
The Parliament of the Commonwealth of Australia

Enhanced Land Force Stage 1 Facilities Project

Report 1/2009

Parliamentary Standing Committee on Public Works

February 2009
Canberra

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Membership of the Committee

Chair Mr Mark Butler MP

Deputy Chair Senator the Hon Judith Troeth

Members Mr Nick Champion MP

Senator Mark Bishop

Mr John Forrest MP

Senator Michael Forshaw

Hon Peter Lindsay MP

Hon Roger Price MP

Hon Peter Slipper MP

Committee Secretariat

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Inquiry Secretary	Siobhán Leyne
Research Officer	Narelle McGlusky
Administrative Officer	Gaye Milner



List of recommendations

Enhanced Land Force Stage 1 Facilities

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: Enhanced Land Force Stage 1 Facilities Project.

Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by a delegate of the Minister for Finance.
- 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);

¹ 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*.

- 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
- 1.4 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.

Conduct of the inquiry

- 1.6 This report considers the proposed Enhanced Land Force Stage 1 Facilities as referred to the Committee on 27 November 2008 by the Parliamentary Secretary for Defence Support, the Hon Dr Mike Kelly MP.
- 1.7 The inquiry was advertised in December 2008 in *The Australian*, the *Daily Telegraph* (New South Wales), the *Courier Mail* (Queensland), the *Western Suburbs Weekly* (Sydney), the *Daily Advertiser* (Wagga), the *Adelaide Advertiser*, and the *Seymour Advertiser* (Victoria). Those known to have an interest in the proposal were directly invited to make submissions.
- 1.8 The Committee received eight submissions, one supplementary submission and one confidential supplementary submission containing the project costs. A list of submissions can be found at Appendix A.
- 1.9 The Committee undertook the following site inspections:
- 21 January 2009 – RAAF Base Amberley, Ipswich;
 - 22 January 2009 – Lavarack Barracks, Townsville; and
-

2 The Act, Section 5

3 The Act, Section 17

- 6 February 2009 – Blamey Barracks, Kapooka (Wagga Wagga)
- 1.10 While at Lavarack Barracks, the Committee received a comprehensive briefing on the proposals for the sites not inspected.
 - 1.11 The Committee also held a public hearing and an in-camera hearing on 22 January 2009 in Townsville. A list of witnesses can be found at Appendix B.
 - 1.12 The transcript of the public hearing as well as submissions to the inquiry are available on the Committee’s website.⁴ Plans for the proposed works are detailed in Submission 1, Department of Defence (Defence).

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

Enhanced Land Force Stage 1 Facilities

2.1 The Enhanced Land Force (ELF) Stage 1 Facilities development proposes to provide facilities and infrastructure for the relocation of the 3rd Battalion, Royal Australian Regiment, from Sydney to Lavarack Barracks, Townsville and facilities and infrastructure to support ELF capabilities at:

- RAAF Base Amberley, Ipswich;
- Blamey Barracks, Kapooka;
- Lone Pine Barracks, Singleton;
- RAAF Base Richmond, Sydney;
- Holsworthy Barracks, Sydney;
- Steele Barracks, Sydney;
- Hopkins Barracks, Puckapunyal;
- Bridges Barracks, Puckapunyal;
- RAAF Base Edinburgh, Adelaide;
- Campbell Barracks, Perth;

2.2 The estimated cost of the project is \$793.1 million (excluding GST).

Need for works

2.3 The ELF initiative aims to increase the size of the Defence Force by approximately 3 000 members. The initiative includes:

- accelerating the re-establishment of a second mechanised battalion, 7th Battalion, the Royal Australian Regiment (7 RAR) that was announced under the Hardened Networked Army initiative. The second mechanised battalion will be relocated from Darwin to Adelaide;
- the 3rd Battalion, the Royal Australian Regiment (3 RAR), which will be converted from a parachute battalion to a light infantry battalion and will relocate from Sydney to Townsville;
- re-raising of 8th/9th Battalion, the Royal Australian Regiment (8/9 RAR), as a motorised infantry battalion in South East Queensland;
- increasing the Army's capability by raising additional combat support and combat service support;
- expanding the Air Force's expeditionary airfield capabilities to support the increased Army; and
- purchasing ships capable of supporting the increased Army to reinforce stabilisation or humanitarian operations.¹

2.4 The Department of Defence states that works are needed because:

Existing facilities are not sufficient to accommodate the increase in Australian Defence Force personnel and equipment required to implement and sustain the Government's Enhanced Land Force initiative.²

2.5 The Committee supports the ELF initiative as a strategy to increase the capability of the defence forces and recognises that there is a need to improve supporting infrastructure in order to enable increased personnel throughput at many bases.

2.6 The Committee finds that there is a need for the proposed works.

1 Media Release, Minister for Defence, *\$650 million committed to Army's new infantry battalions*, 13 May 2008

2 Submission 1, Department of Defence, p. 1

Scope of works

2.7 The proposed scope of works is detailed in Submission 1, Department of Defence.³ In short, the work proposes the following:⁴

Queensland

Lavarack Barracks, Townsville

2.8 Facilities for the 3rd Battalion's relocation from Sydney, including: new messing and medical facilities; new workshop and armoury facilities and refurbished maintenance facilities; and new and refurbished site-wide infrastructure to meet increased demands.

RAAF Base Amberley, Ipswich

2.9 New and extended working accommodation and facilities for the relocation of the Army's 21st Construction Squadron from Gallipoli Barracks, Brisbane.

New South Wales

Blamey Barracks, Kapooka

2.10 New recruit living-in accommodation and training facilities and extended and refurbished support and administrative facilities and base infrastructure for increased recruit training.

Lone Pine Barracks, Singleton

2.11 New training facilities extended and refurbished support and administrative facilities and base infrastructure for initial employment training by the Army's School of Infantry.

RAAF Base Richmond, Sydney

2.12 New working accommodation and extended and refurbished support and administrative facilities for the Air Force's No. 37 Squadron, No. 1 Airfield Operation Support Squadron and No. 1 Combat Communications Squadron.

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

4 For details see Submission 1, Department of Defence, p. 6-7

Holsworthy Barracks, Sydney

- 2.13 New trainee living-in and working accommodation and extended facilities at the 1st Health Services Battalion for increased rehabilitation of trainees.

Steele Barracks, Sydney

- 2.14 Refurbished living-in and storage facilities for increased training throughput for the School of Military Engineering.

Victoria

Hopkins Barracks, Puckapunyal

- 2.15 New training and working accommodation for increased initial employment training and extended and refurbished facilities for increase mechanised training by the Army's School of Armour.

Bridges Barracks, Puckapunyal

- 2.16 New and refurbished facilities for trade training by the Army's School of Artillery.

South Australia

RAAF Base Edinburgh, Adelaide

- 2.17 New workshops and armoury facilities for logistic support to the 7th Battalion.

Western Australia

Campbell Barracks, Perth

- 2.18 Refurbished working accommodation for increased requirements of the Special Air Service Regiment.
- 2.19 The Committee has assessed the scope of works and finds them suitable to meet the needs of the Enhanced Land Force initiative. The Committee is also aware that an ELF Stage 2 package of works is expected to be referred in late 2009.

Cost of works

- 2.20 The total out-turn cost of works is expected to be \$793.1 million (excluding GST) which includes 'all construction costs, professional

fees, escalation provision, furniture and fittings, information communication technology and a contingency sum.⁵

2.21 The majority of works are located at Lavarack Barracks, Townsville, with an approximate expenditure of \$385 million. The cost of works at other locations is:

- RAAF Base Amberley, Ipswich – \$130 million;
- Blamey Barracks, Kapooka – \$145 million;
- Lone Pine Barracks, Singleton – \$40 million;
- RAAF Base Richmond, Sydney – \$10 million;
- Holsworthy Barracks and Steele Barracks, Sydney – \$23 million;
- Hopkins Barracks and Bridges Barracks, Puckapunyal – \$36 million;
- RAAF Base Edinburgh, Adelaide – \$23 million; and
- Campbell Barracks, Perth – \$5 million⁶

2.22 The Committee received detailed cost plans for the project and held an in-camera hearing with Defence on the full project costs.

2.23 The Committee is satisfied that the costings for the project provided to it are adequate and that suitable contingency planning is in place.

Project Issues

2.24 The Committee received broadly supportive submissions for the ELF Stage 1 proposal, particularly from the Townsville region where the most significant construction activity will take place. Submissions from other regions also welcomed the ELF Stage 1 proposal and the economic stimulus it will provide.

Ecological sustainability

2.25 The Department of Defence has indicated that the proposed works have been designed to mitigate adverse environmental impacts. The submission states:

5 Submission 1, Department of Defence, p. 45

6 Minister for Defence and Parliamentary Secretary for Defence Support, Media Releases 168/2008 - 174/2008, released 13 November 2008

Examples include the siting of buildings to minimise tree loss, choice of appropriate low water indigenous vegetation (where possible), stormwater reuse into gardens and grassed areas to reduce water consumption, and energy conservation measures such as insulation and energy efficient equipment.⁷

- 2.26 At the hearing, questions were raised about Defence's use of new technologies for lighting sources, in particular the use of emerging LED (light emitting diodes) technology. Defence noted that research had been undertaken and that

...at the moment our professional advice is that it does not provide that level of efficiency. If it did then we would be using it, because Defence has been at the forefront of the development of Australian green building regulations. We are a foundation member of Green Star and a member of the board, and we have been pushing this for several years.⁸

- 2.27 At the site inspection undertaken on 6 February 2009, Defence confirmed that, following the hearing, it had reassessed options for the use of LED lighting but there were too few locations suitable for its use to make it feasible.

- 2.28 Some concerns were also raised at the hearing about the economic benefits of ecologically sustainable building features that have a long or nil payback period. While acknowledging the low payback period, Defence also noted:

Just because we could afford to do something cheaper and use more water would not make it right. We need to save water in the same way that we are asking farmers and people living in towns to do. We are asking them to outfit their houses with rainwater tanks ... collectively we will reduce the pressure on the scarce resource of water that we have on this continent. ... I think it is a valid investment.⁹

- 2.29 The Riverina Water County Council (RWCC) submitted that it was unclear on who had the responsibilities for plumbing, water safety and fire fighting on Defence land. Defence confirmed that it was responsible for all on-base water supply and is working closely with the RWCC regarding the additional water requirement. However, Defence also noted:
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7 Submission 1, Department of Defence, p. 8

8 Brig. W. Grice, Department of Defence, *Proof Transcript of Evidence*, 22 January 2009, p. 7

9 Brig. W. Grice, Department of Defence, *Proof Transcript of Evidence*, 22 January 2009, p. 8

Since 2007 the base population has increased by around 25% to support the growth of the Australian Army under the Government's ELF initiative. This has resulted in an initial increase in annual consumption of potable water from around 236 to 351 megalitres. Whilst the RWCC has the capacity to meet this requirement, water reuse and efficiency measures incorporated in the proposed works are planned to reduce the base's annual consumption of potable water to around 331 megalitres. This represents an increase of around 1.6% above the pre-ELF consumption of potable water at Blamey Barracks once the proposed works are completed.¹⁰

- 2.30 The Committee commends Defence on its initiatives in the area of water conservation.

Use of local labour

- 2.31 Major infrastructure projects naturally offer employment opportunities. The Committee is conscious of the significant benefits this can bring to regional areas and made a recommendation regarding this issue in a previous report.¹¹

- 2.32 It was submitted to this inquiry that in addition to increasing employment, the benefits of using local tradespeople and suppliers are:

- local knowledge of the army base and staff;
- experience with the services, power, water, sewer etc;
- cost saving on travel and accommodation;
- value-for-money with trained, experienced local workforce;
- cost saving benefits of having local tradespeople for troubleshooting in guarantee period, servicing, maintenance and/or repair of the building and equipment; and
- the benefit of shorter response time for emergency and/or breakdown period.¹²

- 2.33 It was also submitted that Defence should be required to demonstrate that 'locally sourced labour and/or materials are included in the delivery of projects.'¹³

10 Submission 1.3, Department of Defence, p. 1-2

11 Report 4/2008

12 Submission 8, Patrick Tennison

13 Submission 6, Hawkesbury City Council, p. 3

- 2.34 Defence noted that while it is against the Commonwealth procurement guidelines to specify the use of local labour in contracts, past experience has been that the majority of local work goes to local companies:

If we take the work which is being performed up here under Lavarack Barracks redevelopment stage 4, in excess of 90 per cent of the subcontract packages are for local companies and local labour. That is the pattern that repeats itself around the country, except in some more remote locations where there may be market failure. ...

All of these [ELF] locations are sophisticated regional centres and we anticipate that local companies will be very competitive just due to geography. We have commenced the first stage, doing invitations to register interest on some of these packages, and I can assure the committee that many local companies have registered interest in many of the construction packages. We believe that the project will have a positive effect on the communities. We estimate that during the peak construction period of late 2009 through early 2011, of the order of 1,000 to 1,500 jobs will be created countrywide: 300 to 500 here in the Townsville area, between 300 and 400 in South-East Queensland, 150 to 200 in the Wagga area, 50 to 75 in Singleton, 30 to 50 in the Richmond area, 50 around Holsworthy, up to 100 in the peak construction workforce in Puckapunyal, 75 at Edinburgh and 30 to 50 in Perth. Under the Commonwealth procurement guidelines Defence is looking for a value-for-money outcome for the Commonwealth. Our experience has been that local companies are very competitive ... and I expect that to continue in future.¹⁴

- 2.35 The Committee notes that Defence has to comply with the Commonwealth's procurement guidelines in issuing contracts. However, the Committee also acknowledges the concerns of submitters regarding the importance of stimulating local economies and welcomes the levels of local employment expected by this proposal.

¹⁴ Brig. W. Grice, Department of Defence, *Proof Transcript of Evidence*, 22 January 2009, p. 10-11

Lavarack Barracks, Townsville

- 2.36 The ELF Stage 1 project will transfer approximately 700-800 personnel to Townsville on a permanent basis and therefore significantly increase the city's population.
- 2.37 Submissions from the Mayor of Townsville and Townsville Enterprise, reiterated the community's pride in hosting the Army and the capacity of the city to sustain not only a population increase, but increased construction activity.¹⁵ Townsville Enterprise noted:
- The current economic downturn has resulted in a substantial freeing up of construction and engineering capability to service the Enhanced Land Force Stage 1 Facilities Project.¹⁶
- 2.38 This proposal will not only immediately create 300-500 construction jobs as noted above, but the population increase of Defence families and associated social and economic development will be of significant benefit to the Townsville region.

RAAF Base Richmond, Sydney

- 2.39 There has been some uncertainty reported in the media¹⁷ regarding the status of RAAF Base Richmond, Sydney and the potential for its closure as a result of the Defence White Paper currently under development. A submission to this inquiry also raised concerns about the future of the base.¹⁸
- 2.40 In addressing these concerns, Defence noted: 'Everything that we are proposing here today is complementary to the reviews which have been undertaken over the past 12 months.'¹⁹
- 2.41 The Committee is aware that the status of RAAF Base Richmond was reviewed in 2007 as part of the Defence Force Disposition Program. This review found that the Base was critical to providing the only secure airport departure point for the Sydney basin, supporting Sydney, Canberra and Melbourne.²⁰

15 Submission 3, Mayor of Townsville; Submission 7, Townsville Enterprise

16 Submission 7, Townsville Enterprise, p. 1

17 'Co-operate with cuts: Defence must focus on equipment, not administration.' *The Australian*, 15 January 2009, p. 11

18 Submission 6, Hawkesbury City Council, p. 3

19 Brig. W. Grice, Department of Defence, *Transcript of Evidence*, 22 January 2009, p. 9

20 Minister for Defence (former), 'Defence will retain RAAF Base Richmond,' *Media Release*, 86/07, issued 11 August 2007

- 2.42 Under ELF, additional personnel and equipment are to be provided for No 37 Squadron, No 1 Airfield Operational Support Squadron and No1 1 Combat Communications Squadron.²¹ The facilities included in this proposal are necessary to provide working accommodation, support and administrative facilities for these additional personnel.
- 2.43 Therefore, the Committee is satisfied that the proposed expenditure under the ELF Stage 1 Facilities Project at RAAF Richmond is appropriate.

Committee comment

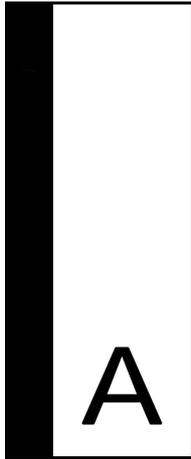
- 2.44 Overall, the Committee is satisfied that this project has merit in terms of need, scope and cost.
- 2.45 Having examined the purpose, need, use, revenue and public value of the work, the Committee considers that it is expedient that the proposed works proceed.

Recommendation 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: Enhanced Land Force Stage 1 Facilities Project.

Mark Butler MP
Chair
26 February 2009

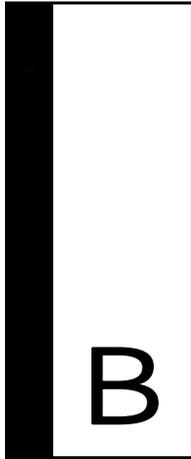
21 Submission 1, Department of Defence, p. 7



Appendix A – List of Submissions

Enhanced Land Force Stage 1 Facilities Project, Lavarack Barracks,
Townsville, Queensland and other Defence Bases around Australia

- 1 Department of Defence
 - 1.1 Confidential
 - 1.2 Department of Defence (Supplementary)
 - 1.3 Department of Defence (Supplementary)
 - 1.4 Department of Defence (Supplementary)
- 2 City of Ipswich
- 3 City of Townsville
- 4 Department of Environment, Water, Heritage and the Arts
- 5 Riverina Water County Council
- 6 Hawkesbury City Council
- 7 Townsville Enterprise
- 8 Mr Patrick Tenison



Appendix B – List of Inspections, Hearings and Witnesses

Wednesday, 21 January 2009 – Ipswich

Site Inspection

RAAF Base Amberley

Thursday, 22 January 2009 – Townsville

Site Inspection

Lavarack Barracks

Public Hearing

Department of Defence

Mr Neil Andrews, Acting Regional Manager, Defence Support, North Queensland

Lieutenant Colonel Piers Fairfax Cambridge, Commanding Officer, Joint Logistic Command

Brig William Grice, Director-General, Infrastructure and Asset Development Branch

Group Captain Ronald Irons, Director, Infrastructure and Asset Development Branch, Royal Australian Air Force

Brig Stuart Smith, Commander, Headquarters 3 Brigade, Lavarack Barracks, Townsville

Mr Richard Tanzer, Director, Enhanced Land Force Facilities, Infrastructure Division, Defence Support Group

Lt Cln Robert Worswick, Staff Officer Grade One - Plans, Headquarters Training Command - Army

Mr Rick Zentelis, Director, Heritage and Biodiversity Conservation

GHD Pty Ltd

Mr Neil Morrow, Project Manager

In-camera hearing

Five witnesses

Friday, 6 February 2009 – Wagga Wagga

Site Inspection

Blamey Barracks, Kapooka