns*, the Cairns Navy League, the Unit Support Committee, the cadet unit and other interested stakeholders to resolve the property acquisition in the best interests of the cadets and to assess and prioritise the accommodation requirements for upgrade at Training Ship *Endeavour* within the projected budgetary constraints.

We are very pleased that Cairns has such an active cadet unit and that the Cairns Navy League and the cadet support unit are actively involved in supporting the cadets. We would like that to continue. We would like them to continue to support the cadets and continue with fundraising, because separately we—Defence and the community—do not have the assets to do this. Together we do, and that is the way that these things should be developed.

I think it was very noble of the Cairns Navy League to say in their statement that they are looking at reinvesting the majority of proceeds from Defence's acquisition of the buildings back into Training Ship *Endeavour*. I think that is a win-win situation for everybody. I would also like to place on the record that Defence has supported and continues to support Training Ship *Endeavour*. Over the last two years, we have conducted approximately \$96,000 worth of occupational health and safety improvements at Training Ship *Endeavour*. In anticipation of the *Endeavour* being incorporated into HMAS *Cairns*, Corporate Services and Infrastructure Group North Queensland will be dredging the Training Ship *Endeavour* boat ramp as part of the inner basin dredging, which is a program for September 2006.

This is a good cadet unit. We are very pleased and happy to be part of it and very pleased and happy with the part the local committee is playing. Although its main focus is the development of Navy capability, we think the redevelopment project will be able to do some good for the Cairns Navy League, Training Ship *Endeavour* and the cadet unit.

**Senator PARRY**—Thank you very much for that clarification. That was very good.

**Mr FORREST**—I am a bit satisfied, although a little curious. I have had another look at the site plan. Lot 485 is a huge site. At this stage it looks like you are developing only about a quarter of it. Is it a matter of convenience, because it is in one title? Do you have plans for the rest of it?

**Col. Grice**—We have to plan for future development. We do not know what will happen in the future, but this gives us the flexibility to relocate Draper Street around the parking in lot 485 and incorporate that into HMAS *Cairns* or consider future development. There is none planned at this stage, but we have to be circumspect in going forward.

**ACTING CHAIR**—Thank you very much for that clarification. We appreciate it very much. Colonel Grice, I hope it has not been too traumatic an experience for you to appear before the committee for the first time. I thank the witnesses who appeared before the committee today and the people who assisted in our inspections and private briefing this morning. Before closing it is necessary that the committee authorise the publication of evidence.

**Senator PARRY**—Before I do that, Colonel Grice, I think it is worth noting a comment made by someone many years ago: 'I'm not a rock; I have emotions.' Maybe that is something you will take with you after this.



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

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 1.20 pm**