
The Parliament of the Commonwealth of Australia

Report 3/2013

Referrals made May 2013

- **Development and construction of housing for Defence at Warner, Brisbane, Queensland**
- **Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland**

Parliamentary Standing Committee on Public Works

June 2013
Canberra

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ISBN 978-1-74366-100-0 (Printed version)

ISBN 978-1-74366-101-7 (HTML version)

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Membership of the Committee

Chair Ms Kirsten Livermore MP

Deputy Chair Mr John Forrest MP

Members Mrs Karen Andrews MP

Senator Sue Boyce

Senator Alex Gallacher

Ms Jill Hall MP

Ms Janelle Saffin MP

Mr Patrick Secker MP

Senator Anne Urquhart

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	Ms Kathy Blunden



List of recommendations

2 Development and construction of housing for Defence at Warner, Brisbane, Queensland

Recommendation 1

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 work: Development and construction of housing for Defence at Warner, Brisbane, Queensland.

3 Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland

Recommendation 2

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 work: Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland.

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 Special Minister of State.
- 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
 - any other matter declared by the regulations to be a work.²
- 1.4 The Act requires that the Committee consider and report on:

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*.

2 The Act, Section 5.

- 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 works considered in this report were referred to the Committee in May 2013. These works were referred by the Parliamentary Secretary to the Attorney-General, The Hon Shayne Neumann MP, on behalf of the Special Minister of State, The Hon Mark Dreyfus QC MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public 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 major issues of 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 development and construction of housing for Defence at Warner, Brisbane, Queensland. The estimated cost of the project is \$91.3 million.
- 1.11 Chapter 3 addresses the redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland. The estimated cost of the project is \$24.6 million.
- 1.12 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.

3 The Act, Section 17.

Development and construction of housing for Defence at Warner, Brisbane, Queensland

- 2.1 Defence Housing Australia (DHA) seeks approval to develop a large, reclaimed site in Warner, Brisbane, Queensland.
- 2.2 The purpose of the project is to develop land for sale to the general public and to build housing for Defence members and their families on a substantial portion of that land. This Defence housing will be integrated into the wider community.
- 2.3 The cost of the project is \$91.3 million, including GST and escalated costs but excluding the cost of the land.
- 2.4 This proposed development and construction project was referred to the Committee on 16 May 2013.

Conduct of the inquiry

- 2.5 Following referral to the Committee, the inquiry was advertised in the *Brisbane Courier Mail* on 21 May 2013 and the *Northern Times* on 24 May 2013.
- 2.6 The Committee received one submission and three supplementary submissions from DHA. The list of submissions can be found at Appendix A.
- 2.7 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 12 June 2013 in Brisbane.
- 2.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.

Need for the works

- 2.9 Gallipoli Barracks at Enoggera in Brisbane is one of the Australian Defence Force's (ADF) major bases. It is home to units of the 7th and 11th Brigades, as well as the headquarters of the 1st Division and the 16th Aviation Brigade. The on-base facilities are currently undergoing a major expansion, which will see the total number of personnel based at Enoggera rise to about 5,600.
- 2.10 In conjunction with this on-base expansion, DHA has identified a need over the next five years to provide new housing for families of Defence personnel working in the Brisbane area.
- 2.11 DHA manages approximately 1,800 dwellings to support ADF members posted to the Enoggera Base. At 27 February 2013, 1,695 families occupied Service Residences (SRs) with an additional 396 families in private rental accommodation receiving Rent Allowance (RA). The proportion of families on RA is 19.5 per cent which is over the target of 15 per cent.
- 2.12 The Warner project will provide 130 dwellings to assist DHA to reduce the proportion of Defence families on RA in the Brisbane area while assisting Defence with its goal of integrating Defence families more closely into local communities.¹
- 2.13 The Committee is satisfied that there is a need for the works.

Scope of the works

- 2.14 DHA proposes to develop approximately 465 allotments for the provision of developed land and housing in Warner to assist in satisfying future demand.
- 2.15 In addition to these allotments, there is a 2.1 hectare superlot zoned as medium density residential which DHA can either sell or develop at a later date. DHA will submit a subsequent proposal to the Committee should it proceed with the option of developing this site for Defence.²
- 2.16 DHA intends to construct houses for Defence families on 130 lots (approximately 28 per cent of the total lots), over 3 years. The remaining 335 residential lots and potentially the superlot will be sold to the general market.³

1 DHA, Submission 1, p. 1.

2 DHA, Submission 1, p. 1.

3 DHA, Submission 1, p. 2.

- 2.17 Subject to Parliamentary approval, civil works are planned to commence by November 2013, with dwelling construction commencing from May 2014 and being completed by November 2016.⁴
- 2.18 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 2.19 The overall project cost is \$91.3 million, including GST and escalated costs but excluding the cost of the land. The Committee received a confidential submission detailing the project costs and held an in-camera hearing with DHA on these costs.
- 2.20 The cost of the project will be met from DHA equity and debt funding. The cost will be recovered through the sale of individual lots and the sale of DHA constructed housing through its Sale and Lease back program.⁵
- 2.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Filling works for Tranche 2

- 2.22 The site is being purchased in two tranches. Tranche 2 of the project is 9.13 hectares. It was used as a brickworks quarry and has undergone extensive rehabilitation works to ensure it is suitable for residential construction.⁶
- 2.23 DHA's submission outlined the filling works requirements:
- The filling works have been completed and geotechnical monitoring of the fill is underway. Initial reports indicate that the fill is stabilising in accordance with expectations. The fill must be allowed to stabilise for a minimum of 12 months prior to certification of achieving equilibrium. Settlement is expected in May or June 2014 subject to the contract conditions being satisfied. All indications are that this will occur as expected.⁷
- 2.24 At the public hearing, DHA assured the Committee that the filling works will provide land suitable for dwelling construction:
-

4 DHA, Submission 1, p. 20

5 DHA, Submission 1, p. 19.

6 DHA, Submission 1, p. 9.

7 DHA, Submission 1, p. 10.

... the fill, the engineering, the recording and monitoring that has gone into that fill really ensures that this land is no different to building on ... the land around us in the Brendale area. Why I say that is that, in terms of the measuring for the stabilisation, we look at vertical movement of that land to be no more than two millimetres. We are actually looking for zero movement. We allow two millimetres movement to allow for any errors within the measuring equipment.⁸

2.25 DHA outlined the monitoring process for the filling works:

The monitoring points are isolated from the top two metres, so the reactive movement – the seasonal variation – in the top two metres is not measured in the monitoring process. We are looking at volume change and stability in the deeper fill. That seasonal movement in the top two metres will still occur, which is what the house foundations are designed for. We took all precautions to ensure that the movement in the deep fill would be minimised, and the result has been good. We have had around about 30 millimetres before it tapered off to become nothing, over a period of 18 months. So we are satisfied that what we have done is meeting the requirements of any deep fill concerns.⁹

2.26 DHA stated that minimal levels of movement were expected in the fill:

We were not expecting too much settlement because it was on a very solid base. The movement we were expecting was within the fill itself, because it is a clay fill and subject to volume change with wetting and drying cycles. There might have been a little bit of settlement, but we were not expecting very much settlement at all and the numbers have shown that.¹⁰

2.27 Further, DHA provided the following assurance:

DHA would not want to wear the risk on that site. Remember, we have our own houses there for a long period of time as well as other houses. The DHA board and our shareholders would not want us to move forward on development that had those sorts of risks to it. The board is quite satisfied and our shareholders are quite satisfied.¹¹

8 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p. 4.

9 Mr P. Fraser, DHA, *transcript of evidence*, 12 June 2013, p. 5.

10 Mr P. Fraser, DHA, *transcript of evidence*, 12 June 2013, p. 5.

11 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p. 8.

- 2.28 If DHA had not bought the land, it would have been purchased and built on by another company.¹² This indicates that the risks of building on filled land has been assessed by DHA and by the construction industry and deemed appropriate.

Committee comment

- 2.29 The Committee is satisfied that DHA has undertaken the appropriate risk assessments in determining that the filling works for Tranche 2 are appropriate.

Final Committee comment

- 2.30 The Committee was satisfied with the evidence provided by DHA regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 2.31 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 2.32 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

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 work: Development and construction of housing for Defence at Warner, Brisbane, Queensland.

12 Mr D. Cooper, DHA, *transcript of evidence*, 12 June 2013, p. 5.

Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland

- 3.1 Defence Housing Australia (DHA) seeks approval to redevelop a 6,317m² site at Enoggera in Brisbane, Queensland.
- 3.2 The purpose of the project is to demolish the current seven, two storey brick and weatherboard townhouses that are out dated and do not meet Defence guidelines.
- 3.3 The cost of the project is \$24.6 million, including GST and escalated costs but excluding the cost of the land.
- 3.4 This proposed development and construction project was referred to the Committee on 16 May 2013.

Conduct of the inquiry

- 3.5 Following referral to the Committee, the inquiry was advertised in the *Brisbane Courier Mail* on 21 May 2013 and the *Northern Times* on 24 May 2013.
- 3.6 The Committee received one submission and three supplementary submissions from DHA. The Committee also received a submission from a local community group. The list of submissions can be found at Appendix A.
- 3.7 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 12 June 2013 in Brisbane.
- 3.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.

Need for the works

- 3.9 Gallipoli Barracks is one of the Australian Defence Force's (ADF) major bases and home to units of the 7th and 11th Brigades, as well as the headquarters of the 1st Division and the 16th Aviation Brigade. The on-base facilities are currently undergoing a major expansion, which will see the number of regular personnel based at Enoggera rise to about 5,600 personnel.
- 3.10 In conjunction with this on-base expansion, DHA has identified a need over the next five years to provide new housing for families of Defence personnel working in the Brisbane area. It is anticipated that all units will be occupied by Defence members.
- 3.11 DHA manages approximately 1,800 dwellings to support ADF members posted to the Enoggera base. At 27 February 2013, 1,695 families occupied Service Residences (SR) with an additional 396 families in private rental accommodation receiving Rent Allowance (RA). The proportion of families on RA is 19.5 per cent which is over the target of 15 per cent.¹
- 3.12 The Committee is satisfied that there is a need for the works.

Scope of the works

- 3.13 DHA proposes to replace the current townhouses with seven new townhouses and 48 apartments, all to be occupied by Defence members and their families.²
- 3.14 Subject to Parliamentary approval, demolition and site preparation is planned to commence by March 2014, with dwelling construction commencing from August 2014 and being completed by October 2015.³
- 3.15 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 3.16 The overall project cost is \$24.6 million, including GST and escalated costs but excluding the cost of the land. The Committee received a confidential submission detailing the project costs and held an in-camera hearing with DHA on these costs.
- 3.17 The cost of the project will be met from DHA equity and debt funding. The cost will be recovered through the sale of individual lots and the sale of DHA constructed housing through its Sale and Lease back program.⁴
-

1 DHA, Submission 1, p. 1.

2 DHA, Submission 1, p. 1.

3 DHA, Submission 1, p. 18.

- 3.18 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Local traffic concerns

- 3.19 The site is located on Samford Road. Parts of the road are undergoing widening and one intersection is being upgraded. The site of the proposed project is several hundred metres from these road works and the two projects are unrelated.

- 3.20 DHA stated that the proposed project will not increase traffic to Gallipoli Barracks:

... the proposed development will not increase traffic to Gallipoli Barracks, as the future residents currently work in the barracks and transit there by local and wider road networks. DHA has proposed that provision of pedestrian and cycleway access, coupled with the opportunity for public transport to the city, has the potential to reduce slightly the traffic around the barracks. DHA engaged traffic consultants, TTM, whose report recommendation is, 'Given the volume of the traffic generated by the proposed development, it is not anticipated that there will be any noticeable deterioration of intersection performance in the vicinity of the subject site'.⁵

- 3.21 The Gaythorne and Mitchelton Urban Taskforce (GAMUT) made a submission to the inquiry that was generally supportive of the project but highlighted local traffic issues.⁶ DHA acknowledged this submission and indicated that it had been consulting with GAMUT throughout the development of this project.⁷

- 3.22 DHA provided some background to GAMUT's concerns:

Today, we know from work that Defence has done in traffic management that around 70 to 75 per cent of the Defence people gaining access to the base come from the north-west and north-east of the base. Many of those use an entrance to the back of the base and, consequently, to access that gate they need to drive

4 DHA, Submission 1, p. 17.

5 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p.2.

6 GAMUT, Submission 2.

7 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, pp. 5-6.

down suburban streets. Of the people who will be living in this particular development at least 70 to 75 per cent would be from those northern suburbs anyway. It is the desire that once we have the swipe-card pedestrian and cycleway access onto the base they will utilise that, and therefore there will be a slight reduction in traffic.

The traffic study that has been done shows the total traffic impact in the area is quite small from our perspective. For example: the peak count is 2,064 vehicles per hour in the am between 7.30 and 8.30; and 2,151 vehicles per hour in the pm peak hour transit up Samford Road past our development. The impact of our development will be minimal.⁸

Committee comment

- 3.23 The Committee notes that DHA's assessment indicates that this project will have minimal impact on traffic at Gallipoli Barracks and in the wider locality.
- 3.24 The Committee appreciates DHA's commitment to consultation with GAMUT regarding local traffic issues.

Asbestos

- 3.25 The existing townhouses on the site were built in 1986.⁹ DHA stated that it would determine if asbestos or other hazardous materials were present in the townhouses prior to their demolition:
- ... DHA will conduct a Hazard Materials Survey, utilising the services of an independent, qualified company. If asbestos (or any other hazardous material) is discovered, DHA will ensure that the demolition contractor is fully aware of the hazard and employs the correct techniques for its removal and subsequent disposal.¹⁰

Committee comment

- 3.26 The Committee is satisfied that DHA would appropriately detect, manage and remove asbestos or other hazardous materials if they were discovered during the project.

8 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p. 6.

9 DHA, Submission 1, p. 2.

10 DHA, Submission 1.3, p. 1.

Final Committee comment

- 3.27 The Committee was impressed with the design of the project, particularly the noise treatments, sensitivity to neighbouring properties and orientation of the dwellings to look out to the central communal area.
- 3.28 The Committee notes that for each tree that will be removed from the site, three will be planted (either at the project site or at nearby DHA sites).
- 3.29 Further, the Committee notes that DHA has made reasonable attempts to consult with neighbouring residents and businesses regarding the project.
- 3.30 The Committee was satisfied with the evidence provided by DHA regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 3.31 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 3.32 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 2

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 work: Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland.

Ms Kirsten Livermore MP
Chair
20 June 2013



Appendix A – List of Submissions

Development and construction of housing for Defence at Warner, Brisbane, Queensland

1. Defence Housing Australia
 - 1.1 Confidential
 - 1.2 Defence Housing Australia
 - 1.3 Confidential

Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland

1. Defence Housing Australia
 - 1.1 Confidential
 - 1.2 Defence Housing Australia
 - 1.3 Defence Housing Australia
2. Gaythorne and Mitchelton Urban Taskforce (GAMUT)



Appendix B – List of Inspections, Hearings and Witnesses

Development and construction of housing for Defence at Warner,
Brisbane, Queensland

Wednesday, 12 June 2013 – Brisbane

Public Hearing

Defence Housing Australia

Miss Cara Doonan, Senior Development Manager

Mr Peter Howman, Managing Director

Brown Consulting (Qld) Pty Ltd

Mr Ian Webb, Principal, Urban Development, Queensland

Civil Quality Assurance (Qld) Pty Ltd

Mr Paul Fraser, Principal Geotechnical Engineer

GHD

Ms Heather Nesbitt, Principal, Social Sustainability

Peet Ltd

Mr Darren Cooper, Chief Operating Officer

RPS

Mr Daniel Gibson, Technical Director, Urban Design

Saunders Havill Group

Mr Murray Saunders, Director

TTM Consulting Pty Ltd

Mr Simon Crank, Director

In-Camera Hearing

Five witnesses

Redevelopment and construction of housing for Defence at Samford Road, Enoggera, Brisbane, Queensland

Wednesday, 12 June 2013 – Brisbane

Public Hearing

Defence Housing Australia

Mr Bryan Foster, Development Manager

Mr Vernon Gallagher, General Manager, External Relations

Mr Peter Howman, Managing Director

Mr Raja Narayanasamy, Project Director

Andrea Young Planning Consultants

Ms Andrea Young, Principal

Ellivo Architects

Mr Scott Whiteoak, Director

JFP Urban Consultants Pty Ltd

Mr Owen Haslam, Senior Urban Planner

TTM Consulting Pty Ltd

Mr Richard Watson, Director and Traffic Engineer

In-Camera Hearing

Four witnesses