

Report 2/2013

Referrals made February to April 2013

- **Extension of budget and timeline to the proposed fit-out of Commonwealth Parliamentary offices at 1 Bligh Street, Sydney, NSW**
- **Construction of a new post-entry quarantine facility at Mickleham, Victoria**
- **AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project**
- **Air warfare destroyer ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW**
- **Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW**
- **Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Vic**
- **Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic**
- **Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea**
- **Multi National Base Tarin Kot Remediation Project**

Parliamentary Standing Committee on Public Works

May 2013
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Membership of the Committee

Chair Ms Kirsten Livermore MP

Deputy Chair Mr John Forrest MP

Members Mrs Karen Andrews MP

Senator Sue Boyce

Senator Alex Gallacher

Ms Jill Hall MP

Ms Janelle Saffin MP

Mr Patrick Secker MP

Senator Anne Urquhart

Committee Secretariat

Secretary	Dr Alison Clegg
Inquiry Secretary	Mr Anthony Overs
Research Officer	Ms Fiona Gardner
Administrative Officers	Mrs Fiona McCann
	Ms Kathy Blunden



List of recommendations

3 Construction of a new post-entry quarantine facility at Mickleham, Victoria

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: Construction of a new post-entry quarantine facility at Mickleham, Victoria.

4 AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project

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: AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project.

5 Facilities for air warfare destroyer ships and landing helicopter dock ships, Sydney, 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: Air warfare destroyer ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW.

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: Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW.

6 Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Vic

Recommendation 5

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Vic.

7 Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic

Recommendation 6

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: Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic.

8 Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea

Recommendation 7

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: Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea.

9 Multi National Base Tarin Kot Remediation Project

Recommendation 8

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: Multi National Base Tarin Kot Remediation Project.

Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by the Special Minister of State.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.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
- 1.4 The Act requires that the Committee consider and report on:

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.

- 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 Seven of the works considered in this report were referred to the Committee in February and March 2013. These works were referred by the Special Minister of State, the Hon Gary Gray AO MP. One work was referred in April 2013, by the Governor-General.
- 1.7 This report also contains an extension to budget and timeline for a work referred in March 2012.
- 1.8 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.
- 1.9 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.
- 1.10 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.
- 1.11 Chapter 2 addresses the extension to budget and timeline to the proposed fit-out of Commonwealth Parliamentary offices at 1 Bligh Street, Sydney, NSW. This project was originally referred to the Committee in March 2012. The estimated cost of the project is now \$25.45 million.
- 1.12 Chapter 3 addresses the construction of a new post-entry quarantine facility at Mickleham, Victoria. The project is estimated to cost \$293.1 million.
- 1.13 Chapter 4 addresses the AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project. The project is estimated to cost \$201.3 million.

3 The Act, Section 17.

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- 1.14 Chapter 5 addresses two projects: the Air Warfare Destroyer Ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW; and the landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW. The projects are estimated to cost \$109.9 million and \$60.3 million respectively.
- 1.15 Chapter 6 addresses the Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Victoria. The project is estimated to cost \$41.1 million.
- 1.16 Chapter 7 addresses the Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Victoria. The project is estimated to cost \$176.4 million.
- 1.17 Chapter 8 addresses the infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea. The project is estimated to cost \$171.69 million.
- 1.18 Chapter 9 addresses the Multi National Base Tarin Kot Remediation Project. The project is estimated to cost \$47.2 million.
- 1.19 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.

Extension of budget and timeline to the proposed fit-out of Commonwealth Parliamentary offices at 1 Bligh Street, Sydney, NSW

- 2.1 The proposed fit-out of Commonwealth Parliamentary offices (CPO) at 1 Bligh Street, Sydney, NSW was referred to the Committee in March 2012. The Department of Finance and Deregulation (DoFD) was the proponent agency.¹
- 2.2 The project proposed to design and fit out office space that provides flexible, fit for purpose accommodation.
- 2.3 This extension of budget and timeline seeks to increase the project budget and the project completion date.

Original referral (2012)

- 2.4 The project was originally referred to the Committee on 22 March 2012, with a cost estimate of \$21 million, excluding GST.
- 2.5 Construction of the project was scheduled to be completed by 30 November 2012, with occupancy to commence from 14 December 2012.²
- 2.6 The Committee reported on the project in Report 3/2012, tabled on 25 June 2012. In this report, the Committee accepted the need for the

1 The original submissions, public hearing transcript and report from 2012, and the public hearing transcript from 21 March 2013 are available on the Committee's website: <www.aph.gov.au/pwc>

2 DoFD, Submission 1 (2012), p. 23.

project, the suitability of the scope, and the adequacy of the costings provided. The Committee recommended expediency for the project.³

Extension of budget and timeline

- 2.7 In mid-2012, DoFD notified the Committee of an increase to the project cost estimate. DoFD provided a private briefing to the Committee in August 2012 on this matter.
- 2.8 In early 2013, DoFD notified the Committee of further changes to the project. The cost estimate was increased to \$25.45 million.⁴ The project timeline was also extended, with practical completion expected by 31 May 2013, and relocation to take place from 2 June 2013.⁵
- 2.9 The Committee conducted public and in-camera hearings with DoFD on 21 March 2013 in Canberra. The public hearing was advertised on the Committee's website and in a media release. The transcript of the public hearing is available on the Committee's website.⁶
- 2.10 The Committee conducted an inspection at 1 Bligh Street, Sydney, on 22 April 2013.

Project issues

- 2.11 The cost increases were due to three interrelated issues: inadequate design preparation, insufficient contingency and the timing of the referral.
- 2.12 At the time of referral, DoFD had no design for the project, and no advisors.⁷ DoFD publicly acknowledged this:

No, there was no design done. Drawings were available of the existing building; the issue was the design of the actual fit-out itself. That is what we are talking about. There was nothing designed; we had no design.⁸
- 2.13 Although DoFD was able to make some assessments of the modifications required for the fitout, the agency based the cost estimate on historic data of other fitouts.⁹

3 Report 3/2012, p. 35.

4 Mr G. Miles, DoFD, *transcript of evidence*, 21 March 2013, p. 1.

5 Mr G. Miles, DoFD, *transcript of evidence*, 21 March 2013, p. 6.

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

7 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 3.

8 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 3.

9 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 3.

- 2.14 However, given the lack of a recent comparative project to draw assumptions from, project uncertainties remained:

Obviously, we made allowances for the sorts of things that we expected – additional security, additional acoustics et cetera – but without any input from any consultants because we did not have any consultants on board at that stage. Effectively, we had to put some factors in to cover that.

Since then we have had consultants engaged and we have had detailed designs done. ... until the architect was appointed and worked out the way that all the fit-out was going to work, then we could put in the overlays of security and ICT.¹⁰

- 2.15 These acoustic security and data provisions, only specified when the project design progressed, were significantly more extensive and complex than initially projected.¹¹

- 2.16 The level of contingency in the project cost estimate proved insufficient to cover these issues. Although DoFD believed that its contingency was adequate at the time of referral, it acknowledged that as the design developed, the contingency was inadequate.¹²

- 2.17 The contingency in the original project was larger than would be considered normal, due to the project uncertainties:

... when we did our initial budget we based it on a corporate fit-out. We factored in additional allowances for the special type of wall construction for this job and the additional security requirements. But knowing that there would be other factors – and this was without knowing what they were – we put more contingency on than we normally do. Normally at that point we might have a 10 per cent contingency, I think our contingency was more like 15 per cent. Obviously, as it has turned out the contingency should have been higher.¹³

- 2.18 Despite agreeing that the project was at an early stage at the time of referral, DoFD stated that it had no choice but to refer when it did:

Unfortunately, we had no alternative. One of the drivers in all this is our big client group, which is senators and members of parliament. We got agreement that we needed to move the CPO and 1 Bligh Street was one of the places we looked at. It came on

10 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 3.

11 Mr G. Miles, DoFD, *transcript of evidence*, 21 March 2013, p. 1.

12 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 4.

13 Mr T. Marinovich, DoFD, *transcript of evidence*, 21 March 2013, p. 5.

the market and some fairly senior people in the government looked at it and said, 'This will work.' We had to move very quickly to snare a lease in the building. Contrary to some misreporting in the media, it certainly was not penthouse accommodation. We were very keen to grab the three lowest floors we could in the building. So we needed to enter into a leasing arrangement. Then we thought, 'How long do we have to do this?' We thought, '2013 is an election year and there is no way you can be moving people in a CPO during an election.' So we had to make sure we had people in no later than the first half of 2013. Working back from that and taking into account all the things which had to take place and all the procurements which had to be made, we really had no alternative other than to go to PWC as soon as we could.¹⁴

- 2.19 Further, DoFD stated that its desire to sign a lease for 1 Bligh Street and refer the project at that time impacted on the development of the project:

... it might have been nice if we had more time to prepare, but we did not, otherwise we would have lost the opportunity [to obtain the lease on the property]¹⁵

Committee comment

- 2.20 The Committee accepts that the project design was at an early stage at the time of referral. However, the Committee trusted that DoFD had incorporated this risk into the contingency and cost estimate for the project.
- 2.21 The Committee acknowledges that security and IT are fast-changing areas. Had the design been progressed further prior to referral, and expert advice been sought, these issues may have been better addressed. These factors may have enabled DoFD to have more certainty in the design, contingency and cost estimate.
- 2.22 The Committee is concerned that DoFD referred the project at an early stage because of timing considerations. The Committee notes that delays to the project mean that it is taking place in an election year, despite DoFD trying to avoid this with an earlier referral.
- 2.23 Further, the Committee understands that the unanticipated complexity of the design has led to the delays in the project delivery timeline.

14 Mr G. Miles, DoFD, *transcript of evidence*, 21 March 2013, p. 2.

15 Mr G. Miles, DoFD, *transcript of evidence*, 21 March 2013, p. 4.

Final Committee comment

- 2.24 At the time of the initial inquiry, the Committee was satisfied that the costings for the project had been adequately assessed by the proponent agency. The Committee took DoFD at its word regarding the preparation of the project and its assessment of the project risk and uncertainties.
- 2.25 The Committee is concerned that proponent agencies may not clearly enunciate project risks and uncertainties during inquiries. This impedes the Committee's ability to assess the project.
- 2.26 The Committee considers that DoFD referred this project too early. The Committee acknowledges that the parliamentary sitting calendar affects the timing of referrals, reports and expediency motions, and thus the duration of inquiries. However, it is not acceptable to bring projects to the Committee early to meet parliamentary, leasing or other timeline milestones, if this significantly compromises other aspects of the project, such as cost and risk assessments.
- 2.27 The Committee is concerned that projects may be referred too early for this reason, and that this may increase the risks associated with the project or compromise other elements of the project.
- 2.28 The Committee expects that DoFD, and all future proponent agencies, incorporate expert advice in the development of projects, particularly for projects with complex technical requirements. The Committee also expects DoFD to be better prepared for future projects and to bring projects at a stage that has a greater degree of certainty (or to clearly inform the Committee of uncertainties).
- 2.29 The Committee notes that DoFD delivers projects for other agencies (such as the post-entry quarantine facility in Chapter 3) because of its financial and project management experience and capabilities. As such, the Committee places great trust in DoFD's ability to deliver projects. The Committee is concerned that DoFD did not seek the appropriate expertise in preparing this project. In the future, DoFD must clearly demonstrate its project delivery expertise.
- 2.30 The Committee accepts the extension of budget and timeline to this project.
- 2.31 The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.

Construction of a new post-entry quarantine facility at Mickleham, Victoria

- 3.1 The Department of Agriculture, Fisheries and Forestry (DAFF) and Department of Finance and Deregulation (DoFD) propose to construct a new post-entry quarantine (PEQ) facility at Mickleham, Victoria. Both agencies acted as proponent agencies for this inquiry.
- 3.2 The purpose of the project is to replace five existing facilities in four states that have reached the end of their useful life. The new facility will consolidate all the existing functions on a single site.
- 3.3 The cost of the project is \$293.1 million.
- 3.4 The project was referred to the Committee on 7 February 2013.

Conduct of the inquiry

- 3.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in the *Hume Leader* and *Hume Weekly* newspapers.
- 3.6 The Committee received one submission and seven supplementary submissions from the proponent agencies. The Committee also received submissions from various organisations and individuals. The list of submissions can be found at Appendix A.
- 3.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 27 March 2013 in Melbourne.
- 3.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

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

Need for the works

- 3.9 DAFF currently leases and operates five PEQ facilities in Australia for imported live animals and plants. These leases are due to expire between 2015 and 2018 and are not able to be renewed for the medium to long term. The expiry of the current leases means that DAFF must develop an alternative facility for the future PEQ services. The present leases include:
- Eastern Creek, Sydney, Australia's largest Commonwealth operated post entry quarantine station (dogs, cats, bees, horses, ruminants and plant material)
 - Knoxfield, east of Melbourne (plant material)
 - Spotswood, inner Melbourne (dogs, cats, ruminants and live birds)
 - Torrens Island, near Adelaide (fertile avian eggs)
 - Byford, south-west of Perth: (cats and dogs).
- 3.10 The dispersed nature of current operations across the country is a historical legacy of the development of sites delivering these functions over a long period of time. This is also reflected in the fact that sites are generally specialised to the delivery of single, or a limited number of, import species.
- 3.11 The existing facilities at each of the five sites are over 25 years old and have reached the end of their useful life. Maintenance and refurbishment has been undertaken since 2012 to sustain the existing facilities to ensure they meet required biosecurity, quarantine, occupational health and safety, and animal welfare standards while new facilities are constructed.²
- 3.12 The Committee is satisfied that there is a need for the works.

Scope of the works

- 3.13 The works will include the following facilities:
- administration facilities
 - car parking for staff and visitors
 - cat and dog compounds suitable for 240 cats and 400 dogs
 - plant compound of some 2,000m² of greenhouse capacity distributed over multiple separate greenhouses, a further four shade houses totalling some 1,200 square metres, and a plant diagnostic laboratory
 - avian compound with separate facilities for live bird and fertile egg imports. The two live bird facilities will hold some 150 live pigeons

2 DAFF/DoFD, Submission 1, pp. 7-8.

each, while the fertile egg facilities will be capable of holding up to 11,500 fertile chicken eggs

- bee compound including six flight rooms
- ruminant compound including open paddocks for animals such as alpacas
- two horse compounds including stables for 80 horses.³

3.14 The works will be delivered in two stages:

- Stage 1: Commence operation of the quarantine facilities for plants, horses and bees together with the administrative and general facilities and approximately 50 per cent of cat (120 cats) and dog (200 dogs) quarantine facilities by October 2015.
- Stage 2: Commence operation of the remaining cat (total 240 cats) and dog (total 400 dogs) facilities, ruminants and the avian facilities by October 2018.⁴

3.15 Subject to Parliamentary approval, construction for Stage 1 is planned to commence in late 2013 and be completed by October 2015. Construction for stage 2 is planned to commence in July 2016 and be completed by October 2018.⁵

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

Cost of the works

3.17 The project cost is \$293.1 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agencies on these costs.

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

3 DAFF/DoFD, Submission 1, pp. 9-10.

4 DAFF/DoFD, Submission 1, p. 14.

5 DAFF/DoFD, Submission 1, p. 21.

Project issues

A single, consolidated facility

- 3.19 The proponent agencies stated that a single, consolidated facility was the best option for the project, as it provides operational and biosecurity efficiencies:

... operating one facility has a focus of precisely that: one facility. Managing five in five separate locations requires five administrations, five sets of security management and five sets of operating practices. Over time and separated by many thousands of kilometres in some cases, some of these practices have drifted apart from each other. What we are keen to do is to manage all of the facility to one high standard, so that is actually where we are taking this. That is not to say that biosecurity is in any way compromised currently. It is just that we believe we will gain greater efficiencies, greater economies of scale and greater cost effectiveness by being in one facility.⁶

- 3.20 Regarding concerns about having multiple species in a single location, two of the existing facilities have multiple species on the one site.⁷ Further, various engineering and biosecurity redundancies will be built into the proposed site:

... we have separated the individual facilities on this large site by many metres – in some cases, hundreds of metres – and that is part of the biosecurity separation exercise; there is physical separation within that construct ... Horses are provided for in biosecurity by two facilities separated in distance. The cross contamination of species disease spread is very rare and has not been recorded here in Australia in all the years we have been operating. In that sense, there is no reason that in the event that, even if in one of those facilities in the same building envelope in the avian facility there was a problem, the others would be necessarily affected. If it is a horse problem we have another horse facility. Horse facilities are treated as individual entities, not unlike the avian facilities. For example, all the horses going into one facility are all in there together. They do not come out except together. So we have redundancies within the site; we have separation of different

6 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 3.

7 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 3.

elements of the facility between species; and we have separation of units within the species. It is a nested environment, if you will.⁸

- 3.21 The proponent agencies confirmed that the site will be independently certified to ensure that it meets all standard requirements, before it commences operation.⁹

Committee comment

- 3.22 The Committee is satisfied that the proponent agencies will ensure that the facility meets all relevant biosecurity standards prior to commencing operation.

Co-location of avian facilities (live birds and fertile eggs)

- 3.23 Significant concerns were raised by the avian industry regarding the co-location of live birds and fertile eggs in the same building. The key concern was that the proposal had insufficient isolation between units in the avian facility, thus enabling cross-contamination and compromising biosecurity.¹⁰

- 3.24 The proponent agencies clarified that although the avian facility would be a single building, it would contain five separate units:

The avian building is designed to provide effective biological separation between consignments of birds of different origin and health status. Five separate units will be built and maintained at a negative pressure of QC3 [Quarantine Containment Level 3] standard, including HEPA [High-efficiency particulate air] filtration of incoming and outgoing air. The QC3 standard utilises equipment to maintain a biological barrier such as steam autoclaves, personal showers, disinfection dunk tanks, gaseous fumigation, and high-efficiency particulate air filtration, which is HEPA filtration, that captures particles and viruses as small as 0.3 microns – that is, one-third of one-millionth of a metre.¹¹

- 3.25 The proponent agencies stated that the CSIRO¹² has maintained co-located facilities at the Australian Animal Health Laboratory (AAHL) for nearly 30 years, without any cross-contamination.¹³

8 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 7.

9 Mr P. Moore, DAFF, *transcript of evidence*, 27 March 2013, p. 12.

10 For example, Submissions 4, 5, 6, 8, 13 and 18.

11 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 4.

12 Commonwealth Scientific and Industrial Research Organisation.

13 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 4.

- 3.26 The proponent agencies quoted correspondence from the microbiological security manager of the AAHL facility, which states that AAHL provides a world-best practice facility:

AAHL has 26 co-located PC3 [Physical Containment Level 3] animal facilities and has been operating a variety of experiments with a range of different animal pathogens in side-by-side PC3 facilities for almost 30 years with no recorded cross-contamination occurring between adjacent rooms.¹⁴

- 3.27 Similarly, the Elizabeth Macarthur Agricultural Institute (EMAI) at Camden in Western Sydney maintains various facilities in a single building and considers this to be best practice. There are also international examples of avian facilities located within a single building.¹⁵

- 3.28 Such facilities require containment for each quarantine cohort (physical separation from other animals or items), and strict personnel operating procedures to ensure that contamination does not occur through human movement:

We can provide both of those within the one [building] envelope. The issue is the actual facility in which the organism is held and, as both CSIRO and EMAI indicate, this can be achieved, and is achieved, concurrently in Australia – modern standards – and is being done all over the world. We can do that side by side and the operating practices for those treat each of those individual holding facilities as a separate operating entity. They will only be accessed through air vents and showering in and out facility. There will be no connection with the adjacent facility, which will also have to have in and out showering and management. So they are, effectively, separated. They are in one envelope only.¹⁶

- 3.29 These structural and operational standards prevent an exotic disease outbreak or other contamination issue from spreading to other cohorts in the building or facility:

You can deal with that on a structural basis – that is, from an engineering perspective, which this design is a large part of. So the avian facility is designed and engineered to ensure the biocontainment of those goods inside each individual unit within that avian facility. What we do in respect of that is that, from an engineering perspective, we have multiple levels of redundancy in the event of systems failure or an outbreak of an exotic disease.

14 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 4.

15 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 4.

16 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 5.

Then we back that up with our operational procedures, and our operational procedures then provide another level of security in what we are trying to achieve from a biosecurity perspective. So the design of the avian facility is based on the assumption that any individual unit that we have put forward in our concept design could be harbouring an exotic disease at any given time. So it is engineered to ensure that, if there is a disease outbreak there, it cannot spread to another consignment that might be operating next door – but, I emphasise, in a very separate engineered and biosecure area.¹⁷

Committee comment

- 3.30 The Committee appreciates submissions from industry representatives regarding the avian facility and thanks the public for its involvement in the inquiry.
- 3.31 The Committee remains concerned that the proponent agencies have not convinced industry that co-locating avian quarantine facilities in a single building is appropriate from a biosecurity standpoint.
- 3.32 At the Committee's request, DAFF established an expert advisory group to provide independent advice on this matter. The report of the expert advisory group concluded that biocontainment level 3 is 'suitable for the containment of avian pathogens and that the design of the government's proposed avian quarantine building has the necessary features to ensure biocontainment of an exotic disease outbreak within any of the building's biosecure subunits.'¹⁸
- 3.33 The findings of the expert advisory group should provide the basis for better consultation with industry stakeholders.

On-site accommodation

- 3.34 Many submissions called for the provision of on-site accommodation for the horse and live egg facilities, to enable owners or support staff to reside at the facility during the quarantine period.¹⁹
- 3.35 The proponent agencies explained that the design provides a rest area for industry representatives, which would include a tea point, toilet facilities, and a shower.²⁰

17 Mr A. McDonald, DAFF, *transcript of evidence*, 27 March 2013, p. 6.

18 DAFF/DoFD, Submission 1.8, p. 5.

19 For example, Submissions 7, 9, 10 and 19 (horses) and Submissions 5, 6, 8, and 12 (avian).

20 Mr J. Scanlan, Sinclair Knight Merz, *transcript of evidence*, 27 March 2013, p. 8.

- 3.36 The proponent agencies explained that support staff must be awake to monitor the quarantined animals or items, so there is limited benefit in having people sleeping on-site. However, the proponent agencies confirmed that 24-hour access to the site will be available, so that support staff can remain on-site to monitor their animals.²¹
- 3.37 Some existing sites do provide on-site accommodation.²² However, the proponent agencies quoted from recent correspondence with the Executive Director of Biosecurity Victoria regarding this issue:
- Experience has shown that housing grooms and other industry personnel within a quarantine facility actually adds to the risks associated with personnel entry, particularly out of hours. With appropriate monitoring technology installed and the proposal to have DAFF staff present at the facility 24 hours a day there is no justification for the construction of housing accommodation for grooms and other visiting industry personnel within the facility.²³

Committee comment

- 3.38 The Committee accepts that the provision of on-site accommodation has been appropriately considered by the proponent agencies.

Training track

- 3.39 Harness Racing Australia called for the inclusion of a training track at the PEQ facility.²⁴
- 3.40 The proponent agencies indicated that there is some land on the Mickleham site that is currently earmarked for future expansion. Using that land for items that prohibit future expansion (such as a training track) may compromise the longevity of the site.²⁵
- 3.41 The proposed design incorporates basic exercise needs for horses. Moving horses either individually or in cohorts to and from a training track would have implications for biosecurity.²⁶ Furthermore, a dedicated training track would have other implications for the PEQ facility:
- ... the government's primary objective here in designing this new quarantine facility is to meet the biosecurity needs of these animals

21 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 8.

22 Mr A. McDonald, DAFF, *transcript of evidence*, 27 March 2013, p. 8.

23 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 9 (quoting Dr Hugh Millar, tabled correspondence, 25 March 2013).

24 Submission 15, p. 2.

25 Mr G. Whalen, DoFD, *transcript of evidence*, 27 March 2013, p. 9.

26 Dr C. Grant, DAFF, *transcript of evidence*, 27 March 2013, p. 10.

and other commodities being imported. Other exercise or training options of a non-quarantine nature are, at the moment, not part of our plans for a government-run facility. A training track ... would involve an increased movement of people into and out of the complex. DAFF officers would certainly need to be involved whenever the training track was in use to ensure that biosecurity controls continued to be met. [The facility would] need to be redesigned to ensure that the minimum 100-metre separation is achieved if such a facility were to be incorporated in the design. Infrastructure beyond just the construction of the track would be required. This would include double fencing, laneways, equipment storage and decontamination facilities. As also identified in the evidence put forward, we would also have to be mindful of the native grassland in any consideration if this were to be contemplated in the future.²⁷

- 3.42 The proponent agencies indicated that they would investigate exercise options as the project design is progressed.²⁸

Committee comment

- 3.43 The Committee acknowledges that the proponent agencies have considered the feasibility of a training track on the site, and provided valid reasons for not including one in the project.

Final Committee comment

- 3.44 The Committee conducted an inspection at the existing Spotswood facility and observed the dated features and close proximity of different species. The Committee thanks the staff at the Spotswood site for their enthusiastic and informative responses to questions.
- 3.45 The Committee remains concerned that the proponent agencies have not been able to satisfy stakeholder concerns regarding the biosecurity of the avian facility. The Committee expects better consultation with industry stakeholders during the life of the project.
- 3.46 The Committee was satisfied with the evidence provided by the proponent agencies regarding the proposed construction of a new post-entry quarantine facility at Mickleham, Victoria. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 3.47 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-
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27 Mr A. McDonald, DAFF, *transcript of evidence*, 27 March 2013, pp. 9-10.

28 Mr A. McDonald, DAFF, *transcript of evidence*, 27 March 2013, p. 10.

implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.

- 3.48 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: Construction of a new post-entry quarantine facility at Mickleham, Victoria.

AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project

- 4.1 The Department of Defence (Defence) proposes to acquire 24 MH-60R Seahawk (Seahawk Romeo) maritime combat helicopters with associated support systems and additional explosive ordnance storage capacity necessary for operations. These aircraft will replace the existing maritime combat helicopter capability provided by 16 ageing S-70B-2 Seahawk helicopters.
- 4.2 The purpose of the project is to support operational, training and maintenance needs for the life of type of the Seahawk Romeo helicopters by providing cost effective, functional, safe and energy efficient facilities that incorporate flexible and adaptable designs to meet future requirements.
- 4.3 The cost of the project is \$201.3 million.
- 4.4 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 4.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 4.6 The Committee received one submission and two supplementary submissions from the Department of Defence. The list of submissions can be found at Appendix A.
- 4.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 22 April 2013 in Nowra.

- 4.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 4.9 The new aircraft will replace existing ageing aircraft and will provide Defence with advanced anti-submarine warfare and anti-surface capabilities through the use of a sophisticated sensor suite, torpedoes and air-to-surface missiles.
- 4.10 The aircraft will operate from HMAS Albatross, Nowra, NSW and HMAS Stirling, Rockingham, WA. The primary operating base will be HMAS Albatross, the main operating base for the Royal Australian Navy Fleet Air Arm.²
- 4.11 HMAS Albatross is home to the existing S-70B-2 Seahawk aircraft fleet operated by 816 Squadron (816 SQN). 816 SQN will transition to the MH-60R and support eight embarked operational flights. The newly established 725 Squadron (725 SQN) will be the operational training squadron in support of aircrew training. Facilities to support the training of crew and maintenance staff and to support the operations and maintenance of up to 18 aircraft will be required at HMAS Albatross.
- 4.12 HMAS Stirling will provide a land based operating site on the west coast and will support up to four of the embarked aircraft (together with their flight support detachments) and squadron training detachments operating from that location at any one time. Facilities to support the operations and maintenance of up to four aircraft will be required at HMAS Stirling.
- 4.13 With the introduction of the Seahawk Romeo capability, Defence will also introduce the new Mk54 lightweight torpedo into service. The introduction of these new torpedos will place an increased demand on existing Defence explosive ordnance storage facilities on the east and west coasts, giving rise to a requirement for additional explosive ordnance storage, maintenance and testing capacity at HMAS Stirling and the Explosive Ordnance Depot, Twofold Bay, Eden, NSW.³
- 4.14 The Committee is satisfied that there is a need for the works.

Scope of the works

- 4.15 The works will include the following five scope elements:
- Romeo Training Centre at HMAS Albatross.

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

2 Defence, Submission 1, p. 1.

3 Defence, Submission 1, p. 2.

- Squadron Complex at HMAS Albatross.
 - Torpedo Maintenance Facility at HMAS Stirling.
 - Explosive Ordnance Storage Facility at HMAS Stirling and Twofold Bay, Eden.
 - Helicopter Support Facility at HMAS Stirling.⁴
- 4.16 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 4.17 The project cost is \$201.3 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 4.18 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Security requirements

- 4.19 The Seahawk Romeo aircraft have a higher security classification than other current aircraft. Accordingly, there are higher security requirements for the aircraft facilities. Defence stated that the aircraft have been acquired under a foreign military sales agreement between the Australian and United States (US) governments:

The machine is largely, in fact, almost entirely, identical to that which is operated by the United States. As such it has certain obligations on Australia to observe the security requirements of protecting that machine and what is in it. Some of the things in it are very much knowledge and equipment which we operate on the understanding that we will respect its security classification and protect it accordingly.⁵

- 4.20 To meet these security requirements, Defence employs the following 'layered' approach to security:

Firstly, the buildings will be built with physical security considered as part of the design, so they are built to be secure. We will then include as an overlay over the top of that electronic

4 Defence, Submission 1, pp. 14-17.

5 Cdre Vincenzo Di Pietro, Defence, *transcript of evidence*, 22 April 2013, p. 7.

security measures. Then an added layer will be surveillance and then as an overarching layer will be the guarding that you see on our establishments. That is the philosophy from which we would look to address the requirements.⁶

Committee comment

- 4.21 The Committee recognises Defence's commitment to ensuring the security requirements for the Seahawk Romeo aircraft are met.
- 4.22 The Committee notes that the US Navy operates differently to the Australian Navy. However, the Committee understands that an architect has been sent to the US to examine similar facilities so as to incorporate relevant knowledge into the design of the proposed facilities.

Relationship to HMAS Albatross redevelopment project

- 4.23 The Committee previously examined and recommended expediency for the proposed redevelopment of HMAS Albatross, Nowra, NSW.⁷ However, the Committee was subsequently advised that there have been significant delays to that project. As such, the construction of that project will now overlap with this proposed project.
- 4.24 Defence stated that there will be an increased impact on the base and in the local area:

... [however] the *Albatross* redevelopment workforce would be coming in through another gate ... The majority of that access would be through the base access, but we are also talking about opening another gate, perhaps a little bit further up BTU Road to take the demand off the main access. Probably the bigger issue for us will be the coordination of the work, ensuring that we are able to secure the trades that we need at the appropriate times, considering the very fact that we are in Nowra and there are a limited number of firms that provide the different disciplines of work that we would require. We will need to manage that carefully.

We will be putting significant demands on the head contractor to meet certain milestones, because of the critical nature of the program, to ensure that I provide a facility to Navy that is ready to receive the simulator facilities ... There will be some ability for us

6 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, pp. 7-8.

7 Report 1/2012, available on the Committee's website.

to work with the managing contractor to schedule works to ensure that we minimise conflicts.⁸

Committee comment

- 4.25 The Committee expects Defence to take all appropriate measures to minimise the impact of two major projects being undertaken concurrently.

Explosive ordnance storage

- 4.26 In the past, Defence's storage of explosive ordnance has been subject to design failures. Defence stated that it has learnt from these experiences:

We have undertaken some significant 'lessons learned' activities from all involved to ensure that we understand what issues we faced, particularly some of the conflicting policy issues that we ran up against. So the design team involved in this project has been exposed to those 'lessons learned' activities to get a better understanding of where the pitfalls were that we identified through the Port Wakefield and Fort Direction projects. I am pleased to say that the Fort Direction one now has been resolved, and we now have serviceable facilities down there. As I advised the committee, we are now working on the Port Wakefield one to complete it.⁹

Committee comment

- 4.27 The Committee is satisfied that Defence has rectified past design issues regarding explosive ordnance storage and, given these past experiences, will manage this aspect of the project appropriately.

Local traffic and security issues during construction

- 4.28 There are some local road and security considerations during the construction phase. Defence stated that these differ for the three proposed locations. At HMAS Albatross:

... one of the beauties of going to where the greenfield site is that it is a completely separate part of the base that we will be able to excise from the base security perimeter during the conduct of the construction works. So except for interface works where there is a requirement to come on and connect into existing base infrastructure, I would expect that the majority of the construction

8 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 5.

9 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 6.

workforce would enter and exit the construction site from Braidwood Road from an entry that would be set up by the contractor himself and, I might add, managed by the contractor as well because it will be outside the defence secure perimeter. In terms of its impact on the base traffic it should be limited, except for, as I say, the times when they need to access the rest of the base to undertake that interface work.¹⁰

4.29 At HMAS Stirling and Twofold Bay:

[The works are] are internal to the base perimeters. At HMAS *Stirling* the helicopter support facility is on Garden Island, so the contractor will need to access the base in the same way that the rest of the base occupants access. That is across the causeway. We will need to manage that with the base staff, so the senior ADF officer and the base manager from Defence Support and Reform Group would be involved in ensuring that we have traffic management plans in place to manage the traffic, plus also to manage security clearances and so on of the contractors who will be accessing the Stirling site. The same would apply at Eden although I note that, while the Twofold Bay site is a relatively large site, there is not a lot of people there. It is simply an explosive storage area. There is not a large workforce there, so the contractors' activities are unlikely to have a significant impact on what we are trying to do there, on the base population and so on.¹¹

Committee comment

- 4.30 The Committee acknowledges Defence's consideration of local traffic issues in conjunction with security requirements. The Committee expects Defence to actively manage, and limit wherever possible, the impact of construction on local communities.

Disposal of facilities

- 4.31 Defence examined the potential for reusing existing facilities, but for this project a new build at HMAS Albatross was the preferred option:

... a more efficient outcome for us was the new build on the other side of the airfield, particularly noting that we had a better use for those facilities just around the corner with the helicopter aircrew training system project which is currently in development ...¹²

10 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 4.

11 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 4.

12 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 5.

- 4.32 Accordingly, various existing facilities will be reused for future Defence requirements. However, Defence noted that the flight simulator for the Seahawk Classic may be disposed of once the aircraft is withdrawn from service, as it would not be used for future aircraft types.¹³

Committee comment

- 4.33 The Committee inspected the flight simulator and acknowledges that it cannot be adapted to train personnel for different aircraft.
- 4.34 The Committee appreciates Defence's commitment to reusing existing facilities wherever possible. Further, the Committee notes that the proposed facilities are designed to enable as much future flexibility as possible.

Final Committee comment

- 4.35 The Committee met various Fleet Air Arm personnel during the inspection at HMAS Albatross and thanks these personnel for their presentations and willingness to answer questions.
- 4.36 The Committee was satisfied with the evidence provided by the Department of Defence regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 4.37 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 4.38 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 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: AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project.

13 Brig. D. Naumann, Defence, *transcript of evidence*, 22 April 2013, p. 5.

Facilities for air warfare destroyer ships and landing helicopter dock ships, Sydney, NSW

- 5.1 This chapter deals with two referrals:
- Air warfare destroyer ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW
 - Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW.
- 5.2 The introductory sections for each referral will be provided separately. The project issues section will cover both referrals.
- 5.3 The Department of Defence (Defence) is the proponent agency for both projects.

Air warfare destroyer ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW

- 5.4 Defence proposes to provide ship sustainment facilities within the Sydney region for the ongoing training, systems through life support and maintenance, and berthing of the new Hobart Class Air Warfare Destroyers (AWDs).
- 5.5 The purpose of the project is to:
- achieve greater efficiency and increased flexibility in the provision of shore side support for the new AWD capability through the sustainment phase
 - provide modern, fit for purpose, high quality, safe and energy efficient facilities that meet these needs.
- 5.6 The cost of the AWD project is \$109.9 million.

- 5.7 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 5.8 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 5.9 The Committee received one submission and two supplementary submissions from the Department of Defence. Submissions were also received from other organisations. The list of submissions can be found at Appendix A.
- 5.10 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 23 April 2013 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 2000 Defence White Paper stated the Australian Defence Force (ADF) would replace the Royal Australian Navy's (RAN) Adelaide Class Guided Missile Frigates (FFGs) with a class of at least three new air defence capable ships.
- 5.13 In 2007 the Australian Government approved the acquisition of three new Hobart Class Air Warfare Destroyers (AWDs) to replace the Adelaide Class FFGs through the SEA 4000 Phase 3 AWD Ship Build Program. The new Hobart Class AWDs will provide the RAN with one of the world's most capable all purpose warships and will deliver to the Australian Government an affordable, effective, flexible and sustainable air defence capability for the defence of Australia and its national interests.
- 5.14 Specifically, the AWDs will provide air defence for accompanying ships, land forces and infrastructure in coastal areas, and for self-protection against enemy aircraft and missiles. The new AWDs will also carry a helicopter for surveillance and response operations and be equipped with long range anti-ship missiles, modern sonar systems, decoys, surface-launched torpedoes and an array of effective close-in defensive weapons.
- 5.15 The Hobart Class AWDs are currently under construction at three shipyards in Newcastle, NSW; Williamstown, Vic.; and Osborne, SA. The first of the new AWDs, HMAS Hobart, is due to arrive in its home-port of Sydney, NSW, in the first quarter of 2016, with the second and third

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

AWDs expected to arrive in Sydney in the third quarter of 2017 and the first quarter of 2019.

- 5.16 The AWDs will be home-ported at and will deploy on operations from Fleet Base East, which is located within the Garden Island Defence Precinct in Sydney, NSW.
- 5.17 To enable the introduction into service of the three Hobart Class AWDs and then sustain the capability these ships are required to generate over their life of type, there is the need to enhance and augment existing infrastructure in Sydney to support AWD specific command and crew training, combat and platform systems, through life support and maintenance, and berthing.²
- 5.18 The Committee is satisfied that there is a need for the works.

Scope of the works

- 5.19 The works will include the following scope elements:
- AWD Training Centre at Randwick Barracks.
 - AWD Command Team Trainer at HMAS Watson.
 - AWD Through Life Support Facility at Garden Island.
 - AWD Systems Program Office at Garden Island.
 - AWD Lay Apart Store at Garden Island.
 - AWD Integrated Platform Monitoring System Remote Monitoring Station at Garden Island.
 - AWD Berthing Infrastructure at Garden Island.³
- 5.20 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 5.21 The project cost is \$109.9 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 5.22 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

2 Defence, Submission 1 (AWD), pp. 1-2.

3 Defence, Submission 1 (AWD), pp. 10-14.

Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW

- 5.23 Defence proposes to provide ship sustainment facilities within the Sydney region for the ongoing training, systems through life support and maintenance, and berthing of the new Canberra Class Landing helicopter dock ships (LHDs).
- 5.24 The purpose of the project is to:
- achieve greater efficiency and increased flexibility in the provision of shore side support for the new LHD capability through the sustainment phase
 - provide modern, fit for purpose, high quality, safe and energy efficient facilities that meet these needs.
- 5.25 The cost of the LHD project is \$60.3 million.
- 5.26 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 5.27 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 5.28 The Committee received one submission and three supplementary submissions from the Department of Defence. Submissions were also received from other organisations. The list of submissions can be found at Appendix A.
- 5.29 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 23 April 2013 in Sydney.
- 5.30 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.⁴

Need for the works

- 5.31 In order to replace and enhance elements of the then ADF amphibious capability, the Defence Capability Plan (DCP) 2004-14 defined the requirement to replace the RAN Heavy Landing Ship HMAS Tobruk by 2010 and to then replace the two RAN Amphibious Landing Ships (HMAS Manoora and HMAS Kanimbla) during the period 2010 to 2014.

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

- 5.32 In 2007 the Australian Government approved the acquisition of two new Canberra Class Landing Helicopter Dock (LHD) amphibious assault ships (based on the Navantia design). The Canberra Class LHDs will provide the ADF with one of the most capable and sophisticated air-land-sea amphibious deployment systems in the world and will deliver to the Australian Government an affordable, effective, flexible and sustainable amphibious capability for the defence of Australia and its national interests.
- 5.33 Specifically, each LHD will be able to embark, transport and deploy a force of over 1,000 personnel by air (with the LHD's flight deck allowing the operation of a range of ADF rotary wing aircraft) and sea, along with all their weapons, ammunition, vehicles and stores. The LHDs have also been designed with the shallowest possible draft to allow them to operate in secondary ports and harbours as well as manoeuvre tactically in the shallow waters common to littoral regions. The LHDs will also be capable of conducting and supporting humanitarian missions and will be jointly crewed with personnel from Navy, Army and Air Force to form a ships company of approximately 400.
- 5.34 The Canberra Class LHD hulls are being built, including the majority of the fit-out, by Navantia (subcontracted to BAE Systems) at the Fene-Ferrol Shipyard in Spain. The hulls are then be transported to Australia as individual lifts on a 'float on/float off' heavy lift ship. Construction of the LHD superstructures and their consolidation with the hulls are then conducted by BAE Systems in their Williamstown Shipyard in Victoria (VIC). The first LHD hull arrived at the Williamstown Shipyard in October 2012. BAE Systems will also be responsible for the final fit-out, set-to-work, docking and trials of the LHDs.
- 5.35 The first of the LHDs, HMAS Canberra, will be the largest class of ship that the RAN has ever operated. HMAS Canberra is due to arrive in its home-port of Sydney, NSW in early 2014, with the second LHD expected to arrive in Sydney in mid 2015.
- 5.36 The LHDs will be home-ported at and will deploy on operations from Fleet Base East, which is located within the Garden Island Defence Precinct in Sydney, NSW.
- 5.37 To enable the introduction into service of the two new Canberra Class LHDs and then sustain the capability these ships are required to generate over their life of type, there is the need to enhance and augment existing infrastructure in Sydney to support LHD specific crew training, combat

and platform systems, through life support and maintenance, and berthing.⁵

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

Scope of the works

5.39 The works will include the following scope elements:

- LHD Training Centre at Randwick Barracks.
- LHD Through Life Support Facility at Garden Island.
- LHD System Program Office at Garden Island.
- LHD Integrated Platform Monitoring System Remote Monitoring Station at Garden Island.
- LHD Berthing Infrastructure at Garden Island.⁶

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

Cost of the works

5.41 The project cost is \$60.3 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.

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

Project issues

Randwick Barracks local concerns

5.43 The Randwick City Council raised concerns regarding Defence's plans for the site.⁷ Defence provided an overview of its past and current plans for the site, then responded to the Council's concerns regarding this project:

... there are a number of comments in there about whether the council has been briefed on what this project is about. We have certainly briefed the council on this project and my advice is that they were quite supportive of what we are proposing to do. In their letter they have suggested that that there needs to be a number of reports prepared and constraints on working hours and

5 Defence, Submission 1 (LHD), pp. 1-2.

6 Defence, Submission 1 (LHD), pp. 12-16.

7 Submission 4 (LHD).

that sort of thing. We are quite happy to undertake all of that; in fact, we were planning to do all that anyway. In terms of working hours and so on, the working hours that we will put into our contract for the construction of that site are exactly what Randwick City Council asks us to do. That is an example. Another one is acoustic studies. We were going to do that anyway. Another one is environmental contamination studies and so on. Again, we are doing that anyway. They have asked us to ensure that it is in accordance with New South Wales EPA requirements. We were in fact planning to do that as well. From my understanding, there actually is not too much in the letter that we have concerns with. Probably just a little disappointed that they thought that we had not consulted with them on it. Probably, the action for us out of that is to engage a little more closely with them on our strategic plans for the site and to ensure that we continue to work with them as we develop this project on that site.⁸

- 5.44 Defence stated that it met with representatives from Randwick City Council prior to the Council preparing its submission. Various issues in the submission were discussed at this meeting:

They advised us that because we are under a federal system they do not have visibility of all these reports, a majority of which we have conducted. I suppose they are applying their local approval process and ensuring that we have actually followed a similar standard. I can confirm for the record that we have followed a similar standard.⁹

- 5.45 As requested at the public hearing, Defence provided a supplementary submission in response to the Council's concerns. This submission confirmed Defence's commitment to ongoing consultation with the Council and addressed many broader issues. With regard to this project:

... I can assure the Committee that all works will be undertaken in accordance with the relevant policies, standards and statutory requirements. I note the [Council's] comments regarding residential context and confirm that Defence has given full consideration to the issues raised. As part of the Defence process, a Defence Environmental Construction Certificate and a

8 Brig. D. Naumann, Defence, *transcript of evidence*, 23 April 2013, p. 4.

9 Mr P. Gagel, Defence, *transcript of evidence*, 23 April 2013, p. 5.

Contractor's Environmental Management Plan will be required before works commence on site.¹⁰

Committee comment

- 5.46 The Committee acknowledges Defence's considerable contributions to the community around Randwick Barracks.
- 5.47 The Committee is satisfied that Defence has addressed the Council's concerns regarding this project. The Committee expects that Defence will continue to engage with the Council on this and future projects.

HMAS Watson local concerns

- 5.48 The Sydney Harbour Association raised concerns with the visual and landscape impacts of the proposed works at HMAS Watson.¹¹
- 5.49 Defence outlined its process for determining the design for the building:
- ... the current design is dark in colour and visually recessive. This is in line with the landscape character statement within the Sydney Regional Environmental Plan in relation to the entry to Sydney Harbour, where it states that 'developments should be designed to complement existing features so that the contrast between the built and natural environment is minimised'. As such, the building has been designed with a colour that is dark and recessive. It meets the statement and blends in to the surrounding natural environment, minimising contrast between built and natural environments.
- The building is set back 10 metres from the boundary and has an angular plane formed to suit the topography and boundary condition. The roofline is below the existing tree canopy. The building has been designed as far north as possible and the Ritchie Building is not visible after the construction of the [new Command Team Trainer facility]. Furthermore, this is in line with the requirements of the Directorate of Environmental Impact Management and the environmental assessment report, which states the proposed building should be visually recessive. In response to that, colours and materials should be chosen that would blend or recede into the landscape rather than bright colours or reflective surfaces.¹²
- 5.50 Regarding landscaping, Defence advised that it consulted with the NSW National Parks and Wildlife Service. The agencies agreed that:

10 Defence, Submission 1.3 (LHD), p. 2.

11 Submission 2 (AWD).

12 Mr. G. Tripodi, Defence, *transcript of evidence*, 23 April 2013, p. 10.

... a buffer offset planting zone would be established using native plants that would integrate within the landscape design as part of the AWD project. This is to offset the removal of existing plantings and trees and will assist in screening the facility.¹³

Committee comment

- 5.51 Defence provided photos of the site of the proposed works, from various perspectives and locations. These depicted a view of the site of the works at present, and a graphic representation of the same view on completion of the works. This enabled further comprehension of the size and visual impact of the works.
- 5.52 The Committee expects Defence to undertake vegetation planting and landscaping around the proposed facility to mitigate the visual impact of the new facility and to ensure that all current views of the site are maintained or improved.
- 5.53 The Committee is of the opinion that Defence has appropriately considered the visual impact of the proposed works and has prepared the design accordingly.

Cruise ships at Garden Island

- 5.54 Two submissions touched on the presence of cruise ships at Garden Island.¹⁴ An independent review has been conducted into cruise ships visiting Sydney Harbour. Defence summarised this review:

The independent review assessed whether there is scope to enhance cruise ship access to Garden Island without adversely impacting on the priority role of supporting the Navy maritime operations including ship repair and maintenance. This review considered the potential for greater civil-military cooperation and the use of the finite berthing resources for the very large cruise ships which visit Sydney. Indeed, some of those cruise ships are four times the tonnage of the LHDs. The review took into account the increase in the use of Garden Island by the new, larger Royal Australian Navy ships including the LHDs and the AWDs. The new ships will require suitable berthing facilities and will draw on Sydney's strong industry support base for maintenance and repairs.

13 Mr. G. Tripodi, Defence, *transcript of evidence*, 23 April 2013, p. 10.

14 Submission 3 (AWD), Submission 4 (AWD). These submissions were also accepted for the LHD inquiry.

In conclusion, the review concluded that the current and future naval capability requirements at Garden Island are essentially incompatible with the cruise ship access over the longer term except on the existing ad hoc arrangements that we are following. The provision of the guaranteed shared access sought by the cruise industry would impact on the primacy of the naval operations from Fleet Base East.¹⁵

- 5.55 Defence outlined some of the issues surrounding the berthing of cruise ships at Garden Island:

... the cruise ships are big and obviously carry a lot of passengers. When they berth at Fleet Base East we need to put security arrangements into place so that the very large number of passengers can access the cruise ship and exit the base. We need to put them in particular places. They are close to the entrance to Garden Island and that causes a lot of disruption for the ships that are at Garden Island. When we have the LHDs in port, they will be to the northern end of Fleet Base East for ease of access for those large ships. They are the same berths that the cruise ships would use. There is an issue with where the LHDs would berth and where these large cruise ships would berth and there are issues associated with security as well.¹⁶

- 5.56 At present, the Prime Minister has agreed to the berthing of three cruise ships per financial year (for 2012-13 and 2013-14) at Garden Island. With regard to the timing of these visits, Defence advised that:

At this stage it is an ad hoc arrangement. I understand that the requests come in from the cruise industry, and at the moment the Prime Minister has agreed to three visits, so Defence will select when it is least disruptive.¹⁷

- 5.57 In addition to the berthing and access requirements, Defence must ensure space is available for Customs and Quarantine to screen passengers at Garden Island:

There are not any permanent facilities, so Customs and Quarantine need to be brought in and set up marquees on the wharf adjacent to the ships. That is where the processing is done. So at the moment we have ad hoc arrangements. You have seen

15 Cdre P. Quinn, Defence, *transcript of evidence*, 23 April 2013, p. 6.

16 Cdre P. Quinn, Defence, *transcript of evidence*, 23 April 2013, p. 7.

17 Cdre P. Quinn, Defence, *transcript of evidence*, 23 April 2013, p. 7.

Fleet Base East. It is a fairly narrow wharf. There is not a lot of space to put those ad hoc arrangements in place.¹⁸

Committee comment

- 5.58 The Committee acknowledges that cruise ships berthing at Garden Island significantly impact on Defence operations. In particular, the Committee notes that cruise ships would occupy the same space as the LHDs, thus limiting LHD berthing capacity during cruise ship visits.
- 5.59 The Committee expects the Australian Government and Defence to appropriately manage these priorities.

Hammerhead crane at Garden Island

- 5.60 The hammerhead crane is an obsolete asset located at Garden Island. It has some heritage considerations, so its removal is subject to an *Environment Protection and Biodiversity Conservation Act 1999* referral.¹⁹
- 5.61 Despite not being in use, the crane currently costs around \$1 million per year to maintain. There have been four work health and safety incidents related to it.²⁰
- 5.62 If the crane remains in place, it would prohibit an LHD from berthing alongside that part of the wharf. This would mean that two LHDs could not berth at Fleet Base One at the same time.²¹
- 5.63 Defence noted that there are several options for removing and relocating or deconstructing the crane, and that Defence's preference is for the crane to be removed.²² Defence conducted public consultation on the removal of the crane, which received a mixed response.²³

Committee comment

- 5.64 The Committee is aware of the heritage considerations of the crane. However, the Committee considers that the safety of persons on the wharf should be paramount, and that a single work health and safety incident relating to the crane is unacceptable. Furthermore, the Committee is astonished at the exorbitant cost of maintaining the obsolete crane.

18 Cdre P. Quinn, Defence, *transcript of evidence*, 23 April 2013, p. 8.

19 Mr L. Woodford, Defence, *transcript of evidence*, 23 April 2013, pp. 8-9.

20 Mr L. Woodford, Defence, *transcript of evidence*, 23 April 2013, pp. 8-9.

21 Cdre P. Quinn, Defence, *transcript of evidence*, 23 April 2013, p. 9.

22 Mr L. Woodford, Defence, *transcript of evidence*, 23 April 2013, p. 9.

23 Mr L. Woodford, Defence, *transcript of evidence*, 23 April 2013, pp. 8-9.

- 5.65 The Committee considers that the heritage value of the crane could be preserved through relocation to another site. This option would also eliminate a significant work health and safety hazard.

Final Committee comment

- 5.66 The Committee notes that there are significant compliance issues in some of the existing buildings related to the project (particularly building 314 at Garden Island). The Committee is aware that Defence considered refurbishing existing facilities, and that there are valid cost and risk reasons for demolishing the existing facilities and constructing new buildings.²⁴
- 5.67 The Committee inspected all three proposed locations for the works. The Committee greatly appreciates the patience of personnel at HMAS Watson in allowing the Committee to view various training exercises. The Committee also inspected a bridge simulator, which provided a unique perspective on berthing ships at Garden Island. The Committee thanks all personnel for their involvement in the inspection.
- 5.68 During the private briefing, the Committee viewed an animation that demonstrated the extent of overshadowing of residential properties adjoining the site of the proposed works at Randwick Barracks. The animation showed that there would only be overshadowing on one house, for less than an hour per day at the winter solstice. If overshadowing is a concern in future projects, the Committee encourages Defence to provide similar animations to the public during community consultation sessions.
- 5.69 Further, as noted above, Defence provided photos of the sites of the proposed works, from various perspectives and locations. These depicted a view of the site of the works at present, and a graphic representation of the same view on completion of the works. Such images provide an invaluable additional perspective on the project. The Committee encourages Defence to provide similar visual representations of proposed works to the local community and to the Committee.
- 5.70 The Committee was satisfied with the evidence provided by the Department of Defence regarding the proposed projects. The Committee is satisfied that the projects have merit in terms of need, scope and cost.
- 5.71 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.

24 For more information, see *transcript of evidence*, 23 April 2013, pp. 2-3.

- 5.72 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that these projects signify value for money for the Commonwealth and constitute projects which are 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: Air warfare destroyer ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW.

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: Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW.

Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Vic

- 6.1 The Department of Defence (Defence) proposes to upgrade security and facilities of the Defence Science and Technology Organisation (DSTO) Human Protection Performance Division (HPPD).
- 6.2 The purpose of the project is to enhance site security and rectify inadequacies in existing facilities at DSTO Fishermans Bend in order to improve the HPPD's ability to generate capability in support of Australian Defence Force (ADF) and Whole of Australian Government operations in the protection and defence of Australia and its national interests.
- 6.3 The cost of the project is \$41.1 million.
- 6.4 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 6.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 6.6 The Committee received one submission and two supplementary submission from the Department of Defence. The list of submissions can be found at Appendix A.
- 6.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 30 April 2013 in Melbourne.

- 6.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 6.9 The DSTO is the lead Defence organisation charged with applying science and technology to protect and defend Australia and its national interests.
- 6.10 In addition to the specialist and impartial advice, and innovative solutions DSTO provides to the ADF, the expertise that resides in DSTO also delivers unique capabilities to support the Australian Government's broader national security requirements.
- 6.11 In particular, the DSTO National Security Program leverages critical and unique defence science and technology capabilities to benefit civilian organisations and agencies, and as identified in the 2009 Defence White Paper¹, this includes defending against chemical, biological and radiological (CBR) threats.
- 6.12 The DSTO HPPD is located at a site in Melbourne, Victoria, which is also known as DSTO Fishermans Bend. The HPPD mission is the application of innovative science to improve the protection and performance of personnel in CBR and other physically challenging environments, and for Australian national security.
- 6.13 HPPD's capabilities and work programs are subsequently focussed on scientific and technological research for the ADF that directly aids in the development of defences against CBR and other threats. The HPPD also provides support to other organisations and agencies, which can include direct and rapid response to potential and actual incidents involving these threats. As a consequence of the emergence of new national security priorities in the post 'September 11' and 'Bali Bombing' environment, there has been a growing demand for such support from the HPPD.
- 6.14 The existing facilities at DSTO Fishermans Bend, in addition to providing working accommodation for the HPPD, also house sensitive capability elements and equipment, facilities which are required to comply with specific Defence security policies. Although DSTO Fishermans Bend is currently fully fenced and incorporated with other site security systems, a 2006 Security Risk Assessment concluded that enhancements to site security were necessary in order to meet the required levels of security, including upgrades to intrusion and detection systems, access control and on-site crisis management. The current DSTO Fishermans Bend site layout and storage facilities also do not allow for the secure receipt and handling

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

of incoming inventories, with delivery services having to be granted extended site access.

- 6.15 Additionally, a number of the existing HPPD facilities at DSTO Fishermans Bend are inadequate with respect to the necessary levels of capacity and functionality that are required to meet current and evolving operational demands. This situation has resulted in levels of ineffectiveness and inefficiencies with specialist personnel and capabilities having to be housed in multiple disparate locations, including temporary working accommodation.²
- 6.16 The Committee is satisfied that there is a need for the works.

Scope of the works

- 6.17 The works will include the following eight scope elements:
- Integrated Detection and Security Lighting System.
 - Science and Technology Store.
 - Security and Crisis Management Centre.
 - Chemical Laboratory Facility.
 - Operational Support Facility.
 - Secure Communications Facility.
 - Protective Security Upgrade to Building 94.
 - Site Shared Services.³
- 6.18 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 6.19 The project cost is \$41.1 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 6.20 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

2 Defence, Submission 1, pp. 1-2.

3 Defence, Submission 1, pp. 9-16.

Project issues

Demolition of the existing Building 94 Annex

6.21 The proposed works will involve the demolition of building 94 annex and the construction of a larger annex in the same location. Defence considered various possibilities for extending the annex, either vertically or horizontally, but these were deemed unfeasible.⁴

6.22 The existing annex was completed in 2008. Defence outlined that subsequent policy changes led to the building no longer being adequate for HPPD operations:

The existing facilities for HPPD were designed and established before we became a division. The creation of the Human Protection Performance Division in 2005 recognised the need to have a specialised area that would meet Defence's and Australia's need, particularly in the area of defence against chemical, biological and radiological weapons. Since that time, and I think reflected in the 2009 white paper, there has been a recognition that there was a blurring of the line between state and non-state actors. So while we may have designed a capability that was focused on state actors and a defence force that was focused on state issues, the changing strategic environment for non-state actors – and we live in that at this moment – means that there was a broader range of threats than originally contemplated.⁵

6.23 The new annex will meet the expanded capability requirements of HPPD:

We are now quite confident that the facilities proposed under HPPD will meet our future needs. The major challenges we had were capacity, the capability to receive samples of unknown origin, the capacity to house all our equipment and receipt them, and the appropriate number of laboratories suitable for the chemical and biological material that we work with.⁶

6.24 The facility will also provide enhanced security for HPPD:

One of the key aspects is that through this one building we will assure the surety of the capability because the facility will be in a certified and secure environment in Australia.⁷

4 Defence, Submission 1, pp. 12-13.

5 Dr S. Oldfield, Defence, *transcript of evidence*, 30 April 2013, p. 2.

6 Dr S. Oldfield, Defence, *transcript of evidence*, 30 April 2013, p. 3.

7 Mr R. Tanzer, Defence, *transcript of evidence*, 30 April 2013, p. 3.

- 6.25 The new annex would accommodate HPPD staff currently located in various buildings on the Fishermans Bend site.⁸
- 6.26 Some staff have been housed in temporary accommodation as the growth of the division outpaced the available accommodation.⁹ The distance of this temporary accommodation from laboratories in building 94 is an issue:
- The only available site was in the order of 500 metres from building 94. Those staff members' laboratory work predominately takes place in building 94, so when they run an experiment they are required to move from their portable accommodation to the laboratory, conduct the experiment and then come back. We have realised that staff, because of the need to monitor experiments and bring the data and other divisional requirements, can travel up to six times a day. Melbourne weather is not always that good – not as nice as it is today – and that creates some physical difficulties. Also, the working environment in that temporary accommodation is not ideal.¹⁰
- 6.27 The construction of the new building 94 annex will mean that all staff will be located in a single location on the Fishermans Bend site.¹¹

Committee comment

- 6.28 The Committee acknowledges that the growth of the HPPD has put pressure on operations and facilities. The Committee understands the need for and operational benefits of co-locating staff and laboratories in building 94 and the annex.
- 6.29 The Committee accepts that the demolition of the existing annex has valid reasons and has been fully justified by Defence. The Committee notes that Defence considered all feasible options for delivering the project and agrees that this option provides the best value for money. However, the Committee remains concerned that such a recently constructed building is to be demolished because of strategic decisions within Defence.
- 6.30 The Committee also notes that Defence did not take into account the asset value of the existing building in its cost estimate for the project.

8 Mr R. Tanzer, Defence, *transcript of evidence*, 30 April 2013, p. 2.

9 Dr S. Oldfield, Defence, *transcript of evidence*, 30 April 2013, p. 3.

10 Dr S. Oldfield, Defence, *transcript of evidence*, 30 April 2013, p. 3.

11 Dr S. Oldfield, Defence, *transcript of evidence*, 30 April 2013, p. 3.

Final Committee comment

- 6.31 The Committee's inspection included the laboratories in building 94 and its annex. This enabled the Committee to observe the limitations of the existing laboratories, particularly as they are occupied by more staff than they were designed for.
- 6.32 The Committee thanks HPPD staff for their presentations during the site inspection.
- 6.33 The Committee was satisfied with the evidence provided by the Department of Defence regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 6.34 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 6.35 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 5

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Vic.

Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic

- 7.1 The Australian Broadcasting Corporation (ABC) proposes to relocate its Melbourne-based television production and administrative functions from sites at Gordon Street and Selwyn Street, Elsternwick, to a new building consolidated with the existing ABC Centre at Southbank.
- 7.2 The purpose of the project is to support the ABC's Strategic Plan, and therefore meet the ABC Charter obligations.
- 7.3 The cost of the project is \$176.4 million.
- 7.4 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 7.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 7.6 The Committee received one submission and three supplementary submission from the ABC. The Committee also received submissions from various organisations and individuals. The list of submissions can be found at Appendix A.
- 7.7 The Committee received a private briefing and conducted a site inspection, a public hearing and an in-camera hearing on 30 April 2013 in Melbourne.
- 7.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

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

Need for the works

- 7.9 There are significant deficiencies in the existing Elsternwick sites.²
- 7.10 The ABC television studio complex located at Gordon Street, Elsternwick was constructed in the 1950s and would need considerable refurbishment at significant cost simply to provide reasonable levels of operational efficiency, health and safety, serviceability, and functionality.³
- 7.11 The Selwyn Street, Elsternwick site includes a heritage-listed fire station, two storey office accommodation, the outside broadcast garage and factory sheds converted to garaging and storage for equipment, props and sets. There is also a considerable need for refurbishment of the building's ageing ICT infrastructure. As there is already growing local pressure to limit the hours of usage for the site, the ABC anticipates that there would be significant residential objection to redevelopment of the site.⁴
- 7.12 The Southbank Boulevard site was completed in 1994 and has undergone various office accommodation modifications and technology infrastructure upgrades. Much of the engineering infrastructure in the Southbank building will need to be refurbished to meet the higher level aims of the project. Additionally, the power distribution infrastructure does not have a dual power supply which would ensure the level of business continuity required for a 24 hour broadcasting organisation with emergency broadcaster responsibilities.⁵
- 7.13 The Committee is satisfied that there is a need for the works.

Scope of the works

- 7.14 The works will include the following facilities:
- Construction of a new five storey building which will include office space, television studios and supporting technical facilities.
 - A gross floor area over the consolidated building of 31,663m². This represents a reduction in the total gross building area currently occupied by the ABC in Melbourne of approximately 5,000m².
 - Some refurbishment of the existing Southbank building to address ICT functionality, accommodation and business continuity.
 - Construction of a basement car park for approximately 77 ABC operational vehicles.

2 ABC, Submission 1, pp. 20-22.

3 ABC, Submission 1, p. 20.

4 ABC, Submission 1, p. 22.

5 ABC, Submission 1, p. 23.

- Integration of the new and existing building including upgrade of services and office accommodation to address current functionality issues.
 - Construction of new studios for television production, which include:
 - ⇒ A major television production studio of approximately 800m² which can be used to produce a broad variety of programs including audience based entertainment and drama.
 - ⇒ A new 250m² studio for a broad range of News and Current Affairs programs.
 - ⇒ A smaller production studio of 162m² for ABC 3 - Kids and general programs.
 - ⇒ A smaller studio primarily for the use of Australia Network News production.⁶
- 7.15 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 7.16 The project cost is \$176.4 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 7.17 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Co-location of facilities in Southbank

- 7.18 The project proposes to co-locate ABC staff at new and refurbished facilities in Southbank. The ABC's submission indicated that a number of reviews have been undertaken on this issue:

The consistent conclusion from all of these reviews has been that the most cost-effective and strategic accommodation solution for the ABC in Melbourne is consolidation of all Melbourne-based operations (excluding the television outside broadcast operations) at Southbank.⁷

6 ABC, Submission 1, pp. 38-39.

7 ABC, Submission 1, p. 19.

7.19 ABC stated that co-location has significant benefits:

The benefit of bringing our various production activities together into the one location is the increased sharing of ideas and collaboration across the platforms. When television is housed separately from radio and new media teams, they tend not to interact. What we have seen up at the Ultimo building – it took a while to take hold but it is definitely alive and well today – is increased collaboration between project teams, program teams and mastheads. A great example is JTV. JTV is a collaboration between Triple J radio and television to create a late-night version of Triple J on TV. ABC Grandstand is another example, where a radio masthead has become a digital, online service, a new media service – very different teams operating within the organisation.⁸

7.20 Physical co-location will increase collaboration:

What we hope to achieve in this building by bringing those program teams together and creating an environment that has fewer walls and fewer boundaries, and more space where people will interact and collaborate, is greater sharing of ideas across the organisation that allows the different programming units to leverage that content. We have seen it happen in Perth, when we brought our news and radio people together onto the same floor and created a common, wet-service area, a lounge sort of area, where they could mix. Over time, those programming areas have tended to share their ideas more and then collaborate on their content. So, for the ABC, it generates a much richer leveraging of the content and ideas. For the audience, it enables them to see across all the platforms, with traditional mastheads, brands or content being taken on to the newer platforms.⁹

7.21 Further, the design of the new facilities will enable increased casual interaction, which will in turn increase formal collaboration:

Probably the greatest learning we have seen in our own buildings and in other buildings that we have looked at around the world, like the BBC's, is that the more opportunity you can create in a building for people to run into each other and have a coffee, that sort of casual interaction, particularly in our industry, the greater opportunity there is for a sharing of ideas and content. That is definitely what we want to achieve in this building: fewer walls,

8 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 2.

9 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, pp. 2-3.

more open-plan areas and more spaces where people can more casually engage with each other.¹⁰

7.22 Co-location provides financial and administrative savings, with only a small reduction in staff numbers. The new facility will also provide for possible future staff expansion of up to seven per cent.¹¹

7.23 Additionally, the ABC explained the need for an inner-city location:

Yes, you could take them into far outer, rural or suburban Melbourne, but as a facility that necessarily would not work, because of where the industry is – where the production companies are, where the talent is. They will not necessarily travel to outer suburban locations. That facility would need to be within that 10-kilometre rim of the centre of the city to operate effectively.¹²

Committee comment

7.24 The Committee acknowledges that the value of co-location is difficult to quantify. However, the Committee notes the ABC's experiences with co-location and the benefits that it has provided to the ABC and to its audience. Further, the Committee is aware that many reviews have recommended co-location and that the ABC purchased the Sturt Street property with the intention of co-locating its Melbourne operations.¹³

7.25 The Committee recognises that Melbourne is the last remaining capital city location to complete this strategic initiative, and acknowledges that co-location and consolidation will provide equal accommodation standards and increased cohesion for ABC staff in Melbourne.

Final Committee comment

7.26 The Committee notes the significant work health and safety issues at the Gordon Street site, particularly the widespread presence of asbestos in the fabric of the building. This causes extensive administrative protocols and workarounds, and prohibits most work refurbishment work at the site. This emphasises the need for the ABC to abandon the Gordon Street site.

7.27 The Committee was satisfied with the evidence provided by the ABC regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.

10 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 3.

11 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 5, p. 6.

12 Mr D. Pendleton, ABC, *transcript of evidence*, 30 April 2013, p. 5.

13 See ABC, Submission 1, p. 19.

- 7.28 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 7.29 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 6

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: Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Vic.

Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea

- 8.1 The Department of Immigration and Citizenship (DIAC) proposes to construct a permanent regional processing centre (RPC) on Manus Island, Papua New Guinea.
- 8.2 The purpose of the project is to implement the recommendations of the Expert Panel on Asylum Seekers Report, by establishing the capacity to process transferee claims at permanent facilities on Manus Island. The permanent RPC will replace the temporary facility currently in use.
- 8.3 The cost of the project is \$171.69 million.
- 8.4 The project was referred to the Committee on 21 March 2013.

Conduct of the inquiry

- 8.5 Following referral to the Committee, the inquiry was advertised on the Committee's website, by media release and in *The Australian* and the *Australian Financial Review* newspapers.
- 8.6 The Committee received one submission and eleven supplementary submissions from DIAC. The Committee also received submissions from various organisations and individuals. The list of submissions can be found at Appendix A.
- 8.7 The Committee received a private briefing on the project and conducted a public hearing and an in-camera hearing on 1 May 2013 in Melbourne.
- 8.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

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

Need for the works

- 8.9 The Expert Panel on Asylum Seekers Report outlined an expectation that asylum seekers who have their claims processed on Manus Island will be provided with protection and welfare arrangements consistent with Australian and Host Nation responsibilities under international law.
- 8.10 Those protections and welfare arrangements include treatment consistent with human rights standards, appropriate accommodation, appropriate physical and mental health services, and access to educational training programs. For these reasons, the proposed works will provide a level of amenity consistent with the features of Australian mainland immigration detention centres.
- 8.11 Transferees may be accommodated on Manus Island for an extended period in consideration of the 'no advantage' principle which states that Refugee Status Determination (and re-settlement of those found to be refugees) will not receive a higher priority than for refugees in transit countries. As a result, there is an urgent need to establish permanent facilities.²
- 8.12 The existing temporary facility has a very limited life span, provides little amenity for transferees, and does not have the adequate infrastructure required to support the processing of claims.³
- 8.13 The Committee is satisfied that there is a need for the works.

Scope of the works

- 8.14 The works will include the following facilities:
- A 600 person regional processing centre able to accommodate families and other vulnerable groups and other cohorts if required
 - Health, welfare and recreational facilities
 - Staff accommodation for 200
 - All engineering infrastructure to support the facility.⁴
- 8.15 The Committee finds that the proposed scope of works is suitable to meet the need.

2 DIAC, Submission 1, p. 5.

3 DIAC, Submission 1, p. 7.

4 DIAC, Submission 1, p. 7. See also DIAC, Submission 1, p. 14.

Cost of the works

- 8.16 The project cost is \$171.69 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 8.17 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Land agreement and lease arrangement

- 8.18 The RPC will be built on a site called Portion 244 near Lorengau, Manus Island. DIAC stated that final agreement on the land and the lease arrangements are yet to be confirmed, although there is a high level of certainty that this will occur:
- ... we have been given agreement from the Papua New Guinea government that 244 is agreed. The processes that need to occur within the Papua New Guinea government for the transfer of title to the Papua New Guinea Immigration & Citizenship Service Authority, who will then proceed to negotiate a lease with the Australian government for access to it. We do not have a lease in place yet. Our intention therefore would be to include in that lease a term of 15 years with options for further renewal. That is consistent with what we have achieved on Nauru, where we have a 20-year lease for the sites that we are constructing on Nauru.⁵
- 8.19 DIAC also indicated that a memorandum of understanding and the underpinning administrative arrangements have been agreed between Australia and Papua New Guinea. These agreements refer to the lease.⁶

Committee comment

- 8.20 The Committee is satisfied that DIAC has taken all required steps to ensure the required land and lease agreements for the RPC will be confirmed in the near future.

5 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 5.

6 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 6.

Size and location of Portion 244 and the RPC

- 8.21 The current temporary site is approximately 2.5 hectares and has capacity for approximately 500 clients. In comparison, Portion 244 is 102 hectares, of which approximately 40 to 50 hectares at the front of the site will be used for the RPC. It would have capacity for 600 clients and 200 staff.⁷ The site is located on the outskirts of the town of Lorengau.
- 8.22 DIAC also clarified that the new site is approximately a 45 minute drive from the temporary site.⁸

Committee comment

- 8.23 The Committee notes that Portion 244 is significantly larger than the existing temporary site, without a proportional increase in the number of clients.

Design of the RPC

- 8.24 DIAC explained that the RPC is not an immigration detention centre, and as such, would have different security arrangements:

The intention of all three governments – Nauru, Papua New Guinea and Australia – in agreeing to establishing the regional processing centres was that they would be open – that is, that transferees would have the capacity, once effective arrangements were developed and agreed and put in place, for people to come and go during daylight hours. There would be an evening curfew, largely for the safety of transferees, and in the event that there were public disturbances that occurred, once again, for the safety of the remainder of the community, a gate would be able to be closed that would prevent freedom of access from inside – movement both sides of the centre.

As you know, in immigration detention centres in Australia and on Christmas Island in particular, there is quite sophisticated electronic detection and deterrent system fencing in place. That would not be in place for the regional processing centres. The type of fencing that would be in place would be standard what we would call pool-fence perimeter fencing. There would be a standard gate – no more than you would see in many rural properties or industrial properties in Australia – that could be

7 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, pp. 3-4.

8 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 7.

closed or opened to regulate access, to operate both in normal operation and, if necessary, the closed down operation.⁹

- 8.25 Accordingly, although the design of the facility is based on DIAC's *Standards for the Design and Fitout of Immigration Detention Facilities*¹⁰, there are some key differences:

The design for the Manus Island Regional Processing Centre has been guided by the performance criteria of the [standards] but will apply its own acceptable design solution that addresses the unique site conditions, local climate and that can provide flexibility in accommodating different client cohorts and family groupings. The Centre therefore does not differ from the [standards] but uses the design principles embodied in them to inform the masterplan.¹¹

- 8.26 DIAC believes that the design of the RPC meets all of the recommendations of the report of the Expert Panel on Asylum Seekers.¹²
- 8.27 DIAC confirmed that the design provides for the physical separation of clients, such as children and single adult males.¹³
- 8.28 DIAC has consulted with key stakeholders, including the Papua New Guinea government, and will conduct ongoing consultation with them, existing and future service providers and transferees as the project progresses.¹⁴ DIAC also noted that it receives input from a ministerial council on asylum seekers and a health immigration advisory committee.¹⁵
- 8.29 The design of the RPC will provide suitable facilities for the Manus Island climate. DIAC explained that air conditioning will be included in the staff quarters, but not throughout the general living facility:

The standard of accommodation that we are looking to provide for the transferees is the standard of accommodation that is available for people who are normally resident on Manus. The staff who are not locals and therefore for whom we need to provide accommodation at the centre are, by and large, at least at this stage, people who have been recruited from Australia. They are used to a standard of accommodation that they would find in

9 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 4.

10 <http://www.immi.gov.au/managing-australias-borders/detention/facilities/standards-for-design-fitout.htm>

11 DIAC, Submission 1.4, p. 1.

12 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 11.

13 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 8.

14 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 4.

15 Mr M. Cahill, DIAC, *transcript of evidence*, 1 May 2013, p. 5.

Australia and many of them may not necessarily live in a tropical environment. So we are trying to provide the balance between sympathy with the local community and the capacity to attract and retain skilled staff to deliver the services.¹⁶

... while the client accommodation in the three compounds is not air conditioned, they do meet better practice design, as I understand, in terms of how air can flow through them and such. So while you have got the local Manus population and what they have got, the design of these is quite contemporary in terms of ventilation and a range of other areas – not being air conditioned but not being something that does not get the air flow.¹⁷

- 8.30 This design principle has also been implemented in Nauru. DIAC reported that this has significantly improved ventilation and cooling in the Nauru accommodation.¹⁸

Committee comment

- 8.31 The Committee is satisfied that the design of the RPC addresses the specific requirements of Manus Island, and meets DIAC's standards.
- 8.32 The Committee appreciates DIAC's willingness to engage in consultation regarding the design of the RPC. The Committee expects DIAC to continue this approach and to enable increased consultation wherever possible, particularly with the organisations that provided submissions to this inquiry.
- 8.33 The Committee notes that some communal areas will be air conditioned. The Committee expects DIAC to monitor this and other design issues and address them where necessary.

Delivery of the project

- 8.34 DIAC assured the Committee that it has the experience to deliver this project on time, on budget and fit-for-purpose:
- We have an onshore detention network of 23 centres that we have worked on over time. In the course of the last five years, I think we have done between 12 and 15 of those.¹⁹
- 8.35 DIAC indicated that despite Nauru being a challenging environment, DIAC is on track to complete the facilities there. DIAC also confirmed that

16 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 11.

17 Mr M. Cahill, DIAC, *transcript of evidence*, 1 May 2013, p. 11.

18 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 11.

19 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 9.

it has learnt from the experiences of past on- and off-shore facilities, and has engaged with the relevant experts to ensure this RPC meets best practice.²⁰

Committee comment

- 8.36 The facilities in Nauru were subject to an urgency motion in the House of Representatives, thus excluding them from an inquiry by the Committee. Despite this, DIAC has provided to the Committee regular updates on the progress of the works in Nauru. The Committee thanks DIAC for enabling scrutiny of the project in this manner.
- 8.37 Given DIAC's experience in delivering these projects, and the fact that this project is based on the ones in Nauru, the Committee expects that it will also be delivered on time, on budget and fit-for-purpose.

Climate, health and education

- 8.38 Climate, health and education concerns were raised during the public hearing. DIAC described the climate of Manus Island as similar to that of northern Australia:

[Manus Island] is situated a few degrees south of the equator. It is a very tropical environment, not dissimilar to that which you would encounter in northern Australia and Christmas Island. Rather than the traditional four seasons, it is more like a monsoonal two seasons—a wet season and a dry season. It has very lush, tropical vegetation, which comes about because of heavy rains during the wet period. It is not affected by cyclones, but it is affected by monsoonal rain. There are times of the year when it is quite hot and has high humidity. There are other times of the year when it is less hot but still quite warm without necessarily the high levels of humidity.²¹

- 8.39 DIAC provided a supplementary submission that demonstrated that flooding of the RPC site had been considered and was not an issue.²²
- 8.40 The RPC will have self-sufficient waste management systems and power supplies, although DIAC intends to use local drinking water:
- The intention is to make use of the Lorengau town water supply.
The indication so far is that that water supply is of very good

20 Mr M. Cahill, DIAC, *transcript of evidence*, 1 May 2013, p. 9.

21 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 6.

22 DIAC, Submission 1.4, pp. 3-5.

quality, but we will also be putting in place water management arrangements in the centre which will further ensure that we have good quality water made available for transferees.²³

8.41 The RPC will draw on both local and imported food supplies:

If you look at what we have done in Nauru, for example, our garrison provider has initially brought in supplies from offshore and, in the process of establishing, has looked at local providers and proceeded to develop in concert with those local providers a strategy where gradually we shift from total importing arrangement to a joint procurement arrangement with the local providers so that we do not all of a sudden swamp the local market and denude it of its full access to products. It is the same sort of approach we are adopting in Manus. Initially we bring in all of our supplies externally and then over time develop arrangements with local providers to gradually replace that with local providers.²⁴

8.42 However, DIAC would ensure that it would have contingency measures:

So in the event that we had supply difficulties we would have identified alternative supply measures. It also goes to the quantity of material that is held in supply, to cover off that eventuality. It is the same experience that we had in place, for example, with Christmas Island. We go through the same sort of contingency planning because of the high reliance on Christmas Island around a regular ship transport of foodstuffs, goods and materials. Sometimes there are weather problems that delay that ship, so it goes to things like that around managing inventory supplies.²⁵

8.43 With regard to health, malaria is a key issue on Manus Island:

We have put in place a very active management strategy for managing that risk. We would propose to continue with an active management strategy in the permanent centre once it is operating.²⁶

8.44 DIAC has undertaken health risk assessment activities for the existing temporary site and the proposed RPC:

Together with our healthcare provider IHMS, we have done a full health risk assessment prior to the establishment of the temporary centre. We will continue to work with them to manage any

23 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 7.

24 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 10.

25 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 10.

26 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 7.

additional risks that might emerge and obviously, as we get closer to the operation – the stand-up of the new centre – and as we move into an operational mode, there will be a full operational risk assessment from a health perspective for that permanent site. We will be consulting with them throughout the design and construction process as well.²⁷

8.45 DIAC also provided further details on the assessments undertaken in a supplementary submission.²⁸

8.46 DIAC outlined its strategy for managing the risk of malaria:

... we already have a very active management strategy for managing the risk of malaria with, for example, extensive fogging programs undertaken at the site. We will put in place appropriate management plans to deal with ... health risks in the site. Once we get closer to finalising the construction we will have a better idea of the topography of where the various risk elements lie and what the different strategies are that we need to put in place to manage that. It would be the same as what we have done, for example, with the operation of Wickham Point where one of the risks identified during the commissioning phase there was a large number of biting insects. I believe this is the first facility we have in Australia with a biting insect management plan. That is unique to that particular site. We would similarly have a full risk assessment and the implementation of appropriate plans to deal with those health risks.²⁹

8.47 Regarding education and recreation, DIAC stated that a range of facilities would be available:

... for example, faith rooms for the different cultural groups who might be accommodated there to worship in. There will be a classroom to provide lessons for children. There will be a programs and activities space where a range of activities could occur that could be as diverse, say, as English language classes through to cooking demonstrations, bingo or card playing. There will be a basic gymnasium space for people to have physical exercise and a range of those facilities similar to what you would see in our onshore detention network would be made available.³⁰

27 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 7.

28 DIAC, Submission 1.4, p. 6.

29 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 8.

30 Mr K. Douglas, DIAC, *transcript of evidence*, 1 May 2013, p. 6.

- 8.48 This will include ensuring that children will have access to relevant educational facilities. DIAC stated that the teachers currently on Manus Island hold full teaching accreditation in Australia.³¹

Committee comment

- 8.49 The Committee is satisfied that DIAC has considered these climate, health and education issues. The Committee expects DIAC to continue to assess the suitability of its services, and to adapt them to meet the needs of clients.

Final Committee comment

- 8.50 The Committee was satisfied with the evidence provided by the Department of Immigration and Citizenship regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 8.51 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 8.52 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 7

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: Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea.

31 Mr M. Cahill, DIAC, *transcript of evidence*, 1 May 2013, p. 8.

Multi National Base Tarin Kot Remediation Project

- 9.1 The Department of Defence (Defence) proposes to remediate the multi-national base at Tarin Kot (MNB-TK), Uruzgan Province, Afghanistan.
- 9.2 The purpose of the project is to transfer suitable infrastructure and facilities to the Afghanistan National Security Force, deconstruct all other infrastructure and facilities and remediate the site prior to its return to Afghan control.
- 9.3 The cost of the project is \$47.2 million.
- 9.4 The project was referred to the Committee on 24 April 2013. The project was referred through the Governor-General, under Section 18(4) of the Committee's Act.¹ This provision enables the Governor-General to refer a public work to the Committee when the Parliament is not in session, or when the House of Representatives is adjourned for more than one month or indefinitely.

Conduct of the inquiry

- 9.5 Following referral to the Committee, the inquiry was advertised on the Committee's website and by media release.
- 9.6 The Committee received one submission and four supplementary submissions from the Department of Defence. The list of submissions can be found at Appendix A.
- 9.7 The Committee received a private briefing on the project and conducted a short public hearing and an in-camera hearing on 1 May 2013 in Melbourne.

1 *Public Works Committee Act 1969.*

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

Need for the works

- 9.9 On 26 March 2013, the Minister for Defence announced the closure of MNB-TK, Australia's main operating base located within the Uruzgan Province of Afghanistan, by the end of 2013.
- 9.10 As part of the closure of MNB-TK by the end of 2013, Defence is required to undertake the necessary remediation activities in a safe and environmentally compliant manner to ensure the base is returned to Afghan control in a condition suitable for future Afghan use.³
- 9.11 The Committee is satisfied that there is a need for the works.

Scope of the works

- 9.12 The closure of MNB-TK will be managed by a Force Extraction Unit. The Force Extraction Unit will manage the transfer of suitable Australian legacy infrastructure and facilities to the Afghanistan National Security Force and the deconstruction of all other infrastructure and facilities that are not suitable for transfer.
- 9.13 The deconstruction work is anticipated to be performed by both Defence and contracted labour. A specialist environmental officer has been deployed to MNB-TK to assist with environmental clearance activities prior to the transfer of the base back to Afghan control.⁴
- 9.14 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 9.15 The project cost is \$47.2 million. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the proponent agency on these costs.
- 9.16 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

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

3 Defence, Submission 1, p. 1.

4 Defence, Submission 1, p. 1.

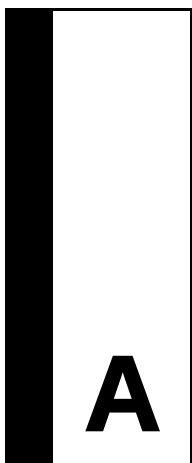
Final Committee comment

- 9.17 The Committee understands that the \$47.2 million cost estimate for this project is based on a worst case scenario of complete demolition and deconstruction of all Australian owned infrastructure utilising contracted labour.
- 9.18 The Committee notes that Defence expects that the remediation activities will be undertaken by a combination of contractor and military engineering labour, thereby reducing the overall cost of the project.
- 9.19 The Committee thanks Defence for providing a comprehensive private briefing on this significant project and commends Defence on its cooperative approach to project scrutiny.
- 9.20 The Committee was satisfied with the evidence provided by the Department of Defence regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 9.21 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 9.22 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 8

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: Multi National Base Tarin Kot Remediation Project.

Ms Kirsten Livermore MP
Chair
10 May 2013



Appendix A – List of Submissions

Construction of a new post-entry quarantine facility at Mickleham, Victoria

1. Department of Agriculture, Fisheries and Forestry/Department of Finance and Deregulation (DAFF/DoFD)
 - 1.1 Confidential
 - 1.2 DAFF/DoFD
 - 1.3 DAFF/DoFD
 - 1.4 DAFF/DoFD
 - 1.5 DAFF/DoFD
 - 1.6 DAFF/DoFD
 - 1.7 Confidential
 - 1.8 DAFF/DoFD
2. Mr Paul Gilchrist
3. Mr Neil Christensen
4. Australian Rare Poultry Importation Syndicate
5. The Australasian Veterinary Poultry Association Ltd
6. Mr Ben Wells
7. Australian Horse Industry Council
8. Luv-a-Duck Pty Ltd
9. International Racehorse Transport Pty Ltd

10. Thoroughbred Breeders Australia Ltd
11. Queensland Council of Bird Societies Inc.
12. The Australian Veterinary Association Limited
13. Australian Chicken Meat Federation (ACMF) Inc.
14. Wynnum Redlands Budgerigar Society Inc.
15. Harness Racing Australia (HRA)
16. Priam Australia (Priam Psittaculture Centre Research and Breeding)
17. Australian Seed Federation
18. Australian Duck Meat Association Incorporated
19. Equestrian Australia
20. Australian Racing Board
21. Fleming's Nurseries Pty Ltd
22. National Farmers' Federation
23. Avian Importers Australia

AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project

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

Air Warfare Destroyer Ship sustainment facilities at Garden Island, Randwick Barracks and HMAS Watson, Sydney, NSW

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Department of Defence
2. Sydney Harbour Association

3. Regional Development Australia (Sydney)/Sydney Aerospace & Defence Interest Group
4. The Hon Andrew Stoner MP

Landing helicopter dock ship sustainment facilities at Garden Island and Randwick Barracks, Sydney, NSW

1. Department of Defence
 - 1.1 Confidential
 - 1.2 Department of Defence
 - 1.3 Department of Defence
2. Regional Development Australia (Sydney)/Sydney Aerospace & Defence Interest Group
3. The Hon Andrew Stoner MP
4. Randwick City Council
 - 4.1 Randwick City Council

Defence Science and Technology Organisation Human Protection Performance Division security and facilities upgrade, Fishermans Bend, Melbourne, Victoria

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

Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Victoria

1. Australian Broadcasting Corporation
 - 1.1 Confidential
 - 1.2 Australian Broadcasting Corporation
 - 1.3 Australian Broadcasting Corporation
2. Open Gardens Australia
3. Regional Arts Victoria
4. Mr Martin Foley MP
5. Mr Nathan Zhivov & Ms Evelyn Loh
6. Mr Adam Bandt MP
7. Friends of the ABC (Vic) Inc.
8. peckvonhartel

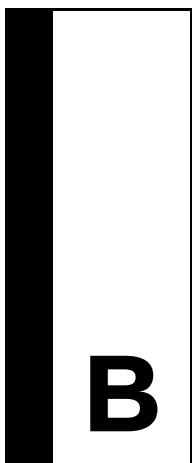
Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea

1. Department of Immigration and Citizenship
 - 1.1 Confidential
 - 1.2 Department of Immigration and Citizenship
 - 1.3 Department of Immigration and Citizenship
 - 1.4 Department of Immigration and Citizenship
 - 1.5 Department of Immigration and Citizenship
 - 1.6 Confidential
 - 1.7 Confidential
 - 1.8 Confidential
 - 1.9 Confidential
 - 1.10 Confidential
 - 1.11 Confidential

2. Australian Human Rights Commission
3. ChilOut (Children Out of Immigration Detention)
4. Save the Children

Multi National Base Tarin Kot (MNB-TK) Remediation Project

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



Appendix B – List of Inspections, Hearings and Witnesses

Proposed fit-out of Commonwealth Parliamentary offices at 1 Bligh Street, Sydney, NSW

Thursday, 21 March 2013 – Canberra

Public Hearing

Department of Finance and Deregulation

Ms Sharon Brigden, Project Director and NSW State Manager, Entitlements Management Branch, Ministerial and Parliamentary Services

Mr Greg Miles, Assistant Secretary, Entitlements Management Branch, Ministerial and Parliamentary Services

Davis Langdon

Mr Trevor Marinovich, Associate

In-Camera Hearing

Three witnesses

Proposed construction of a new post-entry quarantine facility at Mickleham, Victoria

Wednesday, 27 March 2013 – Melbourne

Public Hearing

Department of Agriculture, Fisheries and Forestry

Ms Annette Drury, Assistant Secretary, Post Entry Quarantine Operations

Dr Colin Grant, First Assistant Secretary, Post Entry Quarantine

Mr Andrew McDonald, Assistant Secretary, Animal Import Operations

Mr Peter Moore, Assistant Secretary, Post Entry Quarantine Project Delivery

Department of Finance and Deregulation

Ms Tooey Elliott, Assistant Secretary, Project Delivery Branch

Mr David Stockdale, Project Director

Mr Greg Whalen, First Assistant Secretary, Property and Construction Division

Sinclair Knight Merz Pty Ltd

Mr Julian Scanlan, Design Manager

In-Camera Hearing

Eight witnesses

AIR 9000 Phase 8 MH-60R Seahawk Romeo facilities project

Monday, 22 April 2013 – Nowra, NSW

Public Hearing

Department of Defence

Ms Jacqueline Bestek, Project Director, National Maritime, Capital Facilities and Infrastructure Branch

Commodore Vincenzo Di Pietro, Commander Fleet Air Arm, Navy

Brigadier Darren Naumann, Director-General, Capital Facilities and Infrastructure, DSG Infrastructure Division

Point Project Management

Mr Gregory Chronopoulos, Project Manager and Contract Administrator

The Rice Daubney Group (NSW) Pty Ltd (representing the Rice Daubney and Woods Bagot Joint Venture

Mr Maurice Valentinuzzi, Director of Defence

In-Camera Hearing

Five witnesses

**Air Warfare Destroyer Ship sustainment facilities at Garden Island,
Randwick Barracks and HMAS Watson, Sydney, NSW**

**Landing helicopter dock ship sustainment facilities at Garden Island
and Randwick Barracks, Sydney, NSW**

Tuesday, 23 April 2013 – Sydney

Public Hearing

Department of Defence

Mr Patrick Gagel, Project Director, New South Wales Maritime, Capital Facilities
and Infrastructure Branch, Infrastructure Division

Brigadier Darren Naumann, Director General, Capital Facilities and Infrastructure

Commodore Peter Quinn, Director General, Navy Capability Transition and
Sustainment

Mr Lloyd Woodford, Director, Environment Protection and Assessment,
Environment and Engineering, Infrastructure Division

Boulderstone Pty Ltd

Mr Giovanni Tripodi, Managing Contractor Representative

Point Project Management

Mr Matthew Theoharous, Project Manager/Contract Administrator

In-Camera Hearing

Six witnesses

**Defence Science and Technology Organisation Human Protection
Performance Division security and facilities upgrade, Fishermans
Bend, Melbourne, Victoria**

Tuesday, 30 April 2013 – Melbourne

Public Hearing

Department of Defence

Lieutenant Colonel James Brownlie, Project Director, Capital Facilities and Infrastructure Branch

Dr Simon Oldfield, Chief, Human Protection and Performance Division

Mr Richard Tanzer, Deputy Director-General, Capital Facilities and Infrastructure Branch

Daryl Jackson Alastair Swayn Pty Ltd

Mr James Andrews, Principal Architect

Sinclair Knight Merz

Mr Tim Hales, Project Manager and Contract Administrator

In-Camera Hearing

Five witnesses

Australian Broadcasting Corporation Melbourne accommodation project, Southbank, Victoria

Tuesday, 30 April 2013 – Melbourne

Public Hearing

Australian Broadcasting Corporation

Mr Brian Jackson, Director Business Services

Mr Randal Mathieson, State Director Victoria

Mr Raymond Moore, Project Director, ABC Capital Works Department,

Mr David Pendleton, Chief Operating Officer

Cox Architecture

Mr Patrick Ness, Director, Cox Architecture

Probuild Constructions (Aust) Pty Ltd

Mr Chris Czajko, Senior Design Manager

In-Camera Hearing

Six witnesses

Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea

Wednesday, 1 May 2013 – Melbourne

Public Hearing

Department of Immigration and Citizenship

Mr Matt Cahill, Acting Deputy Secretary, Immigration Status Resolution Group

Mr Peter Coll, Director, Manus Island Infrastructure

Mr Ken Douglas, First Assistant Secretary, Detention Infrastructure and Services Division

Ms Fatime Shyqyr, Assistant Secretary, Detention Infrastructure Branch

Aurecon Australia Pty Ltd

Mr Kevin Earle, External Project Manager and Contract Administrator

In-Camera Hearing

Five witnesses

Multi National Base Tarin Kot (MNB-TK) Remediation Project

Wednesday, 1 May 2013 – Melbourne

Public Hearing

Department of Defence

Major Louise Christensen, Staff Officer Grade 2 Force Engineer, Headquarters Joint Operations Command

Wing Commander Malcolm Harrison, Force Engineer, Headquarters Joint Operations Command

Air Commodore Hayden Marshall, Director General Support, Headquarters Joint Operations Command

Brigadier Darren Naumann, Director General, Capital Facilities and Infrastructure

Major Paul Pembroke, Staff Officer Grade 2 Force Engineer, Headquarters Joint Operations Command

In-Camera Hearing

Five witnesses