



Dissenting Report—Senator Shayne Murphy

Introduction

I do not agree with views of the Committee contained in Chapter 2 and Chapter 3 of the Report. In particular, I do not agree with the Committee's conclusion that the Parliament should not delay the Board from its final consideration of the proposal.

I am strongly of the view that the Parliament should not approve the proposal.

Concerns

During the Inquiry I was particularly concerned with the issues of:

- Native Title;
- air quality;
- apartment configuration;
- a cost benefit analysis of the rental assistance program;
- a survey of Defence personnel on housing preference; and
- provision of value for money cost-effective housing for Defence personnel.

I am of the view that in responding to the Committee's recommendations in its Tenth Report of 2000, the Defence Housing Authority (DHA) responded to all matters with the exception of the cost benefit analysis.

The responses relating to Native Title and Air quality were quite clear and dealt with the concerns raised.

DHA's responses to the Committee's concerns about apartment configuration justified that there was potentially a need for one-bedroom units in Darwin and that DHA now has responsibility for the provision and allocation of singles accommodation. However, DHA's responses did not address the underlying issue of whether or not the proposed Carey Street apartments represented good value for money from a cost effective housing point of view.

In all of its submissions to the Committee, DHA relied heavily on a claim that there was a significant preference among Defence personnel for inner city apartment living.

The Committee had serious doubts about this claim, which was only supported by an ad-hoc Defence Corporate Support personnel survey, and requested further survey work. (The Defence Corporate Support survey alleged that 56 per cent of personnel would accept the offer of an inner city apartment).

The survey requested by the committee was conducted by AC Nielson and, in my view, clearly showed that, at best, only 8 per cent of Defence personnel would prefer to live in a unit. Indeed, only 1 per cent said they wanted to live in a unit, with a further 7 per cent saying they would prefer a unit but would consider a house.

The survey also sought views on living in inner city apartments (which Carey Street is) versus suburbs. This part of the survey found that only 14 per cent preferred inner city living. Significantly, this would further reduce the number being used to justify the construction of three \$28 million inner city apartment towers.

Despite the very clear findings of the AC Nielson survey report, DHA tried to claim that 46 per cent preferred inner city apartment living.

The fundamental question that arises in relation to Carey Street is, 'Does the proposal represent good value for money when considered from the point of view of providing cost effective housing for Defence personnel?'

To make a proper assessment of this question I believe the following questions must be addressed:

- What rental charge will apply to the apartments?
- What rank of personnel be housed in the apartments? and
- What level of subsidy will the Department of Defence be required to pay?

In addressing the cost of rent question, DHA provided evidence to the Committee that:

- a 1 bedroom apartment would rent between \$230 and \$290 per week;
- a 2 bedroom apartment would rent between \$300 and \$360 per week; and
- a 3 bedroom apartment would rent between \$350 and \$420 per week.

By way of a further example, DHA purchased 13 apartments in another high rise apartment development not far from Carey Street. The average cost of those apartments was approximately \$352,000 with rents ranging between \$460 and \$525 per week.

Given that most of the Defence personnel to be housed in these apartments will come from the A, B and B1 group rank housing classifications, it will mean that Defence will be in the main paying the maximum subsidy rate (approximately \$300 per week).

Moreover, many of the apartments' rent levels could be above the Department of Defence determined rent ceiling for these classifications.

In presenting this development proposal to the Committee, DHA failed on two counts. It failed to justify a need and it failed to demonstrate that the project represented value from a cost-effective housing point of view.

There are many other more suitable, desirable and cost effective options available for the provision of housing in the Darwin area and on that basis I urge the Parliament and the Government not to approve the project.

