

ANI Statement of Corporate Intent 2019/20

Covering reporting period 2019/20 to 2022/23

61

Australian Naval Infrastructure

↑ Reception

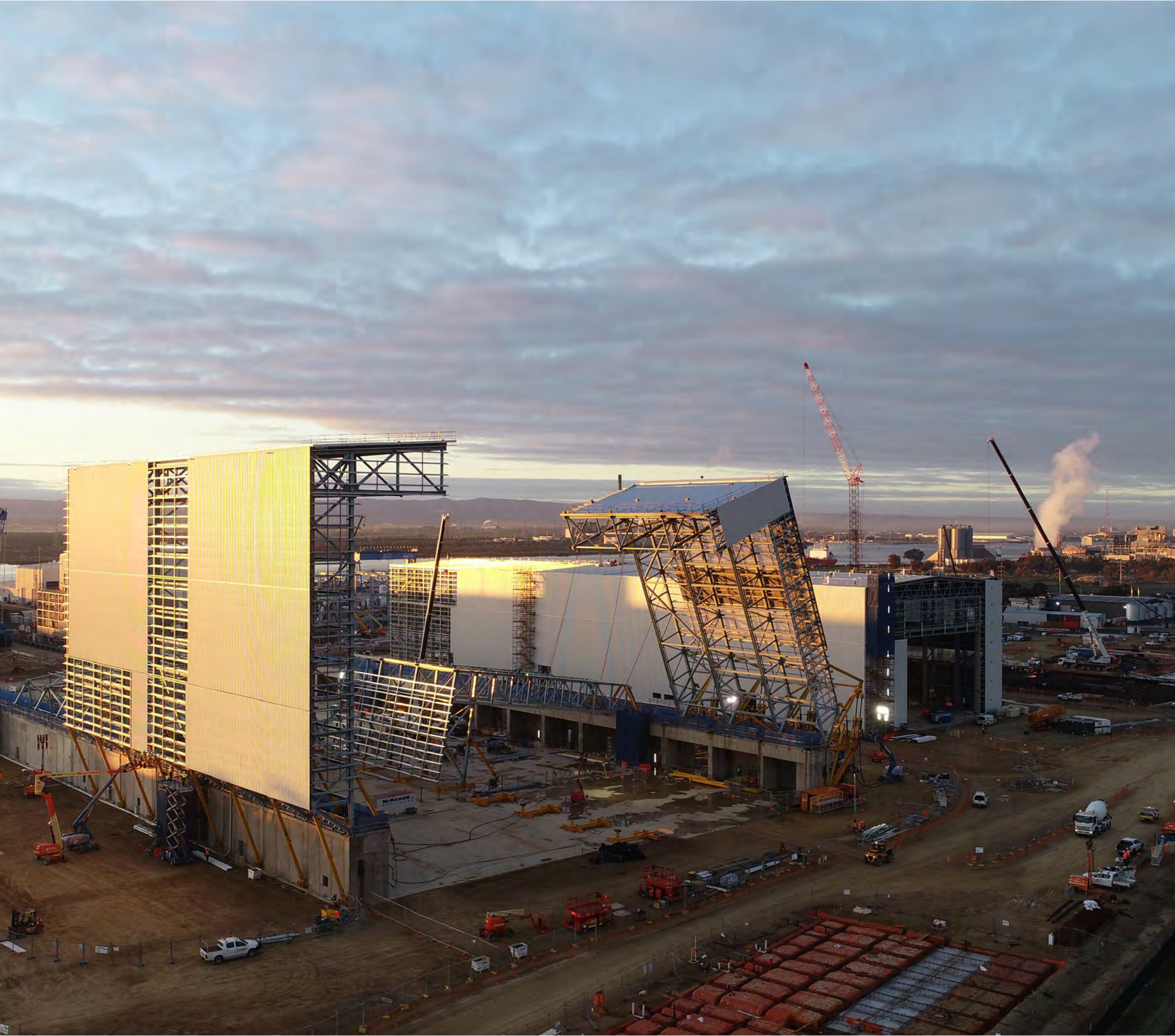
← Car Park 1

↑ Service Deliveries
All vehicles report to reception

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Left: NUSHIP Brisbane alongside the ANI wharf, Osborne, SA



Introduction

Photo taken 6 June 2019: Construction works on the Osborne South Development Project are well progressed. Uniquely, the structural steel walls and roof of the Block Outfitting and Erection Hall (Building 22) are being built and clad on the ground in sections, complete with wiring, then strand-jacked into place. At 50m high at its peak, this method minimises the risks associated with working at heights and enables the hall to be built without the need for extensive temporary works or scaffolding.

Introduction

Australian Naval Infrastructure Pty Ltd (ANI or the Company) is a Commonwealth Company and a Government Business Enterprise (GBE), classified as a Public non-Financial Corporation (PnFC). The creation of ANI followed a strategic review of the ASC Group in 2015-2016, which resulted in ASC Engineering Pty Ltd (as ANI was formerly known) being separated from ASC Pty Ltd on 26 March 2017.

The formation of ANI represents a nation building commitment by the Australian Government. ANI's primary function is to support the Commonwealth's continuous naval shipbuilding program by being the owner and developer of infrastructure and related facilities. In addition, ANI is tasked with providing access and efficiently and effectively managing the infrastructure in a manner that ensures an integrated and co-ordinated approach to delivery of the shipbuilding program.

Following its separation from the ASC Group, ANI has focused on fulfilling these functions through the acquisition of land to enable expansion of the existing shipyard and the development of modern facilities.

ANI's joint shareholders are the Minister for Finance and the Minister for Defence.

This Statement of Corporate Intent has been prepared in accordance with section 95(1) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

Context: Naval Shipbuilding Plan

The *2016 Defence White Paper* set out the Australian Government's plan for a significant recapitalisation of the Royal Australian Navy, alongside a commitment to build a sustainable naval shipbuilding capability in Australia.

Delivering the naval capabilities that the Government announced in the 2016 Defence White Paper is predicated on four key enablers:

- 1. a modern, innovative and secure naval shipbuilding and sustainment infrastructure
- 2. a highly capable, productive and skilled naval shipbuilding and sustainment workforce
- 3. a motivated, innovative, cost-competitive and sustainable Australian industrial base, underpinned initially by experienced international ship designers and builders who transfer these attributes to Australian industry, and
- 4. a national approach to delivering the Naval Shipbuilding Plan.

ANI's principal contribution to the successful delivery of the Naval Shipbuilding Plan is its role as an owner, developer and manager of critical shipyard infrastructure. Notwithstanding, ANI will also play an important supporting role in underpinning the other key enablers, as depicted in the accompanying diagram.

ANI infrastructure is a key enabler in the delivery of critical naval capabilities



Source: Adapted from 2017 Naval Shipbuilding Plan



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Background and objectives

Photo taken 21 May 2019: Works on the Osborne South Development Project can be viewed from the Kardi Yarta playground which is located on the eastern corner of Victoria Road and Pelican Point Road, Osborne. Kardi Yarta is the aboriginal phase for "emu country".

Primary and secondary objectives

ANI's primary and secondary objects are defined in its Constitution as detailed below.

Primary object

To support the Commonwealth's continuous naval shipbuilding program through:

- 1. acquiring, holding, managing and developing the infrastructure, and related facilities used in connection with this program, and
- 2. efficiently and effectively managing this infrastructure (including providing access) in a manner that ensures an integrated and coordinated approach to the delivery of all aspects of this program.

Secondary object

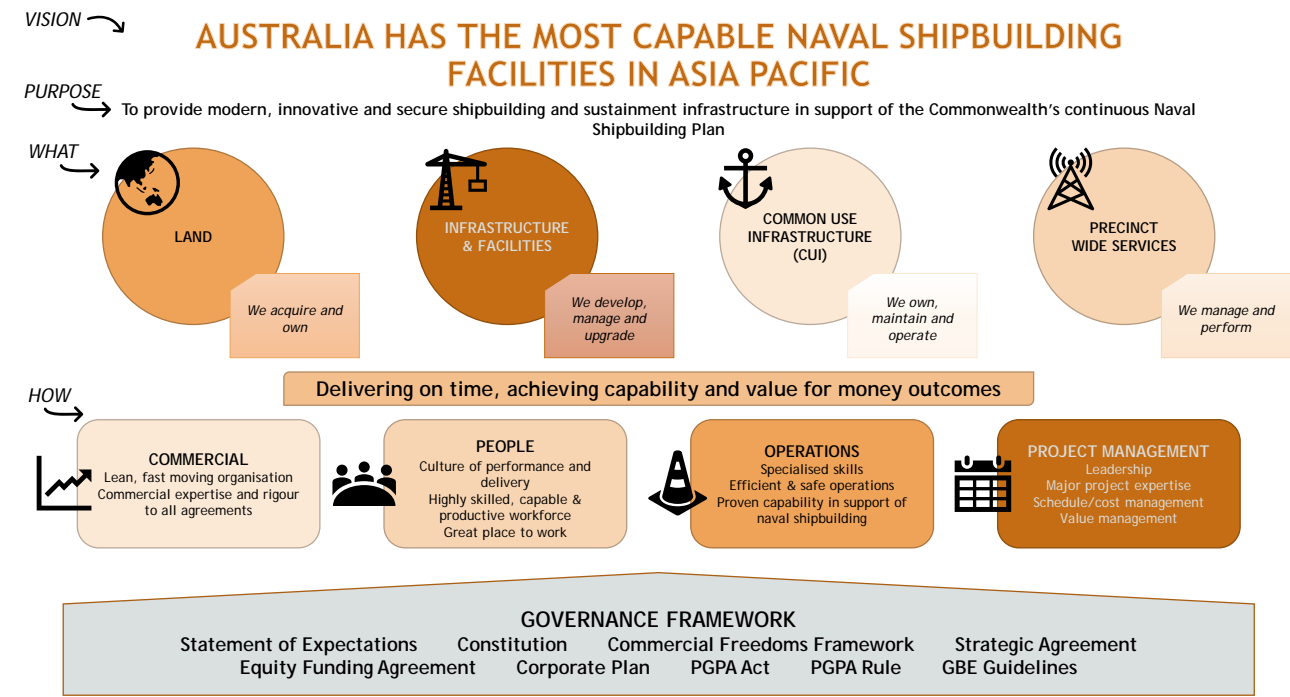
To undertake commercial activities related to the primary object, while not compromising achievement of the primary object.

Strategic plan

ANI's vision, purpose and strategy is depicted in the following diagram, and is underpinned by ANI's governance framework, including the Statement of Expectations.

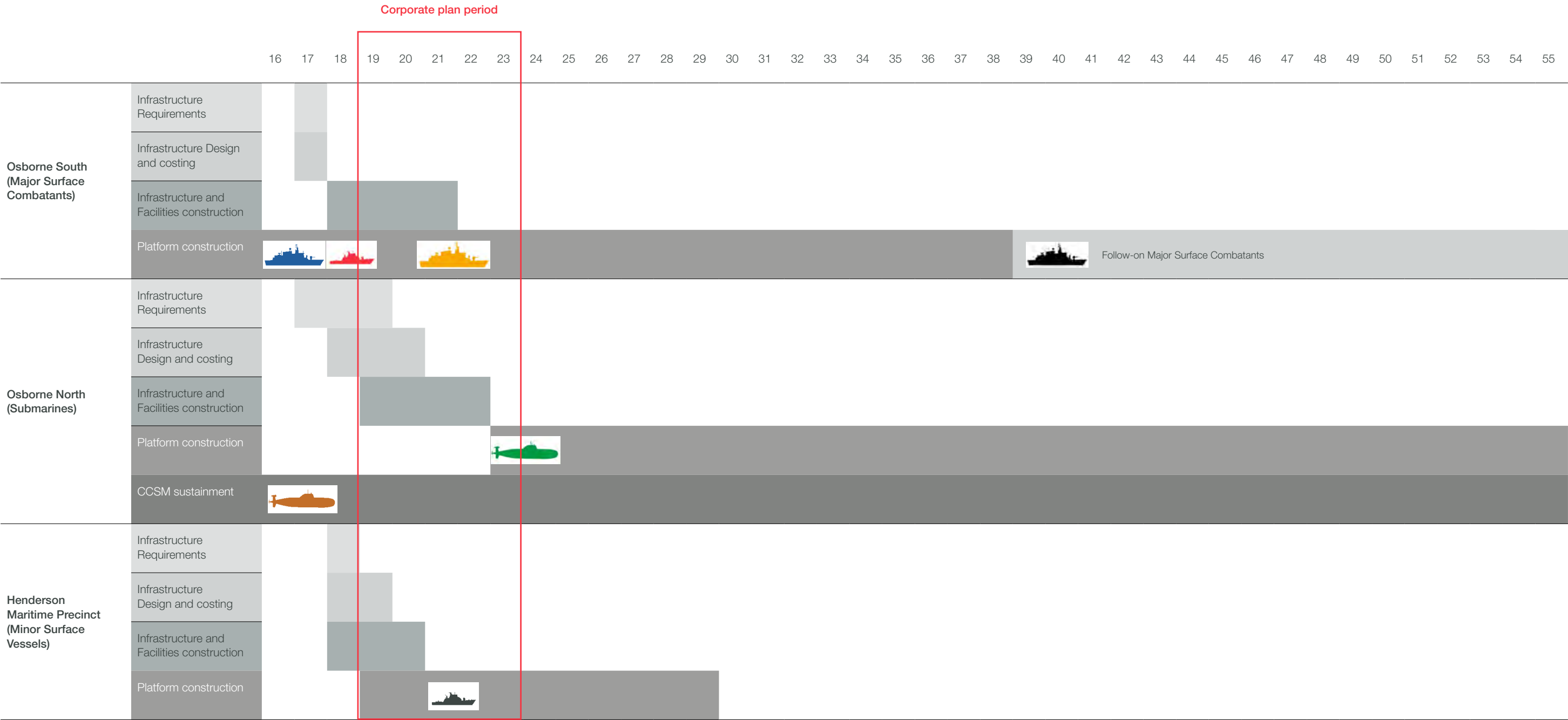
This Statement of Corporate Intent provides commentary on what has been achieved to date in respect of this strategy and key priorities in implementing this strategy.

Photo taken 21 May 2019:
Structural steel walls on
Building 22 are propped in
place awaiting the roof lift.



Continuous naval shipbuilding plan summary

ANI Statement of Corporate Intent 2019/20 in context:



ANI as a Government Business Enterprise (GBE)

ANI is prescribed as a GBE, reflecting the following key characteristics:

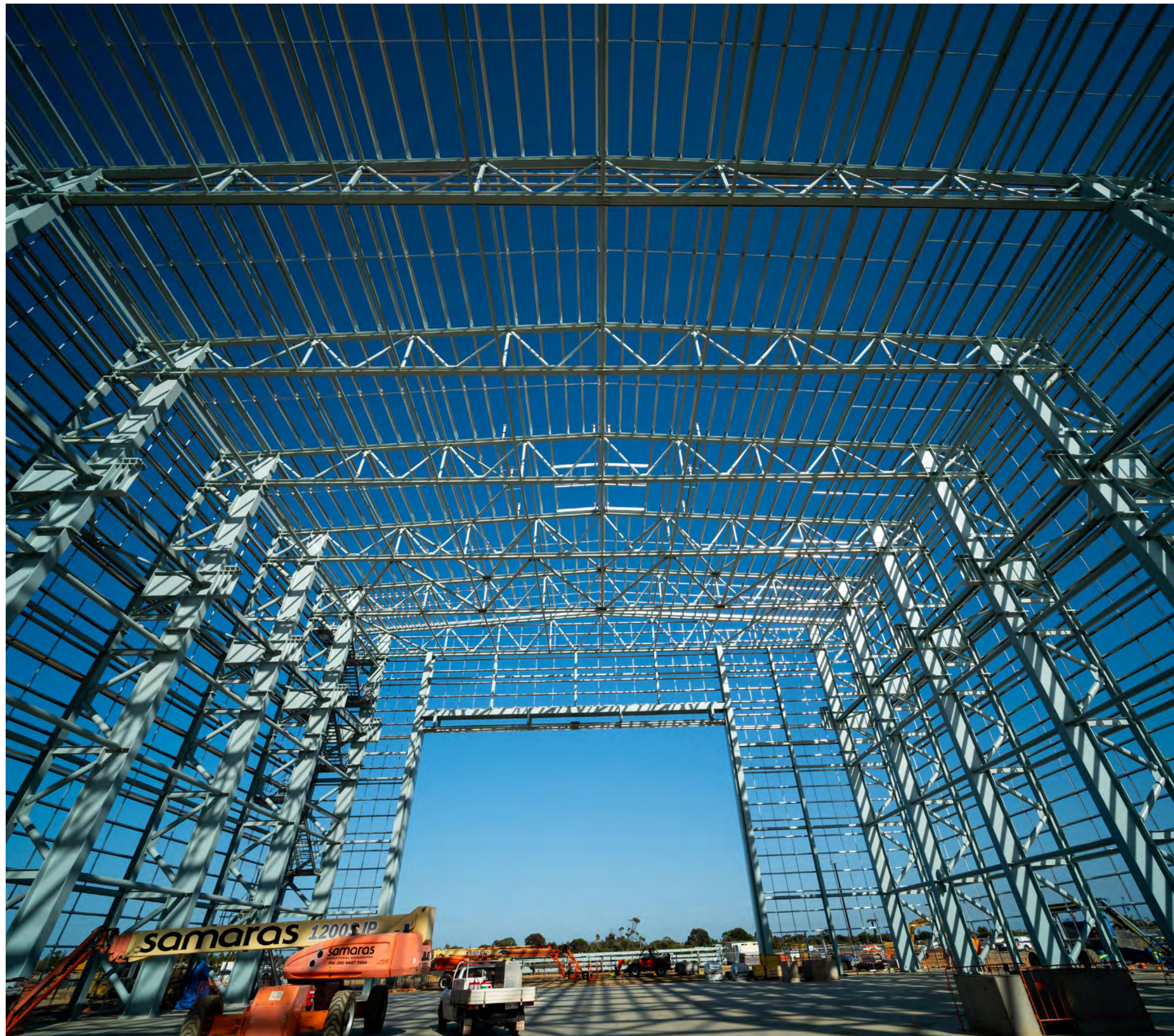
- 1. Significant business undertakings at arm's length from the Government
- 2. Operates in an established private sector market (infrastructure development and providing facilities for shipbuilding and maintenance)
- 3. A strong focus on generating commercial returns
- 4. An independent board to enable the Company to make commercial decisions about its operations, and
- 5. Staffed by appropriately experienced and skilled employees.

Community Service Obligations

ANI does not operate under any specific community service obligations.

Photo taken 21 May 2019: There are a number of indigenous owned and managed businesses undertaking work packages valued at approximately \$14 million on the OSDP to-date.





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Operating environment

Photo taken 27 February 2019: 89% of steel for the OSDP has been sourced from Australian suppliers and fabricated and installed by Australian companies.

Internal Environment

ANI well established as a stand-alone business enterprise

Since its initial stand-up as a separate corporate entity in mid-2017, ANI has continued to build its organisational capability through the integration and recruitment of key personnel, and the establishment of appropriate business systems and governance frameworks.

In November 2018, ANI relocated its corporate office to leased office facilities at Customs House in Port Adelaide. This office also provides space for representatives from ANI's Managing Contractor and the Integrated Project Team (IPT) comprising representatives from Naval Group and Defence's FSP team in support of the ONDP. This new office complements the Company's original premises at Veitch Road, Osborne which continues to be utilised by ANI operations and project personnel.

Industry and Strategic Environment

Continuous Naval Shipbuilding Program building momentum

The Commonwealth's continuous naval shipbuilding program has achieved a number of key milestones during 2018-19, including:

- Commencement of production of the first of two OPVs being constructed at the Osborne South shipyard
- Award of the Future Frigate contract to BAE (ASC Shipbuilding) based on the Type 26 frigate design, with nine Hunter class Frigates to be constructed from 2022 at ANI's Osborne South shipyard
- Execution of the Strategic Partnering Agreement with Naval Group for the design and construction of 12 Attack class Submarines at ANI's Osborne North shipyard.

This progress has generated a high degree of interest amongst local and international suppliers seeking to capitalise on the expected demand for goods and services over the long term.

Macro Economic Conditions

Downside risks in the global economy

The outlook for the global economy remains reasonable, although the downside risks stemming from the trade

disputes have increased. Growth in international trade remains weak and the increased uncertainty is affecting investment intentions in a number of countries. In China, the authorities have taken steps to support the economy, while addressing risks in the financial system. In most advanced economies, inflation remains subdued, unemployment rates are low and wages growth has picked up.¹

Slowing Australian economy

The Australian economy slowed notably in the second half of 2018, with a pull-back in household spending and the beginnings of a relatively sharp fall in the residential dwelling construction cycle. Mining investment also continued to decline as the construction phase of the last large LNG projects wind down, contributing to weak economic indicators in mining regions such as WA and the Northern Territory.²

At the RBA meeting on 4 June 2019, the Board decided to lower the cash rate by 25 basis points to 1.25 per cent. The Board took this decision to support employment growth and provide greater confidence that inflation will be consistent with the medium-term target.¹

The central scenario remains for the Australian economy to grow by around 2.75 per cent in 2019 and 2020. This outlook is supported by increased investment in infrastructure and a pick-up in activity in the resources sector, partly in response to an increase in the prices of Australia's exports. The main domestic uncertainty continues to be the outlook for household consumption, which is being affected by a protracted period of low income growth and declining housing prices. Some pick-up in growth in household disposable income is expected and this should support consumption.¹

Labour market remains strong, but wages growth remains soft

Employment growth has been strong over the past year, labour force participation has been increasing, the vacancy rate remains high and there are reports of skills shortages in some areas. Despite these developments, there has been little further inroads into the spare capacity in the labour market of late. The unemployment rate had been steady at around 5 per cent for some months, but ticked up to 5.2 per cent in April 2019. The strong employment growth over the past year or so has led to a pick-up in wages growth in the private sector, although overall wages growth remains low. A further gradual lift in wages growth is expected and this would be a welcome development.¹

Inflation remains below the RBA's target band in the near term

The recent inflation outcomes have been lower than expected and suggest subdued inflationary pressures across much of the economy. Inflation is still however anticipated to pick up, and will be boosted in the June quarter by increases in petrol prices. The central scenario remains for underlying inflation to be 1.75 per cent this year, 2 per cent in 2020 and a little higher after that.¹

The slowdown in activity has been evident across most of the states. The decline in business conditions seen in the NAB Monthly Business Survey has been broad based across states and industries, although to varying degrees.

South Australia business investment growth remains solid

In South Australia, economic growth has decelerated. While business investment indicators are still reasonable, consumption growth has softened. Dwelling and public investment have been strong but there are signs activity may be close to its peak. The slowdown is starting to spill over into the labour market.²

Government capital investment should remain at solid levels given a very large pipeline of work. However, the pipeline has been falling and the State Government's latest infrastructure projections point to spending staying at a high level but down from its 2018-19 peak. That said, Federal Government defence spending should provide support to SA industry for an extended time.²

Signs for business investment are mixed but are reasonable overall. Underlying business investment growth slowed but remained solid growing by 4.0% y/y in Q4 2018. Both NAB Quarterly Business Survey 12 month capex intentions and ABS capex survey point to solid growth over the next year or two.

Construction and infrastructure sectors

Housing activity, apartment construction and commercial construction in decline

The downturn in Australia's construction industry continues to worsen, with activity levels decreasing, margin pressures intensifying, staffing levels being cut and new orders drying up.

The Ai Group's view is that there are now strong signs that adverse conditions in the broader construction industry are flowing through to sections of the

services and manufacturing sectors. Despite growth in engineering construction, overall levels of activity in April 2019 were adversely affected by continued declines in housing activity, commercial construction and apartment building work.

Pointing to the likelihood that activity levels will remain weak across the construction sector in the months ahead, new orders continued to contract sharply for home, apartment and commercial construction firms. New work for engineering firms was stable from a month earlier.³

Infrastructure spending to remain high

Since the end of the mining construction boom, public infrastructure has become an important support for the Australian economy, particularly in New South Wales and Victoria, driven by rapid growth in population, predominantly in Sydney and Melbourne. The Federal Budget delivered in May 2019 increased infrastructure funding from notionally \$75 billion to \$100 billion over the next 10 years.

South Australia is forecast to receive an additional \$1.8 billion, including \$1.5 billion for the North-South corridor, \$260 million for rural roads and \$40 million for local roads. There is \$341 million through the Urban Congestion Fund and \$220 million through Roads of Strategic Importance. The Infrastructure Investment Program – South Australia infrastructure investments expense line shows \$134.8 million of additional funding over the budget and forward estimates period.⁴

Commercial Real Estate

Naval Shipbuilding a bright spot in SA's commercial real estate market

Commercial property market sentiment in SA/NT is weak, particularly in the retail and office segments, and respondents to NAB's Commercial Property Survey expect it to remain weak over the next two years. The Adelaide office vacancy rate remains high but has declined over the last year, although progress stalled at the end of 2018.²

According to CBRE, the defence sector, along with resources and health is underpinning the Adelaide market at present, with many defence companies taking up substantial city office leases as they compete to attract staff. A scarcity of office space in the Osborne area is also driving companies towards the CBD for their corporate staff.

1. Source: RBA Statement, Monetary Policy Decision 4 June 2019

2. Source: NAB State Economic Handbook April 2019

3. Source: Ai Group Performance of Construction Index May 2019

4. Source: 2019 Federal Budget



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Performance and priorities

Photo taken 28 November 2018: Approximately 55,000m² of concrete floors up to 1.5m thick have been poured on the OSDP since September 2018. With individual pours up to 700m³ in size, the concrete was placed in three layers during a 'continuous pour cycle' to prevent excessive cracking. The sequencing of the concrete pours - undertaken in a checkerboard pattern - has also been carefully planned with the pour, placement and finishing of individual sections sometimes taking up to 15 hours.

ANI existing assets

Existing assets owned by ANI at Osborne South Australia include:

- Osborne North shipyard: The location for the full-cycle docking and maintenance of the Royal Australian Navy’s six existing Collins Class submarines (CCSM) by ASC Pty Ltd
- Osborne South shipyard: The location for the Air Warfare Destroyer (AWD) program being undertaken by the AWD Alliance (ASC AWD Shipbuilder Pty Ltd, Raytheon Australia and the Commonwealth) for the delivery of three vessels by 2020, and the location for the build of the first two Offshore Patrol Vessels (OPVs) by Luerssen Australia Pty Ltd and ASC OPV Shipbuilder Pty Ltd (as a subcontractor to Luerssen) from mid-2018
- the Naval Shipbuilding College premises
- the Common Use Infrastructure including wharf, dry berth, transfer system and shiplift
- Land acquired from the State Government at Osborne South on which the OSDP is in progress to support the build of the Hunter class Frigates by ASC Shipbuilding
- Several parcels of land acquired from the State Government and private owners at Osborne North on which the ONDP will be progressed for the build of the Attack class Submarines by Naval Group.

Development of new infrastructure

Osborne South Development Project

The OSDP objective is to deliver a ‘fit for purpose’ shipyard through the construction of new facilities and modernisation of existing facilities at Osborne South to support the continuous build of major surface combatants in their entirety. The facilities to be delivered under this project are being designed and built not only for the current planned capacity (Hunter class Frigates) but to support a continuous build program for major surface combatant vessels up to Destroyer size.

In early 2017, the Commonwealth engaged Odense Maritime Technology (OMT) to undertake the design of the shipyard works based on the Programmatic Needs Statement and High Level Functional Requirements.

Following a comprehensive tender process ANI entered into a Managing Contractor Contract (MCC) in October 2017 with Lendlease (LL) for the design and construction of the new and modernised facilities at the Osborne South shipyard. Funding committed in 2017 for the OSDP was \$535 million.

Activity to date can be summarised as follows:

Site progress	Status
Ministerial sod turning	August 2017
Signing of LL MCC	October 2017
Mobilisation to site	November 2017
Completion of piling for main works	August 2018
B18 Blast & Paint Hall	In progress – target completion Q1 2020
B20 Steel Fabrication and Unit Assembly Hall	In progress – target completion Q1 2020
B21 Block Assembly Hall	In progress – target completion Q1 2020
B22 Block Outfitting and Erection Hall	In progress – target completion Q1 2020
Ancillary buildings – office and amenities	In progress – target completion Q1 2020

The OSDP Main Works elements being delivered through LL were circa 56% complete at the end of May 2019, and on schedule for completion at the end of March 2020 in readiness for handover to ASC Shipbuilding.

Modernisation elements for the existing Osborne South shipyard are to be delivered to a longer timeframe, extending from 2020 through to the end of 2022, when the relevant buildings are vacated by the AWD and OPV Programs.

Osborne North Development Project

During 2018, ANI was tasked by Shareholder Ministers with conducting a competitive tender to appoint a Managing Contractor for the Future Submarine Yard. The design basis for the tender was provided by Defence’s Future Submarine Program (FSP) Infrastructure Team. After a rigorous tender and assessment process, ANI awarded the MCC to Laing O’Rourke (LOR) on 27 November 2018.

ANI’s role in the FSP is to manage and deliver the design and construction of the FSM yard to the functional specifications documented by Naval Group and approved by Defence. In addition, the functional specifications for the Combat System Physical Integration Facility (CS-PIF) have been specified by Lockheed Martin Australia (LMA), and approved by Defence.

Financial Objectives

Shareholder returns

ANI will earn commercial returns at least sufficient to justify the long term retention of assets in the business. It is expected that ANI will deliver positive returns to shareholders over the long term.

Whilst ANI is investing in the construction of new shipbuilding infrastructure, it is expected to be free cashflow negative for several years. As such, ANI is not currently forecast to pay dividends until FY26 at the earliest.

Funding

The Government has undertaken to provide equity injections to ANI to facilitate the development and construction of infrastructure at the Osborne shipbuilding facility.

Charging arrangements

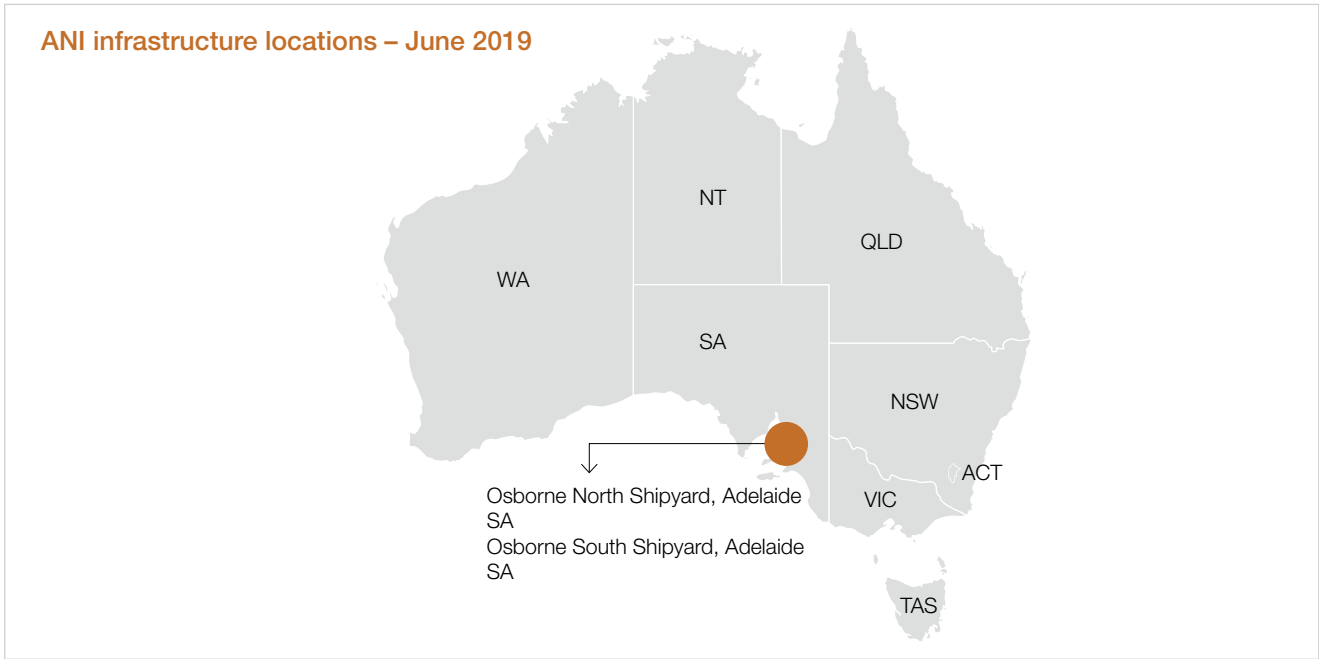
In determining appropriate commercial charging arrangements with its shipyard tenants, ANI will balance its need to generate sufficient returns to meet the expectations outlined previously, with the need to ensure value for money for the Commonwealth in terms of the arrangements with shipyard users participating in the Naval Shipbuilding Plan.

ANI’s leasing revenues are expected to be sufficient to fund:

- ANI’s operating costs
- the sustaining capital expenditure associated with maintaining the shipyards to an appropriate standard, and
- an appropriate amount of capital expenditure associated with facility upgrades or improvements.

Performance

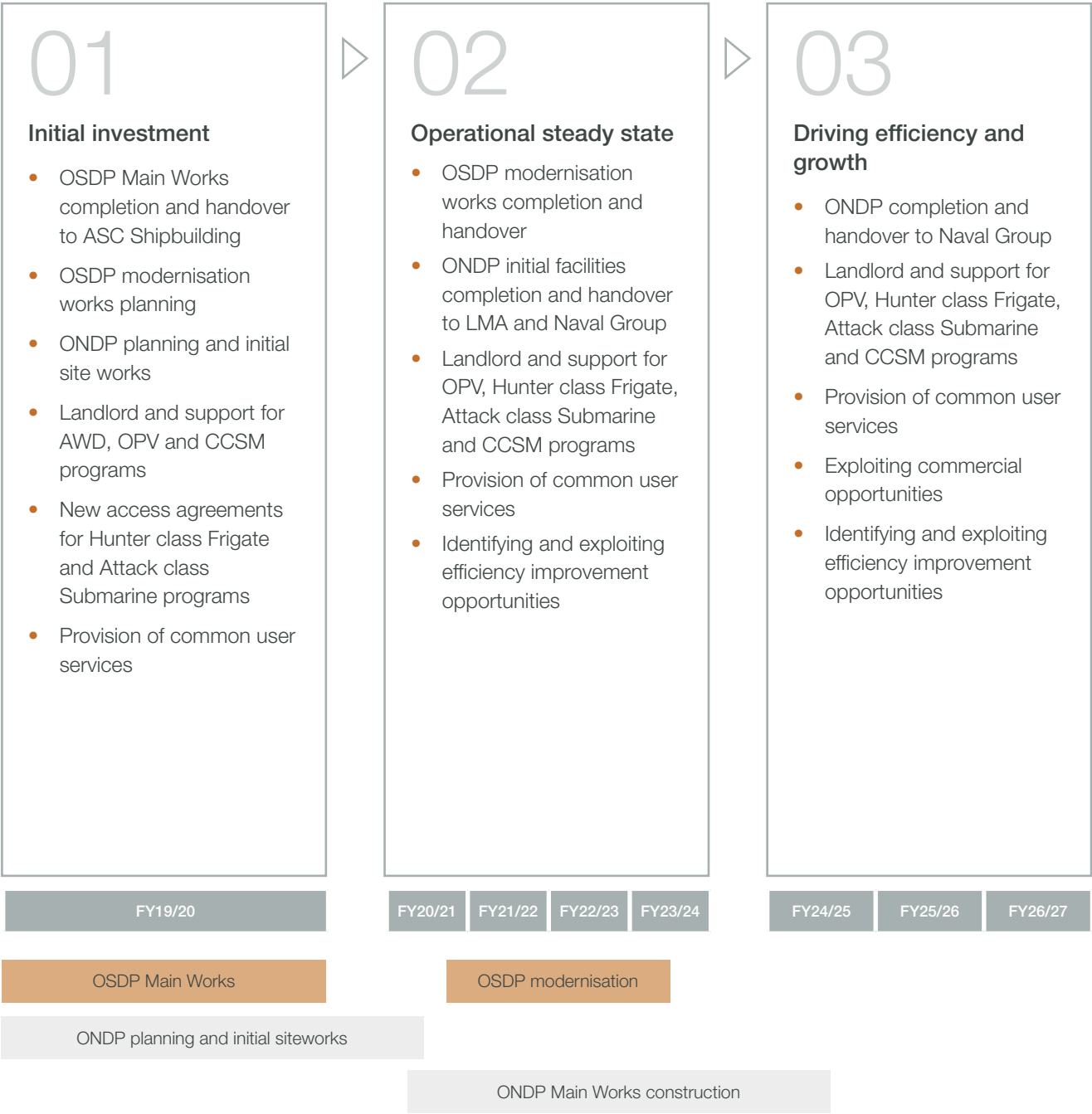
ANI will continue to measure and report to Shareholders on its performance on a short, medium and long-term basis.



Delivery approach

In broad terms, ANI's delivery approach over the Corporate Plan period will comprise three phases, as follows:

Indicative operational phases



As of May 2019, more than 400 people are employed on the OSDP, with many more engaged through the supply chain on services such as supply and fabrication of steel and the manufacture of plant and equipment.



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Capability

Photo taken 28 November 2018: The ANI team has almost doubled in size over the last year as the organisation has developed.

Organisational structure

Current organisational structure

ANI has 33 employees, 26 (79%) of whom are full time, and 7 (21%) part time or casual. This includes 4 undergraduate engineering students. Of the 33 employees, 23 (70%) are male and 10 (30%) are female.

The ANI team has almost doubled in size over the last year as the organisation has developed. This growth has largely resulted from ANI being tasked to deliver the ONDP.

Procurement approach

As a GBE, the Commonwealth Procurement Rules do not apply to ANI. ANI has developed its procurement policy and procedures, which can be summarised as described below.

As a GBE, ANI is committed to meeting its accountability, transparency and oversight obligations in relation to its procurement, consistent with the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and the PGPA Rule 2014. ANI applies its own procurement principles when undertaking procurement activities to ensure it meets these obligations and implements best practice in its procurement approach.

ANI Procurement Principles

Value for money: Delivering value for money is critical to the way ANI conducts its business and manages key business relationships, including when undertaking procurement activities.

ANI pursues value for money on a whole of life basis.

Probity and accountability: ANI is committed to transparency, efficiency, ethical processes and decision making, and to encouraging competition (where practicable) in its procurement activity.

Proper process and risk management: ANI will select an appropriate method of procurement, having regard to the nature of the goods and services being procured, the expenditure and risk profile, and the objectives of the procurement.

Local procurement: ANI aims to achieve high levels of Australian content in procurement and in major infrastructure projects will encourage contractors to pursue opportunities for local industry participation, including indigenous owned businesses and indigenous employment.

OSDP and ONDP: Under the MCCs with LL for the OSDP and LOR for the ONDP, the MCs have prepared comprehensive Procurement Strategy Plans which are consistent with the principles outlined above. Under these contracts, ANI has full visibility to all project procurement activities, and will be able to ensure that the Procurement Strategy Plans are consistently applied.



Photo taken 13 May 2019:
A method known as strand-jacking is used to raise the walls of Building 22 into place

Priorities

ANI will identify key priorities in each of its key business areas and for each of its projects.

Risk management

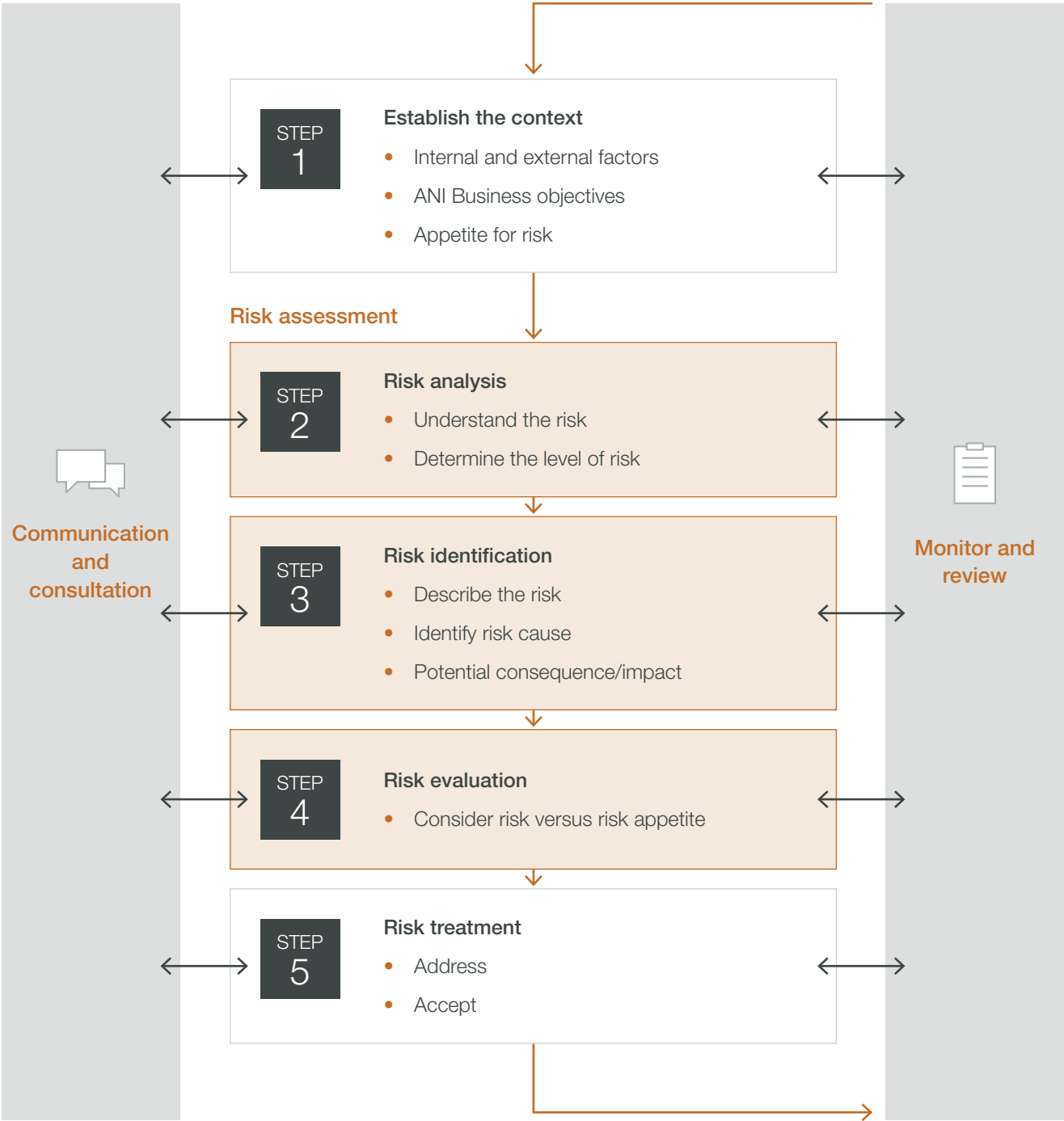
Risk management is central to ANI's ability to successfully meet its objectives. ANI's management and Board are committed to implementing a robust risk management framework that will enable proactive identification, assessment and management of all risks.

ANI maintains a material business risks and risk appetite register to capture and document risks and controls as well as their ratings. This register is reviewed and monitored by the Audit and Risk Committee of the Board periodically as part of the overall Risk Governance Framework.

In addition, the OSDP and ONDP project teams maintain specific project risk registers which are regularly updated and reviewed in conjunction with the MCs.



The following diagram is reproduced from the risk management standards and provides a general overview of the risk management methodology for ANI:





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Corporate Social Responsibility

Photo taken 8 February 2019: ANI runs a university placement program for undergraduate engineering students between their third and final year of study. ANI engaged five university placement students in 2018/19 undertaking either mechanical or civil and structural engineering degrees. These students worked alongside ANI's project team and were involved in delivering engineering solutions, tracking and reporting processes, and problem solving activities.

Inclusive Workplace Culture

ANI currently has a workforce of 33 direct employees and 9 contract personnel, and seeks to foster a climate of respect, equality and positive recognition of differences through an inclusive workplace culture.

This is achieved through workplace practices involving representation of diversity across a range of roles, respect for differences in working styles and flexible working arrangements to accommodate the needs of employees, and through unbiased access to resources, opportunities, networks and decision-making processes. Examples include:

Flexible working conditions to suit the needs of employees

This includes work from home opportunities for those living at a distance and where role requirements permit, part-time positions to accommodate employees with caregiver responsibilities, flexible working hours to assist in managing work/life balance, and casual positions to accommodate employees undertaking further education.

University Placement Program

ANI runs a university placement program for undergraduate engineering students between their third and final year of study. Industry placements are a course requirement and comprise up to three months at a host company to provide students the opportunity to apply technical skills in the workplace environment under the guidance of a qualified supervisor.

In 2019, ANI engaged five university placement students undertaking either mechanical or civil and structural engineering degrees, including one female and one new Australian citizen. These students worked alongside ANI's project team on the OSDP and were involved in delivering engineering solutions, tracking and reporting processes, and problem solving activities. Three of these students have since been engaged by ANI on a casual basis whilst they complete their final year of study. A fourth student who was unable to undertake a placement due to study commitments has also joined ANI on a casual basis.

Local contractors and indigenous employment

Opportunities are being identified and offered for local contractor and indigenous employment on the Osborne development projects, as part of the modernisation process, and in precinct operations and maintenance.

The OSDP currently engages 48 Australian subcontractors out of 50. There are also 10 people who identify as indigenous employed on the project, and

three indigenous businesses undertaking work packages valued at approximately \$14 million in total.

LOR, in conjunction with ANI and the Industry Capability Network (ICN) held an industry briefing for the ONDP which was attended by over 500 people and watched live online by more than 100 others. They have since held similar industry briefings and presented at conferences around Australia. Further industry briefings are planned with a focus on specific packages, as required.

An ICN representative is also co-located at the ONDP Collaboration Hub to support an integrated approach to procurement and early engagement with local industry.

A schedule is being developed for engagement with local universities, schools and apprenticeship providers to initiate on-site opportunities with the design and construct team.

ANI is also in the process of developing its own ONS ICN profile to facilitate the engagement of local contractors for modernisation works and to fulfill the operation and maintenance needs of the shipyard.

Voluntary Public Communications

ANI engages the public through a variety of methods to communicate information about the organisation and activities at the ONS. Methods include:

- Engagement of a full time Community and Stakeholder Relations (CSR) Manager to provide two-way communications between residents, businesses and ANI. The CSR Manager also meets regularly with the City of Port Adelaide Enfield (CPAE) council, businesses within and adjacent the ONS, and other interested parties to provide project updates and assist in resolving any issues related to construction works.
- Community Drop Ins provide an opportunity for members of the public to speak with ANI and project team members in an informal environment. Other organisations such as the MCs, Naval Shipbuilding College, ASC Shipbuilding and other Naval Shipbuilding Plan participants are also invited to have a presence at the Drop Ins to facilitate collaboration and information sharing across the ONS.
- ANI produces a quarterly newsletter, The Morse, which is delivered to approximately 1200 residents adjacent to the ONS, to the CPAE, and to precinct and nearby businesses. The Morse provides project updates, information on construction activities that may impact the nearby community, and highlights recent events and activities at the ONS.

Environmentally Friendly Sustainable Practices

ANI is accredited to ISO 14001 - Environment Management and has environmentally friendly sustainable practices in place in the operation and maintenance of the CUI. This includes:

- Solar PV panels on buildings 1 and 2
- Solar charging of mobile plant
- Environmentally friendly lubricants and hydraulic oil in the ship transfer system
- Environmentally friendly water run off via a drainage system which is filtered before it goes into the river
- Hoist grease is recycled
- Internal and external LED lighting

Environmentally Sustainable Development (ESD) initiatives are also being integrated into the design and construction of the OSDP and ONDP works.

Examples of key ESD initiatives for the OSDP include:

- Provisions for future PV cells to the roof of building 20
- Rainwater re-use to office amenities
- Low VOC paints to all buildings
- Flyash content to concrete slabs
- Glare control to office buildings via internal blinds
- LED lighting throughout including high bay lighting to large portal frame buildings
- Reuse of bulk material excavated from the Main Works site in the carpark site
- Energy efficient VAV systems to office areas, canteen and changerooms
- South lights providing daylight to the large workshops
- Thermal insulation to the roof of the workshops to provide improved thermal comfort
- User controlled mixed mode ventilation for buildings 20 and 21
- Natural ventilation to building 22
- Intelligent lighting control systems including timing schedules and motion sensors
- Solar panel preheat hot water units
- 100% outside air recovery ventilation air conditioning units to canteen and dining area

Similar initiatives are being explored for implementation during the current planning and design phase of the ONDP.

Mutton Cove Initiative

Existing and newly acquired ANI lands about Metropolitan Open Space System (MOSS) to the north. This includes Mutton Cove Conservation Reserve (MCCR), which is considered a significant open space for the region and community.

MCCR forms part of the Dolphin Sanctuary and is unalienated Crown land managed by the Department for Environment and Water (DEW). It was also historically identified in the *Environment Protection and Biodiversity Conservation Act (1999)* as an important migratory bird habitat.

In 2004, local community members lobbied authorities to assist in remediation of Mutton Cove which had deteriorated as a result of blocked pipes that prevented water moving into the Cove from the Port River. Volunteers worked tirelessly to clean and remediate the Cove and in 2005, MCCR was officially opened.

MCCR was used extensively and it was not uncommon to see dozens of people walking at any given time. The park was also used daily by workers from the shipyard between shifts.

Due to inadequate erosion controls and increases in wave action through marine traffic and wind action, sections of the levee began to erode. A king tide in 2016 resulted in a breach and due to a lack of funds, DEW made a decision to not repair the levee.

Community members are saddened by the loss of the habitat, the flora and fauna it supported, the ready access to the river front, and the disintegration of walking trails as the area become more inundated by the river. They are also frustrated by the ultimate futility of their efforts in caring for the Reserve since it was opened. Importantly, there is significant risk to road infrastructure and public safety as a result of sinkholes caused by the inundation of water into the MCCR.

ANI has identified an opportunity to leave a lasting legacy for the community and return MCCR to its former state through sponsorship and local volunteer opportunities over a three to four-year campaign. The proposal has been presented to and is supported by local community and environmental groups, and preliminary discussions with the CPAE, DEW, Crown Lands, MCs and adjacent businesses have been held seeking their commitment to support and being involved in the initiative. Interest in the initiative is high and ANI is working towards the development of a scoping and cost plan in collaboration with CPAE, DEW and Crown Lands.



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