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JOINT COMMITTEE ON PUBLIC WORKS

Reference: RAAF Base Richmond reinvestment project, Richmond, NSW

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JOINT COMMITTEE ON PUBLIC WORKS

Friday, 12 September 2003

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

Senators and members in attendance: Senators Colbeck, Ferguson and Forshaw and Mr Jenkins, Ms Moylan and Mr Brendan O'Connor

Terms of reference for the inquiry:

To inquire into and report on:

RAAF Base Richmond reinvestment project, Richmond, NSW.

WITNESSES

**ALLAN, Councillor Lorna, Chair, Hawkesbury Economic Development Advisory Committee,
Hawkesbury City Council22**

BARTLETT, Mr Kerry Joseph, Federal Member for Macquarie.....14

**GOODWIN, Mr Paul Geoffrey, Chief Executive Officer, GROW Employment Council
Incorporated.....24**

**HUTCHINSON, Brigadier Peter John, Director-General, Infrastructure and Asset Development
Branch, Department of Defence1, 28**

**KNIGHT, Wing Commander Wayne, Base Commander, RAAF Base Richmond, Department of
Defence.....1, 28**

**LAX, Air Commodore Mark, Director-General, Policy and Planning, Royal Australian Air
Force, Department of Defence1, 28**

**MITCHELL, Lieutenant Colonel Douglas Robert, Project Director, Infrastructure and Asset
Development Branch, Department of Defence1, 28**

STUBBS, Councillor (Dr) Rex Phillip, OAM, Mayor, Hawkesbury City Council19

Committee met at 12.47 p.m.

HUTCHINSON, Brigadier Peter John, Director-General, Infrastructure and Asset Development Branch, Department of Defence

KNIGHT, Wing Commander Wayne, Base Commander, RAAF Base Richmond, Department of Defence

LAX, Air Commodore Mark, Director-General, Policy and Planning, Royal Australian Air Force, Department of Defence

MITCHELL, Lieutenant Colonel Douglas Robert, Project Director, Infrastructure and Asset Development Branch, Department of Defence

CHAIR—Ladies and gentlemen, thank you very much for coming. Before we start the proceedings, may I welcome to these hearings the federal member for Macquarie, Mr Kerry Bartlett, the state member for Hawkesbury, Steven Pringle, and the mayor, Dr Rex Stubbs. I have pleasure in declaring open this public hearing into the RAAF Base Richmond reinvestment project at Richmond, New South Wales. The project was referred to the Joint Committee on Public Works on 30 July 2003 for consideration and report to parliament.

In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to –
 - (a) the stated purpose of the work and its suitability for that purpose;
 - (b) the necessity for, or the advisability of, carrying out the work;
 - (c) the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
 - (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - (e) the present and prospective public value of the work.

This morning we have had a very comprehensive briefing from the Department of Defence and have inspected the site of the proposed works. We thank the commanding officer of the base and all of those who have been involved in providing that briefing to us today. The committee will now hear evidence from the Department of Defence, and I welcome the witnesses. Again, I thank you for the very comprehensive briefing, and to Wing Commander Wayne Knight in particular, thank you for the comprehensive briefing on site.

The committee has received a submission and five supplementary submissions from Defence. These submissions will be made available in a volume of submissions for the inquiry. They are also available on the committee's web site. Does Defence wish to propose any further amendments to any of the submissions it has made to the committee?

Brig. Hutchinson—Yes, we distributed an amendment to the statement of evidence to the committee earlier this week. If you like, I can read that amendment.

CHAIR—We have received that amendment. As it is very short, the secretary tells me it is appropriate for you to read it into evidence.

Brig. Hutchinson—The amendment is: paragraphs 40 to 46 refer to works required in the Nos 36 and 37 squadron hangars. The 37 Squadron works initially identified for building 320 have been addressed by implementation of revised management practices and some minor self-help works. The funds allocated for the No. 37 Squadron works have been reallocated to the higher priority needs of No. 36 Squadron and the proposed upgrade to their workshops. Consequently, the following amendments are made to the statement of evidence: paragraph 40, delete the last two sentences; paragraph 41, delete the three references to No 37 Squadron; and paragraph 46, delete the first two dot points, which refer to building 320. Also, the reference to building 350 in the final dot point should be deleted as this was included in error.

CHAIR—I now invite a representative of the department to make a brief opening statement and then we will proceed to questions.

Brig. Hutchinson—The Department of Defence is proposing a facilities and infrastructure reinvestment at RAAF Base Richmond, in New South Wales. The proposed reinvestment will allow the base to continue to support existing capabilities at least until 2010. RAAF Base Richmond is a major operational base which contributes to the support of land and Air Force capabilities. Australia's strategic and tactical airlift units, including Nos 33, 36 and 37 squadrons, operating Boeing 707 and C130 Hercules aircraft, operate from, and are maintained at, RAAF Base Richmond. The base also accommodates Army units that are linked with the airlift capability, various RAAF support units and a number of defence related commercial contracts.

RAAF Base Richmond has experienced a significant increase in the operational rate of effort for the deployment of aircraft and personnel in recent years. This includes operations relating to East Timor, Afghanistan, Bali, Iraq and the Solomon Islands. The project aims to address immediate deficiencies in working accommodation, support facilities and engineering services to enable the base infrastructure to continue to adequately support operational activities. The proposed reinvestment is a mixture of new facilities replacing inadequate existing facilities and modifications and improvements to some existing facilities and engineering infrastructure. All of the proposed works relate to existing capabilities which are within the confines of RAAF Base Richmond. The scope of the proposed reinvestment includes 36 and 37 squadron headquarters, mechanical equipment operations and maintenance section facilities, 33 Squadron hangar, 36 Squadron hangar and associated works; high-voltage reticulation upgrade, ablution facilities and stormwater upgrade.

The budget for this project is \$35 million. This includes construction costs, professional design and management fees and charges, furniture, fittings and equipment, together with appropriate allowances for contingency and escalation. Funding for the project was provided in the 2002-03 budget. Subject to parliamentary approval, the works are planned to commence in early 2004, with scheduled completion by the end of 2006. In a nutshell, the objective of this project is to ensure RAAF Richmond can continue to deliver operational capability to meet government objectives.

CHAIR—As we were greeted at lunch by a fire-engine due to the malfunction of an extractor fan, perhaps some questions on fire safety measures would be appropriate. I noticed as we travelled around the base that—Brigadier, you have just mentioned that there has been increased activity—there are lots of buildings on the base. It is quite crowded; there is a lot of activity and, as you say, there are a lot of facilities to support that activity. Many of the buildings are old. It was obvious when we went inside many of those buildings that the working conditions are far from ideal and that there are many more people working in the buildings than is perhaps ideal. I notice that you say in paragraph 68 of your submission:

All construction and fire protection requirements will, as a minimum, be in accordance with the provisions of the Building Code of Australia (BCA), the Defence Manual of Fire Protection Engineering (MFPE) and all other applicable Codes and Standards.

We noticed also that in the fuel testing building, where you have both staff amenities and a fuel testing laboratory, there was a door which went from one room to another which could not be accessed. So there are these kinds of considerations. I wonder what provisions will be made to ensure easy evacuation of buildings and safe exits from buildings. Do all those standards apply only to those facilities which are to be constructed and upgraded under the proposal or is it your intention to ensure that these standards are applied to all existing buildings on the base?

Brig. Hutchinson—There are a number of components to your question. I will lead and then pass to the base commander to talk about some of the management initiatives they use on the base to address those issues. I will perhaps also go to Lieutenant Colonel Mitchell, to cover some of the detail of what is going into the design for this project. The first point I make is that the funds from this project will address only the scope of works identified in this project. Other issues within the base will be handled by ongoing management initiatives and by the use of other funding streams, such as the facilities operations funding stream which is used for funding minor internal works specific to individual buildings. I will let Wing Commander Knight talk more about that shortly. So the funds from the project will address only the buildings that are identified in the project.

Within that, we will then go into a detailed design to meet all of the standards you have mentioned and which are mentioned in the statement of evidence. We are not at the stage of the detailed design yet. We have concept designs, which show the basic concept of our layout. That detail of meeting the code will be built into the detailed design. It will incorporate all the requirements of the standards. The consultation will also involve expertise from within the base to look at how we integrate that into our existing procedures and that sort of thing so we meet occupational health and safety and other requirements. I will now hand over to Wing Commander Knight to talk about some of the management strategies they use on the base.

Wing Cmdr Knight—As the brigadier said, we have a separate line of funding for facilities operations. I also have quite an extensive occupational health and safety network, where each of the 22 organisations on the base has a representative. I chair that committee. By way of committee, we prioritise the allocation of the facilities operations funding with senior managers on the base to ensure that all legislative, OH&S and BCA codes are met. I should add that this is an outcome as well from a Chief of Air Force directive that safety is paramount on our bases. Further to that, we have a sound safety record on the base, especially in terms of fire. I cannot

remember the last time there was an incident on the base related to fire. So, from my perspective, I believe the occupational health and safety standards are being met and are well funded.

CHAIR—I was specifically addressing the fire measures. You are satisfied, Wing Commander, that the base has adequate fire safety provisions for the whole of the base, not just for these proposed works?

Wing Cmdr Knight—Yes, I am satisfied. As you saw today with the fire truck at lunch, we have our own fire service.

CHAIR—We were very pleased to see that the service is working so effectively!

Mr BRENDAN O'CONNOR—In the first paragraph of the statement of evidence to the Joint Committee on Public Works, there is a reference to the Prime Minister's announcement of five years ago that RAAF Base Richmond would not close before 2010 and therefore works could be undertaken. Those works are now, of course, under review as to whether they should proceed. My question is whether the expense of this project is appropriate, given the fact that there is no commitment from the Commonwealth at this point that the RAAF base will exist beyond 2010 as it currently stands. Can I ask you to reflect upon that and comment?

Brig. Hutchinson—The PM's statement repeated the assurance that had been given by the Minister for Defence that the base would remain operational until at least through the year 2010. Our assessment based on that announcement is that the level of investment of \$35 million is appropriate for maintaining the three key areas which we see this investment addresses, two being maintenance of the operational capability and the people factors—that is, giving people a reasonable working environment and, in particular, looking at the morale effects of that working environment. You saw how crowded and dysfunctional that was. We think it is important that we give people a good work environment. We believe that, with the time left until 2010—and bear in mind that is the guaranteed time; beyond that, nobody knows until a formal decision is made—there is value for money on that time line alone for those two factors. The third factor is occupational health and safety and the deterioration of the assets. We believe we have to address that before that time and therefore the investment is an appropriate level of investment against that announcement.

Mr BRENDAN O'CONNOR—Have there been any morale problems or concerns with the personnel on the base, given the fact that there is a guarantee of less than seven years? Is that an issue for the personnel in terms of wanting to be on the base? That question may be to you but also to the wing commander.

Brig. Hutchinson—Perhaps I will start and then pass to the wing commander, because he will know the detail. In general, as service personnel we are used to moving around. We go where we are required to go. So—just to set the scene—that is something that we do as a matter of course. I will hand across to the base commander to address that in detail.

Wing Cmdr Knight—Yes, morale has been affected by the indecision that has been created by the Prime Minister's statement. Through base briefings, though—and, I think, through sound management by the senior officers on the base—that has been somewhat mitigated by proposing such continued works on the base. This \$35 million is seen as being as valuable in supporting

our operations as it is in recognising that our personnel are important, too. I refer there to the commercial support program, whereby we have 600 to 800 contractors working on the base at a time, whose companies have invested considerable amounts of money in improving their workplace standards.

Mr BRENDAN O'CONNOR—In relation to occupational health and safety I just want to touch upon a couple of areas. The submission states:

... many of the existing buildings and engineering services—

at RAAF Base Richmond—

do not meet current statutory requirements and current practices for working accommodation.

I suppose that is the reason for many of these proposed works. Approximately for how long have personnel been operating in these potentially unsafe environments?

Brig. Hutchinson—Obviously, the environments change over time. As we mentioned as we went around today, the management practices are adopted to ensure that nothing is seen to be unsafe on the base. So we take safety very seriously and we cover that through the management practices. However, what you have seen is the clutter—the dysfunctional aspects of the environment—and that is where we see the morale types of issues. So, as well as being a corporate responsibility, occupational health and safety cascades down to be the responsibility of management, leadership at each level and the individual. We get around the problems that we have with the building by addressing it at those sorts of levels.

Mr BRENDAN O'CONNOR—So would it be fair to say that there have not been any reported workplace injuries as a result of the current workplace environment?

Brig. Hutchinson—I would have to pass to the base commander to talk about workplace injuries.

Wing Cmdr Knight—Yes, there are industrial accidents that occur at Richmond, because it is in fact a very big industrial complex. But I can honestly say that none of those accidents are a result of overcrowding or poor standards.

Mr BRENDAN O'CONNOR—When we were touring on the bus there were references to the MEOMS workshop and hangar facilities, which are in poor condition. In paragraph 28 of the submission you say that the existing workshop and hangar facilities:

... are in poor condition and the removal of asbestos would make remediation uneconomical.

My question to you is: is the condition of the existing workshop building such that occupants might be at risk of inhaling asbestos particles?

Brig. Hutchinson—The issue with asbestos is that if it is undisturbed it does not become a health problem. Therefore, it is not an immediate health issue. The issue is that if you are trying to renovate a building then you have the opportunity to disturb the asbestos, and then you cause

the problems. So what we are saying is that if we go to touch the buildings at all then we need to properly remove the asbestos. That is why we are saying that we do not see that renovation is a good option.

Mr BRENDAN O'CONNOR—So they are not exposed to asbestos?

Brig. Hutchinson—No.

Mr BRENDAN O'CONNOR—I understand.

Air Cdre Lax—The Air Force position on asbestos has been well considered over the last 10 years. We did a survey of our bases in the early to mid 1990s and identified areas of asbestos contamination. Areas which were not remediated within a reasonable time frame were labelled. Each staff member who works in those areas is advised to be aware of areas where asbestos sheeting or other asbestos material lies.

Senator FERGUSON—My question follows on from Mr O'Connor's questions in relation to the future of the base. When would a decision have to be made if, at some time in the future, the base were not to continue? It is not something that can be decided today and put into operation tomorrow. We have this guarantee until 2010. Once the decision is made, what would the time frame be for a base to become non-operational?

Brig. Hutchinson—I should lead on that because there is a time frame from the facility's point of view to replace the facilities that we have here. You could not move from a place like this without having somewhere else to go, so there would be a significant lead time from the point of view of providing those replacement facilities. That would be at least five years for the extent of the facilities that we have here.

Air Cdre Lax—The committee may or may not be aware that the minister and cabinet have directed Defence to do a force disposition review. It is looking at all southern, western and eastern major Defence properties, which includes RAAF Base Richmond, as part of that review. That review is due to report back to our minister, Senator Hill, at the end of October. At this stage, it is still considering its evidence and its review terms of reference. Any decision on the future of any Air Force bases in that review—it includes Pearce in Western Australia; Edinburgh in South Australia; Laverton in Victoria; and Wagga Wagga, Williamstown, Richmond and Glenbrook in New South Wales—will be a matter for government. It will go to cabinet for a decision, and I presume that some sort of announcement will be made by government.

At this stage, Air Force has been contributing fully to the review. We have a group captain member of the review team, but it will be purely a matter for the government to decide the future of any of those bases. However, Air Force's position has been quite clear: we will honour the Prime Minister's statement of 27 August 1998, which he made here at the Hawkesbury sporting club area in North Richmond. Once again, any decision to close, move or rationalise the base will be for the government.

Senator FERGUSON—I remember a cadet training unit that was moved to Edinburgh in 1964 on a temporary basis, and it is just about to shift. I suppose that gives us some idea of how quickly things move.

Air Cdre Lax—The base was going to close in 1972 as well, as was Richmond.

Senator FERGUSON—Maybe that will give people here some more hope. Given that there is no certainty for any of the bases—as it is sounding like under the review—are you expecting any expansion in the population or the capability of Richmond prior to 2010?

Air Cdre Lax—At this stage, the Air Force does not anticipate any new units coming into Richmond. But then again, we do not expect new units to go to any of the bases within that period, except for No. 2 Squadron which is the AEWG project. It has already been decided that No. 2 Squadron will go to Williamstown. That was already decided much earlier.

Senator FERGUSON—In fact, you would be expecting to have a continuing role with the same capacity that you have now?

Air Cdre Lax—Presumably, unless government decides otherwise.

CHAIR—Senator Colbeck wanted to pursue the asbestos issue a little further. I did not pick up on that quickly enough.

Senator COLBECK—Air Commodore Lax, you mentioned the review that is being undertaken across all Defence facilities. Is there an ongoing monitoring process to keep an eye on the condition of any asbestos-containing materials within facilities across the Defence Force to ensure that any exposure levels do not increase?

Air Cdre Lax—Can I refer that to Brigadier Hutchinson, who is in the infrastructure development area, rather than give an answer just from Air Force Headquarters?

Senator COLBECK—Yes.

Brig. Hutchinson—My understanding is that there is, but I will take the question on notice and provide an appropriate response. I need to consult somebody outside the room.

Senator COLBECK—Okay, thank you. In your submission, you note that you have had consultation with a range of external authorities—Commonwealth, state and local. Are there any approval requirements over and above the initial approval of this committee that might have an impact on the program of the project?

Brig. Hutchinson—We already have government approval, so the only final approval we need is parliamentary approval from the committee.

Senator COLBECK—So there are no local government approval processes required or approval from the Heritage Commission or those sorts of things?

Brig. Hutchinson—No, because it is on the base. We still have a requirement to continue to consult with the Australian Heritage Commission over one element of the works. We will continue consultations but, as far as approval processes go, I am unaware of any other approvals we require to proceed with the works.

Senator COLBECK—You mention the Heritage Commission. I note from your comments that the base has been placed on an interim list for the heritage register. Does that have any design implications for the new works that will be placed on the base?

Brig. Hutchinson—That only relates to the area we have specifically looked at today—the hangars in the MEOMS facility—and basically that is a consultation process. The outcome from that consultation process may have an effect on how we design certain facilities but, at this stage, I do not have any further information on that.

Senator COLBECK—So they are not likely to place any requirements on how you design or construct any of the new facilities? Is it more with respect to the preservation or conservation of old facilities?

Brig. Hutchinson—My expectation is that that would just relate to how we incorporate the heritage values of that particular site into what we are designing. I imagine there would be restrictions on the sorts of things we could design to put adjacent to the heritage buildings we retain. We would want to come up with a design that is sympathetic to the heritage value of those particular buildings. We would look to incorporate that, but we would go through a consultation process with the Australian Heritage Commission to come up with a suitable outcome.

Senator COLBECK—We had a look through the No. 36 Squadron facility this morning and it was obvious that physical capacity and size is a significant issue. Are there any considerations or requirements for future growth issues in the design requirements of the new facilities for No. 36 Squadron and No. 37 Squadron?

Brig. Hutchinson—I will ask Air Commodore Lax to talk about the details of the possible expansion of the squadrons, although I take it from the answer he has already given that there is not a particular expansion plan.

Air Cdre Lax—At this stage, the Air Force designs its squadrons around its strength in numbers of aircraft and on the strength of personnel—aircrew, ground crew and support crew. Should we decide to expand our capacity to do airlift operations in the future, we would likely generate a whole new squadron, not just expand the squadrons which are extant at the moment. Consequently we would have to put to the committee some sort of proposal to do that. In other words, at this stage the Air Force has no intention to expand the strength, numbers or size of the squadron operating area or the number of aircraft they operate.

Senator COLBECK—During the closed briefing this morning, I asked you about connectivity between the test laboratory and the workshop adjacent to it. I want to ask the same question with respect to the facility on the fuel farm. Will there be any amenities within the existing building once it is renovated?

Brig. Hutchinson—Within the fuel farm?

Senator COLBECK—Within the existing fuel farm building, which is to be renovated. It is my understanding that you are providing an amenities building to co-locate with that. I am just concerned, on an occupational health and safety basis, about people having to go from one

building to another to use the available facilities. It just seems a bit odd to me that the two buildings are spaced some distance apart.

Lt Col. Mitchell—The existing building will purely be used as an office building. We did look at the option of extending the building, but another project is looking at relocating the pumps through the fuel farm. With vehicle traffic around the building, we had no option but to put the amenities block over on the other side of the road that runs next to the building. So, no, we are not putting any amenities in the existing building; we are just building a separate amenities block.

Senator COLBECK—Wouldn't that be an occupational health and safety issue for the people who are using that site? I just find it a bit strange that they would be separated in that way.

Brig. Hutchinson—I would not have thought that it was an occupational health and safety issue. It is not a heavily trafficked road or anything like that. I am unaware of any requirement that says that you must have ablutions in the actual building that you are working in. The other part of the building project is the ablution blocks that are separate to work areas. I am not sure whether I got the line of your questioning.

Senator COLBECK—I just find it interesting that, if you want to go to the toilet, for example, you have to go from one building to another. Particularly in an office environment, I find that a little bit odd, given personal experience in design and facilities I have come across previously.

Brig. Hutchinson—Within the base there are already a number of other buildings where that is the requirement. We are building separate ablution blocks, as was briefed this morning, because of the issues of trying to fit them into existing buildings, meet codes and so on. People will have to go from one building to another building. Bear in mind that, although we are talking about an office building, the people who use that building are not office workers as such. Part of their roles might be office type work, but the other part of their roles is to get out and operate the pumps and those sorts of things. Perhaps Base Commander will comment on that.

Wing Cmdr Knight—The dirty working environment in which these people are employed requires them to wash down and scrub before entering the office area. It would be a contamination risk if indeed the ablution area were part of their office area.

Mr JENKINS—It is an anachronism that witnesses get sworn in, so I have to be honest about this. On the flight up here one of the overwhelming questions for me was about investing in a project that potentially has no life after 2010. It conjured up the questions that have already been asked, but I have to say that the inspection tour absolutely changed my mind and it was not even worth asking those questions. I take then in context the submission that has been put to us. What you are actually talking about is the protection of the present operation capabilities and the factors that people have to contend with. As I said, I think that the inspection that we went on this morning absolutely outlined those things. I thank everybody involved. I hasten to add that, when even I can be conned by things that are set up, it did not smell of a set-up to me this morning.

Having said that, one of the things that intrigue me about this—and I understand that the decision making has been clouded by the uncertainty about the longevity of the base—is that there have been certain elements about a lack of knowledge of things to do with the base, given the length of time that it has been in existence and the works that have been done basically back in the dim, dark years—for instance, the uncertainty about the nature of the stormwater system and things like that. The question is whether Defence sees these as matters that need to be investigated so that we have a better idea of the base knowledge and we can then go forward and reinvest in further works, as well as this reinvestment work.

Brig. Hutchinson—Yes, we see this as the minimum level of reinvestment for maintaining that existing capability. Once we have a clear decision on the longer term future of the base, we would see that as a good starting point for the development of a further project to develop the base and handle the longer term aspect—but that is all subject to a decision about the longer term future of this and other bases, as has already been mentioned by Air Commodore Lax.

Mr JENKINS—I take it that that would include things like a master plan for the base.

Brig. Hutchinson—Yes.

Mr JENKINS—To assist with underscoring the evidence and to get it on the record, can we say that the base is working to its utmost capacity at the moment because of its involvement in nearly everything that Defence is involved in?

Brig. Hutchinson—Yes.

Mr JENKINS—Would that have been the same, say, five years ago when other announcements were made about the long-term future?

Air Cdre Lax—About five years ago I was the base commander here. Five years ago, we did operations into Cambodia and South-East Asia. We were just recovering from Rwanda and we had previously done Somalia—and I think you can remember those names: the horrible places and the situations that they faced. We also did a lot of civil reconstruction work. There was a tsunami—a tidal wave—in New Guinea which caused havoc on the north coast. We fully supported that operation. There were cyclones in the south-west Pacific area and so forth. So, essentially, the base has always been at full capacity. It is a 24-hour, seven-days-a-week, 365-days-a-year operation. It goes back beyond the time that I joined in 1974. Cyclone Tracy happened on Christmas Eve back in 1974, and the base was fully activated on that day too. So this is not a quirk of history. In my 30 years of service, the base has always been fully operational and dedicated to supporting the government's intentions.

Senator FERGUSON—It sounds like you should be giving evidence to the review, Air Commodore Lax!

Air Cdre Lax—Thank you, Senator.

CHAIR—Harry Quick—Harry Jenkins, I have to apologise. I was not telling you to be quick, just in case *Hansard* got the wrong idea—

Mr JENKINS—It is Harry Quick and the dead.

CHAIR—but your colleague Harry Quick has the office next to me and I had a momentary lapse.

Mr JENKINS—Yes, I appreciate that.

Senator FORSHAW—One of the advantages or disadvantages—I am never sure—about being the last one to ask questions is that many of them have already been asked, but I want to follow up a couple of things. Firstly, Senator Ferguson and Mr Jenkins raised the issue of the 2010 time line. The new facilities that are going in will be built to appropriate standards, as you say in the submission, but what life span will they have?

Brig. Hutchinson—As I have said at previous hearings, our normal design life is 25 years and, as a general principle, we will be building to at least a 25-year design life. Individual components of different elements obviously have a shorter life than that, but the structural design life will be 25 years.

Senator FORSHAW—A previous matter that we had a hearing about prompted that question, Brigadier. Following on, then, it has been mentioned that the services infrastructure that is on the site at the moment is old as well and that there are some unknown factors about its long-term—or even its short-term—capacity and how functional it is. As regards the facilities that are being built here now, particularly the whole range of facilities for individuals through the ablutions blocks, which are currently very cramped and inadequate, I take it that those services on site—water, sewerage, power et cetera—will be adequate to at least cope with this development.

Brig. Hutchinson—Yes, Senator. We have done all those studies. Basically, because this supports retaining the existing capability, it is a reinvestment. The total numbers of those sorts of things do not change. For example, the car parking places which are going to be absorbed by this project will be replaced by this project also. The total numbers of people remain the same; therefore, the services load remains the same.

Senator FORSHAW—I suppose what struck me—using a more practical example, because I am not an engineer—is that increasingly you see in old houses more and more double adapters and power boards being shoved into one power socket to run all of the new technology. In that context, you have fairly old infrastructure, most of which is unseen because it is underground. I want to ensure that you are not going to find suddenly that some major expenditure is needed to bring those services up to meet the needs of the new facilities.

Brig. Hutchinson—I guess I would make two points about that. The first one is that the designs that we are using for these new facilities will incorporate the latest principles in ecologically sustainable development, and by doing that we will be looking to reduce some of those loads on usage. For example, compare some of the old ablution facilities with the new, with the half flushes and all that sort of thing. You actually start to reduce some of those loads. We look at more efficient use of energy and that sort of thing in everything that we do. That is the ecologically sustainable development side of it.

The other side of it is that we see a net benefit from having these new facilities, from the point of view of the understanding of the services and everything else. We will be doing a complete survey of the stormwater facilities, for example, which we see as having significant benefits. At the moment, part of the issue is that we do not know what we do not know. We will be able to fix that up and will be able to move forward in those sorts of areas. We see a double positive there in that this will be much better than what we had previously. You can also see from the Australian Heritage Commission's submission that they see some of the things that we are doing, such as the removal of demountable buildings and that sort of thing, as a positive for the whole thing.

Senator FORSHAW—I have one final question. Naturally, I do not expect you to go into any detail in respect of operational matters. The last sentence on page 1 of your submission says:

Without the reinvestment, the Base infrastructure will continue to degrade and may adversely impact on operations.

I think I have an understanding of what you mean by an adverse impact upon operations, given the facilities that we saw where people were working in a very close environment. But could you expand upon that? If you do not go ahead with this refurbishment, how might it impact upon operations in the future?

Brig. Hutchinson—I think there will be two impacts. I said up front that two of the things we are looking at are operational capability and people. They are the two key impacts. If we do not do something, we see that we will have an effect on the morale of the people. We need to have some sort of an investment here to show our people that we are serious about them and that we want to provide them with a decent working environment. That is the first point.

On the operational capability side of things, we would probably muddle through. We always do. Our people who have been on operations overseas recently, in Iraq and in the Solomons, have probably been working under far worse conditions than we have here. My concern is that the older things become the more occupational health and safety issues and so on start to come to the fore. Componentry can fail. You saw that we are using a demountable building that is 20 years old and you saw the number of people who are in there. My point would be that it can only become a higher and higher risk of having some direct effect on operational capability.

Senator FORSHAW—I suppose what struck me, particularly with regard to those areas where you have the computers and the technology, was whether or not without new facilities and refurbished facilities you would be actually able to take advantage of improved technology. If you are trying to put state-of-the-art equipment into an old environment it becomes increasingly more difficult.

Air Cdre Lax—I will just add to that point. The 36 Squadron headquarters, which we walked through, was put in place nearly 20 years ago. At that stage we did not have personal computers on every desk. At that stage we did not have the electronic training aids that you saw in that training room. Consequently, we have had to adapt and make do as technology has improved and developed and as we have upgraded systems. I believe I am right in saying that originally when that transportable was designed it was meant to be there for five years only—and of course it is still there. In the meantime technology has improved. We have required access to computers to do things like flight planning. This is not just looking at the Internet; this is part of the daily routine of the squadron members, so they do need access to that technology. We also

communicate throughout the Air Force by email, as do most large organisations; each member is required to look at email every day. Consequently, it was very tight, close and jumbled and there was no privacy, so that was also raised, I believe, during the visit.

Senator FORSHAW—Thank you.

CHAIR—I have a brief question that goes to paragraph 86 of your submission under ‘Other Defence work’. The paragraph says:

Other related Defence works at Richmond include:

Upgrade Fuel Farm Two and decommission Fuel Farm One ...

Asbestos removal and recladding of Building 522 ...

Upgrade of Air Lift Systems Program Office ...

Demountable maintenance shelter ...

In addition to that, I notice that the submission made by local federal MP Kerry Bartlett identifies the need for improvement to both the living-in accommodation and transit accommodation, which he says is substandard. Could you tell us why you have not included this in this raft of work to be approved? I think it is pretty obvious to all of us, from our visit to the base this morning, that there is no doubt that this work urgently needs to be carried out. I wonder why you have not included this other work which also seems to be fairly fundamental.

Brig. Hutchinson—The work that we are doing here addresses the working accommodation and services only. On prioritisation of the funds available, that was where the line was drawn. However, there is a living-in accommodation study which has been done by the department and which is currently being processed for consideration by the minister. We will await the outcomes of that study to see what direction there is on living-in accommodation.

CHAIR—As there are no other questions, thank you very much for your evidence.

[1.38 p.m.]

BARTLETT, Mr Kerry Joseph, Federal Member for Macquarie

CHAIR—Mr Bartlett, I welcome you on behalf of the committee. The committee has received a submission from you. Do you wish to propose any amendment to the submission made to the committee?

Mr Bartlett—No, Madam Chair, but I would like to make some introductory comments.

CHAIR—Thank you for the quite detailed submission. I now invite you to make a short comment before we proceed to questions.

Mr Bartlett—Firstly, may I observe that it is an interesting experience being on this side of a committee hearing! I welcome you all to the wonderful Hawkesbury. Following this morning's inspection you would have been left in no doubt as to the necessity of doing the reinvestment work proposed. I suspect that you may have been asking why it has not been done before now and why a lot more is not being done. I would like to try to put that in the context of the past and the potential future. That has been canvassed already with the previous witnesses.

To fully understand the current context, I think it is important to look at where we have come from. As has already been indicated, there have been rumours and questions about the long-term future of the base even back as far as 30 years ago. They gained momentum with the 1991 Force Structure Review, which flagged the relocation of the C130 Hercules to Amberley. That certainly intensified speculation about the future of the base. In my view, it has been those concerns—those questions or uncertainties—that have led to a situation of inadequate maintenance spending on the base. The suspicion that it would not be there for the long term meant that less money was spent.

That has had three severe implications. Firstly, it has compromised the efficiency of the personnel working on the base and the effectiveness of their work. Secondly, it has impacted negatively on living conditions, working conditions, occupational health and safety standards, and—related to that—morale. Thirdly, I think that there has been the risk of a self-fulfilling prophecy in terms of the deterioration of the base. If there was a view that it was not worth spending money on the base, because its future was in doubt, and that money in fact was not spent, that led to a scenario where people looked at it and said, 'It's so badly deteriorated; why spend the money?' I do not think, from my discussions with personnel there, that we have reached that point yet. But, if this sort of money is not spent—if the essential work is not carried out—then we may be in danger of going past the point of no return.

Since then, and since that 1991 Force Structure Review, there have been two major changes. The first was a commitment of the Prime Minister in 1998 that the base would be here until at least 2010, and that has been discussed already. Secondly, in my view we have had a change in the defence paradigm and strategic and operational imperatives since that time. In particular in that context is the war on terror and the implications of that for the way we address Australia's defence needs—the threat of terrorism in Australia itself and also our changing role in the

Pacific area. Associated with that we have seen a considerable increase in the government's commitment to defence spending broadly. I would argue that that needs to involve an increase in spending on essential assets such as RAAF Base Richmond as well.

There are three reasons that I would argue that that needs to happen here. The first is that, even if as a worst-case scenario the 2010 timeline is followed, it is totally unacceptable for our defence personnel to live and work in substandard conditions for another seven years. For their sake, and for the reasons of operational efficiency already discussed, that work needs to be carried out. Secondly, as I have already said, we need to eliminate the risk that we may pass the point of no return. A failure to upgrade and maintain assets adequately may inadvertently lead us to a point where a decision is made about the long-term future of the base for inappropriate reasons rather than on the basis of correct operational and financial analyses. The third point I would make—as we have already heard as well—is that this investment is very appropriate. If the base's future extends beyond 2010, this investment will provide a very appropriate basis from which further work can be undertaken. I have argued, will continue to argue and am pleased to put on the public record here my determination to keep the base open well beyond that 2010 mark.

I would like to briefly outline the reasons, in my view, for the need to maintain the base beyond that. This has been canvassed in a lot more detail in other forums, but I would like to briefly mention four key factors. The first is the operational reasons why it is imperative to have a RAAF base, and particularly the Air Lift Group, located next to Sydney. This relates to the fact that most of the customers of Air Lift Group are based in Sydney. We have 3RAR and 4RAR at Holsworthy. The second Tactical Assault Group announced a year ago would be based at Holsworthy. The Incident Response Regiment is also to be based at Holsworthy. Those two between them—some \$330 million over the next four years alone—are to be based at Holsworthy. There is the location of the 1CAMD—ordnance—at Orchard Hills. There is the decision to locate the ADF's major warehousing facilities and the DIDS contract in Sydney at Moorebank. And there is the fact that Sydney is obviously the country's essential supply for industrial supplies, medical specialists, NGOs and a range of other people who might at times be called upon to supply services to Air Lift Group. The main customers for whom Air Lift Group will operate are based in Sydney. Therefore it makes eminent sense that Air Lift Group continue to remain in Sydney.

I will add other factors to that. One is that, if we are going to continue to successfully recruit young men and young women to our defence services and to the RAAF, it makes no sense at all to have no RAAF presence in Sydney. If we are going to adequately encourage young people to enter RAAF, we need to have at least the possibility that they will be able to serve in Sydney and we need to have the presence of RAAF in Sydney. A corollary to that is the fact that, if Air Lift Group were to move north to Amberley, as has been speculated, we would suffer considerable attrition and potential loss of some of our personnel whose families are strongly committed to other activities—to jobs, study and so on—in the Sydney basin. As well as that, there are other synergies with the many private contractors on the base. You would have been briefed on those. They are Qantas Defence Services, Lockheed Martin, Air New Zealand and so on.

The third point I would make in this context is that the economic impact on the Hawkesbury of any relocation of Air Lift Group would be devastating. The PricewaterhouseCoopers study commissioned by ADF concluded that there would be a net annual cost to the Hawkesbury of

\$106 million and a net drop in employment of about six per cent a year if the base were to close. A subsequent study commissioned by Hawkesbury City Council, carried out by the University of Western Sydney's Expert Group in Industry Studies, concluded that that PWC estimate was a gross underestimate and that the actual impact could be far greater than that \$106 million. I would argue that any decision about base relocations needs to take a whole-of-government approach. I would argue that that loss of \$106 million and the required government expenditure to ameliorate the impacts of that would far outweigh any possible savings to the Defence Force budget from that relocation. On that point, it is worth reminding ourselves that the only comprehensive study of which I am aware into the possible financial impact of relocation was the James Lang Wootton study of 1997, the southern air bases review. That concluded that there would be a possible saving of \$18 million a year or four per cent, a paper-thin saving, if relocation were to occur. The conclusions of that JLW study were, amongst other things, that the alternative disposition options do not produce significantly different costs and that the disposition could be determined largely on operational and strategic considerations. The saving of four per cent or \$18 million a year, even based, as I think it is, on tenuous and in some cases invalid assumptions, is no argument on a financial basis for that relocation.

In conclusion, I argue that there is a very strong case for retaining RAAF Base Richmond and for retaining Air Lift Group at RAAF Base Richmond far beyond 2010. But, even in the scenario where Air Lift Group operations were to cease here after 2010, the case is imperative for investing this money now, for the reasons of occupational health and safety, living standards and the morale of our defence personnel. Our personnel at Richmond do an absolutely outstanding job and we have to do all we can to assist them in the work that they do.

Mr BRENDAN O'CONNOR—Thank you for that statement that supplements your submission. I want to touch upon a number of things that I do not think you raised. In part 4 of your submission, under 'Local Involvement', you say:

It is important that in awarding contracts for various aspects of the proposed works, every effort be made to provide opportunities for local businesses to participate.

In what way should such opportunities be given to local businesses, in your view, and should it preclude businesses from outside the area tendering?

Mr Bartlett—I would argue that, for any of the works proposed, and obviously there will be a lot of construction work, tenders would be called, as is the norm, but those tenders should be publicised in the local area and, if the price and quality of service offered by a local contractor—building contractor, plumber, whatever—is commensurate with those that can be obtained elsewhere, preference should be given to local contractors and to local businesses.

Mr BRENDAN O'CONNOR—The other area which I want to touch upon, and you made reference to it, is the fact that the report of PricewaterhouseCoopers, PWC—they have stolen our acronym!—indicated that there would be over \$100 million per annum added to the local economy as a result of the existence of a base here in Richmond. Then, further to that, you made reference to the University of Western Sydney's report. They talked about an even greater impact. Did you know the detail on the University of Western Sydney's report? In what way would it be a greater impact, if indeed it is?

Mr Bartlett—I have read through it. I do not remember all the details. They argue that there are a number of invalid assumptions and omissions and some mistakes in the methodology of PWC. The University of Western Sydney report was done by Professor Russell Cooper of the Expert Group in Industry Studies. He concluded that, while it was impossible to reach an exact figure, the PWC study could be an underestimate of the actual impact on the Hawkesbury region by several multiples.

Mr BRENDAN O'CONNOR—It may not be easy to actually determine the figure but I think it is axiomatic that there is a large economic gain as a result of the existence of the base here. But when the Commonwealth has to make decisions about location beyond 2010 do you think they should put the strategic and operational matters before the local concerns of this area?

Mr Bartlett—Clearly, from the defence security point of view, the operational matters have to take first place. But, as I have stated both in my submission and in my introductory comments, there are strong operational arguments for retaining Air Lift Group capacity here. You do not have a case of competing arguments; you have a case of arguments reinforcing each other in this instance.

CHAIR—I would like to build a little on the first question asked by the deputy chair. In your submission, Mr Bartlett, you refer to the recent comprehensive maintenance service program announced by the Minister for Defence to ensure that the benefits flow to local providers from works being done on bases such as this. Do you think that local businesses have been given a reasonable opportunity to bid for business on the base in past works, and do you think that this recent announcement by the Minister for Defence will assist the local business community in being able to compete fairly for work on the base?

Mr Bartlett—There are many local businesses who currently do work on the base. I think there are probably many more who could, but work has been tendered out to businesses further afield. But, in answer to the last part of your question, I am confident that this commitment by the parliament secretary will assist local businesses in more effectively winning tenders for this sort of work. As I said, I certainly would be doing all that I could to ensure that local businesses have adequate opportunity to tender for this. If there are no price or quality differentials, that preference ought to be given to local businesses.

CHAIR—In our private briefing, somebody mentioned to me—and I do not think the matter was confidential—that they were going to conduct some local workshops to assist small businesses in the region to understand the tendering processes. Do you think that is a step in the right direction?

Mr Bartlett—I think that is very positive. I am pleased to hear that.

Senator FERGUSON—Mr Bartlett, I admire your passionate support for Richmond air base and concern for what might happen to it in the future. That is not within our bailiwick, of course. We have to determine whether the proposal before us is one that should be approved. One of the things that you were quite passionate about was the working conditions for people on the base, but I noticed that in your submission you also talk about substandard accommodation. If we are talking about making conditions on the base a suitable workplace and a suitable environment, a suitable living environment should also be included. Would it have been your wish that some

attention to accommodation should have been given the same priority that attention to the workplace has been given?

Mr Bartlett—I do note earlier comments that there is a review being done of living accommodation on bases generally. I would also mention that two years ago we completed some major improvements to some of the living-in accommodation. But, in answer specifically to your question, I would argue that more money does need to be allocated specifically to accommodation on base. As I have indicated in my submission, there are some 150 to 200 airmen and airwomen living in accommodation that I would consider substandard. Some of the rooms for single officers, for instance, are probably 10 feet by 12 feet, with shared ablution facilities. Until the refurbishment was done two years ago, some of our airmen and airwomen had to use substandard outside ablution facilities. There are still some shared outside ablution facilities. I would argue that there needs to be a lot more work done in improving living accommodation as well. It is my view that our defence men and women give tremendous service to this country and they ought not be required to live or work in conditions that are below the standard of their civilian peers.

CHAIR—Thank you very much.

[1.59 p.m.]

STUBBS, Councillor (Dr) Rex Phillip, OAM, Mayor, Hawkesbury City Council

CHAIR—Dr Stubbs, on behalf of the committee, I thank you for making us welcome to the city of Hawkesbury. The committee has received a submission from you. Do you wish to propose any amendment to the submission?

Councillor Stubbs—No, thank you.

CHAIR—I now invite you to make a brief statement. Then we will go to questions.

Councillor Stubbs—I would like to start by endorsing fully the comments of Mr Kerry Bartlett MP, the member for Macquarie. In the interests of time, I do not intend to repeat the arguments that he has put forward.

Council is very supportive of this project on a number of grounds, one of which is the occupational health and safety aspects. We, of course, wish for the people who live and work within our city to have a safe environment. The other issue which is of great importance to the local community is the improvements in stormwater drainage. This is an issue right across Sydney. A large number of councils are imposing environmental levies to improve stormwater run-off to try to improve the end-of-line quality of the water as it enters our creeks and rivers. We support the improvements that will flow from the works which are proposed. We also support workers sending—as Mr Bartlett has said—a very strong message to the local community regarding the future viability of RAAF Base Richmond, in whatever form it takes. I am aware that the Prime Minister has given a commitment to 2010, and we are very appreciative of that.

There have been a number of studies which have been undertaken that look at alternative options for the future of Richmond. I must say that none of them would provide the same level of employment as the retention of Air Lift Group at Richmond. Currently, there are over 2,000 personnel employed on base. By converting the base to a defence maintenance facility, our studies have indicated that the maximum number of jobs that could be provided would be 800. We welcome any infrastructure replacement and investment that does occur at Richmond.

Richmond is not going to go away as an airport. Whatever the future of the base and whatever the decision made in the national interest, it will, I believe, remain an operating airstrip. But I do not believe that the community will have the same level of support if Air Lift Group is relocated. The benefits to the city are both economic and social. RAAF men and women who serve at Richmond have a great input into local community groups and organisations, such as scouting groups. During times of natural disasters which have occurred within the Hawkesbury area, whether they be bushfires or flooding, RAAF personnel have always been there to assist in those times of disaster. If that was taken away from us, it would leave a gap which would be hard to fill.

Hawkesbury City Council has put in place a number of measures which we believe will assist and, hopefully, encourage the government to retain Air Lift Group at Richmond. In terms of our planning instrument, we have restricted development within the noise footprint, which is affected at the eastern and western ends of the runways. To the north, we have flood prone land, which is agricultural land, and that agricultural zoning will certainly remain. To the south of the strip, we have the University of Western Sydney Hawkesbury Campus, Hawkesbury Showground, Richmond golf course and the Hawkesbury racecourse. They will largely remain as open space.

In terms of the Hawkesbury LGA, there should be no further urban encroachment upon the base. We hope that will be seen as something which will encourage the government to retain the Air Force here. We also support wherever possible, if the project goes ahead, the tenders being given maximum exposure locally. We, as a government, are fully appreciative of the tendering process which has to occur and the need to achieve the best value for money. But we believe the local economy could be stimulated considerably if the process was advertised widely. Council would be happy to assist in any way in helping to advertise the process.

The other matter I would briefly like to address is energy security. This is an increasing problem, as we are seeing in the United States—in the eastern states, recently, as well as California—and right across Australia. Security of energy supply is going to be increasingly important. Council, in constructing its new library and regional art gallery, will be establishing a cogeneration plant that will not only give us greater security of energy but will also provide significant operational cost savings.

There are a number of government institutions within very close proximity to the RAAF Base Richmond, and council would be interested in working with the federal and state governments to see if we are able to come up with some cogeneration plants or other energy efficiency plants which would enable some cost savings in terms of the operational costs of the base. I point out also that the natural gas pipeline runs through the Hawkesbury LGA. Thank you.

Senator COLBECK—Thank you, Councillor Stubbs. The council mentioned in its submission, and you mentioned in your presentation today, the focus on stormwater and stormwater issues. Are you aware of any pollution incidents at the base? Could you give us an indication of the impact of a significant pollution incident on the Hawkesbury area, given its importance in the catchment?

Councillor Stubbs—I am not aware of any incidents on the base, but I am aware that we are experiencing more extreme weather events than we have in the past and governments need to plan to a higher standard than previously. From what I have read within the submission, there will certainly be greater security of the stormwater management with the works which are proposed.

Senator COLBECK—I have one final question. You mentioned in your introductory remarks the possibility of imposition of levies. Is that something that the Hawkesbury City Council is considering?

Councillor Stubbs—We instituted it last year.

Mr JENKINS—As always happens, somebody else asked my question, so I have a plan B. I thank Councillor Stubbs for his answer about the stormwater discharge and any incidents. You talked about the planning controls over the noise footprint. I acknowledge that the council has done that work. Have there ever been any complaints about noise relating to the operation of the base?

Councillor Stubbs—There are very few complaints. I am aware of one gentleman who has recently relocated into Windsor and has approached me on a number of occasions seeking to have his home soundproofed, but there are very few people who complain. Most people are delighted to hear the sound of military aircraft in the sky, because it is great for our local economy. And most people are avid aircraft fanciers.

Mr JENKINS—To your knowledge, to what extent have local businesses been able to share in the series of works that have been done on the base over time?

Councillor Stubbs—I could not answer that specifically. I know that some local businesses have, but I could not give you a specific answer.

CHAIR—Thank you very much, Councillor Stubbs.

[2.08 p.m.]

ALLAN, Councillor Lorna, Chair, Hawkesbury Economic Development Advisory Committee, Hawkesbury City Council

CHAIR—Welcome. The committee has received a submission from you. Do you wish to propose amendments to the submission?

Councillor Allan—No.

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

Councillor Allan—I would like to start by saying that we fully support the comments made by Mr Kerry Bartlett, federal member for Macquarie, and the mayor of the city, Dr Rick Stubbs. Since 1993, when the Hawkesbury Economic Development Advisory Committee was established, the committee has attempted to support the existing businesses within the city, thus enabling them to further enhance their core business. As the economic development advisory committee has broad sectors of the community as its membership, we sought to support the Richmond RAAF Base with their request for the injection of capital funds from the federal government. The economic development advisory committee believes in the necessity of building strong and healthy cities by creating partnerships that are important for our community to thrive, prosper and develop. The advisory committee recognises not only that a city needs to be economically sustainable but also that the relationships and partnerships that are developed help to create a healthy lifestyle component to our city.

CHAIR—Thank you, and thank you for your submission.

Senator FORSHAW—I understand your strong support for the project and for the council's submission and that of Mr Bartlett. What sort of specific role in terms of consultation with the Department of Defence or the base personnel has your body had? Is there a role that you can play if the project is approved, in terms of promoting local business involvement et cetera?

Councillor Allan—Since 1993, when the committee was established, we have always had a representative from the RAAF base on our committee. Over that time we have spoken many times about developing contracts. I think it was indicated earlier that partnerships could be developed to encourage people to tender. One of the things within the Hawkesbury is that small business is the dominant form of business and it makes it hard to tender alone, so we have always looked at ways of being able to coordinate people to tender together to be able to get that business.

Senator FERGUSON—One of the problems with being last is that a lot of the questions have been asked to the previous witnesses.

Councillor Allan—Thank goodness!

Senator FERGUSON—In Defence's supplementary submission it states its intention to provide opportunities to local enterprises, which has been touched on with Mayor Stubbs and others, throughout the construction period. Is your committee satisfied with the level of consultation that has taken place with the Department of Defence on this project?

Councillor Allan—Yes, we have been encouraged all the way along and have been in partnership in that.

Senator FERGUSON—You also say in your submission that Richmond RAAF Base is the largest single employer in Western Sydney.

Councillor Allan—On one site.

Senator FERGUSON—For a mere South Australian, what do you class as 'Western Sydney' when you are talking about the largest single employer?

Councillor Allan—I guess it is anything west of Parramatta. I would have to have advice on that, but I think it is up to Katoomba.

Senator FERGUSON—That is okay. But it is a significant employer in the region and it would impact significantly if, for instance, the base were to close or change.

Councillor Allan—Yes.

Senator COLBECK—We have heard discussions about the proposed workshops for local contractors. Mr Bartlett also mentioned the desire to have local contractors doing as much work as possible on the site. Would you be confident of the capacity of the local construction industry to undertake projects that might be proposed on this site?

Councillor Allan—Would I be confident?

Senator COLBECK—Do you have an understanding of the capacity of local industry to handle this sort of project?

Councillor Allan—Yes, I do. I believe there would be enough businesses within the region to be able to tender for these projects.

CHAIR—There being no further questions, I thank you very much.

[2.14 p.m.]

GOODWIN, Mr Paul Geoffrey, Chief Executive Officer, GROW Employment Council Incorporated

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Goodwin—GROW Employment Council is the area consultative committee for the region of Sydney.

Senator FERGUSON—Chair, before you invite the witness to speak, I just want to tell Mr Goodwin that Senator Colbeck and I have to leave shortly, so we do apologise if we have to walk out while you are giving your presentation.

Mr Goodwin—No worries at all. I shall not be offended.

CHAIR—They both have planes to catch. The committee has received a submission from you. Do you wish to propose any amendment to your submission?

Mr Goodwin—No, I do not propose any amendments.

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

Mr Goodwin—GROW Employment Council is the area consultative committee for Sydney. I guess everyone is aware of what an area consultative committee is. It is a not-for-profit organisation that essentially works with funding from the federal government to exercise regional development activity in the 13 regions of Sydney that we operate in. We have 13 teams around Sydney that work with business, the local community and representatives of government to identify development opportunities. We have been active in Richmond and the Hawkesbury area—as we call the north-west region of Sydney—for about seven years, so we have a very important interest in any major organisations that will impact on the regional development for this region of Sydney. As has been stated, the RAAF base is one of the largest employers in Greater Western Sydney and this is a vital component of any economic development. We would be very keen to see that level of employment continue, both the direct employment that it generates and the indirect employment through purchasing of goods and services by people who use the base itself.

We have just been brought under the Department of Transport and Regional Services and there is a new charter that the minister, Deputy Prime Minister John Anderson, has issued. Essentially, regional development and large industrial and economic development are the key planks and platforms of that charter. Therefore, we see as very significant for this region the role the RAAF base plays in keeping the confidence up for this region. Even a downgrading—I will not say removal—of the base would send a chill of lack of confidence, I think, through the region. It has been such a driving force for so many years both socially and economically that our fear would be that any downgrading of the base or any lack of improvement to bring it up to the current

standards would generate a lack of confidence in the community as to the future. From my reading of the analyses that have been done historically, this is not something that could be easily replaced in the short term. I guess I am trying to say that, if this upgrade did not go ahead, it would send to the local community a very important signal which could have a very detrimental effect. So we are very concerned obviously that this upgrade should go ahead to both improve working conditions and cover health and safety issues. It really is a future viability issue. It is a decision that is being made at this point.

Obviously there is the benefit that has been discussed of the immediate access to jobs for the \$35 million upgrade, the generation of jobs that will result from that. But probably the major tenet of my argument beyond what has been said—and obviously I endorse what I have heard today—is the confidence issue, and that is a very important part of regional development. To add a bit of a light note, the captain of the Round Corner bushfire brigade, who is also on the GROW board, has a very active involvement with the RAAF base and historically, I think, with the bushfires. The RAAF base has been very involved in the community side of that. There is more to this than just an economic upgrade; there is the whole social fabric that this base has which has a real impact on this region. So it is absolutely and vitally important that it be kept up to standard.

Senator FORSHAW—You have really answered the question that I was going to ask you but I will proceed with it anyway. Has GROW looked in depth at the future viability of the base beyond 2010 in the context of a regional or even a Sydney wide and beyond focus, given your particular organisation's broader focus on regional development issues?

Mr Goodwin—I think it would be fair to say that the PricewaterhouseCoopers study done in, I think, June-July 2002 was fairly indicative of the importance of the base. While it was identified that there may be some very long-term development of the Hawkesbury region, the impact that the downgrading of the base would have on this region is quite substantive. What you want in regional development is to add to a region's opportunities rather than take away. If you take away the substantial planks and platform of a region, it is very hard to immediately replace it. Essentially, what GROW would be arguing for is the retention of the base as a driver of economic development. I think there are other regions of Australia where the presence of a base can actually drive future growth opportunities as well. So GROW would be looking to identify opportunities for the future and hope that the base would remain and we could add further regional development to this region for the benefit of Sydney.

Mr BRENDAN O'CONNOR—I understand GROW Employment Council is Sydney's area consultative committee. What area does that cover? In other words, what do you oversee?

Mr Goodwin—We cover from the Southern Highlands up to the Hawkesbury region here, across to the Blue Mountains; anything within that sort of semicircle is within the Sydney area consultative committee. Historically, it was five area consultative committees that were merged about four years ago.

Mr BRENDAN O'CONNOR—Do you know the unemployment figures for this region generally and perhaps more locally?

Mr Goodwin—I cannot quote them for the Hawkesbury region but I could find them out for you. I know that there is a substantive amount of people who find employment outside of the region. One of the keys to regional development in this day and age is trying to identify jobs within the region. You would be aware of the transport issues faced by this region, particularly heading into Sydney and heading into the CBD.

Mr BRENDAN O'CONNOR—Yes. Would you say that it would be higher than the national average?

Mr Goodwin—I think that it would certainly be higher than the national average but it is also the access to work from this region as well, which we believe is a major issue.

Senator FORSHAW—I have a question about—

Mr JENKINS—Your constituency.

Senator FORSHAW—It is actually, if you take the whole state, but I am from the other end of Sydney—the Sutherland Shire. An earlier witness mentioned one person who complained about aircraft noise. Given your organisation's broader focus and given the increased focus within the whole Sydney basin on aircraft noise and environmental issues generally, has that ever been a real issue here? Maybe I should have asked the council.

Mr Goodwin—All I can really say in the regional development sense—and I think Mayor Stubbs really covered that issue—is that, in any region, people look to its strengths. We have a strong organisation that provides growth opportunities, jobs and economic development. The people in that region necessarily identify with it and feel very positively and strongly about it. So I think you would find, and this is only my hypothesis, that the vast majority of residents here would be very strong supporters of the base.

Senator FORSHAW—I suppose I gave you the question because, whilst it is not part of our bailiwick, you would be aware that in other parts of Sydney, where there either are airports or proposed airports, and even beyond, it is a major factor.

Mr Goodwin—Yes. I think it is probably indicative of the great work that the RAAF have done up here that the base is so positively looked upon.

Mr JENKINS—You talk of the opportunity for local businesses to tender for part of this \$35 million worth of works under the banner of the reinvestment project. The project has a whole host of subsets which widen the opportunities for people to get a cut of the action. By the nature of these projects, there will be a project manager—I do not really know the region well enough, but I am surmising—who is not likely to come from the region. But perhaps there is somebody out there who can do the job. Even without making that observation, my concern is that, once having done that, there is a further impediment to ensuring that local businesses get a cut of the action. I wonder whether your organisation, through its observation of similar projects—whether they be in this subregion or other subregions—is confident that local businesses not only will get the opportunity to tender but will successfully tender and get their share of the work.

Mr Goodwin—I think it is recognised more and more in regional development that organisations have to work in a local, regional sense. The way to develop a region is to have the supporting industries within that region and to try to move more towards local replacement of supplied goods rather than having them sourced externally to the region. Where they are not available within the region, of course you would source them externally. But more and more, large organisations are recognising the value of essentially sourcing, where they can, their goods and services from within the region, because there are many benefits in that networking and that support throughout the region. As I understand it, the RAAF base has certainly demonstrated historically an understanding of that issue, and in this process would be exercising where it was cost-effective and where it would deliver to them the outcomes they were looking for to source locally.

Mr JENKINS—I am confident about that aspect. I am just wondering whether, if there is a third party involvement, we can continue to have that confidence.

Mr Goodwin—I think the third party would clearly understand the value to their client of supporting their development and, where it was to no cost disadvantage, sourcing locally.

CHAIR—Thank you very much, Mr Goodwin.

[12.27 p.m.]

HUTCHINSON, Brigadier Peter John, Director-General, Infrastructure and Asset Development Branch, Department of Defence

KNIGHT, Wing Commander Wayne, Base Commander, RAAF Base Richmond, Department of Defence

LAX, Air Commodore Mark, Director-General, Policy and Planning, Royal Australian Air Force, Department of Defence

MITCHELL, Lieutenant Colonel Douglas Robert, Project Director, Infrastructure and Asset Development Branch, Department of Defence

CHAIR—I remind the witnesses from the Department of Defence that you are still under oath. I invite you to make a supplementary statement in support of your submissions and to comment on the evidence given today.

Brig. Hutchinson—Thank you, Madam Chair. I will start by answering the question I took on notice—I think it was from Senator Colbeck—on the asbestos issue. There is an ongoing asbestos monitoring program which is run by the National Operations Division of the Corporate Services and Infrastructure Group. They do a two-yearly audit, through their comprehensive maintenance contractor, who normally engages a specialist consultant. The last review of this base was done in 2003.

I will address a couple of issues that have come out of today's hearing. I would like to expand on the regional employment and engagement of small and medium enterprises. The first point I would make is that, as has come out in the evidence, we have been engaging in regional consultation. The organisations that have spoken today have attended a briefing session, which was held here on 8 August. That is included in our responses to their submissions. We are intending to further engage the region and the organisations here. We are looking to conduct local briefings to assist small and medium enterprises in tendering for the works. We are looking to package the works from the project so that there will be maximum opportunity for small and medium enterprises in the region to compete for some of the packages—right from the smaller packages to the larger packages.

We will basically be delivering the work in three main packages. There will be a squadron headquarters building, which is a relatively large package. The second part of that will be the MEOMS facility, and the other package will be the conglomeration of the smaller packages, which might be done individually or as a single entity, depending on the approach we take. Regarding the issue of a project manager perhaps having a preference for organisations outside the region, all the packages will be let on competitive tender. The Department of Defence will be involved in, and will chair, the tender evaluation boards. We will meet—in fact, we will exceed—government policies on the engagement of small and medium enterprises. So there will be plenty of opportunity for local people to be involved. This hearing today is part of publicising what is going on, and there will be more work done regionally to publicise what is going on.

Regarding the evidence given by the mayor, he obviously was not aware that there have been some environmental incidents on the base over the years. We are very conscious of the environment and we work to minimise the effects, but there have been incidents. These have been contained by our management systems and existing procedures. We are working on the fuel farm, for example, to look at providing a further level of addressing those issues. We are aware of the importance that government places on a greater emphasis on stormwater and, therefore, part of the project is to improve our strategies and procedures for addressing stormwater. Throughout this project, we are trying to be proactive in addressing those issues.

Mr BRENDAN O'CONNOR—Regarding the packaging that you have referred to, there are effectively three packages. Are you saying there will be three tenders for three different types of works, or many tenders for works within each package?

Brig. Hutchinson—It could be many tenders for works within each of the packages.

Mr BRENDAN O'CONNOR—Is that to some extent determined so that you can have regard to smaller businesses in the region?

Brig. Hutchinson—Yes, that is right.

Mr BRENDAN O'CONNOR—Could that configuration potentially lead to uneconomic outcomes? If, for example, you were to break down tenders into small parts—and I can understand why you would do that; it would allow local businesses to tender for particular works—would that possibly prevent a larger corporation or company from bidding for, say, the whole lot, the entire package? Would that prevent that from happening? In terms of economies of scale, on occasion, but not always, one tender covering all works in a particular area would be more economic and financially sensible than breaking it into many parts.

Brig. Hutchinson—We look at that in all of our projects. As you have heard in some of our previous briefings, we have gone for different procurement strategies that actually draw on economies of scale, because that is a reasonable thing to do.

Mr BRENDAN O'CONNOR—Yes.

Brig. Hutchinson—However, with the packaging of this project—we spoke about escalation this morning and I will not go into more detail about that—we are particularly concerned to make sure that we get concurrency of works and get as much finished as soon as possible. We think that will provide better value for money, rather than expanding the length of time. A larger company may be able to transfer tradespeople between different work sites but clearly that then takes longer. We think our approach is going to lead us to a better outcome. So we are keen to accelerate the works and do as much as possible, and the assessment that we have done of our schedule of works suggests that the method that we are adopting here is the most economical for this particular project.

Senator FORSHAW—I wish to follow that up. I am not sure whether this is possible, so you can tell me. Would it be possible for a single tender—or a couple of tenders—to be let which includes utilising local subcontractors? Is that a scenario that would not be ruled out?

Brig. Hutchinson—There are two ways that we can engage local contactors. One way is that we engage them directly and the second way is that they will be engaged through another contractor. On a given package, if we decided that, for example, with the headquarters building we wanted to deliver on a single package—rather than breaking it down into other packages—because that is the best way to go, we would expect that the single head contract, because it has a number of components to the work, would have subcontracts to a number of others.

Senator FORSHAW—I suppose I was thinking of that for all of the works. From the tour this morning and from the evidence, there seems to be a range of discrete facilities. Some are buildings, some are stormwater facilities and some are of other infrastructure types. What has been running through my mind is whether that is an option that is available.

Brig. Hutchinson—Yes, it is an option that is available, and we will be looking at the best way of getting value for money.

CHAIR—I thought the local federal member, Kerry Bartlett, made a very strong statement in relation to the responsibility carried by our service men and women and the fact that they really should not expect anything less than the civilian population gets in both working accommodation and living-in accommodation. Clearly, you are addressing the substandard working accommodation. You have said that there is a study being conducted now on the living-in accommodation on the base. Can you give us some indication as to when Defence might make a commitment to address that particular issue?

Brig. Hutchinson—I could not make any commitment at this stage because clearly it is a decision for government as to what they want to do with that particular study and where they will go in terms of, firstly, funding any work and, secondly, where the priorities for that work may lie. As an indication, there are over 20,000 living-in accommodation units for single members—members without dependants—around Australia. Richmond is just one component of that. It needs to be looked at in terms of the total requirement and where the priorities lie. So, whilst I acknowledge that we want to provide the best possible standards for our people, clearly there is an economic imperative there and it depends on what the government are prepared to commit to out of the defence budget for that requirement.

CHAIR—I realise it is slightly out of the scope of this particular inquiry. However, I think we would all acknowledge that if you want efficient work practice that would clearly contribute to that and to a better environment for the staff here. As a member pointed out so well, our service personnel really should not expect to receive anything less than the civilian population gets.

Wing Cmdr Knight—Madam Chair, may I make a comment on this, please?

CHAIR—Yes, certainly.

Wing Cmdr Knight—I certainly support Kerry Bartlett's submission—in fact, I strongly support it—but I just want to make one point, and I think this is important for the committee. Many of you have not visited Richmond before—certainly the RAAF base—and I must say you saw the worst of it today. You saw some of the worst working accommodation. At the same time, where we conducted, for example, the confidential briefing, that is also working accommodation. We have other facilities on the base that are very modern—indeed, some of

which are probably the most modern in the country. Our hospital complex, although it is getting a bit old, the corrosion control facility is the largest and best in the Southern Hemisphere. There are other facilities and buildings on the bases that I think would be a model for any similar establishment. Similarly with the living in accommodation, whilst admittedly some of it is very poor, very old and very unkempt, much of it is up to scales and standards. So I would not like the committee to go away today feeling that the base is run down or, indeed, not worthy of further investment.

CHAIR—Thank you very much for clarifying that. I think it is a very important point to have on the *Hansard* record. Before closing, I take the opportunity to thank you in particular, Wing Commander Knight, for having facilitated the committee's inspection this morning. I also thank the witnesses who have appeared before us today, those of you who have come out of interest for your community, the Hansard staff, who quietly work away to make sure that everything is properly recorded, and our secretariat, who support us so well in our job.

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 publication of the evidence given before it and submissions presented at the public hearing this day.

Committee adjourned at 2.42 p.m.