

Report 5/2012

Referrals made May and June 2012

- **Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW**
- **Proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW**
- **Proposed Moorebank Units Relocation, Holsworthy, NSW**
- **Proposed Base Infrastructure Works Project under the Base Security Improvement Program**

Parliamentary Standing Committee on Public Works

September 2012
Canberra

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Membership of the Committee

Chair	Ms Janelle Saffin MP	
Deputy Chair	Mr John Forrest MP	
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	Senator Sue Boyce	Mr Patrick Secker MP
	Senator Alex Gallacher	Senator Anne Urquhart
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List of recommendations

2 Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW

Recommendation 1

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 development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW.

3 Proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW

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 high voltage electrical distribution upgrade, Liverpool Military Area, NSW.

4 Proposed Moorebank Units Relocation, Holsworthy, 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 Moorebank Units Relocation, Holsworthy, NSW.

5 Proposed Base Infrastructure Works Project under the Base Security Improvement Program

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 Base Infrastructure Works Project under the Base Security Improvement Program.

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.¹
- 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.²

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.³
- 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 May and June 2012. The 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 development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW. The project is estimated to cost \$21.85 million, including GST and escalated costs but excluding the cost of the land.
- 1.11 Chapter 3 addresses the proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW. The project is estimated to cost \$19.6 million, excluding GST.

3 The Act, Section 17.

- 1.12 Chapter 4 addresses the proposed Moorebank units relocation, Holsworthy, NSW. The project is estimated to cost \$870 million, excluding GST.
- 1.13 Chapter 5 addresses the proposed Base Infrastructure Works Project under the Base Security Improvement Program. The project is estimated to cost \$203.502 million, excluding GST.
- 1.14 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.

Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW

- 2.1 Defence Housing Australia (DHA) seeks approval to construct dwellings for Australian Defence Force (Defence) personnel at a site at Kellyville, Sydney, NSW.
- 2.2 DHA will develop road and civil infrastructure on the site and construct 34 dwellings for Defence personnel.
- 2.3 The purpose of the project is to reduce the number of Defence personnel and their families residing in private rental accommodation in the Richmond area of Sydney. The project also aims to replace housing returned to investors at end of lease and existing housing that no longer meets Defence standards.
- 2.4 The cost of the project is \$21.85 million, including GST and escalated costs but excluding the cost of the land.
- 2.5 This proposed development and construction project was referred to the Committee on 20 June 2012.

Conduct of the inquiry

- 2.6 Following referral to the Committee, the inquiry was advertised in *The Australian* on 27 June 2012.
- 2.7 The Committee received one submission and two supplementary submissions from DHA, and two confidential supplementary submissions detailing the project costs. The list of submissions can be found at Appendix A.

- 2.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 8 August 2012 in Sydney.
- 2.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 2.10 Approximately 600 Defence personnel with dependents reside in the RAAF Base Richmond area, not including the neighbouring areas of Sydney, Liverpool and Glenbrook. The majority of these personnel work at RAAF Base Richmond.²
- 2.11 Rent Allowance (RA) is the provision of an allowance to assist Defence personnel in sourcing their own accommodation in the private rental market. The proportion of families in the Richmond region receiving RA is 19 per cent, above the Defence and DHA target of 15 per cent.³
- 2.12 DHA aims to reduce the proportion of families receiving RA and must factor in the 'churn' created by leased houses reaching end of lease and requiring replacement. The Kellyville proposal would provide 34 dwellings and enable DHA to reduce the proportion of Defence families in private rental accommodation and receiving RA.⁴
- 2.13 Options for providing housing include the construction of housing on-base, the purchase of developed land (serviced allotments) followed by construction, the purchase of suitable established houses, and the direct leasing of suitable housing.⁵
- 2.14 DHA indicated that in north-western Sydney, there is no opportunity to construct housing on-base and these other development options are not feasible or have not been able to keep up with the Defence housing requirement and the churn created by end of lease. DHA stated that the purchase and development of the greenfield Kellyville site assists in meeting the need for Defence housing in the Richmond area.⁶
- 2.15 The Committee is satisfied that there is a need for the works.

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

2 Defence Housing Australia (DHA), Submission 1, p. 1.

3 DHA, Submission 1, p. 1.

4 DHA, Submission 1, pp. 1-2.

5 DHA, Submission 1, p. 2.

6 DHA, Submission 1, pp. 2-3.

Scope of the works

- 2.16 The project will involve road and civil infrastructure development for 65 serviced allotments prior to the construction of 34 dwellings for Defence personnel. This includes 26 integrated townhouses and 8 detached dwellings. The remaining 31 lots will be offered for individual sale.⁷
- 2.17 Subject to Parliamentary approval, civil construction is planned to commence by April 2013, with dwelling construction commencing from February 2014 and being completed by December 2014.⁸
- 2.18 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 2.19 The overall project cost is \$21.85 million, including GST and escalated costs but excluding the cost of the land.⁹ The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with DHA on these costs.
- 2.20 The cost will be met by DHA and will be recovered through the sale of individual lots, dwellings and the sale of DHA constructed dwellings through its Sale and Lease Back program.¹⁰
- 2.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Committee comment

- 2.22 The Committee notes that this development is located close to the Rouse Hill town centre. The Committee also notes the number of childcare and educational facilities, medical centres and sporting facilities located within four kilometres of the proposed site.
- 2.23 The Committee is pleased to hear that bus services along Withers Road will be increased as this and other developments in the locality progress.
- 2.24 The Committee undertook an inspection of the site and viewed some of the surrounding amenities.

7 DHA, Submission 1, p. 6.

8 DHA, Submission 1, p. 12.

9 DHA, Submission 1.2, p. 1.

10 DHA Submission 1, p. 11.

- 2.25 The Committee is pleased with the location of the development and the significant benefits that this location would provide to future residents.
- 2.26 The Committee commends DHA for its presentation of comprehensive material on the surrounding social and community amenities.

Final Committee comment

- 2.27 The Committee was satisfied with the evidence provided by DHA regarding the proposed development and construction of housing for Defence at Kellyville.
- 2.28 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

Recommendation 1

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 development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW.

Proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW

- 3.1 The Department of Defence (Defence) proposes to upgrade the electrical supply and distribution within the Liverpool Military Area (LMA), NSW. The proposed upgraded distribution network at Holsworthy Barracks will provide sufficient redundancy to support existing infrastructure as well as the planned additional facilities.
- 3.2 The purpose of the project is to upgrade the electrical supply and distribution infrastructure within the LMA, to ensure a stable and adequate supply to service growing demand.¹
- 3.3 The cost of the project is \$19.6 million, excluding GST.
- 3.4 This proposed construction project was referred to the Committee on 20 June 2012.

Conduct of the inquiry

- 3.5 Following referral to the Committee, the inquiry was advertised in *The Australian* on 27 June 2012.
- 3.6 The Committee received one submission and two supplementary submissions from Defence, and two confidential supplementary submissions detailing the project costs. The list of submissions can be found at Appendix A.
- 3.7 The Committee received a private briefing and conducted a public hearing and an in-camera hearing on the project costs on 8 August 2012 in Sydney.

1 Department of Defence (Defence), Submission 1, p. 14.

- 3.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.²

Need for the works

- 3.9 The need for the project is as follows:
- blackouts are currently occurring at a rate of more than one per week due to deficiencies within the LMA electrical power supply system
 - power requirements in the LMA are predicted to increase with future development
 - if an electrical power supply is not secured, the LMA will not be able to support Defence capabilities.
- 3.10 Within Holsworthy Barracks, there has been an average of 1.72 power outages per week in 2012. This has increased from 0.94 per week in 2010 and 1.15 per week in 2011.³
- 3.11 Currently when a power outage occurs, the LMA has limited capacity to switch to local emergency generator systems to provide backup power supplies:
- ... diesel powered generators, will kick in and provide power until power is restored. That is on the critical-capability elements. But the rest of the base is like the rest of the country: when the power goes out, you work in a blackout environment and you wait for it to come back on.⁴
- 3.12 Blackouts can be caused by outages within the LMA or in Endeavour Energy's system. The majority of outages are within the LMA network and are storm-related.⁵
- 3.13 This project will address blackouts caused by outages within the LMA by increasing redundancy in electrical infrastructure within the base. The project will not prevent blackouts due to outages in Endeavour Energy's system as it supplies all the power for the base through a single entry point.

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

3 Defence, Submission 1.3, p. 4.

4 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 4.

5 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 3.

3.14 The project will upgrade the electrical supply, connection and distribution system within the LMA to ensure that a stable and adequate electrical supply is available to service the growing demand to 2030.⁶

3.15 However, Defence would still require backup diesel generators in the event of a blackout in Endeavour Energy's system. In the long-term, Defence is looking to provide redundancy in supply to the base to address this issue.⁷

3.16 Defence explained its estimated future electrical requirements within the LMA:

Defence's overall demand for electrical power within the LMA is therefore forecast to grow to 28 MVA [mega volt amps] (with 8 MVA required for the new DNSDC [Defence National Storage and Distribution Centre] site at West Wattle Grove and 20 MVA required for Holsworthy Barracks). This includes allowances for the forecast demands for future projects and a 3.5 MVA reduction due to the vacation of the Moorebank sites as part of the DLTP [Defence Logistics Transformation Program] and MUR [Moorebank Units Relocation] projects. A 2 MVA increase for additional growth within Holsworthy Barracks out to 2030 has also been included.

Noting that the maximum electrical power supply that can be provided to Defence from its supplier is currently 13.5 MVA, this then leaves a deficit of 14.5 MVA, which if not provided through [this] project would result in the requirement for Defence to provide the additional supply through generators, similar in nature to a Central Emergency Power Station (CEPS).⁸

3.17 Defence stated what would occur if the project did not proceed:

... essentially we are now at capacity in terms of the supply that we have coming into the base versus the demand that we are generating on the base. If this project were not to proceed then the new projects that we are looking to undertake on the base downstream will be without power, and as a result we would need to provide a temporary power solution, which would likely be in the form of generators. I am advised it could be in the

6 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 2.

7 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 4.

8 Defence, Submission 1.3, p. 3.

vicinity of some \$250,000 to \$300,000 per month to provide the sort of level of power that we would expect.⁹

- 3.18 Defence stated that there would be no immediate impact if the project did not proceed. However, proposed future works, development and growth within the LMA in the next four years would exceed the available power supply from Endeavour Energy and the existing connections.¹⁰
- 3.19 Defence confirmed that if the project did not proceed, it would severely restrict Defence's future plans, which are already in place and are a necessary part of defence planning.¹¹
- 3.20 The Committee is satisfied that there is a need for the works.

Scope of the works

- 3.21 The project will deliver a new 33 kilovolts (kV) electrical supply to the LMA and improved electrical infrastructure within Holsworthy Barracks:
- construction of two Intake Switching Stations (ISS) that receive the electrical supply at 33 kV and house transformers to convert the supply to 11 kV and relevant equipment (switchgear) to control distribution of the electrical power within the base
 - construction of an 11 kV interconnecting cable between the two ISS to provide redundancy within the electrical distribution system
 - reconfiguration of the existing Holsworthy Barracks distribution system into seven separate ring mains to balance the load on each ring main and provide redundancy within the electrical distribution system
 - design for the future installation of a Power Control and Monitoring Systems (PCMS) and Central Emergency Power Station (CEPS) to enable greater flexibility of electrical supply and the provision of emergency power to critical base assets.¹²
- 3.22 The majority of the current electrical distribution network is aboveground and prone to falling during storms. The new system has been designed to be belowground where possible.¹³

9 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 5.

10 Major M. Heggart, Defence, *transcript of evidence*, 8 August 2012, p. 5.

11 Major M. Heggart, Defence, *transcript of evidence*, 8 August 2012, p. 5.

12 Defence, Submission 1, p. 14.

13 Defence, Submission 1, p. 11.

- 3.23 Defence confirmed that no new work will be undertaken aboveground, although some existing aboveground infrastructure will be used:
- Ring mains 1, 2, 3, 4 and 5 will all be underground. For ring main 6, which services the southern area, approximately half will be underground and half will be aboveground as part of the legacy. The majority of ring main 7 will be aboveground.¹⁴
- 3.24 Subject to Parliamentary approval, construction is planned to commence in January 2013 and be completed by mid-2014.
- 3.25 The Committee finds that the proposed scope of works is suitable to meet the need.

Options considered to meet the need

- 3.26 In determining the scope of the project, Defence considered various supply, connection and distribution options.
- 3.27 Defence stated that capability was the primary consideration when deciding how the project would deliver the objectives:
- Essentially the requirement for us to do this work at Holsworthy Barracks arises from a capability need of Defence. We have a requirement to ensure that we continue to maintain capability generated out of the Liverpool Military Area, and along with that comes the requirement to ensure an adequate and stable power supply. The assurance of capability was the driver behind the need for the works and it was also the driver behind confirming the solution that we are bringing to the committee.¹⁵
- 3.28 Defence provided a summary comparison of the options and costs of three proposed options to meet the need for the project:
- The 'recommended option', where supply is provided from the AVZSS [ANZAC Village Zone substation] along an existing 33 kV feeder, a 33 kV connection is made into Holsworthy Barracks and the existing electrical distribution is upgraded to seven rings mains (two of which are to be funded separately by the proposed MUR project) a majority of which will be underground, is estimated to result in a total cost of \$21.1 million.

14 Mr M. Kavanagh, GHD, *transcript of evidence*, 8 August 2012, p. 6.

15 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, pp. 2-3.

- A 'do nothing option', where the increased power supply to Holsworthy Barracks is met through the provision of hired generators and there is no upgrade to the electrical distribution system, is estimated to result in a total cost of \$123.0 million.
- An 'outsource option' where all Defence owned electrical infrastructure within the LMA will be privatised and all electrical power will be purchased at retail costs (as opposed to wholesale costs vide the recommended option) is estimated to result in a total cost of \$58.5 million.¹⁶

3.29 Defence provided some detail on the supply options:

Compounding the LMA electrical power supply issue, the current 11 [kV] connection voltage within the LMA, although suitable for local distribution of loads is a highly inefficient voltage by which to transmit large electrical loads over the distances that exist within the LMA. As an example, the voltage loss across the existing five kilometre 11 kV supply cable is 4%, however with a 33 kV cable across the same distance there is only a 1% loss. Purchasing electrical power at 33 kV also attracts lower tariffs for Defence when compared to an 11 kV connection.¹⁷

3.30 Defence clarified why it chose the 33 kV supply option:

Taking power at 11 [kV] was an option, but the additional feeders that would be required to link Holsworthy barracks with ANZAC Village Zone substation to take the 28 MVA that Defence requires was a significant cost and capability driver pushing Defence towards the 33 [kV] solution.¹⁸

3.31 Defence stated that a study was conducted into the cost-benefit into increasing the existing electrical infrastructure or replacing it. The outcome of this was that replacing the majority of the ring mains was the better option:

It was decided for ring mains 1 through 5 that was the most cost-effective solution, and [for] part of ring main 6.

Ring main 7 will make reuse of those existing Army feeders which will become redundant as part of this project. Ring main 7 will be reconfigured from Army feeders 1 and 2. I should also point out that the project is able to recover a significant quantity of materials

16 Defence, Submission 1.3, pp. 7-8.

17 Defence, Submission 1.3, p. 3.

18 Mr M. Kavanagh, GHD, *transcript of evidence*, 8 August 2012, p. 6.

for reuse. The intention is that the aerial cables and poles be recovered for use by Defence.¹⁹

- 3.32 Defence stated that outsourcing infrastructure ownership and maintenance to Endeavour Energy or another power company would have security implications. Each contractor, meter reader and electrical failure response worker who might need to access the LMA would require a security clearance:

Each of those security clearances is a fair bit of work, but it could be done. But the bottom line is that access to our sites is difficult now, and it is becoming more so. Particularly on a site like Holsworthy, where we have some special operations capability, there are a number of sensitive sites there to which we would rather limit access.²⁰

- 3.33 The Committee sought information on any disadvantages to the recommended option. Defence advised that there are some disadvantages:

- The main disadvantage with the recommended supply option is that there is no redundancy in supply. Endeavour Energy has advised that the supply risk on an above ground 33 kV feeder as per existing is '1 fault in 8 years'. Although this is a low failure rate, supply via one feeder does not provide a level of physical supply redundancy. However, the proposed delivery of a new Holsworthy Zone Sub Station by 2018 will provide Defence the opportunity to secure an additional 33 kV feeder at an estimated cost of \$2.0 million (in 2012 terms). The addition of a second feeder from an alternate Zone Sub Station close to Holsworthy Barracks will provide Defence with a level of redundancy and will decrease the risk to supply from '1 fault in 8 years' to less than '1 fault in 20 years'.
- The main disadvantage with the recommended connection option is that there is a high initial capital cost to establish the two intake switching stations at Holsworthy Barracks, which will include transformers to convert the 33 kV supply to an 11 kV supply for distribution within Holsworthy Barracks. However, by adopting a 33 kV connection, Defence is increasing the efficiency of the supply through decreasing the resistance of the feeder that will supply power to Holsworthy Barracks.
- The main disadvantage with the recommended distribution option is that not all of the proposed new ring mains will be

19 Mr M. Kavanagh, GHD, *transcript of evidence*, 8 August 2012, p. 7.

20 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 3.

established underground, with parts of two of the seven ring mains remaining either partially or completely above ground. Although this represents a residual risk to the distribution of power to unit facilities located on these ring mains, this risk has been largely mitigated through the inclusion of the two intake switching stations, their interconnection and the resultant ability for Defence to redirect power via multiple ring mains.²¹

- 3.34 However, Defence stated that the recommended option is the most cost-effective option for Defence:

This cost effectiveness combined with the associated benefits of increased efficiency and an increased level of redundancy suggests that the recommended option provides a 'value for money' proposition.²²

Cost of the works

- 3.35 The overall project cost is \$19.6 million, excluding GST. The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with Defence on these costs.
- 3.36 The Committee notes that the value for money assessment it received following the in-camera hearing demonstrated that the chosen option not only provided the best outcome in terms of Defence capability, but was estimated to cost significantly less than other options considered.²³
- 3.37 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Adequacy of information provided

- 3.38 Defence provided the requisite Submission 1 to the Committee when the inquiry was referred. This submission provided some detail but was not comprehensive.
- 3.39 The Committee received a private briefing from Defence on 8 August 2012, immediately prior to the public and in camera hearings.

21 Defence, Submission 1.3, p. 5.

22 Defence, Submission 1.3, p. 8.

23 Defence, Submission 1.3, pp. 7-8.

This briefing was clear and provided comprehensive detail on the need for the project, the options considered and the scope of the works. This briefing also provided graphs and diagrams for key project concepts.

- 3.40 Following the public and in camera hearings, the Committee requested further information on the need and the options considered. Defence provided additional supplementary submissions with this information.

Committee comment

- 3.41 While the need for the project may seem self-evident, it is a primary consideration for the Committee and should be clearly and logically stated in Submission 1. The scope of the works and the options considered should also be explained in detail.
- 3.42 Although the Committee was satisfied with the information it eventually received following the public and in camera hearings, this information should have been provided well prior to the date of the hearings.
- 3.43 In future, the Committee expects Defence to clearly state the need for the project in its initial submissions and during its opening statement at the public hearing. The Committee also expects Defence to provide comprehensive information on the scope of the works and the advantages and disadvantages of the options considered, in its initial submission.
- 3.44 Furthermore, all information provided at the briefing on 8 August 2012, including graphs and diagrams, should have been provided when the project was referred.
- 3.45 Without this information, the Committee is unable to make a determination regarding value for money.
- 3.46 The Committee recognises that Defence projects may have security considerations. However, the Committee reminds Defence that it can receive evidence confidentially.
- 3.47 The Committee expects Defence to rectify these issues in future projects.

Notifying elected representatives

- 3.48 Defence contacted the Liverpool City Council and the state Member for Menai to notify them of the project, offer a briefing and advise them of the date of the public community forum.

- 3.49 Defence did not, however, contact the local federal member, the Member for Hughes:

It was our decision not to approach the federal member and I believe the reasoning for that was that it was [...] a local project that happened entirely within the perimeter of Holsworthy Barracks.²⁴

- 3.50 The Committee suggested that Defence write to the Member for Hughes to notify him of the project and offer a briefing.
- 3.51 Following the hearing, Defence reported that it had notified the local federal member of the proposed project and offered 'the opportunity to be provided with a detailed project briefing.'²⁵

Committee comment

- 3.52 The Committee failed to understand why Defence contacted some elected representatives but neglected to contact the federal member. As this is a federal parliamentary committee providing parliamentary scrutiny and the opportunity for public comment, it seems inconsistent for any agency to contact the local council and state member but neglect to contact the federal member.
- 3.53 The Committee's protocol is to notify federal members of parliament of public works in their electorates, and invite them to make a submission to the inquiry and attend the public hearing.
- 3.54 The Committee suggests that for future projects, Defence write to all elected representatives with works in their electorates, to notify them of the project and offer a briefing.

Final Committee comment

- 3.55 The Committee found significant deficiencies in Defence's preparation of the initial submissions and presentation of information at the public hearing.
- 3.56 In contrast, Defence's private briefing on the day of the public hearing and supplementary submissions provided a level of detail that was excellent and should have been included in the initial submissions.

24 Brig. D. Naumann, Defence, *transcript of evidence*, 8 August 2012, p. 5.

25 Defence, Submission 1.3, p. 8.

- 3.57 The Committee needs this information well prior to the hearing date to allow it to adequately prepare for the public hearing and make a proper assessment of the project.
- 3.58 The Committee strongly encourages Defence to provide this level of detail in all initial submissions, particularly when discussing the need, scope and options considered.
- 3.59 The Committee previously made a recommendation to Defence on the importance of presenting information regarding options considered.²⁶ The Committee is disappointed that Defence did not provide this material in its initial submissions for this project.
- 3.60 The Committee reminds Defence that the provision of information in a clear, comprehensive and timely manner also allows the opportunity for public comment. This is an integral part of the Committee's inquiries into public works.
- 3.61 The Committee advises Defence to address the lapses in preparation apparent in this inquiry and ensure that evidence in future projects is presented in a clear, comprehensive and timely manner.
- 3.62 The Committee was satisfied with the evidence provided by Defence regarding the proposed high voltage electrical distribution upgrade in the Liverpool Military Area, NSW.
- 3.63 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

26 *Report 4/2011*, Proposed Specific Nutritional Capability Project for Defence Science and Technology Organisation at Scottsdale, Tasmania, Recommendation 6: The Committee recommends that the Department of Defence provide full and complete details on all options considered for all future project proposals.
Available on the Committee's website: <www.aph.gov.au/pwc>

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 high voltage electrical distribution upgrade, Liverpool Military Area, NSW.

Proposed Moorebank Units Relocation, Holsworthy, NSW

- 4.1 The Department of Defence occupies Commonwealth-owned land at Moorebank, NSW. This site has been selected as the location for the Moorebank intermodal terminal (IMT) site.
- 4.2 The purpose of the Moorebank Units Relocation (MUR) project is to relocate all 13 Defence units and four Defence facilities currently occupying Steele Barracks (the site for the proposed Moorebank IMT) to Holsworthy Barracks. The largest of these facilities is the School of Military Engineering (SME).
- 4.3 The project also brings forward scope elements initially proposed in the future projects to deliver an optimum, consolidated and efficient facilities solution at Holsworthy Barracks.
- 4.4 The cost of the project is \$870 million.
- 4.5 This proposed construction project was referred to the Committee on 20 June 2012.

Conduct of the inquiry

- 4.6 Following referral to the Committee, the inquiry was advertised in *The Australian* on 27 June 2012.
- 4.7 The Committee received one submission and two supplementary submissions from Defence, and two confidential supplementary submissions detailing the project costs. The Committee also received one submission from the Representative Colonel Commandant of the Royal Australian Engineers (RAE). The list of submissions can be found at Appendix A.

- 4.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 9 August 2012 in Sydney.
- 4.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 4.10 Defence outlined how the site was selected for the Moorebank IMT:

On 15 September 2004 a joint announcement was made by the then Minister for Defence, Senator the Hon Robert Hill, and Minister for Transport and Regional Services the Hon John Anderson MP, that the Defence land at Moorebank was to be considered as the site for a proposed IMT. In November 2004, the Government established an Inter-Departmental Committee comprising officials from the Departments of Infrastructure and Transport, Defence, and Finance and Deregulation to identify issues and options that would enable further consideration of the Moorebank IMT.

Subsequently, in May 2010, the Government allocated funds to the Department of Finance and Deregulation and the Department of Defence to progress planning activities related to the project, including, in relation to the Moorebank IMT, the preparation of a Scoping Study and Business Case.²

On 23 April 2012 [...] the Government announced that the Moorebank Units Relocation project would relocate all Defence assets currently on the Moorebank IMT site to Holsworthy Barracks by December 2014. This timeframe for relocation was subsequently amended on 6 June 2012 by the Moorebank IMT inter-Departmental Steering Committee with consideration of the construction program, to the end of June 2015.³

- 4.11 Defence indicated that this project provides an opportunity to upgrade facilities at Holsworthy Barracks:

In relocating units from the Moorebank site to Holsworthy Barracks, Defence is taking the opportunity to provide a contemporary facilities solution to replace the existing old and obsolescent buildings that are only marginally capable of supporting current training and operational outcomes. This project

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

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

3 Defence, Submission 1.2, p. 3.

proposes to consolidate and rationalise multiple existing facilities from the current 198 hectare Moorebank site, to a deliberately planned, precinct based site of approximately 50 hectares at Holsworthy Barracks for the SME facilities and a total of 110 hectares for the full scope of works that includes units in addition to those located at Moorebank.⁴

Complementing this consolidation and rationalisation, the project proposes to upgrade the Holsworthy Barracks access security, replace the existing gymnasium and pool, replace working accommodation for several units and sub-units of the 5th Brigade, and replace 11 existing Messes with a single Mess. In addition to improving the facilities, this proposal provides Defence with operating cost savings.⁵

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

Scope of the works

4.13 The project will be delivered in five distinct precincts:

- Holsworthy Barracks entry precinct
- SME precinct
- Holsworthy Barracks mess precinct
- Holsworthy Barracks physical fitness complex precinct
- Training precinct.⁶

4.14 The Holsworthy Barracks entry precinct includes:

- a new barracks entry off Heathcote Road
- a new multi-denominational chapel
- a Military Engineering Heritage and Learning Centre
- commercial offices for Defence Support
- a Defence Community Organisation facility
- working accommodation for ADF cadets

4 Defence, Submission 1.2, p. 3.

5 Defence, Submission 1, p. 3.

6 Defence, Submission 1, p. 14.

- a DS transport yard including the Chief Information Officer Group store and LMA Quartermaster store
- security infrastructure for the entry precinct
- the LMA clothing store
- the Australian Defence Credit Union and Defence Bank.⁷

4.15 The SME precinct includes:

- SME headquarters
- SME central instructional facility and working accommodation for the engineer tactics, combat engineering and geospatial engineering wings
- an initial employment training wing
- a construction engineering wing including the watermanship and bridging section of the combat engineering wing
- facilities for the explosive detection dog section
- a multi-function facility
- the SME Quartermaster store
- workshops including Heavy 'C' (construction) vehicle maintenance facilities for the Defence National Storage and Distribution Centre
- permanent and trainee level 1 living in accommodation for staff and students
- external training infrastructure.⁸

4.16 Holsworthy Barracks mess precinct will cater for a design population of 1,100 with a seating capacity for 750, have a central kitchen and stores with separate dining and ante rooms.⁹

4.17 Holsworthy Barracks physical fitness complex precinct will provide facilities for physical training and specialist training for Defence personnel. It will include:

- office accommodation for twelve personnel
- a 50m indoor pool

7 Defence, Submission 1, pp. 15-17.

8 Defence, Submission 1, pp. 17-20.

9 Defence, Submission 1, p. 21.

- multi-purpose courts (within the space required for two basket ball courts)
 - a weights room
 - a cardio fitness room
 - a close quarter combat training room
 - a spin room
 - two squash courts
 - circulation, amenities, plant and equipment requirements.¹⁰
- 4.18 The proposal includes special purpose enhancements to enable Special Operations Command personnel training in various aviation emplane, deplane, parachute, waterborne operations, diving and close quarter combat techniques.¹¹
- 4.19 The proposal also includes a number of external training facilities including:
- combined cricket and Australian Rules field including 600m running track
 - a run, dodge, jump course
 - a rope training facility
 - a heave beam
 - two crickets nets
 - two beach volleyball courts
 - four tennis courts
 - an upgrade of two existing rectangular sports fields including amenities.¹²
- 4.20 The training precinct provides a second precinct for the minor units relocated from the Moorebank site. It provides working and instructional facilities to be shared between the regular and reserve components.¹³

10 Defence, Submission 1, p. 20.

11 Defence, Submission 1, p. 20.

12 Defence, Submission 1, pp. 20-21.

13 Defence, Submission 1, p. 21.

- 4.21 Defence provides detailed information on the proposed works at each of these barracks in Submission 1.¹⁴
- 4.22 In addition to the proposed precinct works, the project is proposed to include provision for the upgrade or replacement of existing services, demolition of obsolescent buildings and the temporary relocation of units from one area of Holsworthy Barracks to another. The demolition works include:
- 125 buildings located at the former Gallipoli Lines (proposed SME precinct)
 - 56 buildings at the former Kapyong Lines (proposed Holsworthy physical fitness complex and training precincts)
 - Seven former messes located at various locations across Holsworthy Barracks, including three at the former Kapyong Lines (replaced by new Holsworthy mess) and one each at Coral Lines, Jordan Lines, Malaya Lines and Old Holsworthy.¹⁵
- 4.23 Subject to Parliamentary approval, construction is planned to commence by October 2012 and be completed by October 2015. Works to permit relocation of the Moorebank units will be completed by the end of June 2015 to meet the IMT development milestone.¹⁶
- 4.24 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 4.25 The overall project cost is \$870 million, excluding GST.
- 4.26 The project is being funded through the Nation-Building Funds Program (\$517.1 million) and the Defence Major Capital Facilities Program (\$352.9 million).
- 4.27 Of the total project costs, approximately two-thirds are directly related to moving the Moorebank units to Holsworthy Barracks. The other third is for providing further redevelopment work at Holsworthy Barracks.¹⁷

14 Defence, Submission 1, pp. 14-23, available on the Committee's website: <www.aph.gov.au/pwc>

15 Defence, Submission 1, pp. 23-24.

16 Defence, Submission 1, p. 39; Defence, Submission 1.2, p. 5.

17 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

- 4.28 The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with Defence on these costs.
- 4.29 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

- 4.30 The Committee questioned Defence and the Department of Finance and Deregulation (Finance) at the public hearing. The issues presented in this section are areas that the Committee sought clarification on at the hearing or areas that the Committee considers to be of interest to the public.

Relationship to Moorebank IMT project

- 4.31 Defence was directed by the Australian Government to vacate the Moorebank site by June 2015. Finance confirmed that Defence was consulted throughout the development of the Moorebank IMT:

The Moorebank Project Office [MPO] is an interagency task force comprising Defence and the departments of finance and infrastructure. Defence were consulted through that process and we had a steering committee which was overseeing the [MUR] and the [IMT] project. So Defence's views were reincorporated in the overall assessment.¹⁸

- 4.32 Defence affirmed this statement, stating that it:

... has been engaged in development of this project right from the outset as a member of the [IMT] steering committee and [in the MPO]. During development of the program for the [IMT], [Defence] has been engaged completely in understanding our time lines to undertake the work that we need to do to vacate the site.

We have had to negotiate with the other members of the [MPO] to come up with a program that will meet both [IMT] objectives and also [Defence] objectives. We believe that we have a program that, while tight and challenging, is achievable.¹⁹

18 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

19 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 6.

- 4.33 In addition to the MPO, there is a Planning Approvals and Connections Enabling (PACE) committee, comprising the same departments at the federal level as well as NSW state departments. The MPO was set up in mid-2010 and the PACE committee was set up in mid-2012.²⁰
- 4.34 Finance stated that it broadly considered the extra costs of the relocation as part of a cost benefit analysis for the Moorebank IMT.²¹ Finance sought a sensitivity analysis in relation to taking into consideration the MUR costs (though not quantifying all of the associated benefits). This also showed a positive cost-benefit ratio.²²
- 4.35 Defence also stated that:
- ... one of the objectives of the intermodal terminal project that was agreed between departments and by government was to ensure that there was no adverse impact on defence capability as a result of the project. That has been an underlying consideration from the start.²³
- 4.36 At the public hearing, Finance provided an overview of the community consultation process for the IMT.²⁴ Further, Finance stated that its process for consulting with state and federal members was thorough and at the request of its Minister's office. Finance had not been requested to brief the local state or federal members at the time of the public hearing.²⁵

Committee comment

- 4.37 The Committee suggests Finance and Defence continue to communicate with each other throughout the MUR project. The Committee also suggests that Finance and Defence maintain and improve their lines of communication and resolve any issues that arise as expeditiously as possible.
- 4.38 The Committee requested that Finance brief local state and federal members on the MUR project. At the very least, the Committee suggests that Finance write to the affected local state and federal members to notify them of the IMT project.

20 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 4.

21 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

22 Mr S. MacSweeney, KPMG Corporate Finance (Australia), *transcript of evidence*, 9 August 2012, p. 2.

23 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

24 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 2.

25 Mr R. Renwick, Finance, *transcript of evidence*, 9 August 2012, p. 3

Heritage

4.39 The SME has several significant heritage elements that will be dismantled and relocated in full or in part to Holsworthy Barracks. These elements have significant value to people associated with the SME, as well as to the broader community.

4.40 These elements include the All Saints Chapel, the Royal Australian Engineers (RAE) memorial and the gates at the entrance to the barracks. The chapel and the memorial were both built by Sappers from the SME. Sandstone from the chapel will be incorporated into the new Holsworthy Chapel and the memorial will be relocated to Holsworthy Barracks.²⁶

4.41 Defence outlined the plan for these heritage elements:

The plan has been developed in conjunction with the head of corps of the Royal Australian Engineers to understand those items of significance, and there are quite a few of them. The project is scoped to include the dismantling of some of those assets that will be moved and then the relocation and incorporation of those into the works at the new site.²⁷

4.42 Defence explained the process for determining the viability of relocating elements of Steele Barracks:

As part of the design review process we had a look at the heritage value of SME and Moorebank and had a look at what was viable and what was not viable to move and at what was of value to the corps and what was not valuable. Through that process we developed a matrix of what was going to move and what was not going to move and what we were going to keep records of. That was then run through the head of corps as the basis for what we would move and not move, and some ought to stay there, in situ.²⁸

4.43 Defence also stated the Head of Corps' intent for the heritage elements of Steele Barracks:

His key intent theme was to replace old, dysfunctional and inefficient with new, functional and efficient whilst ensuring there is a connection between the old and the new SMEs and consideration in the context of value for money and project funding constraints. He came at it with the objective of, I guess,

26 F.J. Hickling, Submission 2, p. 1.

27 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

28 Mr M. Theoharous, Point Project Management, *transcript of evidence*, 9 August 2012, p. 11.

understanding that we are not going to be able to move everything, so let us look at what represents value for money for us to move and what does not and then, similarly, ensure that what is built new represents value for money as the ultimate solution.²⁹

- 4.44 The Committee received a submission from the Representative Colonel Commandant of the RAE that was supportive of the project. The submission stated that the project ‘has the full support of the Engineer community, serving and ex-serving’. It indicated that the project team had adequately addressed heritage elements and stated that the team’s approach:

... has been instrumental in gaining support for the move from ex-service people in particular.³⁰

Committee comment

- 4.45 The Committee acknowledges the historic links and sentimental ties to Steele Barracks for Defence personnel, particularly engineers who trained at the SME. The Committee also acknowledges that the heritage elements of Steele Barracks are celebrated by the wider community.
- 4.46 The Committee notes that Sappers constructed the All Saints Chapel and the RAE memorial, and would support a role for Sappers in the construction of buildings at Holsworthy Barracks if feasible. This will also be noted later in the section on Defence trainees.

Replacing ageing buildings and consolidating facilities

- 4.47 The Committee undertook site inspections at both Steele Barracks and Holsworthy Barracks and viewed many ageing buildings. The SME buildings are in poor condition and were developed from 1940 onwards. Defence training and requirements have changed since then.
- 4.48 Replacing ageing buildings will also build relationships between different areas of Defence and lead to various efficiencies:

I would also offer that there will be efficiencies as well in terms of use of multiple facilities through the colocation there. [...] we do

29 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

30 F. J. Hickling, Submission 2, p. 1.

expect efficiencies to flow through training and the use of those facilities over the next 30 to 40 years.³¹

- 4.49 The decision to demolish various buildings at Holsworthy Barracks was made following a condition assessment:

Looking at the master plan that was set for the project – the proposed master plan – we then went and identified the buildings that were impacted by that. Some 204 buildings were surveyed on the site, and, though I cannot give you the age of all of the buildings, I can say that there are a number of contamination issues associated with them. At least 167 of those buildings had some form of hazardous substance located within.³²

- 4.50 Various other issues were taken into consideration before determining which buildings were to be demolished:

In making a determination as to how we were going to develop the precinct, a very strong consideration was whether we were going to be able to adaptively reuse existing facilities. At every point along the way, the project team considered that in determining what the long-term plan would be and what the best whole-of-life outcome would be. One of the options on facilities, as you know, is to go in and undertake a refurbishment and reconditioning and to try to extend the life that way. In the majority on this occasion it proved to be more beneficial for us to be able to clean the slate effectively in that site and start again. That was not only in the buildings themselves; it was also in a lot of the inground infrastructure. A lot of the sewerage, drainage, water reticulation and so on was in very poor condition and had been in the ground for 50 or 60 years and would have needed a significant amount of work to bring it up to current standards...³³

- 4.51 The move from Steele Barracks to Holsworthy Barracks has benefits for the SME:

... looking at SME in particular, one of the capability gains that we will get out of this project is that we will have a much more efficient, much better tailored facility that is fit for purpose, which allows us to undertake efficient and effective training of our

31 Major Gen. J. Sengelman, Defence, *transcript of evidence*, 9 August 2012, p. 17.

32 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 9.

33 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 9.

combat engineers to ensure that we can generate the capability that government demands of us.³⁴

- 4.52 Instead of merely replicating the SME facilities at Holsworthy Barracks, the project will consolidate certain facilities to provide upgraded facilities and overall efficiencies. One example of this is the physical fitness complex, including a pool and gymnasium.
- 4.53 Defence provided the following explanation for consolidating the facilities rather than replicating the Steele Barracks facility at Holsworthy Barracks:
- ... what we had was a gymnasium facility at SME and a gymnasium facility at Holsworthy. When we developed options for how we were going to deal with this project, one of the things we looked at was whether to just replicate the SME gymnasium when we move across. The first thing we looked at was whether the existing Holsworthy gymnasium has the capacity to support the additional demand that would be placed on it from moving the SME folks across. The answer to that was no. We then looked at whether to just build a new gymnasium facility to support SME. We looked at that and determined that we could do that, but the other option that we considered was taking the opportunity to combine the two and look at all of the other concerns that needed to be addressed. One of those was the fact that the gym that is there at Holsworthy right now is old. It is ageing. It was constructed about 40-odd years ago, and it is the same with the swimming pool. As was briefed there this morning, the swimming pool does have a lot of problems with it. There are a significant number of issues that would need to be dealt with if we were to try to maintain that pool. Similarly, the current gymnasium does not meet current work health and safety standards for undertaking physical fitness activities and, as you saw this morning, it is very small just for the demand population that it has to support right now. That is not even considering the additional requirements that have arisen as a result of 2 Commando's changing role.³⁵
- 4.54 Consolidating the existing two fitness facilities will provide a modern, upgraded facility that will have marginally higher operating costs than the existing facilities. It will however be much more efficient and provide a much higher standard of facility.³⁶

34 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 17.

35 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 7.

36 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 8.

- 4.55 Other details of this complex will be discussed below in the section on the upgraded physical fitness complex.
- 4.56 Another example of consolidation is the replacement of 11 existing messes with a single non-Special Forces area mess.³⁷ This is an opportunity to replace existing ageing messes with an upgraded facility and provide operational costs savings.³⁸
- 4.57 The new Holsworthy Mess will provide:
- ... a combined Mess for the non-Special Forces (SF) Defence personnel on the Barracks including absorbing the RAE Officer's Mess, RAE Sergeant's Mess and 'Peeler Club' (SME Other Ranks Club). The Mess will cater for a design population of 1,100 with a seating capacity for 750, having a central kitchen and stores with separate dining rooms and ante rooms for Officers, Senior Non-Commissioned Officers and Other Ranks.³⁹
- 4.58 The mess will also have the ability to utilise external spaces for 'surge' activities involving larger than usual numbers of personnel.⁴⁰

Committee comment

- 4.59 On its site inspection at Holsworthy Barracks, the Committee noted the dilapidated condition of various buildings and agreed that they require upgrading. The Committee also noted that several buildings were closed due to the presence of hazardous materials.
- 4.60 The Committee agrees that the existing facilities at Holsworthy Barracks do not support current Defence requirements, and this would worsen with addition of relocated personnel from Steele Barracks. The Committee supports the need for upgraded, consolidated facilities.
- 4.61 The Committee is satisfied that Defence has taken into account its requirements to deliver capability in designing the project.

Removal of contaminants

- 4.62 The project will involve the removal of contaminants. These are mostly asbestos-containing materials, but also include lead paint and other contaminants.⁴¹

37 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 5.

38 Defence, Submission 1, p. 3.

39 Defence, Submission 1, p. 21.

40 Defence, Submission 1, p. 26.

- 4.63 The project has a contamination management plan. Defence outlined the NSW regulations for disposing of asbestos and reassured the Committee that it would comply with these regulations.⁴²
- 4.64 Defence explained that the responsibility for contamination management falls to the managing contractor, although Defence is ultimately accountable for what occurs on a project site when hazardous work is being undertaken:
- One of the obligations the managing contractor will have is to produce a contractor's environmental management plan. That will include the contractor's plans for management of environmental issues across the entire site. Included in that would be contamination management. Also, the contractor is obliged to provide us with a remediation action plan for any contamination that is found. That remediation action plan will be reviewed by our project manager to ensure that it meets the appropriate standards and requirements.⁴³
- 4.65 On its site inspection of Holsworthy Barracks, the Committee walked past the Little Diggers childcare centre to view a future construction site for the project.
- 4.66 At the public hearing, the Committee sought reassurance that children at Little Diggers would not be exposed to asbestos. Defence responded:
- ... the nearest demolition to the Little Diggers Child Care Centre is 180 metres away. In that area, the furthest is 320 metres from the Little Diggers Child Care Centre. With asbestos removal from site comes a whole lot of protection measures.⁴⁴
- 4.67 Defence reiterated that specific air quality monitoring will be undertaken throughout the entire project site:
- In terms of control of hazardous removal, we will be undertaking specific air quality monitoring on site, not just around Little Diggers but around the rest of the site as well. We will also be employing occupational hygienists to monitor dust and other things. We propose to do that particularly with the early removal

41 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 15.

42 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 15.

43 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 15.

44 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 15.

of hazardous material. There is also the encapsulation process, which is a standard process...⁴⁵

- 4.68 Defence also stated that the prevailing weather conditions would also reduce the risk of contamination at Little Diggers:

The prevailing weather is from the south-west to the north-east, which is away from the Little Diggers Child Care Centre. All of the work in terms of demolitions will be occurring with the prevailing wind away from the Little Diggers Child Care Centre.⁴⁶

Committee comment

- 4.69 The Committee was concerned that asbestos may pose a health risk to persons near the demolition and construction areas, particularly the children at Little Diggers.
- 4.70 The Committee was satisfied that Defence is taking all necessary steps to address the presence of asbestos and other contaminants. The Committee expects Defence to conform to contaminant management requirements, maintain vigilance and reduce the risk further wherever possible.

Upgraded physical fitness complex

- 4.71 A key feature of the project is the consolidated, upgraded physical fitness complex. This complex caters for training and rehabilitation purposes:

First and foremost, facilities like the fitness facility, or 'gymnasium' if others want to call it that, are about capability. They are about fitness for soldiers and training opportunities that are directly linked to their employment requirements and the capabilities that flow from that. [...] the pool, for example, would allow our very high-readiness commando forces to practice water operations activities, diving activities, parachute based activities; it would have a direct connection to their readiness levels. It would reduce travel time to distant training facilities that they otherwise would have to go to. The other part of the fitness facility would also allow high levels of fitness for larger numbers of commandos. [...]

Although the fitness facility is not dedicated to this, I also touched on the rehabilitation of wounded soldiers. This is an ongoing, an

45 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 16.

46 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 16.

enduring task and there are a large number of those at Holsworthy at present. Access to modern fitness facilities is a key part of that rehabilitation. And all of these things would enhance readiness levels and preparedness levels and help to deliver capability more effective at Holsworthy barracks.⁴⁷

4.72 Defence stated that the population of Holsworthy Barracks after the project is delivered will be 4,829, with 3,550 using the physical fitness facilities. The Committee toured the existing facility, which services approximately 2,500 people. It will be replaced by the new complex.

4.73 Defence outlined why this new complex is necessary:

I think the key point is that the facility was designed and built in another time and effectively for another army – an army that was in existence back in 1970 – and it really has not moved on from there in spite of all of the changes that we have faced as a defence force over that intervening period. [...] It was probably suitable at the time that it was built, but it certainly is not suitable now to meet the requirements on a daily basis for individual and group physical training requirements and obligations.⁴⁸

Committee comment

4.74 The Committee understands the importance of a physical fitness complex that can support the training needs of Defence personnel and the rehabilitation requirements of injured soldiers. The Committee agrees that the consolidated, upgraded physical fitness complex will support Defence capability.

Provision for future growth

4.75 The Committee queried whether the potential for further growth in Defence personnel numbers at Holsworthy Barracks had been factored into the project design.

4.76 Defence stated that it only designs facilities for the current need or for approved growth of the current unit being accommodated, but maintains flexibility for potential future growth:

... otherwise it is sort of chasing ground – you do not know where you stop in order to provide for something that might happen

47 Major Gen. J. Sengelman, Defence, *transcript of evidence*, 9 August 2012, p. 12.

48 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 12.

down the track. That would not be a very prudent expenditure of Commonwealth funds. So what we do is we design for what we understand to be the approved growth figures for a particular unit or stakeholder or whoever it is who is going to occupy that facility. [...] we then try to design it to ensure that if there is a subsequent approved growth or change in function of that unit, then the building that is being constructed does not stop you from being able to make a cost-effective change to that facility.⁴⁹

- 4.77 The exception for this is engineering services, which are designed with excess capacity as it is very difficult to increase capacity at a later date. Spare capacity on engineering services will range between 30 and 40 per cent at Holsworthy Barracks.⁵⁰

Committee comment

- 4.78 The Committee supports Defence's approach to the provision for future growth at Holsworthy Barracks.

Construction traffic

- 4.79 Construction traffic for the project was estimated at an average of 2,000 vehicle movements per working day.⁵¹ Defence stated that a Construction Traffic Management Plan will be prepared and implemented for the site.⁵²
- 4.80 Defence provided an explanation of how construction traffic will impact on the site and on surrounding roads, and how this will be managed:

Clearly when you bring that many people into a site like that it is going to have an impact. It is going to have an impact not only outside but also inside the barracks. [...] some of the considerations that would have been taken into account for [the construction traffic management plan] were: what options we had for alternate access, where would we take deliveries of all of the materials that come in – it is not only the tradesmen and labourers who are working on the site, it is also all of the deliveries that would be required to deliver materials for construction.⁵³

49 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

50 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

51 Defence, Submission 1, p. 27.

52 Defence, Submission 1, p. 28.

53 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 13.

[...] With the size of the project, it obviously has to start at a starting point and then build. So we are not starting the project and taking over the whole MUR site that you saw this morning. We are starting in a corner and building through that as we go through our services terminations, the hazardous material removal and civil works before we actually physically begin to start construction. So it is a build-up of people who will be coming to site.

- 4.81 Defence stated that construction traffic would be segregated from Defence traffic prior to entering the base and while on the base.⁵⁴

Committee comment

- 4.82 On its site inspection on 9 August 2012, the Committee was shown some of the roads that will be affected by the works. At the same time, the Committee was briefed on traffic issues and proposed traffic management and improvements.
- 4.83 The Committee was satisfied with the traffic management provisions. The Committee acknowledges the security considerations that apply when undertaking construction on a Defence base.
- 4.84 The Committee suggests that Defence continue to monitor and respond to issues as they arise, and pay particular attention to traffic congestion or other issues on local roads surrounding Steele Barracks and Holsworthy Barracks. The Committee expects Defence to address local traffic issues wherever possible.

Consultation

- 4.85 Defence conducted consultation for the project, as part of the communications plan. This included consulting with various state, federal and Defence stakeholders.⁵⁵ Defence elaborated on its communication policy:

... we engaged a communications firm [...] to assist us. With them, we developed a stakeholder engagement plan which basically looked at the best ways to reach the broader community, to specify the stakeholders we needed to engage with. That clearly runs to local members, utility providers, authorities, local residents,

54 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 13.

55 Defence, Submission 1, p. 11.

businesses and so forth. It is a pretty extensive list, as you would imagine. It identified the main issues which were likely to be of interest to those stakeholders.⁵⁶

- 4.86 The initial submission stated that some technical matters were identified and were yet to be worked through:⁵⁷

In general there has been a positive reaction to the MUR project. The key issues raised in those activities were an understanding of how the overall construction process would be [managed], including traffic management issues you referred to. The changes proposed for Heathcote Road were commented upon in a positive manner in relation to the contribution to traffic flow, although it was acknowledged during consultation that the [Defence] traffic component is only a partial contributor in the railway precinct – we saw that this morning. Some minor commentary was received on the design of buildings and so forth. The issue of ongoing noise, acoustics and the treatment of noise was also raised. We have addressed that in the project.⁵⁸

Committee comment

- 4.87 The Committee is satisfied that Defence has carried out extensive stakeholder consultation and is addressing issues as they arise.
- 4.88 The Committee encourages Defence to continue such engagement throughout the duration of the project.

Environmental impacts

- 4.89 The project site potentially has four threatened species: the green and golden bell frog (*Litoria aurea*), the swift parrot (*Lathamus discolor*), the Illawarra greenhood orchid (*Pterostylis gibbosa*) and the Sydney Plains greenhood orchid (*Pterostylis saxicola*). Defence indicated that the project would not have a significant impact on those threatened species.⁵⁹
- 4.90 Defence explained the process for assessing the potential impact of the project on these species:

56 Lt Col. M. Thomson, Defence, *transcript of evidence*, 9 August 2012, p. 14.

57 Defence, Submission 1, p. 11.

58 Lt Col. M. Thomson, Defence, *transcript of evidence*, 9 August 2012, p. 14.

59 Defence, Submission 1, p. 8.

Essentially, we had a series of field surveys for threatened species undertaken by qualified ecologists in and around the MUR development area and no species were recorded.⁶⁰

It is important that we comply with the law. In doing so, looking at the threatened species, we applied the significant impact guideline tests under the [*Environment Protection and Biodiversity Conservation Act 1999*]. That was supported by the ecological baseline assessment that we undertook. Further, we then went back and it is important to note that we had a targeted survey of those areas. So it was when birds were migrating or in the springtime that we identified whether those species were present. From the studies we have submitted to the regulator, we determined that there was no significant impact.⁶¹

Committee comment

- 4.91 The Committee is satisfied that Defence followed proper processes with regard to the environmental impacts of the project.

Protecting subcontractors

- 4.92 The project will use subcontractors. Defence explained its system to protect subcontractors from intermediaries failing to pay:

Under our managing contractor form of contract, the subcontractors are engaged by our managing contractor and then the subcontractors undertake the work and they bill the managing contractor. The managing contractor then renders an invoice to Defence which is paid, but it is paid to a trust account not to the [managing contractor]. From the trust account it goes directly to the subcontractor. What that does is ensure that it goes to the subcontractor and does not get lost somewhere along the way. There are various declarations that need to be made along the way to ensure that the works are completed. There is a role for the project manager as well to assess the claims and ensure that those claims are valid. Once we have all of that in line the payments are made through the trust account to the subcontractor. We believe that that provides as much protection as we can give to ensure that the subcontractor actually does get paid for the work performed.⁶²

60 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 14.

61 Mr L. Woodford, Defence, *transcript of evidence*, 9 August 2012, p. 15.

62 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 10.

Committee comment

- 4.93 The Committee acknowledges that no system is foolproof, however it is satisfied that this system provides the best possible level of protection for subcontractors.

Using Defence trainees to build the new facilities

- 4.94 During its site inspection at Steele Barracks, the Committee viewed trainees using heavy machinery. The Committee asked if Defence apprentices and trainees would be able to gain experience with subcontractors on the project. This occurred during the construction of Steele Barracks.

- 4.95 Defence stated that this would be unlikely, due to the requirement for fully trained plant operators:

It is a difficult question to answer because if the plant operator is a trainee we would be requiring, through our workplace health and safety requirements and safety systems, a fully ticketed, fully competent plant operator. I am not saying there is no opportunity in terms of a relational exercise with Defence. However, if it were just the provision of a person who was a student to work proper on the project, that could be difficult.⁶³

- 4.96 Defence noted however that if the opportunity arose, Defence would be interested in pursuing it.⁶⁴

Committee comment

- 4.97 The Committee supports Defence's commitment to training individuals and would support the involvement of Defence personnel in the project, if possible.

Final Committee comment

- 4.98 The Committee notes that this is a significant project, particularly in comparison to other Defence projects. Many of the issues raised here were not problematic and were adequately addressed by Defence.

63 Mr M. Rinaudo, Laing O'Rourke Australia Construction, *transcript of evidence*, 9 August 2012, p. 11.

64 Brig. D. Naumann, Defence, *transcript of evidence*, 9 August 2012, p. 11.

- 4.99 The Committee is satisfied that Defence has undertaken comprehensive preparation for this project and its referral to the Committee. The submissions and briefing for this project were excellent. The Committee is satisfied with the detailed and timely information provided to it and the preparation for the public hearing and suggests that this be an example for future Defence projects.
- 4.100 The Committee thanks Defence for the comprehensive site inspection on 9 August 2012, which included informal discussions with SME and Special Forces personnel. The Committee also observed training exercises involving two explosive detection dogs and their handlers. The Committee thanks all Defence members for their contributions to the site inspection.
- 4.101 The Committee was satisfied with the evidence provided by Defence regarding the proposed Moorebank Units Relocation, Holsworthy, NSW.
- 4.102 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this 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 Moorebank Units Relocation, Holsworthy, NSW.

Proposed Base Infrastructure Works Project under the Base Security Improvement Program

- 5.1 The proposed Base Infrastructure Works (BIW) project under the Base Security Improvement Program (BSIP) is one element of a range of new security measures at military bases around Australia.
- 5.2 Defence has been implementing such measures in response to a 2009 government-directed review of Defence protective security arrangements. This review was initiated following the discovery of planned terrorist attacks on Holsworthy Barracks in Sydney.
- 5.3 The purpose of the project is to deliver tailored infrastructure works at 16 priority sites, in order to reduce the risk of specific types of terrorist attack upon Defence personnel. These works would complement other non-infrastructure BSIP elements to achieve acceptable residual security risk profiles for the identified BSIP terrorist risk events.
- 5.4 To meet this objective, the BIW project will deliver infrastructure treatments tailored to each site's specific security risk profile, function and other environmental factors.
- 5.5 The cost of the project is \$203.502 million.
- 5.6 This proposed construction project was referred to the Committee on 24 May 2012.

Conduct of the inquiry

- 5.7 Following referral to the Committee, the inquiry was advertised nationally.

- 5.8 The Committee received one submission and two supplementary submissions from Defence, and four confidential supplementary submissions detailing the project costs. The Committee also received two submissions from other stakeholders. The list of submissions can be found at Appendix A.
- 5.9 The Committee received briefings on the proposed works for all 16 sites. On 2 July 2012, the Committee conducted a site inspection at Simpson Barracks, Yallambie, Victoria. On 10 August 2012, the Committee conducted site inspections at Victoria Barracks Sydney, Paddington, NSW, and Garden Island Defence Precinct, Potts Point, NSW.
- 5.10 The Committee held a public hearing and an in-camera hearing on the project costs on 10 August 2012 in Sydney.
- 5.11 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 5.12 The 2009 review involved a security risk assessment of 88 Defence sites. This assessment identified 16 sites that required priority treatment.²
- 5.13 Defence explained the need for the project and its relationship to other recommendations from the 2009 review:

In total, 33 recommendations were delivered by the review. In addressing these recommendations, through the overarching base security improvement program, Defence is providing an integrated and layered approach to security at Defence sites. During the period 2009 to present, 30 of those 33 recommendations have been implemented and closed. The changes implemented so far include legislative changes, policy and procedural improvements, the introduction of armed response capabilities at some sites and improved local security and emergency management processes and measures. [...]

The project's primary aim is to protect our personnel from terrorists who may seek to target establishments. While this project is delivering works at 16 priority sites other non-facility

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

2 Defence, Submission 1, p. 2.

elements of the department's base security improvement program have already been implemented and will continue to be so.³

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

Scope of the works

5.15 The project will involve works at 16 priority sites:

- Holsworthy Barracks, Holsworthy, NSW
- RAAF Base Richmond, Richmond, NSW
- Steele Barracks, Moorebank, NSW
- Garden Island Defence Precinct, Potts Point, NSW
- Victoria Barracks Sydney, Paddington, NSW
- Randwick Barracks, Randwick, NSW
- Defence Plaza Sydney, Sydney, NSW
- Duntroon Garrison, Campbell, ACT
- Russell Offices, Russell, ACT
- Brindabella Park, Majura, ACT
- Victoria Barracks Melbourne, Southbank, Vic.
- Defence Plaza Melbourne, Melbourne, Vic.
- Simpson Barracks, Yallambie, Vic.
- HMAS CERBERUS, Crib Point, Vic.
- RAAF Base Amberley, Amberley, Qld
- RAAF Base Williamtown, Williamtown, NSW.⁴

5.16 The security treatments involve enhancing entry zones to increase access control capability. This will be achieved by implementing a range of measures aimed at enhancing the security arrangements that apply to pedestrian and vehicle access. These measures will be applied at specified locations across each site, depending on the site's operating profile.⁵

3 Mr L. Robbins, Defence, *transcript of evidence*, 10 August 2012, p. 2.

4 Defence, Submission 1, p. 16.

5 Defence, Submission 1, p. 17.

- 5.17 Additional treatments will:
- provide some protection from a number of security risks with particular focus on highly populated and other vulnerable areas
 - enhance the site's security operating capability, including through the use of CCTV systems at selected points of interests.⁶
- 5.18 Furthermore, security patrol arrangements will be modified and enhanced to increase each site's daily protective security arrangements.⁷
- 5.19 Treatments include:
- alert systems
 - command and monitoring facilities
 - detection systems and policy
 - electronic access systems
 - physical access systems
 - enhanced reception facilities.
- 5.20 Defence provided comprehensive information on some treatments being implemented at each site in its initial submission.⁸
- 5.21 Subject to Parliamentary approval, construction is planned to commence in early 2013, and be completed by mid-2015.
- 5.22 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 5.23 The overall project cost is \$203.502 million.⁹
- 5.24 The Committee received four confidential supplementary submissions detailing the project costs and held an in-camera hearing with Defence on these costs.
- 5.25 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

6 Defence, Submission 1, p. 17.

7 Defence, Submission 1, p. 17.

8 Defence, Submission 1, pp. 18-27. (Note that some changes to scope were discussed at the public hearing.)

9 Mr L. Robbins, Defence, *transcript of evidence*, 10 August 2012, p. 2.

Project issues

Traffic at Simpson Barracks, Yallambie, Vic.

- 5.26 The project proposes the construction of a new access point to Simpson Barracks, on Yallambie Road at the intersection with Watson Street. This would involve the construction of a roundabout at this intersection.
- 5.27 This proposal would occur in conjunction with the closure of the two existing access points along this road.
- 5.28 A local resident, Mr Philip Pyros, opposed the location of the new access point, stating that it would increase traffic congestion along Yallambie Road.¹⁰
- 5.29 Mr Pyros advocated the use of either or both of the existing access points along Yallambie Road, or the construction of a new access point on Greensborough Highway, directly opposite Erskine Road.¹¹
- 5.30 On 2 July 2012, the Committee inspected the proposed new access point and the existing access points along Yallambie Road.
- 5.31 These issues were discussed at the public hearing in Sydney.¹² Defence subsequently provided detail on the options considered for new access points to the site, which included the use of the existing access points along Yallambie Road. All options considered and disregarded were excluded for various traffic, safety, spatial, geographic and security reasons. Mr Pyros' suggested options for Yallambie Road were discounted due to spatial and security requirements.¹³
- 5.32 Defence also addressed Mr Pyros' suggestion of a new access point on Greensborough Highway, stating that it was not considered viable for the following reasons:
- The civil works associated with constructing a new roadway between Greensborough Highway and Crew Street would incur significant costs due to the distance and complex (vegetation and relief) terrain.
 - There would be a significant environmental impact on both flora and fauna. This option would require detailed studies

10 Mr Philip Pyros, Submission 3, p. [1].

11 Mr Philip Pyros, Submission 3, p. [2].

12 *Transcript of evidence*, 10 August 2012, pp. 6-8.

13 Defence, Submission 1.5, pp. 10-12.

associated with swift parrots, eastern dwarf galahs and the grassy plains woodlands.¹⁴

- 5.33 Defence reiterated that its preferred option has been assessed for traffic impacts and that a roundabout would reduce traffic queuing and therefore reduce the potential impact of traffic flows on Yallambie Road.¹⁵
- 5.34 Defence also stated that the roundabout is the same as others along Yallambie Road and 'removes the need for designated turning lanes which would have a greater impact on the surrounding residential properties.'¹⁶
- 5.35 Defence noted that it had consulted with both Banyule City Council and VicRoads regarding the proposal, and that both organisations have issued the required approvals for the project to proceed.¹⁷

Committee comment

- 5.36 The Committee understands Mr Pyros' concerns that a new access point on Yallambie Road would impact on traffic patterns, particularly for local residents.
- 5.37 The Committee is concerned that roundabouts may be perceived to cause less of an impact on local residents than traffic lights. However, the Committee accepts that Defence has considered multiple options for access points to Simpson Barracks and given a satisfactory explanation for its decision to construct a new access point and roundabout on Yallambie Road.
- 5.38 The Committee notes that Defence contacted Mr Pyros following the public hearing to arrange further discussions of the proposed works and to better understand his concerns. Defence reported that it met with Mr Pyros and five other residents on 29 August 2012.¹⁸
- 5.39 The Committee understands that Defence intends to liaise with relevant local authorities on behalf of Mr Pyros and the other residents regarding local traffic concerns.
- 5.40 The Committee expects that Defence will continue proactive consultation with local residents to address any issues that may arise.

14 Defence, Submission 1.5, p. 13.

15 Defence, Submission 1.5, pp. 13-14.

16 Defence, Submission 1.5, p. 14.

17 Defence, Submission 1.5, pp. 14-15.

18 Defence, Submission 1.6, p. 1.

Traffic at Victoria Barracks, Paddington, NSW

- 5.41 The project proposes the construction of a new access point to Victoria Barracks Sydney, adjacent to the existing entry from Moore Park Road. The Committee inspected the site of the proposed new access point.
- 5.42 Concerns about traffic and road safety at the Moore Park Road entrance were raised during the public hearing in Sydney. Defence's design consultant stated that the proposed new intersection had been assessed by traffic engineers.¹⁹
- 5.43 In a supplementary submission, Defence provided further information on the options considered for Victoria Barracks Sydney, including the heritage concerns at the site and the reasons for choosing to develop the Moore Park Road access point rather than the Oxford Street access point. The submission outlined the preferred design for the expanded access point, including safety measures.²⁰
- 5.44 Following the Committee's concerns, Defence has identified two further opportunities to improve safety at the intersection:
- A safety mirror will be provided at the gate in the Barracks wall to minimise blind spots and to assist vision between vehicles entering or exiting through the narrow opening.
 - Directional signage has been proposed to be erected on Moore Park Road in advance of the new ACP [access control point] entry lane identifying the new entry point and to warn motorists of impending exits.²¹
- 5.45 The Committee had queried why a slip lane for vehicles turning left into the new access point was not included in the design. Defence provided the following explanation:
- Peak traffic turning into the site occurs in the morning. At this time the peak traffic volume on Moore Park Road is in the west-bound lanes, which are on the opposite side of the road to the proposed ACP. During the afternoon peak traffic flow, the number of vehicles [accessing] the site is greatly reduced.
 - The combined effect of the relatively low traffic numbers moving into the ACP, the speed limit on Moore Park Road of 50 km/h, the ACP entry speed off Moore Park Road of 25 km/h (indicated by signage) and the oblique (45 degree) entry lane results in an entry situation that is well within the acceptable

19 Mr G. Lowe, Webb Australia Group, *transcript of evidence*, 10 August 2012, pp. 9-10.

20 Defence, Submission 1.5, pp. 6-8.

21 Defence, Submission 1.5, p. 8.

safe limits as prescribed by RMS [NSW Roads and Maritime Services] and traffic design standards. As such the Project's traffic experts and the agencies consulted advise that there is no technical requirement for a slip lane or a deceleration area due to traffic flows or speeds.

- The inclusion of a slip lane to the east of the proposed entry lane would require the following:
 - ⇒ The relocation of the existing footpath adjacent to Moore Park Road onto the area that is occupied by the heritage listed Stormwater Retention Basin and Stop Butt Wall. This action would result in additional project cost and would most likely require considerable heritage and environment assessments.
 - ⇒ Approximately five mature trees would need to be removed resulting in further Council approvals and commensurate planning. It is preferable that the works [have] no impact on flora.
 - ⇒ The elevation (ground level) of the proposed ACP, including the Pass Office and the entry lane would potentially have to be lowered. This would result in a significant cost increase due to existing geotechnical conditions (rock) and existing site contamination issues associated with the Retention Basin. This action may also require considerable heritage and environment assessments as the setting of the ACP against the listed Barracks wall would be altered.²²

- 5.46 Defence stated that the City of Sydney Council and NSW Roads and Maritime Services had no concerns with the proposed design, and that the proposed works do not impact on the heritage value of the site.²³

Committee comment

- 5.47 The Committee has significant concerns about the Moore Park Road access point, particularly with regard to road safety. However, the Committee recognises that the new access point has met all the relevant approval requirements.
- 5.48 The Committee is pleased that additional safety measures have been identified and will be incorporated into the project.

²² Defence, Submission 1.5, pp. 8-9.

²³ Defence, Submission 1.5, pp. 9-10.

- 5.49 Given that Defence was able to find additional safety measures for the Moore Park Road access point, the Committee encourages Defence to explore further safety measures for all 16 sites and implement them where possible.

Heritage considerations

- 5.50 Various sites for the project have heritage considerations. These include:
- Garden Island Defence Precinct, Potts Point, NSW
 - Victoria Barracks Sydney, Paddington, NSW
 - Duntroon Garrison, Campbell, ACT
 - Russell Offices, Russell, ACT
 - Victoria Barracks Melbourne, Southbank, Vic.²⁴
- 5.51 Defence stated that heritage issues were considered when designing the project. Defence explained that there was some flexibility in the location of the works to ensure they would meet heritage, environment and security requirements:
- ... where the works could possibly have a significant impact on the environment, we have relooked at the design and either changed it or moved it around to remove that impact. [...] So, for instance, when we are siting a multi-use service pole,²⁵ there is an ability to move that pole around to some degree and still capture the types of images that we are looking to catch for that base without impacting on a listed tree or vista.²⁶

Committee comment

- 5.52 The Committee is satisfied that Defence carefully considered heritage values when designing the proposed works and took measures to protect these values while ensuring the proposed works would provide the required level of security.

24 Defence, Submission 1, pp. 3-8.

25 Note that multi-use service poles are associated with the surveillance system.

26 Ms F. Benton, Defence, *transcript of evidence*, 10 August 2012, p. 5.

Ground contaminants

5.53 Defence identified eight of the 16 sites where works may occur within areas of identified or known contamination of varying levels:

- RAAF Base Richmond, Richmond, NSW
- Steele Barracks, Moorebank, NSW
- Garden Island Defence Precinct, Potts Point, NSW
- Victoria Barracks Sydney, Paddington, NSW
- Duntroon Garrison, Campbell, ACT
- HMAS CERBERUS, Crib Point, Vic.
- RAAF Base Amberley, Amberley, Qld
- RAAF Base Williamtown, Williamtown, NSW.²⁷

5.54 Defence explained that the risk of contamination had been assessed at each site. Defence stated that there are processes to deal with contamination if it is found:

Our construction environmental management plan will include how we are going to undertake the works and how we are going to ensure that we manage the contamination correctly. [...] it is not only protecting the people in the area and the people on base; it is also protecting the construction workers, and it will go right down to how we list the soils – whether it is a classified waste and whether it can be remediated on site or has to be taken away.²⁸

5.55 Defence stated that although there is some flexibility in the location of certain aspects of the project (such as the location of multi-use service poles), works relating to entry and exit points could not be moved:

If you find some bad contaminants you would possibly move elsewhere, but here we are doing works to entrance ways. For instance, we have identified that there could be contaminants at Garden Island Defence Precinct. We cannot move that entrance. It is the entrance. So in that case, no. We have put in the right checks and balances to ensure that we can manage that correctly.²⁹

27 Defence, Submission 1, pp. 8-13.

28 Ms F. Benton, Defence, *transcript of evidence*, 10 August 2012, p. 8.

29 Ms F. Benton, Defence, *transcript of evidence*, 10 August 2012, p. 8.

Committee comment

- 5.56 The Committee is satisfied with Defence's stated approach to potential contamination.

Final Committee comment

- 5.57 The Committee commends Defence's comprehensive effort to notify all state and federal parliamentarians whose electorates would be impacted by the project and offer them a briefing.
- 5.58 The Committee acknowledges community concerns about the project, and notes that Defence is working within specific security parameters when addressing such concerns. The Committee encourages Defence to be as flexible as possible when consulting with the community.
- 5.59 The Committee was satisfied with the evidence provided by Defence regarding the proposed high voltage electrical distribution upgrade in the Liverpool Military Area, NSW.
- 5.60 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

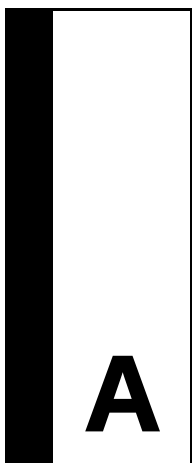
Recommendation 4

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 Base Infrastructure Works Project under the Base Security Improvement Program.

Ms Janelle Saffin MP

Chair

17 September 2012



Appendix A – List of Submissions

Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW

1. Defence Housing Australia
 - 1.1 Confidential
 - 1.2 Defence Housing Australia
 - 1.3 Confidential
 - 1.4 Defence Housing Australia

Proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW

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

Proposed Moorebank Units Relocation, Holsworthy, NSW

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Department of Defence
 - 1.3 Confidential
 - 1.4 Department of Defence
2. F. J. Hickling

Proposed Base Infrastructure Works Project under the Base Security Improvement Program

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Confidential
 - 1.3 Confidential
 - 1.4 Confidential
 - 1.5 Department of Defence
 - 1.6 Department of Defence
2. Community and Public Sector Union (CPSU)
3. Mr Philip Pyros



Appendix B – List of Inspections, Hearings and Witnesses

Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW

Wednesday, 8 August 2012 – Sydney

Public Hearing

Burton and Field

Mr Steve Sampson

Defence Housing Australia

Mr Steve Collins, National Manager

Mr John Dietz, General Manager

Mr Andrew Glackin, Acquisitions/Development Manager

Mr Peter Howman, Chief Operating Officer

Mr Adam Newband, Development Manager

Elton Consulting

Mr Brendan Blakeley

GeoEnviro Consultancy

Mr Solern Liew

Indesco

Mr Vikram Mukherjee

Universal Planning Services

Mr Stephan Andrusiw

In-Camera Hearing

Three witnesses

Proposed high voltage electrical distribution upgrade, Liverpool Military Area, NSW

Wednesday, 8 August 2012 – Sydney

Public Hearing**Department of Defence**

Maj. Marc Heggart, Acting Project Director

Brig. Darren Naumann, Director-General

Col. Nicholas Rowntree, Assistant Senior Australian Defence Force Officer

Ms Kathryn Shields, Acting Regional Director

GHD

Mr Michael Kavanagh, Principal Project Manager

Webb Australia

Mr Wasili Zyznik, Senior Electrical Engineer

In-Camera Hearing

Six witnesses

Proposed Moorebank Units Relocation, Holsworthy, NSW

Thursday, 9 August 2012 – Sydney

Public Hearing**Department of Defence**

Brig. Darren Naumann, Director General

Maj. Gen. Jeffrey Sengelman, Head (Modernisation and Strategic Planning)

Ms Kathryn Shields, Acting Regional Director

Lt. Col. Matthew Thomson, Project Director

Mr Lloyd Woodford, Director

Department of Finance and Deregulation

Mr Michael Hirschfeld, Assistant Secretary

Mr Robin Renwick, First Assistant Secretary

Greenhill Caliburn

Mr Rowan Johnston, Principal

KPMG Corporate Finance Australia

Mr Shane MacSweeney, Director

Laing O'Rourke Australia Construction

Mr Michael Rinaudo, Defence Manager

Point Project Management

Mr Matthew Theoharous, Project Management Contract Administrator

In-Camera Hearing

Seven witnesses

Proposed Base Infrastructure Works Project under the Base Security Improvement Program

Friday, 10 August 2012 – Sydney

Public Hearing

Department of Defence

Ms Fiona Benton, Director BSIP Delivery

Col. Fred Dangar, Assistant Senior Australian Defence Force Officer

Mr Adash Janiszewski, Team Leader

Mr Larry Robbins, Acting Director General

Ms Kathryn Shields, Acting Regional Director

Mr Lloyd Woodford, Director

Sinclair Knight Merz

Mr Antony Rogers, Project Manager/Contract Administrator

Webb Australia Group

Mr Garry Lowe

In-Camera Hearing

Eight witnesses