

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Report 3/2018

Referrals made May 2018

Parliamentary Standing Committee on Public Works

August 2018
CANBERRA

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Committee Membership

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Members	Senator Alex Gallacher
	Mr Ian Goodenough MP
	Mr Julian Hill MP
	Ms Joanne Ryan MP
	Senator Amanda Stoker
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List of Recommendations

Recommendation 1

- 2.25 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 works: Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project.

Recommendation 2

- 3.35 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 works: Jindalee Operational Radar Network (JORN) Phase 6 Facilities Project.

1. 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 Assistant Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.¹
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
 - the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
 - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
 - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
 - 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

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.

- any other matter declared by the regulations to be a work.²
- 1.4 The Act requires the Committee to consider and report on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
 - the present and prospective public value of the work.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

Structure of the Report

- 1.6 The Assistant Minister for Finance, the Hon David Coleman MP, referred the following projects in May 2018 to the Committee:
- Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project; and
 - Jindalee Operational Radar Network Phase 6 Facilities Project.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on significant issues of interest or concern.
- 1.9 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.
- 1.10 Chapter 2 addresses the proposed Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project. The estimated cost of the project is \$16.67 million, excluding GST.

² The Act, Section 5.

³ The Act, Section 17.

- 1.11 Chapter 3 addresses the proposed Jindalee Operational Radar Network Phase 6 Facilities Project. The estimated cost of the project is \$50.7 million, excluding GST.
- 1.12 Submissions are listed at Appendix A, and hearings and witnesses are listed at Appendix B.

2. Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project

- 2.1 The Department of Defence (Defence) seeks approval from the Committee to proceed with the proposed Chemical, Biological, Radiological and Nuclear Defence (CBRND) Capability Facilities Project in various locations across Australia.
- 2.2 The CBRND Capability Facilities Project is a part of the wider LAND 2110 Phase 1B capability project. According to Defence:
- LAND 2110 is a multiphase project providing the Australian Defence Force with an improved chemical, biological, radiological and nuclear defence capability to ensure it can operate in current and future threat environments.¹
- 2.3 The Australian Defence Force's CBRND Capability Facilities project will provide new and refurbished facilities to undertake training for the LAND 2110 capability and provide facilities to support the capability equipment procured under the LAND 2110 capability project.²
- 2.4 The estimated cost of the project is \$16.67 million (excluding GST).
- 2.5 The project was referred to the Committee on Thursday, 10 May 2018.

¹ Brigadier Matt Galton, Department of Defence, *Transcript of evidence*, 30 July 2018, p. 1.

² Department of Defence, *Submission No. 1*, p. 7.

Conduct of the inquiry

- 2.6 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 2.7 The Committee received two submissions, one supplementary submission, and one confidential submission. A list of submissions can be found at Appendix A.
- 2.8 On 30 July 2018, the Committee conducted a site inspection by presentation for the Committee. On the same day, the Committee also conducted a public and in camera hearing. A transcript of the public hearing is available on the Committee's website.³

Need for the works

- 2.9 In its submission, Defence stated that the CBRND capability aims to protect Australian Defence Force personnel from the strategic, tactical and physiological impacts of exposure to toxic industrial materials and CBRN weapons. This is achieved through training and equipping personnel for operations in a CBRN threat environment by addressing the five enabling systems of CBRN protection:
- detection, identification and monitoring;
 - warning and reporting;
 - physical protection;
 - hazard management; and
 - medical support.⁴
- 2.10 Defence told the Committee that:
- To support the introduction into service and subsequent operation of the LAND 2110 capability, suitable infrastructure and training facilities are required at a number of ADF establishments around Australia.⁵
- 2.11 According to Defence, the training facilities in support of the LAND 2110 capability were identified as either being non-existent or dilapidated and in a state of disrepair.⁶

³ <www.aph.gov.au/PWC>

⁴ Department of Defence, *Submission No. 1*, p. 1.

⁵ Brigadier Matt Galton, Department of Defence, *Transcript of evidence*, 30 July 2018, p. 1.

⁶ Department of Defence, *Submission No. 1*, p. 1.

- 2.12 Furthermore, Defence stated that facilities to support storage of the equipment procured under capability project LAND 2110 were also identified as either being non-existent or not fit for purpose.⁷

Scope of the works

- 2.13 At the public hearing, Defence discussed the relationship between the CBRND capability being acquired under LAND 2110 and the proposed facilities:

The new capability will be supported by the facilities project through the consideration of sustainment and maintenance, which will be provided through the provision of facilities to accommodate the capabilities containerised integrated logistics package storage solution at key ADF training and operational preparedness locations. Training will be supported through the provision of new and refurbished mast test facilities to conduct basic level training and to ensure soldiers are confident with their training and equipment. Navy will also providing cleansing and monitoring station simulation facilities to better simulate the conditions on ships.⁸

- 2.14 In its submission, Defence outlined the two facilities components to be delivered through three project elements at 14 sites across Australia. For a list of locations, see Table 2.1 below.

- 2.15 The proposed works have been separated into the following two components:

- the construction of new mask testing facilities (MTF) and refurbishment of existing facilities; and
- the provision of storage facilities to support the integrated logistics plan (ILP) for the project.⁹

- 2.16 Defence split the proposed works into three project elements:

- **Element 1 – New Mask Testing Facilities [MTF] construction.** The facility consists of a central enclosed structure where training is conducted, with water available on site at the structure. A four-vehicle car park in the vicinity of the structure is to be constructed, with an access road provided to connect the facility to the nearest road. An undercover training shelter (waiting area), suitable for use by 30 personnel, is to be constructed at the

⁷ Department of Defence, *Submission No. 1*, p. 1

⁸ Brigadier Matt Galton, Department of Defence, *Transcript of evidence*, 30 July 2018, p. 1.

⁹ Department of Defence, *Submission No. 1*, p. 7.

entrance to the facility and outside of the safety area. A six-vehicle car park is to be provided at the waiting area.

- **Element 2 – Refurbished Mask Testing Facilities.** This project element is to update and refurbish three existing facilities to undertake individual and collective training for the LAND 2110 capability at three locations.
- **Element 3 –ILP Storage Solutions.** The requirement for this project element is to provide facilities at ten locations to support the operational and training capability procured under the capability project LAND 2110 in three configurations:
 - Operational pack for Army;
 - Operational pack for Air Force; and
 - Training packs for all three services.¹⁰

2.17 Table 2.1 demonstrates which project elements will be delivered at the 14 sites.

¹⁰ Department of Defence, *Submission No. 1*, pp. 7-8.

Table 2.1 Proposed works at 14 sites across Australia

Location	Element 1	Element 2	Element 3
	New MTF	Refurb MTG	ILP
HMAS <i>Stirling</i> , WA		X	X
Bindoon Training Area, WA		X	
Robertson Barracks, NT	X		X
RAAF Base Edinburgh, SA	X		X
Lavarack Barracks, Qld	X		X
Gallipoli Barracks, Qld			X
RAAF Base Amberley, Qld	X		X
SME, Holsworthy Barracks, NSW			X
ARTC Kapooka, NSW	X		X
RAAF Base Wagga, NSW			X
HMAS <i>Creswell</i> , ACT		X	X
RMC, Majura Range, ACT	X		
HMAS Cerberus, Vic			X
RAAF Base East Sale, Vic	X		

Source: Department of Defence, *Submission No.1*, p.8.

2.18 Subject to Parliamentary approval, construction is expected to commence early 2019 and be completed in late 2019.¹¹

Cost of the works

2.19 The project has a budget of \$16.67 million, exclusive of GST. It includes the cost of construction, management and design fees, contingencies and an escalation allowance.¹²

¹¹ Department of Defence, *Submission No. 1*, p. 15.

¹² Department of Defence, *Submission No. 1*, p. 15.

- 2.20 Defence provided further detail on project costings in its confidential submission and during an in camera hearing.
- 2.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent entity.

Committee comment

- 2.22 The Committee notes the submission from Gallipoli Precinct Action Group commending Defence for its consultation for this project.¹³ The Committee encourages Defence to continue its usual engagement with local communities.
- 2.23 The Committee did not identify any issues of concern with the proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 2.24 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

- 2.25 **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 works: Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project.**
- 2.26 Proponent entities must notify the Committee of any changes to the project scope, time, cost, function or design. The Committee also requires that a post-implementation report be provided within three months of a project completion. A report template can be found on the Committee's website.

¹³ Gallipoli Precinct Action Group, *Submission No. 2*, p.1.

3. Jindalee Operational Radar Network Phase 6 Facilities Project

- 3.1 The Department of Defence (Defence) seeks approval from the Committee to proceed with the Jindalee Operational Radar Network (JORN) Phase 6 Facilities Project.
- 3.2 The JORN capability is Australia's first comprehensive land and air early warning system. It provides 24-hour military surveillance of the northern and western approaches to Australia, while also assisting in detecting illegal entry, smuggling and unlicensed fishing.
- 3.3 The JORN system comprises three elements: the over-the-horizon radar, Ionospheric Sounder Sites and the JORN Coordination Centre.
- 3.4 There are three over-the-horizon radar transmit and receive sites, these sites are located in Longreach, Queensland (Radar 1); Laverton, Western Australia (Radar 2); and Alice Springs Northern Territory (Radar 3).
- 3.5 The JORN Phase 6 Facilities Project aims to address obsolescence and supportability issues associated with the existing Radar 3 over-the-horizon radar facilities consisting of a Transmit site at Harts Range and Receiver site at Mount Everard in the Northern Territory (NT), and provide supporting infrastructure and upgrades at four Ionospheric Sounder Sites, at various locations across Australia.¹
- 3.6 The estimated cost of the project is \$50.7 million (excluding GST).
- 3.7 The project was referred to the Committee on 24 May 2018.

¹ Department of Defence, *Submission 1*, p. 2.

Conduct of inquiry

- 3.8 Following referral, the inquiry was publicised on the Committee's website and via media release.
- 3.9 The Committee received one submission, one supplementary submission and one confidential submission. A list of submissions can be found at Appendix A.
- 3.10 On 30 July 2018, the Committee conducted a site inspection by presentation for the Committee. On the same day, the Committee also conducted a public and in camera hearing. A transcript of the public hearing is available on the Committee's website.²

Need for the works

- 3.11 Defence identified that many elements of the existing JORN are now in excess of 30 years old, and a significant upgrade of the JORN capability is being conducted to maximise its effectiveness and provide increased capability arising from innovation and technological advancements.³
- 3.12 Defence submitted that works at the Radar 3 facilities additionally aim to standardise its operational model across all three Radar sites, specifically changing the current operating model to a travel in/travel out model, aligning operations to Radar 1 and Radar 2.⁴
- 3.13 Defence told the Committee at the public hearing that the travel in travel/out model aims to:
- Address escalating maintenance cost to maintain the deteriorating assets;
 - Address inadequate amenities to support the health and wellbeing of operations personnel, and;
 - Redress the Radar 3 facilities through the consolidation, refurbishment and construction of purpose designed facilities.⁵

² <www.apg.gov.au/PWC>

³ Brigadier Matt Galton, Department of Defence, *Transcript of evidence*, 30 July 2018, p. 1.

⁴ Department of Defence, *Submission 1*, pp. 2-3.

⁵ Brigadier Matt Galton, Department of Defence, *Transcript of evidence*, 30 July 2018, p. 2.

- 3.14 The proposed works also require one new and three additional Ionospheric Sounder Sites installations located near existing installation across Australia. The Ionospheric Sounder Sites upgrades aim to provide improvements to the Frequency Management System of the JORN capability.⁶
- 3.15 Defence's submission stated that proposed upgrades aim to extend the system life to 2042.⁷
- 3.16 The Committee is satisfied that the need for the works exists.

Scope of the works

- 3.17 According to Defence, the proposed works across all sites include:
- upgrades to services including power, water, fire protection, sewerage, ICT and stormwater;
 - new travel in/travel out accommodation facilities;
 - upgrade to, and new facilities to support the Receive and Transmit operations, fundamental to the Jindalee Operational Radar Network; and
 - demolition of redundant structures.⁸
- 3.18 The specific works proposed at Harts Range, NT include the following elements:
- transit accommodation precinct;
 - site infrastructure;
 - store room replacement;
 - demolition of legacy buildings; and
 - transmit building replacement.⁹
- 3.19 Works proposed at Mount Everard, NT include the following elements:
- transit accommodation precinct;
 - site infrastructure;
 - receive building refurbishment; and
 - demolition of legacy buildings.¹⁰

⁶ Department of Defence, *Submission 1*, pp. 8-10.

⁷ Department of Defence, *Submission 1*, p. 1.

⁸ Department of Defence, *Submission 1*, pp. 8-10.

⁹ Department of Defence, *Submission 1*, p. 8.

¹⁰ Department of Defence, *Submission 1*, p. 9.

- 3.20 Ionospheric Sounder Sites proposed works include supporting facilities for one new and three additional Ionospheric Sounder Sites installations located near existing installations to enhance the existing Ionospheric Sounder Sites network. These works will be undertaken at RAAF Base Learmonth and Ajana in Western Australia, Horn Island in Queensland and Murray Bridge in South Australia.¹¹
- 3.21 Upgrades of the selected Ionospheric Sounder Sites under JORN Phase 6 aims to provide the following at each location:
- a flat, cleared area of 105m x 105m (inclusive of allowance for fire break);
 - a nominated location for an equipment shelter;
 - power connection to the site to enable connection of the equipment shelter; and
 - site fencing to delineate the area and provide protection from stock and low level physical security.¹²
- 3.22 Subject to Parliamentary approval, Defence anticipates that construction will commence in early 2019 and reach completion by late 2020.¹³
- 3.23 The Committee finds that the proposed scope of works is suitable for the works to meet its purpose.

Local impacts

- 3.24 Defence submitted that the new operational support model at Alice Springs will change the way that BAE personnel are employed:
- For BAE Systems staff employed at Harts Range, and their families, this will result in a change from permanent on-site accommodation to transit accommodation for rostered staff only. For BAE Systems staff employed at Mount Everard, this will result in a change from staff commuting daily to Alice Springs to provision of transit accommodation for rostered staff only.¹⁴
- 3.25 According to Defence, one of the key reasons that these staff would be transitioned away from on-site accommodation was due to workplace health

¹¹ Department of Defence, *Submission 1*, p. 10, Attachment 11.

¹² Department of Defence, *Submission 1*, p. 10.

¹³ Department of Defence, *Submission 1*, p. 16.

¹⁴ Department of Defence, *Submission 1*, p. 14.

and safety concerns. Specifically, the threat posed by bushfires and the remoteness from appropriate medical facilities.¹⁵

- 3.26 At the public hearing Defence told the committee that they have been engaging with the personnel and families of the permanent on-site facilities at Harts Range for at least two years and that the personnel and their families have accepted that there is a 'need to change the approach around the health and safety aspects at Harts Range'.¹⁶
- 3.27 In responding to the concerns of personnel at the Harts Range facility, Defence told the Committee that:

Part of their agreement is that we will relocate them to where they would like to go. Some families have said they would like to move on and take on different challenges. So we will be helping to redeploy those people wherever possible.¹⁷

Cost of the works

- 3.28 The project has a budget of \$50.7 million, exclusive of GST. It includes the cost of construction, management and design fees, contingencies, information and communications technology, contingencies and an escalation allowance.¹⁸
- 3.29 The Committee also received evidence relating to cost breakdowns in the in-camera hearing.
- 3.30 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent entity.

Committee comment

- 3.31 The Committee understands the importance of military surveillance of the northern and western approaches to Australia, and the additional capability in detecting illegal entry, smuggling and unlicensed fishing. The Committee also accepts that facilities at JORN Radar 3 are aged and in need of repair and upgrade to maximise effectiveness and provide increased capability arising from innovation and technological advancements.

¹⁵ Mr Stephen Wynd, BAE Systems Australia, *Transcript of evidence*, 30 July 2018, p. 6.

¹⁶ Mr Stephen Wynd, BAE Systems Australia, *Transcript of evidence*, 30 July 2018, p. 6.

¹⁷ Mr Stephen Wynd, BAE Systems Australia, *Transcript of evidence*, 30 July 2018, p. 6.

¹⁸ Department of Defence, *Submission 1*, p. 15.

- 3.32 The Committee recognises the concerns of personnel and their families at Radar 3 facilities who will be impacted by the transition of the operational models to a travel in/travel out mode. The local impact of proposed public works is always an important facet of the Committee's scrutiny.
- 3.33 In this regard, the Committee acknowledges the consultation efforts of Defence and BAE Systems. The Committee also notes that Defence has responded to the concerns of the affected personnel, and urges Defence and BAE Systems to maintain a focus on the relocation of personnel and family of the transmit site at Harts Range, Northern Territory.
- 3.34 Having regard to its role and the 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

- 3.35 **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 works: Jindalee Operational Radar Network (JORN) Phase 6 Facilities Project.**
- 3.36 Proponent entities must notify the Committee of any changes to the project scope, time, cost, function or design. The Committee also requires that a post-implementation report be provided within three months of the project completion. A report template can be found on the Committee's website.

Mr Scott Buchholz MP

Chair

A. List of Submissions

Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project

- 1** Department of Defence
 - 1.1 Confidential
 - 1.2 Supplementary Submission
- 2** Gallipoli Precinct Action Group

Jindalee Operational Radar Network Phase 6 Facilities Project

- 1** Department of Defence
 - 1.1 Confidential
 - 1.2 Supplementary Submission

B. List of Witnesses and Public Hearings

Chemical, Biological, Radiological and Nuclear Defence Capability Facilities Project

Monday, 30 July 2018 – Canberra, Australian Capital Territory

Department of Defence

Brigadier Matt Galton Director General Capital Facilities and Infrastructure

Colonel Joanne Whittaker, Director Land Command, Control and Communications Program

Mr Darren Charman, Project Director

RPS Group

Mr Phillip Burnham, Project Manager/Contract Administrator

Wilde and Woollard

Mr John Waterworth, Quantity Surveyor

Jindalee Operational Radar Network Phase 6 Facilities Project

Monday, 30 July 2018 – Canberra, Australian Capital Territory

Department of Defence

Brigadier Matt Galton Director General Capital Facilities and Infrastructure

Air Commodore Robert Chipman, Director General Air Combat Capability, Royal Australian Air Force

Air Commodore Philip Tammen, Director General Air and Space Surveillance and Control

Lieutenant Colonel Karl Reynolds, Project Director Northern Territory

BAE Systems Australia

Mr Stephen Wynd, Program Director

Lucid Projects (Australia) Pty Ltd

Mr Danial Kis-Gyano, Consultant's Representative

Aurecon Australasia Pty Ltd

Mr Tyson Jones, Project Manager/Contract Administrator