
The Parliament of the Commonwealth of Australia

Redevelopment of Propellant Manufacturing and other Specified Capabilities at Mulwala

Parliamentary Standing Committee on Public Works

March 2007
Canberra

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Membership of the Committee

Chair Hon Judi Moylan MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr John Forrest MP

Senator Michael Forshaw (to 1/3/07)

Mr Harry Jenkins MP

Senator Stephen Parry

Mr Bernie Ripoll MP

Senator the Hon Judith Troeth

Mr Barry Wakelin MP

Senator Annette Hurley (from 1/3/07)

Committee Secretariat

Secretary Mrs Margaret Swieringa

Inquiry Secretary Mr John Fuhrman

Senior Research Officer Mr Raymond Knight

Research Officer Ms Penny Wijnberg

Administrative Officer Mr Peter Ratas



List of Acronyms

ADF	Australian Defence Forces
ADI	Australian Defence Industries
PPP	Public Private Partnership



Extract from the Votes and Proceedings of the House of Representatives

No 138 Dated Thursday, 2 November 2006

5 PUBLIC WORKS—PARLIAMENTARY STANDING COMMITTEE—
REFERENCE OF WORK—REDEVELOPMENT OF THE PROPELLANT
MANUFACTURING FACILITY AT MULWALA, NSW

Mr Billson (Minister Assisting the Minister for Defence), pursuant to notice,
moved—That, in accordance with the provisions of the *Public Works Committee
Act 1969*, the following proposed work be referred to the Parliamentary
Standing Committee on Public Works for consideration and report:
Redevelopment of the propellant manufacturing facility at Mulwala, NSW.

Question—put and passed.



List of Recommendations

3 Issues and Conclusions

Recommendation 1

The Committee recommends that at the time of renegotiating the lease of Mulwala in 2008 between Thales Australia and the Commonwealth, Defence consider bringing rental payments into line with current market rental payments for purpose built buildings.

Recommendation 2

The Committee recommends that Defence consider renegotiating the capability payment paid by the Commonwealth to Thales Australia in recognition that production at the Mulwala facility exceeds the demands of the ADF, and has the capacity to service commercial markets.

Recommendation 3

The Committee recommends that at the earliest opportunity Defence adjust the profit sharing ratio so as to deliver an outcome that is more equitable to the Commonwealth, recognising the improvements in operational efficiencies that the redevelopment provides to the lessee.

Recommendation 4

The Committee recommends that Defence examine how in future hearings associated with major capital works proposals, the quality of evidence can be enhanced in order to make it more comprehensive, and more transparent.

Recommendation 5

The Committee recommends that Defence submit a strategy report to the Committee on how the department proposes to address the issues referred to in Recommendations 1, 2, and 3.

Recommendation 6

The Committee recommends that the redevelopment of the propellant manufacturing facility at Mulwala proceed at an estimated cost of \$338.7 million, excluding GST.