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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC
WORKS

**Reference: Construction and renovation of housing for defence at Larrakeyah
Barracks, Darwin, Northern Territory**

MONDAY, 9 NOVEMBER 2009

DARWIN

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PARLIAMENTARY STANDING
COMMITTEE ON PUBLIC WORKS

Monday, 9 November 2009

Members: Senator McLucas (*Chair*), Senator Troeth (*Deputy Chair*), Senator Forshaw and Mr Champion, Mr Forrest, Ms Hall, Mr Lindsay, Mr Price and Mr Slipper

Members in attendance: Senator McLucas, Mr Lindsay, Mr Slipper

Terms of reference for the inquiry:

To inquire into and report on:

Construction and renovation of housing for defence at Larrakeyah Barracks, Darwin, Northern Territory

WITNESSES

BOLLEN, Mr Roger Leyland, National Manager, Land Provisioning, Defence Housing Australia 1

CLARK, Mr John Alexander, Director, Williams Boag Architects 1

GARNHAM, Mr Richard, Landscape Architect, Tract Consultants..... 1

HEYS, Ms Catherine Sarah, Northern Territory Regional Manager, Defence Housing Australia 1

HOWMAN, Mr Peter Kenneth, Chief Operating Officer, Defence Housing Australia 1

McCOMAS, Mr Robert Anton, Project Director, RSB/BSC, Defence Support Group 1

NORTHWOOD, Mr Jason Marc, Project Director, Acquisitions and Development, Defence Housing Australia 1

WILKINSON, Mr Carl, General Manager, SMEC Urban..... 1

Committee met at 10.38 am**BOLLEN, Mr Roger Leyland, National Manager, Land Provisioning, Defence Housing Australia****CLARK, Mr John Alexander, Director, Williams Boag Architects****GARNHAM, Mr Richard, Landscape Architect, Tract Consultants****HEYS, Ms Catherine Sarah, Northern Territory Regional Manager, Defence Housing Australia****HOWMAN, Mr Peter Kenneth, Chief Operating Officer, Defence Housing Australia****McCOMAS, Mr Robert Anton, Project Director, RSB/BSC, Defence Support Group****NORTHWOOD, Mr Jason Marc, Project Director, Acquisitions and Development, Defence Housing Australia****WILKINSON, Mr Carl, General Manager, SMEC Urban**

CHAIR (Senator McLucas)—I declare open this public hearing of the Parliamentary Standing Committee on Public Works inquiry into the proposed Defence housing at Larrakeyah Barracks in Darwin. I thank you, Mr Peter Howman and staff, for facilitating our inspection of the proposed works this morning. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament. Consequently they warrant the same respect as the proceedings of parliament itself. I remind witnesses—not that I need to, but I do—that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Please do not take too much out of that; I know you will all answer questions honestly. Mr Howman, would you like to open with some introductory remarks?

Mr Howman—First of all I would like to thank you for the opportunity for Defence Housing Australia, DHA, to present the Larrakeyah Barracks housing project to the committee. I hope this morning's tour of the barrack's housing precinct was beneficial and allowed the committee members to familiarise themselves with the environment that we are discussing.

DHA proposes to demolish 61 existing houses that no longer comply with Defence standards and construct 97 new houses. None of the 61 houses to be demolished have any heritage significance. The residential precinct, as you observed this morning, is on and around Elliott Point. It is three kilometres to the Darwin city centre and, being within the confines of the Larrakeyah base, is in close proximity to the work location of Defence members, and is located on the coastline. Currently, about 4,500 Defence personnel reside in the Darwin area, where about 1,800 are members with dependants. To meet this demand, currently DHA manages about 1,800 dwellings in and around Darwin, including 131 houses on the Larrakeyah Barracks.

The major reason these 61 houses require replacement is, firstly, that in July of 2007 Defence introduced its new housing classification policy or NHCP, with a new increased minimum

standard. Deficiencies include things such as the size of living areas, bedrooms and kitchens; and lack of amenities and en suites et cetera. Secondly, there has been significant deterioration of the fabric of the buildings, which incurs high maintenance costs. We pointed out some of those deficiencies this morning. You would have seen paint peeling off and some of the steel girders of the houses starting to rust.

Thirdly, the houses do not comply with the Defence green building requirement. Fourthly, the houses built in the 1970s were not designed for the tropical environment—for example, there is a lack of cross-flow ventilation, low ceilings, lack of natural circulation and small windows. We observed that also this morning as we entered one of those houses.

A large number of the houses in the Darwin area, both on base and off base, do not meet the new standard. To replace or upgrade these houses—together with the replacement of houses for which leases expire—DHA has programmed 493 constructions over the financial years 2009-10 through to 2012-13. The majority of these constructions will be off base in the new suburbs towards Lee Point, in Lyons and Muirhead. However, serviced residential land in Darwin is currently scarce. Accordingly, retention of housing on the Larrakeyah Barracks remains an important part of the total housing strategy for Darwin. The objective of the project is to provide 97 modern community-standard houses in the Larrakeyah Barracks residential precinct that meet the NHCP standard. These comprise the replacements for the 61 houses that are to be demolished because they no longer comply with the standards plus another 36 houses to be built on lots created by a more efficient use of the available land. This morning you would have noticed that some of the blocks that houses are on are quite large.

Subject to parliamentary and DHA board approval, DHA would like to have the new residences for the first stage of 69 houses available for allocation to members by August 2011 and the 28 houses in stage 2 available by May of 2013.

The houses we intend to construct will be tropical-style, high-set homes promoting design principles specific to Darwin and the site conditions. External cladding will be robust, salt-resistant, washable and not requiring frequent painting. Passive-solar design principles will be incorporated, including having maximum northern orientation and incorporating breezeways in the dwellings to capture the prevailing breezes. To maximise ventilation, fenestration will be predominantly louvre-style windows and sliding glazed doors with insect exclusion. New plantings of shrubs and trees will assist by shading the external walls—specifically on the western side. Through an integrated and detailed site planning process for each block we will, where possible, retain an enhanced iconic 1970s landscape.

Existing infrastructure will receive upgrading as part of the redevelopment. This will include resealing roads, replacing damaged footpaths, replacing damaged stormwater drainage, filling of new allotments to encourage containment of the overland water flow within the road reserve, replacing sewerage infrastructure along Nimmo Place and, in line with the new layout, upgrading the existing pumping station and upgrading the majority of the electrical reticulation network.

There was a question this morning about telecommunications on the base. We have since checked and found that there are both ADSL and ADSL2+ available on the base in the housing precinct. That is in addition to, of course, a 3G wireless broadband network.

A full analysis of all families occupying the 61 houses to be redeveloped was undertaken prior to advising of any required move. After the forthcoming posting cycle this Christmas period only 36 families require rehousing. All of those 36 have now been offered DHA managed housing based on their stated preferences and priorities and have accepted the housing offered. All houses will be vacated before the April 2010 deadline to start executing the project.

The overall net increase in housing on Larrakeyah will be 15 by approximately 2012, as Defence have plans to close down the 21 houses in Nurses Walk and the Stevens Terrace for operational reasons. We saw those houses in both those locations this morning. Therefore, there will be no significant increase in traffic. A management plan will be developed to ensure that construction traffic is minimised during the peak pick-up and drop-off times for the Larrakeyah Primary School, which is just outside the base.

DHA has assessed the option of relocating the houses at site so that they could be used elsewhere in the community. After careful consideration, this was not considered feasible. Larrakeyah is an operational Defence base and only has one access point in Packard Street. Removing the houses would result in the access to this operational base being blocked for unaccepted periods of time. Additionally, there would be local street disruptions and power and water disruptions.

The demolition contract will specify waste removal in accordance with the Defence green building requirements. Many components of the buildings will be reused.

The construction plan requires a six-star house energy rating for the development. This is in advance of the federal government's requirement for all houses to be six-star rated by May 2011.

As a courtesy to the traditional landowners, Defence has advised the Larrakia Nation Aboriginal Corporation of the proposed development and offered the opportunity to discuss the project. There have been no issues raised. In addition to advising the Larrakia Nation Aboriginal Corporation, consultation also took place with on base residents on 21 October 2009 and the public on 5 November 2009. Once again, no major issues were raised.

In addition, we have briefed Senator Trish Crossin, federal member for the Northern Territory; Mr Damian Hale, the federal member for Darwin; the Lord Mayor of Darwin, Mr Graeme Sawyer; Mr Alf Leonardi, the Acting Chief of Staff to the Chief Minister, and Mr Gareth James, the senior adviser for policy for the Office of the Chief Minister. All senior Defence commanding officers for the base have been briefed.

Mr SLIPPER—But not Senator Scullion?

Ms Heys—He was offered an opportunity. We contacted his office and asked.

Mr SLIPPER—Senator Crossin is a senator for the Northern Territory, not the federal member for the Northern Territory, which I think is what you said.

Mr Howman—Thank you. That concludes my opening statement. I welcome questions from the committee.

CHAIR—I think the main issues probably go to sewerage and traffic. Let us go first of all to the sewerage discussion we had on site. We were standing near the sewage pump station. Mr Lindsay, do you want to pursue this line of questioning?

Mr LINDSAY—We had a discussion on site. We heard from you about preserving the iconic value of that site. I think all of us agreed that the sewage pump station was an ugly eyesore and not in keeping with that location. The committee would like to make a recommendation to DHA—

CHAIR—‘Might like’.

Mr LINDSAY—might like to make a recommendation to DHA that that sewage station be relocated as part of this project. You gave us certain advice on that. If you received that recommendation, would you favourably accept that recommendation? Why would you favourably accept it?

Mr Howman—Thank you for that question. The current proposal takes into account keeping the pumping station where it is today and shielding that with vegetation. We take on notice the point you have raised. We would need to look at the costs and the work associated with moving that pumping station. We would welcome the opportunity to do that. I would have to take on notice the results of that discovery.

Mr LINDSAY—Providing that the costs of removal—which, on the advice we were given this morning, is relatively small in the scheme of things—were within your budget or you could make savings, you would be amenable to relocating that sewage pumping station?

Mr Howman—Certainly from a DHA point of view, I believe we absolutely would be amenable. I would have to check with our Defence counterpart to ensure that they would be happy also.

Mr McComas—From a Defence perspective we pass it through the Defence Infrastructure Division for their concurrence. As long as it is maintained on the site, I believe we probably would not have any concerns with the movement of that pump station.

CHAIR—Thank you. Let’s move to the questions of traffic. You would be aware that we have received a submission from a community member expressing some concern about the increase in traffic. I note in your opening statement you say that overall there will be an increase of 15 homes come 2013. Could you give an understanding to the committee of what analysis you have done of the increase in traffic that that may produce and how that can be managed off base?

Mr Howman—I would like to ask Roger Bollen to address that question.

Mr Bollen—Generally, from a community standard perspective, there is an anticipation that approximately an additional 10 vehicles per house per day would be the outcome of that additional dwelling density. However, given that there is an anticipation that a number of members will work on site, we consider that number to be the maximum or at the extreme. Ten per cent of those additional vehicle volumes are generated in peak hour movements. Therefore, we would anticipate, again as a maximum, 15 vehicles appearing at any one time within the peak

periods. That is on the basis that the net increase in dwellings is only 15 over the project; even though we are adding 36, we are losing 21 elsewhere. Using those community standards, we do not believe that traffic will be an issue. At this stage we have not conducted any formal traffic assessments but we are more than happy to conduct that form of investigation if the committee deems it necessary.

Mr Howman—I guess the issues that come out of that are that the members are living on base and in the main work on base, so you do not have the traffic coming into the base during the peak period. In fact, you will find that you may have 15 extra people living on base and working on base that today drive and add to that peak traffic. So you may see that there is a reduction in traffic. Additionally, members on base who have schoolchildren would take their children to the local school just outside the base and you would expect that they would not necessarily need to drive there; they also have the opportunity to walk their children there.

CHAIR—Ms Heys, do all the people who are currently housed in those houses work on base?

Ms Heys—I suspect not but I could not categorically say one way or the other, because their work location is not something that we particularly focus on.

CHAIR—But most would, you would expect?

Ms Heys—Many people will choose to live on the base where they are working if that is possible for them.

CHAIR—In terms of the location of the childcare centre and the school, do we have any anecdotal evidence about how many people will walk their children to school rather than drive them?

Ms Heys—You can actually see how many children go to the school because there are a lot of children's bicycles parked at the school. In actual fact if you drive on or off base around those times you will see a lot of children walking.

CHAIR—Walking or cycling?

Ms Heys—Yes.

CHAIR—Mr Bollen, in relation to the 10 vehicle movements there is certainly evidence from out in the community, but I suppose we can think that will be significantly less.

Mr Bollen—Yes. As a maximum, we would anticipate that. Where it sits within that we have not done exact research on, but it would be a maximum.

CHAIR—Mr Howman, a broader question came to our committee's attention last week when we were at Enoggera base. When the Commonwealth government puts infrastructure on Commonwealth-owned land, there is not a requirement to go through the development application process, what we call the DA process in Queensland. That means that those formal institutions of consulting that are required under the local government are not employed. What

formal arrangements do you have in place with the local authorities when you put in a major piece of work like this, so there is a way of having a discussion around potential increased traffic or what it is going to do to your sewerage system? What do you do with your local authority?

Mr Howman—We have already commenced informal discussions with the local authorities. We need to do that anyway because our infrastructure has to interface with the local community infrastructure, so it needs to take it into account. Jason, are you able to advise what discussions would occur over time?

Mr Northwood—There is no formal process in place, because it is an on-base infrastructure. As we move forward in the process we would be liaising with all the appropriate authorities as we deemed necessary to let them know what we were doing in terms of plugging into their systems. There is not really any significant amount of extra load being placed on the systems in terms of sewer, water or electricity as a result of the development and the net increase of 15 homes.

CHAIR—I understand that. I recognise that. It is more of an in-principle question about what you do about ensuring that there are no surprises for the local authority.

Mr Northwood—We would be meeting with all the local authorities as we move forward and letting them know what we are doing, and discussing it with them.

Mr Howman—I guess it is also fair to say that the housing precinct is a microcosm of the infrastructure on the base anyway and sits within the Defence infrastructure environment. Consequently I would anticipate that the Defence members from the infrastructure group would be having dialogue reasonably constantly with the local authorities due to other activities which may be occurring from time to time on the base anyway.

Mr LINDSAY—To the witnesses, I have a raft of questions, but there is only limited time, so we need very short answers, if that is okay. On page 2 of your submission you set out the housing stock required by Defence and the housing stock that you intend to provide over the period 2009-13. In the 2012-13 column, there is a Defence housing forecast of 1,757 homes but a stock of only 1,720. I am reading that as a shortfall. How do you intend to address that? Will this project in any way address that apparent shortfall?

Mr Howman—This project does not address that entirely. We have an agreement with Defence to provide up to 85 per cent of housing required nationally around Australia. We offer a small percentage to Defence members so they can make a choice of living in private rental accommodation off base in various areas, because they may, for various reasons, want to live in an area where we do not provide housing. So that gap allows the opportunity for members to seek accommodation elsewhere.

Mr LINDSAY—I understand. Between 2009-10 and 2010-11 there is a significant reduction in the forecast of housing required. Is that to do with 7 Battalion moving to Edinburgh Defence Precinct?

Mr Howman—That is correct.

Mr LINDSAY—Your evidence says that 87 per cent of houses on Larrakeyah do not meet the Defence standard that was introduced in July 2007. I think there is a total of 131 houses at Larrakeyah. What is your intention in relation to having that housing stock entirely meet Defence standards?

Mr Howman—This particular project addresses the first 61 and we will build the 97 to replace them. There is a future phase that will be addressed from 2013 onwards I believe. That will take account of the housing stock in Steele Street and also the housing stock in that higher density area that we saw closer to Emery Point. The additional houses on Stevens Terrace and also on Nurses Walk will be removed.

Mr LINDSAY—Why have you not brought forward all of that as part of this proposal to the PWC?

Mr McComas—The reason we have not done that is we are waiting for approval from the Aboriginal Areas Protection Authority for that townhouse area. The townhouse area is actually within the Gundal estate, so we have got to be careful to make sure we get that approval before we can move on that third phase.

Mr LINDSAY—What is the expected time frame for that approval?

Mr McComas—It can take anywhere up to 18 months to get that approval and it was submitted two months ago.

Mr LINDSAY—So your hands are tied effectively?

Mr McComas—Yes. Steele Street sits outside the Gundal estate, but the townhouses sit inside. Those two areas will be major upgrades.

Mr LINDSAY—So you will come back to the PWC with a further proposal in due course?

Mr McComas—Yes.

Mr LINDSAY—You say that construction of stage 2 is dependent on Defence assessment of the ability of the base infrastructure to accept the additional 28 houses. I read that as saying this is a risk to the project. Convince me that it is not a risk to the project you are proposing here today.

Mr McComas—Currently we are in the process of doing a whole-of-base infrastructure check. Last week we found out that the report will now be due a lot earlier than expected—in December.

Mr LINDSAY—Sorry, what was due?

Mr McComas—A whole-of-base infrastructure report that is being done by the Defence Infrastructure Division. We did not expect to get the answer back so quickly. So we will now be able to incorporate any changes that come out of that into the planning, but they will not affect this housing estate.

Mr LINDSAY—At all?

Mr McComas—No. The infrastructure upgrades that are required will be away from the housing estate.

Mr LINDSAY—So you will proceed now with stage 2?

Mr McComas—We still have to wait for the outcome on stage 2, but the plan is to proceed with both stages at the same time.

Mr Howman—Just to qualify that, there is additional activity happening on the base, and Defence have certainly addressed the original 69 houses. They do not add any impact, but there may be a small impact on the total infrastructure because of the 28 houses. So they just want to be certain that is not impacting too greatly.

Mr LINDSAY—In your evidence you talked about the DHA's leased properties acquired through the sale and lease-back program, which is eminently successful in Townsville, but you have said a realistic expectation is that only 43 new direct leases will be available over the five years from now to 2012-13. I do not know the Darwin market, but I found myself thinking that it seems odd that only 43 new opportunities would be available over five years. Can you explain that to the committee?

Ms Heys—Direct leases are a specific form; they are not in the sale and lease-back process. It is actually accessing properties in the general market where somebody leases it to us under similar terms to the normal ones, but they are not in the sale and lease-back program. There is a lot more involved in the sale and lease-back program.

Mr LINDSAY—I misunderstood it. Thank you for explaining that. In explaining the way you will deliver this, you talk about the selected construction contractor. Is one contractor going to deliver this whole project? Is that your understanding and intention?

Mr Howman—The intention today is to have one contractor employed to do the works, which will be the civil works, the demolition, and the building. That will give us a contract of a reasonable size that we hope will entice the large organisations to become involved.

CHAIR—How will that ensure that locals get a bite at this?

Mr Howman—We have a number of contractors here in Darwin who are on our short-listed preferred-tenderer panel and we would certainly be making those tenderers available to the bidders. Those contractors have only done house building work for DHA. We have not used them in the past for the development work and so forth.

Mr Northwood—Because of the size of the project, we will be needing a fairly sizeable organisation. There are a number of local builders who we feel could do the work and there are also some interstate builders who are setting up operations here to take advantage of the work coming on line. Most of those groups would use local contractors and local subcontractors for the construction.

CHAIR—Did you contemplate breaking the contract into the housing component and the civil works?

Mr Howman—We certainly have looked at that opportunity. There are pros and cons to that. One of the major negatives is the interface between the demolition and the civil works and where risk might lie as far as who is responsible for doing particular types of work. That needs to be managed very carefully.

Mr LINDSAY—You say under ‘Noise impacts’ that ‘the noise will be managed by ensuring contractors’ equipment operates within specified noise levels’. Who specifies the noise levels and how do you monitor them, or are they just some words in there to make it look good? That is being unkind.

Mr Howman—Mr Lindsay, that is a very good question and I thank you for the opportunity to address it. This is an operational base and you heard a lot of noise there today, but we will be looking at limiting the noise in the out-of-hours activity. For example, we would not have noise happening early in the mornings or on weekends et cetera. So we will limit the contractors’ access to site and the noise around the working environment.

Mr LINDSAY—So that will be in the contracts?

Mr Howman—That is correct.

Mr LINDSAY—You say, ‘DHA will continually monitor for any unusual site conditions.’ Who does this within DHA?

Mr Howman—We will have a project manager specifically assigned to this project. He will be on site on a daily basis.

CHAIR—Or she?

Mr Howman—Or she, correct.

Mr LINDSAY—Then you say, ‘Nonetheless, contractors will be required to adhere to the conditions and restrictions of authority certificate C92/52.’ What are those conditions? That is at 8.1.2, on page 6.

Mr Howman—A lot of detailed conditions outlined in that certificate were most appropriate to the high-density development that occurred in the 1990s. Those conditions are not directly applicable to this development because it is outside of the Indigenous protection envelope; however, we still wish to ensure, for the courtesy of the local folk, to have our contractors deliver against those requirements.

Mr LINDSAY—Under ‘Revenue’ you say, ‘DHA will charge Defence a fee for the project.’ If you want to deal with this confidentially, that is fine, but I do not think it is particularly confidential. Why are you charging a fee? Isn’t it just a normal arrangement that you guys provide the housing and away you go?

Mr Howman—The fee covers the overhead costs that are incurred by DHA. For example, there are management costs which are not direct costs. So we have both direct costs and overhead costs. The fee covers overhead costs, which are management fees, indirect costs associated with the IT infrastructure that supports the project, the finance system that supports the billing of contractors and so forth, the billing to Defence, the HR people in the background—it is all those non-direct project management costs.

Mr LINDSAY—But in other projects across the country you do not charge Defence a fee.

Mr Howman—We have a service agreement with Defence, and we do have in that service agreement the ability to charge a fee.

Mr LINDSAY—But you do not do it. Here in Darwin you are charging a fee but in other places you do not. Why is that?

Mr Howman—I would need to take that question on notice, Mr Lindsay, but I believe that on most occasions we do in fact charge a fee.

Mr LINDSAY—Mr McComas, is Defence happy to pay a fee for this?

Mr McComas—Yes. We are happy to pay what is in our services agreement.

Mr LINDSAY—Oh, come on! Be harder.

Mr McComas—We are happy to pay the fee, and in fact for all on-base redevelopments we pay the fee.

Mr LINDSAY—In relation to planning and design concepts, Mr Clark, in other areas in Australia Defence Housing is spread throughout the community. You know the design philosophy, I think, that one in three is a Defence home and so on, but this is not. I know why it is not, but does it work okay on a base like Larrakeyah, or is it better if Defence homes can be spread through the community?

Mr Howman—Mr Lindsay, may I direct that question to our local representative, Cate Heys?

Ms Heys—The houses on Larrakeyah are hugely popular with Defence members. I could probably let them four or five times over, quite frankly. So I would suggest that, yes, it does work well.

Mr LINDSAY—Yes, I understand why it is highly desirable, but is it socially desirable for members of Defence and their families to be in a Defence enclave? If it were possible, would it be better that they be in the community?

Ms Heys—For some members they will choose that sometimes because they are being deployed or because of very specific family circumstances where they feel that being on a base is preferable for them because of the support network with others around them who are in similar circumstances.

Mr LINDSAY—Good answer. So your evidence is that you do not see any issues with a Defence enclave in Larrakeyah?

Ms Heys—No.

Mr Howman—Mr Lindsay, the other thing I would add to that is that this is an operational base and there are operational reasons why Defence would like to have the members very close to the operational activity.

CHAIR—I think Mr Lindsay is intimating that he would like to rent one of those houses so that we break down the enclave approach.

Mr SLIPPER—You mentioned that you have made a decision to demolish the houses rather than remove them, and privately you explained to me that it would not be cost-effective to remove them for a range of reasons such as the fact that you cannot close the base, overhead wires and various logistical arrangements—the state of some of the houses and so on. You have convinced me that maybe that is the right way to go, even though my predisposition would be to see the houses sold as units. You tell us that when you demolish the houses that Defence has some arrangement where 70 per cent, by weight, of the house must be reused in some other way, presumably sold at a garage sale or however you sell these things. Can you tell me how you would reuse or on sell specific parts of a house? You have a house, what would you typically do with what you derive as building materials after demolition?

Mr Howman—We will demolish in accordance with the Defence green requirement. That requirement we will replicate in the contract that we give to our demolition contractor. So that demolition contractor will have the opportunity to remove that debris and ensure that it is reused. So we will have an inspection program in place to ensure that they meet their contractual commitments. How they go about disposing of that 70 per cent by weight on waste, I would not like to direct the contractor. We would leave that up to him to do that, but we would be checking the contract—

Mr SLIPPER—That is all very well, but typically—you have obviously seen houses demolished in the past. This is not the first time you have done this. You must have some idea as to what they do. Surely your organisation could not be so bereft of corporate knowledge and history as to not know what happens to air conditioners or floors and all that sort of thing. You cannot expect us to believe that, if that is what you are telling us.

Mr Clark—There are two aspects to it. There is the componentry in the dwellings that you can on sell. You mentioned the air conditioning units; there is a sea of them within those 61 houses. That is a really simple, straightforward exercise. Then there is the componentry in the dwellings that can be recycled. One of the things we need to understand is how sophisticated is the construction industry in Darwin to accommodate that. There are simple ones. For example, you can take all of the copper out of the buildings, be it the electrical conduits or the water pipes, and that can be recycled really easily. The timber can be recycled. Some of the steel may well be recycled. The other opportunity could be all of the concrete could be crushed and used as aggregate in road surfaces or in the construction of new dwellings. So that is the other aspect of it that really interests me: understanding how sophisticated the industry is here, or whether there

are opportunities that this project might start to create an enhanced environmental, sustainable industry around recycling materials.

Mr SLIPPER—I realise when Defence imposes these requirements you obviously must observe them. I am not suggesting that you should do otherwise. I am not asking you to be judgemental on the Defence requirement one way or the other, but could any of you tell the committee whether that Defence requirement, when carried out, is cost effective for what you are doing or whether in fact you are just making a more generalised investment in our nation's environment?

Mr Howman—I do not have any specific information with me on the cost effectiveness. That is a Defence policy, and I would need to refer that back to the Defence policymakers and the work which they undertook to develop that policy.

Mr SLIPPER—I am very happy for you to take that on notice, but I have been involved in a few of these hearings and the same form of words comes up every time. Maybe I should apologise for singling you out to cross-examine on that point. Obviously I am interested, and maybe other committee members are, in the economics compared with the environmental benefits.

Mr Howman—Sure, but I would prefer to take that on notice.

Mr SLIPPER—I would hope that it was revenue neutral in some way, and that it is not actually costing us money to do this. I would be very interested to see the mathematics.

CHAIR—Mr Howman, I do not know if it is a question that the DHA can answer. Mr Slipper, we could write to Defence and ask that question of the defence department because it is an analysis of policy that Defence can do that I do not think DHA can.

Mr Bollen—Mr Slipper, without being specific, I can give the committee an indication that the demolition budget for this project is considerably higher than what you would expect for undertaking a demolition project without any requirements for recycling at all. So, yes, it does have a cost benefit impact, the quantum of which—

Mr SLIPPER—It has a cost detriment in dollar terms?

Mr Bollen—It does, but I cannot put a quantum on that. Past experience would tell me that both time and cost would be an impact of that form of recycling.

Mr SLIPPER—Thank you.

CHAIR—Mr Bollen, Brigadier Grice, in evidence last week, indicated that there was a saving. It is probably worth us going back to Defence and asking them.

Mr Bollen—There is an opportunity for saving. The saving generally comes back from the contractor recycling those goods and the principal of the contract receiving the benefit of the resale of those particular components that are salvageable.

Mr SLIPPER—It could well be that the Defence policy is justifiable and a policy deserving of support. But I think that the community should at least be able to assess the financial cost of such a policy.

Mr Howman—I would just like to say here that it is not a DHA policy. I cannot address the question. I would prefer to take it on notice.

Mr SLIPPER—I accept that.

CHAIR—My point, Mr Howman, is that I do not know that you can do that. We will write to Defence.

Mr SLIPPER—Why don't we see what your organisation comes back with as well.

CHAIR—I am not sure that DHA can say anything.

Mr SLIPPER—If he is offering to do it, then why should we decline that generous offer.

CHAIR—My question around 70 per cent issue is how do you monitor compliance with that?

Mr McComas—In the policy it states:

The Contractor shall provide records each month confirming weight of all wastes leaving site, weight of waste that was recycled/reused (i.e. not sent to landfill) and the destination and/or name of recycler/waste hauler.

So there is a laid down process that we need to go through with regard to how we manage that waste and how we report on it as well, that we will ask DHA to do on our behalf.

CHAIR—Do you check the compliance with the form that you receive?

Mr McComas—I suppose that is something we would need to speak to infrastructure division, who have done this quite a number of times, to understand the complexities of that. That will be done in the next phase, the design phase, which we enter into next. We start engaging with them a bit more to get that level of detail.

CHAIR—It is pretty important. Some fill in a form, but it has actually gone to landfill anyway. That would not be achieving the outcome desired.

Mr McComas—Yes.

CHAIR—If there is any information that you can provide us about how you confirm compliance with the policy, that would be useful.

Mr McComas—Okay.

Mr LINDSAY—In relation to the surplus housing stock, has the government asked DHA to consider providing housing stock for Indigenous Australians in the Northern Territory?

Mr Howman—At this particular stage I am not aware of any formal request from government to DHA to provide any surplus stock to any other organisation.

Mr LINDSAY—Has there been an informal discussion with the government in relation to DHA?

Mr Howman—There have been some very informal discussions at a low-level working level around the opportunities of reusing some surplus stock.

Mr LINDSAY—Has this stock at Larrakeyah being considered for those particular purposes?

Mr Howman—No, this stock at Larrakeyah has not been considered for that at all because it resides on an operational base, and I would have to have our Defence people speak to the operational aspects of the security around the base.

Mr LINDSAY—I was thinking more of moving it off the base. We talked about the difficulties in moving it off the base.

Mr Howman—There are other opportunities coming along in the future where there is housing stock which is Defence owned which is not on this particular base but it would be possibly more appropriate for that to be reused—

Mr LINDSAY—Use it as housing.

Mr Howman—Correct, for other uses. There have been some low-level discussions between agencies along that line.

Mr LINDSAY—We have got about 10 minutes, so I will need to belt through these questions. In relation to electrical services, you say the detail of the upgrade required will be addressed in a further review of engineering services to be conducted prior to construction tenders being called. What kind of a risk is this to the project cost, when you do not know where it is going?

Mr Howman—We have conducted, like all programs, a certain amount of investigation to date to come up with our budgets and the instruction that we were providing to our cost estimators—this is covered in our costings that we submitted to you—is that we asked them to get their accuracy to within five per cent, to allow no more than a contingency of five per cent. So to date the estimates are quite accurate.

Mr LINDSAY—In telecommunications the last sentence was that broadband access is currently not available in the Larrakeyah residential precinct. I assume you want to withdraw that particular sentence.

Mr Howman—That particular sentence refers to cable. There is not broadband cable but there is broadband ADSL and ADSL2, and also wireless broadband 3G.

Mr LINDSAY—But broadband cable access is available now. You mean fibre-optic cable.

Mr Howman—Fibre-optic. Thank you for correcting me.

Mr LINDSAY—Okay. In relation to direct energy consumption, you talk about lights which will be low watt lights only. What is DHA's philosophy on using LED lighting in relation to energy efficiency in a project like this?

Mr Howman—We leave the lighting selection to the builder to make that. We define a functional requirement of a six-star rated house and the builder then will select the most cost-effective lighting that is needed to be delivered to meet the requirements.

Mr LINDSAY—There is a difference between cost-effective lighting and energy-efficient lighting.

Mr Howman—Yes.

Mr LINDSAY—What is DHA's view?

Mr McComas—In the Defence green building policy there is a whole section on energy and the type of appliances we want to put into the houses, what star ratings they must meet, how some switches have to be on timers et cetera for fans and things so they are not just running endlessly while people go out. There is a whole range of information in there about lights that I am happy to give to you on the energy side of the housing and what we require.

Mr LINDSAY—I thought it would be terrific to specify LED lighting if possible. Perhaps you might consider that for the next project. In relation to people, you say that the project will require relocation of 30 to 40 families and that these families will be sensitively relocated. What does sensitively relocated mean? When the homes are rebuilt, will they be allowed back on Larrakeyah?

Ms Heys—As we identified earlier, there are 36 families who we will need to relocate out of the 61 houses. We have already spoken to all of those families and fully understood the individual needs: do they have children at Larrakeyah Primary School or the childcare centre? We have then offered them replacement housing which meets those needs. They have all accepted housing at this stage which meets their needs from DHA's portfolio. So we have already identified where we can move each of those families to and they have had an element of choice in that process.

Mr LINDSAY—And if they want to come back to Larrakeyah, can they do that?

Ms Heys—Defence's stipulation is that families would only be allowed to move back onto Larrakeyah at their own expense. Having said that, by the time these houses are finished, most of those families would have posted out anyway.

Mr LINDSAY—Good answer. Finally, in relation to the project schedule, the original suggestion was that the PWC process would conclude in February 2009. That might be a bit earlier. What does that mean to your project schedule? Can you get on with it or have you got to wait until the wet season is over? What is going to happen?

Mr Howman—I draw to your attention that that is an inaccurate date. February 2009 should have been February 2010.

Mr LINDSAY—So you misled the committee!

Mr Howman—No, I was going to draw that to your attention towards the conclusion of the presentation.

Mr LINDSAY—You should have done it at the start.

Mr Howman—Today we are currently still on schedule.

Mr LINDSAY—If you get a quicker outcome from the PWC than you expected, will you start earlier?

Mr Howman—Yes, absolutely. If we can get an outcome much earlier, we would start a lot of the tendering activity far earlier.

CHAIR—I think it is appropriate that we put on the record that our committee is trying very hard to deal with applications that are coming before us—before everybody—in a very prompt manner. But putting a deadline on it that has actually passed was a bit harsh, Mr Howman!

My final question goes to the question we have discussed before, and once again it is a policy question rather than related to this particular application. Your submission says that no provision will be made for families with disabilities. We have had this discussion before, Mr Howman. Have you had any broader discussions with the Department of Defence about the need for houses to be designed so that they are accessible from inception rather than retrofitting? It has come to my attention that it is not of course the Defence member who is probably going to need accessible accommodation but potentially their partner or their children or in fact their parents. Have you had any further discussions about the need for accessible buildings to be constructed as a first principle?

Mr Howman—As of today, in determining the accessibility for disabled people, we look at things like front stairs, rear stairs, bathroom safety rails, wheelchair suitability, toilets and so forth. As of today we have four houses in Darwin and 29 on a national basis with safety rails and no wheelchair access. We have 19 houses in Darwin and 154 on a national basis with wheelchair access and no safety rails. We have five houses in Darwin and 30 on a national basis with wheelchair access and safety rails. I highlight that to demonstrate to the committee that there are a number of times when we do have to address the needs of our members and also their family members so far as disability is concerned. Cate very much deals with this on a day-to-day basis here in the Northern Territory; she may be able to example how we deal with it locally.

Ms Heys—As much of our current housing is ground-level and most of the new housing is ground-level, for much of that housing, conversion for wheelchair access and disability is not such a big issue. One of the issues for us is that we have no idea at any one time how many we are likely to need and what configuration will be needed. Realistically, to build a large number of houses which are already prepared for disability access may perhaps be going too far at this stage of the game for the numbers of people we are genuinely dealing with.

CHAIR—If you make accessibility one of the principles of design and if you make all of your houses accessible, you are never then confronted with the problem of retrofitting.

Ms Heys—I would question whether you would build every house to that principle upfront, because you may still need to make modifications for individual families.

CHAIR—It happens in Sweden. Those are all the questions we have in this session. I thank the witnesses. I declare closed this public inquiry into Larrakeyah's wonderful new houses.

Resolved (on motion by **Mr Lindsay**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Evidence was then taken in camera—

Committee adjourned at 11.44 am