

Multi Role Helicopter Facilities

- 7.1 The Multi Role Helicopter Facilities proposal aims to support the introduction and operation of 34 new Multi-Role Helicopters (MRH90) to be located at Nowra, Townsville, Oakey and Sydney. The estimated cost of the project is \$168.7 million (excluding GST).
- 7.2 The proposal was originally referred to the Parliamentary Standing Committee on Public Works (PWC) of the 41st Parliament on 16 August 2007. The inquiry lapsed with the dissolution of the 41st Parliament on 17 October 2007. The proposal was referred to the PWC of the 42nd Parliament for inquiry on 13 March 2008.

Conduct of the inquiry

- 7.3 The inquiry was advertised in the *Shoalhaven & Nowra News* on 10 April 2008, the *Toowoomba Chronicle* on 10 April 2008, and the *Brisbane Courier Mail* on 12 April 2008. The Committee received six submissions to the inquiry and one confidential supplementary submission detailing the project cost estimates. A list of submissions can be found at Appendix A.
- 7.4 The Committee inspected one of the proposed sites and undertook an in-camera hearing and a public hearing on 6 May 2008 in Brisbane. A list of witnesses can be found at Appendix B.
- 7.5 The transcript of the public hearing as well as the submissions to the inquiry are on the Committee's website.¹ Plans for the proposed works are detailed in Submission 1, Department of Defence (Defence).

1 <www.aph.gov.au/pwc>

Need for works

- 7.6 Strategic circumstances, advancements in technologies and changing priorities are the key drivers for ongoing review of Australia's military capabilities. Defence Capability Plan Project AIR 9000 aims to ensure Australia maintains an appropriate fleet of helicopters to meet a broad range of operational requirements. Part of this process is to consolidate and simplify helicopter management.
- 7.7 Project AIR 9000 consists of eight phases. Phase two of the project involved the acquisition of twelve MRH90s to function as troop-lift helicopters at RAAF Base Townsville. The Committee considered and reported on proposed works to support the introduction of the MRH90 aircraft at that Base in 2006.²
- 7.8 AIR 9000 Phase four involved the purchase of a further 34 MRH90 aircraft to replace the current Black Hawk and Sea King Helicopter fleets based at HMAS Albatross, Nowra, RAAF Base Townsville, Army Aviation Training Centre, Oakey, and Holsworthy Barracks, Sydney. Delivery of the new aircraft is scheduled over a four and a half year period commencing in 2010.
- 7.9 The proposed allocation of the MRH90 aircraft is as follows:
- 817 Squadron (HMAS Albatross, Nowra, NSW) – 6
 - B Squadron 5th Aviation Regiment (Townsville, QLD) – 10
 - Army Aviation Training Centre (Oakey, QLD) – 8
 - 171 Aviation Squadron (Holsworthy Barracks, Sydney) – 10
- 7.10 A range of facilities at each of the above locations are required to support the necessary operational, maintenance and training activities of the new helicopters.³ The works are scheduled to commence in mid-2008 and be completed by late 2010.⁴
- 7.11 The new MRH90 aircraft will lead to a net reduction in defence helicopters, provide greater flexibility over land and sea operations, can carry more equipment and troops for greater distances and

2 PWC Report, *Facilities for Troop Lift Helicopter, RAAF Base Townsville, Queensland*, September 2006.

3 Only minor works are proposed for Holsworthy Barrack due to the existing work being undertaken to re-locate the 171 Aviation Squadron from Townsville. See PWC Report, *Proposed Relocation of 171st Aviation Squadron to Holsworthy Barracks, NSW*, February 2006.

4 This is the amended project timeframe. See Brig W Grice, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 2.

incorporates cutting edge technology.⁵ The Committee appreciates the importance of the MRH90 helicopters to Australia's defence capability and recognises the need for the proposed works to take place.

Scope of works

7.12 The proposed scope of works are detailed in Submission 1, Department of Defence. In short, the main projects proposed as part of these works are:

- HMAS Albatross, Nowra
 - ⇒ new 817 Squadron Facility (comprising Squadron Headquarters, aircraft shelters and aircraft maintenance hangar/workshops)
 - ⇒ new Battery Workshop;
- RAAF Base Townsville
 - ⇒ modification to B Squadron Aircraft Shelters
 - ⇒ extension of Mission Planning Facility
 - ⇒ new Simulator Building
 - ⇒ upgraded Technical Support Troop Facility
 - ⇒ upgraded Technical Support Squadron Aircraft Life Support Equipment Workshop
 - ⇒ new Forward Repair Troop and Draft Priority 1 Store;
- Army Aviation Centre Oakey
 - ⇒ new Aircraft Maintenance Facility and Workshops
 - ⇒ MRH90 Aircraft Parking Pads
 - ⇒ new Aircraft Shelters
 - ⇒ new Simulator Building
 - ⇒ School of Army Aviation Facility Reconfiguration
 - ⇒ new Aircraft Life Support Equipment Workshop
 - ⇒ extension of Rotary Wing Aircraft Maintenance School Training Building
 - ⇒ reconfiguration/Extension of Aviation Trade Wing
 - ⇒ upgrades to the electricity supply capacity at Oakey;
- Gallipoli Barracks, Enoggera

5 Brig Dudgeon, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 9.

- ⇒ new Headquarters 16th Brigade (Aviation) and elements of Defence Materiel Organisation; and
 - Holsworthy Barracks, Holsworthy Sydney
 - ⇒ provision for any minor works required at Holsworthy to modify any existing facilities to suit the MRH90 aircraft.⁶
- 7.13 At the public hearing, Defence informed the Committee that a proposed simulator building at HMAS Albatross would not be required, following the outcome of a training needs analysis.⁷
- 7.14 Defence also advised the Committee that a planned sheet metal workshop at the Army Aviation Training Centre, Oakey, would no longer proceed as a result of a cost-benefit analysis. In lieu of the workshop, Defence now proposes to build an additional aircraft shelter, bringing the number of new shelters at Oakey to three.⁸
- 7.15 The Committee has assessed the proposal and considers the works appropriate to support the introduction of the MRH90 helicopters.

Cost of works

- 7.16 The total out-turn cost of this work is estimated to be \$168.7 million (excluding GST) which includes construction costs, management and design fees, internal fit-out, information communications technology and contingency and escalation allowances.⁹
- 7.17 It is projected that the ongoing operating costs for the proposed facilities (excluding the simulators) would increase by \$2.2 million across the four bases. Each simulator would also incur an operating cost of \$0.32 million. These costs result from increased expenditure on personnel, maintenance, energy consumption, and information technology associated with the proposal.¹⁰ However, greater efficiencies and cost savings in the future would also result from the consolidation of helicopters under Project AIR 9000.¹¹
- 7.18 The Committee received detailed cost plans for the project and held an in-camera hearing with Defence on the full project costs.

6 Submission 1, Department of Defence, pp 10–11.

7 Brig W Grice, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 1.

8 Brig W Grice, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 1.

9 Submission 1, Department of Defence, p 28.

10 Submission 1, Department of Defence, p 29.

11 Brig Dudgeon, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 4.

- 7.19 The Committee is satisfied that the costings for the project are adequate and that suitable contingency planning is in place to ensure the overall budget is not compromised.

Project issues

Developments in close proximity to defence establishments

- 7.20 Concern was raised that new housing developments located close to defence establishments could adversely impact on the operation of those establishments, particularly in relation to training and other helicopter activities. The Committee heard that Shoalhaven City Council's *Nowra Bomaderry Structure Plan* includes a proposal to establish a residential housing estate close to HMAS Albatross.¹²
- 7.21 The *Nowra Bomaderry Structure Plan* states that proposed new living area 6, Crab Tree Lane, 'is located in relatively close proximity to HMAS Albatross so will be subject to military aircraft noise from time to time'.¹³ The area would comprise low and medium density housing for approximately 5,450 people in 182 hectares.
- 7.22 The Committee notes that the six MRH90 aircraft allocated to HMAS Albatross will be introduced in a staged process, the noise level of the MRH90 is similar to the existing Black Hawk and Sea King aircraft, and aircrews are briefed on 'flying friendly' in routes that avoid residential areas.¹⁴
- 7.23 Regional representatives of the Defence Support Group and the Assistant Secretary of Estate Planning in the Infrastructure Division of Defence are informed of local planning proposals and where necessary, participate in consultations and comment on development applications. Defence assured the Committee that they have a 'significant and ongoing engagement' with Shoalhaven City Council.¹⁵
- 7.24 It is nonetheless concerning that development might lead to pressure on Defence to reduce its activities or functions and ultimately constrain capability or increase costs to the Commonwealth. The Committee considers that Defence should continue to engage with the

12 Submission 2, Mr Cox.

13 Shoalhaven City Council, *Nowra Bomaderry Structure Plan*, 2008, p 23.

14 Submission 1, Department of Defence, p 28; Brig Dudgeon, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 10.

15 Cdre Barrett, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 7.

Shoalhaven City Council to ensure that its current and future operations at HMAS Albatross can proceed as appropriate without impediment.

- 7.25 The Committee is aware that this issue is wider than this particular development. There is potential for future constraints on Defence activities should residential developments continue to be built close to existing Defence establishments. Therefore, the Committee is recommending that protocols be negotiated to manage development on land surrounding Defence establishments.

Recommendation 9

- 7.26 **The Committee recommends that the Australian Government negotiate protocols with State and Territory governments in relation to developments on land that may impact on the activities of Defence establishments.**

Other matters raised by local councils

- 7.27 The Committee received three submissions from local councils concerning specific sites of the proposed works. These submissions also raised matters in relation to Defence's engagement with local councils on its proposals.
- 7.28 Shoalhaven City Council indicated its support for the proposed works at HMAS Albatross. The Council also expressed its concern that new local facilities to support the work of contractors are required.¹⁶ The Committee considers that, where possible, these issues should be addressed in the contracting process.
- 7.29 The Lord Mayor of Brisbane City Council expressed concern regarding the potential impact of helicopter activities on local residents and the ecosystem.¹⁷ In response, Defence advised that it would be rare for helicopters to visit Gallipoli Barracks and any helicopter activity would have minimal impact on the ecosystem.¹⁸

16 Submission 3, Shoalhaven City Council.

17 Submission No. 5, Office of the Lord Mayor, Brisbane.

18 Brig. Dudgeon, Department of Defence, Proof Transcript of Evidence, 6 May 2008, p 10.

- 7.30 The Toowoomba Regional Council strongly supported the proposed works at the Army Aviation Centre in Oakey. The Centre is the largest employer at Oakey and its economic impact is estimated to total \$280 million.¹⁹ Appearing before the Committee, Councillor Strohfeld spoke of the region's 'very positive relationship' with Defence.²⁰
- 7.31 The Committee notes the interest with which local councils have received the proposal and notes that the issues raised highlight the importance of maintaining open and transparent communication between Defence and local communities.

Breach of the PWC Act

- 7.32 The MRH90 project is being delivered in part by the Department of Defence's Infrastructure Asset Development Branch and in part by the Defence Material Organisation (DMO.) DMO is responsible for the delivery of two simulators and associated buildings. This delivery method was identified in order to reduce the technical risks associated with separate simulator and building design.
- 7.33 On 6 May 2008, the Committee received advice from Defence that in December 2007, DMO had entered into a contract for the design and construction of two MRH90 simulators and their housing facilities. The Committee requested that legal advice be sought by the DMO on whether this was a breach of the *Public Works Committee Act 1969* (the Act.) Subsequent legal advice confirmed that the entering into of this contract is a clear breach of the Act.
- 7.34 According to Section 18 (8) of the Act:
- A public work that has been referred to the Committee shall not be commenced unless, after the report of the Committee (or, if there has been a further reference of the work under the last preceding subsection, the report of the Committee on the further reference) has been presented to both Houses of the Parliament, the House of Representatives has resolved that it is expedient to carry out the work.
- 7.35 The word 'commence' is interpreted in Section 5 of the Act as:

19 Submission 4, Toowoomba Regional Council, p 2.

20 Councillor Strohfeld, Toowoomba Regional Council, Proof Transcript of Evidence, 6 May 2008, p 11.

... in relation to a public work, includes enter into a contract for the carrying out of the whole or a part of the work, and commencement has a corresponding meaning.

- 7.36 In response, the Committee wrote to the Minister for Defence and the Minister for Finance and Deregulation requesting that they remind agencies of their obligations under the Act.
- 7.37 The Committee has received assurances from DMO at a private briefing that measures had been put in place to prevent such a breach occurring in future.
- 7.38 The Committee considers any breach of the Act to be a very serious matter. The Committee has decided not to pursue further action in this case, but reminds DMO to proceed with more consideration to its legislated responsibilities in future.

Committee comment

- 7.39 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost. No submissions were received raising significant issues with the proposed works. The Committee is satisfied that there are no reasons to object to the work proceeding.
- 7.40 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works to support the operation of the MRH90 aircraft proceed at Nowra, Townsville, Oakey, Enoggera and Sydney.

Recommendation 10

- 7.41 **The Committee recommends that the House of Representatives, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, resolve that it is expedient to carry out the following proposed work: **Multi Role Helicopter Facilities.****