

Report 1/2012

# Referrals made September to October 2011

- **Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand**
- **Proposed HMAS Albatross redevelopment, Nowra, NSW**
- **Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria**
- **LAND 17 Phase 1A Infrastructure Project**

Parliamentary Standing Committee on Public Works

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## Membership of the Committee

**Chair** Ms Janelle Saffin MP

**Deputy Chair** Mr John Forrest MP

**Members** Mrs Karen Andrews MP

Senator Sue Boyce (from 20/9/11)

Senator Alex Gallacher

Mr Steve Georganas MP

Mr Bernie Ripoll MP

Mr Patrick Secker MP

Senator Anne Urquhart

## Committee Secretariat

Secretary	Dr Alison Clegg
Inquiry Secretary	Mr Anthony Overs
Senior Research Officer	Mrs Renee Toy
Administrative Officer	Mrs Fiona McCann





## List of recommendations

### 2 Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand

#### Recommendation 1

The Committee recommends that the Department of Foreign Affairs and Trade conduct a hydrological survey of the site of the proposed new Embassy complex in Bangkok, as one part of a thorough review and investigation into the risk of flooding on the proposed site, and investigate further measures which may be undertaken to mitigate the risk. The Committee requests that the results of the hydrological survey be provided to the Committee at the earliest opportunity, along with details of any further steps required to reduce the risk of flooding, and any additional costs associated with these actions.

#### Recommendation 2

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand.

### 3 Proposed HMAS Albatross redevelopment, Nowra, NSW

#### Recommendation 3

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed HMAS Albatross redevelopment, Nowra, New South Wales.

#### **4 Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria**

##### **Recommendation 4**

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria.

#### **5 LAND 17 Phase 1A Infrastructure Project**

##### **Recommendation 5**

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: LAND 17 Phase 1A Infrastructure Project.

## Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by the Special Minister of State.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.<sup>1</sup>
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
- the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
  - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
  - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
  - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
  - the clearing of land and the development of land for use as urban land or otherwise; and
  - any other matter declared by the regulations to be a work.<sup>2</sup>

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1 The *Public Works Committee Act 1969*, (the Act) Part III, Section 18 (8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the *Regulations*.

2 The Act, Section 5.

- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
  - the need for, or the advisability of, carrying out the work;
  - whether the money to be expended on the work is being spent in the most cost effective manner;
  - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
  - the present and prospective public value of the work.<sup>3</sup>
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

## Structure of the report

- 1.6 Works considered in this report were referred to the Committee in September and October 2011. The Minister for Home Affairs, Mr Brendan O'Connor MP, referred the Bangkok embassy works. The three Defence works were referred by the Special Minister of State, the Hon Gary Gray AO MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on major issues of concern.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.
- 1.10 Chapter 2 addresses the proposed construction of a new Australian Embassy complex including chancery and head of mission residence in Bangkok, Thailand. The project is estimated to cost \$193.4 million.
- 1.11 Chapter 3 addresses the proposed HMAS Albatross redevelopment, Nowra, NSW. The project is estimated to cost \$192 million.

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3 The Act, Section 17.

- 1.12 Chapter 4 addresses the proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria. The project is estimated to cost \$185.6 million.
- 1.13 Chapter 5 addresses the LAND 17 Phase 1A Infrastructure Project. The project is estimated to cost \$46.5 million.
- 1.14 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.



## Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand

- 2.1 The Department of Foreign Affairs and Trade (DFAT) seeks approval from the Committee to build a new Australian Embassy Complex in Bangkok, including a chancery and head of mission (HOM) official residence.
- 2.2 A key objective of the project is to construct an official residence to house the Australian Ambassador to Thailand, the Ambassadors family members and high level visitors. The residence will be capable of catering for a range of representational functions.
- 2.3 The second key objective is to construct a new chancery building to serve as Australia's ongoing permanent mission to Thailand, which would be tenanted by the following agencies:
  - DFAT;
  - Department of Immigration and Citizenship;
  - Australian Federal Police;
  - Australian Trade Commission;
  - Australian Agency for International Development;
  - Australian Customs Service;
  - Department of Agriculture, Fisheries and Forestry;
  - Department of Education, Employment and Workplace Relations;
  - Department of Infrastructure and Transport;

- Department of Defence.

2.4 The project was referred to the Committee on 15 September 2011.

## Conduct of the inquiry

2.5 Following this referral, the inquiry was advertised nationally and submissions sought from those with direct interest in the proposed project.

2.6 The Committee received one submission and one confidential supplementary submission from DFAT. A list of submissions can be found at Appendix A.

2.7 The confidential submission comprised the project costings and sensitive information which DFAT submitted could not be published for security reasons. The Committee accepted DFAT's submission in this regard and the selected information was not authorised for publication, on DFAT's advice.

2.8 The Committee conducted a public hearing on the project and an in-camera hearing on the project costings on 4 November 2011 in Canberra. As the Committee was not able to conduct a site inspection for the project in Bangkok<sup>1</sup>, DFAT provided the Committee with a private briefing on the project design and elements just prior to the public hearing.

2.9 A transcript of the public hearing and a copy of DFAT's public submission to the inquiry are both available on the Committee's website.<sup>2</sup>

## Need for the works

2.10 DFAT submitted that the new Embassy complex is required to provide the following:

- more secure accommodation;
- appropriate accommodation for DFAT and the nine other Government departments and agencies;
- an efficient and effective modern office environment;
- a design which meets requirements of the Building Code of Australia, the Disability Discrimination Act and appropriate occupational health and safety standards;

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1 See Part III, Section 18B of the *Public Works Committee Act 1969*.

2 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>



- a complex which will meet current and future operational and technological requirements; and
- a complex which will act as a hub for other Australian missions in the region.<sup>3</sup>

2.11 DFAT told the Committee that the driving need for the project was to meet a security deficiency in the current facility:

The main driver or need for this project is to meet current security requirements. Our existing embassy, unfortunately, does not meet the security requirements of our embassy building in Bangkok. Since the Jakarta Embassy bombing in 2004 new standards have been applied and threat assessments made against all our overseas properties. The embassy in Bangkok was one of those identified as being deficient. Substantial work was done in analysing whether improvements could be made to that building to meet the current security requirements but, unfortunately, given the nature of that building, the method of construction and its proximity to busy roads, the only answer is a relocation. That is the basis of this particular project.<sup>4</sup>

2.12 The Committee was told that the National Security Committee of Cabinet approved the relocation of the Bangkok Embassy on security grounds, following a global review of physical security at Australia's overseas missions. The current Embassy complex would be relocated to a new site adjacent to the Embassy of Japan in the Panthum Wan district of Bangkok.<sup>5</sup>

2.13 DFAT submitted that the new site would enable the construction of appropriate setbacks to the chancery and HOM buildings for blast mitigation while the buildings themselves would also be designed to mitigate blast.<sup>6</sup>

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3 Department of Foreign Affairs and Trade, Submission 1, p. 3.

4 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 2.

5 Department of Foreign Affairs and Trade, Submission 1, p. 3.

6 Department of Foreign Affairs and Trade, Submission 1, p. 3.

- 2.14 DFAT noted that the Australian Embassy in Bangkok was identified from other Australian missions because it is a substantial Australian facility in Thailand, with a regional role:

There are, as I mentioned earlier, the Department of Foreign Affairs and Trade and nine other agencies represented in that building. The relationship with Thailand is substantial. It goes across commercial, tourism and in aid terms. The building that we currently occupy in Bangkok is a substantial office building. It is near enough to 10,000 square metres. So, it is a substantial presence and is a very important embassy for us. It is one that we need to have proper facilities available for the Australian government's representation.<sup>7</sup>

- 2.15 The Committee is satisfied that there is a compelling need for the works.

### Scope of the works

- 2.16 The proposed scope for the construction of a new Australian Embassy complex in Bangkok is detailed in Submission 1: Department of Foreign Affairs and Trade.<sup>8</sup>
- 2.17 DFAT proposes to construct a new chancery on the chosen site to a size of approximately 9,000 square metres. In addition, DFAT would construct an official HOM residence, associated services and support buildings. All buildings would be constructed in accordance with DFAT's security requirements and individual agency spatial and DFAT security requirements.<sup>9</sup>
- 2.18 In addition to the main buildings, the scope of the works includes the following elements:
- two pedestrian and vehicular access points;
  - a main guard station to provide vehicle and pedestrian screening;
  - a smaller guard station for the HOM residence to provide vehicle and pedestrian screening;
  - an engineering and maintenance services building;

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7 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 2.

8 Department of Foreign Affairs and Trade, Submission 1, p. 3.

9 Department of Foreign Affairs and Trade, Submission 1, p. 3.

- a perimeter security wall, complete with CCTV and appropriate lighting;
- project specific engineering services including mains electricity and back-up power supply, mains water supply treated to World Health Organisation standards, storm water drainage and harvesting, a sewerage treatment system and comprehensive ICT facilities;
- integrated office fit-outs for each tenant agency, including security measures such as forced entry and ballistic partitions, doors and glazing, security counters, security air locks and doors and specialised door hardware;
- fixed work-stations, workstation partitions, built-in joinery, compactus storage units, window treatments, floor coverings, representational furniture for the HOM residence and loose office furniture.<sup>10</sup>

2.19 It was noted that individual Australian Government agencies would provide office supplies such as photocopiers, computers and other devices.

2.20 Subject to Parliamentary approval of the project, it is anticipated that construction would be complete by late March 2016, with occupation of the new complex scheduled around the end of June 2016.

2.21 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

2.22 DFAT initially estimated the total out-turn cost of the proposed project to be approximately \$193.4 million.<sup>11</sup> However, DFAT subsequently revised its estimate of the total out-turn cost to \$190.8 million, having regard to savings offsets mandated by the Department of Finance and Deregulation.<sup>12</sup>

2.23 DFAT provided evidence to the Committee on the costings prepared for the project, through a supplementary confidential submission and during the in-camera hearing.

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10 Department of Foreign Affairs and Trade, Submission 1, p. 7.

11 Department of Foreign Affairs and Trade, Submission 1, p. 23.

12 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 1.

- 2.24 The cost estimate provided by DFAT includes construction, integrated fit-out, construction contingency, furniture and other related design and project management elements.<sup>13</sup>
- 2.25 The items excluded from the cost estimate included office and business machines, computers, artworks, white goods and interest charges.
- 2.26 DFAT submitted that the cost estimate does not include Thai Government Import Duty as goods imported for the Embassy project are anticipated to be nil. The cost estimate does include Thai Government VAT, however DFAT noted it would endeavour to receive any VAT payable using reciprocal arrangements between the Thai and Australian Governments.
- 2.27 The Committee is satisfied that the costings of the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Land ownership and leasing arrangements

- 2.28 DFAT submitted that the site proposed for the new Embassy complex has been procured on a long term lease agreement between the Commonwealth and the Crown Property Bureau of Thailand.<sup>14</sup>
- 2.29 The Committee was interested in the parameters of the lease arrangement and requested that DFAT outline how it had mitigated any risk in the handover of land to the Australian Government.
- 2.30 DFAT detailed the leasing arrangement to the Committee:
- The lease we have on the new site is a 30-year lease with an option to exercise a further 30 years. So, in effect, we have a 60-year lease on the land. That lease is with the Crown Property Bureau, a commercial entity in Bangkok. The terms of the lease are that for the first three years, during the construction phase, we pay approximately \$330,000 each year and, at the end of construction, we formally enter into a 30-year lease and we pay a sum of funds upfront for the 30 years. At current exchange rates it is about \$30 million. At the 27th year of that lease, we have a two-year window to exercise a further 30-year lease on terms to be agreed between

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13 Department of Foreign Affairs and Trade, Submission 1, p. 23.

14 Department of Foreign Affairs and Trade, Submission 1, p. 9.

the parties at that time. So, in effect, we have a 60-year arrangement.<sup>15</sup>

- 2.31 DFAT noted that the handover of the site would be expected in December 2011, as existing buildings on the site had to be removed and site remediation works were to be conducted. The lease arrangement directed that the Crown Property Bureau hand over the site in uncontaminated form.<sup>16</sup>

### Committee comment

- 2.32 The Committee was satisfied with the evidence provided to it on the leasing arrangements for the proposed new embassy site in Bangkok and the protective measures DFAT has undertaken to ensure the desired land is provided to it in an uncontaminated form.

### Construction in Bangkok

- 2.33 In the Committee's view, one issue pertinent to the success of the proposed new Embassy complex in Bangkok was DFAT's ability to engage and consult with local authorities and the construction industry in Bangkok, including the issuing of tenders and abiding by local regulations and laws.

### Consultation with local authorities

- 2.34 DFAT submitted to the Committee:

There will be a very substantial series of approvals required that will go to the nature of the building itself but also to the provision of utilities and all of those issues. We have only had very preliminary exposure at the moment.<sup>17</sup>

- 2.35 DFAT noted that the Bangkok Metropolitan Administration (BMA) was the controlling authority for approval of planning and building works and that they would be consulted throughout the design development phase

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15 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 2.

16 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 2.

17 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 7.

to ensure DFAT complied with local authority requirements.<sup>18</sup> DFAT informed the Committee that they had undertaken preliminary investigations with the BMA to ensure the form, size and height of the proposed new building would comply with local planning requirements.<sup>19</sup>

2.36 Preliminary discussions had also been held with local supply authorities to determine capacity of adjacent infrastructure.<sup>20</sup>

2.37 DFAT explained to the Committee that one way they would manage their consultations with local industry and the local authorities was to engage a local partner, being a reputable architectural practice of Australian origin, who would guide them through the town planning issues as well as administrative and legal issues regarding construction.<sup>21</sup>

### Consultation with local industry and contractors

2.38 DFAT submitted to the Committee that there were reliable contractors in Bangkok who could be engaged as part of the construction process, should the new Embassy complex be approved to proceed.

2.39 DFAT told the Committee:

... there are many with Australian connections and there are reputable international contractors there. To mitigate the procurement risk we are going to a lump sum tender arrangement. We will undertake a two-stage procurement of the head works contractor where we will call for expressions of interest. We will assess those expressions of interest, we will shortlist and then we will go to tender with the shortlisted organisations. Having a fully developed design with an internationally recognised lump sum form of contract gives us the surety before we actually start the works in terms of the levels of quality that we are getting from the design documentation. Also, from a financial perspective, a lump sum gives us the surety we require moving forward through the construction phase.<sup>22</sup>

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18 Department of Foreign Affairs and Trade, Submission 1, p. 23.

19 Mr K. Harmsworth, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 7.

20 Department of Foreign Affairs and Trade, Submission 1, p. 23.

21 Mr J. Growse, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 7.

22 Mr K. Harmsworth, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, pp. 9-10.

2.40 DFAT noted that to ensure construction proceeded in accordance with their design and on schedule, tenders would be assessed for compliance with the agency's brief. DFAT would also engage a project management organisation to oversee the construction personnel.<sup>23</sup>

2.41 DFAT submitted:

The local construction industry in Thailand has the capacity to undertake a project of this complexity although a high degree of supervision will be required by the Australian based consultant team along with the project manager and client representatives.<sup>24</sup>

## Committee comment

2.42 The Committee is satisfied that DFAT has undertaken all necessary preliminary investigations regarding the local authorities who would be consulted over the design and construction phase of the proposed project. Further, the Committee is pleased that DFAT will engage a local partner to ensure compliance with the local planning and construction requirements.

## Flood mitigation and civil works

2.43 With Bangkok's history of floods, and with the 2011 Bangkok floods at the forefront of the Committee's mind at the time of the public hearing, the Committee was concerned to ensure that DFAT had appropriately assessed and mitigated the risk of flood.

2.44 DFAT submitted to the Committee:

Bangkok is subject to periodic local flooding after heavy rain. The site levels and storm water management strategy will be designed to minimize reliance and impact on the local storm water infrastructure and to mitigate the impact of locally flooded roads. This will be achieved by raising the site grade levels and by retaining and delaying storm water discharge from the site via ponds and swales in the landscaping.<sup>25</sup>

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23 Mr K. Harmsworth, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 10.

24 Department of Foreign Affairs and Trade, Submission 1, p. 23.

25 Department of Foreign Affairs and Trade, Submission 1, p. 16.

2.45 DFAT expanded on their assessment of flood risk during the public hearing, noting that there was no evidence of substantial flooding in the area:

We had an assessment that it was not part of a likely floodplain – we were advised that. That has been borne out to some extent by the recent floods they have had in Bangkok, where this site remains above the waters. It has not been affected by the floods. Our design for the building does make provision for flood protections. We will be building it about one metre above the current ground level.<sup>26</sup>

2.46 DFAT noted that the site was approximately two metres above sea level and approximately 2.3 kilometres from the river. DFAT submitted they had reviewed the history of the site and would construct the building at least another metre above the existing reference level. Finally, the intense design and strong perimeter wall would also tend to withstand any water inundation.<sup>27</sup>

2.47 The Committee noted DFAT's plans to undertake a comprehensive geological survey to confirm subsoil conditions once the Commonwealth took possession of the proposed site.<sup>28</sup>

2.48 The Committee recognised that geological surveys are different to hydrological surveys. The Committee is of the view that, due to known flood risks and events in Bangkok, DFAT should prioritise flood mitigation as an issue which requires further investigation, prior to construction, to ensure that the building would withstand intense flooding.

2.49 During the course of the public hearing, DFAT committed to undertake a thorough hydrological survey of the site to assess the risk of flooding and then report the results of this investigation to the Committee.

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26 Mr P. Davin, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 3.

27 Mr K. Harmsworth and Mr J. Grose, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 3.

28 Department of Foreign Affairs and Trade, Submission 1, p. 13.



## Committee comment

- 2.50 The Committee welcomes DFAT's prompt response to its concerns raised during the public hearing and is satisfied that DFAT will take the necessary steps to ensure the risk of flooding is minimised as far as possible.

### Recommendation 1

**The Committee recommends that the Department of Foreign Affairs and Trade conduct a hydrological survey of the site of the proposed new Embassy complex in Bangkok, as one part of a thorough review and investigation into the risk of flooding on the proposed site, and investigate further measures which may be undertaken to mitigate the risk. The Committee requests that the results of the hydrological survey be provided to the Committee at the earliest opportunity, along with details of any further steps required to reduce the risk of flooding, and any additional costs associated with these actions.**

## Existing security arrangements

- 2.51 Noting DFAT's proposal that the Bangkok Embassy complex be rebuilt at an alternate location, the Committee sought clarification on any interim measures which were in place to ensure the ongoing safety of personnel within the current complex, until such time as the mission relocated to the new complex.

- 2.52 DFAT responded as follows:

When this first came up, from the initial review, this mission in particular had some upgrades made to the security, to the best level it could within the framework of the building. The other thing we have done for the interim, before the new chancery and HOM residence is built, is put a lot of emphasis on operational security – which I will not go into much further – which has a lot to do with helping with practices and procedures, and how the

mission runs today. So we have done everything we possibly can.<sup>29</sup>

## Final Committee comment

- 2.53 The Committee was satisfied with the evidence provided by DFAT during the public and in-camera hearings regarding the security arrangements for the current Bangkok Embassy complex, pending DFAT's planned relocation to the new site.
- 2.54 The Committee was impressed with the extensive detail provided to the Committee by DFAT, as contained in their public and confidential submissions for the inquiry, and the evidence provided during the public and in-camera hearings.
- 2.55 In particular, the Committee was assisted greatly by the representatives who attended the hearings, all of whom had specific areas of expertise which covered the breadth of the Committee's questioning regarding the proposed public works.
- 2.56 The Committee is satisfied, having regard to the evidence before it, that this project has merit and would meet the project objectives and need to improve security for the ongoing operations of the Embassy complex. The Committee is further persuaded that the anticipated scope and cost is sufficient to meet the need and signifies value for money for the Commonwealth.
- 2.57 Accordingly, the Committee considers that it is expedient that the proposed works proceed.

## Recommendation 2

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand.**

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29 Mr S. Page, Department of Foreign Affairs and Trade, *transcript of evidence*, 4 November 2011, p. 9.

## Proposed HMAS Albatross redevelopment, Nowra, NSW

- 3.1 The Department of Defence (Defence) seeks approval to redevelop the Royal Australian Navy Air Station, HMAS Albatross, which is situated in Nowra, NSW.
- 3.2 The purpose of the project is to upgrade facilities, infrastructure and engineering services to meet the base's projected operational needs and support capabilities over the next 30 years.
- 3.3 The proposed redevelopment was referred to the Committee on 22 September 2011.

### Conduct of the inquiry

- 3.4 The inquiry was advertised nationally and submissions sought from those with a direct interest in the proposal. The Committee received one submission from Defence and three supplementary submissions, two of which were confidential and related to the project costings. A list of submissions can be found at Appendix A.
- 3.5 The Committee undertook a site inspection and held a public hearing and an in-camera hearing on the project costs on 6 December 2011 in Nowra.
- 3.6 The transcript of the public hearing and a copy of the submissions to this inquiry are available on the Committee's website.<sup>1</sup>

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

## Need for the works

3.7 Defence submitted that the redevelopment of HMAS Albatross was necessary for the following reasons:

- to meet projected base operational needs and support capabilities for the next 30 years;
- to upgrade and replace ageing, obsolete and, in some cases, potentially unsafe infrastructure to improve the functionality and capability of facilities; and
- to improve base performance by:
  - ⇒ upgrading trunk engineering services which support Naval operations;
  - ⇒ improving base security;
  - ⇒ updating buildings and facilities to support operational capability and meet contemporary standards;
  - ⇒ providing an improved working environment; and
  - ⇒ providing new facilities to meet current and future planning for the site.<sup>2</sup>

3.8 Defence stated that the project would facilitate the introduction of new capability to the base and sustain the Defence capability at HMAS Albatross over the next 30 years:

The significant reinvestment in engineering services and common facilities will ensure the Base has the ability to support the introduction of the new MRH-90 helicopters, the new Seahawk helicopters, and the proposed joint Army and Navy helicopter aircrew training school.<sup>3</sup>

3.9 The underground services at HMAS Albatross have not been upgraded base-wide since the base commenced operations in 1942. Defence noted:

We think it is about time that we got in there and did some investment, particularly in engineering services, to ensure that this base can continue to operate for the foreseeable future.<sup>4</sup>

3.10 The Committee is satisfied that there is a need for the proposed works.

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2 Department of Defence, Submission 1, p. 1.

3 Department of Defence, Submission 1.2, p. 1. See also Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 2.

4 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 2.

## Scope of the works

3.11 The proposed scope of the works is detailed in Submission 1: Department of Defence.<sup>5</sup>

3.12 Defence noted their priorities contained in the project scope:

Priority will be given to the upgrade and refurbishment of the engineering services, much of which has not been upgraded since the base commenced operations in 1942. The remaining elements of the project will focus on works that will deliver operational efficiencies, address occupational health and safety issues and meet current personnel support requirements.<sup>6</sup>

3.13 In summary, there are 22 project elements proposed to be undertaken as part of the redevelopment. These are as follows:

- upgrade base fire alarm system;
- upgrade electricity, water, gas, sewerage, irrigation and security engineering services;
- upgrade Defence restricted and secret networks;
- upgrade telecommunications;
- upgrade stormwater system;
- new hot refuelling point;
- new fuelling pipeline;
- upgrade parachute drop zone;
- extend the Australian Joint Acoustic Analysis Centre;
- new air movements section;
- upgrade roads and infrastructure;
- new front entry and relocate navy security personnel (1<sup>st</sup> Lieutenants and Coxswains);
- new clothing store;
- new base support precinct;
- new Headquarters Fleet Air Arm;

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5 Department of Defence, Submission 1, pp. 5-16.

6 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 1.

- new Defence support facility;
  - new fitness track;
  - refurbish base administrative support building;
  - new sporting facility;
  - demolition of standard airside facilities;
  - realignment of Swordfish Road; and
  - Sycamore Road property works.
- 3.14 Subject to Parliamentary approval of the project, construction is planned to commence on the project in mid-2012 and completion would be expected by mid-2015.<sup>7</sup>
- 3.15 The anticipated design life for the project is 30 years, with Defence aiming to maintain a serviceable, fit-for-purpose facility over its lifespan.
- 3.16 There are currently 265 buildings on HMAS Albatross. The proposed redevelopment would involve rebuilding 34 existing buildings and constructing five new buildings on the base.
- 3.17 The Committee was concerned that due to the size of the scope, a further project of similar magnitude would be required at the end of the project's design life. Defence responded:
- There would be an expectation that, at some point, there might be midlife upgrade required. The end of that 30-year period does not necessarily mean that we would need to push the building over. We could potentially do some further work on it to ensure that it continues to provide a serviceable, fit-for-purpose facility. While we are doing an enormous amount of work on this base, if you look at particularly the building component of it, it is not a very large component of the existing assets on the base.<sup>8</sup>
- 3.18 The Committee notes the extensive number of scope elements contained in Defence's project proposal. However, the Committee is satisfied with the evidence provided to it in relation to each scope element and finds that the proposed scope of the redevelopment is appropriate to meet the need and project objectives.

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7 Department of Defence, Submission 1, p. 25.

8 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 9.

## Cost of the works

- 3.19 The estimated cost of the project is \$192 million, excluding GST. This includes delivery costs for management and design fees, construction costs, information communication technology, furniture, fittings and equipment, contingencies and an allowance for escalation.<sup>9</sup>
- 3.20 Defence expects a net increase in the costs of base operations as a result of the project. The increase in operating costs will result from the introduction of more sophisticated technical and environmentally compliant equipment, upgraded infrastructure and engineering services.<sup>10</sup>
- 3.21 Defence argued that the high anticipated cost of the works is justified, having regard to the size of the base and its considerable capital value:
- Yes, \$192 million is a lot of money – there is no question about that – but it is an amount of money that we need to invest to ensure that that larger asset continues to operate.<sup>11</sup>
- 3.22 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Bushfire risk

- 3.23 During the Committee's inspection of HMAS Albatross on 6 December 2011, the Committee was concerned to note the proximity of the aviation fuel farm to neighbouring bushland at HMAS Albatross and questioned Defence regarding their strategy to mitigate the risk of bushfire.
- 3.24 Defence submitted that the aviation fuel farm at HMAS Albatross is considered important and vulnerable to the effects of bushfire.<sup>12</sup>
- 3.25 Defence has implemented two mitigation measures to address the potential fire hazard and bushfire risk to the base, in accordance with the Shoalhaven Defence Estate Bushfire Management Plan 2009/10-2013/14:

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9 Department of Defence, Submission 1, p. 24.

10 Department of Defence, Submission 1, p. 24.

11 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 10.

12 Department of Defence, Submission 1.2, p. 3.

- establishing an Asset Protection Zone by clearing the understorey vegetation in the bush to the east of the fuel farm to a minimum of 100 metres;
  - maintaining bushfire protection along the bushland side of the fuel farm, consisting of three fixed fire hydrants and fire hoses, for use by the designated HMAS Albatross Fire Fighting Service.<sup>13</sup>
- 3.26 Defence also noted there is a fire station at HMAS Albatross, near the flight line of the base.<sup>14</sup>

### Committee comment

- 3.27 Having regard to the evidence put before it regarding the bushfire mitigation strategy, the Committee is satisfied that Defence has taken appropriate measures to reduce the bushfire risk of the fuel farm, through its compliance with the Shoalhaven Defence Estate Bushfire Management Plan 2009/10 – 2013/14.

### Childcare centre

- 3.28 In its primary submission to the Committee, Defence submitted that there is no requirement for childcare facilities, as this project does not increase the base population.<sup>15</sup>
- 3.29 The Committee was concerned to ensure that Defence personnel living or working on HMAS Albatross had appropriate access to childcare facilities, having regard to the population of personnel with dependent children.
- 3.30 In response to a question on notice, Defence informed the Committee that a childcare facility is located outside of the secure area of the Base on Bedford Road, Nowra Hill, in close proximity to the Parachute Training School and adjacent to the Nowra Hill Primary School.<sup>16</sup>
- 3.31 Defence continued:
- The centre is operated under contract by B4Kids Pty Ltd in Commonwealth owned facilities. The centre has a capacity of 79 children and there are several vacancies for 2012. These facilities

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13 Department of Defence, Submission 1.2, p. 3.

14 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 6 December 2011, p. 8.

15 Department of Defence, Submission 1, p. 23.

16 Department of Defence, Submission 1.2, p. 3.



have been assessed as being of sufficient capacity and condition to meet the current childcare requirements of the base.<sup>17</sup>

## Committee comment

- 3.32 Having regard to the further evidence provided by Defence regarding access to childcare facilities on HMAS Albatross, the Committee is satisfied that Defence personnel who live and/or work on the base have appropriate access to childcare facilities.

## Final Committee comment

- 3.33 Overall, the Committee was impressed with the evidence provided by Defence regarding the proposed redevelopment of HMAS Albatross in Nowra, NSW, particularly considering the broad range of scope elements outlined in the project.
- 3.34 The Committee was greatly assisted by Defence's supplementary submission to the inquiry, which addressed a number of outstanding queries the Committee had, which could not be addressed at the public hearing due to time constraints.
- 3.35 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this Defence project signifies value for money for the Commonwealth and constitutes a project which is fit-for-purpose, having regard to the established need.

## Recommendation 3

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed HMAS Albatross redevelopment, Nowra, New South Wales.**

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17 Department of Defence, Submission 1.2, p. 3.



## Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria

- 4.1 The Department of Defence (Defence) seeks approval from the Committee to redevelop the Royal Australian Air Force (RAAF) Base East Sale, situated at Sale in south-eastern Victoria.
- 4.2 The purpose of the project is to improve the functionality and capability of the base by upgrading or replacing inadequate and non-compliant facilities, infrastructure and engineering services to meet current and anticipated future requirements.
- 4.3 The proposed redevelopment was referred to the Committee on 22 September 2011.

### Conduct of the inquiry

- 4.4 The inquiry was advertised nationally and submissions sought from those with a direct interest in the proposal. The Committee received eight submissions to the inquiry and three supplementary submissions, including a confidential submission detailing the project costs. A list of submissions can be found at Appendix A.
- 4.5 The Committee undertook a site inspection at the base, and held a public hearing and an in-camera hearing on the project costs, on 31 January 2012 in Sale.
- 4.6 The transcript of the public hearing is available on the Committee's website.<sup>1</sup>

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

## Need for the works

4.7 The Committee was told that the aims of the project were as follows:

Through this project, Defence proposes to improve the functionality and capability of the base by upgrading or replacing inadequate and non-compliant facilities, infrastructure and engineering services to meet current and anticipated future requirements. To meet this objective, the proposed redevelopment combines the construction of new facilities, civil works, upgrading of engineering services infrastructure, some upgrades of existing facilities and demolition works.<sup>2</sup>

4.8 Defence submitted that the redevelopment of RAAF East Sale was necessary for the following reasons:

- The majority of base engineering services are at the end of their design life. Many of the engineering services are at capacity and have no redundancy, are in a very poor state, are not Occupational Health and Safety (OH&S) compliant, and do not meet Defence standards.
- The existing level of base supporting infrastructure does not have the capacity to effectively or efficiently meet personnel growth.<sup>3</sup>

4.9 Defence expanded on the need for the works during the public hearing of the Committee's inquiry into the project:

The base was first opened in 1943, and since then Defence has taken a series of projects to modify and update various World War II era buildings to support Defence activities and requirements. However, a number of buildings, as identified in the project scope, [we] do not feel meet the current Building Code of Australia manual of fire protection engineering or Australian standards requirements for design, occupational health and safety or functionality, requiring them to be [upgraded] or replaced.<sup>4</sup>

4.10 The Committee is satisfied that there is a need for the proposed works.

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2 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 2.

3 Department of Defence, Submission 1, p. 2.

4 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 2.

## Scope of the works

- 4.11 The proposed scope of the works is detailed in Submission 1: Department of Defence.
- 4.12 In summary, there are 13 project elements proposed to be undertaken as part of the redevelopment. These are as follows:
- site engineering services upgrade, including electrical, water supply, stormwater and sewer, gas, communications and metering;
  - school of Air Warfare training facilities, including office accommodation, utility and training rooms, meeting areas and breakout spaces;
  - physical fitness facilities, including an indoor 25m pool, gymnasium/sports hall, squash court, boxercise, spin, weights and cardio rooms, office space for physical training instructors, and supporting auxiliary spaces;
  - commercial facilities, which will comprise a new integrated facility to accommodate existing commercial services;
  - chapel and community facilities, to accommodate a multi-denominational chapel, mental health and psychology section, and the Defence Community Organisation;
  - flight line maintenance and support facilities, providing five new single-storey buildings adjacent to existing hangars;
  - air traffic control complex, including support facilities, working accommodation, workshops and stores, and training and recreational facilities;
  - a 25 metre firing range, that will permit range use concurrent with airfield operations;
  - passive security works, in the form of a new base perimeter fence, gates and minor traffic management works at the base entry;
  - a new fuel farm, which will be fully compliant with the requisite codes and regulations and meets user requirements;
  - bore water treatment plant, to supplement the ongoing purchase of potable water;
  - living-in accommodation, comprising six new living-in accommodation blocks that will replace the existing substandard accommodation; and

- demolition of buildings vacated as part of the redevelopment project, as well as a number of other buildings on the site which are not appropriate for refurbishment and reuse or are surplus to requirements.<sup>5</sup>
- 4.13 Defence considered a number of options to meet the stated need for the works, including whether to build new facilities on the base or refurbish existing facilities.
- 4.14 Defence explained:
- Apart from the School of Air Warfare training facilities and elements of the flight line maintenance facilities, refurbishment was rejected on the basis that the costs associated with bringing the existing facilities up to the required Building Code of Australia standard alone, were prohibitive and did not represent value for money for the Commonwealth.<sup>6</sup>
- 4.15 Defence also considered whether to reduce the scope of infrastructure works for the project, however determined that the works were needed to support existing base facilities and offered better value for money as part of a single combined project instead of a series of separate projects.<sup>7</sup>
- 4.16 Subject to Parliamentary approval of the project, Defence submitted that construction would be expected to commence on the project in mid to late 2012 and be completed by mid to late 2015.<sup>8</sup>
- 4.17 The Committee is satisfied with the evidence provided to it in relation to each scope element and finds that the proposed scope of the redevelopment is suitable to meet the need.

## Cost of the works

- 4.18 The estimated cost of the project is \$185.6 million, excluding GST.
- 4.19 Defence submitted that this cost estimate includes allowances for escalation, design and construction contingency, professional fees, design completion, Defence contingency, and the cost of active information technology equipment and business machines.<sup>9</sup>

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5 Department of Defence, Submission 1, pp. 8-20.

6 Department of Defence, Submission 1, p. 2.

7 Department of Defence, Submission 1, p. 3.

8 Department of Defence, Submission 1, p. 30.

9 Department of Defence, Submission 1, p. 29.

- 4.20 Defence noted in their submission that they expect an increase in net operating costs due to the construction of the new facilities and the associated increases in facilities maintenance, cleaning and utilities expenses.<sup>10</sup>
- 4.21 Where possible, Defence asserted that they limited the scope of the works to reduce the overall cost of the project:
- I would note with the costs that we did go through a number of options. I will not talk details but the question was asked out on the site tour this morning about why we were not building a 50-metre pool instead of a 25-metre pool. We made the decision that a 25-metre pool would satisfy our requirements, that there was no reason to go to a 50-metre pool, whereas on a lot of our other bases around the country we do have a 50-metre pool but there is a stronger justification for that. We did not see that we had the need here to go to that size pool, so we have tried to limit it. Similarly, we have limited the number of courts within the gym area itself – I think it is down to one – whereas a lot of the other gyms that we would build around the country would have at least two, along with a lot of other supporting infrastructure that we just have not included in this case. We have tried to keep this as limited as we can.<sup>11</sup>
- 4.22 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Community and fitness activities

- 4.23 When considering a proposed public work, the Committee must have regard to the necessity for carrying out the work and the most effective use of moneys proposed to be expended on the work.<sup>12</sup>
- 4.24 Noting the importance of this role, the Committee paid particular regard to the asserted need for three of the scope elements of the proposed base redevelopment. The Committee also assessed whether these elements

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10 Department of Defence, Submission 1, p. 29.

11 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 4.

12 Section 17, *Public Works Committee Act 1969* (Cth).

would provide value for money for the Commonwealth. These elements were:

- Project element 3 – physical fitness facilities;
- Project element 4 – commercial facilities;
- Project element 5 – Chapel and community facilities.<sup>13</sup>

4.25 Defence explained that the redevelopment as a whole was designed to support students residing on the base while they completed their intensive training courses:

What we are aiming to do is provide a facility that supports not only the demands of the base population in terms of staff but primarily that supports the base population in terms of students. As we briefed you when we were out there this morning, the training schedules for the students that are on the courses that they attend at the base are very tight. That is all driven by ensuring that we keep them away from their home base locations for as short a time as possible. Also, from a cost effectiveness perspective, you want to minimise the downtime during courses.<sup>14</sup>

4.26 A high level of physical fitness is mandated for Defence personnel. Defence submitted that facilities on the base serviced both permanent base staff and trainees as part of the Air Force's physical fitness and trainee induction programs.<sup>15</sup> As personnel and students were required to maintain a certain level of fitness, Defence considered that they should offer appropriate facilities on base:

Because physical fitness is a key responsibility for ADF personnel – we are all required to maintain a certain standard of physical fitness and also we need to bring new members of the Air Force up to that certain standard of physical fitness – we need to ensure that the ability is there for us to put these people through the fitness regimes that need to be undertaken. From an efficiency perspective it just makes much more sense for us. It is less time away from their work environment if we can have the facilities on base.<sup>16</sup>

4.27 Defence noted as an example that the current swimming pool complex was built in 1960 and had reached the end of its economic and useful life,

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13 See Department of Defence, Submission 1, pp. 13-15.

14 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 3.

15 Department of Defence, Submission 1, p. 13.

16 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 3.



with major problems to its pumping and filtration systems. As it is an outdoor pool, it is only used for four months of the year. Defence continued:

These restrictions deny the base population access to a safe and effective means of achieving physical fitness. In particular, those members who have sustained musculo-skeletal injuries are denied an important form of rehabilitation for eight months of the year. This means we have to use the local pool in Sale but we are not always guaranteed sufficient lanes to cater for 60 students at any one time and the travel to and from the pool also eats into the tight training schedule. Also aircrew are denied an all year round training venue for the purpose of their survival and dingy training as this cannot be done at the local Sale pool.<sup>17</sup>

- 4.28 The Committee was told that students at the officer training school were usually required to undertake a rigorous schedule of classes from Monday through to Friday, with little additional time provided to travel off base to utilise community and commercial facilities. Further, the Committee was also told that many students did not have access to their own transport and the base could not be accessed through public transport.<sup>18</sup>
- 4.29 Defence submitted that the current commercial facilities have aged and have reached the end of their economically effective life. The current commercial complex is housed in a decommissioned petrol service station building which was constructed in the 1960s. Defence proposed to demolish the current facilities and create a commercial hub which could be used out of hours and on ceremonial occasions by Defence personnel and students, in addition to visiting family and friends.<sup>19</sup>
- 4.30 To meet the needs of the community at RAAF Base East Sale and comply with the Defence Mental Health Strategy, Defence proposed to integrate psychology, chaplaincy and social work services at the base and construct a social and community hub which would accommodate a multi-denominational chapel, mental health and psychology section, and the Defence Community Organisation.<sup>20</sup>

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17 Department of Defence, Submission 1.2, p. 2.

18 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 3. See also, Department of Defence, Submission 1, p. 21.

19 Department of Defence, Submission 1, p. 14.

20 Department of Defence, Submission 1, p. 14.

## Committee comment

- 4.31 The Committee is of the view that the community, commercial and fitness facilities proposed to be constructed on the base are necessary to support the base population and allow for the future expansion of the base. The Committee accepts the information provided by Defence during the inspection of the base, in addition to evidence provided at the public and in-camera hearings. The Committee accepts the need for these facilities, having regard to factors such as the limited ability for students to travel to and from the base outside of their busy class schedule.

## Local employment and subcontracting issues

- 4.32 The Committee heard evidence regarding the opportunity for local engagement in construction works for the base redevelopment, and how Defence and community groups around the Sale region were attempting to maximise local employment, while ensuring that local subcontractors were treated equitably.

- 4.33 Defence outlined how it would maximise local employment during the redevelopment of the base in East Sale:

One of our philosophies is to enhance local employment. We had experience of that in 2006-08, as you would have seen, with the RAAF college relocation. We were able to achieve between 40 and 50 per cent local and regional employees undertaking the works. That project was a little bit more complex than what we are looking at here. The 13 elements involved in this project have certain aspects which are not as complex as larger scale projects, so we are able to break down those components ... There is the opportunity to articulate the works in such a way that local contractors do get a greater opportunity on this project than they did on the last. We are confident that we can better that 40 per cent. We can at least target 50 per cent and we are optimistic on 60 per cent local employment engagement.<sup>21</sup>

- 4.34 Mr Darren Chester MP, Federal Member for Gippsland, submitted that he was optimistic and confident about the capacity of the local workforce to take up opportunities stemming from the proposed redevelopment project:

... I would be confident that, if the contracts are structured in such a way that the small and medium sized enterprises have the

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21 Mr J. Flood, Theiss, *transcript of evidence*, 31 January 2012, p. 9.

opportunity to tender for projects in bite-sized chunks, they will certainly get their share of the work but there are larger contractors available in the Gippsland region who could take on the bigger jobs. I am optimistic about the 60 per cent figure. I think that is achievable. The Officer Training School development gave us a lot of heart, showing that there is capacity to give a very significant proportion of the work to the local community. I cannot reiterate enough that, if you give the jobs to local people and invest in local people, in the long term it will pay a dividend to Defence as well because those staff will still be here when future work is required, whether it be maintenance or anything else.<sup>22</sup>

4.35 Mr Ian Campbell of the Wellington Shire Council told the Committee:

The council, the Australian Building and Construction Commissioner and the Industry Capability Network are working together to ensure that local businesses and regional businesses are fully aware and educated about OH&S, the national code of practice and tendering online. We are planning workshops for late March and early April, as has already been mentioned by Thiess, to educate businesses about the national code of practice and about registering to tender. This is expected to maximise the potential for local businesses to participate in the tender when the project is approved and to minimise the number of workers from outside the region needing accommodation – and also the leakage of money leaving the region.<sup>23</sup>

4.36 The Committee sought assurance that Defence would take steps to ensure fairness throughout the contracting process, specifically in their engagement of local businesses and individuals as subcontractors to prime contractors, during construction of the project. Defence responded:

We have endeavoured to structure our contracts to provide the greatest certainty that when we do make a payment to the prime contractor – and we will call them the prime contractor as that way it covers both head contractor and managing contractor arrangements – the subcontractors working to him have been paid. The way we do that is that there is a responsibility on the part of the prime contractor, when submitting a claim for payment for

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22 Mr D. Chester MP, *transcript of evidence*, 31 January 2012, p. 13.

23 Mr I. Campbell, *transcript of evidence*, 31 January 2012, p. 16.

works performed, to provide us with a statutory declaration confirming that payments to subbies have been made.<sup>24</sup>

## Committee comment

- 4.37 The Committee accepts, based on Defence's evidence and past practices, combined with other evidence received at local and regional level, that Defence will work with the local community to ensure maximum employment of local companies and individuals during construction of the proposed redevelopment, including educating and supporting local businesses to participate in the tender, and supporting businesses as far as possible, to ensure local employees are treated fairly in their dealings with contractors and Defence.
- 4.38 The Committee further acknowledges Defence's assurance that it will brief potential subcontractors on Defence contracting processes and relationships, to ensure these individuals and small businesses are educated on their role, rights and responsibilities during those processes.

## Benefit of project to local community

- 4.39 Defence outlined the perceived benefits of the proposed redevelopment of the RAAF Base East Sale for the Wellington Shire community and the broader region:

We believe that the project is going to have benefits on two fronts. Firstly, obviously when we come in and spend \$185 million in this area, that is going to have an immediate effect in terms of money being spent in the region. I think the secondary impact is the opportunity for local companies to be engaged in the work that is undertaken on the basis of being part of the redevelopment project. We are very keen to try and maximise the employment or the opportunities for local companies.<sup>25</sup>

- 4.40 Defence submitted that they had undertaken a letterbox drop to nearby residents containing project information and had conducted a public meeting which was attended by 70 local business and community members, regarding the project.<sup>26</sup>

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24 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 31 January 2012, p. 3. See also, Department of Defence, Submission 1, p. 10.

25 Brig. D. Naumann, *transcript of evidence*, 31 January 2012, p. 3. See also, Department of Defence, Submission 1, p. 12.

26 Mr L. Murray, Department of Defence, *transcript of evidence*, 31 January 2012, p. 5. See also Submission 1, Department of Defence, pp. 6-7.

4.41 The Committee received seven submissions throughout the course of the inquiry from local community groups and organisations which supported the proposed development of the RAAF Base, East Sale. The Committee heard further from the following individuals at the public hearing held in Sale:

- Mr Darren Chester MP, Member for Gippsland;
- Mr Ian Campbell, Acting Manager of Economic Development, Wellington Shire Council; and
- Ms Jodie Willis, Chairman, Committee for Wellington.

4.42 Mr Chester outlined the social and economic significance of the RAAF Base in East Sale:

Obviously there is strong community support for the development of the base here at East Sale. That is not always the case around Australia. You often have the issue of urban encroachment, where some communities are not so pleased about having a Defence facility in their neighbourhood. But that has never been an issue here at East Sale. Over the almost 70 years that the East Sale RAAF Base has been in existence the community and the base have worked really well together. I think it is fair to say that the East Sale RAAF Base has been very good for Sale. But Sale has also been very good for Defence and the East Sale RAAF Base in return. It has been a mutually beneficial relationship and it is something we are very keen to continue into the future.<sup>27</sup>

4.43 The Rotary Club of Sale submitted to the Committee:

We recognize the value of the works and appreciate the investment will underpin the local economy whilst promoting the East Sale Base as a progressive state of the art facility. We acknowledge the social advantages the development will bring to our community and look forward to supporting local businesses and local council through this journey ...Vibrant regional communities require a diverse range of economic drivers to provide a level of stability when other sectors are under performing thus the upgrading and development of the RAAF Base at East Sale is a vital component of regional economic wellbeing ...<sup>28</sup>

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27 Mr D. Chester MP, *transcript of evidence*, 31 January 2012, p. 12.

28 Rotary Club of Sale Incorporated, Submission 3, p. 1.

- 4.44 Ms Jodie Willis, Chairman for the Committee for Wellington, told the Committee that the economic benefit of the proposed redevelopment would be far reaching, noting that Sale was centrally located between two major rural centres, in East Gippsland and the La Trobe Valley:

The immediate extrinsic benefits to employment to local tradesmen and their families is unquestionable. In addition, local businesses not directly linked to the project will also benefit through increased expenditure by these families and by those who have relocated to be a part of the project. Businesses considering investing in the area recognise that the federal government has already done so with the presence of the RAAF base. An investment that has continued for over 65 years is not to be taken lightly. It reconfirms to potential investors that the area is worth committing to long term. The approval by the Public Works Committee can only encourage business to further commit to this versatile and growing region.<sup>29</sup>

### Committee comment

- 4.45 The Committee acknowledges all evidence provided to it from local community groups and representatives regarding the project and notes the overwhelming view that the proposed redevelopment will foster a number of economic and social benefits for the Sale community and surrounding region.

### Final Committee comment

- 4.46 The Committee was impressed with the detailed private briefing and site inspection provided by Defence in relation to the proposed redevelopment of RAAF Base East Sale, prior to the public and in-camera hearings held in Sale. The site inspection in particular assisted the Committee to fully consider the submissions provided by Defence on the merits of the project. A selection of the information provided to the Committee during the site inspection has been provided in a supplementary submission from Defence.
- 4.47 The Committee has considered all evidence provided to this inquiry by local community groups and representatives supportive of the redevelopment project, provided through written submissions and in evidence given at the public hearing. The Committee also acknowledges

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<sup>29</sup> Ms J. Willis, Committee for Wellington, 31 January 2012, p. 16.

and appreciates the community representation evident in the significant attendance at the public hearing.

4.48 The Committee is satisfied, having regard to the evidence before it, that this project has merit and would meet the project objectives and need to improve the infrastructure and facilities at RAAF Base East Sale. The Committee is of the opinion that the anticipated scope and cost is sufficient to meet the need and signifies value for money for the Commonwealth.

4.49 Accordingly, the Committee considers that it is expedient that the proposed works proceed.

#### **Recommendation 4**

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria.**





## LAND 17 Phase 1A Infrastructure Project

- 5.1 The Department of Defence (Defence) seeks approval from the Committee to proceed with the proposed LAND 17 Phase 1A infrastructure project, which aims to:
- provide new and upgraded facilities to support the introduction of new M777-A2 lightweight towed guns; and
  - provide facilities suited to the organisational changes that have occurred in conjunction with the introduction of the new gun into the Australian Defence Force.<sup>1</sup>
- 5.2 This project forms part of a wider Defence project, the LAND 17 Capability Project. This project will be delivered in three phases:
- Phase 1A – procurement of 35 M777-A2 lightweight towed guns, the introduction of Advanced Field Artillery Tactical Data Systems (AFATDS) and munitions fuses;
  - Phase 1B – procurement of a Digital Terminal Control System; and
  - Phase 1C – procurement of self propelled Howitzer guns.<sup>2</sup>
- 5.3 This project is the infrastructure component of Phase 1A, which aims to deliver new and upgraded facilities to support the introduction and sustainment of the LAND 17 Phase 1A capability into service. Phase 1B will not have facilities implications and therefore will not be subject to scrutiny by the Public Works Committee. Phase 1C will be referred to the Committee at an appropriate time in the future, if approved by Government.<sup>3</sup>

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1 Department of Defence, Submission 1, p. 1.

2 Department of Defence, Submission 1, p. 1.

3 Department of Defence, Submission 1, p. 1.

- 5.4 The facilities proposed in this phase of the LAND 17 project include those directly associated with the storage, security and maintenance of the new guns, and those that support more broadly the new capability, including training and working accommodation, tow vehicle shelters and hardstands, and some engineering services works.<sup>4</sup>
- 5.5 The facilities works supporting the new capability are proposed to be undertaken at six Defence sites across Australia.
- Gallipoli Barracks, Enoggera, Queensland;
  - Lavarack Barracks, Townsville, Queensland;
  - Robertson Barracks, Darwin, Northern Territory;
  - RAAF Base Edinburgh, Adelaide, South Australia;
  - Bridges Barracks, Puckapunyal, Victoria; and
  - Gaza Ridge Barracks, Bandiana, Victoria.<sup>5</sup>
- 5.6 The proposal was referred to the Committee on 12 October 2011.

## Conduct of the inquiry

- 5.7 The inquiry was advertised nationally and submissions sought from those with a direct interest in the proposal. The Committee received two submissions to the inquiry and three supplementary submissions, one of which was confidential and detailed the project costs. A list of submissions can be found at Appendix A.
- 5.8 The Committee undertook a site inspection, public hearing and an in-camera hearing on the project costs on 7 December 2011 in Brisbane.
- 5.9 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website.<sup>6</sup>

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4 Department of Defence, Submission 1, p. 1.

5 Department of Defence, Submission 1, pp. 1-2.

6 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

## Need for the works

- 5.10 Defence submitted that the need for facilities and infrastructure is driven by the requirement to support the LAND 17 initiative which will substantially enhance the Army's artillery capability:

Facilities and supporting infrastructure are required to provide effective working, training and security conditions to support the new capability by securing the guns and AFATDS equipped vehicles in accordance with their security classification, and to accommodate the changed organisational structure.<sup>7</sup>

- 5.11 The new and upgraded facilities would support the introduction of the new M777-A2 lightweight towed guns, which will replace the 105mm Hamel Howitzer and 155mm M198 Howitzer fleets.<sup>8</sup>

- 5.12 Defence outlined the need to introduce 35 M777-A2 lightweight towed guns into the Australian Defence Force:

The reason we require artillery in generic forms is that in the land environment we must be able to provide the required support for our organisation. We cannot be reliant on another service, whether that is the RAAF or the Navy, to provide our fire support. We have to have organic, army owned and relied on means to provide our own effective fire support to enable us to provide sufficient weight of fire to allow us to manoeuvre freely. If we do not have artillery, we do not have the ability to provide the rounds to a desired location to shape what we want to be able to do and, also, we cannot necessarily rely on air support or naval fires. So we do need to have this organic and inside each brigade, so that we have that guarantee of fire support; otherwise we will lose a lot of people in battle.<sup>9</sup>

- 5.13 Defence elaborated on the need for the infrastructure component of Phase 1A of the LAND 17 capability project:

The general need is that we need to secure this equipment. The facilities that we have right now do not allow us to provide the appropriate level of security to the equipment. Also, we cannot undertake the necessary training that we need to undertake with the facilities that we have right now. We are going to deliver this capability into the service, and delivering a capability in the

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7 Department of Defence, Submission 1, p. 3.

8 Department of Defence, Submission 1, p. 9.

9 Maj. M. Taylor, Department of Defence, *transcript of evidence*, 7 December 2011, pp. 3-4.

service is more than just delivering a piece of equipment; it is ensuring that our soldiers are trained up such that they can operate it. It is also ensuring that our maintainers are trained up to ensure that they can maintain it.

The need is that we have to ensure that we can actually achieve that capability outcome. We have to be able to train the soldiers, we have to be able to secure the equipment, and we have to be able to provide the appropriate storage for the equipment and ensure that we can meet our obligations with United States in terms of security.<sup>10</sup>

- 5.14 Defence provided an example of where the current facilities are unsuitable for the new gun fleet:

In the case of 1 Regiment here in Enoggera, those facilities, as you saw this morning, were built a long time ago for a very different requirement – a much smaller gun. The gun hangar there was built in the eighties and it was for the M2A2 gun, which is two generations previous to this one. It was a much smaller gun, so the facilities are too small to meet the requirements of the M777.<sup>11</sup>

- 5.15 The Committee is satisfied that there is a need for the works.

## Scope of the works

- 5.16 The proposed scope of the works is detailed in Submission 1: Defence.

- 5.17 The proposed works are to be undertaken at six Defence sites across Australia. The proposed works will include:

- new working and training accommodation, vehicle storage, workshops and gun hangars for four batteries of the 1st Regiment, Royal Australian Artillery, located at Gallipoli Barracks, Queensland;
- refurbished working accommodation and gun hangars for elements of 4th Regiment, Royal Australian Artillery, located at Lavarack Barracks, Townsville, Queensland;
- refurbished working accommodation and gun hangars for elements of 8th/12th Regiment, Royal Australian Artillery located in Robertson Barracks, Darwin, Northern Territory;

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10 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 3.

11 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 2.

- new and refurbished working accommodation for elements for 102 Battery of 8th/12th Regiment, Royal Australian Artillery located in RAAF Base Edinburgh, Adelaide, South Australia;
  - refurbished training facilities for elements of the School of Artillery, Bridges Barracks, Puckapunyal, Victoria; and
  - new training facilities for an element of the Army Logistics Training Centre, Gaza Ridge Barracks, Victoria.<sup>12</sup>
- 5.18 Modification and upgrade of engineering services and civil infrastructure to support the new and refurbished facilities is proposed at each location.<sup>13</sup>
- 5.19 The majority of the works proposed are located at Gallipoli Barracks, Enoggera, Queensland.<sup>14</sup>
- 5.20 The proposal comprises a mix of new construction and refurbished facilities to provide the most cost effective solution to meet working and training needs arising from the project. Defence submitted to the Committee:
- To meet the identified need, Defence has considered the options of building new or refurbishing existing facilities. In some instances, the re-use of facilities was considered not cost effective due to the dilapidation, structural inadequacy and functional inefficiencies posed. In other instances, the existing facilities were not located appropriately or in accordance with approved establishment zone plans. In these instances, the facilities proposed are to be new construction, located primarily on previously developed sites. In all other instances, the existing facilities are proposed to be upgraded to the extent required.<sup>15</sup>
- 5.21 For example, Defence outlined its plan to house the AFATDS system:
- Across the board on all sides there was also the requirement for us to provide security for the storage of the AFATDS system and also for the training of the soldiers in the use of the AFATDS systems. So there was a requirement there for us to develop training classrooms and classrooms where the soldiers could exercise in the use of those computer systems ... We do not have that capability

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12 Department of Defence, Submission 1, pp. 9-10.

13 Department of Defence, Submission 1, p. 10.

14 Department of Defence, Submission 1, p. 10.

15 Department of Defence, Submission 1, p. 2.

anywhere on the estate, so where we could we have proposed that we will upgrade existing facilities to improve the security requirements, but there is one occasion at Edinburgh where we do need to build a new facility.<sup>16</sup>

5.22 Construction is expected to commence in mid-2012. All major works are expected to be complete by mid-2013.

5.23 The Committee finds that the proposed scope of works is suitable to meet the need.

### Cost of the works

5.24 The total out-turn cost for this project is \$46.5 million, excluding GST, which includes the cost of management and design fees, construction, equipment, contingencies and an allowance for escalation.<sup>17</sup>

5.25 The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the Department on the project costs.

5.26 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

### Project issues

#### Phased roll-out of LAND 17 Capability Project

5.27 As discussed earlier in this report, this project is the infrastructure component of Phase 1A of the LAND 17 Capability Project, designed to support the introduction and sustainment of the LAND 17 Phase 1A capability into the Australian Defence Force. Phase 1A of the project is the procurement of 35 M777-A2 lightweight towed guns, an AFATDS and munitions fuses.

5.28 Defence submitted:

LAND 17 Phase 1A was approved by Government in 2009. This proposal addresses the Phase 1A infrastructure component. Phase 1B does not have any facilities implications. Facility requirements

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16 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 3.

17 Department of Defence, Submission 1, p. 29.

relating to Phase 1C will be the subject of a separate referral if approved by Government.

- 5.29 The Committee queried Defence on the possible implications on the value of LAND 17 Phase 1A to the Australian Army if LAND 17 Phase 1B and 1C were not approved by the Government. Defence responded:

... Land 17 phase 1A does deliver us a capability, albeit not the complete capability which we talked about this morning and which could be delivered if phases 1B and 1C were to be approved by government and rolled out into delivery. I think that the key point, though, is that we do get a capability outcome out of Land 17 phase 1A with the delivery of the M777A2 guns and the AFATADS system, as we discussed this morning.<sup>18</sup>

- 5.30 Defence expanded on the usefulness of Phase 1A as a standalone project, by supporting the introduction of M777-A2 guns:

The increase in capability as a result of the advanced field artillery tactical data system is a brain. It allows the computation to be done in a coordinated environment instead of having to rely on old Mac information that is passed by voice. As far as the battle management of those systems is concerned, that is what AFATADS allows us to do. We also get the benefit of increased range, lethality and better mobility and survivability for the gun detachment. It took them some time to bring the gun you saw this morning out of the shed and into the open; the old gun took longer. So, while it took two minutes to move the gun you saw this morning, it is still substantially faster, and that improves the survivability of our troops in contact.<sup>19</sup>

## Committee comment

- 5.31 Having heard the evidence provided by Defence on the value of LAND 17 Phase 1A and the infrastructure component proposed to be undertaken as part of that phase, the Committee is satisfied that the value of the works would not be diminished, should Phases 1B and/or Phase 1C not be approved to proceed.

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18 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 2.

19 Maj. M. Taylor, Department of Defence, *transcript of evidence*, 7 December 2011, p. 2.

## Training locations

5.32 Defence considered a number of options to meet the identified need for the proposed LAND 17 Phase 1A project. To meet the working and training needs arising from the project, Defence considered the options of building new or refurbishing existing facilities. As mentioned earlier in this report, Defence has proposed a mix of new construction and refurbished facilities, at six designated sites, to provide the most cost effective solution.<sup>20</sup>

5.33 The Committee queried the necessity of facilities works at the six designated sites, noting an option for the new guns to be housed at one location. Defence responded:

In terms of one facility, 35 guns, I am not sure that we would have ever considered that. As we discussed yesterday, we have a force disposition around the country. The artillery units are disposed around the country and are co-located with their supported brigade. You have 4 Regiment in Townsville supporting the 3rd Brigade, you have 12 Regiment in Darwin and Edinburgh supporting the 1st Brigade, and you have 1 Regiment here in Brisbane supporting the 7th Brigade. They are integral components to those brigades, as Major Taylor indicated previously about the need for that support integral to the manoeuvre element. So we were constrained somewhat in that that is where the units exist – that is where the people are and that is where the equipment needs to go such that we can ensure that we do achieve the capability that I was talking about of equipment, people and training. So, in the broader sense, I do not believe that at any point we would have considered concentrating the 35 guns into one location.<sup>21</sup>

5.34 Defence also outlined its reasons for constructing or refurbishing substantial training facilities at several sites around the country, instead of creating one centralised training facility for the new capability:

The main implication for not taking the short-term view of building a facility is that we will spend, over the lifetime of this system, significantly more in travel and lost time due to travel for the guys from five of the locations around Australia in moving to a central point to conduct training. Also, because the software system is such a complex one to set up, the four main operational

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20 Department of Defence, Submission 1, p. 2.

21 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 4.



unit locations need to continually go through those procedures all of the time. So it is just not really effective to have it in a central location and people fall in on it on a one week a month basis.<sup>22</sup>

## Committee comment

- 5.35 Based on the evidence before it, the Committee is satisfied that Defence has considered all feasible options regarding the scope of the proposed works, including the placement of working and training facilities for the new artillery capability at six Defence sites around Australia.

## Traffic concerns

- 5.36 The Committee heard evidence relating to traffic concerns connected with ongoing construction at Gallipoli Barracks, Enoggera. The Committee notes that these concerns relate primarily to the Enhanced Land Force Phase 2B Project (ELF 2), a project approved by the Public Works Committee of the 42<sup>nd</sup> Parliament.
- 5.37 Specifically, local residents suggest that Defence has not complied with the recommendation made by that Committee for the ELF 2 project, aimed at reducing traffic congestion in the vicinity of Gallipoli Barracks.
- 5.38 Defence summarised local resident concerns relating to traffic around Gallipoli Barracks as follows:

Defence understands the primary traffic concern of local residents relates to the use of residential side streets between Lloyd Street and Samford Road as a means of avoiding the congestion at the intersection of Wardell Street and Samford Road. This practice is referred to colloquially as 'rat running', and in this case occurs along the three residential streets immediately outside the Lloyd Street entrance to Gallipoli Barracks: Norman Terrace, Ardentallen Road, and Douglas Street (to a lesser extent).

Defence understands that the continuing traffic congestion and associated rat running does have an adverse impact on amenity for local residents of these streets, and while personnel from Gallipoli Barracks may be undertaking this practice, we understand that the practice is commonplace, and not restricted to Defence personnel.<sup>23</sup>

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22 Maj. M. Taylor, Department of Defence, *transcript of evidence*, 7 December 2011, p. 5.

23 Department of Defence, Submission 1.3, p. 1.

- 5.39 The Committee tabled its report on the Inquiry into ELF 2 on 23 November 2009.<sup>24</sup> Based on recommendations made by the Committee, the Government moved an expediency motion to approve the facilities project on 26 November 2009.<sup>25</sup> At that time, Defence agreed to comply with additional recommendations made by the Committee, including the following recommendation related to traffic issues at the barracks:

**Recommendation 7**

The Committee recommends that the Department of Defence consult with state and local governments in order to finalise plans for an entrance off Samford Road, Enoggera with Defence funding a fair and reasonable portion of the cost of the road works, in order to ease traffic congestion in the vicinity of Gallipoli Barracks.<sup>26</sup>

- 5.40 Mrs Mary Harbeck, a local resident who lives in close proximity to Gallipoli Barracks, asserted that Defence has failed to address traffic issues connected to the ELF 2 project at Gallipoli Barracks:

Defence was to address these issues in two stated ways: one, a new entrance or exit to Gallipoli Barracks on Samford Road and, two, traffic management to minimise disruption to local residents, which would include defence and construction using main roads only to access Gallipoli Barracks, also in compliance with 'local traffic only' signage.

To date, two years later, for whatever reason, there is no new entry or exit on Samford Road, and it should be evident by the information provided in my submission, including the accompanying photographs, that traffic management has been and remains ineffective.<sup>27</sup>

Not only are our roads congested but residents also contend with daily unsafe practices on our street in the form of illegal left turns executed by defence, construction and others leaving Gallipoli Barracks.<sup>28</sup>

- 5.41 Defence submitted that it had complied to the best of its ability with the then Committee's recommendation regarding the creation of a new

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24 See <[www.aph.gov.au/house/committee/pwc/ELF2/report.htm](http://www.aph.gov.au/house/committee/pwc/ELF2/report.htm)> (accessed on 25 January 2012).

25 See Dr Mike Kelly, *Hansard*, House of Representatives, 26 November 2009, p. 13001.

26 See <[www.aph.gov.au/house/committee/pwc/ELF2/report.htm](http://www.aph.gov.au/house/committee/pwc/ELF2/report.htm)> (accessed on 25 January 2012).

27 Mrs M. Harbeck, *transcript of evidence*, 7 December 2011, p. 11.

28 Mrs M. Harbeck, *transcript of evidence*, 7 December 2011, p. 11.

entrance to the barracks off Samford Road, however a solution to the issue is not dependent on Defence's actions alone:

I can report to the committee that we have continued to engage with both state and local government on that issue and we have engaged on numerous occasions with them. We are working closely with the Department of Transport and Main Roads here in Queensland on the entire Samford Road traffic issue. The point that we made at the last hearing – which I would make again, if I could – is that the issue with that road is more than just Defence. That road is a significant arterial road for Brisbane. There is a large amount of traffic utilising that road coming in from the west of the city into the city and we are but one element using that road.<sup>29</sup>

5.42 Defence further submitted:

Defence has consulted frequently since April 2009 with representatives from the Queensland Department of Transport and Main Roads and the Brisbane City Council in an effort to resolve the issue ... However, from these consultations it has become evident that without substantial upgrade works on the Samford Road corridor to ease the congestion around the Wardell Street intersection, any move to create a new Barracks entry onto Samford Road would only further exacerbate the congestion already being experienced on that road.<sup>30</sup>

5.43 Defence noted that they had been undertaking fortnightly meetings with the Department of Transport and Main Roads and had convened two public consultations where local residents were invited to attend the guardhouse to learn about what Defence was doing and to communicate any traffic issues they had around the barracks.<sup>31</sup>

5.44 Defence argued that management of the traffic external to the barracks was a matter for the Queensland Police and the Brisbane City Council, however notwithstanding this fact, Defence has a Base Standing Order in place which specifies:

No Defence member or civilian member posted to, working on or visiting Gallipoli Barracks is to:

a) conduct a left turn in a vehicle onto Norman Terrace, Ardentallen Street or Douglas Street from Lloyd Street; or

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29 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 6.

30 Department of Defence, Submission 1.3, p. 2.

31 Mr M. Greenaway, Department of Defence, *transcript of evidence*, 7 December 2011, p. 7.

b) conduct a U-turn on Lloyd Street with the purpose of conducting a right turn in a vehicle onto Norman Terrace, Ardentallen Street or Douglas Street.

Defence members failing to comply with this General Order will be subject to Disciplinary Action and may have their ability to drive on Gallipoli Barracks restricted. Civilian staff will have a formal complaint made to their supervisor and may have their ability to drive on Gallipoli Barracks restricted.<sup>32</sup>

5.45 It was noted that Defence has also required their construction contractor for the ELF 2 project to develop a Traffic Management Plan to address construction workforce and delivery traffic issues on and around the barracks. Failure to follow the plan may result in a sub-contractor being removed from the project.<sup>33</sup>

5.46 Defence further discussed traffic management:

In the traffic management plan with the construction contractor we are trying to dislocate the time of arrival and departure of the construction workforce from the base workforce. So what we have done is smoothed out what would otherwise be a significant peak of traffic coming in and out of the barracks. Again, with regard to our ability to control that, yes, we control that for our construction workforce and we can control it for our military and civilian workforces in terms of hours. But ultimately, again, there is a limit to what we can do. Also, the brigade has instituted staggered unit departure times, so the units have different knock-off times, if you will, to again try and minimise that peak of traffic that goes through the local road network.<sup>34</sup>

5.47 Defence asserted that they had taken all steps within their control to address the Committee's recommendation regarding the ELF 2 project:

I can understand the committee's frustration that this is something that was addressed three years ago by this committee and there was a recommendation that we work with the state and local government in order to try and come up with a plan to deal with this. All I can do is assure the committee that we have in fact been doing that. Immediately following that hearing, we met with the Department of Transport and Main Roads. We then met on a monthly basis with them and in fact recently those meetings have

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32 Department of Defence, Submission 1.3, p. 3.

33 Department of Defence, Submission 1.3, p. 3.

34 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, pp. 8-9.

been on a fortnightly basis. We are at a point now where we believe Transport and Main Roads have approval to go forward with certain works, but I have also been informed that the status of that decision may change pending what happens with the forthcoming Queensland elections. Again, that is something that is well outside of my ability to influence.<sup>35</sup>

5.48 With regard to construction traffic, the number of construction personnel currently at the barracks is approximately 900 people<sup>36</sup>, which is substantially more than that estimated by Defence.

5.49 Defence, in its evidence to the previous committee for the proposed ELF 2 works, explained:

We are anticipating that on average there will be about 350 tradespeople working throughout that period, peaking at around 500 at certain points during the construction.<sup>37</sup>

5.50 Defence also stated at that time, that it had been in discussions with Department of Transport and Main Roads with regard to construction management and construction traffic at the barracks:

[Department of Transport and Main Roads has] indicated that they would not be happy for construction traffic to come directly off Samford Road. On that basis we have agreed only to use Lloyd Street, noting that most construction traffic arrives early in the morning. We are looking very closely at managing our construction so that it does not impact significantly or as little as possible.<sup>38</sup>

## Committee comment

5.51 The Committee considers its role in scrutinising the impact of construction of public works on local communities very seriously. The Committee therefore acknowledges the distress and frustration felt by local residents living in close proximity to Gallipoli Barracks, regarding the impact of traffic flowing through their residential streets from Defence and civilian personnel travelling to and from the barracks.

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35 Brig. D. Naumann, Department of Defence, *transcript of evidence*, 7 December 2011, p. 15.

36 *The Enhanced Land Force Phase 2B Community Update*, Issue 4, December 2011, Dept. of Defence.

37 Mr P. Pullman, contract administrator on behalf of Department of Defence, *transcript of evidence*, 4 November 2009, p. 9.

38 Mr P. Pullman, contract administrator on behalf of Department of Defence, *transcript of evidence*, 4 November 2009, p. 9.

- 5.52 The Committee notes that the traffic concerns raised by Mrs Harbeck, as a representative of a number of local residents residing in close proximity to Gallipoli Barracks, are not concerns which relate directly to the LAND 17 Phase 1A Infrastructure Project. Rather, they are concerns which existed prior to the construction of the Enhanced Land Force 2 project, which was approved by the Committee of the 42<sup>nd</sup> Parliament. However, the Committee is concerned that should the traffic issues remain unresolved, the LAND 17 Phase 1A Infrastructure Project may further exacerbate current issues.
- 5.53 While it is not the Committee's role to enforce the implementation of its recommendations made to agencies regarding public works projects, the Committee has a role in ensuring agencies who propose construction of public works take appropriate steps to mitigate negative impact of construction on local communities.
- 5.54 In this case, the Committee notes that Samford Road and Wardell Street are major access roads connecting the northern and western suburbs of Brisbane with Brisbane city. On the evidence presented to the Committee, it appears that the traffic congestion and 'rat-running' through residential streets near the barracks cannot be blamed solely on Defence and civilian personnel working at the barracks. The Committee accepts Defence's submission that it is primarily the role of state agencies such as Queensland Police to enforce traffic rules, and not the responsibility of Defence.
- 5.55 Accordingly, it is clear that it is not Defence's role alone to resolve the issues relating to traffic flowing through the Samford Road and Wardell Street intersections. It follows that the Queensland Department of Transport and Main Roads is the agency primarily responsible for developing a resolution to the issue of traffic congestion, in consultation with the Queensland Police, the Brisbane City Council and Defence.
- 5.56 Notwithstanding the comments above, the Committee is of the view that Defence should take a leading role and drive the negotiations to resolve the traffic concerns around Gallipoli Barracks at the earliest possible opportunity, noting the impact of these issues on the success of construction at the barracks and the importance of maintaining positive relationships with the local community surrounding the barracks.
- 5.57 The Committee is pleased Defence has escalated its consultations with the Department of Transport and Main Roads and encourages these regular meetings to continue to ensure a solution is reached at the earliest possible time. It should follow that Defence keeps the local community informed of

the progress of these negotiations as they unfold and keep them apprised of the steps they are taking to achieve a resolution of the issues.

- 5.58 In its negotiations with the Queensland Department of Transport and Main Roads, Defence is advised to keep that agency informed of accurate barracks personnel numbers including project construction personnel. It is concerning to the Committee that the number of construction personnel for ELF 2 was severely underestimated. Any additional construction personnel for the LAND17 Phase 1A project will only add to the traffic congestion.
- 5.59 The Committee notes the Base Standing Order issued to Defence personnel residing and working at Gallipoli Barracks, in addition to their directive to contractors to initiate traffic management plans to their staff, regarding travel to and from the base. The Committee commends Defence for issuing these directives and encourages Defence to consult with the Queensland Police to ensure that they are notified of any Defence personnel or contractors who have breached the directive so that action may be taken.

### Final Committee comment

- 5.60 The Committee is satisfied, having regard to the evidence before it, that this project has merit and would meet the project objectives and need to improve the Australian Defence Force's artillery capability. The Committee is of the opinion that the anticipated scope and cost is sufficient to meet the need and signifies value for money for the Commonwealth.
- 5.61 Accordingly, the Committee considers that it is expedient that the proposed works proceed.

### Recommendation 5

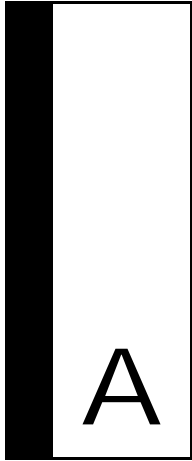
**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: LAND 17 Phase 1A Infrastructure Project.**

**Ms Janelle Saffin MP**

**Chair**

**14 February 2012**





## Appendix A – List of Submissions

### **Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand**

1. Department of Foreign Affairs and Trade
  - 1.1 Confidential
  - 1.2 Confidential
  - 1.3 Confidential

### **Proposed HMAS Albatross redevelopment, Nowra, NSW**

1. Department of Defence
  - 1.1 Confidential
  - 1.2 Department of Defence
  - 1.3 Confidential

## Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria

1. Department of Defence
  - 1.1 Confidential
  - 1.2 Department of Defence
2. Wellington Shire Council
3. Rotary Club of Sale Inc.
4. Laser Plumbing Sale
5. Mr Darren Chester MP
6. Pilatus Australia Pty Ltd
7. Committee for Gippsland
8. Welling Shire Council
  - 8.1 Wellington Shire Council

## LAND 17 Phase 1A Infrastructure Project

1. Department of Defence
  - 1.1 Confidential
  - 1.2 Department of Defence
  - 1.3 Department of Defence
2. Mrs Mary Harbeck



## Appendix B – List of Inspections, Hearings and Witnesses

**Proposed construction of a new Australian Embassy complex including Chancery and Head of Mission residence in Bangkok, Thailand**

Friday, 4 November 2011 – Canberra, ACT

### **Public Hearing**

Department of Foreign Affairs

Mr Peter Davin, Executive Director, Overseas Property Office

Mr Keith Harmsworth, Assistant Secretary, Property Project Branch

Mr Stuart Page, Assistant Secretary, Diplomatic Security Branch

**BVN Architecture Pty Ltd**

Mr James Grose, National Director

**WSP Buildings Pty Ltd**

Mr Gavin White, Principal

**WT Partnership**

Mr Paul Noonan, Director

### **In-Camera Hearing**

Seven witnesses

## **HMAS Albatross redevelopment, Nowra, NSW**

Tuesday, 6 December – Nowra, NSW

### **Public Hearing**

Department of Defence

Commander Carl Capper, Commanding Officer

Mr Gary Clarke, Base Support Manager, Shoalhaven

Mr Patrick Gagel, Project Director Southern New South Wales and Australian Capital Territory

Brigadier Darren Naumann, Director-General, Infrastructure Asset Development

Mr Colin Trinder, Director, Environmental Impact Management

### **Leighton Contractors**

Mr David Moss, Design Manager

### **URS Australia**

Mr Vasilios (Bill) Antoniou, Project Manager/Contract Administrator

### **In-Camera Hearing**

Seven witnesses

## **Proposed Royal Australian Air Force Base East Sale redevelopment, Sale, Victoria**

Tuesday, 31 January 2012 – East Sale, VIC

### **Public Hearing**

Department of Defence

Mr John Couper, Regional Estate Support Manager, Victoria and Tasmania

Group Captain Glen Coy, Senior ADF Officer, RAAF Base East Sale

Mr Lindsay Murray, Project Director, Infrastructure Asset Development

Brigadier Darren Naumann, Director-General, Infrastructure Asset Development

**Aurecon Group**

Mrs Jennifer Strangward, Project Manager

**Committee for Wellington**

Ms Jodie Willis, Chairman

**Parliament of Australia**

Mr Darren Chester, Member for Gippsland

**Thiess**

Mr James Flood, Manager, Building, Victoria, Tasmania, South Australia, New Zealand

**Wellington Shire Council**

Mr Ian Campbell, Acting Manger of Economic Development

**In-Camera Hearing**

Nine witnesses

**LAND 17 Phase 1A Infrastructure Project**

Wednesday, 7 December 2011 – Brisbane, QLD

**Public Hearing****Department of Defence**

Mr Martin Greenaway, Project Director, Gallipoli Barracks

Mr David Lee-Steere, Base Support Manager, DS-BNE

Brigadier Darren Naumann, Director-General, Infrastructure Asset Development

Mr Jamie Smith, Project Manager, Contract Administrator

Major Mathew Taylor, SO1 LAND 17 Capability Implementation

Mr Colin Trinder, Director, Environmental Impact Management

**Private Capacity**

Mrs Mary Harbeck

## In-Camera Hearing

Six witnesses