



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Provision of facilities for Project Single LEAP - Phase 1**

THURSDAY, 29 JUNE 2006

IPSWICH

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**JOINT STATUTORY COMMITTEE ON  
PUBLIC WORKS**

**Thursday, 29 June 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 Jenkins, Mrs Moylan and Mr Ripoll

**Terms of reference for the inquiry:**

To inquire into and report on:

Provision of facilities for Project Single LEAP - Phase 1

**WITNESSES**

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**Committee met at 1.15 pm**

**KILGOUR, Air Commodore Andrew Edward, Director-General, Strategic Infrastructure Projects, Infrastructure Division, Department of Defence**

**PEPPER, Ms Maureen Barbara, Director, Project Single Living Environment Accommodation Precinct, Infrastructure Division, Department of Defence**

**WATSON, Mr Paul Thomas, Regional Manager, Corporate Services and Infrastructure, South Queensland, Department of Defence**

**BROOKE, Mr Graham, Partner, KPMG**

**LAMBRIANIDIS, Mr James, Development Consultant, Sinclair Knight Merz**

*Witnesses were then sworn or affirmed—*

**CHAIR (Mrs Moylan)**—I declare open the public hearing into the provision of facilities for project Single LEAP, phase 1 at Gallipoli Barracks Enoggera and RAAF Base Amberley in Queensland and Holsworthy Barracks in New South Wales. I welcome you all to this hearing today. This is an unusual hearing in that there are three sites over which this work will take place. We will have the confidential cost briefing when we meet at Holsworthy on 11 August. Before I proceed, I wish to acknowledge Wing Commander John Martin, the base commander. I thank you and your staff for facilitating the work of the committee here today. This project was referred to the Joint Committee on Public Works on 29 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.

The committee will today hear evidence from the Department of Defence and from the Ipswich City Council. The committee has received a statement of evidence and a supplementary submission from the Department of Defence. These submissions will be made available in a volume of submissions to the inquiry and they are also available on the committee's web site. Does the Department of Defence wish to propose amendments to any of the submissions made thus far?

**Air Cdre Kilgour**—No.

**CHAIR**—Do any of the witnesses have any additional comments to make about the capacity in which they appear?

**Mr Lambrianidis**—I am a consultant to the Single LEAP team as a technical adviser.

**Mr Brooke**—I am a financial adviser to Defence.

**CHAIR**—Please give us a brief opening statement, and then we will go to questions.

**Air Cdre Kilgour**—Defence appreciates the opportunity to seek parliamentary approval for Project Single LEAP—single living environment and accommodation precinct—phase 1. You may recall that earlier this year Defence sought and received your approval to progress our procurement strategy in parallel with the committee's consideration of the project. Hearings today and again on 11 August will consider the three sites making up phase 1 of the project.

Project Single LEAP aims to improve the living standards for single Australian Defence Force personnel who live in as a service requirement. Those personnel differ from single personnel who are not required to live in and are therefore able to access rental assistance accommodation in communities within their posting location. Much of the current on-base accommodation available to single ADF members is below community standards and does not meet the expectation of today's service personnel. Our site visit around Enoggera this morning articulated that.

The project recognises that the living environment of ADF personnel is a major contributor to defence capability, impacting on readiness, mobility, morale and esprit de corps and having a direct effect on recruitment and retention rates. As part of the 2004-05 federal budget, the government announced the Single LEAP project. The project is to remediate up to 6,400 rooms around Australia. Defence was allocated \$113.2 million over four years, with an annual allocation of approximately \$60 million thereafter in 2004-05 dollars delivered potentially through public-private partnership arrangements.

As part of the implementation strategy, the Minister for Defence agreed that the Single LEAP project would be delivered as a multiphased project. It was agreed that phase 1 of the project, which is the subject of this hearing, would deliver 1,295 rooms at the three highest priority sites of Holsworthy in New South Wales, Enoggera and RAAF Base Amberley here in Queensland. These priorities were derived on capability grounds. The approach being adopted by Defence is to engage a strategic partner to deliver a whole-of-life accommodation service over a 30-year contractual period comprising financing, development planning, construction, maintenance and operation at all three sites.

Delivering Single LEAP phase 1 through a public-private partnership entails financing the development of the facilities and services; a commissioned and fully operational single living in accommodation service on each of the phase 1 sites, together with all associated furniture, equipment, parking, storage and facilities; all infrastructure required to support the facilities, including the upgrading of engineering services and other utilities within the Single LEAP project site as required; the ongoing operation, repair, maintenance and replacement of the



facilities and their various parts; and the provision of the accommodation services for the facilities, including those provided directly by the strategic partner and those sourced through extant departmental contracts—GSS and CMS contracts—at each of the sites. It is planned to provide 500 units each at Gallipoli Barracks, Enoggera, and at Holsworthy Barracks in New South Wales, and a further 295 units here at RAAF Base Amberley.

Sourcing of a strategic partner is currently subject to a tender evaluation process based on your prior agreement. Subject to government approval, anticipated later this year, Defence expects to commence works in early 2007, with a delivery schedule of May 2008 here at Amberley, July 2008 at Holsworthy and March 2009 at Enoggera. In relation to RAAF Base Amberley, I ask that the committee note that Single LEAP phase 1 will generally comply with the provisions of the Ipswich Planning Scheme. We are happy to take questions from the committee.

**CHAIR**—Thank you very much. On behalf of the committee, I thank you, Air Commodore Kilgour, and your staff for assisting the committee with its inspections today. I notice in your submission at paragraph 3 on the first page of the introduction that there was a review conducted by Defence in 2003, which found a shortfall of 26,000 rooms at appropriate standard. That raises two or three questions. One is: how many of those 26,000 rooms already exist but are in poor condition and not up to standard? Another is: how many of the 26,000, if any, were accommodations not constructed? Do you have a breakdown on that? How did the review come up with 26,000 rooms? It is a very large number of rooms. What we are doing today is a drop in the ocean in terms of providing the rooms.

**Air Cdre Kilgour**—I will start and then I will hand across to Ms Pepper to fill in some details. Essentially, that refers to the Defence living-in accommodation review. Defence has living-in accommodation which covers a range of requirements: for permanent personnel, transit, operational surge and training. The figure of 26,000 includes all of those.

**CHAIR**—So the figure of 26,000 did not consist of just existing living-in rooms?

**Air Cdre Kilgour**—It consisted of those existing at the time, from memory.

**Ms Pepper**—It consisted of all existing accommodation, at every base around Australia—all levels of accommodation, from transit and training all the way through to permanent living-in accommodation.

**CHAIR**—So the 26,000 substandard or inappropriate standard rooms included all that are currently available to Defence personnel who live-in on bases—is that right?

**Ms Pepper**—That is correct.

**CHAIR**—That was a review of all Defence single living-in accommodation in all of its forms?

**Ms Pepper**—Yes.

**CHAIR**—Another question came to mind as we did the inspection, considering there is such a huge shortfall of rooms. Air Commodore, I think you said that you would address this, and this is probably a good time. We saw a number of brick accommodation units. From inspecting some of them in the past, including some in Western Australia, particularly the SAS accommodation at Campbell Barracks, I know they are in very poor condition. Most of us would agree on that. Given the immense shortage of rooms, was consideration given to refurbishing the existing brick buildings as a less costly way of addressing some of the shortfall and then appropriating the savings, if there were any, to other accommodation?

**Air Cdre Kilgour**—I will start with an answer and then I will hand across to Mr Lambrianidis, our technical adviser, to fill in some detail on that. In short, as part of delivering this project as a potentially public-private partnership, there is a need for us to consider the length of time that we are likely to ask a strategic partner to be responsible for the maintenance and operation of facilities. We took into account the relative age of those particular facilities at Enoggera. In very simple terms, the relative cost benefit of refurbishment and the handing across of a facility that Defence would in principle accept retaining risk for were inconsistent with a public-private partnership approach.

**Mr Lambrianidis**—Further to that, Defence had undertaken some minor refurbishment of existing accommodation at Enoggera. It cost close to \$85,000 per unit, which included improvements to the current Building Code of Australia standard. As I said, it cost \$85,000 per unit, which included largely just a coat of paint and the replacement of carpets. The problem with the existing accommodation is that it does not meet the current level 5 standard. To try and refurbish those units would mean that only half would be available. To refurbish those units to meet the current level 5 LIA standard, the cost and savings were marginal. As well, completely new units would have to be built to meet the 500 number.

**CHAIR**—As you must have gone through a proper exercise to determine that it was more appropriate to knock those existing buildings down and rebuild, can you provide to the committee the full cost analysis of refurbishment versus rebuilding? I would have thought that \$85,000 a unit, if you are saying it is basically for painting and carpeting, was an awful lot of money. What size are the units? How many square metres are they?

**Mr Lambrianidis**—The current LIA standard requires 39 square metres for senior officers, 30 square metres for junior officers and senior non-commissioned officers, and 24 square metres for other ranks.

**CHAIR**—Are you saying \$85,000 was the amount that was estimated for the refurbishment of each unit? Is that what I understood you to say?

**Mr Lambrianidis**—The issue as to the refurbishment—which was not really a refurbishment—was that the current accommodation does not meet the standards.

**CHAIR**—How long have people been living in this accommodation that does not meet the standards now?

**Mr Lambrianidis**—As well as that, the current facilities also include asbestos, which has not been removed in some of the buildings.

**CHAIR**—Would you please identify for us, either now or at a later date, all of those accommodation buildings that currently have asbestos in them?

**Air Cdre Kilgour**—We will take the question on notice and provide an answer out of session to the committee.

**CHAIR**—I know we are doing the confidential costings at a later date. Apart from the confidential costings, I think the public would also want to have it demonstrated that knocking down those buildings, which appear to be quite sound in terms of buildings—I will not say that I know what the insides of some of them are like, and I know they do need refurbishing, but I think we would need to see some evidence—is a cost productive exercise.

**Air Cdre Kilgour**—We will provide an answer out of session.

**CHAIR**—Thank you.

**Mr JENKINS**—Can I clarify the terminology, such as ‘level 5’ and ‘level 3’, that is being used. What is the basis of that?

**Air Cdre Kilgour**—The Defence Personnel Executive proposed a series of policy initiatives which were agreed within the Defence People Committee. A standard of accommodation for permanent living-in personnel is deemed level 5. Trainee or transit accommodation, which includes training accommodation for courses of a duration of less than six months, is deemed to be level 3. Below that is an operational surge style of accommodation which essentially can be a barracks block with multiple beds in one room. What we are building is permanent level 5 accommodation, and the statement of evidence includes an outline of what that is.

**Mr JENKINS**—So it is the area of living space, and then the next page, page 12, lists those things that are provided, so that is the definition. At some stage, just for comparison, it would be good if we could be provided with details of level 3, although I understand from your answer where that fits into it. Somebody indicated when we were on the tour that some of the accommodation that we were looking at was even below level 3, so it is just a matter of trying to get our heads around what is happening. My questions go to the PPP aspects. What experience have we of those through your branch?

**Air Cdre Kilgour**—As the committee would be aware, Defence has only two public-private partnership infrastructure projects currently running. One of those is the Headquarters JOC project and the other one is this particular project. What we have done is draw very heavily on our consultancy support and brought with that an understanding of public-private partnership project arrangements at the state level in this country as well as overseas experience, particularly with the UK Ministry of Defence. So we have built, I guess, on a potential gap of knowledge, which I think is at the core of your question, by drawing in expertise from our consultants with SKM and KPMG. I am happy for Mr Brooke to enlarge on that.

**Mr Brooke**—The expertise within CSIG relates to HQ JOC. We have supplemented that with our expertise from defence living-in accommodation projects in the UK. From a personal perspective and with KPMG, I was the adviser to the Defence Housing Executive in relation to a number of very similar projects in the UK, so that expertise has been brought to the project.

James and SKM have done the same. The principles of PFI in the UK are very similar to the principles being adopted by the federal government in relation to PPP projects in Defence. So all of that expertise has been brought to the table.

You will also be aware that there are a number of completed deals around the individual states in Australia. All of the expertise in relation to hospital, roads and other social infrastructure deals around Australia has been brought in through the advisory relationship between KPMG, Clayton Utz, SKM and Defence.

**Mr JENKINS**—Without reflecting on the quality of the evidence, you would understand that, for this individual member of the committee, all of the answers raise my jitters a little bit, but that is by the by. Having been through the Bungendore thing, I think I understand a little bit more about where Defence is coming from. I would characterise the submission as emphasising perceived flexibility that the PPP gave to Defence in delivering the LEAP project. To what degree was considering the PPP track imperative because of budgetary constraints put upon you with the delivery? There is some reference at one stage in the submission in the context of budgetary constraints. I am just wondering how much that pushed you down this track.

**Air Cdre Kilgour**—You would be very aware, I am sure, that it is government policy that projects with certain profiles have to be tested for PPP. Defence has I guess identified that living-in accommodation is a category of infrastructure project that lends itself to PPP delivery because of the high service content attached to it. We have taken a strategic view that, in concert with the guidance that the government gave us at the time the project was approved, public-private partnership was probably an appropriate vehicle to be used for the delivery of this requirement. As the project has proceeded, that has become clearer. Certainly, late last year the previous minister provided some direction to Defence that we were to pursue this through a strategic partnership approach which embodied the service content but allowed us to mesh in with the existing service providers that Defence has engaged on all of our bases.

**Mr JENKINS**—How did it become clearer? What were the essential things that you thought became clearer during that process of consideration?

**Air Cdre Kilgour**—Public-private partnership was the appropriate vehicle?

**Mr JENKINS**—Yes. You said that, as you went through, it became clearer. How did that happen?

**Air Cdre Kilgour**—The potential size of the project, the relative complexity of the project, its percentage of service content and—

**Mr JENKINS**—Just so that I get it straight in my mind, expand on the service component so I am clearer on what you are talking about.

**Air Cdre Kilgour**—The service component includes things like cleaning, facilities maintenance and the servicing of the rooms. All of those things are covered within existing contracts. They comprise the service component of the project.

**Ms Pepper**—It is also important to note that when the project was launched the former Parliamentary Secretary to the Minister for Defence sought industry's advice on the best way to deliver this project, held an industry forum in May 2005 and sought submissions from industry. Those submissions supported the conclusion that having public-private partnerships was the best approach to deliver this project.

**Mr JENKINS**—Does the overall amount that we are looking at include—and I cannot get the jargon right—the midlife upgrade?

**Air Cdre Kilgour**—Yes.

**Mr JENKINS**—Is that factored into the total?

**Air Cdre Kilgour**—The cost, which we will go through with you in private session, is all encompassing. It includes the design and construction component; it includes the facilities maintenance component; it includes the operations component; it includes provision for upgrade at key points during the life of the facility, including an assessment at the tail end of the contract in sufficient time to allow the strategic partner to bring that facility up to an agreed standard before handing it back to the Commonwealth.

**Mr JENKINS**—Once this gets under way, will there be set out a schedule of commitments that Defence has to meet over the 30 years of the journey?

**Air Cdre Kilgour**—The nature of the project in funding terms is that we do not pay anything to the strategic partner until the facilities are occupied. Then it is subject to a monthly service charge thereafter.

**Mr JENKINS**—I am probably going down a different track. From the way that the department would keep its books, this is a forward commitment right out to the 30th year. It forms part of your forward estimates; it is one of the components of the basis for your forward estimates.

**Air Cdre Kilgour**—That is true.

**Mr JENKINS**—So it could be considered a device to change the way in which a loan component is used. Forgetting that you are telling me that you are buying expertise and all of the things that you are trying to put to me about what the PPP adds, from the financing of it you could have gone out and borrowed the money and then paid it back over the 30 years.

**Air Cdre Kilgour**—I might invite Mr Brooke to answer that from a finance perspective.

**Mr Brooke**—There are two aspects to this, the cash flow implications and the accounting implications. In cash flow terms, the Department of Defence will pay this monthly amount and in cash flow terms there will be a payment that goes out every month and which will appear in the books every year as a cash flow. In accounting terms, although we cannot be definitive on this right now, this is likely to appear in Defence's book as the equivalent of a finance lease. If it does, then this is no different in accounting terms to if you had used public moneys on day 1, which I think gets to the heart of the question. Down a traditional procurement route, the design

and construction costs would fall in the books on day 1. I believe—although there is still some work to be done—that it will be the same under these circumstances. An element of the payments will be capitalised and will appear on your books as a liability in the way that a finance lease would appear. In accounting terms, there is not much difference between traditional procurement and PPP.

**Mr JENKINS**—Madam Chair, I have been a bit indulgent with the time of the committee about a matter to do with when a loan is not a loan and when a tax is not a tax.

**CHAIR**—You have something to indulge in, Mr Jenkins.

**Mr JENKINS**—I might come back later when I get my head around other questions.

**Senator TROETH**—I have been reading with interest how far you have got. I understand that you have had nine formal consortia bids. Is this correct?

**Air Cdre Kilgour**—That is correct.

**Senator TROETH**—And four have been short-listed by the tender evaluation board—

**Air Cdre Kilgour**—Four were short-listed.

**Senator TROETH**—to proceed to the request for proposal.

**Air Cdre Kilgour**—That is correct.

**Senator TROETH**—Who was on the tender evaluation board?

**Ms Pepper**—That was the tender evaluation of the expression of interest?

**Senator TROETH**—Yes.

**Ms Pepper**—That included me, Colonel Bill Grice, Group Captain Grahame Carroll, with consultancy support from SKM and KPMG.

**Senator TROETH**—Have the four that have been short-listed submitted a request for proposal documentation?

**Ms Pepper**—Yes, they have.

**Senator TROETH**—Can you tell us what progress has been made on the assessment of those requests?

**Air Cdre Kilgour**—All four consortia submitted tenders. The tenders closed on 12 May. We are currently going through the tender evaluation process. All going well, we anticipate that that will be completed within four to six weeks and available for consideration by the tender evaluation board, which I chair.

**Senator TROETH**—So, on that time frame, you still expect that a recommendation will be made to government by later this year?

**Air Cdre Kilgour**—That is correct.

**Senator TROETH**—Do you anticipate that one tenderer will provide the services to all three sites?

**Air Cdre Kilgour**—The nature of the request for proposal was for a single strategic partner.

**Senator TROETH**—So it is conceivable that one could do that?

**Air Cdre Kilgour**—Yes.

**Senator TROETH**—Do you think that will impact on the time frame for the delivery of the facilities?

**Air Cdre Kilgour**—The schedule that I outlined in my opening address was forecast in our request for proposal. It is based on the public sector comparator.

**Senator TROETH**—If all goes well, it would be possible to complete that time frame?

**Air Cdre Kilgour**—That is correct.

**Senator TROETH**—To go from the very big picture to the very small picture, I note in paragraph 33 of your statement that you have listed what each sole occupancy unit will include. At the bottom of page 12, I also note the line ‘laundry facilities on a minimum scale of one per four units’. How many bathrooms will be provided for the units?

**Air Cdre Kilgour**—This is permanent living-in accommodation. The entitlement is for an ensuite in each room.

**Senator TROETH**—Two in each of those?

**Air Cdre Kilgour**—Each room will have its own ensuite. The laundry facilities will sit outside the rooms.

**Senator TROETH**—All of the costings for the units will include the ensuite, even though that is not mentioned in the features?

**Air Cdre Kilgour**—That is correct.

**Mr RIPOLL**—Mr Lambrianidis, you mentioned earlier a figure of roughly \$85,000 per unit to renovate. I am interested in that figure. Obviously, it was more than just paint and carpet; there were a number of other issues.

**Mr Lambrianidis**—Building fire access, installing smoke alarms and providing Internet access. In terms of my earlier comment about that figure and the comparison with regard to the upgrade, those facilities do not have ensuites. So the renovation aspect would be to demolish two units or gut two units to make one so as to allow the requirement to be met.

**Mr RIPOLL**—My next question was going to be about whether there are enough existing units. So, even if you did renovate, you would have to build new units?

**Mr Lambrianidis**—Yes.

**Mr RIPOLL**—Has a proper analysis been done comparing a renovation with a complete greenfield site, just knocking down the old buildings? There must have been some assessment made as to cost and overall—

**Mr Lambrianidis**—There has been some assessment. We would have to get back to you on our previous analysis.

**Mr RIPOLL**—It would be interesting to see an assessment comparing the two and the cut-off limit—at what point it becomes uneconomical to go ahead with the renovation rather than bear the cost of demolition and start from scratch.

**Mr Lambrianidis**—Yes.

**Mr RIPOLL**—You also mentioned the issue of asbestos. Is that the case on all three bases; and, if it is, just how extensive is it? Is it just roofing material or is it internal walls as well? How extensive is it?

**Air Cdre Kilgour**—Each site is subtly different. As we saw during the drive around at Amberley, there are no buildings. So it is a greenfield site to all intents and purposes. At Enoggera, there are existing facilities. There is a degree of asbestos included in each of the buildings. I will defer to Mr Lambrianidis in a second with regard to the second part of your question on the detail of that. The third site, at Holsworthy, is principally a greenfield site but there are some existing timber buildings which also have asbestos in them, and they will need to be removed.

**Mr Lambrianidis**—At Enoggera, we have 175 buildings within the Gallipoli Barracks containing asbestos. Most of it is in cement sheeting for walls, linings and vinyl tiles. The removal and disposal of asbestos will occur during the demolition phase of those buildings. Asbestos, in its current form, is probably not hazardous. It is only when we start removing it or trying to do anything with it that it becomes a hazardous material.

**Mr RIPOLL**—We have been doing 1,295 rooms in the first phase, but the project is actually to remediate 6,400 rooms over four years. Is that going to be possible? What is the timing with the 1,295 in phase 1, the highest priority phase, compared to the 6,400 over a four-year period?

**Air Cdre Kilgour**—The guidance from the minister was to test the methodology, so phase 1 was extracted to do that. We have just started the phase 2 project activity. The planning is to be positioned to put an expression of interest to the marketplace later this year, with a request for



proposal to follow that. It is going to be much more complex in terms of the geographic spread of the sites as well as the number of units to be constructed. The total is the balance between 1,295 and 6,400, so 5,100-odd units. We expect that the relative complexity of that phase will require us to allow industry a bit longer to consider their request for proposal, and it is likely that the units would be completed by some time in the 2010-11 financial year.

**Mr RIPOLL**—So that work can be done on time and concurrently with phase 1 of the project?

**Air Cdre Kilgour**—I guess what I am saying to you is that the original schedule was for it to be done over four years, commencing in 2004-05. The project effectively started its current phase of activity in July last year. The first 12 months was taken in addressing some of the issues that Mr Jenkins raised earlier in getting around public-private partnerships, and the requirement for the minister to test the process has built a 12-month slippage into the deliver of the balance.

**Mr RIPOLL**—So it will not be over four years?

**Air Cdre Kilgour**—That is correct.

**Mr RIPOLL**—Can we get some sort of amendment to reflect the timing of it? Obviously, if you look at this, it is budgeted to be done over four years at a cost of \$113.2 million. There will be a cost implication too. If it began in 2004-05, four years would take us to 2008-09. If it is going to be 2011, that is two to three years longer in terms of budgeting and cost escalation and things like that.

**Air Cdre Kilgour**—Yes.

**Mr RIPOLL**—Thank you.

**Senator PARRY**—Air Commodore Kilgour, following on from Senator Troeth: you indicated that the scope was to look at one strategic partner and not three, or not more than one, over the three sites. Wouldn't that delay activity? I just do not understand why there is a blanket ruling out of the department.

**Air Cdre Kilgour**—What we have endeavoured to do is package the project requirement so that it is attractive to industry. It is a sizeable package in that context.

**Senator PARRY**—Any of them would be sizeable even if you split the two bases.

**Air Cdre Kilgour**—In reality the one at Amberley, being the smallest of the three, is less attractive than the other two. But to combine them together what we end up with is far less complexity in ongoing contractual management. It means that Defence can manage a single national contract with some regional interface. The alternative, as you are suggesting, would be to have three contractors interfacing with our existing GSS CMS contractors at each of the bases. It is much simpler for our national operations division at both the national office and the regional office to be able to utilise one single national contract, with some interfaces at the regional level as required with GSS CMS.

**Senator PARRY**—Just going to the site at Enoggera and the demolition of those buildings—I know that the chair discussed that earlier and you will provide some information on notice—how many are accommodated in that area at present? How many tenants are there? Is ‘tenant’ the correct terminology or do you have another term that you use?

**Air Cdre Kilgour**—‘Resident’ is probably better.

**Mr Watson**—The size of the area that we will demolish is around 300 rooms in area Q and some out of area P. You would have seen most of those buildings on the tour this morning. Overall in the cantonment I have around 700 transits and trainees living in Enoggera at the moment and 503 permanent live-in people. We have not used those rooms in area Q, which is the dominant area that will be demolished, to full capacity because of the nature of the accommodation. It is amongst the oldest. It is typically level 1 or perhaps level 2 at best.

**Senator PARRY**—You are anticipating my next question. I was going to ask you what you were going to do with the residents when you do demolish.

**Mr Watson**—We will be building a plan that will allow us to move people around concurrent with the posting cycles in January each year. We will use transit and trainee accommodation, for which I have over 1,000 spaces on the base at Enoggera, as a transit plan until we can get access to the door keys for the new level 5 accommodation. So it is perfectly feasible for us to do that at a stretch. Using tactics like multibunking, we can accommodate about 2,000 people at Enoggera—not very comfortably, but we can certainly do that. We can also use strategies like RA—putting people out in supported accommodation in the marketplace as an interim arrangement. There are a number of channels and avenues that we can use to make sure that we are not actually physically displacing anybody but bringing them back together when the doors open in March 2009 at Enoggera.

**Senator PARRY**—You used the term ‘multibunking’. I think you had better place on the record what that entails otherwise it might just leave a question mark in the air. What is multibunking?

**Mr Watson**—Multibunking is a practice that was apparently quite common 20 or 30 years ago in places like Amberley, where up to three or four people shared a room. That is what we could do at places like Enoggera.

**Senator PARRY**—So not the same bunk but the same room?

**Mr Watson**—Not the same bunk.

**Senator PARRY**—I had to make sure that we got that clear. Why do the residents need to live inside the secure perimeter? Is there a particular strategic operational reason?

**Air Cdre Kilgour**—In my introductory notes you would have probably detected that I used the term ‘required to live in as a service requirement’. Defence has set some standards for living-in accommodation and the personnel that those apply to. Defence has defined that certain categories of single members or members without dependants must live in, versus those who might have a choice. Typically, it is about people who are under 18, people who are within 12

months of completing their initial education and training. There are two other categories. The third category is those who are required to live in for operational reasons. The vast majority of the candidates who will occupy Single LEAP facilities fit into that category. The fourth category is those who are undertaking training courses of a duration greater than six months.

**Senator PARRY**—So if you are a married man and you have got a family, can you still have those same operational requirements so that you would need to be temporarily located on base or do you travel into the base from nearby accommodation?

**Air Cdre Kilgour**—If you are a member with dependants and you are living in the posting locality, then you would live in a service-supplied residence or you might be eligible for temporary rental assistance for rental accommodation or, alternatively, you may choose to buy your own house and live in that.

**Senator PARRY**—And those three types that you mentioned are obviously located outside the perimeter of the base?

**Air Cdre Kilgour**—Yes, they are.

**Senator PARRY**—So has Defence considered going through a Defence Force housing scheme, given the living-in accommodation issues, or is that not feasible?

**Air Cdre Kilgour**—Are you talking about a Defence Housing Authority provided facility?

**Senator PARRY**—Yes, something similar to that or certainly accommodation off-base for single people, apart from those subject to strict operational requirements. Who is and who is not is still a grey area, so if you could—

**Air Cdre Kilgour**—There are certainly categories of members without dependants who do not fit into any of those four examples that I gave you. They are all allowed to live out, using rental assistance properties. Defence is currently trialling, up in Darwin, an approach with the Defence Housing Authority to use some of their excess housing stock for members without dependants who are not required to live in as a service requirement.

**Mr JENKINS**—I wish to return to the 26,000 shortfall and clarify this, and I apologise if this is because I was not concentrating before. So the 26,000 shortfall was at both level 5 and level 3?

**Air Cdre Kilgour**—Yes, and also accommodation for operational surge—the bunk style of accommodation.

**Mr JENKINS**—So it covered all?

**Air Cdre Kilgour**—Yes.

**Mr JENKINS**—So some of the shortfall is being addressed by schemes like—and I forget who you said was doing the ones at Enoggera, where their accommodation was being brought up to level 3.

**Air Cdre Kilgour**—Some of it is being done through our regional staff using facilities operations funding.

**Mr JENKINS**—Were you going to provide us with some more information about the 26,000? I cannot remember where we got to.

**Air Cdre Kilgour**—If it pleases the committee, Madam Chair, it might be easier for us to provide a greater explanation as to the living-in accommodation review, because clearly that is sitting behind Mr Jenkins's question.

**CHAIR**—I think that is right.

**Mr JENKINS**—The chair's questioning was about the numbers we are looking at today rather than at the bigger number. It just strikes me that other things besides LEAP are happening at the same time and are working in concert.

**Air Cdre Kilgour**—In general terms, I think the committee would appreciate that the Defence People Committee conducted that review. It was then passed in part to Defence Infrastructure Division to deliver some of the outcomes for it. We will put together a summary of the LIA review and try and explain in that the differences between the types of accommodation and how we got to the 6,400 that make up this project.

**Mr JENKINS**—The submission goes to matters of landscaping, heating, ventilating and sustainability et cetera. The stuff that is in our pack forms the basis of what you are asking of the consortia?

**Air Cdre Kilgour**—That is correct.

**Mr JENKINS**—There is mention made of environmental impact requirements, which are ongoing as well. Are they happening at the moment, or do they happen when you have the consortia on board and there is more detail?

**Mr Lambrianidis**—Most of the issues involved in developing environmental management plans and the construction on each of the sites are addressed once the strategic partner is on board, and they will then inform the base plans for the development.

**Mr JENKINS**—What environmental matters were taken into account in the identification of site process? For instance, you explain in this document that the site is located outside noise contour 20 or whatever. Were there any other matters at the other sites that you used in the decision-making process?

**Mr Lambrianidis**—In terms of the environment, it is typically the climate—what is required for the various climatic conditions. In terms of construction, it is looking at issues of impact on the site such as noise, dust, traffic flow, waste management and recycling. Those types of considerations are all key issues relating to the environment and construction on each of the sites.

**Mr JENKINS**—Is there anything in particular to note about the sites in the provision of services such as electricity, gas and, typically, telecommunications?

**Mr Lambrianidis**—Each of the sites has its own issues of base infrastructure. The strategic partner is responsible for the delivery and maintenance of infrastructure within the site. Outside the LIA site, we are working with each of the bases and each of the regions to determine what the requirements are to deliver the LIA, and that will be included as part of the project for each of the bases.

**Air Cdre Kilgour**—I will invite Mr Watson to add to that in terms of this region.

**Mr Watson**—Mr Jenkins, I want to paint a picture for you of the accommodation model, and I will use the example at Enoggera to give you a feel for exactly what we are dealing with at that location. As at two days ago, we had just over 1,000 families living in Defence housing accommodation homes out in the community. We had just under 1,000 individuals from the base out on rental assistance. We had 503 permanent live-in people inside the base, and we had 436 transits and trainees living on the base that night on a short-term basis. In addition to that, other individuals who are based at Enoggera and who have purchased their own homes in Brisbane will be living in those premises. That is the entire profile of what we are experiencing right now.

**CHAIR**—I want to ask some questions about the consultation process, because we find that a lot of projects run into problems through a lack of consultation. You have given quite a long list of people whom you have consulted with. I know that defence bases are special places: you do not have to go to the council for planning authorities and there are special ways in which you deal with environmental issues and so on. I appreciate all of that.

But I noticed that paragraph 28 on page 10 of your submission made no reference to the Tharawal local Aboriginal land council or the Cubbitch Barta native title claimants. I think I read somewhere—I may be wrong—that there is an acknowledgment that there are Aboriginal sites on the base. Certainly at other bases, such as Holsworthy, Defence undertook to consult with these organisations in respect to all future work. Could you describe the nature and extent of the communication that has been undertaken—if any—with the Aboriginal people here.

**Air Cdre Kilgour**—I will invite Ms Pepper to perhaps do that by example. If you want to, use the Holsworthy one, Barbara.

**Ms Pepper**—I consulted with the lands council responsible for the Holsworthy area. We discussed some issues of cultural and heritage significance. We have undertaken an initial cultural and heritage assessment and we are going to invite the lands council people to assist us with further cultural assessments of that site.

**CHAIR**—Was that in relation to these two sites?

**Ms Pepper**—In relation to the Holsworthy site.

**CHAIR**—What has happened in relation to these sites?

**Ms Pepper**—As far as this site goes, there is an intent to meet with the Jagera people in this region about any potentially culturally significant sites.

**CHAIR**—Do you intend to add them to the list of people who have been consulted with?

**Ms Pepper**—Once we have consulted with them, we will.

**CHAIR**—Just on that, could you tell us whether there are heritage issues to be considered in the Amberley and Enoggera developments? If so, what are the heritage issues? Have they been or are they being considered?

**Ms Pepper**—We understand that there are no heritage issues of significance, but we are currently tendering for an assessment of that to confirm that.

**CHAIR**—Thank you. I notice also in relation to consultations that the Ipswich City Council raises a number of issues. Perhaps it is appropriate for us to have them appear and then perhaps call you back for some further discussion on that. Just on the issues we talked about before—Mr Jenkins raised them as well—I will recap by saying that what the committee would like to see is an analysis of a renovation versus something new, such as, perhaps, the anticipated cost per square metre of the new accommodation and the cost per square metre of renovated accommodation. If the current building is renovated, how many units would be available? Mr Watson said that there were 300 on the—

**Mr Watson**—The area Q. There are approximately 300 affected by the Single LEAP project at Enoggera.

**CHAIR**—One would presume that if you had to provide ensuite bathrooms you might end up halving the net number of rooms that you would get if you renovated as well. I presume that that kind of analysis has been done, because it is the only way you can determine what is most cost effective.

**Air Cdre Kilgour**—Yes.

**CHAIR**—The committee would welcome seeing that analysis.

**Senator PARRY**—With the analysis, we would need to consider if there is scope for further development if you do not have that demolished site for building, say, another 150. We have to clearly demonstrate that there is a need to spend this. We are being asked to approve \$400 million for ongoing development. You are knocking down structurally sound buildings to put up new ones, and we have to be really satisfied about that.

**Air Cdre Kilgour**—Yes.

**CHAIR**—The committee is also mindful—and you mentioned this in private, Air Commodore—that there is a considerable amount of pressure on both building services and materials at the moment because of the boom that you have been undergoing here in Queensland, as we have in Western Australia. Those kinds of things are factors that you have to consider when deciding whether to build new or renovate existing buildings, given the immense

shortfall that Defence has in accommodation. The committee would need to be assured on that. Perhaps you could also let us know how many of those single living accommodation buildings that exist now are known to have asbestos in them and what the additional complications might be in renovating knowing that. That pretty much covers most of it. Normally we would ask more questions about fire services, but you have given us a fairly good run-down on some of the other issues in the submission, so we will not prolong things by asking those questions. Thank you very much.

**Proceedings suspended from 2.17 pm to 2.37 pm**

**DRABBLE, Mr Ross, Work Manager, Ipswich City Council**

**PISASALE, Councillor Charlie, Councillor, Ipswich City Council**

*Witnesses were then sworn or affirmed—*

**CHAIR**—Welcome. Thank you for joining us today. The committee has received a submission from you. Do you wish to make any amendment to the original submission?

**Councillor Pisasale**—No.

**CHAIR**—If that is the case, I will ask you to make a brief statement in support of your submission and then we will go to questions.

**Councillor Pisasale**—We are very pleased to be here this afternoon. Thank you for the invitation. Basically, I am speaking as a local representative. The RAAF Base Amberley is mainly within my area. The only part that is excluded in division 8 and which comes into division 10 is where the fire facility is on the other side of the base. Basically, where this particular project is going on is within division 8. When Amberley village was in place that was all part of my area as well.

I am speaking also as a local resident of the suburb of Leichhardt. I have been there for 38 years. That is just the next-door neighbour over the hill. We certainly support the letter that Mayor Paul Pisasale has submitted with this submission. Other things I would probably just quickly tap on are the existence of the Ipswich Amberley Support Group, which was established back in about 1994. It has been a great partnership between key personnel of RAAF Base Amberley, businesspeople and Ipswich City Council. It is a great way of sharing communication and keeping each other informed of what is happening. It is basically breaking down the old walls, if you like, and treating RAAF base personnel as citizens of the city.

**CHAIR**—Once again, thank you for your submission. I would like to take up a couple of issues raised in it in regard to water supply, effluent disposal, management of stormwater, road network and traffic analysis. Could you tell us what kinds of concerns you might have, what the level of consultation has been and whether these issues have been addressed satisfactorily?

**Mr Drabble**—I have not fully seen the proposals. Generally, the discussions that we have had with members of the base have been along the lines that there is conformity with council requirements in terms of our planning scheme. More particularly in traffic management issues, where I have a responsibility, those generally have been addressed. In terms of the analysis, we have looked at the prospective increase in vehicle movement as a result of the increased number of employees at the site. We have modelled that and looked at its effect on the local road system. Clearly, based on those increases alone, there is no problem, no impediment and no additional investment required at this stage. I cannot give you an answer on effluent disposal except to restate the earlier comment that our planning people have been in an ongoing dialogue with RAAF and facilities based people. I am assuming there is conformity between the two.



**CHAIR**—That you are happy with the level of consultation is reassuring.

**Mr Drabble**—Yes.

**Senator PARRY**—From your submission, I understand that you received a formal reply from Defence. Are you satisfied with the reply received?

**Mr Drabble**—I have not seen the reply. Could you run through it, if you are aware of it?

**CHAIR**—We have a copy of it here.

**Mr Drabble**—Just looking through the response from the Department of Defence, I think it essentially addresses all the issues that are in the submission from council and appears to comply with all of those elements. Yes, we find the reply satisfactory.

**Mr RIPOLL**—Does the city council have requirements of the developers for any headworks, upgrades, road infrastructure or other associated costs that are normal with a development?

**Councillor Pisasale**—I am not aware of any. There again, I was not directly involved. I was involved in the initial meeting with personnel from Canberra. As to the actual putting together of the information from council, I have not seen any mention of headworks anywhere. Have you seen it, Ross?

**Mr Drabble**—Yes. Council would have its normal obligations in providing headworks. The supporting infrastructure within the development area itself would be the responsibility of the developer. Where we tend to negotiate is who actually provides it and under what conditions—that is, council has a practice of providing headworks credits where the developer takes the responsibility for providing those headworks either for road or water infrastructure. Alternatively, if it suits both parties, we will pay a developer to provide them on our behalf.

**Mr RIPOLL**—According to your assessments there is no additional impact in terms of water or other infrastructure?

**Mr Drabble**—Not for the numbers being referred to here.

**Mr RIPOLL**—Thank you.

**Mr JENKINS**—Has council in general been satisfied with the processes about noise arising from the base and the mapping of noise contours?

**Councillor Pisasale**—We monitor very carefully the response from the community about noise related to the Air Force base. We generally find that the number of complaints are very few and for the few that do come in we have a satisfactory response. Council has always totally supported the Air Force base. We work together because we realise the value of it to our city.

**CHAIR**—This committee is always very pleased to hear of good relations between the city council and Defence.

**Councillor Pisasale**—That is critical.

**Mr Drabble**—It is all about good partnerships.

**CHAIR**—It sounds excellent. There are no further questions, so thank you very much for taking the time to be here today so that we can be reassured that the consultation process is moving ahead satisfactorily. I would like to thank all the witnesses who have appeared before the committee today and to Defence for assisting the committee with its inspections. That was very helpful to us. I would particularly like to thank Hansard, as always, and our secretariat, who are with us here today.

Resolved (on motion by **Senator Troeth**, seconded by **Mr Jenkins**):

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 2.47 pm**