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JOINT COMMITTEE ON PUBLIC WORKS

Reference: HMAS *Creswell* redevelopment, Jervis Bay Territory

FRIDAY, 14 SEPTEMBER 2007

JERVIS BAY

BY AUTHORITY OF THE PARLIAMENT

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**JOINT STATUTORY COMMITTEE ON
PUBLIC WORKS**

Friday, 14 September 2007

Members: Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Hurley, Parry and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

Members in attendance: Senators Parry and Troeth and Mr Forrest, Mrs Moylan and Mr Wakelin

Terms of reference for the inquiry:

To inquire into and report on:

HMAS *Creswell* redevelopment, Jervis Bay Territory

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Committee met at 11.55 am

DAVIS, Mr Fergus Campbell, Project Director, Infrastructure Asset Development Branch, Department of Defence

EARLE, Mr Kevin Eric, Project Manager/Contract Administrator for HMAS *Creswell* Redevelopment Project, Connell Wagner Pty Ltd

GRICE, Brigadier William Alfred, Director General, Infrastructure Asset Development, Department of Defence

HARMER, Chief Petty Officer Shane Michael, Senior Instructor, Royal Australian Navy School of Survivability and Ship Safety, Royal Australian Navy

VANDYKE, Captain John Andrew, Commanding Officer, HMAS *Creswell*, Royal Australian Navy

ZENTELIS, Mr Richard, Director, Heritage and Biodiversity Conservation, Department of Defence

CHAIR (Mrs Moylan)—We take this opportunity to welcome you and declare open the public hearing into the proposed HMAS *Creswell* redevelopment at Jervis Bay Territory. This project was referred to the Public Works Committee on 31 May 2007 for consideration and report to parliament. In accordance with section 17(3) of the Public Works Committee Act 1969, which concerns the examination and reporting on a public work:

... the Committee shall have regard to:

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

Earlier, the committee received a confidential briefing from the Department of Defence and inspected the site of the proposed work. The committee will now hear evidence from the Department of Defence and the ACT Department of Territory and Municipal Services. I remind witnesses from Defence that you are still under oath from the confidential cost hearings. I take the opportunity to once again welcome you and particularly acknowledge Captain Vandyke.

The committee has received a statement of evidence and supplementary submissions from the Department of Defence. These will be made available in a volume of the submissions for the

inquiry and they are also available on the committee's website. Does the Department of Defence wish to propose any further amendment to the submission?

Brig. Grice—Thank you, Madam Chair. We have three very minor amendments that I can read into the record if you like. The first one is on page 6 of the submission, at paragraph 17(c), which is at the very top of the page. Paragraph 17(c) should read:

Project Element 3—refurbishment of existing and provision of new living in accommodation.

CHAIR—No upgrade of messing facilities then?

Brig. Grice—No. And, on page 11, the heading above paragraph 37 should read:

Project Element 3—Living in Accommodation

The third change is on page 19. Paragraph 68 should read:

Efficient water use is a key aspect of the design. Key water saving measures to be investigated will include—

and then subparagraphs (a) through (f) remain.

CHAIR—Thank you.

Mr FORREST—Does that mean there is no mess upgrade to be included anywhere onsite?

Brig. Grice—That is correct, Mr Forrest. You may recall we referred some eight projects in this time period, and we had a couple of gremlins—maybe Fergus Davis should answer this one!

CHAIR—Perhaps we could do that in the body of the inquiry.

Brig. Grice—With the production of the evidence.

CHAIR—I now invite you, Brigadier Grice, to make a brief opening statement and then we will proceed to questions.

Brig. Grice—Thank you. The Department of Defence is proposing to undertake the redevelopment of HMAS *Creswell* Jervis Bay. HMAS *Creswell* is the primary initial and ongoing training facility for the Navy. The HMAS *Creswell* redevelopment project will address concerns about the deteriorating defence estate by supporting the recruitment, retention and training capability through the provision of new and enhanced Navy officer and sailor training facilities.

The proposal comprises the modernisation of the Royal Australian Navy School of Survivability and Ship Safety's training units, infrastructure and amenities facilities; the provision of new and the upgrade of existing engineering services and infrastructure; the refurbishment of existing living-in accommodation and the provision of new living-in accommodation; the refurbishment of existing and the provision of new working

accommodation and instructional facilities at the Royal Australian Navy College; the provision of new physical fitness and training facilities; the upgrade of cadet recreational facilities; waterfront environmental works and a new classroom and amenity facility; an upgrade to the armoury; and demolition.

The proposal will address current facility and infrastructure shortfalls at HMAS *Creswell* in support of Royal Australian Navy officer and senior officer training. The redevelopment will combine adaptive reuse and refurbishment of existing facilities and infrastructure, construction of new buildings, demolitions and engineering services upgrade. The proposed facility will support Navy capability. The total estimated outturn cost of the proposal is \$83.6 million. Subject to parliamentary clearance, construction is programmed to commence in 2008, and project completion is planned to occur by the middle of 2011. The HMAS *Creswell* redevelopment project will employ skilled construction workers in the south-east New South Wales labour market over three years. The project will provide a positive economic benefit to small businesses in the region. Specifically, the project will benefit commercial construction subcontractors. In addition, it is anticipated that construction will generate further job opportunities for local and national contractors and suppliers offsite for the supply, manufacture and distribution of components and materials to be incorporated in the work.

CHAIR—Thank you. Looking back over the history, this facility has been mothballed to some extent over 20 years, and a lot of the facilities have been allowed to deteriorate, according to your submission at page 4, paragraph 11. I notice also at paragraph 12 on the same page that there was a recent review of Navy training functions and establishments confirming the requirement for significant investment in HMAS *Creswell*. But \$83.6 million is a very significant investment; can you give us some sketch of what the thinking is, and some reassurance that this facility is going to be fully utilised over the life of the new and refurbished buildings that we are talking about today?

Brig. Grice—I will pass to Captain Vandyke to add some remarks. However, internal reviews have shown that Navy and Defence plan a long-term presence at HMAS *Creswell*. Indeed, some of the activities that are undertaken here are not undertaken anywhere else on the east coast of Australia.

CHAIR—Can you explain what ‘long term’ means?

Brig. Grice—At least for the life of the facilities we are building, which is 30 years. And, given the heritage value of HMAS *Creswell*, it is likely that as long as we have a need for a navy there will be a need for HMAS *Creswell*. Captain, perhaps you would like to add to that.

Capt. Vandyke—In the Navy training review of 2005, which was approved by the minister in October 2006, *Creswell* was flagged for long-term retention and will continue to be home to the RAN College for initial entry officers. The base will continue to support all of its current training courses for the Navy and visiting Army and Air Force units. The establishment will continue to operate as a key support facility for the Australian Defence Force and allied activities in Jervis Bay and the east Australian exercise area.

CHAIR—You are confident that the money that has been committed to this project is money well spent as far as taxpayers are concerned? It is going to get full utilisation?

Brig. Grice—Yes. As you heard this morning on the tour, every sailor, Army or Air Force person or civilian that deploys on Navy ships has to undertake training in a facility of that type. There are only three of them in Australia. One is here, one is at HMAS *Cerberus* and one at HMAS *Stirling* in the west. It is essential training to prepare people deploying to sea to be able to survive in peacetime and under operational conditions—fires, floods and those types of things, which can occur in peacetime as well as under operations.

Senator TROETH—This is in part the same question that I asked in the confidential briefing: would you elaborate on the tender processes followed in this project, including when expressions of interest were sought, how many companies responded and the current position regarding the selection of the final tenderer?

Brig. Grice—HMAS *Creswell* Redevelopment Project will be delivered under a managing contracted delivery method. The two-phase managing contractor strategy provides Defence with the flexibility to develop scope and design options that best meet the needs of Navy and Defence on an operational training base. The managing contractor was engaged through an open two-stage tender process. In late 2005, an invitation to register interest was advertised in the *Australian* and the *Shoalhaven and Nowra News*, inviting submissions from the open market. Eleven registrations of interest were received from companies wishing to undertake the works of managing contractor.

Following evaluation of the 11 submissions on a technical basis and a value-for-money basis, five companies were short-listed and invited to tender for the works in early 2006. All of the five companies submitted tenders for evaluation by Defence. The five tenders were evaluated on a technical basis and then on a value-for-money basis. A managing contractor, Hansen and Yuncken, was engaged on the first of the two-stage commission. The first stage is the development phase to engage design contractors and to commence the design development, complete the business case and approval documents to gain government approval and to assist Defence in preparation for this committee hearing.

Upon successful parliamentary clearance of the project, the managing contractor could be engaged for the delivery phase, subject to their performance on the first phase of the contract and to successful negotiations. The delivery phase services would include the completion of the design, the tendering and the letting of subcontracts for the actual construction of the work on Defence's behalf, the construction, supervision and management of the construction of the works and then the commissioning and handover of the completed facilities.

The managing contractor is not a cost-plus contract. The managing contractor is paid a management fee and a contractor's work fee during the delivery phase to cover direct labour and site costs of the managing contractor. Trade and design services contractor costs are managed by Defence and paid directly to the subconsultants and the subcontractors through a trust account. This trust account is audited regularly to ensure that the managing contractor is paying subconsultants and subcontractors fully and within the contracted payment terms.

Defence also contracted a project manager, contract administrator to administer the managing contractor contract as the Commonwealth's representative on the project. The project manager contract administrator was engaged through a request for proposal, which was issued to the Defence Infrastructure Panel, Sub-panel 2, which is a standing panel for Defence to seek

services of this type. Eight proposals were received from eight of the 10 companies on that panel and, following technical evaluation, one of those was selected for the works. Following parliamentary clearance and the completion of design of the project, the managing contractor would tender in local and regional newspapers for subcontractors to do the actual trade work on the project.

Senator TROETH—I take it that you are happy with the work of the managing contractor in the first phase of the work, that no further expressions of interest will be invited and that you will allow them to continue the second phase.

Brig. Grice—There are two conditions: firstly, that we are happy with their performance to date; and, secondly, that we can achieve successful negotiations on cost.

Senator TROETH—Also, you stated in your submission that, during the development of the project scope, a number of design options were considered to meet the project requirements within the available funding. That probably means balancing the training requirements, the engineering service capacity and condition and the living-in accommodation requirements. Can you give us any further details on the options that you considered in developing this proposal?

Brig. Grice—I will pass this to Mr Davis to supplement my remarks. During the development phase the stakeholders—which include the project sponsor, the Navy; the user units and lodger units here on the base, Captain Vandyke, Chief Harmer and their representatives; the Defence Support Group regional representatives; regional environmental officers and officers from the Defence Support Group’s environmental branch and other stakeholders—met at several gateways in the process to look at the scope, cost and time. When we started off we were looking at more scope than we could afford, and throughout the design development process we honed in on an optimum mix of scope, time and cost to provide those critical elements in priority order to meet the sponsor, the user units and the Defence Support Group’s responsibilities and requirements for meeting the capabilities required, the efficient procurement delivery of the services as well as the whole-of-life costs of the provision of the facilities.

Mr Davis—Some of the options looked at in the early stages included the demolition of some 300 living-in units and the construction of new units, but this was beyond our financial resources at this stage. So a combination of new build and adaptive reuse was chosen in that instance. Options of that type were investigated for different elements of the work, then within each of those elements options for the provision of the building services were investigated as well. We looked at the different types of water-saving strategies that could be employed in a situation like this and then we honed in on a solution which was cost effective and provided us with the maximum water savings. That is the type of thing we were looking at.

I would like to add that through this options analysis there were two project elements that were deemed should not be compromised on. The first was project element 1—the school of many S’s. Because of the requirements for Defence and the fleet there were no compromises made on that. The second element was the engineering services. To ensure the ongoing viability of the base it was decided the full scope of the engineering services would be undertaken, as we went through our value management process.

Senator TROETH—So project element 1 and project element 2 were your top priorities?

Brig. Grice—They were indeed.

Mr FORREST—I have a series of questions all designed around the one theme: the number of trainees passing through the premises. Evidence tells us that this is estimated to be 900 per annum—or 900 at a time, I am not quite sure.

Brig. Grice—Through the naval college it is 900 per annum. In addition, there are of the order of 2,500 who pass through the School of Survivability and Ship Safety.

Mr FORREST—So on any one day the number of trainees would fluctuate but would notionally be what?

Brig. Grice—The living-in accommodation on the base would cater for 402 living on the base and more than that could live off base and attend training if we put people into overflow accommodation at *Albatross*. Captain Vandyke may want to add to this, but it would be of the order of 300 to 400 a day.

Capt. Vandyke—I think I read somewhere that, historically, the average is around 280. The most consistent population is for the new entry officer course. That runs for 22 weeks and we cater for up to 150 of those.

Mr FORREST—Perhaps it would be useful if you could supply the committee with some sort of historical indication of that. We are going to make a major investment here now. I would like to expect that that could increase, but I am more concerned that in the alteration to the evidence you deleted the mess upgrade. I am trying to get an idea of whether the current mess is adequate and why you have made that decision. I do not recall where the mess is. You did not show us that during the inspection.

Brig. Grice—The second building over. Mr Forrest, the scope of work that we looked at initially in the final value management included about \$300,000 for the upgrade of certain elements in the mess—coolrooms and some other items. However, in the final analysis, it did not make the cut along with the priorities and it has been placed on a list of deferred works. If we make savings against our contracted prices throughout the delivery or we do not use the defence contingency then, towards the end of the project, we will write to the committee and indicate the funds that we have saved and what we might like to use them for, and some of those would be some minor mess upgrades. The situation here was not like at Amberley, where we were looking at building an entire new mess. The scope that has been deferred was relatively minor works.

Mr Davis—May I add that there are three messes on base. There is the wardroom for the officers messing, there is a senior sailors messing and there is the college dining hall, which is the building adjacent to Cerberus House overlooking the Quarterdeck. The college dining hall services the initial entry officer trainees. It was works in the college dining hall that we were referring to in our mess upgrade item.

The terms of the redevelopment are not supporting an increase in unit numbers or staff numbers at *Creswell*. The increase of 31 cabins through the living-in accommodation upgrade project is to meet the current and future projected training throughput numbers. This can be accommodated by the current messes—the wardroom mess, the senior sailors mess and the

college dining hall. Investigations into refurb works for the galley and the cold stores to increase the efficiency of the college dining room mess were investigated. These were dropped in the final value management when, as we said before, we did our options analysis and balanced them against accommodation, block upgrades or training facilities. Unfortunately, the statement of evidence was not updated as we went through that value management process.

Mr FORREST—Is there a limit on the catering capacity per head of the current mess facilities? I am thinking that you might have a major exercise here. Is there a limit to that capacity?

Mr Davis—The commanding officer outlined before that the new entry officer course has a maximum of 150 students, and that runs twice a year. The college dining hall can currently support that. They have also got the option of running two sittings for meals, having a staggered sitting, if those numbers increase or if they are supporting an operation or exercise out in the east Australian exercise area. There are management solutions as well as the facility solutions.

Mr FORREST—My second series of questions is about this building out here. I understand the need to protect our heritage and I support it, especially given the long history of this site. But I am a bit concerned about how the reconstruction of Geelong House is going to be compatible with Cerberus House, given that I would hope that in a new construction of Geelong House you are going to use modern materials. For example, the windows: is Geelong House going to have the same sash timber windows or are you going to go for modern look-alike aluminium that is going to last a lot longer?

Brig. Grice—Yes, we will be going for modern look-alike aluminium windows. For the exterior fabric of the top floor of the building the cost estimate is based on timber. However, during the detailed design we will be investigating modern look-alike materials as well. A decision will be made on a whole-of-life basis, taking into account the heritage management plan in the detailed design. But, yes, modern materials will be used.

Mr FORREST—What about the matching of the tiles for the roof? You cannot get those tiles anymore.

Brig. Grice—No. One of the principles of heritage restoration is: not exactly the same as, but close to. We will be sourcing tiles that, from a distance, have a similar look and feel to those because it is impossible to find those exact tiles.

Mr FORREST—I also note that in the evidence you have assured us that the new Geelong House facility will have a class 3 or a class 4 energy rating. How will you achieve that with a design that is almost 100 years old? The windows are the wrong size—double glazing, the lining, the roof, the whole alignment of the building—all those sorts of things? How do you make that compromise?

Brig. Grice—From the start, the design of the new Geelong House has been undertaken to meet Defence's requirement of a four green star rating or an ABGR 4.5 rating. This will be achieved through a variety of means. The new Geelong House is facing a north-south direction, which is a near optimum alignment. During the design stage we have applied the ecologically sustainable development design principles, including the efficient use of water, increased energy

conservation and efficiency, improvement to the interior and exterior environments, the use of materials with high recycled material content, maintaining the cultural and social aspects of the facility and a reduction in pollution and emissions.

Some of the design measures which have been identified for that building are natural ventilation, with supplementary fans for cooling and convective heating in the inner living accommodation; low-flow shower heads; natural ventilation; and individual variable refrigerant volume air-conditioning in the offices and training rooms, which means that individual rooms can be controlled so that individuals can have cooler or warmer rooms rather than one temperature throughout the building. Double glazing will be used to insulate against heat transfer. We will be providing dual reticulation, allowing non-potable water to be used for cistern flushing and similar accepted uses in the new live-in accommodation. We will be using solar preheat, with gas-boost heating or solar-assisted gas hot water heating in the new buildings. Internal lighting design will provide open-plan illumination levels of 320 lux for offices in accordance with the Australian standards and all the other requirements of energy efficiency in government operations. We are confident, based on our experience in other projects and with Geelong House, that we will be able to meet those ratings.

The other thing is that Geelong House will be deeper than the existing Cerberus House, which will provide for a more optimum office layout in the interior of the building. So, from the start, the designs for that new building have incorporated all of the ESD measures required to achieve the required rating.

Mr FORREST—What is the target rating then for renovation of Cerberus House?

Brig. Grice—For the upstairs office area the target is similar: four star, or 4.5. As you may recall, only the external fabric of the building will remain and the internal will be in ‘as new’ condition.

Mr WAKELIN—You draw water from Lake Windermere and that is the main source. What is your anticipated megalitre usage and reduction with the improved—

Brig. Grice—Currently, the college uses about 56 million litres of water per year, which is about half of one day’s use for Canberra. The redevelopment will reuse treated effluent from the grey and black water from the sewerage treatment effluent pond and should result in a reduction of about 30 per cent, or 15 million litres of water savings per year. That is inclusive of the increase in water usage as a result of the new 25-metre swimming pool.

Mr WAKELIN—Is the power usage similar?

Brig. Grice—Power usage on the base will increase because there is a significant increase in the square metreage of facilities which are coming on to the base.

Mr WAKELIN—Finally, I understand from our firefighter that it is no longer three weeks; it is out to eight weeks. So I think I better talk to Stephen Gumley.

CHAIR—We are going to call Mr Walters from the ACT Department of Territory and Municipal Services. We have discussed this matter on other bases, too. One aspect is the effect

of runoff from the base and its impact on the marine environment and the other aspect is water usage. You have answered in part some of those questions. Are you planning to have water capture from the new living-in accommodation and some of the other buildings?

Brig. Grice—No, in this instance we are not. At the moment the sewerage treatment plant, which is operated by DOTARS, treats effluent, grey water and black water and discharges treated water into an effluent holding pond. When the level of water in the effluent pond reaches a certain level, sprinklers are activated automatically and non-inhabited areas of the base are sprinkled with the treated water. So the runoff from the sewerage treatment plant does not go into Jervis Bay. We have here a ready source of recycled water that we have not had at other bases, like at Amberley, Pearce or elsewhere. So there is a ready source of recycled water that exceeds our non-potable requirements that we can use provided we do some filtering and some disinfection treatment of the effluent before it is used for water flushing. So our scope of works includes a minor upgrade to the outlet from the effluent holding pond to treat the water so it is of suitable quality—disinfected—for uses in flushing toilets. All of the toilets in the buildings that are refurbished or new built will use recycled water from the sewerage treatment plant. As well, there are some areas on the base that are currently irrigated with potable water, and they will be changed from the use of potable water to the use of recycled water, which will be of a suitable quality for use in inhabited areas, such as the Quarterdeck, which you see outside, which also doubles as a football field. Because there is a reliable source of water it is more cost effective to put in an additional treatment element and treat the water rather than capture stormwater or rainwater. It will be possible to retrofit water tanks to all the buildings we refurbish or rebuild in the future if it is ever required. All of the plumbing in those areas will already be dual reticulated for the use of non-potable water. It is through the use of the effluent from the sewerage treatment plant that we will be able to make the 30 per cent savings in our water use.

CHAIR—It is a very minimal part of the cost of the project; surely it would be better to do this now rather than have to retrofit later.

Brig. Grice—There is no need for it now because the sewerage treatment plant not only services HMAS *Creswell*, it services the Wreck Bay community and the entire southern peninsula, including all of the camp grounds and the Jervis Bay village. So there are many megalitres of waste water available for use right now. It is the most cost-effective means of using it. Even if we were to install rainwater tanks now there would still be a requirement for the effluent from the effluent pond to be sprinkled and used elsewhere on *Creswell* so that the level remains within the capacity of the pond and the discharge does not go into Jervis Bay.

CHAIR—Can you tell us why you did not consult with the ACT Department of Territory and Municipal Services?

Brig. Grice—In our discussions with the Department of Transport and Regional Services we understood that they were responsible for the operation of the facilities down here and it was our oversight that we did not speak with the ACT government regarding their regulatory role for environmental matters. However, we did meet with them on 7 September and fully apprised them of the scope of works of the project. I believe we have come to agreement on how we will provide a feedback loop through an existing environmental committee that operates down here so that they can be assured that we are meeting our obligations under the environment acts.

CHAIR—So you can assure the committee that you will continue to consult with that department?

Brig. Brice—Yes, we will. The XO of the base and our regional environment officer are both members and sit regularly on that committee which meets quarterly. They will continue to do so and they will represent this project in that forum.

CHAIR—Unfortunately, we are close to time. I thank you very much and I remind you that you are still under oath if you are required to be called back.

[12.30 pm]

WALTERS, Mr Daniel Jusztin, Manager, Environment Protection, Department of Territory and Municipal Services

CHAIR—On behalf of the Public Works Committee I take this opportunity to welcome you and thank you for your submission, Mr Walters. The committee has received a submission from the Department of Territory and Municipal Services. The submission will be made available in a volume of submissions for the inquiry and is also available on the committee's website. Does the Department of Territory and Municipal Services wish to propose any amendments to the submission?

Mr Walters—No.

CHAIR—We will ask you to make a short statement to the submission and then we will go to questions.

Mr Walters—I would like to comment on the previous comments by the brigadier. We have met with the Department of Defence environment officers and have agreed to a mechanism for consultation to occur between the parties.

CHAIR—So events have somewhat overtaken this hearing.

Mr Walters—They have to a degree. Obviously there are certain aspects of the proposal, the detail of which we are not privy to at this stage. I suppose through that forum we will be able to be made aware of that. It is difficult because there has been a certain amount of design or detail decided in terms of particularly the water-sensitive urban design, which obviously we may have comment on, or we may not strictly agree with the assessment of Defence in that regard. There should be a strong commitment, I think, considering the value of this project. There is an opportunity for Defence to demonstrate very strong environmental values in a very sensitive environment and to have a leading example of water sustainability. We would question that slightly at this stage, but without the detail it would be very difficult for us to comment further because we have not seen some of the figures that have been discussed in this hearing.

CHAIR—Brigadier Grice is nodding his head.

Mr Walters—They have made a commitment to provide those to us. The only thing I would say is that I am not too sure how we would change the decisions that have already been made. We agree that they are happy to work with us and, if there can be tweaks to the design, I concur with you in that retrofitting these things, considering the sensitive nature of the environment, is probably not the way to go and we would like to see a bit more commitment to water-sensitive urban design. The submission in relation to our submission stated 'where necessary'; I think we would like to see a bit more commitment than 'where necessary'. But that will be through the detail that we obviously obtain through the Public Health and Environment Working Group.

The other major component obviously addressed by people to this committee has been the use of recycled effluent. I think the ACT is the only jurisdiction that has guidelines in relation to that. Under the legislation that applies theoretically in Jervis Bay, as it is part of the ACT, there is a requirement to have an agreement with the EPA. That gives assurances to all the parties—the Wreck Bay community, the Jervis Bay community, DOTARS and Defence—that the environment has been adequately protected. It sets certain levels of assessment—soil analysis et cetera—to ensure that when they put the effluent on it, because of the way it is put on it does not eventually run off and affect Jervis Bay.

Defence have, in principle, agreed to the signing of that agreement with the ACT and DOTARS. We would be happy to reinforce that that should occur. A similar agreement already exists between ACTEW, EPA and Defence in Canberra for the use on sporting ovals. We think that would be a good outcome to ensure that the effluent reuse does not have an adverse impact on the environment. We take the lead on that in Australia currently because of the drought situation in Canberra. We raised aspects about certain erosion control through development, and things like. Defence have made a commitment to show us their construction management plans so that we can see that they align with suitable controls to ensure sediment run-off protects the marine environment here.

Senator PARRY—I have one question. Do you control the heritage aspects on this site in relation to building?

Mr Walters—I would imagine we would have input through the working group.

Senator PARRY—And you are familiar with what is proposed?

Mr Walters—I am not familiar with the heritage aspects, I must admit. Heritage sits within my department, environment protection and heritage. Generally, the ACT's laws apply in the Jervis Bay territory unless there are similar ordinances or other mechanisms under Commonwealth legislation. We always work cooperatively with Defence and DOTARS where we can. Glen is the representative for Defence here. If Defence wanted any assessment or review of how the heritage aspects are being dealt with, the heritage unit sits within our organisation and provides advice.

Senator PARRY—You have made no comment in your submission. Would you mind providing that on notice?

Mr Walters—I can clarify whether it applies and whether we have been involved. I would need to confer with the committee on that. I do not sit on that committee, another member of my staff does. I would have to clarify that.

Senator PARRY—If you could provide that on notice it would be good.

Mr FORREST—I have one question with regard to the regulation of disposal of hazardous waste. If there is hazardous waste discovered on site—I am sure there will be; I am sure it has been identified—how is that to be regulated? Is that something you will keep an oversight of?

Mr Walters—Yes, definitely. One of the documents that the Defence environment area has committed to give us is the details of the hazardous material surveys. That is a standard part of redevelopment work. The surveys are undertaken and any hazardous materials like asbestos that would be interfered with are detailed in the survey. They would detail the management plan for disposal of that. It is very clear in Australia—New South Wales is similar to the ACT—that these materials can only go to certain places for disposal. We will be keeping a very close eye on that. We mentioned in our submission in relation to hazardous materials that we would like to provide advice on whether they are being disposed of and managed appropriately.

Senator PARRY—Could you advise the committee whether there are proximate landfill sites that are available? Is Defence up for carting it for hundreds of miles? What is the position?

Mr Walters—I must admit I am not aware of the facilities in the immediate region. Certain materials like PCB capacitors need to be specially disposed of if they are detected. I would assume that New South Wales has disposal facilities—solid waste landfills—in the area for asbestos waste. I cannot imagine that all the work going on in Nowra would get carted too far away from here.

The predominant things they will find would be in relation to asbestos PCBs from capacitors. I will comment that Defence have always provided Public Health and Environment with all the details of remedial works they do here. That includes the lead paint abatement program that they have undertaken. Apparently the Nowra tip can take those sorts of materials. We have worked very closely with Defence in the clean-ups that have been done around Jervis Bay. I must commend them: they do an excellent job in that regard.

Mr FORREST—Is asbestos the only hazardous waste you expect? What about fuel products?

Mr Walters—Once again, we are not privy to the exact details of what the refurbish involves. Typically with facilities of this age, but someone can probably advise me, those fuel facilities dealt with the heating of an old place like this. Either they exist still and have been dealt with as part of the refurbishment or I am assuming they have been removed already. The hazardous materials survey would identify those through the construction management phases of the project. So the first thing they do is they go in and do an analysis of any hazardous materials which would include fuel facilities and they would remove them I would imagine if they are no longer in use.

Senator TROETH—What are your expectations regarding treated sewerage and the danger of any low-grade water going into Jervis Bay itself?

Mr Walters—Or overflows, yes. We have a representative on the current committee. ACT Health is also on that committee. There is a sampling regime in relation to discharges which an officer from my department undertakes in this area looking at groundwater and surface water. One aspect of that agreement I was talking about is that it also controls the sewerage treatment area because that is what supplies the treated effluent. So what that does is formalises all those monitoring requirements into a standard agreed document that everyone signs up to. It gives you a lot of certainty in terms of—obviously, as the brigadier was saying—quite a large reliance on that system to supply water for the base, which is an excellent initiative. We would applaud that.

CHAIR—Thank you, that brings this part to a close. I thank you very much for appearing, Mr Walters.

[12.42 pm]

DAVIS, Mr Fergus Campbell, Project Director, Infrastructure Asset Development Branch, Department of Defence

EARLE, Mr Kevin Eric, Project Manager/Contract Administrator for HMAS *Creswell* Redevelopment Project, Connell Wagner Pty Ltd

GRICE, Brigadier William Alfred, Director General, Infrastructure Asset Development, Department of Defence

CHAIR—Do any of the members or senators wish to recall Defence? We will have to be fast.

Mr FORREST—Where are you going to sink the hydrocarbons and asbestos?

Brig. Grice—First off, we would like to reassure the ACT Department of Territory and Municipal Services that we are amenable to signing an agreement and we will pursue that through the relevant forum just like for the re-use of effluent we have done in Canberra. With regards to Mr Walter's concerns about design tweaks, as I said, we are at the 30 per cent design stage. Through the environmental management forum, which is down here, we will consult with the ACT government and seek their agreement to whatever our final design solution is with regard to water re-use and water savings. With regard to contamination, there has been a contamination survey conducted and hazards have been identified up at the school of many S's. Prior to 1995, diesel was burnt in the open and there had been some hydrocarbon leakage into the environment there.

Since 1995, Defence has been cooperating with the ACT government on the monitoring and disposal of that with regard to the Mary Creek catchment. We will be removing one underground storage tank which is a marine diesel storage unit down at the wharf. There has been a contamination assessment and investigations done which have shown that that tank is intact and there has been no hydrocarbon leakage outside of the tank. That tank will be removed and will be replaced with an above ground self-bunding tank or a double-walled tank in accordance with the latest design standards and environmental protection requirements.

There is another unleaded fuel tank at the commercial centre, over by the living-in accommodation—you will remember where we stopped the bus. That tank will be removed as well. Once again, the contamination survey there did not find any hydrocarbons that had leaked outside of the tank. Both of the tanks will be disposed of and there will no longer be any underground storage tanks on HMAS *Creswell*. Unleaded petrol will be sourced from commercial sources off base, in Huskisson, Nowra or elsewhere.

The other possible source of contamination is lead contamination from lead based paints that may have been used in the past. There is a risk that it may be remobilised during construction—that is, that it has already leached into the ground outside of these buildings and may be remobilised during construction. However, we will outline preventive measures in the

construction environmental management plan to address lead contaminated soil, if it is encountered.

With regard to asbestos, as Mr Walters said we have an ongoing asbestos remediation plan, which has been conducted under the auspices of and in coordination with the ACT government. We will continue to use the procedures that we have used in the past for the remediation and the removal of asbestos.

Mr FORREST—Where is the nearest landfill site that it goes to?

Mr Davis—From my experience on the Mary Creek remediation project, I think we were disposing of contaminated waste there up at Cambewarra.

Brig. Grice—I would like to reassure the ACT government that we will continue to work with them, as we have in the past down here, and we will seek their concurrence with our final design solutions for both water and effluent reuse.

CHAIR—Thank you very much. There are no further questions. I would like to thank Captain John Vandyke, the Commanding Officer of HMAS *Creswell*, for facilitating the hearing here today and for the cooperation in the Public Works Committee inspecting the existing facilities. I would also like to thank all the witnesses who have appeared today and those who have assisted with the arrangements.

Resolved (on motion by **Senator Parry**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 12.47 pm