

Issues and Conclusions

Amendment to the Statement of Evidence

- 4.1 At the commencement of the Public Hearing, Defence proposed the following amendments to its Statement of Evidence:

At paragraph 17 (c): delete the words ‘and upgrade of messing facilities’.

Amend heading to paragraph 37 by deleting the words: ‘and Mess Upgrade’.

Amend the opening sentences to paragraph 68 to read, ‘Efficient water use is a key aspect of the design. Key water saving measures to be investigated will include...’¹

Background

- 4.2 According to its opening statement to the Committee, Defence describes the proposed works to be undertaken at HMAS CRESWELL as addressing concerns over the deteriorating Defence estate that has served as a

1 Official Transcript of Evidence, page 2.

disincentive to Naval recruitment and retention, as well as having an effect on training.

- 4.3 The nature of the proposed works is as wide in scope as it is in diversity. According to Defence the works will encompass the modernisation of the Royal Australian Navy School of Survivability and Ship Safety (RANSSSS) training units, infrastructure and amenities facilities; the provision of new and the upgrade of existing engineering services and infrastructure; the refurbishment of existing living-in accommodation and the provision of new living-in accommodation; the refurbishment of existing and the provision of new working accommodation and instructional facilities; the provision of new physical fitness and training facilities; the upgrade of cadet recreational facilities; waterfront environmental works and a new classroom and amenities facility, and an upgrade to the armoury.²
- 4.4 The Committee was pleased to hear that unlike some other projects that had been referred to it by Defence, the extent of the adaptive reuse and refurbishment of existing facilities and infrastructure was a feature of the proposed redevelopment.
- 4.5 In its Statement of Evidence, Defence suggests that the use of HMAS CRESWELL has fluctuated over time as a consequence of the priorities given to the training of Navy personnel by the department. Defence states that:

With the end of the war [World War I] came changes in Defence strategy and the requirement for naval officer training was reduced. The College was affected and in 1930, it was relocated to Flinders Naval Depot in Victoria. By 1937, most of the buildings at Jervis Bay were leased to private individuals and companies and the site was developed as a tourist town. The return of the RAN College to Jervis Bay was the culmination of a successful campaign beginning in 1950. The College was re-opened and commissioned as HMAS CRESWELL in February 1958.³

- 4.6 However, the use of facilities at HMAS CRESWELL has been variable rather than serving as the focus of training of naval personnel. In its submission to the Inquiry, the department informed the Committee that:

Changes to RAN officer initial entry training arrangements in recent times has seen fluctuating demands on facilities in HMAS CRESWELL. This uncertainty has resulted in minimal investment in facilities and infrastructure on the Base over the past 20 years and a consequential deterioration of the [its] overall condition.

2 loc. cit.

3 Submission 1, paragraph 5.

The demand on facilities in HMAS CRESWELL to support the training capability is on the increase, with an approximate annual throughput of 900 trainees.⁴

The Future of HMAS CRESWELL

- 4.7 Against the background of uncertainties attached to the base as the principal training facility for Navy personnel, the Committee sought assurances from Defence that as a result of the base being ‘mothballed to some extent over 20 years’ that allowed the facilities to deteriorate and the now significant proposed investment in HMAS CRESWELL, the facility would be fully utilised over the lifetime of the proposed redevelopment.⁵
- 4.8 According to the Navy witness, the review of Naval training conducted in 2005, and approved by the Minister in 2006, confirmed HMAS CRESWELL as the RAN College for initial entry officers, and that the base would continue to support all of the current training courses for the Navy and visiting Army and Air Force units over the long term, which would translate to 30 years or the life of the works covered by the current project. In addition, the base would continue to operate as the key support facility for the Australian Defence Forces (ADF) and associated activities in the Jervis Bay and the east Australian exercise area.⁶
- 4.9 In adding to this, the Defence witness, referring to the proposed works associated with the RANSSSS informed the Committee that personnel from all arms of the ADF that were deployed to Navy ships were required to undertake survival and safety training. HMAS CRESWELL was one of three sites capable of providing survival and safety training, the others being located in Victoria and Western Australia.⁷
- 4.10 Drawing on the figures quoted in the department’s Statement of evidence that the approximate throughput of trainees was in the vicinity of 900 annually and having regard to the Commonwealth’s investment in the project, the Committee queried the basis of this estimate.
- 4.11 Defence confirmed that the numbers passing through the Naval College was in the order of 900 annually. This figure would increase by around 2,500 personnel passing through the RANSSSS annually. In terms of the

4 *ibid.*, paragraph 11.

5 Transcript of Evidence, page 3.

6 *loc. cit.*

7 Transcript of Evidence, page 4.

occupancy of living-in accommodation this would translate to an average of 280 personnel living on base at any one time.

- 4.12 The Committee was subsequently informed by Defence that the average of 280 trainees per day is based on target courses for 2008 taken over 50 weeks of the year. This will achieve an annual occupancy rate of living-in accommodation of 75 percent, allowing for some residual capacity to accommodate courses organised at short notice or for operational reasons.⁸

Project Delivery

- 4.13 The Committee sought details from Defence as to the methodology used to deliver the project, including when expressions of interest were sought, how many companies responded and the current position regarding the selection of the final tenderer. The Committee was also interested in whether the panel of selected tenderers mentioned during a previous Inquiry⁹ had participated in the tender process.
- 4.14 The department explained that the HMAS CRESWELL project would be delivered under a managing contractor delivery method. This would be a two-stage process that would provide the department with the flexibility to develop scope and design options that best meet the needs of both Defence and Navy.¹⁰
- 4.15 The Project Manager/Contract Administrator was engaged by way of a 'request for proposal' that Defence confirmed had been sent to the members of the Defence Infrastructure Panel that currently comprises 10 companies. Responses were received from eight of the 10 panellists from which one was selected based on a technical and value for money basis.¹¹
- 4.16 A Managing Contractor was selected through an open tender process in response to advertisements in the press. The preferred tenderer was selected on a similar basis to that employed in the selection of the Project Manager/Contract Administrator. The Managing Contractor will be responsible on a two-stage basis for the project development phase, including the engagement of design contractors followed by the project delivery phase including the letting of sub-contracts for construction on

8 Letter to the Chair from Brigadier William Grice, Director General Infrastructure Asset Development, 3 October 2007.

9 Proposed Land Engineering Agency Test Services Relocation.

10 *ibid.*, page 4.

11 *loc. cit.*

behalf of Defence, the supervision and management of construction, and the commissioning and hand-over of the completed facilities.¹²

Options

- 4.17 The Committee made reference to the design options canvassed by Defence, and sought further details of the options considered in developing the proposal for HMAS CRESWELL.
- 4.18 In responding Defence informed the Committee that initially the department had looked at the demolition of some 300 living-in accommodation units, but concluded that this would exceed available funding. It was then decided that the option of adaptive reuse of a number of facilities and the construction of new facilities would deliver greater cost effectiveness, as well as providing an acceptable solution that would meet the requirements of Navy.¹³
- 4.19 The department further added that there were two elements of the proposed redevelopment of HMAS CRESWELL regarded as priorities. The first of these were the works associated with the RANSSSS because of the priority attached to the training provided by the school by both the department and Navy. The second was the decision to undertake the full scope of engineering infrastructure works that according to the department's Statement of Evidence are currently in poor condition, and require an increase in capacity so as to reduce maintenance liabilities.¹⁴

Heritage Issues

- 4.20 In relation to the department's proposal to refurbish Cerberus House, a building of some 50 years old, the Committee expressed some reservations that the works associated with this aspect of the project could be met from within the existing budget assigned to it – particularly having regard to the condition of the building.
- 4.21 In responding, Defence acknowledged that there was a premium in retaining heritage listed buildings, but that since Cerberus House was heritage listed there was no option but to ensure its preservation. The works associated with the building's preservation would involve gutting

12 loc. cit.

13 *ibid.*, page 5.

14 *ibid.*, page 6. See also Submission 1, paragraph 36.

the interior and constructing a steel frame inner structure followed by a new internal fit-out including the restoration of ceilings and walls, and new electrical, plumbing and sewerage works.¹⁵ According to Defence, the cost of the proposed refurbishment could be met through from the estimate provided.

4.22 The Committee enquired as to how Geelong House a building that had been demolished some years previously would be reconstructed to complement Cerberus House.

4.23 Defence informed the Committee that while it is intended that the external facade of Geelong House would reflect the heritage appearance of Cerberus House, it would incorporate more recent trimmings including aluminium look-alike windows, and that ecologically sustainable development design principles would be applied including meeting Defence's requirement of an ABGR 4.5 energy rating. The department further stated that:

Some of the design measures which have been identified for that building are natural ventilation, with supplementary fans for cooling and convective heating in the inner living accommodation; low-flow shower heads...and individual variable refrigerant volume air-conditioning in the offices and training rooms...¹⁶

4.24 On the broader question of heritage related issues, the ACT Government witness in responding to a question from the Committee on the jurisdiction of the ACT to exercise responsibility over the heritage values of HMAS CRESWELL stated that his agency was not aware of the heritage aspects of Creswell. The witness stated however that the laws of the ACT apply in the Jervis Bay Territory unless there exist Commonwealth laws or regulations that overrode the ACT.¹⁷

4.25 The witness subsequently informed the Committee that:

The buildings of heritage significance at HMAS CRESWELL are listed on the National Heritage Register under the *Environment Protection and Biodiversity Conservation Act 1999*. Where there is Commonwealth legislation in place it overrides the ACT legislation. In this case the heritage values are protected by the Commonwealth legislation administered by the Commonwealth Department of Environment and Water Resources.¹⁸

15 *ibid.*, page 7.

16 *loc. cit.*

17 *ibid.*, page 12.

18 e-mail to the Committee of 24 September, 2007.

- 4.26 Notwithstanding, the witness stated that the Environment and Protection Branch the TAMS (TAMS) was prepared to provide advice on any heritage aspects of the development should it be approached by Defence. However, the witness was uncertain as to whether ACT legislation was applicable on a Commonwealth Defence establishment.¹⁹

Water and Sewerage

- 4.27 The Committee enquired as to the impact that the proposed works, once complete, would have on the demand for water and power, and was informed by the department that current water consumption was in the vicinity of 56 million litres of water annually. According to Defence this will be reduced when treated water for toilets comes on line delivering savings of about 15 million litres annually, inclusive of the proposed new 25-metre swimming pool.
- 4.28 The Committee noted the Submission by the Department of Transport and Regional Services seeking clarification of the source of water for the proposed new 25 metre indoor swimming pool, against a background of water restrictions in the Jervis Bay area and the pressure that this might place on existing water resources in the Territory.²⁰

Recommendation 1

The Committee recommends that Defence provide further information to the Department of Transport and Regional Services regarding concerns as to the provision of water for the proposed swimming pool.

- 4.29 Defence acknowledged that the new development would increase power usage on base as a result of the increase in occupiable area delivered by the new facility.²¹ The department did not offer any insights into the likely increase of consumption, nor did it indicate what impact proposed energy ratings might have on power consumption. Further it was unclear whether Integral Energy had the capacity to sustain the supply of the energy needs of the base without major upgrades to the electricity infrastructure.

19 Transcript of Evidence, page 12.

20 Submission No.2, Department of Transport and Regional Services.

21 Transcript of Evidence, page 8.

Recommendation 2

The Committee recommends that Defence inform it of potential energy savings flowing from the initiatives it proposes to incorporate into the redevelopment of HMAS CRESWELL, and the outcomes of consultations with Integral Energy regarding the supply of power to HMAS CRESWELL, with particular regard to any additional infrastructure that might be required.

- 4.30 The Committee sought a response from Defence as to whether the new living-in accommodation and some other new buildings would include water capture measures.
- 4.31 In addressing the Committee's question, Defence stated that it had not included rainwater tanks on new buildings. The department explained that the overflow from the effluent holding pond could provide irrigation to non-inhabited areas of the base, and that once treated could also be used in all of the toilets in the new and refurbished buildings. In the view of the department treatment of water from the effluent holding pond was more cost effective than capturing rainwater, although the opportunity to install water tanks was an option in the future if required.²²
- 4.32 As to whether there was a possibility of untreated water run-off into Jervis Bay, Defence explained that the current processes whereby water discharged from the effluent holding pond was reused precluded untreated water being discharged into the Bay.²³
- 4.33 The issue of the use of recycled water was of concern to the witness from the ACT Government. The witness informed the Committee that the use of recycled water was the subject of legislation in the ACT, and that it required an agreement with the Environmental Protection Agency in order to provide assurances to the local community that the environment has been adequately protected.²⁴
- 4.34 The witness acknowledged the in principle preparedness of Defence to sign-off on that agreement, noting that there already existed a similar agreement in the Canberra region relating to the use of recycled water on Defence sporting grounds.²⁵

22 *ibid.*, page 9.

23 *loc. cit.*

24 *ibid.*, page 12.

25 *loc cit.*

Recommendation 3

In order to resolve the concerns of the ACT government regarding the use of recycled water, the Committee recommends that Defence continues to consult in detail with the Government of the ACT and ensure that the department complies with ACT legislation.

- 4.35 Following up on the potential for low grade water entering Jervis Bay the witness informed the Committee that the Environment and Heritage Branch of TAMS undertakes a water sampling regime of discharges of both groundwater and surface water. This sampling regime is also conducted on the sewerage treatment area. The two sampling regimes referred to produce a level of certainty in respect to treated water that all of the Jervis Bay occupants can rely on.²⁶

Consultations with the ACT Government

- 4.36 The Committee sought reasons why Defence had not consulted with the ACT Government in the development of this project, particularly since the Territory of Jervis Bay was part of the ACT.
- 4.37 Defence acknowledged that this had come about as a result of a misunderstanding. The department believed that TAMS were the responsible department for operations within the Jervis Bar area. Having become aware of the role of the ACT in administering the Jervis Bay Territory, it had initiated meetings with officials of the ACT Government to explain the project, and reached agreement on providing feed-back on environmental matters to ensure that the department meets its obligations under ACT environmental legislation.²⁷
- 4.38 The ACT Government witness confirmed that meetings had occurred, and that a mechanism for consultation between the parties had been agreed.²⁸
- 4.39 However, as the witness explained, the ACT Government is still not privy to a number of aspects of the proposal that are yet to be clarified. Further owing to the stage reached by Defence in the development of the project

26 *ibid.*, page 13.

27 *ibid.*, page 9.

28 *ibid.*, page 11.

particularly related to water-sensitive urban design it may be difficult to agree with or change measures proposed by Defence.²⁹

- 4.40 Although acknowledging that Defence has undertaken to provide the details requested by the ACT, the ability to modify or change design works was perceived as being difficult, particularly where a need might arise to retro-fit measures to preserve the sensitivities associated with the environment. Further, the witness indicated that the Defence response to the Government's submission was vague, using words like 'where necessary' which was not indicative of a sufficient level of commitment. The witness expressed the hope that some of these issues could be resolved through the Public Health and Environment Working Group.³⁰

Recommendation 4

In the interests of ensuring water-sensitive urban design Defence give consideration to water capture measures to service living-in accommodation. The Committee recommends that water capture facilities be installed as part of the development in preference to retro-fitting in the future.

- 4.41 The witness also informed the Committee that there were aspects of the proposed development relating erosion control that had been raised by the ACT. It had not been possible for the government to make any assessment as to the likelihood of sediment run-off since the construction management plans were unavailable limiting the opportunity for the government to assess whether suitable controls were in place to protect the marine environment of Jervis Bay.³¹
- 4.42 In its submission to the Inquiry, TAMS expressed concerns over the proximity of the proposed works to what it describes as a 'sensitive receiving environment', and recommended that:
- ...the proposed Environment Management Plans for the works specifically detail the controls to be established and maintained during the works to prevent any discharges.
- 4.43 The details that Defence has been asked to comply with by the ACT government are consistent with the ACT Environment Protection

29 loc. cit.

30 loc. cit.

31 *ibid.*, page 12.

Authority's 1998 guidelines 'Erosion and Sediment Control during land Development'

Recommendation 5

So as to meet ACT requirements relating to erosion control sediment run off and other discharge potentially likely to occur during the project works, the Committee recommends that Defence obtain a copy of the ACT Environment Protection Authority's 1998 guidelines 'Erosion and Sediment Control during land Development' and work toward compliance with these obligations.

Hazardous Waste

- 4.44 In response to a reference to the removal and disposal of hazardous waste included in the submission received from the Government of the ACT,³² the Committee sought details from the departmental witness as to how the disposal of hazardous waste would be regulated in the event of being present on the site.³³
- 4.45 The witness confirmed that oversight of the disposal of hazardous waste would definitely be monitored if it was identified. The witness acknowledged that Defence had committed itself to providing the Public Health and Environment Committee of the Jervis Bay Territory with details of hazardous materials surveys and other remedial works done on Creswell, which in the ACT is a standard part of any redevelopment work. Should there be a requirement to remove asbestos Defence would be obliged to provide the detail in its management plan for the site.³⁴
- 4.46 In terms of disposal, the witness stated that the Department would be closely watching this, and would be available to Defence to provide advice as to whether the management of the disposal of hazardous materials was being undertaken consistent with ACT regulations.³⁵
- 4.47 On the question of the extent of hazardous waste the witness informed the Committee that the department was not privy to the extent and nature of site contamination, including in addition to asbestos, the presence of any

32 Submission No.10, ACT TAMS.

33 Transcript of Evidence, page 13.

34 loc. cit.

35 loc. cit.

potential hydrocarbon contamination from old fuel storage sites and possible PCBs.

Recommendation 6

Having regard to the concerns of the ACT Department of Territory and Services regarding the management and disposal of hazardous waste, the Committee recommend that Defence undertake an appropriate hazardous materials survey of proposed works at HMAS CRESWELL, and furnish the ACT Department of Territory and Services with a plan for the management and disposal of any hazardous waster identified.

Project Cost

4.48 The estimated out-turn cost of the works is \$83.6 million. This figure includes all design works; construction costs; management fees; furniture, fittings and equipment, and an escalation and contingency provision.

Recommendation 7

The Committee recommends that HMAS CRESWELL Redevelopment proceed at an estimated cost of \$83.6 million.

Mark Butler MP

Chair

17 March 2008