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JOINT COMMITTEE ON PUBLIC WORKS

Reference: Stage 1 RAAF facilities, Williamtown

WEDNESDAY, 14 AUGUST 2002

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JOINT COMMITTEE ON PUBLIC WORKS

Wednesday, 14 August 2002

Members: Mrs Moylan (*Chair*), Mr O'Connor (*Deputy Chair*), Senators Calvert, Ferguson and Forshaw and Mr Jenkins, Mr Lindsay, Mr Lloyd and Mr Ripoll

Senators and members in attendance: Senator Calvert and Mr Lindsay, Mr Lloyd, Mrs Moylan and Mr O'Connor

Terms of reference for the inquiry:

Stage 1 redevelopment and facilities for the airborne early warning and control aircraft, RAAF Base, Williamtown, Newcastle, New South Wales

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Committee met at 12.00 p.m.

CHAIR—I declare open this public hearing into the proposed RAAF base Williamtown redevelopment stage 1 near Newcastle, New South Wales. This project was referred to the Joint Standing Committee on Public Works on 26 June 2002 for consideration and report to parliament. In accordance with subsection 17(3) of the Public Works Committee Act 1969, which concerns the examination of and reporting on a public work, the committee will 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 monies 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 briefing from the Department of Defence. We thank them for that very thorough briefing and also for the opportunity to look at the facilities on the base. We have inspected the site of the proposed work. The committee will now hear evidence from the Department of Defence, the Port Stephens Council, the Hunter Valley Training Co., Newcastle Airport Ltd and Mrs Vicki Tupman, private citizen.

[12.01 p.m.]

BECK, Brigadier Geoffrey Richmond, Director General Capital Infrastructure, Department of Defence

NAUMANN, Lieutenant Colonel Darren Scott, Project Director, Department of Defence

BENTLEY, Air Commodore Graham Mitchell, Director General Policy and Planning—Air Force, Royal Australian Air Force

FARNSWORTH, Wing Commander Ian Andrew, Base Commander Williamtown, Combat Support Unit Williamtown, Royal Australian Air Force

BINSKIN, Group Captain Mark Donald, Officer commanding Airborne Early Warning and Control System Program Office, Airborne Surveillance and Control Division, Defence Materiel Organisation

MOSS, Mr Graham John, Manager—Aviation Services, GHD Pty Ltd

CHAIR—On behalf of the committee, I extend a welcome to representatives from the Department of Defence. The committee has received a submission and supplementary submissions from the department. These submissions, together with other submissions received for the inquiry, are available in a volume of submissions for the inquiry. They are also available on the committee's web site. Does the department wish to propose any amendments to any of the submissions it has made thus far to the committee?

Brig. Beck—Yes, I do; I have three small amendments. At paragraph 15 in the submission the fifth sentence should read:

In 1993 the Federal Government leased land to the Newcastle City and Port Stephens Shire Councils ...

The remainder of the sentence remains the same.

CHAIR—'Leased' instead of 'sold'; thank you.

Brig. Beck—At paragraph 95 the first sentence should read:

Construction of the AEW&C aprons and hangars will not impact on the water supply.

The commencement of the second sentence in that paragraph should read:

Planned future works may impact on this supply and therefore it is recommended ...

The sentence goes on. The last correction is at paragraph 118. In the first sentence, 'Cultural and Heritage Assessment' should read, 'annual facilities appraisal'; then add a third sentence which says:

A subsequent heritage assessment in 2001 identified some buildings that have heritage values. However, none of these will be impacted by this proposal.

They are all the amendments.

CHAIR—Thank you very much. I now invite you to make a short statement in support of your submission.

Brig. Beck—The Department of Defence is proposing the construction of the first stage of the redevelopment of the base facilities and construction of new facilities for the airborne early warning and control aircraft at RAAF Base Williamtown in New South Wales. RAAF Base Williamtown is a key defence airfield and is the home of the air combat group, the surveillance and control group and the Australian Defence Force Warfare Centre.

In April 1999, the government announced that the airborne early warning and control capability would be based at RAAF Base Williamtown. Some 2,500 military and civilian personnel are employed on the base. With the introduction of the AEW&C capability, an additional 350 military and civilian personnel will be employed on this base. The base is planned to be retained in the longer term as the principal base for the training and operational basing of air combat aircraft, the AEW&C capability and the conduct of joint training.

The RAAF Base Williamtown redevelopment stage 1 and the AEW&C project are intended to provide facilities and infrastructure services in support of the AEW&C capability and to establish the basis for subsequent base redevelopment. Many of the facilities on the base are inappropriately sited in high-noise areas and functionally inefficient locations. Many of the facilities and engineering services are near the end of their economic life and require replacement or substantial upgrade. The introduction of the AEW&C to the base will put an increased demand on facilities that are already at capacity, thus driving the need for the construction of new facilities.

There are essentially two parts to this project. The first of these parts is the provision of new operational facilities to support the new capability. Works proposed include a new unit headquarters for No. 2 Squadron, the unit that will operate the aircraft; a hangar and maintenance facility to support the AEW&C Boeing 737 aircraft; an AEW&C support centre to house the flight and mission simulators and the personnel required to support the AEW&C capability; and an aircraft apron area for the four aircraft.

The second part of these works is the first stage of the base redevelopment program. The works proposed under this part will include aircraft refuelling facilities, including refurbishment of an existing fuel farm, demolition of an existing fuel farm and the construction of a new fuel farm; aircraft pavement works, including a complete overlay of the runway and main taxiways and the addition of shoulders to a number of selected taxiways to support the operation of the new aircraft; a complete replacement of airfield lighting, including the runway approach and taxiway lighting systems; a new ordnance loading complex; new student and transit accommodation; sewage treatment works; a major upgrade of the base power reticulation, including the construction of a new central emergency powerhouse; upgrade of other engineering services; and, lastly, general base road upgrades and demolition of a number of redundant structures.

The budget for this project is \$149 million. This includes construction costs, professional design and management fees and charges, furniture, fittings and equipment, together with appropriate allowances for contingency and escalation, but does not include any goods and services tax liability. At this stage, Defence is confident that the full scope of works can be delivered within this budget.

Subject to parliamentary approval, the works are planned to be committed in late 2002, with construction commencing in early 2003. Project completion is planned for the end of 2006. Over the envisaged construction period of about four years, an average of approximately 200 personnel will be directly employed on construction activities. In addition, it is anticipated that construction will generate further job opportunities off-site from the prefabrication, manufacture and distribution of materials. Proposed facilities will provide the home base for this new AEW&C capability. They will also enhance the overall effectiveness of the RAAF base by improving the efficiency of day-to-day operations, overcoming shortcomings in operational health and safety and providing appropriate infrastructure for further base operations.

Since the submission of the Defence statement of evidence, our environmental studies have indicated that the majority of the works will not affect any items of national significance. These studies have also confirmed that there is a requirement to undertake referral action of the proposed ordnance loading complex works under the Environment Protection and Biodiversity Conservation Act. The referral is intended to incur within the next month.

RAAF Base Williamtown is a place nominated for entry in the Register of the National Estate, and the Australian Heritage Commission is currently assessing the historic, natural and indigenous heritage significance. A recent non-indigenous heritage assessment conducted on the base identified some items of heritage significance. However, these are not expected to be affected by this project. Recent indigenous heritage surveys conducted by the Worromi Local Aboriginal Land Council have indicated that no sites of great significance have been found. Finally, Commonwealth, state and local government representatives and instrumentalities have been advised or consulted during the preparation of this proposal.

CHAIR—We have heard that there are some issues around traffic management with the expanded number of people using the base and the expanded facilities. Can you tell us what you are proposing to do, both in the long and in the short term, to mitigate the effects of that additional traffic?

Brig. Beck—In the short term, we will continue to consult, as we have done in the past, with Port Stephens Shire Council about the issues that you have talked about. In this proposal no works are planned to mitigate those. In the future, Defence is planning works, which would be part of subsequent stages of this proposal, which would make allowance for security works for the base and which would include changes to the base entry. In the meantime, we will continue to consult with the council to come to an agreement about how we will manage the problem.

CHAIR—Will that additional traffic have a fairly severe impact on the local community?

Brig. Beck—Defence does not believe that the additional people will create a severe impact. No. 2 Squadron will commence operations at the base in January 2004, but we will continue to consult with them about how we will manage the problem.

CHAIR—When would you expect the second stage, where you are going to look at the security and traffic issues, to commence?

Brig. Beck—Defence is planning to bring that to the parliamentary works committee in 2006, and there will be work prior to that stage to develop that proposal.

CHAIR—So you will be looking at that two years after the completion of this current stage of works?

Brig. Beck—Yes, that is correct.

CHAIR—If it were demonstrated that there were problems, would you be prepared to consider and discuss that with the local authority—

Brig. Beck—Yes.

CHAIR—with a view to perhaps resolving some of those issues?

Brig. Beck—Our intention in the consultation is to resolve the issue so that Defence, the local communities and the shire council are happy with the solutions that we come to.

Mr BRENDAN O’CONNOR—I was just looking at the Hunter Water Corporation’s potential concerns about the ordnance loading complex. In their submission they express concern about potential safety hazards for their employees carrying out maintenance and repairs. What steps would you be taking to ensure that those safety concerns would be addressed?

Lt Col. Naumann—We have spoken with the Joint Ammunition Logistics Organisation, who are the explosive ordnance licensing authority for the Defence Force. Their advice is that, based on the frequency and duration that was advised to us by Hunter Water Corporation—and I must note that that was advised informally and I passed that information on to the licensing people—there will be no restriction to Hunter Water Corporation’s access to urgent maintenance or repair work that needs to be undertaken on the critical components of their infrastructure. It would be acknowledged that, while they are within 400 metres of the explosive activities, they will be in a higher risk area than what would normally be allowed. However, there are ways to work with that in consultation with the Hunter Water Corporation, and we would consult with them about the advice that they should provide to their employees. It is not unusual for this to occur. We have this occur on bases routinely with lawn mowing contracts and such like, where they enter those restricted areas.

Mr BRENDAN O’CONNOR—Who would undertake the responsibility of either training or advising those employees about the specific potential safety requirements? Would it be the corporation or yourselves?

Lt Col. Naumann—We would deal with the corporation, and it would be their responsibility to deal with their employees. We would provide them with all the information they needed to have to properly inform those employees.

Mr BRENDAN O'CONNOR—You propose 50 new beds for students in the new site that you are looking to locate people. Is that at the north end?

Brig. Beck—That is correct.

Mr BRENDAN O'CONNOR—Why 50? Would that be seen as sufficient? How far ahead would you be planning for that number of students?

Brig. Beck—Defence is currently doing a review of its living and accommodation requirements, the level of amenity that is required and how we would deliver that across Australia. In this proposal we are not looking to do anything to do with permanent living and accommodation. We are proposing student accommodation in this part of the redevelopment, because we recognise that the condition and the placement of the accommodation we have now is not good and we are attempting to rectify it. We are proposing 50 at this stage because it is the amount that we can afford within the budget for this stage of the project. We currently on base have approximately 250 bed spaces for student accommodation. Before we come back to the committee with any further proposal for redevelopment, we will examine the exact requirement that we will need at that point in time for student accommodation. I would expect that we would be looking for about another 150 at that time. But 50 is what we can reasonably put into this proposal.

Mr BRENDAN O'CONNOR—My next question is unrelated to that and is, I suppose, to do with safety. Paragraph 105 makes reference to there not being any requirement to consider the precautions against legionella bacillus. Is that because what is being installed is something that would not render itself likely to propagate that disease?

Brig. Beck—I might ask Mr Moss to answer that question.

Mr Moss—I believe it is because we are not proposing a water-cooled airconditioning system.

Mr BRENDAN O'CONNOR—Because it is air-cooled, is that correct?

Mr Moss—That is correct.

Mr BRENDAN O'CONNOR—In regard to the work force and the construction, which I think will take about four years from beginning to end, I have two questions. Firstly, you have approximated that 200 jobs would be required; will efforts be made to ensure that local employment would be sought? If so, what skills have you considered are present to ensure that local people may be employed in the construction area? Secondly, have you attempted to estimate the potential for longer term permanent jobs as a consequence of this construction? Do you see things that might go beyond the four years as a result of this construction?

Brig. Beck—We are planning to deliver these works using a managing contractor form of contract which allows us to package the works into elements which we can put to industry, which are of a size and nature which would allow local industry to compete for the works. Obviously, we are interested in getting value for money for Defence, but we have found from past projects that by doing that we are able to achieve high levels of local input into projects of

this size. For instance, on projects that we have in Townsville now, I believe we are achieving 90 per cent local input in some cases by value and number to these sorts of projects.

Mr BRENDAN O'CONNOR—I guess the more remote the area, the more likely it is that you are going to draw upon that—it could almost be a monopoly, if you like, given the area. Would there be an effort to ensure that the area surrounding Williamtown would be used to undertake the work? Will it go on cost only?

Brig. Beck—The way we do it is to be as open as we can by asking people to register their interest; then we go to the tender process. We look at the value for money, so it is not purely on cost; we are looking at the proposals that are put to us and we make a judgment about whether that provides value to the Commonwealth. On your second question, we estimate 200 jobs during the period of the construction. I think long-term jobs are more likely to flow from the support to the capability being delivered through the contract for the AEW&C project. Perhaps I could pass to Group Captain Binskin who might be able to give you an answer in relation to support to the aircraft.

Group Capt. Binskin—Do you mean support itself from the people?

Mr BRENDAN O'CONNOR—Will there be any jobs that go beyond the construction? It has been suggested that there might well be some.

Group Capt. Binskin—There are 350 people associated with the capability coming to Williamtown of which in the order of 250 would be uniformed and directly related to the aircraft. Then there are some civilian personnel as part of the contractors to support the aircraft and some APS personnel to take it out to the 350. The exact split is yet to be determined because we have not worked the full through-life and inservice support contract with Boeing Australia Ltd who will be responsible for the support. I suppose you will then get the flow-on effect within the community of supporting those families as they come to support the aircraft.

Senator CALVERT—One of the issues that I have noticed during the times I have been in this area is that, because it is such a flat area and the ground water is now not being used for drinking purposes, the watertable seems to have come up very high and the run-off does not get away as well as it should. Concerns have been raised about stormwater at the base; could you outline to the committee what you have done about this, what reports you have about it and where you are at with the stormwater study.

Brig. Beck—We have done some initial studies and undertaken some work on how we will reduce the impact of this proposal. I will ask Mr Moss to describe the details of what we have come up with.

Mr Moss—We have undertaken some stormwater modelling to analyse the flow-off from the additional areas, coming up with concepts to reduce the run-off. We believe, from the modelling that we have done, that there will be no worsening of off-site flooding. The concepts include the collection of roof water into tanks for irrigation purposes. The run-off from car parks and open areas will be collected in fuel and sediment traps so that there will be no sediment that will leave the base. There is a provision for detention lagoons to hold stormwater from storm events over the norm, and they will slowly drain towards the off-base drainage systems through a

system of evaporation and infiltration into the watertable. Our modelling indicates that there will be no worsening of flow from the base as a result of the works.

Senator CALVERT—There was a pollution incident back in 1999, wasn't there? What was that about? Do you have any information about that?

Wing Cmdr Farnsworth—We had a fuel spill—I forget the amount. It was before my time, but I can recall that the source of that fuel was inconclusive. I think there were 30,000 litres, which were, in the main, trapped in the stormwater system. I think there was suspicion about a visiting aircraft with leaking fuels tanks. Essentially, the base systems worked, but we were unhappy that the event occurred, of course, and that we could not clearly identify the source. So we had a stormwater system that worked, but we needed to ensure that the event did not occur again. We could not identify the source to ensure that that was the case.

Senator CALVERT—Mr Moss, in light of that, have all precautions been taken to prevent any further fuel accidents or escapes? What precautions have you taken to stop that sort of thing happening if fuel does escape when aircraft are being refuelled in the fuel farm areas?

Mr Moss—As a result of that fuel spill, we undertook a study of both the fuel farms and recommended a particular course of action to rectify any possible recurrence of that event. Some of those works have been completed in the interim. As part of this proposal, the refurbishment of Fuel Farm No. 3 identifies works to prevent any leaks from the fuel farm getting into the stormwater drainage system. The fuel traps are being included in the apron area. We have provision for three additional fuel traps as part of the works to prevent any fuel escaping from the apron area, where the refuelling occurs, into the stormwater drainage system.

CHAIR—What is happening in the consultative work that you are doing with the flood plain management committee?

Brig. Beck—While we get the answer to that, could I make a correction? I have been advised of some further details about that fuel spill. It happened by going out through an area called Moore's Drain. Four thousand litres left the base, and the cause of the spill was unknown.

CHAIR—Thank you. Do you want to come back and give us an update on your discussions with the flood plain management committee?

Lt Col. Naumann —I can give you an answer now. We are currently working with the Port Stephens Council. They have a consultant, WBM Consulting, who are undertaking some flood plain modelling. They are modelling the flooding of the Long Bite area, which is the area that encompasses the base and south of the base. Right now, we are waiting for the results of that modelling, but we will be consulting further with the Port Stephens Council, who are a member of that management committee, based on those results.

CHAIR—Are you saying that your involvement is through the Port Stephens Council, not directly with the members of the floodplain management committee?

Lt Col. Naumann—That is correct.

Mr LLOYD—According to paragraph 49 in the Defence submission, the new base domestic precinct will be constructed on that site that we saw, which was the demolition of fuel farm 3A. That is, I believe, in the quiet area of the base. What about the health and safety implications of locating living areas on land previously occupied by a fuel farm? Have they been addressed?

Brig. Beck—Yes, they have. As part of this proposal, the decommissioning of that plant will involve remediation of any contamination found at that site.

Mr LLOYD—In relation to aircraft noise—and obviously the base is a fairly noisy place at different times—measures are taken in this proposal to address the sound levels to specified Australian standards. That will be in all classrooms and domestic accommodation. Does that only apply to the buildings that are going to be erected under this project, or is it going to apply to existing residential structures which are already there and will remain in use?

Brig. Beck—It will apply only to those structures that we are proposing under this part of the base redevelopment and for the AEW&C complex.

Mr LLOYD—Do you have measures in place to try and reduce the sound in those buildings at the moment?

Wing Cmdr Farnsworth—No.

Brig. Beck—In terms of a solution on the facilities side, no, not that I am aware of, but we will address the remaining parts of the base that do not meet current standards under a subsequent proposal for part of this redevelopment.

Senator CALVERT—Is double glazing one of the options you will be using?

Lt Col. Naumann—Yes, it is. We will be considering that as part of the design.

Mr LLOYD—Given that any large aircraft creates considerable noise, is the noise problem likely to be increased by the additional aircraft that are being purchased in this proposal?

Group Capt. Binskin—The aircraft that AEW&C is based on is a commercial 737 airliner that Qantas flies around Australia. It is a fairly quiet aircraft, it meets all the latest international standards, and we are only looking at an average of about four movements a day for the aircraft—and that is basically coming and going. Most of the operations will be conducted above 30,000 feet, and most of those will be over water. We do not see an increase in the noise.

Mr LINDSAY—Gentlemen, these questions will be in the order that they are in in your statement of evidence. I want to explore paragraphs 24 and 25 first of all, to make sure that those two paragraphs are not inconsistent with one another. I am sure that they are not, but I just want to make sure. Paragraph 24 says:

The proposed redevelopment ... provides many advantages in addressing the facilities and infrastructure deficiencies in a consolidated and planned approach ... as well as the opportunity to rationalise Base facilities and infrastructure in accordance with the endorsed Master Plan.

At the bottom of paragraph 25, it says:

Accordingly, the proposal is focused on providing facilities and infrastructure to support the establishment and use of the AEW&C capability.

So, one is saying it is overall; the other is saying, 'This is focused on this.' Can you assure the committee that those two statements are not inconsistent?

Brig. Beck—Yes, I can make that assurance because, as I said in my opening statement, the focus is two-pronged. One is to introduce the new capability and, at the same time, we will lay a foundation for the future redevelopment of the base by looking at those parts of the infrastructure which need to be rectified to support both the new capability and the future redevelopment of the base.

Mr LINDSAY—I turn to paragraph 34 of your submission. It says that some of this infrastructure is going to house training simulators and so on. What it is housing is an entirely separate cost not covered by this particular proposal; is that correct?

Brig. Beck—That is correct.

Mr LINDSAY—That is part of the arrangement with Boeing?

Group Capt. Binskin—That is part of the system acquisition contract with Boeing. The facilities will house the support facilities, two simulators, and some of the personnel support and through-life support of the aircraft.

Mr LINDSAY—So this \$149 million redevelopment provides the opportunity, in part, to house how many dollars worth of this new project?

Group Capt. Binskin—I will have to consult—

Mr LINDSAY—No; just come back to me on that. I go to paragraph 43. It says that, 'Much of the fuel farm infrastructure is in poor condition.' We know that 3A is going to be removed. Is there any opportunity to reuse the current tanks at 3A and move them to fuel farm 3?

Brig. Beck—I will ask Mr Moss to answer that.

Mr Moss—The tanks do not conform to the environmental conditions in all details of the current legislation; they conform to the legislation at the time it continued to be used. I think that any reuse of the tanks would require significant renovation of the tanks.

Mr LINDSAY—Could you give me a little more detail about that? I am a simple person; to me, a tank is a steel tank. What kind of things could possibly be different?

Mr Moss—They require corrosion protection, and there is a monitoring requirement on that corrosion protection. I must say that that is getting into a little greater detail than my depth of knowledge allows. Given that we are under oath, I would need to take advice on some of the further technical details.

Mr LINDSAY—I am asking you because, if those tanks could be reused, there is the potential to save a significant amount of money, as I understand it. I guess we might need some more information.

Brig. Beck—We could undertake to examine the element that you have mentioned and come back with an amount of detail that would satisfy you as to the question you have raised.

Mr Moss—I can add a little bit in relation to the project timing. There is a requirement that we do not significantly reduce the amount of storage on the base during construction. So we have developed a construction program where we build the new fuel tanks first while we have the existing fuel tanks in operation. After we have commissioned the new fuel tank we will refurbish the existing fuel farm 3 while we still have 3A operational. It is only when we have fuel farm 3 operational and the new farm operational that fuel farm 3A will be demolished. So there is a timing sequence. To pull fuel farm 3A out while we do not have the other facilities would reduce the holdings considerably.

Mr LINDSAY—To answer my first question you would have to look at what is happening with the existing fuel farm 3 tanks, which I assume you are going to keep.

Mr Moss—Correct.

Mr LINDSAY—So that would raise the question: why can't you keep the 3A tanks? Have a look at that and come back to me. Moving to aircraft pavement—and I may have to ask Newcastle Airports Ltd this in their evidence: we had a discussion earlier, and the purpose of raising it again now is to put this on the *Hansard* record, in relation to the arrangements between Australian Airports Ltd, Townsville, and Defence for the use of the defence airport in Townsville whereby Australian Airports Ltd, under their lease of their part of the airfield, are required to meet a pro rata cost of the refurbishment of the runway on a periodic basis. It is a fairly significant cost as well. Following my initial inquiries about this, do you have any evidence about what the arrangement is with Newcastle Airports Ltd and, if there is no arrangement for Newcastle Airports Ltd to contribute to the maintenance of the main runway and the taxiways, is it your recommendation that the PWC recommend to the government that we should be looking at some kind of contribution?

Brig. Beck—The difference between Townsville and Williamtown, as I understand it, is that Townsville is a joint user airfield and Williamtown is a defence airfield which allows use by Newcastle Airports Ltd. The exact definition of that I am unsure of at this time, but they are two separate agreements and I think that is why at Townsville there is the agreement that there will be a contribution to maintenance of the runway.

Mr LINDSAY—Do you agree that the practical effect of that is that what happens at Williamtown is the same at what happens at Townsville: that the civil aircraft land on the RAAF airstrip, that the civil terminal is on one side and RAAF are on the other side? Is there any difference in practice other than the agreements in place?

Air Cdre Bentley—The major difference in practice is the number of movements. At Townsville I think you will find—and I am pretty sure—that the number of movements of commercial and private civilian aircraft is probably greater than the number of military

movements, whereas at Williamtown it is the exact opposite: in excess of 80 per cent of movements are military and the rest are commercial.

Mr LINDSAY—Nevertheless, there is private usage of the defence airfield, so would it be your recommendation to the PWC that we should ask the government to review the arrangements at Williamtown vis-a-vis Defence and the private operator? Or would you care not to make a comment?

Air Cdre Bentley—I would rather take that on notice. We would prefer—

Mr LINDSAY—It means dollars to you guys.

Air Cdre Bentley—to maintain Williamtown as a defence establishment with limited use of commercial assets rather than move into a joint user field, which you have with Townsville and Darwin.

Mr LINDSAY—Moving on to paragraph 69, on the student and transit accommodation: I found myself thinking, when I saw the location of that on the master plan, that it was a long way from the existing facilities. What do you propose to do in relation to messing arrangements?

Brig. Beck—The only change we would be making is the proposal to put that accommodation there. We would not be doing anything under this proposal to change the messing arrangements. Under subsequent proposals that we will bring for the redevelopment of this space we will then be looking at overcoming, in a fuller sense, the accommodation requirements at Williamtown. So there would have to be a local arrangement to account for the distance between the proposed student accommodation and the messing facilities.

Mr LINDSAY—That is probably fairly significant, because the thing has got to be operationally okay. I do not know what sort of arrangement you are talking about, and perhaps you could give us more details on that, but it would be inappropriate to recommend the construction of that if it was not going to work in practice.

Brig. Beck—Perhaps I could ask Ian Farnsworth to answer.

Wing Cmdr Farnsworth—One comment we could make is that the new accommodation will be close to the Warfare Centre. It is more than likely that most of the students in the accommodation will be working at the Warfare Centre, and many students walk every day from the Warfare Centre down to the mess, so there is a trade-off in terms of their walk to work versus their walk to messing facilities.

Mr LINDSAY—I think that is a good answer. Thank you. Referring to the sewerage treatment works, which is part of paragraph 78, I raised with you earlier the prospect of financing these new works, that is, closing the sewerage treatment plant and delivering your sewerage for treatment to the water and sewerage authority. I asked you about the possibility of getting the authority, rather than Defence, to meet the capital cost. Are you prepared to investigate that particular option?

Brig. Beck—Yes, we will undertake to discuss that with the Hunter Water Corporation to see if that is viable.

Mr LINDSAY—In relation to power supply, which is in paragraph 88, you say that you can gain efficiencies through the purchase of supply at 33kV rather than 11kV. Could you explain how you gain efficiencies?

Mr Moss—The efficiencies come with 33kV in that you buy bulk power at a high voltage and the cost is less than if you buy it at 11kV. The whole idea is that we put in a zone substation that would be owned by Energy Australia. There would then be step-down transformers to 11kV for distribution through the base.

Mr LINDSAY—Does requesting a supply at 33kV involve an additional cost to Defence or does the electricity supply authority do the infrastructure at their cost and then supply Defence?

Mr Moss—They do the supply to the substation at their cost. The arrangement that has been discussed but not yet formalised is that a zone substation would be built by the electricity authority on Defence land to facilitate that zone substation.

Mr LINDSAY—Would the substation on Defence land be required to supply consumers outside Defence land?

Mr Moss—No, it is to supply only the base. There are two proposals being considered as part of the power reticulation. The first is taking the 33kV from the zone substation to the intake substation and the central emergency power station at 33kV and then have Defence's own step-down transformers at each of those substations to step it down to 11kV. The alternative is to have the step-down transformers at the zone substation and then have 11kV feeders to each of the two power stations on the base.

Mr LINDSAY—In relation to the new emergency power station, has Defence looked at talking to the electricity authority with a view to asking the electricity authority to supply and maintain an emergency supply at the base so that the Defence would avoid the cost of supplying an emergency power supply?

Mr Moss—No, those discussions have not taken place. As I understand it, Defence policy is that they own and maintain their own central emergency power station and their own intake substation.

Mr LINDSAY—Do you think that, in this modern day, there is a need for that policy to continue?

Mr Moss—I think that is a policy issue for the Department of Defence to answer.

Mr LINDSAY—You are the technical person. Technically, do you think there is any need for Defence to actually own the facility or can the electricity authority own the facility provided it provides the reliability that the base needs?

Wing Cmdr Farnsworth—Very recently we had a power blockage that took power from the base for six hours. It was caused by the feeder system. In that case, although the central emergency power system supplied only 33 per cent of base needs it was very useful. We could not have had support from outside that would have solved our problem.

Mr LINDSAY—But this is only a question of ownership; it is nothing else. There will still be a central emergency power station.

Wing Cmdr Farnsworth—Are you talking about on the base?

Mr LINDSAY—Yes, on the base.

Brig. Beck—We have examples of where Defence have outsourced the provision of services for a number of other services that you might like to name. We could look at a proposal like this—I do not think there is anything that would preclude us from doing it—and if the proposal stood up in an economic sense we could then make a decision.

Mr LINDSAY—I think that would be a very good suggestion, thank you. I now turn to point 112 in your submission which says:

On-costs likely to be incurred because of the regional location have been factored into the estimates, as have allowances for the particular geology of the region ...

Can you explain the kind of allowances that have been made for the particular geology of the region?

Mr Moss—The particular allowances would relate to the sand beds and the foundations. We have done some geotech investigations on which the building costs of the facilities have been based.

Mr LINDSAY—Is it a very significant allowance or is it marginal in the cost of this project?

Mr Moss—I am not sure I understand the question.

Mr LINDSAY—It is a \$149 million project.

Mr Moss—Yes.

Mr LINDSAY—Are the allowances you have made for the particular geology in the region just marginal costs?

Mr Moss—The cost estimates are based on the geotech information that looks at the structural cost. Those costs can vary considerably between expansive clays and sand, so we have adjusted the cost to take account of the foundation conditions.

Mr LINDSAY—A great answer! I now refer to point 122 under ‘Delivery mechanism’ and this will be my last question. Defence has given evidence that the project will be delivered mostly using the managing contractor form, and that is working very well in Townsville. We

have two managing contractors in Townsville, Theiss and Leightons, and as the local member I see them both doing an extremely good job. Point 122 says:

Selected work elements will be constructed separate from, and leading, the Managing Contractor contract.

Why is that? Why wouldn't you include all the work elements in the managing contract?

Lt Col. Naumann—The reason that we are looking at bringing some of the works forward under a separate head contract is for timing. Something you see with managing contractors is that it takes some time to get things happening on site. There is a lot of lead-up that happens before you start breaking earth and doing construction. We have a time critical issue for the supply of the headquarters building for No. 2 Squadron; it was mentioned earlier that they will be arriving at the base in January 2004. We need to build a headquarters building and provide engineering services to that precinct and, in order to give ourselves the best chance of achieving that target, we have chosen to pull out an element of works that is associated with that and deliver it by a head contract with a separate design so we can get moving on it as quickly as possible.

Mr LINDSAY—Does that mean then that Defence is not ready to go with the whole project and therefore will enter into a higher cost arrangement to deliver with certainty as far as the time frame is concerned?

Brig. Beck—No, I do not think that is correct. The thing about the managing contractor is that once you engage the contractor, they then have to acquaint themselves with the full scope of works and commence the design. That is primarily why there is a period of time between engagement of the contractor and before you see things happening on the site. That period of time is there because the managing contractor is responsible for the design and the construction and added to that is the need, under these sorts of projects, to manage the complexity of what gets done where on an operating air base. That form of contract is not suitable to meet a time frame of 2004 for this particular element and that is the reason why we have excised it from this.

Mr LINDSAY—I will reserve the right to come back when we talk to you again in relation to this matter.

Air Cdre Bentley—To answer the earlier question, in the order of \$200 million worth of major equipment will go in the AEW&C support centre—simulators and so on. To clarify a point for the deputy chair, I think I said before that 250 of the 350 will be uniformed; actually 270 will be uniformed.

CHAIR—Thank you for clarifying that. I would like to raise a question about environmental implications of development here. The Commonwealth government, as you are aware, has implemented a fairly strong energy conservation program, the Energy Policy, and has established the Australian Greenhouse Office to oversight that. I understand they have stated the development should only go ahead when they have provided their certification for the works. I just wonder what is being done to obtain the appropriate certification for compliance with the Commonwealth Energy Policy.

Lt Col. Naumann—We are currently in negotiations with the Australian Greenhouse Office. We will continue those consultations to set targets. The early indications are that this system has worked before on other projects and so they do not see that there will be an issue as long as we continue that consultation. They understand that we both have work to do here.

CHAIR—So you will obtain that certification before the project proceeds?

Lt Col. Naumann—Yes, I believe we will.

CHAIR—Thank you very much.

Proceedings suspended from 12.57 p.m. to 1.49 p.m.

GESLING, Mr Peter, General Manager, Port Stephens Council

CHAIR—Mr Gesling, on behalf of the Joint Committee on Public Works, may I take this opportunity to welcome you to this hearing. The committee has received a submission from you. Do you wish to propose amendments to the submission made to the committee?

Mr Gesling—No, I do not seek to make any amendments.

CHAIR—In that case, I now invite you to make a short statement in support of your submission.

Mr Gesling—Thank you, Madam Chair. Port Stephens Council recognises the positive impact of the Williamstown base, and particularly this project, on the region. Council, along with the New South Wales government, is undertaking an economic study of that area with the purpose of protecting the future operations of an airport within the Williamstown area. One of the concerns we have is access to the data contained in the master plan, and the premise of this proposal and, as I understand it, this committee meeting is the information that is in the master plan. While council has been briefed and, specifically, I have been briefed about that information, we do not have a copy of the master plan and would seek that that be made available to us so that the council staff can work through those issues contained within it.

In particular, we support the fact that infrastructure investigation should include potential for easements to the base to accommodate long-term growth of the area both as a military base and as a civil operational base. Particular concerns relate to drainage, flooding and pollution protection. While council recognises that all of these can be solved technically, they do require a holistic approach, and the council seeks commitment from the Department of Defence to ongoing negotiations to resolve those issues together.

Council believes that the Department of Defence, in this case the RAAF, is part of our overall community and seeks to establish that as part of the community that exists in Port Stephens in a growing area. As such, we ask that the Department of Defence act in a manner that could be described as being a good neighbour—that is, acceptable to the community at large. In no way are we suggesting that the community is always right or that the Department of Defence has to meet all of the wishes of the community—that is obviously ludicrous—but in council's view it has not always been the case that the Department of Defence has been seen as a good neighbour and we would seek that that focus be developed and maintained into the future.

CHAIR—I thank you for your submission. You are obviously having discussions with Defence on a number of issues, including stormwater and airport issues. There are a number of other issues, including the one you first mentioned about the long-term strategies for the development of your city. Are you satisfied that you are able to have dialogue and resolve these matters with Defence as you go along?

Mr Gesling—I believe processes that have been put in place this year will achieve that if they can be maintained, and I have no indication that they will not be maintained into the future. So, yes, we believe those are occurring and can occur into the future.

CHAIR—So at the moment you are satisfied with the consultation process that is going on between the council and Defence?

Mr Gesling—In relation to the long-term issues, yes. In relation to resolving some aspects in the past, there is still some way to go.

CHAIR—But the dialogue is continuing? Are you satisfied that the doors are open and that you are able to continue to discuss and work towards a resolution?

Mr Gesling—Yes, I am.

CHAIR—Thank you.

Mr BRENDAN O’CONNOR—Mr Gesling, you mentioned that you did not have a copy of the master plan. Is that correct?

Mr Gesling—That is correct.

Mr BRENDAN O’CONNOR—Given that there is a lot of cooperation between the two bodies, why wouldn’t you have a copy of the master plan?

Mr Gesling—Whereas we have been briefed about it and have information, the actual document and the written information has not been made available to us.

Mr BRENDAN O’CONNOR—What commitments have been undertaken to meet and discuss any concerns or questions that you have or any areas of information that you currently do not have at your disposal? What current commitments are in place to ensure those things happen?

Mr Gesling—We have a commitment that involves representatives of the state government and Defence Estate meeting quarterly to be able to address issues that are of concern. The project people have been open and have addressed council recently about the project, and that information is becoming available, so I believe that can occur. I suppose we are making the point that in addressing this it is quite detailed, as is the impact of it, and it involves a whole range of people at council. Unless you have the documentation to be able to circulate, it is difficult to be able to reflect on those and make critical comment and even to help the process along.

Mr BRENDAN O’CONNOR—So you would hope there would be more information provided.

Mr Gesling—We would hope to have the documentation that is included in the master plan, even if it is not the complete documentation. We obviously expect that the Department of Defence will have a planning phase that is in the future that may not ever come to be. That happens in any planning process. We would seek to be involved as early as possible so that we can bring to bear the resources that we are putting into the community to get a better result at the end of the day.

Mr BRENDAN O'CONNOR—You may have made some reference to the positive economic impact of the project in your initial statement. Certainly you start off your submission in that way. What would you outline as the main benefits as a result of this project?

Mr Gesling—They are vast in terms of economic benefit to this region. The council has always wished to acknowledge that. They range from employment going right through to the contribution made by individual members of the Defence Force working in our community in a volunteer capacity. So it is right through that range, and the council would seek to get best value from those as a joint approach rather than some of the community seeing that happening separately.

Mr BRENDAN O'CONNOR—Right. I imagine having the base here there would be occasions on which residents and ratepayers would complain about noise levels. Whether there is any merit in that or not, I imagine that would occur. Are you concerned that the project would increase noise across the municipality?

Mr Gesling—My understanding of this project we are considering now is that it is not going to have a significant impact on noise that exists now. It has not been raised as an issue by the council or in discussions we have had with the community about this particular project.

Mr BRENDAN O'CONNOR—There has also been some mention of traffic congestion in some areas leading from the base and the proposal that a cycle path be constructed in order to provide another means by which personnel and other people could go to and fro from a residential area to the airport or the RAAF base. Whose responsibility would you see a cycle path being, if it were to go ahead: would it be yours or would it be a combination of organisations?

Mr Gesling—I believe it should be a combination of organisations. Currently funding for cycleways is split 50-50 between state and federal government in projects in any grants that come that way. Certainly there have been fundraising efforts from the base personnel towards contributing to that in the future, but I think it is a joint approach. It really is a community benefit and would not only be used by Defence personnel.

Mr BRENDAN O'CONNOR—Are there any other forms of construction off the base that might be undertaken jointly or solely by the council as a result of this project?

Mr Gesling—Nothing has been proposed at this stage but we have certainly raised issues about congestion on the roads into it, and there are proposals in this that seek to address part of that. Again, we have not yet made an assessment of whether they are adequate, but negotiations are ongoing with Defence Estate about that. We are not proposing to commit other funds at this particular time towards transport infrastructure, but we would be advocating that we look at alternative types of transport as well. Whether it is bus transport or some other form of transport, it needs to be considered in this process.

Mr BRENDAN O'CONNOR—This is perhaps related to some of the earlier questions. Would there be any employment growth to the council directly? For example, if there were a joint project to construct a cycle path, would that lead to any employment growth in council?

Mr Gesling—Not permanent employment. It may lead to short-term employment growth, but it would be unlikely that we would take on permanent staff from any project that came from this.

Mr BRENDAN O'CONNOR—I am not too often in Newcastle and I know that the Port Stephens Council and Newcastle would work together on a lot of matters affecting this area. Clearly there would have been some adverse consequences of BHP closing down some time ago. This is a pretty broad question but I am just wondering whether you could tell me whether the community at large has recovered from that loss or whether in fact it is a difficulty confronting people in the area.

Mr Gesling—Yes, it is very broad; I am not sure I can give a definitive answer to that. My personal view is that the region has benefited from having to look at itself and to recreate opportunities out of that proposal. I would not doubt that there are ongoing impacts from it. The level of unemployment in the region is still higher than the national average and has been maintained at that level over that time, so any level of infrastructure development in the area is going to provide some assistance towards addressing that. As a community at Port Stephens, we feel, I believe, that there has been a positive reaction to that, where the community has got behind any opportunity that is there and still seeks to do that.

Mr LINDSAY—Mr Gesling, I am interested in the long-term protection of RAAF Williamtown. Will your economic study, which you refer to in your evidence, result in something that I would call a development control plan?

Mr Gesling—That is the intention—to have a mechanism that controls development in the vicinity of the RAAF base to ensure its protection as a long-term national infrastructure.

Mr LINDSAY—In point 3 of your submission, you say:

Council supports the submission by NAL urging the Department of Defence to consider the provision of all essential services to the precinct ...

Do you think it is fair that the Department of Defence should provide all of those services even though they are not the only users?

Mr Gesling—I do not think they should provide all the services but I think they should contribute to them. I do not want to go back into history but, with some of those issues, it has previously been said, 'We don't need to contribute to that because we don't have an effect ...' which does not take into account the effect outside the confines of the base. I am certainly expecting that the community has to contribute to that infrastructure where there is a community benefit.

Mr LINDSAY—So you reject NAL's submission where they say that the Department of Defence should consider the provision of all essential services to the precinct?

Mr Gesling—No, I do not reject their submission. I think that that is probably getting too specific in the wording but that is something they can talk to. I am a director on the Newcastle Airport board as well, but I will not speak for them, at this stage; I do not have that authority.

Mr LINDSAY—Is there a conflict of interest? We will leave that and ask them. In the second part of point 3 of your submission, you say:

Council recommends that investigations be undertaken to determine the size and capacity of all essential services to meet future needs. Investigation should also include the possibility of an easement along Cabbage Tree Road ...

Who do you think should do those investigations?

Mr Gesling—In line with normal development practice, certainly in our area and, to my knowledge, in New South Wales, a proponent that is looking at a development would normally be expected to consider the long-term impact and the long-term need of that development. If there is a benefit that the community of Port Stephens or the Hunter Water Corporation is going to receive from that—and I will use the sewer easement as an example—it is open to negotiation for contributions toward that investigation.

Mr Gesling—Not solely, no. State government contributes towards them via grants. It is a component of the state government's policy on transport to promote the use of cycleways and, therefore, they contribute to them. That is on the basis that, if there is a development being built, such as a school, the council has required them to contribute towards the provision of footpaths, cycleways and other infrastructure that is needed for the safe and effective use of that facility.

Mr LINDSAY—You mentioned that the council would like to see the RAAF Williamtown master plan. My understanding is that your council was briefed on 20 May that it would be provided with the master plan when it was finished. Are you therefore saying that the time frame is too long and that you want to see it earlier rather than later?

Mr Gesling—The master plan is going to be finished over a long period of time, and we are saying that it should not matter that it is being finished. If they want to take into account and benefit from the views of the community and the planning and work that we already do, we should be involved in the development process and in consultation about how that happens.

Mr LINDSAY—I will ask Defence, when we recall them, about that particular issue.

CHAIR—Mr Gesling, there are no further questions from the committee. Thank you.

[2.06 p.m.]

RILEY, Ms Suzanne Mary, Manager, Strategic Initiatives, Hunter Valley Training Co. Pty Ltd

CHAIR—On behalf of the committee, I welcome you, Ms Riley. We have received a submission from you. Do you wish to propose any amendment to your submission?

Ms Riley—No, thank you.

CHAIR—We will ask you to make a brief statement in support of your submission, and then we will go to questions.

Ms Riley—I have written it down, so I hope you do not mind me reading. This submission appeals to the Joint Standing Committee on Public Works' terms of reference on the current and prospective value of the work. The submission relates to the ideal of the government as a model employer and extends that concept to the expenditure of public moneys on projects that are federally owned. The submission supports the activities of both the state and federal government departments of education, training and employment. The redevelopment of the RAAF base at Williamstown is an investment in the federal asset and in the Hunter region in terms of infrastructure, manufacturing and the supply of goods as well as the supply of labour.

The supply of labour has both an implicit and explicit value. The explicit value is sustainable employment within society, and this occurs as a result of the tender process. In large projects, the supply of labour to fulfil tender obligations is generally drawn directly from contractors or indirectly, for example, through labour hire firms or subcontracting. The implicit value of work can have longer-standing benefits for the government and the Hunter region. The value is in maintaining the supply of skilled tradesmen and tradeswomen to business and industry on an ongoing basis through training based employment. With many industries having closed in the Hunter in the past decade—for example, BHP—the result has been a downturn in companies investing in apprentices and trainees as competition increases and work decreases. Coupled with dramatic rates of retirement of the baby boomers, there are now defined and recognised skills gaps, for example, electrical engineering trades, fabrication trades and building.

In relation to training and public spending tenders, a five to one ratio of tradespeople to apprentices or trainees is generally required. However, this requirement goes largely unmonitored. Labour hire firms generally do not offer apprentices and trainees for hire. Contractors may have apprentices and trainees but they cannot be guaranteed to be drawn from the Hunter. Therefore, the submission reflects the needs of the community and, indeed, the Hunter business and industry to invest in apprenticeships and traineeships and it is recommended that this project commit to supporting this notion.

A group training company has the capacity to supply a pool of apprentices and trainees to firms who have been engaged on the site. A group training company can control the focus of supply of local apprentices and trainees. A group training company can supply employment

opportunities for groups who are disadvantaged in employment—for example, indigenous Australians.

As an aside, a model to consider for the RAAF is the ongoing supply of a pool of young people through group training to the RAAF. Currently, the RAAF has difficulty in attracting young people. By working on and around the site in an ongoing way, this pool of young people could, in effect, become the RAAF reserve fulfilling the needs of the base in times of deployment.

There are many advantages explicit and implicit in the engaging of young apprentices and trainees and in using group training as a means of qualifying and quantifying employment and training outcomes for the Hunter and the government.

CHAIR—Thank you for your submission and for the suggestions you make. I notice in response to some earlier questions, Defence said that Boeing was entering into discussions with the Chamber of Commerce. Are you also involved in the chamber and is there a mechanism through the chamber for your company to have further discussions on the issue of training?

Ms Riley—Yes, there is a mechanism through the chamber. Our company is a member of the Chamber of Commerce. The general manager of Hunter Valley Training Co. is the ex-commander of the RAAF base. He knows the requirements of the RAAF base and he knows Ian Dick very well. He is on a training committee with Ian.

CHAIR—Are you confident that progress will be made in that respect?

Ms Riley—I am confident that, if we are given the support, progress will be made. Our business is all about supplying labour.

CHAIR—But are you confident that there is enough contact and discussion going on to achieve the best possible outcomes for training?

Ms Riley—Yes, there is. However, the difficulty occurs when people who win tenders employ through various means. I believe it needs a different monitoring role and a control factor, and that is what I am not confident in. If there is no control factor or monitoring, I cannot guarantee that apprentices and trainees will be employed at that level.

CHAIR—Defence's letter, in response to your submission, said that they are looking for value for money, which is part of the role of this committee as well. Our role is to ensure that the project delivers to the taxpayer value for money. Do you think the two aims are compatible?

Ms Riley—Very much so. I have worked on many projects involving apprentices and trainees. The figure that I quoted of \$2 million a year or \$8 million for the term of apprenticeship is modest compared to other building programs that I have managed, which is generally \$1 million over the term of a four-year apprenticeship. So it is a modest formula and I believe that, if the tender process requires that, the value for money will be both explicit and implicit.

CHAIR—This would not be the first project in this area where these issues have arisen with successful contractors. I know you cannot speak for the Chamber of Commerce, but what has been done, that you are aware of, about talking directly to some of the contracting companies so that they work more closely with you? It would not then have to have such a prescribed solution that it is embedded under contract in the tender documents. And perhaps those companies that are bidding for these kinds of contractors could be urged to engage more in training. I think there are obvious problems in this area. There are young people who want the training opportunities, but more and more work is being contracted out through hire companies such as your own, and no-one is taking responsibility for the actual training.

Ms Riley—We are not a labour hire company.

CHAIR—You are a training company; please excuse me.

Ms Riley—Let us get that defined first: labour hire is quite different. We work in similar ways, but the group training company employs the apprentice and trainee, places them in the host employment environment, monitors and mentors them, ensures that training is undertaken according to the plan and so on. Our core business is to maintain a supply of skilled labour. I have personally attempted to enter into agreements with labour hire companies in Newcastle and have had a nil response. We are currently approaching labour hire companies in other parts of the state.

CHAIR—When you say ‘a nil response’, what do you mean?

Ms Riley—I have started negotiations and got no feedback; I have personally approached people and got no feedback. Generally speaking, that has been the long-term stance of labour hire. Labour hire companies say that their clients are not interested in apprentices and trainees, therefore it becomes our role to do that similar sort of work. I am involved in a contract at the moment in Kempsey where the application of apprentices and trainees has only just started, two years after the building project began. There was no enforcement of the tender obligations. That is what I am speaking about, really. Although there is a formula in place, it is unmonitored, and I am offering an opportunity to quantify and qualify those levels of training. There is definitely a skill gap in New South Wales—and, I imagine, in most other states in Australia—because of the dramatic rate of retirement of the baby boomers and because of industry downturn, particularly in Newcastle. Now we are finding that companies are looking for third- and fourth-year apprentices to host, and those people are not about.

CHAIR—How do you think that impacts on the actual cost of projects, once you run into labour hire problems? If there is a shortage of certain skilled workers, is the price going up for that work?

Ms Riley—It could, if you import labour from overseas or from interstate.

CHAIR—Is that happening yet?

Ms Riley—I think it does with contractors. They bring their own people with them. They have all the accommodation and overheads to consideration. What I am suggesting is one model whereby the pool could be in Newcastle and those contractors take from that pool and work on

that site so that it is low cost. I have worked out how much it would cost for the engagement of an apprentice carpenter and joiner for four years, and that is just over \$91,000. That includes superannuation, workers comp and all the legislative requirements. If you compare that to a full-time tradesman and to non-travelling rates, non-travel allowances and things like that, it is very good value for money.

CHAIR—Thank you very much.

Mr BRENDAN O'CONNOR—Ms Riley, the Hunter Valley Training Co. is an incorporated body. Does it have a board of management?

Ms Riley—It definitely does.

Mr BRENDAN O'CONNOR—Who would be the organisation's representative on that board?

Ms Riley—Our chairman is the Hon. Milton Morris. We have representatives from Theiss and Rolls Royce and from what used to be Pacific Power, but now half of our organisation comes under the government corporate side. Others include Toshiba and Barclay Mowlem.

Mr BRENDAN O'CONNOR—So they are employers who would operate within your region?

Ms Riley—Yes.

Mr BRENDAN O'CONNOR—Transfield is a large contractor.

Ms Riley—It is. There are two forms of Transfield.

Mr BRENDAN O'CONNOR—In terms of your core business, I think you have said that your business is to supply labour but obviously with the emphasis on labour that has been trained. Is that how you would distinguish yourself in the labour market?

Ms Riley—We anticipate the labour needs and supply them. This takes a fair amount of skill. We have a training capacity in which we train people in prevocational training in anticipation of the supply. We have currently seen the resurgence of prevocational training that is sponsored by the larger companies so we churn out potential apprentices and trainees at the second-year level of their apprenticeship because they are in high demand. This formula is working at the moment and has been for the last six months in our company. I cannot speak for any others. We are vying for prevocational training dollars because we now cannot keep up the supply at the level that industry needs.

Mr BRENDAN O'CONNOR—Are you saying there is a shortage of skilled labour?

Ms Riley—In certain sectors of our community there is.

Mr BRENDAN O'CONNOR—Would the apprentices that you are proposing for this project be within the areas where there are shortages?

Ms Riley—We would assess the particular needs of the job and look at the types of contractors and their supply of labour. I would suggest that a large proportion of the skills that are required on those jobs would be coming from areas where there is a skills gap—engineering is one, and fabrication, building, electrical—

Mr BRENDAN O'CONNOR—Who do you currently supply to?

Ms Riley—We have over 700 host employers in our company. We are a statewide organisation. In the Hunter we have 400 or 500 apprentices or trainees and in the Hunter in total there are 12,300 apprentices and trainees across the board. We have host employers who are large such as the Barclay Mowlems, the BHPs and Illawarra. We have small host employers like the one-off builder who has his own business and is not likely to be a winner in a tender such as this. Small businesses are particularly affected by the downturn and so are large businesses. In Newcastle and the Hunter we have seen many of the manufacturing type industries close as a result of BHP closing. They used to value add to the BHP product or supply to BHP. We are now seeing gaps. Industry is screaming for particular types of apprentices.

Mr BRENDAN O'CONNOR—So even if the manufacturing industry has declined, there is still a demand for labour in manufacturing within the region?

Ms Riley—What has happened is the demand has increased or gone up and down and the face of industry is changing in Newcastle but nobody is prepared. Nobody has been long sighted enough to prepare people for those industries. And that is what our job is.

Mr BRENDAN O'CONNOR—I asked the question of an earlier witness, but how would you see the effect of BHP closing? You have touched upon it. There has been support I know from the state and federal governments into the region but how would your submission assist in addressing the problems associated with the closure of BHP?

Ms Riley—With the closure of BHP young people in particular who are inclined to a trade vocation have lost opportunity. We find a lot of young people now leaving the area to get work. A lot of young people who previously left rural towns to come to Newcastle do not do that any more. They go to capital cities. A lot of contractors have just stopped employing. In fact, the railways and the mines just stopped their apprentice programs. They just cut them out. For three or four years that has been happening. It is this gap we are talking about. A continuous trickle in supply is what we need. I see a program like this will go a long way to providing opportunity for young people in the Hunter and an ongoing supply for industry forever.

Mr LLOYD—My question is in relation to apprenticeships. I am in a bit of a dilemma in trying to understand where you are coming from in relation to this, because I see it as being at cross purposes. There is already a lot of Commonwealth money spent on apprenticeships. As a government we have doubled the number of apprenticeships. Obviously, with your business, the Commonwealth would be providing funding to create apprenticeships. So are we not going at cross purposes in relation to now asking Defence to contribute to that as well? Isn't it better to stay focused in one area where the Commonwealth can contribute and make a difference?

Ms Riley—That is if you look at it as the same thing. The Hunter Valley Training Company's objective is to supply. What I am proposing is to provide an opportunity for young people and skills employment. They are two separate things. As a group training company we have an ongoing business. If you look at our unemployment rate, you would see that it is fairly substantial compared to the rest of the state. the young people in Newcastle. This proposal would offer young people an opportunity to start a career, and this is the area that I am speaking of. The expenditure of public money on a facility will offer an opportunity to those people and, in turn, that opportunity will supply industry with an ongoing skill base, regardless of what my company does.

Mr LLOYD—But aren't we already doing that? We are providing apprenticeships and traineeships through your company which are then in turn being picked up by all the clients that you mentioned or the large companies providing the skill and training opportunities for those people. Even in this project, if there are companies locally that tender and are successful in the construction for Defence, through your company can't those apprentices be put with those companies and trained and receive their apprenticeships in the normal process?

Ms Riley—The money that we are given in subsidies goes back to providing rebates to host employers. We do not keep it. It still goes back into creating opportunity. We are a not-for-profit organisation.

Mr LLOYD—I was going to ask that question.

Ms Riley—What we get from that government goes back into providing an opportunity. That is encouraging host employers to take on young people, but the availability of work is also essential for that match of a host employer and a project. That is what I am talking about. I am focusing on the opportunities between a host and a project and I am saying that group training can facilitate that by focusing on making sure that disadvantaged groups, and especially young people, in the Hunter get that opportunity to work on that project.

Mr LLOYD—I am not saying that what you are suggesting is not admirable; I was just concerned and felt that it was going at cross purposes.

Ms Riley—I do not believe it is.

Mr LINDSAY—You recommended that the project employ one apprentice per \$2 million worth of work. How did you derive that figure?

Ms Riley—I am glad you asked me that. I have a very colourful history and—

Mr LINDSAY—Does this mean a colourful answer?

Ms Riley—It could be. I managed a building project for many years in Nambucca. It was an Indigenous housing project where apprentices were employed and trained on the site. They did all of their working and learning on the site. We had a formula that said that each apprentice needed at least one house per year within the scheme of the project over the four years to have enough ongoing work to sustain the skill, the training and whatever. Those contracts were through the department of housing. Excluding the land, the contracts were valued at about

\$250,000 for the building of one house. When multiplied, that meant that \$1 million over a four-year term was enough to sustain one apprentice. I have been very generous, considering the nature of the work and the supply of materials.

Mr LINDSAY—Yes, well done.

CHAIR—Thank you for your submission and for the interesting responses.

[2.30 p.m.]

GREEN, Mr Julian, General Manager, Newcastle Airport Ltd

CHAIR—Welcome. The committee has received a submission from you. Do you wish to propose any amendment to your submission?

Mr Green—No, I do not.

CHAIR—I invite you to make a short statement in support of your submission and then we will go to questions.

Mr Green—Newcastle Airport operates on 23 hectares of land leased from the Department of Defence. The airport is operated on behalf of Port Stephens and Newcastle city councils by Newcastle Airport Limited, NAL, and has been doing so since 1993 when NAL was established.

NAL has two primary areas of interest in the redevelopment proposal. First, as a tenant of Defence, NAL has an interest in the provision of essential services and utilities to the base and the land leased by NAL. NAL wishes to ensure that any essential services and utilities provided to the RAAF base under the redevelopment do not adversely impact on the efficiency and effectiveness of NAL's operation within the area leased from Defence. This includes the reliability and capacity of the supply of water, power, drainage and sewerage. Secondly, NAL is in a position to assist Defence by making available land on our leased area for the development of any infrastructure or service that Defence may consider a non-core activity within its operational area. This may include aerospace support activities that could be provided by commercial contractors, accommodation and a facility to handle air movements such as VIP and itinerant aircraft and military passengers and freight. These two primary areas of interest to NAL are dealt with in more detail in our submission.

Finally, NAL wishes to work cooperatively with Defence to ensure an equitable and mutually beneficial outcome is created for military and non-military activities at Williamstown.

CHAIR—Thank you very much. I take it at the moment you are not entirely satisfied with the negotiations between your company and Defence—is that what I am hearing?

Mr Green—No, not at all. The communication we have had with Defence both at a local level and with Defence headquarters has been very open and frank. Obviously, as this project unfolds we would like to learn more about the specifics of what is proposed. Our submission reflects in a couple of areas that we are endeavouring to find that information out, but I have certainly no question that communications will continue to be quite open.

CHAIR—So the communications are open but you are not at this stage getting the answers to some of the questions—is that it?

Mr Green—We are working through some of those issues. Generally the questions that we ask do get a response, some more quickly than others.

CHAIR—But you are satisfied there is ongoing dialogue and the doors are open?

Mr Green—Absolutely.

Mr BRENDAN O’CONNOR—Could you outline to the committee the main benefits that this project will bring to your company, to your side of the airport.

Mr Green—Any increase in activity at RAAF base Williamtown certainly brings with it a benefit for the commercial side of the operation, inasmuch as there will be more people travelling through the airport, be they contractors or suppliers to the project. The critical mass of the combined operation between the commercial and Defence means that we stand to benefit commercially, and obviously pass that benefit on to the region. Prospectively, we are in a position, as I mentioned in my preamble, to offer Defence the opportunity to develop some of those non-core activities on our land. That is for the committee and Defence to determine, but certainly we see that there may be some opportunities which will provide incremental benefit to Newcastle Airport Ltd and in terms of employment and economic contribution.

Mr BRENDAN O’CONNOR—Following from your comments about the open dialogue that exists, what, if any, discussions have arisen around the proposed 120-room hotel that you are looking to build?

Mr Green—We have been talking at a local level with the RAAF base to determine what a potential demand for that might be. We are engaging a commercial development partner who is at this stage conducting a feasibility study into the hotel. The feedback they have had from Defence, and indeed other parties, suggests that it is viable. They would be looking to commence construction, approvals allowing, within 12 months.

Mr LINDSAY—In relation to landings at RAAF Williamtown, what percentage are civil landings?

Mr Green—I could not tell you as a percentage, but I can tell you raw movement numbers. Approximately 12 months ago the commercial operations were numbering about 75 or 76 movements a day. That number has in more recent weeks dropped to about 30 as a result of a number of factors, including the rationalisation of some services by Qantas in this market and also the fact that more passengers are travelling on fewer but larger aircraft. There have been upgrades by Qantas on some of those routes. There certainly has been an appreciable drop in the number of aircraft movements. At this stage, we do not foresee any significant shift in that.

Mr LINDSAY—Currently, this proposal is to upgrade the airfield infrastructure which is used by the civilian aircraft. Do you believe that NAL should pay a contribution towards the upgrading of the infrastructure facilities that civilian airlines are using?

Mr Green—It is NAL’s belief that we do pay for the use of those facilities through the annual lease.

Mr LINDSAY—How much is your annual lease?

Mr Green—There is a fixed component to that plus a percentage based on turnover.

Mr LINDSAY—That did not tell me anything.

Mr Green—In a raw dollar figure for the last—

CHAIR—You may want to disclose that as commercial-in-confidence information.

Mr Green—We would prefer not to, but I can supply it certainly.

Mr LINDSAY—Is it on the public record anywhere?

Mr Green—I would have to defer and take that on notice, if I may.

CHAIR—You can take that on notice and advise the committee in camera of that information.

Mr Green—We will do that.

Mr LINDSAY—You covered the proposed upgrading of the sewerage system in point 5.2 of your submission. Do you believe NAL should contribute to that upgrade? You mentioned particularly that the—and I quote:

... system should accommodate the civilian operation's future plans in respect of the on-airport hotel ... and growing on-airport workforce.

Mr Green—We do believe that NAL should contribute to the part of the works that is a direct result of its own operation. Through this submission we are trying to ensure that there is no degradation of the existing services through the proposed redevelopment.

Mr LINDSAY—I understand, but aren't civilian landings a result of your own operations and, therefore, should you not contribute to airfield infrastructure improvements?

Mr Green—We are responsible for the areas of the airfield that fall within our leased area, which is 23 hectares comprising the aprons and taxiways that lead onto the single runway.

Mr LINDSAY—Are you aware of arrangements in other airports where civil operators at RAAF bases have a slightly different arrangement to yours, but still lease their facilities and land and pay for the replacement as required of airfield infrastructure?

Mr Green—We certainly are aware of those alternative arrangements. RAAF Base Williamtown, as it operates at the moment, is predominantly a military operation. We acknowledge that. However, if we were going to enter into arrangements similar to those in two other airports that we know of, clearly there would need to be an equal focus on both commercial and military operations. I think that under the current circumstances that may not be

favourable to Defence, but it is certainly something, if market forces demand, that we would like to consider further downstream.

Senator CALVERT—With respect to your hotel proposal, it is going ahead obviously?

Mr Green—It has been mooted for at least the last three years, so far as I know. With the feasibility study that is under way, the advice we have from our commercial development partners is that it is a very real prospect. Based on the information that has been provided to them by Defence and other parties, NAL is approaching a number of aerospace companies with a view to establishing support facilities within our leased area. They of course would also contribute to the viability of the hotel. In addition to the accommodation that would be provided, it would also have conference facilities, of which there is a very short supply in the immediate region.

Senator CALVERT—How do you see the future of Newcastle airport? Is it a growing business here? The demise of Impulse had some effect on you, I guess, but do you see a bright future for Newcastle airport, for growth?

Mr Green—We do and not just from aeronautical activity. We identify two revenue streams for the airport: one is aeronautical and the other is commercially based. In an aeronautical sense, there is no doubt that there has been quite significant rationalisation over the last 18 months since the Impulse-Qantas merger. That year, 204,000 passengers moved through the airport. This calendar year we are estimating about 225,000 passengers. So the number of passengers is increasing, despite the reduction in aircraft movements through that consolidation of fewer larger aircraft. Commercially, we see some significant opportunities moving to the future to support Defence through the joint strike fighter activities—British Aerospace is a key partner to that. We are partnering BAE Systems with a view to attracting aerospace companies to Newcastle airport and to establish those partnership facilities that would be required under the federal government's partnership program for the joint strike fighter.

Senator CALVERT—One of the issues that has been raised is stormwater. Do you have any problems with stormwater reticulation as it exists now? Have you been briefed on what Defence proposes for the future?

Mr Green—We have not been briefed in detail at this stage, although I understand there are talks scheduled. That entire site, whether it is commercial or military, has stormwater problems. We would look to achieve a holistic solution with Defence for the entire airfield area. Clearly, if there is further development within our leased area, there would be increased flow-off and we would be looking to jointly develop something with Defence that is suitable for the entire precinct.

Mr LLOYD—One question in relation to aircraft pavement: obviously, you are responsible for the taxiways on your side of the airport.

Mr Green—Correct.

Mr LLOYD—With the upgrade in the resurfacing, are you going to make that an opportunity to upgrade your taxiways or resurface them or is there a requirement that you must do that to be compatible with the upgrade that the RAAF is undertaking?

Mr Green—There are mandated requirements for the maintenance and upkeep of those facilities anyway, but the projected life of them as they are at the moment would allow us to integrate our activity with that of Defence.

Mr LLOYD—Would there be some cost benefit savings if you were all upgrading at the same time? Obviously the equipment is on site and the contractors would be on site.

Mr Green—Certainly, there stands to be some commercial benefits in that regard, yes.

CHAIR—I do not believe there are any further questions. Thank you very much.

[2.43 p.m.]

TUPMAN, Mrs Vicki Rose (Private capacity)

CHAIR—On behalf of the committee, I welcome you to this hearing, Mrs Tupman. The committee has received a submission from you; do you wish to propose any amendments to that?

Mrs Tupman—No.

CHAIR—Thank you. Please proceed with a brief statement in support of your submission.

Mrs Tupman—I was brought up with aircraft at Salt Ash. My views on RAAF Base Williamtown would be consistent with the community paper that was produced last year by different people. As Defence has a responsibility to Australia, as a private citizen I have a responsibility to Defence—that is why I am here.

CHAIR—Thank you for the brief statement; you did give us quite a detailed submission. I notice that Defence has responded to each of the points that you raised in your submission. Are you satisfied with the responses you have received?

Mrs Tupman—Yes.

CHAIR—Okay. I have no further questions. Over to you, Mr O'Connor.

Mr BRENDAN O'CONNOR—You are a member of the Port Stephens Council RAAF Base Williamtown Community Consultative Committee. Is that right?

Mrs Tupman—Yes.

Mr BRENDAN O'CONNOR—How often does that committee meet?

Mrs Tupman—It has been meeting once a month mainly because of the environmental impact statement for the introduction of the Hawk to the Salt Ash Weapons Range.

Mr BRENDAN O'CONNOR—How many community representatives are on that committee?

Mrs Tupman—There are seven community representatives.

Mr BRENDAN O'CONNOR—Are your views representative of the views of those seven?

Mrs Tupman—No.

Mr BRENDAN O'CONNOR—So there is a diverse set of views; is that right?

Mrs Tupman—Let's look at it realistically: it is the RAAF Base Williamtown Consultative Committee and there is no-one from Williamtown on the committee.

Mr BRENDAN O'CONNOR—If we had a witness who was from the committee but had different views from the ones that you hold, then we would be getting different evidence. Have there been any concerns discussed at those committee meetings—and I understand if you can't answer this—about the project which remain unresolved?

Mrs Tupman—No.

Mr BRENDAN O'CONNOR—I have no further questions.

Mr LINDSAY—Under the last item in your letter, 'Planning', you made two points. You say:

... Council should devise a strategy with Defence that no inappropriate development occurs within the area.

Later in that same paragraph you say:

... no statutory body has devised a plan for consumer (home and land buyers) protection with regard to aircraft noise ...

They probably mean the same thing but they do not read the same way. Are you satisfied with the earlier evidence from the council that their economic study will result in a development control plan for the area to protect RAAF Williamtown?

Mrs Tupman—RAAF Williamtown goes hand in hand with the weapons range at Salt Ash. In regard to the AWE&C, I think we have to look at whether it is just going to be a redevelopment for the AWE&C aircraft or for the fighter base that is there as well—they must go hand in hand. Sometimes when we look at situations, we look at them in isolation from the other parts that make up the whole—if you can appreciate what I am getting at. There is the acquisition of land by Defence to safeguard and to continue the viability of RAAF Base Williamtown in the Williamtown area itself. The AWE&Cs will primarily be taking off and landing from the Williamtown air base, so there is a certain amount of protection there for the consumer. But it is also a military base—and I have indicated this in my submission—and there will be military aircraft flying around areas quite often that are not under New South Wales law and incorporated into an Australian noise exposure forecast situation.

I was pleased to notice that council and Defence have got their heads together in relation to a lot of these problems that have occurred over the last 25 years. I think the committee would be aware that Port Stephens Council lost a court action last week on the duty of care with regard to aircraft noise—so as a ratepayer I am being sued. Funnily enough, Mr O'Connor mentioned the Williamtown noise consultative committee and the person who won the court case is on that same consultative committee.

Mr LINDSAY—Did you say you were being sued?

Mrs Tupman—No, as a ratepayer. Council was being sued but, as you would appreciate, as a ratepayer, I am the one who pays the increased insurance costs. Sometimes it is very easy to say that council is being sued but the reality is that the ratepayers in the shire foot the bill.

Mr LINDSAY—But are you satisfied with the council's evidence earlier that there will be a development control plan that will not only protect consumers but also protect the RAAF?

Mrs Tupman—Yes.

Senator CALVERT—Mrs Tupman, you have lived here quite a while. One of the issues you raised was the drainage issue. I was told by a local yesterday that not all that long ago Newcastle used to draw its water from underneath and that, since it has stopped doing that, the water table has built up, which makes it rather difficult in that your normal rainfall, which I guess you get in bucketfuls, causes problems. Do you see that as one of the major things causing drainage problems at the airport?

Mrs Tupman—You have to appreciate the make-up and the geology of the area. The land that has just been acquired by Defence in the Williamtown area is the old river system. Really, what we are looking at is the entire flood plain between Nelsons Bay Road and the newer coastal sand dunes. Naturally enough, because it is, in a number of cases, below the high-water mark, when we get wet periods we are going to have a waterline there. Drainage has always been, and will continue to be, a problem because that is the nature of the lands surrounding RAAF Base Williamtown. RAAF Base Williamtown itself is built on old coastal sand dunes; it is the same as the Tomaga Sandbeds. When you start looking at drainage, it becomes a major problem. If you look at the Moore's Drain, which was mentioned previously in terms of a fuel spill a number of years ago, you will see that it is quite a long drainage system and it finally discharges into Tilligerry Creek, but whether the water being discharged off the RAAF base really makes it to Tilligerry Creek is another thing. When you look at the whole geology and the whole geography of the area, it is just a low-lying basin, and it is very hard to actually drain that type of country.

Senator CALVERT—It seems that GHD are going to solve all the problems so you are sure to be happy with that!

Mrs Tupman—I think Professor Dudgeon from the University of New South Wales had a plan in Holland, where they have the dykes, and put the water over the dyke system. But I do not think the value of the land in the area is such that we could afford to have the reclamation the Dutch have.

Mr LLOYD—You raised, in your submission, the issue of aircraft noise, which is obviously of concern, but our terms of reference for this public hearing are the RAAF Base Williamtown's redevelopment stage 1 and facilities for the airborne early warning and control aircraft. Are you satisfied that this particular proposal and works will not significantly increase that aircraft noise?

Mrs Tupman—No. When you look at the nature of the particular aircraft they are using, it will fit within the existing ANEF, because commercial jets come in and out of Williamtown air base. Therefore, with commercial air jets, which are similar to the aircraft being used, there should be no variation within that ANEF situation as it is now. As one witness said earlier, they are going to be flying at 30 feet, and I have at least 30 commercial jets a day flying over my house at 30 feet.

Mr LLOYD—A couple more probably will not be noticed.

Mrs Tupman—No.

CHAIR—Thank you for appearing before the committee today and thank you for your submission.

[2.55 p.m.]

BECK, Brigadier Geoffrey Richmond, Director General Capital Infrastructure, Department of Defence

NAUMANN, Lieutenant Colonel Darren Scott, Project Director, Department of Defence

BENTLEY, Air Commodore Graham Mitchell, Director General Policy and Planning—Air Force, Royal Australian Air Force

FARNSWORTH, Wing Commander Ian Andrew, Base Commander Williamtown, Combat Support Unit Williamtown, Royal Australian Air Force

BINSKIN, Group Captain Mark Donald, Officer commanding Airborne Early Warning and Control System Program Office, Airborne Surveillance and Control Division, Defence Materiel Organisation

MOSS, Mr Graham John, Manager—Aviation Services, GHD Pty Ltd

CHAIR—I would now like to recall the Defence witnesses. I remind them that they are still under oath. I would like to start with some questions on the training issue. I notice your response in the letter saying that your job—and we appreciate that—is to make sure that value for money is delivered in the projects. Do you think there is an incompatibility in reaching the goals of the Hunter Valley Training organisation and delivering good value for money in the project?

Brig. Beck—I am probably not qualified to make any comment on the proposal put by the Hunter Valley Training Co., but we intend to follow the Commonwealth government procurement guidelines, which give us no guidance whatsoever in terms of putting these sorts of conditions into our tender documents. If this proposal is agreed to and approved by parliament we will put an enormous amount of money and opportunity into the region, which will generate jobs and opportunities for training.

CHAIR—But you can, perhaps, take the point that the Hunter has an unemployment rate of about 11 per cent? That is probably one of the highest in the country. This provides significant opportunities to train young people. I do not think it would deter a company from tendering for the project or necessarily increase the cost, given that—as Mr Lloyd has pointed out—the Commonwealth has increased the number of apprenticeships and traineeships available, and they are quite heavily subsidised in the industries that take advantage of them. I wonder whether there is someone in Defence brave enough to take some decisions to at least try to increase that opportunity for training. As Ms Riley pointed out, it is the opportunity for young people not just to get the training but actually to work on real projects that could be of enormous value. There is a serious problem in the country at the moment with lack of skilled workers in particular areas. If it is not going to add to the cost of a project I do not see why we could not do more to facilitate that training opportunity.

Brig. Beck—Presumably, what is being proposed is that it be mandatory in a contractual sense between Defence and the contractor, and that it enter at the tender phase. I am not sure whether that would have an impact on the cost to Defence of running the project. I would be happy to undertake to look at it more closely, but I cannot give an ironclad guarantee that we should go down that path.

CHAIR—I understand that you cannot give any ironclad guarantees; I just think that—particularly given the high unemployment rate, the lack of opportunity and the lack of skilled workers—perhaps the time has come at least to have a look at it.

Brig. Beck—I can certainly undertake to speak to the Hunter Valley Training Co. We will have a look at it within Infrastructure Division, see what we can do and report back to the committee.

CHAIR—Thank you very much for that.

Mr BRENDAN O’CONNOR—I would like to add a little to that issue and preface my question by saying that the RAAF base has a 61-year history in the region and it is obviously going to have a long future there. It would seem beneficial—and, at the very least, an act of goodwill—that a project of this size considers local matters. I could not think of a better matter to be factored into reckoning than the possibility of having local young people involved in the project. At the very least, it would be a great PR exercise for the base, and I think it would be very good for the relationship with the community. I want to let you know that I think it is very important that that matter is considered, particularly in light of recent events. I think it is important for me to make the comment, on the record, that I agree with the chair that it should be something you look to positively in order to bring about a benefit to the community, so I do support the main thrust of the submission by Ms Riley.

There were comments by a number of witnesses you have already consulted about the project that they have not been supplied with full information. I think it was the council that indicated that they had not been in receipt of the master plan. I am sure there are reasons for that, and I want to give you the opportunity to explain the position.

Brig. Beck—The master plan comprises a series of documents which govern the direction in which the development of the RAAF base will occur. By the nature of activities that occur on that RAAF base, many of those documents contain information that is classified. We are not saying that we are not going to provide it; in fact, at the meeting in May we undertook to provide a package of information which is allowed to be released which will allow the council to get the information they need. We are working towards that. The other aspect I want to mention is that master planning is a dynamic thing; there have been a number of options contained within that master plan which are no longer valid and we are removing those so that we are not creating the wrong understanding or expectation in the community.

Mr BRENDAN O’CONNOR—How do you overcome the practical problem—I do not say there is any intent behind it—that you have a plan that you would like to share with stakeholders wherever possible, given the issue of classified information, but you can only do so once the master plan is complete and that master plan is a moving feast? Where do you draw a line and say, ‘At some point, we have to open this up to discuss it with those bodies that will

be affected'? For example, it seems to me that there might be very positive suggestions that would arise from other parties, because of their information and experience, if they were privy to certain information. I can see it as a positive.

Brig. Beck—Certainly. We have briefed the council and undertaken to give them the information they need. It just takes us some time to do that. I am not sure that we have set a time frame—in the letter we said that they will have it by the end of the year. I can make an undertaking that we will get it out as soon as we possibly can.

CHAIR—I would like to come back momentarily to the issue of traineeships; I want to add to a point that Brendan made. He said it would be a good public relations exercise with the community, given the base's long-term history and long-term future here, and I agree with him on that. But I think it has also got to stack up in terms of the numbers. I want to make that point and have it recorded in *Hansard*, because a large part of the committee's job is to make sure the public is getting value for money. However, I am still interested in pursuing that question of whether it would actually add to a contract. I wonder whether Mr Moss, as the manager of a contracting company, might offer some thoughts on whether taking on an apprentice or trainee would add massively to the cost or, in fact, would decrease the cost, given the shortage of labour in some areas and a cost push because of that shortage. Would you like to respond?

Mr Moss—I must admit that I was not expecting that question to be addressed to me. I might add that GHD is a consulting firm; it is not a contractor. So we do not actually do contracting work, but I think the principles can still apply. We do have a policy of employing undergraduates. For example, we employ graduate architects as part of their training in their fourth year before they go back for their final year. That is part of the expertise not only to provide future employment opportunities within GHD but also elsewhere, and that does not add significantly to our costs.

On the contractors side, the New South Wales state government has a requirement that, on their building projects, they employ one apprentice for every four tradesmen. There is no Commonwealth legislation that covers that sort of thing. That is an example of something that does happen.

CHAIR—Thank you; that is helpful.

Mr LINDSAY—With regard to the relationship between Defence and NAL, I did some calculations during the break. We heard NAL's evidence of 30 movements a day. Let us assume that Defence has 20 times that number. In other words, if civvies are five per cent of the movements in the base, 20 times 30 is 600. I do not believe Defence has 600 movements a day, but just assume that. If you take the capital cost of the runway and the airfield lighting and you add its contribution to the contingencies, and whatever, you find that, if you sought to recover the contribution that NAL should make to that, you get a figure of \$1.6 million. That is pretty conservative.

I then began to think that, when I land at Townsville or Canberra airports, I make a contribution to the continuing maintenance of the airfield infrastructure. But it appears that, if I land at Williamtown, I do not make a contribution. That is a bit of an odd public policy position to have in the Commonwealth of Australia. My question to you is: would Defence be prepared

to look at having a consistent public policy position across the country in relation to the civil use of RAAF airfields? If that policy was made consistent, is there some possibility that that could reduce the cost of this project?

Brig. Beck—We currently have two forms of airfields: the joint user airfield, for example, Townsville; and the other type of airfield like Williamtown.

Mr LINDSAY—Yes.

Brig. Beck—I am not sufficiently across the arrangements under both to determine how costs are recovered. I understand that Townsville is an example of a direct contribution. The documents that we have in relation to the lease between the Commonwealth and Newcastle Airport Ltd describe a base fee and a factor above that, which is governed by the gross revenue of Newcastle Airport Ltd. So it increases with revenue. That is in part attributable to the number of civil landings at the airfield. So there is some payment. I do not have an answer to your question here as to how we go forward on this.

Mr LINDSAY—The representative of Newcastle Airport Ltd was kind enough to give me an indicative value of the lease payments. When I compare that to those at other airfields, I think it is perhaps time that Defence should look at the arrangements and that there should be a consistent public position across the country. Do you think Defence would be prepared to look at that?

Air Cdre Bentley—We are looking at all of our charges. One thing that we are also looking at is the fact that we currently do not charge for air traffic services in bases where we perform those services. Darwin and Townsville are cases in point. Aircraft that land at those two airfields face significantly less fees than they would if they were landing at Brisbane or Canberra.

Mr LINDSAY—But your aircraft landing at a civil airport pay landing charges?

Air Cdre Bentley—Yes. With the corporatisation of Airservices and a number of other things that are happening, we are looking at cross-charging and will likely move down that road. In that case, we will probably have to start looking at all airfield landings and at charging the appropriate fees.

Mr LINDSAY—My interest in this is in the terms of reference of the inquiry, in getting value for money for the Commonwealth of Australia. Do you know where I am coming from?

Brig. Beck—Indeed, Mr Lindsay.

Mr LINDSAY—This is not a negative for Defence.

Brig. Beck—No.

Lt Col. Naumann—No.

Mr LINDSAY—That then moves on to the sewerage question. Were you satisfied with NAL's evidence that they would be prepared to contribute to the sewerage connection or whatever it was—the pump size and so on—in relation to the new development?

Brig. Beck—Yes, I am satisfied with that, and we will continue to consult with them on that issue.

Mr LINDSAY—The final matter is the matter I raised during your previous evidence, and that is in relation to the form of project delivery. During the lunch break, I rang a friend in Townsville. The friend advises me that it would certainly be possible to have a single management contractor and that, if you were able to do the whole thing under a single managing contractor, you would save money because you would have only one contractor coming on the base and setting up, not more than one. Do you accept that, and are you prepared to not go down the track, as described in paragraph 122 of your delivery mechanism, that 'selected work elements will be constructed separate from, and leading, the Managing Contractor contract'?

Brig. Beck—I do not accept the view that a managing contractor doing all the works in this particular instance will save money. I accept the view that managing contractors is an excellent form of delivery where you have complex and not well-defined, if I can put it that way, detail for the work to be done. I think it is hard to make a comparison between the cost effectiveness of works delivered under various delivery mechanisms when you are not comparing apples with apples. The prime consideration for us in this particular proposal that we have put to the committee on the form of delivery is—

Mr LINDSAY—Expediency.

Brig. Beck—the need to get it done by the time stated. It may be that when we go out with both packages, the headquarters for No. 2 Squadron and the larger works, there is no reason why any company out there that is a managing contractor cannot compete for both. It may be that a well-prepared company would compete very well for both of them.

Mr LINDSAY—But equally so, with the way that Lavarack was done, the managing contractor contracted for stage 2 and the contract stated that that contractor would be preferentially considered for stage 3. Would that be a way of doing this? Would you put work that you wanted to get done quickly out to a managing contractor and then say, 'You will be preferentially considered for the next stage?'

Brig. Beck—We were not intending to do that; we were intending to keep the two separate and by doing that we are creating as much competition as we can within industry.

Mr LINDSAY—I do not disagree with that and the government would appreciate you doing that. Is it your evidence that you believe that there are no cost savings in doing it in the way I put it to you?

Brig. Beck—I cannot say that because it is hard to compare. We could say that we could build a No. 2 Squadron headquarters at Williamtown right now using a head contract and we could build a No. 2 Squadron headquarters in Townsville using a managing contractor. You

might be able to say that you could compare the two but site conditions, local industry conditions and those sorts of factors impact on the comparison. So I cannot say one way or the other that what you are proposing definitely gives cost savings.

Mr LINDSAY—Townsville had nothing to do with this in this instance. At RAAF Williamtown are there cost savings by having one contractor do the lot or by having one contractor do it as you are suggesting? Do you know?

Brig. Beck—I don't know that.

Mr LINDSAY—Is that a worry for the Commonwealth of Australia?

Brig. Beck—I am saying that in the ideal circumstance, it would be good to be able to do it under one contractor. However, because of the need to build this element of it by January 2004, to me this seems the most effective way to build it.

Mr LINDSAY—Are you saying there are other factors in making the buying decision?

Brig. Beck—Yes.

Senator CALVERT—I have a question in regard to the loading aprons. You previously did not have any dedicated areas for unloading explosives and now you are proposing three loading aprons. Do you believe that will be sufficient into the future?

Air Cdre Bentley—In fact, previously we did have loading aprons. We have one that is positioned in the centre of the airfield that was used for unloading large aircraft.

Senator CALVERT—Is that where you showed us this morning that the Hercules unload?

Air Cdre Bentley—Yes, where the Hercules unload. When the AWE&C complex is built that will have to be decommissioned, therefore we have to find a replacement. The current OLAs are used but there is significant hindrance to the commercial operations because when aeroplanes are using those OLAs we have to close part of the runway so that we can do so safely. The large aircraft such as 737 and 717 cannot use the runway during those periods. Most of the reasons for the new OLAs are so we can operate the airfield fully and still continue commercial use. There are plans in the future master plan to build additional OLAs if required.

Senator CALVERT—I presume they may be required of course if, down the track, the government takes up the strike aircraft capability.

Air Cdre Bentley—It will depend not only on whether we get the strike aircraft but also on how the base is used well into the future. There is a current ongoing requirement for live ordnance to be used from Williamtown and we foresee that continuing and we will probably need some extra OLAs to continue that as well.

Senator CALVERT—You are proposing to put the new facility reasonably close to the Hunter Water Corporation's sewerage plant. Will you have to put in place any particular safety

requirements in case there are people working in the adjacent sewerage plant, such as civilian employees, when you are unloading and loading ordnance?

Air Cdre Bentley—The water board needs access to the water bores so that it can maintain the water bores in that area.

Senator CALVERT—Sorry—yes, I meant water.

Air Cdre Bentley—When we have ordnance loaded—again, it is not all the time—then there may be restrictions, depending on what type of ordnance is loaded there. If there were certain requirements for the water board to go in there in certain situations, then I am sure that we could come to an accommodation of what needs to be done.

Brig. Beck—As stated previously by Lieutenant Colonel Naumann, we have had discussions with the licensing agency, the Joint Ammunition Logistics Organisation, and have given an assurance that the Hunter Water Corporation will get the cooperation it needs to make that work.

Senator CALVERT—One small question—Group Captain Binskin might answer this: will the AEW&C aircraft be carrying ordnance of any sort?

Group Capt. Binskin—The only ordnance that the aircraft will carry will be chaff and flares: self-protection. It is not envisaged that there will be a problem with that. It is what the Hornets carry now in normal day-to-day operations out of the flight line area.

Mr Moss—I would like to just set the record straight on one particular issue: the master-planning side of it. I have got the impression that Defence is seen as producing master plans in isolation; that is not the case. Being the consultants responsible for the preparation of the master plan, we undertook extensive consultations at the beginning of the master-planning process. We consulted with all the state and local government authorities. We had their views on all the issues that should be considered within the master plan, and we considered those as part of the master plan. During the master-planning process, we also had consultations with a number of organisations. One of these consultations was a presentation on aircraft noise that I made to Port Stephens which was being prepared in parallel with the master plan itself. There were other consultations I know the Department of Defence had with various bodies—Fighter World, for example, which was being considered for relocation as part of the master plan. So there is an established consultation process as part of that master plan.

The other issue left a bit up in the air that I thought I perhaps should close the loop on was that of fuel farm 3A that Mr Lindsay raised in relation to the use of tanks. Our refuelling expertise within GHD lies in our Brisbane office. Unfortunately, Brisbane has a public holiday today—I am not sure whether that extends to the whole of the paradise state or just to Brisbane—so I could not get a particular answer on the technical issue in relation to development. But I did pull out the old reports, and what I can say is that fuel farm 3A was built over 20 years ago. It is older technology. However, in the condition reports that we referenced, the tanks themselves, considering their age, were assessed as being in good condition, but the other support facilities—the instrumentation, the electrical system and the bunds—were in very poor condition and will need replacing.

The other issue—how you could replace those tanks—is difficult, because they are built in situ. To dismantle and replace them is an issue. The other comment that I made still stands, that we do need to have a sequencing arrangement where the new tanks are built first, with current technology, and then we progressively go through the refurbishment of fuel farm 3 before we demolish fuel farm 3A.

Mr LINDSAY—Thanks for that evidence.

CHAIR—Thanks for that clarification. Before closing, I would like to thank all of the witnesses who have appeared today. I would especially like to thank the Department of Defence for the thorough briefing and the opportunity to inspect the base today. It helped the committee greatly with its deliberations. I would also like to thank Hansard and the secretariat for the work they have done today and before this hearing.

Resolved (on motion by **Mr O'Connor**):

That, pursuant to the power conferred by subsection 2(2) of the Parliamentary Papers Act 1908, this committee authorises the publication, including publication on the parliamentary database of the proof transcript, of all the evidence given before it at public hearing this day and of all the submissions presented to the inquiry.

Committee adjourned at 3.25 p.m.