

Hardened and Networked Army Facility, Edinburgh Defence Precinct, South Australia

- 2.1 The Hardened and Networked Army Facility, Edinburgh Defence Precinct, South Australia (HNA Edinburgh) development proposes to provide new Army working accommodation and training facilities as well as joint Army and RAAF on-base community facilities. The estimated cost of the project is \$623.68 million (excluding GST.)
- 2.2 HNA Edinburgh was originally referred to the Parliamentary Standing Committee on Public Works (PWC) of the 41st Parliament on 9 August 2007. The inquiry lapsed with the dissolution of the 41st Parliament on 17 October 2007. The proposal was referred to the PWC of the 42nd Parliament for inquiry on 13 March 2008.

Conduct of the inquiry

- 2.3 The inquiry was initially advertised in *The Australian* on 15 August 2007 and in the *Adelaide Advertiser* on 18 August 2007. The inquiry was readvertised in the *Adelaide Advertiser* on 22 March 2008. The Committee received two submissions, one confidential submission and three supplementary submissions, including a confidential supplementary submission regarding the project costs. A list of submissions can be found at Appendix A.
- 2.4 The Committee undertook a site inspection, in-camera hearing and public hearing on 1 April 2008 in Adelaide. A list of witnesses can be found at Appendix B.

- 2.5 The transcript of the public hearing as well as the submission to the inquiry are available on the Committee's website¹. Plans for the proposed works are detailed in Submission 1, Department of Defence (Defence.)

Need for works

- 2.6 The proposed works aim to support the Army's Hardened and Networked Army (HNA) initiative which is in
- response to the need to fight on a more complex and lethal battlefield. It will provide increased combat weight through a redistribution of combat vehicles. It will also generate greater organisational depth in Army and a greater focus on combined arms battle groups rather than infantry battalion groups. HNA will provide increased options for Government in terms of both the combat weight of the force that can be deployed and the duration that forces can be sustained on operations.²
- 2.7 As part of the restructuring occurring under the HNA initiative, a battalion group is to be established at the Edinburgh Defence Precinct, Adelaide. This requires 1 200 1st Brigade personnel to relocate to Adelaide from January 2011.
- 2.8 The proposed works aims to provide necessary facilities and infrastructure to meet the aims of the HNA initiative at the Edinburgh Defence Precinct.
- 2.9 The Committee supports the HNA initiative as part of the Army's response enhancing the nation's defensive capabilities in response to developments in the global security situation. The Committee finds that there is need for the proposed works.

Scope of works

- 2.10 The proposed scope of works is detailed in Submission 1, Department of Defence.³ In short, the works propose the following:
- New working accommodation for Headquarters 1st Brigade Forward Detachment;

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

2 Submission 1, Department of Defence, p 1.

3 The submission is available on the Committee's website or by contacting the Committee Secretariat.

- New working accommodation for 7 RAR mechanised infantry battalion;
- New working accommodation for the Medium Artillery Battery (self propelled);
- New working accommodation for the Combat Engineer Squadron;
- New working accommodation for the Combat Services Support Team;
- A new combined mess facility;
- A new physical fitness centre, including a swimming pool and other training and recreational facilities;
- A new combined health facility, plus training and support facilities;
- New vehicle wash and fuel facilities;
- Demolition of redundant facilities, remediation of contamination and heritage preservation works where required;
- Upgrading of site infrastructure including high-voltage electrical, emergency power generation, communications and civil infrastructure including a new roads network, water, sewer, stormwater and gas supply; and
- Off-site works consisting of a new Marksmanship Training Range at Murray Bridge Field Firing Range and a new vehicle wash point at Cultana Range, South Australia.⁴

2.11 The Committee has assessed the scope of works and finds them suitable to provide the facilities necessary to meet the needs of the HNA initiative at the Edinburgh Defence Precinct.

2.12 The Committee notes that a number of facilities are included in these to allow base capacity in the longer term.⁵ The Committee is pleased to note the comprehensive nature of the works rather than works being undertaken on an ad-hoc basis at potentially greater cost.

Cost of works

2.13 The total out-turn cost of this work is scheduled to be \$623.68 million (excluding GST) which includes construction costs, management and

4 Submission 1, Department of Defence, pp 3-4.

5 For example, Element K – Site Infrastructure. See Submission 1, Department of Defence, p 13.

design fees, internal fit-out, information and communication technology and contingency allowance.⁶

- 2.14 The Committee received detailed cost plans for the project and held an in-camera hearing with Defence on the full project costs.
- 2.15 Some members of the Committee expressed concern about the cost of individual project elements being comparatively high when viewed against similar projects in other locations. Defence did give an explanation of why this was necessary to the satisfaction of the Committee. However, the Committee reiterates the need for project planners to seek efficiencies in all elements of project planning.
- 2.16 The Committee is satisfied that the costings for the project are adequate and that suitable contingency planning is in place (including deferring non-essential works should there be budget over-runs in any area) to ensure the overall budget is not compromised.

Project issues

Acquisition of land

- 2.17 As part of the project Defence is negotiating the purchase of land adjacent to the Edinburgh Defence Precinct boundary known as Area 9C/9D. The acquisition of this land will reduce the need for personnel to leave the base for training, therefore eliminating the risks associated with transporting heavy vehicles on public roads.
- 2.18 This land is currently owned by the South Australian Land Management Corporation (LMC). When the LMC purchased the land from the Commonwealth in 2005, a buyback provision was inserted in the contract to allow Area 9C/9D to be reacquired for use by the Edinburgh Defence Precinct.⁷
- 2.19 Without acquisition of the land, future development at the Edinburgh Defence Precinct may be compromised due to the need to locate training facilities within the existing Precinct area.⁸
- 2.20 The Committee believes that the acquisition of the land is important to the provision of appropriate training facilities in the Edinburgh

6 Submission 1, Department of Defence, p 27.

7 Brig W Grice, Department of Defence, Proof Transcript of Evidence, 1 April 2008, p 9.

8 Brig W Grice, Department of Defence, Proof Transcript of Evidence, 1 April 2008, p 5.

Defence Precinct and in the long-term will result in savings by the centralisation of training resources.

- 2.21 Although initial planning for this project began in 2005, it was not factored in to land sales, and the Commonwealth is now facing additional costs to buy back this land. The Committee was told that the detailed plans for the precinct were not drawn up until 2007 and it was not known until this time that the land would be required.⁹
- 2.22 However, the Committee is concerned about the short-sightedness in planning that allowed Area 9C/9D to be initially sold at the same time as the then Minister for Defence was announcing a major Army relocation to Edinburgh Defence Precinct.
- 2.23 The Committee understands that negotiations are underway regarding the reacquisition of this land and is recommending the Minister for Defence progress this as a matter of priority to ensure that no further costs are incurred by delay in construction works.
- 2.24 Further, the Committee understands that with any evaluation of the needs of defence establishments, the disposal of land may be under consideration. The Committee urges Defence to act more strategically regarding land disposal in future.

Recommendation 1

- 2.25 **The Committee recommends that the Minister for Defence progress negotiations for the reacquisition of land in the Edinburgh Defence Precinct known as Area 9C/D as a matter of priority.**

Common use facilities

- 2.26 The Committee is pleased to note the increased use of common use facilities as part of this development but noted that the majority of the development consists of separate buildings.
- 2.27 Defence noted that where efficiencies were to be gained by combining functional areas, this would be done, but in the majority of cases,

9 Brig W Grice, Department of Defence, Proof Transcript of Evidence, 1 April 2008, p 9.

buildings reflect the functional nature of the units concerned. Brigadier Krause, Commander 1st Brigade also noted:

Our experience shows that the more ownership people have of their equipment, particularly from an accountability and corporate governance point of view, the better that equipment is maintained. So the design of the facility, where the armouries are right next door to the company that is responsible for those weapons, for example, gives me increased confidence that the weapons will be well maintained and, above all, secure.¹⁰

- 2.28 While the Committee accepts that there are operational reasons for the layout of buildings on defence establishments, it cautions that consideration must be given to common use facilities at all times, including ensuring that buildings are laid out in such a manner to reduce the duplication of utilities.

Community impact

- 2.29 The Committee considers that this development will add significant value to the local community in terms of employment opportunities and population increase.
- 2.30 The development is being undertaken in a part of Adelaide that has been heavily affected by the downturn in employment in the manufacturing industry and consequently has high levels of unemployment, in particular youth unemployment.
- 2.31 When asked if consideration had been given to drawing local unemployed people into the labour market for this project, Defence advised the Committee that although a resourcing plan had not yet been finalised, the majority of contract registrants had indicated involvement with State training and apprenticeship programs.¹¹
- 2.32 The Committee is concerned that when major Defence redevelopments take place, that Defence consider its role as a tenant of the local community both in terms of physical impact and adding value to the community in areas such as local employment opportunities. Wherever possible, contractual conditions should ensure to reflect this role.

10 Brig M Krause, Department of Defence, Proof Transcript of Evidence, 1 April 2008, p 6.

11 Mr D Ellis, Sinclair Knight Merz Pty Ltd, Proof Transcript of Evidence, 1 April 2008, p 12.

Recommendation 2

- 2.33 **The Committee recommends that the Australian Government, in contracts for major capital infrastructure developments, include a requirement for the provision of employment and training opportunities to the local community wherever possible.**

Committee comment

- 2.34 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 2.35 The Committee received only one public submission other than those submitted by Defence on this development. This submission requested that consideration be given to the inclusion of a rail spur at the site.¹² In response, Defence noted that this option had been considered but it was regarded that there was no operational imperative for the inclusion of a rail spur.¹³
- 2.36 No other submissions were received raising issues with the proposed works and the Committee is aware of the South Australian Government's strong support for Defence developments in the State. Therefore, the Committee is satisfied that there are no reasons to object to the proposed work proceeding.
- 2.37 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

Recommendation 3

- 2.38 **The Committee recommends that the House of Representatives, pursuant to Section 18 (7) of the *Public Works Committee Act 1969*, resolve that it is expedient to carry out the following proposed work: Hardened and Networked Army Facilities at Edinburgh Defence Precinct, South Australia.**

12 Submission 2, Mr M Pickering.

13 Submission 3, Department of Defence (Supplementary).