



COMMONWEALTH OF AUSTRALIA

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JOINT COMMITTEE ON PUBLIC WORKS

Reference: Development of 90 apartments - 101 Carey Street, Darwin

THURSDAY, 28 OCTOBER 1999

DARWIN

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JOINT COMMITTEE ON PUBLIC WORKS

Thursday, 28 October 1999

Members: Mrs Moylan (*Chair*), Mrs Crosio (*Vice-Chair*), Senators Calvert, Ferguson and Murphy and Mr Forrest, Mr Hollis, Mr Lindsay and Mr Ripoll

Senators and members in attendance: Senators Calvert and Murphy and Mr Forrest, Mr Hollis, Mr Lindsay, Mrs Moylan, Mr Ripoll

Terms of reference for the inquiry:

Development of 90 apartments - 101 Carey Street, Darwin

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Committee met at 1.23 p.m.

CHAIR—I declare open this hearing on the development of 90 apartments at Carey Street, Darwin. This project was referred to the Public Works Committee for consideration and report to parliament by the House of Representatives on 2 September 1999, with an estimated budget of \$31 million. In accordance with subsection 17(3) of the Public Works Committee Act 1969:

- (3) In considering and reporting on a public work, the Committee shall have regard to—
- (a) the stated purpose of the work and its suitability for that purpose;
 - (b) the necessity for, or the advisability of, carrying out the work;
 - (c) the most effective use that can be made, in carrying out the work, of the moneys to be expended on the work;
 - (d) where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
 - (e) the present and prospective public value of the work.

This morning the committee received a briefing and inspected the site of the proposed works. Today the committee will hear evidence from the Defence Housing Authority, the Darwin City Council, Planning Action Network, the Property Council of Australia, James P. Woodger, Darwin Property Pty Ltd, Matt Coffey and Lex Martin.

DAVID, Mr Edwin Joel, General Manager—Operations, Defence Housing Authority

GOURGAUD, Mr Robb, Manager—Construction and Development, Defence Housing Authority

GRASBY, Mr Charlie, Manager—Darwin Housing Management Centre, Defence Housing Authority

LYON, Mr Keith, Managing Director, Defence Housing Authority

CHAIR—Welcome. The committee has received a submission from the Defence Housing Authority dated September 1999. Do you wish to propose any amendments?

Mr David—No, Madam Chair.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—Would a representative of the Defence Housing Authority now read the summary statement to the committee, after which we will proceed to questions.

Mr David—The Defence Housing Authority provides housing for members of the Australian Defence Force and their families. In performing this function, the authority's mission is to deliver total housing services that meet Defence operational and client needs through a strong customer and business focus. As a government business enterprise, the authority is required by its legislation to endeavour to perform its function in accordance with the policies of the Commonwealth and in accordance with sound commercial practice. The volume and location of the housing provided by the authority must also meet the operational requirements of the Australian Defence Force and other requirements of the Department of Defence.

The provision of housing in Darwin and Palmerston in the Northern Territory is a priority for the authority, and to date it has successfully completed over 600 new freestanding and town house type accommodation in these locations. In providing housing services to Defence families who are posted to Darwin, the authority endeavours to address the special needs of these families as they adjust to living in a tropical climate. In offering a range of housing styles, the authority also recognises that these families, like families generally, need to be provided with choice in terms of their housing options. For example, the authority has had significant involvement in the development of housing in Palmerston in response to demand from families for accommodation in that area.

Recent research by the authority finds that a percentage of ADF service personnel and their families would prefer to live in a secure inner city apartment with recreational amenities such as a swimming pool compared to the more traditional standard detached residence and townhouse type accommodation. Demand for this style of accommodation in Darwin is high, given the climate and the fact that this style of accommodation offers advantages such as security and minimal gardens to care for to families who experience high levels of spouse absence.

In responding to this demand from service personnel and their families in Darwin, the DHA has obtained a piece of prime city land from the Northern Territory government. This land offers sea views that cannot be built out in the future and comprises approximately 7,247 square metres. DHA proposes to develop 90 apartments on this land in Carey Street. These apartments will be housed in three adjacent tower blocks and will include parking and a recreational area. The intention is that the apartments will be used to house ADF families posted to Darwin. During construction and after completion of the projects, DHA will market 60 apartments on DHA's sale or lease-back program. The balance will be sold to private investors.

DHA considers the development of these apartments as a sound commercial option as the availability of serviced land suitable for detached dwellings in Darwin and its environs is limited. There is a lack of suitable established Darwin residences for spot purchase and the proposed development provides DHA with the opportunity to broaden its accommodation base. The overall concept is based on a proven market, and a DHA sale or lease-back plan

offers investors a minimum risk venture with good returns. As such, it provides DHA with a marketing edge on other similar projects.

Subject to parliamentary approval, construction is expected to commence in early March 2000, with completion of the works required by the end of the year to meet the ADF's December 2002 posting cycle. DHA proposes to seek approval for concurrent documentation.

Madam Chair, while not amending the statement of evidence, I would like to tender, with your leave, some additional documentation in response to issues raised by the committee. The first is a copy of the report by the Australian Valuation Office on a survey of residential accommodation availability in Darwin. With that report must go what is known as Instruction 2502, which is the Department of Defence's specification for accommodation types that are to be provided, and the value of work to that in arriving at its conclusion.

The committee also sought details of the housing design. I submit indicative floor plans of the design of the apartments. I stress that these are concept design documents only. There is a list of projects that have recently been proposed to the authority by private sector developers. It lists the address of the development, a description of the development, the price offered and the reasons for rejection by either the Department of Defence or the authority.

In response to the committee's questioning on the method of delivery, I would like to record for the *Hansard* a survey that we have just done on design and construct projects being used around Australia. Lend Lease and Mirvac have used this method of delivery for the Newington project at the Olympic Village. In fact, they initially went to 12 architects and they were not satisfied with the designs, so they did this in-house for the design and construct. It was 1,035 apartments. It was also used by Mirvac for a mix of apartments and houses—about 1,000—at Reely Park in Sydney; Multiplex for student accommodation at the Sydney University; Walker Corporation, Shellharbour City Council, Shell Cove; and the ACT community housing organisation, which has recently developed 100 apartments at Macpherson Court in the ACT.

CHAIR—I would like to pursue a couple of issues which arise from the letter received by the Darwin City Council on 13 October. One of those issues is in relation to the Shell oil tanks. The council said in paragraph 14 of their submission to the committee:

Despite the condition in the Development Permit which states that "negotiations with Shell shall be undertaken to attempt an early cessation of the use of tank 9 to coincide with the completion of the project", the Council remains concerned at the possibility of such negotiations being unsuccessful. It is felt that a condition should be imposed to the effect that under no circumstances should any units be occupied until tank 9 has been de-commissioned.

Can you provide any documented agreement or assurance that Shell will remove those tanks and at what time that will take place?

Mr David—I am not able to provide a written agreement that there is to be an accelerated movement of those tanks. We have documentation that we can submit to the committee of the NT government's plans for the decommissioning and relocation of those tanks and the intended timetable for them. In keeping with the conditions of the development permit, the authority is in continued negotiation with the Shell company for accelerated

movement and decommissioning. But I would need to add that, as our design currently stands, the design is in compliance with the Australian standard. Whilst it is our intention to pursue vigorously the accelerated movement of that tank, the current design complies with the standard. The work cover authority has agreed that the compliance exists and we have verified any doubts in terms of the definition of the standard with the appropriate authorities.

CHAIR—It seems to me, though, that the council's letter on this is pretty specific and fairly definite. They say that under no circumstance should any units be occupied until tank 9 has been decommissioned and that they are concerned that such negotiations would perhaps be unsuccessful. If you are so certain that Shell are going to move these, why is the council nervous about any negotiation in this particular area?

Mr David—I cannot speak for the council, but I guess—

CHAIR—Have you spoken to the council about it?

Mr David—Following the development approval, a colleague of mine and I did go and see council officers. Due to the mayor's unavailability, we were not able to meet with the mayor even though the scheduled meeting had been planned. But we spoke with the council planners. I recall it was the general manager of the council. I walked away from that meeting on the understanding that, whilst the council was quite firm in its position, it did understand that the design of the development did provide the required separation under the Australian standard.

CHAIR—When did you have that meeting with the council?

Mr David—I would have to check but I recall it was late last year.

CHAIR—This letter has been written on 13 October this year, so that clearly has not been cleared up yet as far as the council is concerned. Also, when was the offer to purchase the land first made?

Mr David—It would have been about March 1998, but I will verify that for the record.

CHAIR—In that time, you have attempted to make only one meeting with the council, with the mayor?

Mr David—Because we walked away from the meeting on an understanding with the council officers that we met that, whilst they continued to have concerns, they accepted that we were continuing to work with Shell. At that meeting, no registration was made with us regarding the condition that has been proposed to the committee with that letter.

CHAIR—Did you receive a copy of this letter?

Mr David—Yes.

CHAIR—Have you made any attempt to discuss that with the council since receipt of the letter?

Mr David—No, we have not.

CHAIR—Was there some reason why you have not done that?

Mr David—In our response to you and the submission you have received I think we have said we will continue ongoing consultation with all parties as part of this project.

CHAIR—The other question I want to ask as a result of the Darwin City Council's letter is in relation to the additional 30 units. In your submission just now you said that this project was to house ADF people. I do not think you were really specific about the fact that the balance of units were for sale to the public.

Mr David—Towards the end of my opening address and on page 2 of the written paper to the committee, we have said in the second paragraph that, during construction and after completion of the project, DHA will market 60 of the apartments on DHA's sale and lease-back program. The balance will be sold to the private purchaser. Forgive me if it is not clear.

CHAIR—Thank you for clearing that up. Paragraph 12 in the letter from the Darwin City Council says:

With regard to the proposed third apartment block (which will apparently contain 30 units), the Council wishes to point out that no consultation at all has been carried out. The Council has received no detailed advice from the Department of Lands, Planning and Environment in this regard and neither has it been advised by the sponsor.

And the sponsor is the Defence Housing Authority. Can you tell us why there has been no consultation on this?

Mr David—Yes, I can. For the record, again, I would like to separate the planning approval process and our approach to this committee. Our planning approvals to date have been for 60 units. We are approaching this committee as a committee of parliament for funding for the project. On that basis, it is incumbent on us to declare the total scope of the project, and that is 90. We have not gone to the stage of planning for the 30 that would permit the consultations that the council are seeking. Once the planning for the 30 commences, we would then be going through a consultative process with the council.

CHAIR—But surely, if from the outset you had in mind to develop 90 units on the site, you would want to have some reassurance that the council would support such a proposal.

Mr David—At that earlier meeting with the council we did talk about the 90.

CHAIR—Their letter is quite specific. It says that there has been no consultation at all with regard to the 30 additional units.

Mr David—I would need to go to my meeting records, but at the meeting we held with the council and with the Department of Lands, Environment and Planning, there was always the statement that it is our intention to do 90, and we currently have planning approval for 60.

CHAIR—What happens to the viability of this project if you cannot get approval for the additional 30 units?

Mr David—As you would appreciate, once you have sunk your land and infrastructure costs, the marginal return on each additional unit produced increases, and the feasibility studies we have done are based on the 90.

CHAIR—If you have not approached council for the approval of the additional 30 units, and that approval is not now given, where does it leave the Defence Housing Authority and more particularly the public investment in this particular project?

Mr David—It is my understanding that the approval process for the 30 will be done by the Northern Territory Planning Authority. Council is represented on that agency, so we will naturally have to do all the consultation to ensure that we can get that through.

CHAIR—Let us assume at this stage that there could be a problem getting that approval. What happens then to the profitability of the project and its accountability for public funding?

Mr David—That is something I would regard as being highly sensitive commercial information. I would be happy to submit to the committee the impact that your question raises, but it would be inappropriate for me to comment on that now.

CHAIR—The committee would be pleased to receive that advice in camera.

Mr David—I will go back to the consultation on the fuel tank. In all of these cases you can look back and say that consultation could have been done differently. I should add to what I have put on record that our consultant engineer, Connell Wagner, has met with city council officers on many occasions—I cannot give you the exact number—just on this issue to deal with compliance and particularly the fuel tank.

CHAIR—Thank you.

Senator MURPHY—With regard to the proposal for 90 units, in the papers you have given us there appears to be two buildings of the same height, and they are for 60 units. Is that correct?

Mr David—Yes.

Senator MURPHY—Where would the other 30 go?

Mr Gourgaud—Our original development permit gave us 60 units on one site. Consequent and subsequent to that permit, negotiations with the Northern Territory government developed to such an extent that the government proposed that they offer us a development leasehold over two sites. This has resulted from the extension of Carey Street, which splits the site and which now leaves a site in our hands that will remain undeveloped unless we go ahead with another proposal.

Senator MURPHY—Where is it going to be? With respect to what we have here, where are the other 30 going? Can you show me?

Mr Gourgaud—On lot B.

Mr FORREST—You already have two towers on lot B. You need another 30 units.

Mr Gourgaud—Sorry, on lot A—the one on the other side of the road.

Senator MURPHY—So there is going to be a third tower of 30?

Mr David—That is right.

Senator MURPHY—It is on that opposite side.

Mr Gourgaud—Yes.

Mr Lyon—It is a separate building.

Senator MURPHY—There are the two buildings of 30 each that we have in here, and a third building of 30. With regard to the construction of the extra 30 units, considering both the extra costs and the disturbance factor that might arise regarding the tenants of the other newly constructed units, why wouldn't you do it all at once?

Mr Gourgaud—That was our intention.

Senator MURPHY—Wouldn't that bring with it greater economies of scale?

Mr Gourgaud—It will. We have gone out for expressions of interest from the market to build 90 units.

Mr David—But we still have to get the planning approval for the extra 30.

Senator MURPHY—Yes. You have no planning approval for 90, but you are tendering for 90 and asking people to cost for 90. That is going to be different from costing for 60, if you end up being able to build only 60.

Mr David—We have not gone out to tender yet. Expressions of interest are what we have sought. We did not want to go out to tender until these proceedings had taken place. We will have further consultations with the appropriate approval authorities and then decide whether we go out formally for the tender for 90 or for a package of 60 plus 30. Very much in our minds was the disturbance factor and the efficiency of the production cycle.

Senator MURPHY—What is the timetable for getting approval for 90?

Mr David—We have spoken with our planning consultants here. We expect to put up a strong case, and we will be approaching the Department of Lands, Planning and Environment and then the Northern Territory Planning Authority for the additional 30.

Senator MURPHY—I have a question about land availability as far as any housing development is concerned. What is the land at Lee Point that is going to become available?

Mr Lyon—At the present time that land is held by the Department of Defence. We have been talking with both the Department of Defence and the Northern Territory government about it being made available for residential development. Not all the site can be made immediately available because it is still being used for Defence purposes, but it is expected to start to become available in 2002.

Senator MURPHY—I thought it was before that.

Mr Lyon—We are seeking to release some of the site before then, subject to the resolution of all the planning issues, including native title.

Senator MURPHY—That does not necessarily place it in a situation different from Carey Street.

Mr David—In terms of our program delivery requirements, we have a requirement to deliver housing for the posting cycle of 2002. Our best estimate for Lee Point Road in relation to meeting that requirement is that we would have to start subdivision works in 2002, or thereabouts. If everything goes well in that there are no native title issues, the planning processes are resolved, our negotiations with the Department of Defence are resolved and we can get access to the land, we estimate a 16-month time frame from when that has all been resolved for the subdivision to yield lots for construction.

Senator MURPHY—I am also interested in the comments you made in your submission with regard to putting 60 or 90 families in one building, or in three buildings. That seems to be contrary to Defence's approach to integration with the community program.

Mr David—You are right, Senator, it is different. Although in normal residential subdivisions we try to adopt a salt and pepper approach and have concentration of about a third, in unit developments in Sydney and in some other places we have had higher concentrations or total concentration. There is a myriad of reasons for that, one of which is a body corporate influence by having control over it, particularly when the style of the units is such that they are going to accommodate people whose husbands are away. There are other issues of service families wanting pets, and things like that.

There is a range of issues that we have to look at in terms of social engineering, and I use those words with some reservation. Since Carey Street is the first breakthrough in providing apartment choice to service families, and the range of units being from junior to middle executive level, we have to have regard to what would be the comfort levels with this first foray into this style. Our survey work with the Defence people and the feedback from the families was that it might be better to try this one with total concentration.

Senator MURPHY—What was the extent of that survey work?

Mr David—We did not conduct the survey. The survey was conducted by the Defence Relocation Centre in Darwin, which is really the tenant and manager, if you like, and it was

more appropriate that the centre conduct it. It did a telephone survey and a range of questions were asked.

Senator MURPHY—Do you know the number of families they spoke to?

Mr David—I do not have that offhand, but I can find that out for the committee.

Mr HOLLIS—It would be handy to get the questions too.

Mr RIPOLL—And the types of families they actually rang so that we know the responses according to the types of families.

Mr HOLLIS—Just interrupting Senator Murphy for a while, we are quite fascinated with the somewhat different biological change in the defence forces. We have just done another survey, and the argument was put to us that the whole make-up of Defence families is three or four, with the wife working and various things like that. Up here we suddenly find that there has been some sort of biological change. I think one of the papers I saw this morning said that families are having only one child up here, or none. It might be the air.

Mr Lyon—The figures in here refer to a national survey; it is not Darwin unique. It reflects a census that was done in 1996. That census is now in the process of being updated.

Mr RIPOLL—So this is the survey that you are relying on and that you are quoting to us. This is what you are talking about? You are saying your evidence is from the survey.

Mr David—No. There are two surveys we are talking about.

CHAIR—That is what makes it more interesting. We were led to believe, when we asked this question before, that there were no figures available and in fact the argument was put in the opposite direction. But, anyway, that is aside from here. I think Mr Lindsay would like to ask some questions.

Mr Lyon—We could certainly make available the 1996 survey. It is a published document.

CHAIR—It seems that this committee gets whatever happens to be convenient for the argument rather than the actual figures.

Mr LINDSAY—Gentlemen, I have some questions on your submission. First of all, you say that the banyan tree will be excised from the development site. What exactly does 'excised' mean? What level of control is there?

Mr Gourgaud—We have recently re-surveyed the site, and the location of the banyan tree is now outside the development site and inside the road reserve. During the construction process the banyan tree will be completely protected and, once the roads are dedicated, they will become the property of the council.

Mr LINDSAY—You have provided this map in relation to that re-surveying. I assume it cannot be current, because the proposed road does not match up with where it is actually going to be. Is that right? It does not show how the tree would fit in there.

Mr Gourgaud—Madam chair, can I take leave to pull a drawing off the board?

CHAIR—Certainly.

Mr Gourgaud—I would like to table this drawing. It clearly shows the excision location of the banyan tree with respect to the road reserve and the development site.

Mr FORREST—It shows a pool located under the tree, though, and car parking. It will be pretty tricky stuff to try to maintain a tree that has been there for a long time, with that sort of construction around it.

Mr David—That issue was discussed with our engineers just yesterday, Mr Forrest. We have had advice from Clousten's, the landscape consultants here, that the siting of the pool will not be a problem. But our engineers raised with us just yesterday that we should be prepared to compromise on either the size of the pool, by pulling it back, or by edging the pool round if that poses a problem. So that issue has been raised by the engineers.

Mr LINDSAY—Is there also an issue with the roots of the tree getting underneath the car park? Aren't those trees susceptible to moving across underneath the bitumen of the car park?

CHAIR—It does actually show it on your map.

Mr Gourgaud—The advice that we are getting from the landscape architects is that, if necessary, we will be adjusting the car park and the pool to keep both of those elements away from the roots of the tree.

Mr LINDSAY—I can tell you that we have those trees in Townsville, and they do dreadful things to footpaths and car parks. In relation to the proposed Knuckey Street extension, is that diagram showing that some of the land proposed to be part of all this will be excised back into that as road reserve?

Mr David—That is the proposal from the Northern Territory government. If that is the case, we will have to negotiate a price adjustment.

Mr LINDSAY—Wouldn't it be better to do that now and not pay the price that has been suggested here for the land?

Mr David—We have paid that money as a deposit.

Mr LINDSAY—I understand that. But you and I know the price that is proposed to be paid for the land; wouldn't it be better to do that deal now and not pay that amount of money?

Mr David—We are in negotiation now.

Mr LINDSAY—In relation to the price of the land, I think you said earlier that a valuation had been done since and that it exceeded the amount that you were proposing to pay for the land. Is that correct?

Mr Gourgaud—That is correct.

Mr LINDSAY—Is it confidential, or are you able to indicate what the difference in the two prices might be?

Mr David—We would prefer not to.

Mr HOLLIS—Nevertheless, because you were permitted to bypass the normal tendering process in getting that land—it was argued that it was a government to government deal—surely you can see why some of the developers feel a little uneasy that it is almost as if you got preferential treatment. As one-third of the apartments are going to go to the private sector—indeed, one could argue that they are all going to go to the private sector because the 60 are going to be built, sold and leased back—it could well be argued that, because of your position as a government agency, you got a preferential deal not available to a normal developer with regard to the land.

Mr David—I can see that some developers might see it that way, but I think it has to be put into its context. We paid market value for the land. Any movement in market value is due to the subdivision that has occurred and to normal market movements.

Mr HOLLIS—There is no subdivision there yet. It is just a rather unattractive block of land with a tram in the middle of it.

Mr David—There are now two separate allotments.

Mr HOLLIS—There is nothing on them, though.

Mr David—No. My understanding of the way in which the valuation has moved is that it is also a normal movement with the influx of time.

CHAIR—Mr Lindsay has some additional questions.

Mr David—I will place on the record again that it was market value that the authority paid.

CHAIR—On evaluation?

Mr David—On evaluation.

Mr FORREST—When you actually purchased the land, there was a sworn valuation. What has happened since is an escalation in its value. That is how you would explain it?

Mr David—That is how I would explain it.

Mr FORREST—And you have value added because of the subdivision?

Mr David—I believe we have. The valuers might not agree with me, but that is what I do believe.

Mr LINDSAY—These questions are in no particular order. You indicate that you have had discussions with the Northern Territory Planning Authority, who have—and these are your words—‘confirmed their approval, in principle’. This is for the apartment development. To clarify that, does that mean that they have confirmed their approval, in principle, for the block B development or the block A development or both?

Mr David—No, it is for 60.

Mr LINDSAY—So that is the block B development? Does that mean that there is no confirmation on the block A development whatsoever, in principle?

Mr David—That is correct.

Mr LINDSAY—Does that leave this committee with some unease in relation to being asked to approve that, when in fact it may fall over?

Mr David—I would rather deal with that in the in camera briefing because it is the issue of the value of the lot.

Mr LINDSAY—You say the site is zoned for commercial and residential use. I do not understand the town planning rules for the Northern Territory. From the council that I came from, there was not a thing that was for commercial and residential use. Is the only commercial use the small shop that you have talked about?

Mr David—Madam Chair, may I ask our architect, who is more familiar? My understanding is that it is a small shop, but could I call on Mr Liveris to respond?

CHAIR—He would need to come to the table and be sworn in.

Mr David—I will consult with him.

CHAIR—In relation to the in-camera evidence, can the committee have that in documented form?

Mr David—Of course. I will read to you the zoning provisions applying to this parcel of land. This is straight from the Darwin town plan:

. . . to accommodate a diversity of activities, including high density, commercial, retail, residential and tourist facilities and to encourage the development of a mixed use area with a maritime theme in the foreshore, consisting primarily of residential and tourist accommodation and commercial entertainment and leisure facilities in conjunction with the limited expansion of the existing waterfront and maritime industrial activities.

That is the whole zone.

Mr LINDSAY—Is that reading from a development control plan?

Mr David—Yes. Our proposal for the site is for maybe the ground floor of one of those towers to have shops and some office space. So it is not going to be heavily utilised for commercial; it is primarily residential with some light commercial.

Mr LINDSAY—Your initial evidence to us said ‘a small shop’ but now that has expanded to the ground floor. There is some industrial development next door to the site. Do you see it linking in any way with that?

Mr David—Not at all. From our point of view, we would not see any linkages between our site and that industrial precinct next door.

Mr LINDSAY—Do you see the industrial precinct next door ultimately phasing out and being replaced by a more residential intensive component?

Mr David—I guess this is a part of the business judgment that one has to exercise in these things. It is our view that the way in which the planning is going, and the way in which the intent of the surrounding area of that site will go, there will be a phasing out of that industrial area.

Mr LINDSAY—You also say that there is only one residential property in the immediate vicinity of the proposed development, and I think you are proposing to negotiate the purchase of that. Is that correct?

Mr David—We have been in negotiations with the party.

Mr LINDSAY—Could you indicate where that residential property is? I did not see it this morning.

Mr David—Next door.

Mr LINDSAY—In point 25 you say:

All services are available and of sufficient capacity for this proposed development, as confirmed by the various statutory bodies. However, associated head costs are likely to be encountered.

Is that cost not exactly quantified?

Mr Gourgaud—The final figure has not been established. We will be entering into negotiations with the council with respect to all those head works. We have an estimate of costs at this stage.

Mr LINDSAY—How can you then be sure of the cost of the project when so many of these items that we are asking you about are yet to be negotiated?

Mr Gourgaud—The negotiations will be based on a reduction of our worst-case scenario.

Mr LINDSAY—You say that the principal objective is to accommodate approximately 60 ADF families. Does that mean there will be approximately 90 families, with 60 of them ADF, in the three blocks?

Mr David—That is correct.

Mr LINDSAY—I am not sure whether it was Mr Ripoll or Senator Murphy who talked about the intensity of ADF families. What has occurred in other areas in Australia where you have had similar blocks? Have you had the same density of ADF families?

Mr David—Off hand, I cannot talk about 60, but in your own town of Townsville on the waterfront we have a unit development there and that is totally occupied by service families, although it is a smaller number than what we are talking about here.

Mr LINDSAY—I have not had any complaints about that particular development at all. I wanted you to put on record the evidence that you have just given, that in fact you are not seeing problems where a number of ADF families are next door to one another in a residential block like that.

Mr David—There are several examples of those around Australia, but I should add that in this particular case we have had detailed discussions with the head of the Defence personnel executive who is responsible for personnel policy on this.

Mr LINDSAY—Is that Major General Dunn?

Mr David—Yes, Major General Dunn, and after considering this for quite a while, he felt that this was a better way to go.

Mr LINDSAY—Did he examine the issue of having a private soldier next to a lieutenant colonel? Was he happy with that or will that not occur?

Mr David—The ADF is taking a greater degree of flexibility on that issue now and the mix of apartment types from the different classifications that the Defence Force has was part of the consideration and they were comfortable with that.

Mr LINDSAY—In your evidence you said that there would be areas for tennis. Would you confirm that your evidence today is that a tennis court may not be constructed or provided?

Mr Gourgaud—Our proposal at this stage is to have a tennis court. There are some issues to do with the reduction of car parking with respect to the banyan tree and, if necessary, the result of that will be the deletion of the tennis court.

Mr LINDSAY—Please confirm that there will be two electric elevators in each of the tower blocks.

Mr Gourgaud—That is correct.

Mr LINDSAY—In relation to the electronics of the buildings, you indicate that TV sockets will be provided to lounge and family rooms. Are you mindful of the latest developments in IT, cable and whatever where two-way connections will need to be provided? Are you proposing in these buildings to adopt modern practice?

Mr Gourgaud—The latest available technology will be inserted into the buildings.

Mr LINDSAY—You say that security systems will be specified and designed to meet the specific needs of the complex's tenants. Is that you, or the actual individual tenants? If it is the individual tenants, how do you carry out that particular commitment?

Mr Gourgaud—I am not quite across that.

Mr LINDSAY—At point 54 it says:

Security systems will be specified and designed to meet the specific needs of the complex's tenants.

How do you find out what the specific needs are and how do you manage that process? It sounds like you are suggesting that it will be a different thing for everybody.

Mr David—Because the tenants will change every now and then, it is not intended to imply that every family that lives in there will have a security system designed to meet their own particular circumstances. What was intended in that statement—and if it is ambiguous, I apologise—was that the tenant, being the Department of Defence, will specify certain security requirements, such as access from car parks and voice communication from the entrance to the units. That is what was intended.

Mr LINDSAY—What concerns me is that there are a number of instances in your submission to the committee which from your evidence today has not been correct. That concerns me. In relation to earlier evidence today you said that with Timor you perceive there will be an extra requirement for housing stock. How reliable is that? I want to get to the veracity of that. We are entering phase 3 in Timor and the government has already announced that we are probably going to cut by at least half the numbers of ADF personnel in Timor. The government has also said it could be a long process and we could be there for years. It just depends how it all sorts itself out. With those competing things, how does the DHA manage that, and how can you be sure that because of Timor there is going to be a significant demand in the years ahead?

Mr David—Mr Lyon may wish to elaborate on my answer, but I was not intending to say that we had any definitive advice that there would be an increase or change. My information was that at a meeting next week we were hoping to get more definitive advice on the final numbers. There is uncertainty. I need to make it very clear to the committee that the requirement for the 60 are not in any way related to the Timor issue or any changes that might occur. It is based on as firm as possible numbers that we have received from the ADF at the present moment.

Mr LINDSAY—Then why this morning did you bring this into the information that you were giving to us if it was not relevant to this particular development?

Mr David—My intention this morning was to give a scenario of the housing requirement in totality and the uncertainty that we have been advised of in terms of the housing requirement in Darwin.

Senator CALVERT—We are looking at a project here of 60 or 90 units. We are talking about 60 today on lot B. Some of the evidence that we have received from other people has indicated that there may be an oversupply of apartments in Darwin. If that is the case, why do you want to go ahead with building more? Is it the fact that the supposed oversupply of apartments here are not to your requirements? Could you explain that? Also, while you are at it, can you please explain why the DHA has to go out and be the builder when there may be other people here who could be willing to develop lots the way you would require them?

Mr David—I will give the first answer to that, and it is a very valid question. I have tendered to the committee the Australian Valuation Office report, which is an updated report, where the valuer has based his survey work on our requirements as spelt out by the customer, the Department of Defence, and the rental ranges that we are prepared to operate under in that market so that we do not pass to Defence a rental range that they are not prepared to carry. That survey certainly indicates that in the locations that we are looking for the accommodation types that suit the needs of the customer are not available.

In addition, I have tendered a list of projects that have been submitted to us by developers in and around the areas that we are looking for, together with details of prices and reasons why they have not been accepted by either the Defence Housing Authority or the Department of Defence. They are covered by a couple of real areas. One is that there are some apartments that clearly do not meet our needs as part of that oversupply due to the fact that they are two-bedroom apartments. The Department of Defence will not accept two-bedroom apartments.

In addition, other apartments are being offered which do not meet the amenity requirements of the customer. The families that are living in these apartments are offsetting to some degree some of the amenity of a free-standing dwelling for an apartment, but the Department of Defence on behalf of the families has stipulated certain requirements for apartments. Many of the submissions that have come to us do not meet that.

The third category would broadly be those apartments that come to us that are either poorly located and the customer will not accept them or they are beyond the rental ceiling that the customer is prepared to accept or the capital price that we are prepared to pay.

Mr FORREST—In other words, you reckon you are being ripped off by the locals; is that right? Just looking at the chart that you have given us, more than half of the development sites that you have had an opportunity to look at have been rejected because of the price. Some say 'not acceptable to the department'. They are not all priced, but at least half of them are.

Mr David—Half of them are based on the price ceilings that are placed on us and there are several that do not meet the amenity requirements. There were some that were rejected due to the location of the particular apartments. These are only the more recent ones. We keep records of all submissions and proposals brought to the authority. I should take the opportunity to mention that the authority has been in this city for a long period. We have clearly made our demand requirements known.

Whilst we are talking about 60 apartments that we are putting on for our customers ourselves, throughout the balance of the period we have acquired apartments from proponents where they have been suitable. This morning, the committee visited the Horizons development where we acquired 13 apartments because they met out requirements both in terms of amenity and price. It is also worth putting on the record that all our acquisitions in Darwin—be they by construction, spot purchase or lease—have been from the private sector.

Senator CALVERT—I do not intend to mention names, but against the fifth name on this sheet of paper you gave us you have a price between \$290,000 and \$360,000, and you say the rent ceiling exceeds DHA limits. Yet that is around the price or lower than what you expect at this development we are talking about today. Are you proposing to pay more rent for these?

Mr David—I think we should emphasise that the rent ceiling applies to each category of the Defence classification.

Senator CALVERT—So you are saying that that particular development that I am looking at is not classed—

Mr David—That is right.

Senator CALVERT—But you have purchased, rented or leased back units from private developers. Do you believe that DHA has made the local industry aware of what you are after and the sorts of players you want so that they could be part of—I suppose you would call it—the explosion of Defence housing in Darwin?

Mr David—There have been times when I have thought that we have made them too well aware. I have met with developers, agents and builders who almost have our documentation with them. I think our requirements are well known. From time to time I get submissions from a regional manager where it is clearly stated that a developer is planning to develop or has developed some units based on our requirements without consultation with us or without coming to us. So I believe that the development and building community in Darwin is well versed in DHA's requirements and, in fact, when the opportunity arises attempts to use them. Some are better at doing it than others, but we have to be driven by value for money.

Senator CALVERT—Put aside for a moment the proposal here and the 60-odd units that you are talking about developing. If that did not happen, how many units per year would you be looking for under the current requirements of DHA in Darwin?

Mr David—I should mention that, of our total stock of 1,750 houses in Darwin, even if these 60 units came on, we would still be at about 11.2 per cent of units to the total stock. Defence are a bit skittish, I guess, about going too far onto the apartment side, because they want to have maximum flexibility and they do not at all like units lying empty. So, in terms of a full number, I would not want to be held to anything but we would be looking at raising it to about 15 per cent or 17 per cent of our stock.

Senator CALVERT—So it is quite a significant number, is it not?

Mr David—We have talked with them about higher numbers but they were not happy about that.

Senator CALVERT—Will the demand for housing—whether it is in units or houses—continue for the foreseeable future?

Mr David—Our demand for housing in the Darwin market is driven by two things. One is new operational requirements. There are units moving up and, in fact, there are some units leaving from Darwin so we have to factor that in. We have a substantial portfolio of houses that are old and we have to have, as part of our asset management plan, a plan for steady replacement of them. The NT government is naturally concerned that DHA does not behave in a volatile way, where we throw a whole lot of houses on the market. So we have consultations with the NT government and we have arrived at what is seen as a figure for both replacement housing and meeting the operational needs that are sustainable in the Darwin market. But land is an issue.

Senator CALVERT—I would imagine that it always has been. That is why you are down at Fairway Lodge and places which are so far out of Darwin. Would it be fair to say to those people who have made submissions and have made their concerns known about development that, if developers in Darwin come up with the right product at the right price and in the right position, DHA would certainly be interested? Is that correct?

Mr David—Yes, as has been the case for the last 8½ years. As we speak, there would be proposals being considered by DHA for housing, apartments or townhouses. Our track record is to use the private sector.

Senator CALVERT—If the right products were on the market for what you want, then DHA probably would not be forced into entering the market.

Mr David—That is certainly the case. But in that ‘right product’ the dimensions include price.

Senator CALVERT—So rather than criticising you, the developers should look at what they are up to, what they are doing and what they are producing.

Mr RIPOLL—I want to go back to the 90 apartments. Did you say earlier that there were 88 families who would be housed in those 90 apartments? I think earlier on the record you said that there would be 90 apartments—60 for the ADF, 30 would be private, and then you said that there would be 88. Is that right?

Mr David—I think that might have been my accent. I think I might have meant ADF families.

Mr RIPOLL—My apologies. I wanted to clarify that because I had it as a point and I wondered where you had got 88 from. I will accept that. I have a question on the break-up of 60 and 30. The chair actually asked whether there would be some contingency in terms of the costings between whether you built 60 or whether you got approval for 90. Without going into the details of the price, but knowing that for 50 per cent more units you have actually got a bit more than 50 per cent more than the cost, how do you explain that?

CHAIR—Fifty per cent more of the units—

Mr RIPOLL—Yes, 50 per cent more of the units actually works out to about 50 per cent more of the cost.

Mr David—Madam Chair, I will talk in broad terms, if I may. You have asked for an in camera submission, and the in camera submission will detail the broad order of costings and the contingencies that we have put in. We will make an assessment against each of those contingencies on the probability of their eventuating so that the committee gets a real fix for the price that we are looking for.

CHAIR—I guess what the committee wants to know and probably what Mr Ripoll is hinting at is: would it be a viable project commercially if you developed only 60 of the 90?

Mr RIPOLL—That is really what I am getting at, yes. You do not have to get into the details and costs.

Mr David—That is a legitimate concern for the committee, but even on the issue of viability in a public forum such as this I would have some hesitation in making that observation because it could limit the authority's options.

CHAIR—The public should know whether or not this would be a viable project. They do not need to have the minute detail.

Mr David—Sorry, I may have misunderstood the question. Based on the worst-case scenario that we have developed our feasibility on, it is eminently viable.

CHAIR—That is commercially viable?

Mr David—Yes.

CHAIR—That is what we wanted to establish.

Mr David—We have looked at the different options that would be available to us should different scenarios emerge. It is those scenarios that I would rather not discuss in this forum.

Mr RIPOLL—But, broadly speaking, you are saying that, whether it is 60 or 90, either way, it can go ahead. It is viable. It is commercially acceptable. There is no real contingency

in terms of, if you do not get the extra 30, suddenly this changes the whole scope of your project.

Mr David—That aspect I would prefer to deal with in camera.

Mr RIPOLL—I want to go back to this idea of the families. I am a bit concerned as to the types of people you might house in the units. I have had just a brief look at the concept layer. There are two-bedroom, three-bedroom and four-bedroom apartments with a study. They are all fairly big. I assume from that that you are talking about families moving in.

Could you give us a better idea, by whatever means you have surveyed, of the types of people who would be moving into those? Do you have some indication that people would more than happily move in and be prepared to live there long term? I will go a bit further and say that, if most of the people who are going to go into units are single, the units seem a little bit big. I do not believe that the majority of families with young children would want to live there or that it would be appropriate for them to live in an apartment. Could you explain that a bit?

Mr David—It is not intended that there be single people in these apartments. That may become an option later on, but our planning has not catered for single people. Our planning has catered mainly for childless couples or couples with one or, in some cases, two children. Without being too definitive about the ADF's classification system, the more junior you are the more likely you are to be at the junior end of the scale and younger. Therefore, the family composition is different. The size of the apartments does in fact relate to the entitlements. As you go up to the high entitlement—what we call our C category—

Mr RIPOLL—I am aware of all that. I am happy enough with that explanation but, if you are talking about young families going into these apartments, how appropriate is this type of living? How many people are honestly going to put their hands up for it? How many families with two young children are going to live on the eighth floor of an apartment block?

Mr David—I will use some examples. I mentioned that we have a small number of apartments here. We have some apartments at Duke Street in Stuart Park. We have some apartments out at Nightcliff. There is certainly nowhere of the quality and amenity of these, but there is a high-tech upgrade for them. In Sydney, we have provided 155 apartments in the inner city and the surrounding suburbs of the city, and they have the same sorts of features that we have here. We have a very high take-up rate there. It is higher than for detached dwellings in terms of being readily available to allocate.

CHAIR—Are allocations made in relation to family need or to rank?

Mr David—At the moment, it is rank.

CHAIR—So you could conceivably have a single person or a couple of people in a four-bedroom apartment with a study and a family room?

Mr David—Certainly.

Senator CALVERT—One little thing that gets me about these units is that you have to have young kids in there. I have a grandson who is 14 months old. He is just starting to climb. I suffer from vertigo, and I looked down on those balconies this morning. Will you make available protection devices or something in those units to make sure that little kids cannot climb and do a swan dive?

Mr David—Locks on the balcony doors or security screens with locks.

Senator CALVERT—Yes, but sometimes the parents might take the kids out on the balcony.

Mr Grasby—That is a question. Mr Gourgaud will talk in more detail if the committee requires it, but the Australian standard is very clear on the need to make sure the surfaces of any such balconies and things like that are not able to be used as footholds. In fact, the authority has a very high concern for safety. In terms of the allocations, we would be warning and working with the Defence Relocation Centre to be careful about just that.

One of the things that we are very conscious of is that people tend to put tables and chairs on balconies, and that is something that we, from a provider's point of view, would have to be careful of. That relates back to my earlier comment that both we and the ADF want to be careful that we do not supply too many apartments so that people are forced into them. We want to make sure that there is some judgment exercised in terms of the family's composition.

At the moment, the ADF handles the relocations, but there are similar situations in highset housing in both Darwin and Townsville. We have a clear policy with the allocation of people to make certain that there is control over allocation to take care of the issue that you have raised, and we have strong awareness campaigns with families about living in highset type accommodation.

Mr RIPOLL—I have the same concerns. I am concerned that you are building these and that, in the larger ones, you are going to have families up there. It is just not suitable for them. One of the other points you did also raise earlier is pets. What did you mean? Did you mean that pets will be allowed in this apartment building? What are the regulations going to be there?

Mr David—That is why we have gone for the concentration of the 60. We have not nailed this issue down, but it is a factor. As the provider, we have to make sure that we take into account that a lot of ADF families do have pets. If they choose to live in accommodation which has restrictions on pets, that poses a bit of a constraint on them. In most locations where we are in control of the body corporate, we have been able to convince the body corporate that there will be suitable exercise of control of the pets.

Mr RIPOLL—What sorts of pets are we talking about? Let us be specific here. Are we talking about dogs and cats?

Mr David—There would be some. I do not think we are talking about Rottweilers.

Mr RIPOLL—Dogs are dogs to me.

Mr David—We could be talking about small dogs.

Mr RIPOLL—Most of the people in the Defence Force do not have small dogs.

Mr David—I should say that the allocators do take that into account. I do know of cities where, if a person does have one or two large dogs, they will not allocate them to that type of accommodation.

Mr RIPOLL—We have already discussed a bit the policy of just clumping people together, but I am still not comfortable with this whole idea of just sticking together 60 families who inevitably will be working together, going home and then being together again. I think there are some good reasons why the Defence Force moved away from that type of accommodation in the past. There is plenty of evidence right across Australia of absolute disasters where everyone was basically living in the same area, complex or whatever the design was.

I am a bit concerned that we are moving into that area again, just because it is a nice looking building. At the end of the day, it will be the same issues—that is, you will driving home from work with the same people you worked with. There are also issues of privacy. You will have the partners who stay at home imprisoned, to some extent, with the partners of only those other people. They will not get a chance to socialise with the broader community. I think it is very restrictive to have any area or any building dedicated to one type of person, and I have grave concerns about that. Whether it is 60, 90 or even 30, I would still be concerned about that policy.

CHAIR—You may recall that earlier this year we took evidence from DOFA in relation to foreign affairs accommodation in other countries, where the trend was to not clump people together, which was interesting.

Mr RIPOLL—The trend everywhere is moving away from that. Can you somehow explain how this is going to break that mould and work.

Mr Lyon—I know, from reading the correspondence between the authority and the Department of Defence, that this has been examined very closely, particularly with Major General Dunn, who is responsible for personnel policy throughout the ADF. We can provide the committee with additional material on this. It is an issue that has been very closely examined in the context of what is possible here in Darwin.

Mr David—It is an issue that we have not dealt with lightly. It is a departure from what we normally do. We have relied on our experience in places like Townsville and Sydney where there has been higher than the one-third concentration.

Mr RIPOLL—But we are not talking here about a higher than one-third concentration. We are talking about a likely 100 per cent and at least 75 per cent. It will be either 100 per cent or 75 per cent. One-third could well be explained by saying, ‘This is acceptable. There will be a fair mix.’

Mr David—I have relied on experience, and we are talking about several locations where there has been 100 per cent. The social disasters you talk about are very real. We are aware that those were mainly in a residential subdivision of detached houses, where we had nothing but service families. That was wrong and we would not do that.

Mr RIPOLL—The possibility for disaster is magnified when it is not detached, where they open up their door to see everyone living in the same block. I assume everyone would work at roughly the same time so that in the morning, if somebody is running a bit late for work, everyone would know why because they are all living in the same block. I have grave concerns about that. I would like to hear reasonable explanations for putting 60 families together. At the end of the day, after six months of living together, they might choose a broader outlook on life and want to be part of the normal community, which is what they are asking for everywhere they go and not the reverse.

There is also plenty of evidence in terms of higher density living—which is apartment living—in housing commission or government housing units where it is not a matter of the quality of the block. At the end of the day, it is still just a block, stacked one on top of each other. They may as well live on base. There is not a great deal of difference—whether you are driving five kilometres out or one kilometre out or just down the road on the base, you are basically going from work to another defence facility.

Mr David—In this case the motivation was based on advice from Defence, from the discussions with senior defence personnel management that Mr Lyon referred to. Some of the younger people wanted to have the option of city living. For some, whose husbands are away, there was the issue of mutual support issue. It has come through very clear in our research that for people living in Darwin and to some extent Townsville—where there are deployment units that deploy very quickly and for lengthy periods—that there are benefits in having the exclusive use of accommodation for them. There are several examples from Sydney—particularly relating to the Navy where husbands are away from time to time—that the mutual support aspect has proved beneficial.

Mr RIPOLL—That has not quite convinced me. I understand the mutual support issue and that there are groups within ADF to deal with that. However, people's privacy is also very real. Given that everyone will be living in the one concrete block, somewhere along the line, there will be families in there with young children and the issues arising out of that could include where the children play, their noise and a range of other issues. You might have a senior officer living there, who does not have children, and noise might become a problem for them. I think there are going to be substantial issues that you will not be able to resolve. The Defence Force had the policy to move away from clustered living, especially high density. At least in detached or semi-detached units there is more opportunity for some privacy. I think there is very little privacy in an apartment building.

Mr FORREST—I do not have many questions. We will be questioning defence people after we have heard the other witnesses, won't we?

CHAIR—Yes.

Mr FORREST—Just on the point Mr Ripoll was making, I cannot believe that in this land of the great down-under people want to live in dives like this and what you have been showing us this morning. It takes me a day and a bit to fly here from where I live and yet people want to live on top of one another in places like this. It is unbelievable. I cannot understand how you could possibly justify this direction or that the defence people want you to supply it.

Mr David—I would re-emphasise that the number of apartment type living that this development would still only bring us to, as a proportion of the stock, 11.7 per cent. I do not have any statistics available but there is a growing demand—and not just in cities like Sydney—from people for this type of living, as long as the apartments are of a high quality and the complex contains the level of recreational facilities that we are providing.

Mr Lyon—Major General Dunn is a member of the authority's board. He has taken an active interest in this, as has Mrs Di Biggs, who represents the spouses. I have spoken to both of them and they are strong supporters of this project, because of the circumstances of Darwin.

Mr FORREST—I suppose you have given the guarantee that no-one is going to be forced to live in a place like this and that they will be offered a house. I have some questions about the design. I understand why the department wants to do this project itself—I mean, it seems appalling to me the value of rents and so forth that you have been asked to pay. It cannot be all that expensive to live here. I suspect someone is managing the market, but I do not want you to buy the value you think you need by compromising quality. This morning we inspected two high-rise apartment buildings. Just to get their identities right: what was the first one called?

Mr David—Bridgeport.

Mr FORREST—And the second one?

Mr David—Horizons.

Mr FORREST—There was a reasonably distinct difference in quality between the two of those; that is probably why you showed it to us. I would like you to give some indication of which one of those this design that you are proposing is pitching at. I was not very impressed with the Horizons development. It is a dogbox.

Mr RIPOLL—It is more expensive, too.

Mr FORREST—Looking at the floor plans you have given us to peruse, it seems to me that the second of those two is the design standard you are pitching at, which means that you step out of the elevator and look straight into someone's front door. What about privacy?

Senator MURPHY—Why are the elevators internal? I suppose this is not all that relevant to what we are dealing, but I am curious about why the elevators are internal.

Mr FORREST—Can I have my question answered first?

Mr David—In answer to your question of whether we are pitching the design at Bridgeport or Horizons, it is really neither. We are looking at a size that is slightly larger, depending on the classification of the unit, than what you saw at Horizons in terms of the balcony sizes and things like that.

Mr FORREST—I am probably not referring as much to the unit for living in itself but to the presentation and how you get into it and access. You have provided us with an architect's schematic of the two towers. One is described as building alpha and one is described as building beta. I do not know which is which. One seems to be slightly more generous in its dimensions than the other. I am just trying to get a feel for the standard so that you can assure me that we are not getting a better capital price because we compromise on quality.

Mr David—I think I can provide that assurance in this way: what you have in those papers is a schematic and it is a concept that was used in order to go for planning approval purposes only. When we go out for tender we will be defining very clearly the design requirements in terms of quality, in terms of aesthetics. From our point of view, the marketing side of it is equally important—saleability and marketing is going to be an important driver. In evaluating the designs, the aesthetics and functionality of the building will be very much part of that.

I would not be driven by the schematic that you have in front of you as being what the final outturn will be, but short of emphasising to the committee that our hallmark, if you like, has been quality, as evidenced by other projects that we have had control of, that will be overlooked by not only our board in very great detail but also private sector consultants who will ensure that our documentation prior to going out to tender is functional in terms of the specifications and detail but also in terms of the aesthetics. Then the evaluation team will also have that very much in their minds and that will again be something that will be controlled very carefully.

Mr FORREST—You might need your architect to help you explain this, but with the first building the door to the unit opened to the atmosphere, the elevators opened to the atmosphere, and the fire escape was separate—it had a whole open feeling about it. From the information given to us, those units were cheaper than the other ones. When you walk into the second building you showed us you feel as though you are walking into a confined, spooky space, and there is no natural light. Those are quality issues. That is what I am talking about. What I want from you is that you are not getting a cheaper capital unit by compromising quality and by not providing those other aspects which tend to compensate for some of things Mr Ripoll was commenting about.

Mr David—I think I can provide that assurance.

Mr FORREST—But these drawings do not. It shows one unit's doorway facing another unit's doorway. That separate entrance to individual units is not there.

Senator MURPHY—Will the lift wells be internal or external?

Mr FORREST—The lift wells are shown internally within the building.

Senator MURPHY—Is that the plan, or not?

Mr David—When I tendered those drawings I did emphasise that these were conceptual indicative drawings.

CHAIR—You did, indeed.

Mr RIPOLL—But the floor layout indicates that that would be fairly accurate. So they are not indicative drawings of the building floor layout, are they?

Mr David—Yes, they are indicative.

Mr RIPOLL—Those are indicative as well.

Mr David—They were for the planning pool.

Mr RIPOLL—But they are very close to what you think would be a final draft. Although they are indicative, it is a fairly final draft.

Mr David—The areas would be very close to, if not matched with, what we will probably finally produce. But the configuration within that size is something we have yet to work on.

Senator CALVERT—It was mentioned to us this morning something about air flow.

Mr Grasby—We can pick up which way the wind blows in the wet season, for instance, and we use that to get our windows and cross flow through the flats.

Mr FORREST—In other words, you are saying to disregard these plans, which you tabled this morning as additional information, that these floor plans mean nothing.

Mr David—The chairperson asked us to provide the indicative plans, which I have done, but I have made it very clear, Mr Forrest, that they are indicative plans. The process that we intend to use for the delivery process could use something quite different. We would be required to go back, as I understand it, to the Northern Territory Planning Authority with the final plans. We did not submit those as being what the final building will look like. Once we have gone through the processes, we will be taking the final plans back to the NTPA.

CHAIR—And you cannot really do final plans until we have approved it anyway. Have you finished, Mr Forrest?

Mr FORREST—No, I have not finished but I can wait till later.

Mr HOLLIS—Just on that point, if the floor plan is only indicative, is it going to be eight storeys? Is that indicative as well? What are we looking at here? We come up here at great expense to the taxpayer. This has been put before us and now we are told, 'Oh, well, the floor plan could change. It could be totally different.' My next question is: is the building we are looking at on this site? Is it going to be a two-storey building or is it going

to be a 15-storey building or is it going to be an eight-storey building? Is it going to have two levels of car park or four levels of car park? Is some architect going to be allowed to run away with fantasy? All sorts of things come up.

Mr David—I did heavily qualify the answer that the size issues—

CHAIR—It seems that a lot of things have been heavily qualified. Anyway, proceed.

Mr David—Sorry. I thought I was qualifying—

Mr FORREST—It is the way the project has been procured, Madam Chair.

CHAIR—We are not sure whether we have 60 or 90 units.

Mr HOLLIS—I know. We are not sure if we are looking at \$20 million or \$30 million. We are not sure what size the building is going to be. We are quite confused. I hope you are not as confused as we are.

Mr David—I am certainly not confused, Madam Chair, and I will try to remove the confusion with the committee. I want to separate the discussion about the configuration of the units and the external facade being indicative from the issue of dimensions in terms of numbers of towers, numbers of floors, floor areas for the units proposed, and the number of units in those three towers. That is definitive. The facade of the building, the aesthetics of the building, the configuration of the units within the building in terms of where bedrooms might stand or whatever is something that will come out of the delivery process that we outlined to you this morning.

Senator MURPHY—You must have a preconceived view of what you expect your designer to provide in terms of the social aspects of the construction, with regard to where the lift wells will be or how they will function, whether there will be an internal lift well and Mr Forrest has raised questions about the fact that someone comes out of their front door and looks into someone else's front door, et cetera. That was not the case with the concept of the first lot of units we visited. From a social point of view it would seem to be a much better operation. So you must have some preconceived view about that. That is what we are interested in.

Mr David—Yes, we do.

Senator MURPHY—Well, can you tell us what that is?

Mr FORREST—It obviously is not these plans. They are not worth two-bob. You may as well have them back. Is that right?

Mr David—That is the internal configuration of a particular unit as against what Senator Murphy was referring to.

Mr FORREST—I am happy that you have tabled that plan and that this is what a unit is going to look like, but the other interplay of the way all the other units operate—you showed

us two distinctly different buildings today. I was impressed with one of them, but I was not impressed with the other. I want to know which is the theme that you are going to follow.

Mr David—The theme we will be following is the generality rather than the internal design of the units. It would be to ensure openness and aesthetics. I have talked about our marketing and selling objective. We want to make sure that they are designed to appeal to both the families that live in the units and the persons who might be buying them. Our current planning is for internal lifts. There are some arguments for and against that. We have ruled out the prospect of having air conditioners hanging off the bedroom, for example, in order to add to the aesthetics. We have some detailed concepts in those areas. When we go through the process after we define our requirements, it could be that one builder comes up with something that provides us with a different aspect or different feature that we believe adds to the aesthetics and the value of the process.

CHAIR—I do not think Mr Hollis had finished. He keeps being interrupted.

Mr HOLLIS—I will come back to it. I would rather that we keep going on this issue.

Senator MURPHY—Why did you go down the road of having internal lift wells?

Mr Grasby—For cyclone reasons. It is probably better to have internal lifts in a cyclone prone area.

Mr FORREST—It is cheaper; be straight.

Mr David—I do not live in the Darwin environment. I can imagine when driving around that it could be an issue. I stress that I have not lived here but I have lived in countries in the subcontinent which have that sort of wet. Driving around that unit, it might have been a consideration why I would prefer to have it internally.

Mr HOLLIS—What was the reason for choosing this site? What other sites were looked at? What were the reasons for rejecting them?

Mr Grasby—We went to the Northern Territory government and asked whether any sites were available. That was the only site that was given to us.

Mr HOLLIS—I understand that there are sites closer to Larrakeyah barracks. I have been told that there are sites there. Is that not true?

Mr David—We have taken some infill sites near Larrakeyah. I am not aware of any site near Larrakeyah that would yield this level. We also looked at some other sites that became available, including Myilly Point and places like that. They were far too expensive for what we were proposing.

Mr HOLLIS—I have been coming to Darwin for many years. One argument that has always been put to me is that there is a lack of available land. I understand that we are now moving towards the release of Lee Point.

Mr Lyon—It is true that we are seeking to get access to Lee Point.

Mr HOLLIS—It would seem to me that if we are going to spend \$20 or \$30 million on this development it might well be better to spend it on developing the site at Lee Point. You would get quite a lot for that.

Mr Lyon—We are talking about two different types of developments, to be quite honest. You asked about sites. I was not part of this process. I have asked the board members why they favoured Carey Street. From a commercial point of view, it is a site close to the city. It has a very good outlook. It is quite attractive in terms of the authority's approach to financing its projects from a long-term viewpoint. It is considered very suitable. At Lee Point Road, we are talking about detached houses and townhouse-type arrangements, not high-rise dwellings.

Mr HOLLIS—I am quite interested in defence housing change. They have built villas. Even in Larrakeyah there are some villas. This seems to me to be a totally new concept with a high-rise. At Lee Point you could accommodate all those things. You could have not necessarily high-rise but you could have the detached bungalow house, the villas and all those things. You would get better value for your money there than what you will get in this project.

Mr Lyon—There is an issue of timing as well as the reasons I have given in terms of providing another option for members of the Defence Force. Lee Point Road will not be available, as we have discussed earlier, for some time.

Mr David—In terms of our programming, Lee Point cannot be taken into account because there is too much uncertainty about our access to that site. Again, I would have to place on record that what Mr Hollis says is absolutely right. Our focus has been, and will continue to be, on family housing in residential precincts with detached dwellings. But there is emerging both in the Australian community and in the Defence Force, which is only a microcosm of the Australian community, a demand for some residential apartments.

CHAIR—We will break for 15 minutes and then return to hear the additional witnesses. Before we break, I want to put one issue on record. It is probably appropriate to do it now while Defence Housing is here. In your submission to us on 7 July 1999—I know this was discussed, but it should be on the record—you prepared a briefing paper about the Carey Street proposal for the construction of 90 apartments. You estimated the cost of constructing three house blocks at approximately \$20 million. I am quoting from your document. The budget for the project in the DHA submission is \$31 million; that is in the recent submission. That is an increase of 50 per cent. Further submissions from Tiperary Waters and Darwin Property challenged the need for \$31 million for this project and argued that an average development cost of \$345,000 per unit is excessive and warrants investigation.

First of all, can you clarify, so that it is recorded in Hansard, why we have that discrepancy in the first paper? The second paper states that the 90 apartments would cost approximately \$20 million yet those 90 apartments have now been costed at \$31 million? Can you briefly give us your views on the challenge from Tiperary Waters and Darwin Property.

Mr David—Thank you for the opportunity to clarify that issue. The reference in the July submission is wrong. I will quote from a paper to a board in September 1998, where it was clearly said that for 60 units the estimated cost of construction would be \$17 million for the development. There is also the land component, other consultants fees and other contingencies. The reference in the 7 July submission should have said that 60 units would be estimated at around \$20 million.

With regard to the Tiperary Waters reference, it is again important to mention that, when coming to a committee such as yours, it is important that the authority comes with its highest exposure. When it provides a feasibility study to the board, it gives its absolute worst case scenario. When we toured the site this morning, Mr Grasby pointed out certain uncertainties that we at this stage have not absolutely defined. There will be requirements by both the Darwin City Council and the NT government, which we have had to factor into a worst case feasibility study.

Management process for seeking tenders and fixing the price on this project will be not based on the worst case outcome; it will be based on testing the market fully, pressing that market and making sure that we get the best price. There will be controls and processes to ensure that the negotiations are conducted in a manner that gets the best price from the market for the day. The board will be monitoring this process very carefully. We went to expressions of interest. We have had a property auditor monitor the process of coming down to the select tender list. There will be additional controls over the issue of the tender, the evaluation of the tender and the management of the project. All of these are designed to get the best financial outcome for the authority.

CHAIR—Thank you.

Proceedings suspended from 3.11 p.m. to 3.38 p.m.

BARRY, Mr Eugene Herbert, Strategic Projects Officer, Darwin City Council

BROWN, Mr George, Lord Mayor, Darwin City Council

CHAIR—On behalf of the committee, I take this opportunity to welcome you. The committee has received a submission from the Darwin City Council dated 13 October 1999. Do you wish to propose any amendments to it?

Mayor Brown—No. I should point out that, with the third tower, this will not be a full submission from us. We have not had time to include the third tower. For the record, I point out that this is quite clearly an official council document and that it is in our records as such.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission before we go to questions.

Mayor Brown—Thank you. I should say firstly that the council is often accused of being anti-development. This is totally incorrect. We support development, but we support development which takes into consideration the natural environment, the built environment and the public amenity. These are our most important considerations for proper growth of the city. I will restrict my comments to some of those things that relate to amenity.

The first one, which is very important to us, is tank No. 9, which was not shown on the original drawings. It is located only 16 metres from the original proposed north-western boundary. We believe that there should be no occupation of the building while that tank is there. It is a potential danger, we suppose.

Senator MURPHY—The proponents say it is 33.7 metres from the nearest—

Mayor Brown—Tank No. 9 was not shown on the original—

Senator MURPHY—It says in their submission, in response to your submission, that the nearest tank, tank No. 9, is located 33.7 metres.

Mr Barry—The figure that the mayor mentioned was the distance to the boundary. The 33.7 metres is the Australian standard for distance between such a facility and a residential building. When this was written, we also did not have access to the final plans. A possible realignment of the building itself may comply.

CHAIR—Perhaps we can let Mayor Brown continue with his submission and then we can proceed to more questions on that issue.

Mayor Brown—We also have some concerns with the design of the Carey Street extension. We believe that there are various engineering issues relating to that which our engineering people can certainly be questioned on. We believe that stormwater drainage is of utmost importance in relation to the fact that all stormwater in Darwin flows into the harbour. We believe that the harbour is our most important environmental consideration, given the rather rapid growth of the city. So an engineering assessment of all stormwater drainage issues is requested, and that includes gross and minor pollutant controls.

With pedestrian access, we are concerned about the access along Carey Street for cycle and pedestrian access. We believe they are not commensurate with standards appropriate for a high density residential area such as is proposed. We are concerned about the provision of visitor parking.

Landscaping to us is very important as a major public amenity, and we point out in relation to the mature banyan tree on site that banyan trees are also considered by our indigenous population to be sacred sites. Although they are not always registered as such, they are always expressed as being of particular religious relationship to indigenous people. I can point out that several buildings in the CBD have actually been redesigned to take that

into consideration, including this building and the Magistrates Court. They were both designed to accommodate banyan trees which were on site.

Mr FORREST—If you had all these concerns, why did you grant a permit? Why didn't you refuse the permit?

Mayor Brown—We do not grant permits.

CHAIR—It is the Northern Territory Planning Authority.

Mayor Brown—We were also greatly concerned that we had no consultation in relation to the third tower development. We noted in the sponsor's submission at paragraph 10 that the development site was acquired by DHA after direct negotiation with the Northern Territory government and Darwin City Council. Further, at paragraph 20 it is implied that the sponsor consulted with the council town planning committee. Both of these statements are incorrect.

I think that your questioning will probably lead us to explain the rest of the submission, which you have. Thank you for the chance to make this submission.

CHAIR—Thank you very much. I would like to lead off with a couple of questions. One that does concern me is the distance between the oil tanks and the boundary of either the building or the lot. Whichever way you go, concerns have been expressed about the proximity of those tanks to the building. But I notice that the Northern Territory Planning Authority approved the project and issued a development permit after deliberation and after being satisfied that all Australian standards relating to the proposed building's proximity to the fuel tank were met by this project. That is a point I would like to discuss with you. As I understand it, you have two representatives on the Northern Territory Planning Authority.

Mayor Brown—I should explain that those two representatives do not represent council's point of view. They do not go there with an instruction that this is what council wants to do; they go there as private people, although they are elected members. It is proposed that in the new planning act that will change and council representatives will represent council's view.

CHAIR—I am glad that you have clarified that point. What are the risks as you see them, and why would the Australian standards body actually classify it as being safe?

Mr Barry—The situation is that the council did have initial concerns. As I explained earlier, there was a discrepancy between the two different measurements. It may be that the subsequent siting of the towers in line with the conditions of the Northern Territory Planning Authority makes it now comply. But the council has never been officially informed of the situation.

CHAIR—All right, but you have heard evidence today and I have just read to you the information that has come to us that says that the Australian standards have been satisfied in relation to this and that the Northern Territory Planning Authority has approved it. Would you still have concerns about the proximity of the tanks to the building or to the boundary?

Mayor Brown—I think that we still would, given—excuse the pun—an explosive situation there.

Senator CALVERT—If that is the case, you would have the same worries about the other buildings that are not much further away on the other side of the tank, would you not?

Mayor Brown—Exactly.

CHAIR—What precisely is the nature of your concern?

Mayor Brown—We read of fuel spills from tank farms, and there is one going on at the moment which has been going on for quite a long while without rectification. We also read of another one over in Groote Eylandt where fuel was actually leaking for almost two years before it was discovered.

CHAIR—What would it mean for any occupants of this particular building if that were to happen in this situation?

Mayor Brown—Not being an engineer, but understanding the nature of fuels, I think that it is an unlikely situation. But having said that it is unlikely, it is possible that that sort of a fuel build-up could occur without anybody knowing. For instance, I can give you an actual fact of a major drain which runs out from the RAAF base, which actually exploded or ignited beneath the highway, simply from a build-up of gases from fuel in the drains. So we would have to have that fear.

CHAIR—The other issue goes to your last statement in your submission, that consultation with the council town planning committee did not occur. You heard evidence given under oath this morning that DHA had discussions with someone in your office.

Mayor Brown—‘Someone in our office’ is not a discussion with the council, nor is it a discussion with the town planning committee.

CHAIR—Was that person an authorised officer? You were unable, as I understand, to attend the first meeting that was set. Did you authorise an officer to attend the meeting in your place?

Mayor Brown—We had an officer there, possibly representing council for the purpose of answering questions or asking questions, but not representing council committee fully as a committee. Only council’s committee can do that.

CHAIR—So you have a town planning committee?

Mayor Brown—Yes.

CHAIR—And it would be the committee that would make those decisions?

Mayor Brown—Yes.

Mr Barry—I add that, in preparing the submission, I researched the files. I am only recently employed with the Darwin City Council. A previous town planner who was involved with this particular application has resigned. But certainly there was nothing on file to indicate discussions.

CHAIR—But you do not deny that there was a discussion which took place with one of your officers?

Mayor Brown—I cannot deny that an officer was involved. Certainly, almost always, there can be an officer involved.

CHAIR—Did you ask an officer to stand in on that meeting that you were unable to attend?

Mayor Brown—Not to represent council, no, or council's town planning committee. My recollection is no.

CHAIR—I have just one other question before I hand over to my colleagues for questions. It concerns me that you would have a concentration of dwellings on this site. I know that this is probably a little premature, given that you have made a submission in relation to 60 dwellings on the site. We hear today evidence that there will in fact be 90 if approval can be gained for 90. It concerns me a little bit that you have got this fairly intensive living situation. And I understand that, when those oil tanks are removed, there is a possibility of that site being developed as well. What provision has been made for public open space?

Mayor Brown—It is a major concern of council—for that number of people or that number of families living on such a restricted site—how adequate open space could be provided.

CHAIR—The committee did take a look at the site this morning. I will grant you that it is difficult to get a real feel for the locality without having perhaps gone for an extensive walk around the area. It seemed to me that it was fairly built up. Are there public open space facilities within a reasonable distance of that site?

Mayor Brown—If you talk about 'reasonable distance' as driving a motor car or riding a bicycle, there probably are. We have the botanic gardens and the foreshores and those sorts of places. But families on site require somewhere to play on playground equipment or kick a football or hit a tennis ball or something like that. Not having seen the final plan and not having taken into account the third tower, I believe that, even with the first two towers, there appears to me to be an inadequacy in the provision of green open space.

CHAIR—Would that situation worsen if you were to include the third tower?

Mayor Brown—I believe it would.

Mr LINDSAY—This is a very significant proposed development in a prime area of Darwin City. DHA, in good faith apparently, sought to meet with you; you were unavailable;

they met with an officer of the council. Yet you give evidence that the officer of the council is not representing the council. Is it also your evidence that the council has made no attempt, knowing of this proposed development, to come back and seek further clarification from DHA?

Mayor Brown—We would not consider our evidence to be total until we had had a chance to speak with all of the other bodies which we do speak to who would have an interest in that development. I refer to people such as property owners, council, business council, real estate, and the various planning action groups around the town. We would not consider our evidence to the Planning Authority to be complete until we had had discussions with those people who were interested in talking with us.

Mr LINDSAY—Yes, but my suggestion is that perhaps you should have actively followed up DHA, knowing that they wanted to talk to you about a most significant development in Darwin City.

Mayor Brown—I think that it probably appeared to us to be hanging in the air in the time between the two-tower development and the three-tower development.

Mr LINDSAY—A diagram that I have in front of me indicates that fuel tank No. 9 is 33.7 metres from the outside face of the building, which, according to Mr Barry, meets the Australian standard. Does that remove your objection to that?

Mayor Brown—I do not think it does. Even if the proximity is an Australian standard, quite often we act against the Australian standards in adding to the standard rather than strictly complying with it. So we would have that concern.

Mr LINDSAY—Does the council have a view on when Knuckey Street is likely to be extended? Are you aware of what I am talking about—the proposed extension?

Mayor Brown—I believe that we do have a time frame.

Mr LINDSAY—What time frame?

Mr Barry—Is that in connection with that particular section of Knuckey Street on which—

CHAIR—The proposed extension, which cuts across Carey Street.

Mr LINDSAY—What is the time frame in the council's planning horizon?

Mr Barry—It is quite a long time.

Mr LINDSAY—I do not understand the Northern Territory laws. Are you the responsible authority in doing that extension?

Mr Barry—Yes, we would be; that would be a council road.

Mr LINDSAY—Not in the next 10 years? That is unlikely?

Mr Barry—Unlikely.

Mr LINDSAY—Mr Mayor, does your council have a policy on high rise on the Darwin foreshore? You call it 'tower' but I call it 'high rise'.

Mayor Brown—I drew a little diagram a while ago, and pointed out that we do not have a policy and the Northern Territory Planning Authority does not have a policy. The planning act does not have a statement which restricts or gives a building height. For some years now we have spoken about a profile for the city, which is a pyramid where the lower rise buildings on the periphery rise to the higher rise buildings in the city.

Mr LINDSAY—If the council does not have a policy, that most likely means that there has not been a lot of interest from your ratepayers on that issue.

Mayor Brown—Our ratepayers, in the last five years at least, even out in the northern suburbs, have shown a very strong interest in development in the city because they realise that development in the city must have an implication for development in their own suburbs. So there is an interest.

Mr LINDSAY—In relation to your specifically expressed concerns about Carey Street—that there is adequate stormwater drainage, bicycle paths, road widths and those sorts of things—are you the planning authority for the design of the roads?

Mayor Brown—Yes, we approve the design through the Planning Authority.

Mr LINDSAY—Then, really, those are not things that this committee should be concerned about because you would set your conditions and you would achieve what standard you want to achieve. Is that right?

Mayor Brown—I believe that is right.

Mr LINDSAY—In relation to the visitor parking, are you the planning authority for the number of on-site spaces that have to be provided?

Mayor Brown—In relation to numbers of people in a given area?

Mr LINDSAY—The number of car parking spaces to be provided on a development.

Mayor Brown—Car parking spaces are the responsibility of the Planning Authority.

Mr LINDSAY—That is not you?

Mayor Brown—No.

Mayor LINDSAY—You have said that there is a concern about visitor spaces. We are being advised that two spaces per unit plus visitor spaces are being provided. Normally that

would be considered an appropriate number of spaces, because not every unit will have two cars. If you have two spaces per unit plus additional visitor spaces that would be enough. Why do you have a concern about parking?

Mayor Brown—If that is a fact, we would probably be satisfied, but we have some concerns.

Mr Barry—Those particular concerns were addressed in paragraph 10 of the submission.

Mr LINDSAY—Thank you.

Senator CALVERT—Tank No. 9 seems to be something that you are concerned about, but that is not the only tank there. Obviously, that fuel farm would be a major concern of the council because of its adjacent nature not just to this particular proposal but also to quite a few other buildings in the area. I guess that is why the plan is to move it out to East Arm. Is that the area?

Mayor Brown—Yes, the port area.

Senator CALVERT—It is going to be moved, anyway. I cannot help but notice a fair amount of high-rise development in the immediate vicinity. Did the council air similar concerns about those developments?

Mayor Brown—We have objected quite strongly in council to high-rise development along the immediate foreshore close to the CBD, which were largely overruled—a couple of times by the minister himself. Yes, we have expressed concern about high rise on esplanades and CBD peripheries.

Senator CALVERT—We saw two this morning—Horizons and Bay Watch.

Mayor Brown—You would have been able to buy a unit there, if you had wanted to.

Mr HOLLIS—I don't think we could afford it, Mr Mayor.

CHAIR—Our pay is not good enough for those sorts of units.

Mr HOLLIS—Bay Watch!

Senator CALVERT—There was certainly not a beach there; I didn't observe anybody walking along the beach. You raised a question about the oversupply of apartments in the immediate area, but we had evidence from the DHA that those types of apartments do not fit in with their requirements. That is one of the reasons they want to get these purpose built for the requirements of Defence.

Mayor Brown—I do not think we have a policy that relates to DHA and its designs. We certainly look at designs and talk about amenity in design in relation to tropical style architecture—set backs, positioning of buildings to allow through breezes and that sort of thing—but the actual dimensions and those sorts of things we do not interfere with. We

might point out to developers, through the authority, that we would like to see something better, but to say, 'These do not suit,' we believe, is not our brief at all. I should point out that we have had correspondence from property developers and real estate agents relating to the oversupply of unit type dwellings in the CBD at the moment.

Senator CALVERT—As a person who probably visits Darwin twice a year, I cannot help but be impressed by the amount of development that has gone on in Darwin in recent times, including a lot of high-rise hotels. I suppose you could say that there may be an oversupply of hotels, but the one we are staying in seems to have a pretty high occupancy rate.

Mayor Brown—In answer to that I can say that we believe that, if construction people have the confidence to put up these buildings, they are showing a confidence in the growth of Darwin and we would support that growth so long as it was sustainable and, as I said earlier, looked at the amenity of the public and the natural and built environments that go with them.

Senator CALVERT—I think it is fair to say that DHA have probably been one of the major developers or investors in the Top End, particularly in the city of Palmerston. What is your relationship with DHA like?

Mayor Brown—Our relationship with DHA has been excellent.

Senator CALVERT—We have had evidence that there does not seem to have been consultation on this particular project.

Mayor Brown—In Darwin we have not had that large-scale type of development with DHA, although I heard somebody mention earlier Lee Point, and we would certainly look forward to consulting with them when the Air Force move out and DHA move in. We look forward to a lot of consultation on that because it is a prime area, but most of their work, as you said, has been done down in the Palmerston area.

Senator CALVERT—You have a difficult situation with a planning authority that overrides your particular council. It is one of the few places where that happens—I used to be in local government myself and I know the value of having your own planning department. It frustrates you somewhat when you have another authority. In Canberra we have two—we have a National Capital Planning Authority—and there is always a duplication of planning. If I were the mayor of a city I would love to be in the position that you are in here with the amount of development that is going on. With vacant land becoming available, what are your plans to improve the consultation or the relationship with developers such as DHA? As the mayor, would you actively go out and encourage more discussions between parties?

Mayor Brown—We are actively promoting that sort of discussion in so much as we are fairly large property owners in the city and we are talking about joining the Property Council of Australia. Certainly we always encourage prior discussion, even before things are put down on paper. We encourage discussion even prior to that. So the answer is yes, we

promote discussion and we certainly will continue to do so although, as I said earlier, some developers still believe that we are anti-development, which is totally incorrect.

Senator CALVERT—Thank you.

Mr HOLLIS—Mr Mayor, on behalf of the council you have raised some serious concerns about this project, not least of which is the oil tanks. I do not want to put you in an embarrassing situation—

Mayor Brown—That would be a hard thing to do.

Mr HOLLIS—I heard the answers you gave Senator Calvert, but consider our position. We are charged by the parliament to make a recommendation on this project. If you were in our position, what would you be recommending? Would you be recommending that the project proceed or not proceed?

Mayor Brown—You could not even ask the council that question; it is quite an unfair question, given that I believe you would be considering exactly the same things that we are charged with.

Mr HOLLIS—You are closer to it. You are the mayor of this city. We come here a couple of times a year, and projects are put to us. You represent the people here.

Mayor Brown—But when you travel, you represent the people of Australia.

Senator MURPHY—If this project were put to council, would council approve it?

Mayor Brown—Without having had full discussion and seen a council final decision—and you have put me in a corner, but I do not mind—my answer would be no. I would reject it as being too overcrowded.

Mr FORREST—Nothing to do with the fuel tank or the banyan tree, but improper intensity of living?

Mayor Brown—Yes.

Mr HOLLIS—Unsuitable for the site?

Mayor Brown—Yes.

Mr HOLLIS—Thank you.

CHAIR—Thank you for appearing today.

[4.12 p.m.]

CLINCH, Miss Margaret Anna, Convener, Planning Action Network

WESLEY-SMITH, Mr Robert Nuttall, Deputy Convenor, Planning Action Network

CHAIR—Welcome. The committee has received two submissions from PLAN dated 15 October 1999. Do you wish to make any amendments to those?

Miss Clinch—I understand one of those submissions is from Richard Luxton, who is unable to be here today. I would like his submission to be incorporated in the record, and my own submission as well.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The documents read as follows—

CHAIR—I now invite you to make a short statement in support of your submission before we proceed to questions.

Miss Clinch—Although I am not going to read my submission, I will use it as a prop for the order of the comments I am making. My first comment concerns the statement that there is a lack of housing stock available in Darwin. Our experience from the community's point of view is that there is not a shortage of stock. Indeed we have had statements from the President of the Real Estate Institute about the level of development and stock available. In addition, I have here a supplement to the *Northern Territory News*, which comes out every Saturday, indicating the amount of property available. I would be happy if the committee would like to take that and peruse it later. There are 32 pages; this is a regular event. There is a lot of real estate available for sale.

At the outset, I wish to refute something that is said frequently about our organisation; in fact, it has been said frequently lately because we have been involved in the review of the Planning Act. People do say that our group are against all development. We are a community group looking to improve the living environment in the Northern Territory and to keep a balance. We do not object to all development—we look through development applications—but we are very responsible. We have a long experience and we have quite a deal of knowledge amongst us. Because we are different individuals we have different backgrounds and we have an accumulation of different sorts of knowledge. Our major thrust is that we like to be proactive, and the point we like to make is that consultation in advance will help smooth the way, and that this is a good policy for our group and for local residents' groups. It is a positive way to go.

The first point in our submission is that the accommodation plan is unsuitable—the tower accommodation is unsuitable. When the troops went to Timor a concern was expressed in the *NT News* that spouses left behind were very tense and stressed, especially people with young families, and we do not believe a tower environment is a good place for these people to be living. We also know from the Northern Territory lifestyle that the best place to raise children is outside in the fresh air, where they can spend hours playing. We do not think that a unit type living space is a good way to raise children in the Northern Territory.

This site is very isolated from the rest of the town. It would be a ghetto type situation where Defence personnel would be very separate from the community which can support them. We want Defence personnel to be part of the community. We do not want any division. We want the community to be happy and living together and a normality to be there.

The next point we make is the inappropriate location of the proposed development. I am pleased to hear that the committee has been there. It is a high bluff, and it has extensive views of Frances Bay. In the past three years we have had a succession of tall apartment buildings built around the periphery of Darwin, which is built on a plateau, and views for the community have been successively built out. In fact, this site is the last viewing place for Frances Bay on that side of Darwin. We do not want the view denied to the public by a large building, and we do not think it is good public relations for it to be denied, either.

I do not know how closely you have been able to look at the plans, but adjoining this site is a Knuckey Street mooring base axis, and part of it is meant to be a pedestrian way—a key walkway in our whole planning. The site of the development is such that coming over the bluff, where you would expect there to be a major view from that walkway, all that people would see would be the towers. That would be most unfortunate, and very bad planning. You may think that is a minor thing, but there is a great emphasis on outdoor activity in Darwin. Tourism is very important to us, and we are having our views and our outside living joys successively taken away from us. In central Darwin we are supposed to be developing high density residential accommodation, but very little is actually happening in the core of the city; it is all happening around about with these eight- and 10-storey buildings. The buildings will also be in what is now a fairly run-down industrial area and it will take many years before this changes into a residential area, and there will be a lot of disruption before it happens.

With regard to the Shell tanks, we wrote to Shell about three weeks ago to ask them when the tanks were likely to be moved. There is a delay. They have not replied yet, so it is obviously not a simple matter, although I have spoken to them on the phone. The delay in moving the tanks is probably related to the delay in the finishing of the East Arm Port because there is a problem with the wharf failing. So that is likely to be delayed as a consequence of the East Arm delay. I do not believe this is an issue of the building being occupied. The building really cannot be built while the tanks are there. I do not know whether you experienced it this morning, but each time I have been up there there has been a strong smell of fumes blowing onto the site from the tanks. They tell me that is aviation gas. I am not an expert on standards, but I do not think it is advisable to be welding where you can smell gas or where you can smell fumes from fuel.

The next point that was made in this submission on behalf of PLAN was the high cost of infrastructure. This is a premature development. You can see from the attached subdivision permit from the Northern Territory Planning Authority that there are a whole lot of conditions to be complied with—23 conditions—including roadworks, electricity, sewerage, et cetera, before this site can be used. These are all costs to be added to the project and they are another way of showing that this project is premature. This is in fact what council said at an earlier date—the planner to whom Mr Brown was referring, with whom we had discussions too. The whole fact that this area is not really ready for residential occupation adds to the cost to the taxpayer, added to which we have had the problem with native title considerations as well.

The land has come into the bailiwick of the Defence Housing Authority through the Minister for Lands, Planning and Environment declaring that the development was strategic. This bypasses the normal rules of dispensing crown land, which has to be put up to auction or tender. There are concerns in the community that this has occurred. We simply do not agree that this is actually a strategic building in the sense of being important for defending the country. We are also concerned about the absolutely exposed status of these two or three towers should we in fact have a difficulty, because they are away from any Defence installation. They are not near Larrakeyah. They are not where there is any defence against aerial attack. I do not want to be morbid, but we have to be sensible also. They are Defence personnel.

We spoke to Mr David about other sites for this development, namely the large old hospital site near Larrakeyah and also the Lee Point site. They have infrastructure. They are closer to schools. They are closer to other people and we really cannot understand why they have not been taken up, in particular the Lee Point development. For other reasons, we are aware that that probably will become available somewhere between 2000 and 2001. We also note that the Planning Authority's approval permit is only for two years, so the timing seems a little strange in that all this has to be finished within two years but on the other hand the tanks will probably still be there in two years time.

It sounds like we are being rather contentious, but we do not intend to be contentious. We just think that the facts are staring us in the face and that we would be foolish to disregard them. We think that it is obvious that it is not a good idea and that probably it is more being approached on a commercial basis and taking up a land opportunity than being well thought through. If I can put the point another way: we were in the Planning Authority hearing when this application was put forward. The Defence Housing Authority team conspicuously and arrogantly refused to relate to any community concerns, even though the chairman of the Planning Authority asked them to relate to them. They said they did not have to, even though in the Planning Act it is normal for developers to reply to submissions from any objector.

The Planning Authority may have initially approved this development in principle, but that was only a temporary stage. It did approve the 60 dwellings in two towers finally, but only when the minister declared that it did comply with the land use objectives which are an important part of our planning scheme here. The Planning Authority itself could not agree that it did comply with the land use objectives. They are the basic factor in approvals. It was only when the minister told the Planning Authority that it did comply that it was approved.

I can tell you with certainty that the Planning Authority does not approve frames of buildings or general concepts of buildings. It is particularly concerned about design, including internal design. It is unbelievable to me that the parliamentary Joint Statutory Committee on Public Works might go away with the idea that it is normal for the Planning Authority to approve things on the basis of broad outlines.

One of the things that struck us right through this whole course of events is the poor documentation that has been coming to us from the Defence Housing Authority. It is extremely poor documentation, given that it is \$31 million of taxpayers' money. We find that quite appalling.

We have had quite genial talks with Ed David and Trudy Habner, but we want to make sure that the parliamentary Joint Statutory Committee on Public Works does not think that this was genuine consultation. We met with the Defence Housing Authority in Darwin on 17 December after we had made extended attempts to meet with Charlie Grasby, the local manager. Four of us talked with Defence Housing Authority's Ed David and Trudy Habner, the manager of public relations, for about one or two hours. In the end they passed us this document which had a typed thing inside saying that that was their position. That was at the end of the consultation—the end of the discussion. Simply, it was not a consultation; it was a spending of time with us.

Later on when I was in Canberra, I was invited in. It was after the Planning Authority had actually approved the development—not the subdivision but the development. I spent another hour with Ed David and Trudy Habner, passing over information, discussing and trying to persuade. As I got up to leave, the manager, Ed David, said to me that his position was unchanged: that they would be building two towers on the site or perhaps three. So, to my mind, that is not consultation with the community. I think we went through the hoops perhaps for the sake of the minister being told that we had been consulted with. In truth, we had not.

I wanted to make one last point here. We have also for your concern that Parap Grove development, which you are going to look at as well.

CHAIR—This is perhaps not the forum for discussions on Parap Grove. We need to stick to the submission on this particular site.

Miss Clinch—I agree. All I wanted to do was compare the 50 residences that can be provided for \$17 million at Parap Grove with the 60 or the 90—I am not sure which—for \$31 million. I do not know quite the words for it, but I think the committee really ought to be concerned about the situation. Thank you.

Mr Wesley-Smith—It is hard to get a handle on this situation because the Northern Territory government does all the planning. We came into being because of our objections to high-rise buildings on the escarpment edge, which was in contradiction of their policy statements. A group called Guardians of the Green Escarpment was formed to object to that. We argued the planning authority to a situation where they could not approve further high-rise buildings and the minister overrode it.

This is about the last identifiable piece of escarpment. It is not quite as extreme as these other places. Our objections to this building would be much reduced if it was somewhere else; and it could be somewhere else. It is not necessary that it be there at all. They asked the Northern Territory government for land and it seemed to be part of their policy to get rid of all these sites and to say, before the citizens woke up, ‘You can build your tower there.’

It is ironic that just down the road, at the Bayview Haven development, Defence owned all of that site. They then sold it off in a deal that did not seem to be open to the public. Then they bought back in and spent similar sorts of money buying back in as to what they sold it for. Now they need a site for this housing. There is just a ridiculous lack of coordination and planning between Defence and defence housing. We have, as Margaret has indicated, tried to be proactive in seeking information. It has been very hard to get good information and specific information, and to talk about conceptual indicative drawings. As part of that, there is the talk about two blocks but we knew a year ago that it was going to be three blocks.

The Northern Territory government have said that they will do anything for Defence and defence housing. That is why they gave them this site and why they will not countenance any objection to this. Yet, in essence, it is a private development. It is right next to these tanks, and that is an issue. It is going to be at the entrance to the whole development. We do not think these three spires will be an appropriate outlook for this development and the

entrance to the development. It could have been put somewhere else. It could be a different design. For some reason, they are locked into those towers. I think it is a concept that they want to build; I do not think it has anything to do with reality.

Mr LINDSAY—Miss Clinch, you referred to the 23 conditions that were put on this development, and you said that that meant that the project might have been premature and that it adds to the taxpayers' cost. But if this development was done at Lee Point or at the old hospital site, it is likely that internal roadways and other services would have to be provided. It is also likely, isn't it, that you might get a development approval that has 23 conditions in it? Would you agree with that?

Miss Clinch—I have been going to the Planning Authority for about three years, and my experience is that you do not see that many conditions applied. These are absolute infrastructure conditions about electricity, sewerage and roads. They are very basic.

Mr LINDSAY—You would expect that on a site that is undeveloped, though, wouldn't you?

Miss Clinch—Part of our point is that if that was on the hospital site, which has already been supplied with these infrastructures, it would not be so basic.

Mr LINDSAY—In your written evidence, you said the development is using a piece of crown land which is subject to native title and that the land has not yet been fully acquired. Where did you get that information? How would you know that?

Miss Clinch—We checked that at the time of writing the submission.

Mr LINDSAY—Do you see that as a significant problem or do you think that is a routine matter that has no bearing on the committee's deliberations?

Miss Clinch—I think the significance is that it is crown land and has never had anything built on it. The native title might add to the cost of acquiring it, whether that is to the Northern Territory taxpayer, the Northern Territory residents, or everyone. The total cost would be more.

Mr LINDSAY—I will certainly ask DHA about that. Another point you made was that families would be unable to keep companion animals. Are you aware that, in other developments like this in Australia, families do not generally occupy these units? They are not really family places. There are lots of other accommodation, and more desirable accommodation, for families.

Senator MURPHY—That is not what the DHA agreement is. They are planning for families. We have three- and four-bedroom units. I am not going to approve three- and four-bedroom units for single people. That is a misleading question, I have to say.

Miss Clinch—If I could answer: this is part of the confusion about the whole issue. Why are we building a tower with family size units when it just seems to be so impractical to do that? It is not a good way to live. If we are looking at senior staff, possibly their children

would have grown up, or they are career people with no children. It is just an inflexible arrangement. The prospect of having a single person like myself living in a three-bedroom unit in a tower is uneconomic. It is odd. It just does not make sense. Houses are flexible; you can sell them to someone else. How is the strata title for all of this going to be done? You cannot think it through logically.

Mr LINDSAY—When asked in questioning today, DHA said that it was possible that there would be a single person in one of these multibedroom units because that is the way it goes. They also said that some of the bedrooms may be taken up by a family who come up from down south. You have answered what I needed to know. You have said:

The population of Darwin may react adversely to these luxury apartments.

Could you expand on that?

Miss Clinch—I came here in 1972 at the time the Darwin community college was built. There were student residences being built then. The accommodation was shared bathrooms and kitchen, with two single units off for students. There was a point made then that that was really luxurious and that even Defence staff would not have that level of accommodation. These three towers have every appearance of the other 10- and 12-storey buildings around the edge of the escarpment, which are viewed by the population as luxury accommodation. I think there would be a feeling among the population that this is a luxury situation.

Mr LINDSAY—You say the site should be saved as a public park since it is crown land. Do you think it is too late? Do you think it has gone too far?

Miss Clinch—No, I do not.

Mr LINDSAY—In saying that, you are saying that you are opposed outright to this development?

Miss Clinch—No.

Mr LINDSAY—You cannot have your cake and eat it too—on that site.

Miss Clinch—You can indeed have your cake and eat it too. We have no objection to defence housing. There are other sites that can be used, even on the inside of that round road. It is the outside block that is the problem. If it was on the other side of the road, away from the view, yes, but not on that side.

Mr LINDSAY—I understand that, good point. In relation to the vulnerability to attack—I understand why you said that—you would, I think, admit that there are a whole series of installations that would be attacked before housing on the foreshore. Is that right?

Miss Clinch—I am a historian and I know that when the Japanese bombed they knew exactly what they were doing. They would know exactly what they were headed for and

those would be very vulnerable buildings. They are a very high risk. If they have senior personnel in them, they would be very high risk.

Mr LINDSAY—In relation to your claim that the Defence Housing Authority have not consulted with the community, they provided us with a list of about 10 organisations that they claim to have consulted with. The local organisations included the Tenant Consultative Group; the Department of Lands, Planning and Environment; the NTPA; the Darwin City Council; the Planning Appeals Tribunal; your group and the Shell company. Do you think that is insufficient consultation?

Miss Clinch—We heard from Lord Mayor Brown, and he did not feel that they were consulted with in a formal way. You have heard what our experience was, and I can expand on that if you like and if the chairman wishes me to.

Mr LINDSAY—I should pre-empt my next question. You said that the local manager evaded your approaches.

Miss Clinch—He did indeed. If I can expand a little bit, what happened was that Trudy Habner made an announcement in the media that the towers were going to be built. I think she made it from a distance. We then tried to contact the manager. We spoke several times to his secretary. Then we were told he was going to Perth. Then we were told by a temporary person there that he did not normally speak to local people. We got the feeling from that that any consultation which would occur would be only through the Canberra office. That seemed to us to make no sense because that person would not understand the local situation and would not be physically with us. In the end, we had one event, which was very genial, but it was just going through the hoops. We certainly passed a lot of information and concerns across.

Mr LINDSAY—I thought you said you had two events in a total of about three hours.

Miss Clinch—The first one was about 1½ hours. That was at the defence housing rooms in Darwin with Charles Grasby, Ed David and Trudy Habner. On the PLAN team were Richard Luxton, me, Rob Wesley-Smith and Lex Martin. As I said, there was a lot of information exchanged. We made our points. That was the occasion when, at the end of the meeting, we were passed the Defence Housing Authority pamphlet with a summary inside of the Defence Housing Authority's position. Obviously, we had been sitting in the room for all this time. This was their position before we went in, and this was their position when we went out.

Mr Wesley-Smith—The Planning Authority asked them if they would consult because they have a good reputation in Palmerston of consulting with the local people. None of these groups that are listed are really community spokespeople, like the Shell company and so on. They said, 'No, it's not necessary according to the act.' They would not do it, and they have not done it. They have not done a survey or a consultation of local people about their plans. We objected to the Planning Action Network's proposal. They have not done a community consultation as they said they would have done in Palmerston. We thought that was arrogant, and that is our position still.

Senator CALVERT—Did the people who constructed the Horizons high-rise apartments have a community consultation process?

Mr Wesley-Smith—They appointed him to do something. We do not know what it was exactly. I think that was part of getting the approval for the land, quite frankly, because the Horizons architect also got the minister to override the Planning Authority for his apartments, as far as I understand it. It was not a community consultation in the sense that we would understand.

Senator CALVERT—What about Bayview? Did they consult with the community?

Mr Wesley-Smith—I think you are talking about Bridgeport there. Bridgeport came in. They did their thing. They overrode a historic walkway. This is what brought Margaret, a senior historian in town, into action, and this is what galvanised all of us. As I said, the Northern Territory government has been the government here for over 20 years. They do what they like.

Senator CALVERT—I am just trying to get a feeling for how much consultation goes on when something is built in Darwin. For instance, did all those high-rise hotels on the other side have a consultation process? Do they advertise what is going to happen and you can make comment?

Mr Wesley-Smith—You can go to the Planning Authority, for what it is worth. The Defence Housing Authority did a lot of community consultation in Palmerston and declined to do it here—and it is a government agency. They were not open to our submissions anyway. They got the government to approve their development. The government gave them the land and said that this accorded with their land use objectives. The Planning Authority could not make a decision to say that it did so. It has been a government thing to do this. They believe that they will get government approval and do not need to consult.

Miss Clinch—In fact, when the chairman actually asked the Defence Housing Authority to respond to community concerns, they said, ‘We do not have to.’

Mr Wesley-Smith—They said it was not part of the act.

Senator CALVERT—You would have heard evidence here this afternoon about the requirement of defence housing. It is a particular type of dwelling. I think that was the reason they said there were a limited number of central dwellings—only 11 or so—available in the proximity of Darwin of what they were after. In surveying the Army personnel, there was a certain percentage who wanted to live close to the centre of the city so that they could get support and the women could be close when their husbands were away on secondment or overseas. Do you accept that? Do you think they should be forced to live out in suburbs like Palmerston and these places that are so far out that it is rather difficult for people to get into the city?

Mr Wesley-Smith—There are two issues there. One issue is living together for mutual support. That could be anywhere; it does not have to be in the CBD. The other issue is access to the Army or Air Force bases. This is nicely located between the two, but it is a

matter of a couple of minutes drive. It is a dodgy survey. It is not a survey of people up here, and they have not been able to tell us any details of that survey. It is army brass saying, 'We'd like some luxury apartments to live in,' and they are taking it from there, as far as I can see.

Senator CALVERT—You gave me a paper. There is an awful a lot of high-rise development in and around the centre of Darwin. Why is there high-rise development?

Mr Wesley-Smith—The government determined that they would allow that to happen.

Senator CALVERT—Could it be because the land is so expensive that they have to go high-rise so they can get a return on their investment?

Mr Wesley-Smith—They should not be building on the edge of the escarpment. All their documents say that the city will be integrated with the harbour and the views will be kept pristine, whether it is foreshore or escarpment. The escarpment edge is like the foreshore but a little bit higher up because Darwin is on a plateau. There are lots of documents. In 1991, there was a document by the then government. We change chief ministers up here quite regularly. They all come out with their new plans. They all sound good, but in fact what they have done is destroy the values that Darwin has had and which many people want.

Miss Clinch—We have seen the transportation of the southern myth that people really want to live in the city. It may be that in Sydney and Melbourne people do want to live in the city because there is lots of stuff going on at night—theatre, music and so on. In Darwin, it really does not carry through very much. Instead of the buildings being built in the core of the city to build up the commercial side of the place—and there is a call for that to happen—what we have had in the last two or three years is a dotting of the these eight- to 12-storey buildings around the crown land on the edge of the city on the top of the escarpment. This is just another case of that. We do not believe that it is an appropriate thing to be happening.

Senator CALVERT—So PLAN would rather see business development in the city and residential development in the suburbs, generally speaking?

Mr Wesley-Smith—I do not think there is a policy on that.

Miss Clinch—Yes, that is right, if you are talking about PLAN, but I do not think anybody is saying that there should not be any residential development in the city. What we are saying is that, if there is residential development, it should happen on a normal commercial basis with normal commercial land, not eat up all the vacant crown land that the community sees as part of its own domain that should be used for recreation and be available.

Mr Wesley-Smith—There should be a proactive plan which says, 'These edges are restricted for public use and for community values.' Instead, as a planning minister said to us a couple of years ago, 'If a developer makes a proposal for some land, then we will consider it.' That is the way Darwin has functioned. They have this thing suddenly about doing all the edge of the escarpment, and it is quite wrong. I gave evidence in 1972 to your committee—

Senator CALVERT—1972?

Mr Wesley-Smith—Yes.

Senator CALVERT—I don't think I was around in those days.

Mr Wesley-Smith—No, I don't recognise you.

Senator CALVERT—Even Colin Hollis was not here in 1972.

Mr Wesley-Smith—It was about the Palmerston freeway proposal. A six-lane freeway along the coast was going to go into the city and we calculated that if this was used at a decent rate it would fill the whole peninsula with cars. At that stage it was very much the government in the city and the population in the suburbs. My own argument then was that we needed population in the city, and perhaps business out of the city a little. I am personally in favour of building in the city, and of high rise in the centre of the peninsula in appropriate places, but not on the escarpment edge.

The escarpment edge has a lot of values—not only scenic, but there is remnant vegetation and access. It is the same with the foreshore, which we are now seeing being removed from people. They are reclaiming; they have built high rise out on the edge of the reclaimed land. It would not happen anywhere else, and it is because the government is just decreeing; it is not a part of a proactive, reasonable, green town planning situation.

Miss Clinch—I will read this little section from Chief Minister Burke's 'Achieving the vision statement', which has gone back to re-enforcing the naturalness and the green escarpment.

CHAIR—We have quite a few more witnesses to call; I wonder if we could get that statement copied and disseminated amongst committee members rather than take more time to read. We must move on.

Senator CALVERT—What was the last development that PLAN supported in the city area?

Mr Wesley-Smith—We support most, actually, because we do not object to most.

Senator CALVERT—I said 'supported'; I did not say 'object to'. I was trying to make a difference there, because obviously you have already stated your principles for the city, so I thought you would have supported buildings or projects that fitted in with your overall view.

Mr Wesley-Smith—We advocated a whole plan for Myilly Point, which would include something like a museum for Larrakeyah people and things like that. It is good community planning.

Miss Clinch—We have endorsed the general idea of the plans for the old port area, and we have been favourably disposed towards the Rapid Creek land use objectives, which have

been derived from discussion with the local community and which do allow more development.

Senator CALVERT—Thank you.

Mr FORREST—To give me an idea of how big your network is, how many members are there in your group?

Miss Clinch—There are about 100, and we have affiliations with a lot of individual resident groups, which do not necessarily join us but which we support on an interactive basis.

Mr FORREST—Where are they from? All over Darwin—right out as well as in the city area?

Miss Clinch—We are territory wide and we have some supporters in Alice Springs, but most of our activity has been concentrated in Darwin and outer Darwin because that is where the pressures have been recently.

Mr Wesley-Smith—It is a network mainly of groups, but also with individual members.

Mr FORREST—Thank you.

CHAIR—Thank you.

[4.56 p.m.]

**DALTON, Mr Trevor Paul, Executive Director, Property Council of Australia,
Northern Territory Division**

CHAIR—Welcome. The committee has received a submission from the Property Council dated 6 October 1999. Do you wish to propose any amendments?

Mr Dalton—No.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I invite you to make a short statement to your submission before we proceed to questions.

Mr Dalton—Thank you. The Property Council represents the interests of the property community, principally those who use land or invest capital in the built environment, generally to generate economic returns—in other words, people who risk capital. The Property Council, perhaps regrettably, has a number of members whose views, from time to time, vary. This is the situation that applies in this particular case. The Defence Housing Authority is a member of the Property Council in the Northern Territory; however, our submission is based on the strong views and representations of a number of our members and reflects the views of those members and the national policy statements of the Property Council.

With regard to the proposal, the Property Council is not against the proposal in terms of planning, design or location issues, but has a view in relation to three points, which can be summarised, as they are in the submission, as: there is no need for the work by DHA in that the private sector can meet the requirements of the Defence Housing Authority; the proposal has an adverse effect on the development and construction industry in Darwin specifically and therefore the general economy in what is already an oversupplied market for apartments; and the construction of the additional 30 units that has been proposed would give a competitive advantage to DHA and in particular is contrary to the Prime Minister's stated policy of competitive neutrality in relation to federal government departments and instrumentalities. Of particular concern is those 30 additional units that I mentioned. That in summary is the basis of our submission. Thank you.

CHAIR—Your submission seems to recommend that the private sector build around 180 units, one-third of which would be leased by Defence. If you are of the view that the local market is already oversupplied and you are concerned about DHA adding another 30 units to their development, why would you be proposing to add an even greater volume of units.

Mr Dalton—The 180 that we have suggested in the submission is based on DHA's stated and previous policy of taking one-third of the apartments in an apartment complex. By extension, if 60 units were required for DHA, 180 units in the total complexes would need to be provided.

Senator MURPHY—I have a question about the competitive advantage issue. It has been put to us by DHA that the apartments provided by the private sector are way overpriced.

Mr Dalton—I do not believe that to be the case. Putting it simply, market demand is such that the majority of units that have been developed in the past—the high-rise developments that have been built in, say, the last three years in Cullen Bay, Larrakeyah or Darwin City—have sold at or very close to the original asking prices. There is strong demand for city residential living or apartment residential living.

Senator MURPHY—I do not dispute that. If defence housing is an expender of public money, taxpayers' money, why wouldn't it be their right, indeed their responsibility, to ensure they get the best bang for the taxpayers' dollar in respect of purchasing or developing

units in Darwin? Just because providers around this place think they can get significant prices—and that is fine for developers to do that—why should the taxpayer have to accept that? If they can get a much better return for their money by doing it themselves, why shouldn't they?

Mr Dalton—There is no reason why DHA could not or should not do it themselves, to protect their stakeholders, the Australian public. However, I believe that developers can produce and are producing apartments at sound value as distinct from 'ripping off the community', I believe were the words used earlier this afternoon.

Senator MURPHY—I have been looking at this property news from 23 October. On the front page it says, 'Luxury apartments with top seaviews—145 square metre apartments ranging from \$269,000 to \$329,000'. Defence housing is proposing to build 190 square metre apartments which, on the valuation prices around, is significantly less than what these are.

Mr Dalton—I have not looked at those figures but I understand from the information I have that the cost is about \$3,500 a square metre for the DHA proposal. Therefore, they would not be able to market those units at a figure of less than \$3,500 a square metre. So I do not think it would be possible.

Senator MURPHY—The evidence to us is—and I suspect the evidence is general knowledge—that it is significantly less than that.

Mr FORREST—Thank you, Mr Dalton, for your submission. You have no objections from a planning point of view so your objection on behalf of your members is a pecuniary one, isn't it?

Mr Dalton—Yes, it is representing the interests of our members.

Mr FORREST—In Victoria, where I come from, the construction costs for units like this are \$900 to \$1,000 a square metre. In Cairns, which is an isolated community, it is roughly \$1,200 per square metre. But up here it is \$1,800 up to the outrageously high figures you have just mentioned. Why is that and why is it not in the interests of taxpayers to find a way to overcome that high cost?

Mr Dalton—Let me take the first point. Costs in the Territory of properties or construction relates to a number of factors, including the high cost of materials and labour, and the design component in relation to cyclone coding that does not apply to the greater majority of Australia.

Mr LINDSAY—It applies to Cairns.

Mr FORREST—The same idea applies in Cairns, but this is 30 per cent higher than Cairns. That is a subjective explanation and not an objective one. We have sworn evidence that the Defence Housing Authority can deliver a much better cost outcome than they are forced to pay by using your members.

Mr Dalton—I am not aware of the figures specifically for the DHA project. Obviously, DHA have purchased in the local market, and have purchased a similar quality to what is available elsewhere in the local market and a similar quality in terms of finishes and design as to what they are proposing for Carey Street.

Mr FORREST—Their position is that they have not been satisfied with dollar for value. They have proposed this technique to get a better dollar outcome because it is unacceptable to defence housing to pay 30 per cent more than in a place like Cairns.

Mr Dalton—What DHA has done in the Territory is purchase units at market value, in the marketplace, competing with other purchasers. They have then on-sold those units at a higher price in the marketplace, with a lease in place. They are in the business of making a profit out of purchasing existing properties, leasing them to Defence personnel, or to Defence, and on-selling.

Mr FORREST—So, because they are a large consumer, they are indirectly affecting the market; is that what you are saying?

Mr Dalton—I am not saying they are indirectly affecting the market. They have been able to purchase at market value and have sold at a greater amount at a later date.

Mr FORREST—I might pursue that and find out more about that.

Mr LINDSAY—Are you a full-time employee of the Property Council?

Mr Dalton—No, I am a part-time paid member, as executive director.

Mr LINDSAY—Does that mean you have a business associated in this area?

Mr Dalton—Yes, I am a self-employed valuer and land economist.

Mr LINDSAY—Do you have some kind of a conflict of interest in this?

Mr Dalton—I do not believe so. I have a working relationship with Defence Housing Authority and a working relationship with clients who own property that DHA has purchased and who lease their current office accommodation.

Mr LINDSAY—In your evidence you have said that you are reliably informed of a number of proposed private apartment developments in Darwin, and you say that particulars of the proposed developments are available should the committee require further details. What is the degree of certainty of that evidence?

Mr Dalton—That relates to projects that are currently under construction, recently completed and proposed.

Mr LINDSAY—What is the percentage of proposed compared to the others?

Mr Dalton—I made a list earlier this afternoon in my notes. Developments proposed include 52 units in Wood Street, and there are 28 units in McMinn Street currently under construction.

Senator MURPHY—Are they all three bedroom?

Mr Dalton—The 52 units in Wood Street are all three bedroom.

Senator MURPHY—What is the floor space?

Mr Dalton—In the order of 160 to 180 square metres, from memory. They are large units in a tower to be built in Wood Street.

Mr LINDSAY—But they are only proposed?

Mr Dalton—Yes, they have planning approval but construction has not started.

Mr LINDSAY—Do you understand my concern that there are a lot of things that get planning approval but which never see the light of day?

Mr Dalton—Certainly.

Mr LINDSAY—I am trying to get to the veracity of that.

Mr Dalton—If there was a commitment by Defence Housing Authority to take a portion or a third, as they have done in other proposals, perhaps that proposal would commence immediately or would have commenced earlier in the period that DHA proposed in Carey Street.

Mr LINDSAY—Is this the development called the Mediterranean?

Mr Dalton—No, it is not. That is a different property.

Mr LINDSAY—That is in Wood Street as well?

Mr Dalton—That is in Wood Street. That is under construction. That is 40, two-bedroom units.

Mr FORREST—You were going to run off a few examples. Could you do the number of units, size and number of bedrooms.

Mr Dalton—I do not know the size offhand but I could certainly indicate two- and three-bedroom units. McMinn Street is a development called Paladin. There are 28 units and they are a mixture of two- and three-bedroom units. I think it is half and half in terms of the break-up of twos and threes. There are 48 units proposed for Cullen Bay in a project that has stalled and has changed owners. In the original plan there are five single bedroom units and 24 or so two-bedroom units and 20-odd three-bedroom units.

There is a project, Northgate Plaza, 101 Mitchell Street, currently under construction, 35 units with one-, two- and three-bedroom units. There are at least 10 three-bedroom units in that development. The Panorama at McMinn Street, overlooking the Gardens Park golf course, is 48 units with two- and three-bedroom units—I think the mixture is 24 and 24. That has not started construction; it has planning approval.

Senator MURPHY—Do you have any indicative prices on those?

Mr Dalton—Yes. Panorama two-bedroom units are priced from \$235,000 to \$320,000 and three-bedroom units are \$265,000 to \$370,000. At the time that I made this report for purposes other than this hearing, 15 units out of the 48 had pre-sold. In the Northgate Plaza units in Mitchell Street, the three-bedroom units are priced from \$310,000 to \$395,000.

Senator MURPHY—Madam Chair, can I ask if Mr Dalton might be able to provide us with a list, rather than having to read them all out?

CHAIR—I think that would be a better way to do it.

Senator MURPHY—If you can provide us with a list of three-bedroom units in particular, where there are developments of units, what they are comprised of, what the prices are and the floor space, it would be useful.

Mr FORREST—Further to that, bear in mind that we have someone who is also involved in your same profession giving evidence to us today that there is an insufficient quantity of residential unit accommodation available for immediate occupation.

Mr Dalton—For immediate occupation?

Mr FORREST—Yes—to satisfy a significant increase in demand as perceived by the Department of Housing.

Mr Dalton—There would not be 60 three-bedroom units available for immediate occupation.

Mr FORREST—So the operative word is ‘immediate’.

Senator MURPHY—There are 11. We were told that by DHA. I had some phone calls made to some real estate places to verify that and that is the case.

Mr Dalton—In inner city and inner suburban areas, that would probably be about right at the moment.

Mr LINDSAY—In relation to your evidence about the integration of the ADF and the community, you expressed your concern—as the committee has—about 60 of these units being entirely ADF personnel. I have checked this afternoon with senior officers of the ADF and they confirm that they are well aware of that concern but they believe that there is not a problem in Darwin. They say that it will integrate into the community. There will be more

housing units built in that area. They do not see any problems at all. Do you still stand by your concerns about integration?

Mr Dalton—I am not sure that we have expressed that view of a concern about integration. We have made a statement that we understand that ADF families have stated a preference for apartment living. We have not expressed a view one way or the other as to whether that is desirable.

Mr LINDSAY—Thank you for that explanation.

Mr Dalton—We have made the comment in relation to the 180 units that, based on previous practices of DHA, that would require—

CHAIR—Thanks, Mr Dalton.

[5.13 p.m.]

WOODGER, Mr James Parkes, Proprietor and Director, Northern State Property Services, Glenmae Pty Ltd and Samvirs Pty Ltd

CHAIR—On behalf of the committee, I would like to welcome you, Mr Woodger. Do you have any comments to make on the capacity in which you appear?

Mr Woodger—I am appearing in a private capacity as a property developer representing my family companies.

CHAIR—The committee has received a submission from Mr James Woodger dated 13 October 1999. Do you wish to propose any amendment?

Mr Woodger—No.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission before we proceed to questions.

Mr Woodger—Just before I do start, there was a figure given by the guys from the DHA earlier that the proposed building was, I think, stated as being 7,774 square metres gross floor area. Can I get a confirmation of that because I did not really hear it at the time?

Mr FORREST—Are you talking about the land?

Mr Woodger—No, the building.

Senator MURPHY—The total floor space?

CHAIR—The total floor space of the building—is that correct?

Mr FORREST—7,247 square metres.

Mr Woodger—Thank you.

Mr FORREST—No, that is the site.

CHAIR—We can confirm that in the *Hansard* record later, unless it is material to what you are going to say now.

Mr Woodger—No. That is okay. In the first instance, and pardon me for being a little bit strong on this point, statements that the local market in the CBD cannot supply the DHA with suitable property are to me a bit of a nonsense. In the products that we have developed and we are in the process of developing, from the point of view of inclusions we are talking about an amenity that has 20-metre swimming pools, barbecue areas and high speed lifts; are fully airconditioned; generally speaking have very large—30-metre—balconies; have shadow-line cornices internally; are fully plastered; and have floor to ceiling tiling. We are talking about a very high level of appliances in the kitchens, granite tops, dishwashers, audiovisual security, landscaping, et cetera. To me it is a little bit silly to say that the market cannot be met or that these properties are somehow deficient for DHA uses when it appears in our experience that the senior corporate market, which tends to be our target market for rentals, does not seem to have any objection to them at all.

I would also like to make the point that, when people talk about the market being oversupplied in Darwin, generally speaking it is. However, what needs to be pointed out by a local is that the Darwin market falls into four separate areas. You have the northern suburbs, Palmerston, the Cullen Bay-Larrakeyah area and the CBD, which is what we are talking about now as a distinct area. Whilst there is some stock available in the CBD, there is more than a problem in the northern suburbs and the Palmerston area with vacancy factors. When you look at vacancy factors in Darwin, you should really steer away from taking an en globo view and look at it area by area. From our point of view, in the two developments that I am currently involved in in the CBD, in the last 12 months we have sold 70 per cent of the stock to the open market. Also, in that process during that time, we have not had to reduce our prices.

If you take a broad view of the proposal in Carey Place, the development has a cost of \$31 million. If the proposal is for 90 units, it means that the cost of delivery is \$340,000 per unit. The product I am involved in has a very high level of finish and inclusion, as I have pointed out, and that happens to be the average price it is delivered at with interest paid, profit, commissions paid to agents, land purchased and all government fees and taxes paid.

So, looking at the raw numbers, Carey Place seems to be having a cost of \$340,000 per unit, without a profit motive. If you have a profit and risk figure of, say, 20 per cent, for a normal developer to absorb those costs, the property would have to go to the market to the tune of \$430,000 per unit, which I put to you is totally out of the market. From a developmental sense, if the DHA were a bona fide property developer and competing with me, I would love it with those sorts of numbers because we would drill them all the time; we would absolutely annihilate them. So there is something very wrong here.

I am wondering whether in the calculation of the cost of this project the \$31 million is going to bear interest like our projects have to. Is there going to be a profit in the project or is that a money in, money out situation where we need to fulfil a need and we do not have to make a profit because we are the government? We also have an ability to create a rental in these things at completion and onsell them to the punters with a nine-year lease in place. The difference is that we sell a property with an income attached to it whereas I think in this case the DHA would be selling an income with a property attached to it.

We have a situation where at the true market value, allowing for a profit motive in Carey Place, the units would have to rent for some \$600 a week to justify that. I put the market at around \$400 to \$450 a week. The point is that we certainly see the DHA as competition for our product. It is very attractive for buyers to purchase units on the back of a nine-year lease from a AAA rated tenant. From my examination of the Horizons proposal, where I believe the DHA bought units, I think the rents are currently \$525 a week for that particular product and I would put its market value at between \$400 and \$450 in a real market. I think there is always a little bit of a risk that, because of a nine-year lease, you can have a ramping effect, if you like, on the rentals because the government happens to be the tenant.

If the DHA wanted to take some of our surplus stock off us, firstly they would, and typically do, ask for a discount, because generally speaking you are talking about selling a number of units. It is my opinion that the DHA would not have to pay Northern Territory stamp duty, which is some five per cent. I know that in my case I would probably talk to the real estate marketing people and say, 'This is a special deal. It is very good for me.' I know that in this particular case my real estate agent would say to me, 'In this case I will waive the commission because you are a good client and I know you will be around for the next one.' So that would be very easy for any developer—I am not talking about myself, I am talking about the competition that I know in town.

DHA is in a very good position to buy properties at considerable discount, and I am talking about 15 per cent minimum. This gives the DHA plenty of scope to rejig that product back to what its original price was, rent it fairly and onsell with the lease in place. My report indicates that, as I have said, I can actually see, from a developer's point of view, very little real viable commerce in the Carey Place development.

My personal view is that, had Carey Place been put up by the Northern Territory government for public expressions of interest, I do not consider it a CBD property and I certainly do not consider it a location that can carry the rates per metre and the prices that DHA has indicated it is going to cost. And this is cost; it does not make allowance for a profit. Notionally, if a development were to take that on and the costs were to be \$340,000, he would have to get around \$430,000 a unit to justify his risk and his profit. We tend to find that our market is, generally speaking, 60 per cent to the investor market and 40 per cent to the owner-occupier.

My personal view is that, were the Carey Place development to go ahead, especially with another 30 units loaded onto it to be sold to the public without the necessity for making a profit, as inefficient as it might be, I would consider that indecent competition and competition that I probably could not cope with. So my heartfelt feeling is that, if the Carey Place project does go ahead, for the foreseeable future we will withdraw from the apartment market. We will not withdraw from the property market, but we will certainly withdraw from the apartment market in the Darwin area until the market absorbs this other project.

I have no real comments to make on the design. I think that in design matters beauty is in the eye of the beholder. It is not for me to comment on architectural style. I believe my submission supports the fact that the development cannot work on pure economic grounds. I do believe that it is a nonsense to suggest that members of the ADF would find this five-star stuff that is being developed in the CBD by me and other developers not suitable product. If it is not suitable product, we really must be hicks up here. The competition is very intense, and it is a fact that in this industry we are always attempting to outmanoeuvre, outprice and out-include in our various properties to win the buyers. So I believe I am speaking from the point of view of a development company, where we are and have to be efficient. As a closing point, some time ago now I have been broke in this business, and I just do not want the assistance of this Carey Place development from that point of view.

Senator MURPHY—The DHA responded to some of the points you made in your submission. Where you stated that the anticipated sale price for the units would have to be around \$430,000, they say that the anticipated sale price would be around \$360,000. You said that, taking into account the \$31 million for the development and the overall costs, the units would have to be sold at around \$430,000.

Mr Woodger—With a profit, yes.

Senator MURPHY—They say that they anticipate the sale price to be around \$360,000. According to a price structure of \$1,800 per square metre, which I assume is a construction cost price—whether that includes the land purchase or not I do not know; I am not an expert in this field—

Mr Woodger—No, it does not.

Senator MURPHY—What we as a committee have to clarify is this argument about what the real price is and what is being charged for by private developments.

Mr Woodger—The quartile for the sale of luxury units in Cullen Bay in the CBD of Darwin runs in the range of \$3,000 to \$3,600 a metre. The location has a fair bit to do with that. The last time we really closely looked at it, we found that, without interest, without government charges, without land purchase and without stamp duties, the raw cost of delivery of a four- to five-star product was around \$1,500 to \$1,550 per metre. Typically, if we were selling a property at \$3,000 a metre—not counting balconies; this is the actual living area of the unit—we would probably have to count on a cost of delivering it for around \$2,400 a metre. By the time you add on land and all the other costs, that tends to be what it is. The development margins are not so much driven by what we want but by what banks demand, and typically they like to see in any development a profit and risk figure of around 20 per cent.

I do not hold that the Carey Street units would be worth \$430,000. Knowing the local industry as well as I do and knowing the discounts that DHA would be able to negotiate and the benefits they have in not paying stamp duty, I believe that DHA could buy a very good quality finished product, in which we would make money, for around \$320,000. So they are developing a product for \$360,000 when we can deliver a product cheaper and still make money and pay the bank, the Northern Territory government stamp duty, all the rates, the architect, the engineers and the builder.

I believe the DHA in Darwin have certainly made a practice of using the home building market to supply the housing needs, possibly due to the fiddly nature of houses—I do not know. But it begs the question, as far as I am concerned, as to why a government instrumentality is becoming a developer in its own right. In response to a comment made earlier, I do not believe they can deliver the product that they want and I do not believe they can deliver it to themselves cheaper than the market can provide.

Senator MURPHY—If you bought Carey Street for \$2.2 million, would you be able to put 60 finished units—

Mr Woodger—With respect, how long is a bit of string? I would not have bought Carey Street because it is in a light industrial area overlooking a tank farm. From the point of view of risk mitigation, I would not like to put it to the market and have the buyers absorb that; I would be looking for something better. Our three-bedroom product tends to be around the 110- to 115-metre size with about a 30-metre balcony. So they are very big units. They are around 145 metres. If you take the Mitchell Street product we have, you are talking about an average price for a three-bedroom unit of \$340,000 or \$350,000.

Senator MURPHY—What is the floor space?

Mr Woodger—As I just said, around 110 to 115 metres, with 30-metre balconies, 20-metre pools, everything that goes with it. If we were selling that product for \$350,000, we would have to deliver the product at a total cost of around about \$290,000, \$300,000. The fact of the matter is that the bricks do not know where they are. It would not cost us any more to build in Carey Place than it would in Mitchell Street, a kilometre away.

Senator CALVERT—Is the block of units up behind Carey Street yours?

Mr Woodger—Which? There are a number of blocks up behind Carey Street.

Senator CALVERT—The ones being completed at the moment.

Mr Woodger—McMinn Street? Yes, I have an interest in that.

Senator CALVERT—That is not all that far away, is it?

Mr Woodger—No.

Senator CALVERT—Do they overlook the tank?

Mr Woodger—No, they are actually in the CBD. They are on the other side of McMinn Street. They do have a bit of an industrial view about them. They have also got excellent water views.

Senator CALVERT—Did DHA look at some of those?

Mr Woodger—Yes.

Senator CALVERT—What was their problem with them?

Mr Woodger—I do not know; I have not been informed about that one.

Senator MURPHY—It has been put to us that floor space is a problem; noise can be a problem. I am just conveying to you what has been given to us in evidence. Floor space looked at in the proposed development is around 190, which is substantially bigger than 115.

Mr Woodger—For a four-bedroom unit, it would want to be 190. And does that include the balcony space?

Senator MURPHY—We will have to find that out.

Mr Woodger—As for the McMinn Street project, we have got only eight of the 28 left. The market have responded favourably to that building. The point I would make there is that, when you are asking individuals to part with anything between \$300,000 and \$370,000 of their own hard earned money, they do not tend to make frivolous decisions when they are buying property like that. So what I am putting forward is that there is nothing wrong with the product. The other point I would like to make is that if senior executives from the United Nations are going to find it okay and senior corporates find it okay, I could not see that a major or a lieutenant- colonel or whoever would not find them suitable.

Senator CALVERT—You do understand that they have certain standards for different unit types—the C, B2, B3—that they require. They have already bought some on the private market, or leased on the private market. If you were considering doing a development again, if you were looking to lease or to sell to DHA, wouldn't you find out what their

requirements were before you built them so that you could perhaps be able to quote for them?

Mr Woodger—The answer to that is no, for two reasons. When we do development modelling, we are driven by true commercial imperatives. We have to make money. At the end of the day, if I end up with a finished product and it is not selling, if I am going to give the DHA a discount of 15 per cent, I might as well give it to some punter and sell it. I will still get the same amount of money. I do not really know of any developer in town who has put a development together ostensibly to cater for DHA. But in the past, in other jurisdictions, I have put properties together to suit the requirements of the US government, as an example. So I am familiar with the sorts of things that are required. In my case, just personally—others might have a different view—no, it is not an imperative as far as I am concerned.

CHAIR—Thank you very much, Mr Woodger.

[5.39 p.m.]

McMILLAN, Mr Peter John, Managing Director, Darwin Property Pty Ltd

Mr McMillan—I am here in two capacities: as Managing Director of Darwin Property Pty Ltd and as a taxpayer.

CHAIR—On behalf of the committee, I welcome you to today's hearing. The committee has received a submission from Darwin Property Pty Ltd dated 11 October 1999. Do you wish to make any amendment to your submission?

Mr McMillan—No, I do not.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission.

Mr McMillan—I am aware of the hour and I will try to keep this very short. I visited DHA's web site. Their opening paragraph is:

The Defence Housing Authority has a single focus: to provide family housing for members of the Australian Defence Force.

In response to your invitation to make submissions, it was quite clear that you wanted us—that is, the community—to comment on the need and justification of cost to this project. On the need, I accept that the DHA needs 60 units to house ADF families. The additional 30 units are not needed. Under the DHA charter, I cannot see where it has the right to develop product for sale to the private market to be owned by and occupied by civilians.

This particular development was justified by DHA on the basis that there is a lack of suitable established Darwin residences for spot purchase. Several similar developments have been recently completed or are approved. Most would welcome the same support DHA gave the Horizons project. DHA's stated objective, again from documentation on their web site, is 'to ensure that the Defence families enjoy a standard of housing that is equal to that enjoyed by families in the communities in which they live'. I hold that this particular development grossly overprovides for DHA requirements.

On the grounds of cost, the \$31 million sought equates to a weighted basis for the two- and the three- and four-bedroom apartments to equivalent costs of \$320,000 and \$360,000 respectively. Five recently marketed equivalent product are the Horizons, in which DHA have invested and which was deemed to be of satisfactory standard for occupation by DHA families, Baywatch, Panorama, Paladin and Crown Point. The average sale price of two-bedroom units was \$280,000. The average sale price of the three bedroom plus was \$330,000. That sample size was over 204 apartments.

If we look at the private sector having profit motive, the private sector having to pay stamp duty on land acquisition, the private sector having to pay finance charges on the non-equity portion of the funding costs, the equivalent cost of delivery of those 204 apartments are: two bedroom, \$230,000; three bedroom plus, \$270,000. So there is no confusion, we have backed out of that the stamp duty cost and the finance costs to have an apple with apple equivalent to what the DHA are proposing to you as to how they are going to use this \$31 million.

If we accept that the weighted average cost of their twos and their threes is \$320,000 and \$360,000, in comparison with the private sector, DHA are in fact looking for a premium over what it costs the private sector to develop in the case of the two bedroom of 39.1 per cent and in the case of the three bedroom, 33 per cent. I am hopeful that the parliamentary committee has not been misled here, that the profit from the sale of the additional 30 apartments to civilians for civilian occupation is not being netted against the cost of the 60 and you being presented with the net cost of delivering the 60 as being at taxpayers' expense. It should not be presented in that way.

Another point I should make is that, if stamp duty were paid, if financing charges were met and if the industry norm for development profit of 20 per cent over and above the total cost of the project were to be applied to this \$31 million, the end value of the 90 apartments proposed for Carey Street would have to be in the order of \$40 million. That, in the context of the development market in Darwin City and Larrakeyah, is more than double the revenue earned by the premier development here—the Sentinel—recently completed, which was some \$17 million. This \$40 million worth of revenue is a gross oversupply of apartments in one line on one site. It is more than double the biggest residential project put together in peninsula Darwin today.

I would like to quickly make three other points. This 90-unit project is not approved. I do not think I would dare to go to my board of directors and ask for funding approval for \$31 million for a non-approved project. This is not meant to be put as a question, but I am just concerned that DHA may not have a charter to develop and sell product to civilians for civilian occupation. Finally, I do not believe this development is offering value for money for the taxpayer. That is my closing point.

Senator CALVERT—We were told that the stamp duty on this piece of land was about \$118,000. In the overall scheme of things that is not a significant amount of money in \$30 million, is it?

Mr McMillan—I agree. There is a second stamp duty implication, and that is that stamp duty does not apply when DHA market their product on nine-year leases, but it applies in the private sector. So at both ends of the transaction there is a saving.

Senator CALVERT—Their advice to us was that until recently all developers—not only DHA—acquiring land from the Northern Territory government did not pay stamp duty. However, there have been recent amendments to the stamp duty act which now require the payment of stamp duty. So I presume that is on everybody.

Mr McMillan—No.

Senator CALVERT—They get out of it?

Mr McMillan—No, they are exempt.

CHAIR—DHA are still exempt. The stamp duty on that project is about 5.5 per cent, which is about \$118,000 to \$120,000.

Senator CALVERT—I said that, but Mr McMillan was just saying that is not the major one; the rest is if they were selling the blocks.

CHAIR—But, if you sell the units to the public, the public still have to pay stamp duty, as I understand it.

Mr McMillan—There is a stamp duty implication with the nine-year lease, and that is being avoided.

CHAIR—So it is the stamp duty on the lease, not on the sale, you are talking about?

Mr McMillan—It is on both. But I agree with the senator's point: it is not significant in the scheme of things. The more significant saving, as I understand it—and we have not got the details—is the ability of DHA to develop property without any finance charge. On a project of this size, with the up-front cost of the land and a normal bell curve for construction funding, it could be as much as 3.5 per cent of the total project cost. It is significant. Stamp duty—I agree—is not.

Senator CALVERT—Do you agree with the statement that there is an oversupply of units in the Darwin market at the moment?

Mr McMillan—In the last three calendar years there have been 3,500 units sold in greater Darwin. The over \$250,000 market in peninsula Darwin—that is, Darwin city and Larrakeyah—has numbered fewer than 300 in those three years, about 270. So the area we are talking about, by volume, is less than seven per cent of the total market. The problem in Darwin is in the suburbs. It is in chronic oversupply. The evidence for that can be gleaned from studying the *Northern Territory News*, whereby in 1996 in the month of June there were 55 properties advertised as available for rent. In September 1999 the same publication reveals that there were 350 properties looking for tenants. It is a major problem, and is a problem outside peninsula Darwin.

Mr FORREST—Do you accept the construction costs in Darwin just as a given to be around \$1,800 a square metre?

Mr McMillan—That is not the construction cost. You have to be careful when you are quoting square metre rates because different sectors use a different base. What we should focus on is construction.

Mr FORREST—All I know is it seems to be a hell of a lot higher than anywhere else, that is all.

Mr McMillan—If we back it out and we look at gross area built on—that is, concrete poured footplates—it is about \$1,000 a metre here. That is just the raw construction. The \$1,800 a metre includes land, financing charges and many other things. The dollars do not move—the cost is the cost—but the area used by different sectors of the industry to work out a metre rate changes.

Mr FORREST—Cordell's have a fairly good reputation for getting it right.

Mr McMillan—They do.

Mr FORREST—They show that the building cost in Darwin is 30 per cent higher than in Cairns. Why should that be? It is a lot more than just flaming the pack. We are in a cyclonic zone here, and there is the cost of labour. It is 30 per cent higher, and that is a hell of a lot higher in the part of the world where I come from. Why do you just accept that as a given? Why wouldn't you want to have it tested by utilising some innovative construction management attempts to try to get the cost of construction down? It is too high.

Mr McMillan—I agree with you. Your experience of comparing Darwin to Cairns is valid. I put it to you that I can compare my recent experience. I had six years in Singapore—I have been in Darwin for only one year—and comparing construction costs in Singapore with Darwin is another 50 per cent. On the Cairns experience, I cannot answer the question. I think it is an impost to do with the cyclone code.

We are remote. We have an arrangement here where national builders have had good work in the past, and they have been working on margins double and triple what builders would normally take in Melbourne and Sydney. Traditionally, the size of the projects here is not as large as in the southern states or southern capitals, and the salaries are the same. The bigger the project, the smaller your margin can be. So, as a percentage of costs, with a smaller project your overheads are higher.

Mr FORREST—As a developer, how do you or your company employ the construction aspect of your projects? Is it all in-house, or do you tender and test the market and try to get competitive prices?

Mr McMillan—I prefer to negotiate contracts with selected builders. I have an arrangement of partnering with a particular builder that I am loyal to, who in fact invested in the project. So I try to alleviate this extra margin by sharing the development profit with the builder, and I have been very happy with the outcome of the arrangement.

Mr FORREST—But you are basically accepting the construction price as a given.

Mr McMillan—No, I am not. For instance, I have at the moment an approved development that in size is probably equivalent to the 60 apartments that have been approved for DHA and were initially proposed by DHA and had a cost lodged with the Northern Territory Planning Authority of \$18 million, which has been confirmed independently by consultants as a probable cost of that 60-apartment project. I heard numbers today of 20 and 31 jumping all over the place but, just dwelling on those 60 apartments at \$18 million, I have an equivalent at the moment that I have negotiated with a total project cost of \$17.5 million, including some \$600,000 worth of stamp duty and finance charges. So, apple for apple, if I backed those out, my project at contract stage with one of the Northern Territory's leading builders is down under \$17 million. I think the floor area is quite similar to what was proposed for the 60.

Mr FORREST—Have you had any consultation with defence housing about offering that as a proposal?

Mr McMillan—Can I concur with the experiences that some other submittees have had. I have found the local side of defence housing to be quite arrogant. Having approached them to become involved in the development with some pre-sales, I was categorically told that there was no interest, because they were developers in their own right and they could do a better job than the private sector.

So, on that rebuttal, I did not take it any further. Unlike the previous witness, I am happy to embrace the DHA. I think they play a worthwhile role in the property industry at large with their ability to put a triple A rating on an income stream to sell residential property. I

think that role is just fantastic for the industry. But for them to come in and take a position as a developer and use that to get an unfair advantage over the private sector I think is just not Australian.

Mr FORREST—You do not mind it one way but you do not like it the other: you do not mind them setting the benchmark nice and high for you to make a decent profit but you do not like them competing. You cannot have both ways.

Mr McMillan—No. The point I was making is that their ability to attach a triple A rating to property is fantastic. I would like to work with DHA, to meet their specifications, to take a modest profit—and I believe I could deliver product at a better cost than what they are proposing to the standing committee that they can deliver—and to let them look after the marketing end of it and make their margin. Better than that, I would be prepared to enter into nine-year leases with DHA whereby you would not have to spend any money. There would not be \$31 million required. All I would seek to do is to get DHA to lease property from me.

Mr FORREST—What is the name of the project you made reference to before?

Mr McMillan—It is unnamed at the moment, but the proposed name is ‘The Pinnacle’.

Mr FORREST—And where is that located?

Mr McMillan—In Wood Street.

Mr LINDSAY—Mr McMillan, in your evidence you said that the private sector would have bid up to \$3.6 million for the Carey Street site. The previous witness indicated that he would not have purchased the site because he felt it was not a desirable site. Would you have bid for or purchased the site if it had been available?

Mr McMillan—Not that particular site. The point about the \$3.6 million is to do with the per unit site rate that generally gets applied.

Mr LINDSAY—I understand that. What do you see as the problems with this specific site?

Mr McMillan—Apart from the fact that it is going to block the views of an apartment development that I have under way, I think it is isolated. I agree with PLAN that the crown land in that position is probably one of the last viewing spots of Frances Bay from the escarpment. It could be a tremendous public area for a break-out from the city, and the CBD is meant to be moving down that way.

Mr LINDSAY—I saw shipbuilding or ship maintenance going on this morning and there was a lot of what sounded like sandblasting noise. Is that typical of that area?

Mr McMillan—The comments of the residents of Horizons, L’Esperance and Bridgeport have been that there is a lot of noise in that area, and I think the reflected noise from Tiger Brennan Drive, coming in, would make it a noisy site as well.

Senator CALVERT—Would you mark in where The Pinnacle is in Wood Street?

Mr McMillan—Yes. That dark mark is the location.

CHAIR—As there are no further questions, thank you for you appearance here today, Mr McMillan.

[5.59 p.m.]

COFFEY, Mr Matthew Martin Joseph (Private capacity)

CHAIR—Welcome. Would you please state the capacity in which you appear before the committee today?

Mr Coffey—I appear before the committee as a resident born in Darwin and as a citizen of Australia.

CHAIR—The committee has received your submission dated 15 October 1999. Do you propose any amendment to your submission?

Mr Coffey—No. I would just like to talk to it and allude to things from the statement of evidence given by the DHA.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short opening statement in support of your submission before we proceed to questions.

Mr Coffey—Firstly, I would like to thank the committee for attending Darwin. I understand that this is the committee that first got out of Parliament House at around the turn of the century. It is good to see that the parliament of Australia is working actively in the community where the money is being spent and that it is consulting with the community. I am very happy about that.

What I would like to address mainly is the credibility of the Defence Housing Authority. I consider this unit, which started off as the development of two buildings at a cost of \$17 million and is now three buildings at a cost of \$31 million—and there are even talks of \$40 million—to be totally and utterly incompetent. I consider that just paying the people's wages within the Defence Housing Authority for doing this is not good at all. I do not like a lot of what they have put forward. As a citizen who was born Darwin, I just cannot validate a lot of the statements they have put here.

I will go to the first concern I have, knowing a lot about the APIN defence move north. You will note that in the last three or four years there have been more than 430 defence housing houses put in in the Palmerston region. Most of these are on the defence department's sale and lease-back arrangements. All of them are on a nine-year time frame, all of them have been put onto the market in the last 24 to 36 months, and all of them in nine years time will create a severe financial dilemma for Darwin.

I would hope that this committee, firstly, could look at the idea of sale and lease-back as it is only a very young idea. I am not sure that it is a very credible idea as far as economics is concerned, at least in our region. Also, alluding to that point, most of the defence housing projects have occurred in Darwin on the bases at Larrakeyah and Coonawarra and also at RAAF Base Darwin. Now it is starting to come into the central business district area, where they have done quite a bit of purchasing and renting in the last 10 to 15 years as well as most of the work on base at Robertson Barracks and at Palmerston.

I live in a suburb called Tiwi, which is about 14 kilometres away from Palmerston, as it is away from the city where we are sitting now. There is no benefit to my property values or to my area whatsoever from the Defence Force. I consider that, as they own 90 per cent of the land within a two-kilometre radius of my household property, the Defence Force itself should look to the Defence Housing Authority and talk about using their own assets for their own personnel rather than taking from us what is regarded as crown land—if we get a republic it will be called public land—whilst most of the property around Darwin, and it does not matter which way you point, is Defence Force owned. I hope the committee looks at a radius of 20 kilometres from where we are sitting when it is presiding on the evidence given to it.

Let us look at the blackened out bits that are owned by the Defence Force for special bases, for bases in general and for land that is not used—for land that has UXOs lying on it that have not been cleared up. This committee should look into it, and the Defence Force should start to think about how they can turn their own assets over rather than taking the land from the rest of the public to put forward this development.

I would also like to quell one of the statements in what the Defence Housing Authority have called their 'statement of evidence'. This document is far from that—it is a litany of lies, as far as I am concerned. In terms of the houses that I used to stay in when I was eight or nine years old—always known to me and my family and to all of the locals as 'the railway houses'—part 8 of their document clearly presents this area as a railway storage and dispersal yard. I would like to pass around a photo. You may be familiar with the shape of the site. I understand that Mr Ed David from the Defence Housing Authority had an aerial photograph of the same site.

If you look at that aerial photograph, you can see the banyan tree and the house that I used to stay in with my school friends there in the railway housing block. I do not know what they were storing and dispersing on top of a hill, without a road on it, some 30 or 40 metres above a railway line. If you look at that aerial photograph, it is about a kilometre by road to the houses. If you are taking the DHA's paperwork as evidence, I suggest that you look at provision No. 31 of their statement—which contains lies or puts forward non-factual statements.

Mr FORREST—Which particular statement are you referring to?

Mr Coffey—The provision on land acquisition, No. 13—unlucky for some. I will read it to you:

A Native Title Claim has been made on the site. However, the site's previous use was as a railway dispersal and storage yard. The NTG will absorb any cost associated with the Native Title Claim.

That middle sentence—'However, the site's previous use was as a railway dispersal and storage yard'—is totally untrue. That is 7 July 1974.

Mr FORREST—Does it make any difference?

Mr Coffey—It makes a lot of difference when you and I, as taxpayers, paid several hundred thousand dollars for a pile of rubbish; a litany of lies. It makes a big difference. There are other things. If you look, the council was talking about the location on the Defence Housing Authority's plan of the tank site away from the actual development. It is clearly delineated in their paperwork. If you read it, it says a 33.7-metre radius. It cuts right through about four metres of the building. So, at the moment, the building cannot go ahead to Australian standards. As Queen Beatrix and the Shell company next door own the land holus-bolus and looking also at the AVO's 1996 report, I suggest that they are not going to realise the cost of building new tanks elsewhere in the sale of that land. That is one concern.

My other concern is that, if you look at the Defence Housing Authority's documents, there is a document with the name of Dames and Moore on it—a very reputable national environmental consultancy firm—and also another company that drafted the document, Connell Wagner. Both companies have done environmental and design work on the area and, apparently, consulted the council about retaining the existing banyan tree.

In my submission I have written about this banyan tree. North is straight up. South-east, east and north-west of this banyan tree are proposed 12-storey buildings. I take it that that

means no sun for that tree. You can see the tree in the aerial photograph, by the way, in 1974.

Senator CALVERT—Four times, actually.

Mr Coffey—There is a 25 by 10-metre pool. According to these dimensions, it will be less than two metres away. There will be a bitumen car park less than one metre away and a road going right past it. If you would like to look further into this, you will find that the native banyan species is what is called a fifty-fifty tree; what you see above the ground is what is below the ground. It is only peripherally rooted. In other words, it does not have the ability to go into the clay or subsurface soil. Digging into this area around the tree, I cannot see a hope in hell for that tree surviving. That is another incredible part of this DHA submission.

Senator CALVERT—What is the life of a banyan tree?

Mr Coffey—There is believed to be a banyan tree living in India that Lord Buddha sat under. It is 3,600 years old and is one of the most popular tourist sites in India. It has been core dated at that age. It is in native paintings in that area dated back even further than 3,600 years. The life of a banyan tree is very good, but the life of a banyan tree with three buildings 12-storeys high and less than 10 metres away from it to its south-east, east and north-west is not. There is no sun coming from the south-western area. The sun just does not shine there at all; it has gone by then.

Mr FORREST—It is a bit ambitious.

Mr Coffey—It is very ambitious to try to save this tree. It is very ambitious to try to put 60-unit proposals through the planning authority on what you have heard this morning. I do not know how the planning authority itself assesses something like that; it is a question of whether the sponge was wet or dry when they assessed it. We now have a 50 per cent increase in the size of the development. A whole new structure is appearing. A road is appearing in the middle.

I tried to write to the original planning authority submissions. I did not worry about it because I was on holidays. I was assured by the NT government that over the Christmas period—a lot of people go away in the wet season and have relatives down south—the government would not be putting any development proposals through or calling on public submissions. This got approval on 9 January. On 9 January, it was raining approximately two inches per day. You could hardly walk down the street with a pile of paperwork to go to the submission hearing.

I thought it was a bit ambitious of them to rush it through at that stage in the middle of the wet season when a lot of people are away. It was also ambitious of them to get two-thirds of a leg in the door and then try to throw the other leg in once the door was open. I hope that the committee, for the sake of the taxpayers of Australia and the Defence Housing Authority, wherever it puts its houses, has a considered look at the way that the Defence Housing Authority has put forward this paperwork. It is incredible. It is not practical. For \$31 million I should not be able to find a fault in it with my education.

Mr FORREST—What would you like to see the land develop into?

Mr Coffey—As Margaret Clinch mentioned earlier, we, the citizens of Australia, would like to at least have claim to a bit of area so that we can walk across and see the new city of Palmerston. It is quite a good view at night. I dare say that you have not been there at night. You see the lights of Palmerston rolling down the hill. It is a new aspect that Darwin has not had. We did not have lights in Palmerston 15 years ago because 15 years ago Palmerston was hardly built. It is good in that aspect. We could access it for aesthetics and for enjoyment. It is public land. It was Commonwealth land as the railways department housing area, not a dispersal yard, years ago. I also consider that the Defence Force should use land for their housing developments. The Defence Housing Authority or private developers should realise their assets first before they realise our assets away from us.

In Darwin, as you have heard this morning from the council's discussions and also from mentions of the planning authority, things are very different. Although the council accept the growth, they have no control over the planning and no control over the development. They accept the responsibilities of drainage and roads after the government has done the deal. With this particular deal, there was no consultation whatsoever to workshop up three, four or five ideas.

As Ed David said this morning in his submission, they consulted the NT government and the NT government put forward that site. Is that consultation? In the paperwork here they clearly state that they consulted the Chief Minister, an ex-lieutenant colonel of the Defence Force, and not the planning minister. If you look at the Planning Act, it says that you consult the planning minister when you want land, you do not consult the Chief Minister. I would not go to John Howard to talk to you about this issue.

Senator CALVERT—Are you a member of PLAN?

Mr Coffey—I certainly am. I am the information officer for PLAN. I do things like aerial photographs and history.

Senator CALVERT—Why did you choose to appear on your own rather than appear with PLAN?

Mr Coffey—Because of the issue of the banyan tree. I think that if the development were to go ahead, rather than change all the road and dig around it, just get rid of it because it is not going to live. But I do not want the development to go ahead.

CHAIR—As there are no further questions, thank you, Mr Coffey.

[6.18 p.m.]

MARTIN, Mr Lex Stephen (Private citizen)

CHAIR—Welcome. The committee has received a submission from you dated 15 October 1999. Do you wish to propose any amendment?

Mr Martin—No, thank you.

CHAIR—It is proposed that the submission be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The document read as follows—

CHAIR—I now invite you to make a short statement in support of your submission.

Mr Martin—Anyone taking an on-site inspection of the proposed DHA residential tower development at Carey Street, Darwin would have taken note that in very close proximity to the site is a busy ships maintenance operation called Darwin Ship Repair and Engineering. I heard one of the committee members make mention of it earlier on. It is the busiest operation of its kind in the Northern Territory, owned by the Paspali group. It maintains the Paspali pearling fleet, naval vessels and a whole range of vessels that are normally found in our waters: prawn trawlers, coastal barges, et cetera.

The work, carried out for as long as I can remember, is normally done in a large open area. Sand blasting and spray painting necessarily are routine and always are carried out in the open air. Anti-fouling paints used on some of these vessels contain insecticides such as tributyl tin, better known as TBTs. Under international agreement it is to lawful to use protective coatings containing TBTs over a certain tonnage. TBTs have been detected in the top couple of centimetres all over the world's oceans and, because they have been found to be present in marine life such as whales, dolphins and so on, TBTs are recognised throughout the world as a major environmental problem.

There are minimal controls in place to prevent particulate pollution coming off blasting operations at the yard. I would like to turn to some photos I took yesterday. I can give you a photo of the yard, the entrance to the business. The second photograph I have taken is a view across the road, the site at which the Carey Street development is proposed. You can see that it is a distance of around 60 metres—a couple of house blocks. Can I tender those as evidence?

Senator CALVERT—We inspected the site this morning.

CHAIR—We had a look at those shipyards. We went down around the other side and looked at the whole of the development site from that side.

Mr Martin—Did you take notice of the signs that were affixed to the front of the fence?

CHAIR—Yes.

Mr Martin—They said:

WARNING

Airborne Particles are ever present in this area.

No responsibilities accepted for damage to equipment or vehicles.

CHAIR—We did see that.

Mr FORREST—Are you tabling those photographs?

Mr Martin—If I may.

CHAIR—It is proposed that the photograms be received, taken as read and incorporated in the transcript of evidence. Do members have any objections? There being no objection, it is so ordered.

The photographs were as follows—

Mr Martin—Most of the material coming off the vessels ends up on the ground or in the atmosphere. The prevailing winds are southerly. Similarly, the application of new protective marine coating is always being carried out in the open. Paints used for marine purposes are generally epoxy; two-pack epoxy is well recognised by occupational health practitioners as very hazardous material. Epoxy dust off grinders is particularly to be avoided. The solvents which carry epoxies onto the surface being painted generally contain toluene, xylene and benzene—all well-known carcinogens linked to the causation of diseases such as leukemia and breast cancer.

In recent years in the automotive industry, operators of panel shops have been required in all states, under federal guidelines, to install spray booths. Failure to comply can carry stiff penalties. The minimum height requirements under Australian standards for the top of the duct carrying unused solvents and paint product into the atmosphere is five metres—that is in a panel shop.

Around five years ago, when the NT Department of Lands, Planning and Environment held a public meeting in Duke Street, Darwin, the then lands minister took note of my concerns, which were the same concerns as I am expressing today, regarding the incompatibility of local ships maintenance operations and the government's wishes to develop the tank farm area for residential usage. The government made two points in addressing my concerns. While acknowledging for a time that the industrial side of the area could pose problems for residents, the then minister, Mr Mike Reed, believed that market forces, through appreciated land values, would force Darwin Ship Repair and Engineering to relocate.

Secondly, one of Mr Reed's ministerial officers, I think it was Mr Gary Swanson, from memory, wrote to me and thanked me for bringing the matter to the attention of government and gave me an assurance that, within a relatively short period of time after the demolition of the Stokes Hill power station, a large shed would be relocated to the Darwin Ship Repair and Engineering site, giving a controlled environment for the maintenance work that is normally undertaken in the area. In hindsight, in my opinion the market forces or natural attrition argument put forward by Minister Reed is a nonsense if that is the criteria on which the Northern Territory government assesses land use objectives.

I have also noticed that recently large amounts have been spent by the company on new equipment, such as the large syncrolift, and other works have been carried out there. Also there have been statements made in the media that the company, Darwin Ship Repair and Engineering, are looking to expand their operations on the site. They do not appear to be wanting to move anywhere, from what I can see. Also, I cannot see that there has been any effort put into mitigating the environmentally and occupationally hazardous nature of the work that is carried out at the site. I say that as somebody who has simply looked over the fence. While I frequently go down to the area to buy fish and chips with my family, and the general atmosphere of the wharf area is very pleasant, it is in my opinion an unsafe area for people to live. It is hazardous to live down there.

Senator CALVERT—As well as parking at your own risk, you breathe at your risk.

Mr Martin—That is right. If you cannot safely park your car there, you can hardly park people there. I do not consider building residential accommodation across the road from such a site is desirable. There is also the noise aspect. The area is zoned light industrial. I rent premises in a light industrial area, and I can go down there 24 hours a day and make as much noise as I like, and as far as the legislation in the Northern Territory is concerned with respect to zoning and noise, no action can be taken to prevent me from making that noise. Even with residents living 60 to 80 metres across the road, if there is overtime being done on weekends they would be well within their legal rights to get the grinders out.

Mr RIPOLL—How far do fumes carry from the shipyards?

Mr Martin—Fumes are normally ducted upwards out of a spray booth that a panel shop is required to install. Fumes have to be ducted upwards for five metres so that they travel out into the atmosphere. But solids within those fumes dry before they fall to the ground. I do not know what the Australian standard or requirement is as far as ship maintenance is concerned.

Mr RIPOLL—You are saying that fumes will travel across to that spot. If you are on that spot you will get the smell and everything.

Mr Martin—Most definitely. If it were in my street, I would be looking to move.

Mr HOLLIS—If you do not get the fumes from there, you will get them from the tank farm next door, anyway.

CHAIR—Thank you, Mr Martin.

Committee adjourned at 6.27 p.m.

