

Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW

- 2.1 Defence Housing Australia (DHA) seeks approval to construct dwellings for Australian Defence Force (Defence) personnel at a site at Kellyville, Sydney, NSW.
- 2.2 DHA will develop road and civil infrastructure on the site and construct 34 dwellings for Defence personnel.
- 2.3 The purpose of the project is to maintain or reduce the number of Defence personnel and their families residing in private rental accommodation in the Richmond area of Sydney. The project also aims to replace housing returned to investors at end of lease and existing housing that no longer meets Defence standards.
- 2.4 The cost of the project is \$21.85 million, including GST and escalated costs but excluding the cost of the land.
- 2.5 This proposed development and construction project was referred to the Committee on 20 June 2012.

Conduct of the inquiry

- 2.6 Following referral, the inquiry was advertised in *The Australian* on 27 June 2012.
- 2.7 The Committee received one submission and two supplementary submissions from DHA, and two confidential supplementary submissions detailing the project costs. A list of submissions can be found at Appendix A.

- 2.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 8 August 2012 in Sydney.
- 2.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.¹

Need for the works

- 2.10 Approximately 600 Defence personnel with dependents reside in the RAAF Base Richmond area, not including the neighbouring areas of Sydney, Liverpool and Glenbrook. The majority of these personnel work at RAAF Base Richmond.²
- 2.11 Rent Allowance (RA) is the provision of an allowance to assist Defence personnel in sourcing their own accommodation in the private rental market. The proportion of families in the Richmond region receiving RA is 19 per cent, above the Defence and DHA target of 15 per cent.³
- 2.12 DHA aims to reduce the proportion of families receiving RA and must factor in the 'churn' created by leased houses reaching end of lease and requiring replacement. The Kellyville proposal would provide 34 dwellings and enable DHA to reduce the proportion of Defence families in private rental accommodation and receiving RA.⁴
- 2.13 Options for providing housing include the construction of housing on-base, the purchase of developed land (serviced allotments) followed by construction, the purchase of suitable established houses, and the direct leasing of suitable housing.⁵
- 2.14 DHA indicated that in north-western Sydney, there is no opportunity to construct housing on-base and these other development options are not feasible or have not been able to keep up with the Defence housing requirement and the churn created by end of lease. DHA stated that the purchase and development of the greenfield Kellyville site assists in meeting the need for Defence housing in the Richmond area.⁶
- 2.15 The Committee is satisfied that there is a need for the works.

1 <www.aph.gov.au/pwc>

2 Defence Housing Australia (DHA), Submission 1, p. 1.

3 DHA, Submission 1, p. 1.

4 DHA, Submission 1, pp. 1-2.

5 DHA, Submission 1, p. 2.

6 DHA, Submission 1, pp. 2-3.

Scope of the works

- 2.16 The project will involve road and civil infrastructure development for 65 serviced allotments prior to the construction of 34 dwellings for Defence personnel. This includes 26 integrated townhouses and 8 detached dwellings. The remaining 31 lots will be offered for individual sale.⁷
- 2.17 Subject to Parliamentary approval, civil construction is planned to commence by April 2013, with dwelling construction commencing from February 2014 and being completed by December 2014.⁸
- 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 \$21.85 million, including GST and escalated costs but excluding the cost of the land.⁹ The Committee received two confidential supplementary submissions detailing the project costs and held an in-camera hearing with DHA on these costs.
- 2.20 The cost will be met by DHA and will be recovered through the sale of individual lots, dwellings and the sale of DHA constructed dwellings through its Sale and Lease Back program.¹⁰
- 2.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Committee comment

- 2.22 The Committee notes that this development is located close to the Rouse Hill town centre. The Committee also notes the number of childcare and educational facilities, medical centres and sporting facilities located within four kilometres of the proposed site.
- 2.23 The Committee is pleased to hear that bus services along Withers Road will be increased as this and other developments in the locality progress.
- 2.24 The Committee undertook an inspection of the site and viewed some of the surrounding amenities.

7 DHA, Submission 1, p. 6.

8 DHA, Submission 1, p. 12.

9 DHA, Submission 1.2, p. 1.

10 DHA Submission 1, p. 11.

- 2.25 The Committee is pleased with the location of the development and the significant benefits that this location would provide to future residents.
- 2.26 The Committee commends DHA for its presentation of comprehensive material on the surrounding social and community amenities.

Final Committee comment

- 2.27 The Committee was satisfied with the evidence provided by DHA regarding the proposed development and construction of housing for Defence at Kellyville.
- 2.28 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: Proposed development and construction of housing for Defence members and their families at Kellyville, Sydney, NSW.