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JOINT COMMITTEE ON PUBLIC WORKS

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

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JOINT COMMITTEE ON PUBLIC WORKS

Thursday, 16 March 2000

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, Ferguson and Murphy and Mrs Crosio, Mr Forrest, Mr Hollis, Mr Lindsay, Mrs Moylan and Mr Ripoll

Terms of reference for the inquiry:

Development of 90 Apartments, 101 Carey Street, Darwin, NT.

WITNESSES

DUNN, Major General Peter James, Head, Defence Personnel Executive205

Committee met at 8.35 a.m.**DUNN, Major General Peter James, Head, Defence Personnel Executive**

CHAIR—On behalf of the committee, I welcome Major General Dunn. Would you like to make an opening statement? We will then proceed to some questions.

Major Gen. Dunn—Thank you. The provision of housing for Defence Force personnel needs to be seen in the light of operational capability. I would like to stress to all members of the committee that we always lead off by looking at the operational capabilities that we try to support and where that is required to be in terms of geographic location. We then assess what the family needs will be so that the Defence Force members posted, for example, to a remote area are able to be adequately accommodated and moved quickly into productive work. That way we do not experience long delays when members move into a new area, assume their jobs and begin producing that operational capability.

I would like to draw the committee's attention to the fact that we are an organisation that is spread very widely around the country. We have a very large number of bases and a relatively high degree of mobility that I would like to see slowed down quite significantly. We are moving on that front very rapidly; however, the large number of bases that we have requires us to move people around the country. In order to get the freedom of movement or the mobility that we require, it is essential that families can move from one place to another with the confidence that they will be provided with reasonable accommodation on arrival and that that accommodation will be there throughout the tenure of their stay, they will not be subjected to evictions and they will receive reasonable maintenance and certainly adequate safety will be provided, given that they can move into various areas around the country. The housing that we seek to provide will satisfy families from a morale point of view, in that they are adequately accommodated, and it also facilitates a very rapid entry back into the work force, so to speak, after moving from one location to another.

Finally, I would like to say that the provision of housing for families is an expensive business and it is an area where we seek to exercise all sorts of initiatives to control any extreme elements of expenditure. The best way to handle that, in my view, is to make a fundamental cultural change within the services. Currently housing is an element of conditions of service that can best be described as being apportioned by rank, and I believe firmly that it should be apportioned on the basis of family need. This requires a complete rethink in the way in which we go about providing housing to our members, and it requires us to step away from what has been a traditional rank focused arrangement. That rank focused arrangement has in the past led to what we call mismatches—that is, in the provision of houses we have put on the authority some very difficult requirements—and of course rank profiles change from time to time as the Defence Force changes its demography and geographic location. So there is a large amount of cultural change in the housing area and we are seeking to accelerate that. Like any change it has its challenges, but I am convinced that we are very much on the way to achieving that.

There is a further point that I would note, and that is that the Defence Housing Authority since its inception 12 years ago has essentially allowed us to remove housing as an adverse morale issue in the Defence Force. It is a very successful operation, and I would like to

acknowledge the enormous contribution the authority has made to Defence capability in that respect. So much have they been successful that we are now looking at the authority providing off-base accommodation for single personnel. Indeed, the tables are reversed now. Twelve years ago single personnel were what I would describe as being relatively well looked after and accommodated. You can always improve but it was a reasonable solution. Married personnel were very poorly accommodated. The reverse is the case now. We need to move to rapidly increase the availability of reasonable accommodation for living-in personnel, probably off base at times.

CHAIR—Thank you. Major General Dunn, the committee over the last year has seen a number of different housing projects come before it. Some of the evidence we have taken seems to be a bit conflicting, to say the least, so the committee was keen to try and get some kind of grasp on what kind of analysis was being done within the armed forces to determine housing needs and priorities. You have already raised some of the issues, like family need versus rank in defining criteria for appropriate housing. That is one that certainly has been raised in this committee on more than one occasion. I suppose some of this discussion arose around a situation in Darwin where, in early hearings of this committee, we were given to believe that family accommodation of a fairly high standard was the priority and that single accommodation was not and therefore we needed these three-bedroom and four-bedroom apartment style accommodations. Then we hear that there has been a change and now we are looking at having to approve a mix of family and suitable single accommodation. We felt that we needed to get a better grip on just where it is that the services are going in doing an overall audit on housing and doing some definitive study of what is happening within the armed forces in terms of family structures. We have heard that a lot of people now fly-in and fly-out of locations like Darwin so that the family is not disrupted. We know that many more spouses have careers that they are not prepared to have disrupted and that they do not want to disrupt the children from their schooling. So we are told that people do fly-in and fly-out more. We wonder whether there are any recent definitive studies that have been done to give a better handle on both the current and future housing needs within the defence forces so that we are not approving projects today that are no longer applicable tomorrow.

Major Gen. Dunn—They are areas that are of great interest to me personally, so let me launch in. I will take them as you mentioned them, if you like. Just before I do that, though, can I correct one thing. When you use the term ‘fly-in fly-out’, I am assuming you are meaning there something along the lines of the mining companies, where personnel, for example, at Port Hedland often live in Perth and fly up.

CHAIR—We have been told that some people choose to move for the period of their posting to a location like Darwin and leave the family intact, not exactly like the mining companies because they do it on a weekly or fortnightly basis.

Major Gen. Dunn—That is right. We have got a common understanding of what we are actually talking about there. Let me start by saying that there is not a single document that I will produce that is the definitive work on defence housing. What I can cover are a whole series of policy initiatives that we have instigated within the defence personnel executive over the last three years. I would stress to committee members that the current personnel organisation is three years old only and is the product of the amalgamation of five separate HR organisations in

the past. Now we have a single one. Each of those organisations was headed by a two-star or band 2 officer and now I am the only HR head in the organisation. What that has done, apart from giving me a fascinating job, is to allow us to move much more rapidly in a whole lot of areas that previously were fraught with difficulty and clashes of cultures down the line.

Moving to the type of house that we provide and the sort of property that we expect, we have just concluded a trial down in Melbourne where we allowed personnel to select the house based on their family need or desire. So need is not necessarily the number of kids. It could be that they have the disposable income to get a better house or want to save some income and get a lesser class house. We have conducted that trial. We have found that there has been an enormous amount of support for the notion of allowing people to choose, thereby affecting what they do with their disposable income.

We are now completing an analysis of that trial. What has come out of it is that the vast majority of families, regardless of rank, have, if you like, gravitated towards a particular house. We call it a B2 in the parlance within the defence housing world. That indicates to me immediately that we have before us the opportunity—we need to run a few more trials just to validate it—to change the picture of housing that we require of the authority. This B2 equates more and more to what I will call the community standard, the sort of dwelling that you see in the average new subdivision produced by spec builders. We are actively studying that at the moment and we will run some more trials. This relates fundamentally to what I think is a very important issue that I have been driving very hard myself—that we go on family need rather than on the rank basis that I mentioned in my opening statement.

The other aspect to housing that I feel very strongly about is the need for us to provide choice. It is following on from the trial, if you like. We have in the past dictated where accommodation would be provided and the sort of accommodation people will receive. This was most visibly demonstrated in Sydney, where at Fleet Base East half the Navy, or a very large proportion of the Navy, was situated at Woolloomooloo, Potts Point, and Garden Island. The housing that was being provided for those people, because a traditional template was being used, was generally being produced in the western suburbs of Sydney—not that I have any problems with that because that is where I commanded my brigade and that is where I have lived for many years. I still have a house there, and I am very happy. It has all sorts of benefits.

However, notwithstanding my comfort living in that region, the sailors whom we were requiring to work shift work certainly were having difficulty getting from Holsworthy, Wattle Grove or Voyage Point into work when ships were alongside to do the work that they had to do. They could get there, but it was difficult and it was creating an enormous disruption for the family. It was to me illogical that we should be offering accommodation only in that area. There were exceptions to this. I would say the majority of housing was being produced in that area. So we moved to create another option, and that was to take apartments or units in the city at the same cost. The cost was the determinant. We did a trial about 18 months, two years ago, with 15 apartments. Those 15 apartments were consumed in 48 hours. There are now over 170-odd apartments in Sydney, regardless of rank, to allow people the choice—a quality of life choice. If they were confronted with very large travelling times they could opt to trade in the quarter-acre block with the high fence and the freestanding house for location, get themselves an apartment in town and have a very much shorter travelling time. That has been a very big success.

We have conducted surveys in Darwin and nearly all the major concentration areas and, not surprisingly, we find, like the rest of the community, there are a large number of people who would prefer to live in an apartment. They do not want to look after gardens and they feel that they are more secure, et cetera. What they particularly seek is to be close to their place of work. That is one of the drivers.

Senator MURPHY—They need to be close to where?

Major Gen. Dunn—They need to be close to their place of work. You are dealing with the quality of life here. We have now added inner city apartments to the menu to provide choice. That has been done only in the last two years.

Mrs CROSIO—There must be a lot more cost involved with inner city apartments. You have your body corporate fees to begin with. Also, any apartment that is large enough in Sydney has lifts, and there is a lot more cost there. So, overall, it is just not the rent, is it? Do you have the other costs?

Major Gen. Dunn—We look at what we would pay for, for example, a three- bedroom or four-bedroom house, which would be the normal entitlement —and at this stage I will say it for the rent level, as we have not got onto the full policy on family need yet—and that becomes the governing factor. We can get a two-bedroom apartment for the same cost overall.

Mrs CROSIO—Including your body corporate fees?

Major Gen. Dunn—Yes, including the body corporate fees, et cetera. And you can do that in Sydney; in fact, you can do it in all capital cities. You obviously trade off amenity to do that. We are not looking for, in that case, a three-bedroom apartment because they are entitled to a three-bedroom house. We would be saying, ‘We can get a two-bedroom apartment. Is that what you would like?’ Quite a lot of people are saying, for example, ‘Yes, that would be great; I’ll take that because I do not want to travel an hour and a half to work at 3 o’clock in the morning if the ship is alongside.’

CHAIR—I would like to come back to the earlier question. You said that there were changes in policy. I suppose what I am driving at is how that policy change is being informed. That is where I come back to the survey of all defence personnel and perhaps what their wish list might be or what their preferences would be in housing. That, I would imagine, would inform you and your department as to what the current and future needs might be for defence families. I suppose one of the questions that comes to my mind is why—and I am sure you have probably looked at this, but I would be interested in the official answer—there is not just an allowance paid for housing and people are allowed to find their own accommodation to suit their specific needs.

Major Gen. Dunn—It is actually because the cash-out option, as we call it, is one that then, on an equity basis, would be required to be extended to single personnel as well. At the moment we do provide a subsidy for housing for married personnel but if we went to cash-out and actually included it as part of their remuneration package, then we would, on that basis, be required to pass it to single personnel also. So there is a cost there. We could opt not to pass it to

single personnel. I can assure you, as the head of personnel, there would be a huge furore from some 40 per cent of the personnel in the ADF who are single. It is a sensitive issue.

CHAIR—40 per cent of the ADF?

Major Gen. Dunn—It varies, but we conducted a full ADF census last year and we have the data on family structures. We do that every few years.

CHAIR—With the Darwin project, we have been told that the plan is to move single people out of the single people's quarters and move them into apartments in Carey Street. I take it, from the point that you are making, that all single people are accommodated on base and, if they are not, they pay their own. Is that correct?

Major Gen. Dunn—No, that is not correct. I will move to single people, which is another new policy initiative.

CHAIR—I just want to clarify this differential.

Major Gen. Dunn—Single personnel are provided with accommodation on base. There are five levels of accommodation. In essence, you can say that it is an age categorisation. All bases list their standards of accommodation: level 1 accommodation through to level 5 accommodation—level 5 being the best accommodation.

Senator MURPHY—Don't you still have your group rank scheme working?

Major Gen. Dunn—That is for married personnel. There is a variation in the amount that is paid, depending on rank, if you are living in also. The GRS applies to married personnel.

Senator MURPHY—So, if you have a general who has been single all their life, you are saying to me that they do not get any better standard of accommodation than a private?

Major Gen. Dunn—They will get a better standard.

Senator MURPHY—That is not what we have been told before.

Major Gen. Dunn—They will get a better standard because they will live in an officers mess if they were living in. As I said, based on rank, there are differentials in living-in accommodation. So a private's accommodation will not be as good as a sergeant's accommodation—and the equivalent applies to the three services. The sergeant will live in a sergeants' mess. There is a slightly better standard there and there is a slightly better standard again for the officer. And they pay accordingly; they pay more for it. Within that framework, there are five standards of accommodation—as I said, based on the age usually of the barracks.

CHAIR—So why would that cause a problem if that were cashed out to an allowance?

Major Gen. Dunn—They do not receive a subsidy as such.

CHAIR—But, if we are being asked to approve single people's apartments in Carey Street, there has to be a cost attached to that.

Major Gen. Dunn—Perhaps I could come to that. I might be taking you through this in too lengthy a fashion. Please tell me if I am, but I am trying to give you all the elements that are put together. If we have only level 1 and level 2 accommodation, of which there are some in Darwin—that is, the lowest level for living-in personnel—

CHAIR—And we are talking specifically now about single personnel?

Major Gen. Dunn—Yes.

CHAIR—So there is level 1 and level 2 for single people?

Major Gen. Dunn—Yes. We consider that accommodation to be below the standard, but we still have this accommodation in existence around the country.

CHAIR—And is that on base or off base?

Major Gen. Dunn—It is on base.

Senator MURPHY—Does that include the accommodation at Robertson Barracks?

Major Gen. Dunn—No, definitely not; that is level 4.

Senator MURPHY—That is what we were told it was.

Major Gen. Dunn—Absolutely. But there are places, such as Larrakeyah Barracks, elements of Coonawarra and some of the accommodation on the RAAF base, for example, that are categorised as level 1 and level 2. We did a national survey on this last year to assess the standards. If only level 1 and level 2 are available we will have in place a policy starting on 11 May this year—I released it only yesterday—which says that single personnel need not compulsorily live in. They may live off base and they will be paid rental assistance. We call it 'Optional rental assistance'. They can take the choice.

CHAIR—So when they live off base they get rental assistance.

Major Gen. Dunn—If there is only level 1 and level 2 accommodation available to them. They can live off base in another circumstance, and that is if they have moved to an area and there is simply no accommodation available for them. We do have places like this around the country.

Mrs CROSIO—What is the difference between level 1 and level 2 and the B2 that you were trialing and where people seemed to be going?

Major Gen. Dunn—B2 is a house for a married person. Level 1 and level 2 relate to a barrack room. In level 1 accommodation, for example, there are shared facilities—shared toilets and shared showers. It will be four to a room, possibly partitioned down to single bed spaces. There is very little privacy and it is just not acceptable. It is a major factor affecting our retention when people are asked to live in those sorts of accommodation. So, for the single people, if per chance we move to an area where there is absolutely no barracks facility, we can offer them rental assistance. They will get assistance when they live off base. But in essence we seek to provide barrack accommodation on the bases for them.

So in the case of Darwin—and I will use the term Darwin rather than Carey Street at the moment—we have a circumstance where we have an option of either building more on-base accommodation of a higher standard or offering under this new scheme now the option of living off base for some personnel.

CHAIR—I suppose what I am getting at here again is why you do not just give these personnel who need off-base accommodation an allowance and allow them to go to the private market, because there is plenty available in Darwin.

Major Gen. Dunn—There is, and when we move those people I think we move on from there. The system that you are suggesting is similar to one that operates in parts of the US military. Whilst what we see there is not necessarily what we would expect to happen in Australia, there is in the States a tendency towards trailer parks, as they call them. The individual says, ‘I’ll stick my family in a caravan park. That costs me very little. I’ve got more disposable income and, besides which, I am at sea for a long period of time,’ or they are deployed on air operations—whatever it might be. It generates a very large problem within the US military and my counterparts in the US military are constantly dealing with it. So there is that example. We would like to think that we do not necessarily follow suit when it comes to what happens in the US, but we are cognisant of some human issues that flow from that type of arrangement.

It is true that in Darwin the vacancy rate of accommodation is increasing, but it is equally true, if we take Canberra, that the vacancy rate at the moment is below two per cent—it is about 1.6 per cent and it is difficult to get accommodation. Similarly, in Sydney we have that circumstance. If we ask people simply to take the money and run, so to speak, we will find—experience has shown this—that there will often be difficulties in people actually getting accommodation. I come back to my opening statement where I say we seek to get people accommodated and back to work very quickly. This is why a lot of industries invest so heavily in complete relocation services. We are hopefully moving towards that ourselves.

There is another problem with that, and that is that we ask your people to go to very remote areas. For example, if we had a cash-out system and we wished to create another base like RAAF Tindal, it would be impossible to do so. We move constantly to meet strategic need. I assume you are aware from some of the presentations by the Defence Estate Organisation that we have issues surrounding the location of the Headquarters Australian Theatre, we have issues surrounding the redeployment of further patrol boats to Darwin, adding increased pressure on Darwin, in order to meet the increasing boat people problem, and there are moves to put additional LCH—landing craft heavy—in Darwin. As you have these very significant moves,

then you will rapidly consume the accommodation space. We believe that cash out is desirable but is impractical for all. We are keeping the door open to allow that option in the future for some personnel to cash out. I cannot be more explicit than that. I just do not want to close off the option. Once we have re-established the Defence Force with its posture in the north and the west and if I can succeed in the area that I was talking about before of slowing down the turbulence, which is a very high priority for me because of all the ancillary HR problems that creates, then it will be worth revisiting.

Although I have said an awful lot about cash-out, I finish by saying that the door is still open. I understand exactly why you are suggesting it would be a good option, but we need to change the way the Defence Force operates first. We are moving in that direction.

CHAIR—I can understand that cash-out clearly would not work in places where there is pressure, but I imagine that that could be catered for in a different way. In the main capital cities, people want choices and options.

Major Gen. Dunn—Once we have provided cash-out to an individual, that is part of the income and they will adjust their lifestyle accordingly. It would then be exceedingly difficult to move that person into an area where we took that cash-out away from them and gave them housing instead of the dollars. It is not impossible, and that is why I am keeping the door open. Tindal is a very good example. Darwin has been an example and probably will be again. Canberra is an example right now.

CHAIR—Canberra is a bit of a sore point for the committee because, when we looked at the co-location issue of moving up to Fort Queenscliff and asked specifically the question about suitability of accommodation in Canberra, we were told that that is not a problem. Now we find that it is a problem and that would very much have had some influence on the committee's decisions in relation to Fort Queenscliff.

Certainly, from the information that is coming through to this committee, there seem to be some pretty solid inconsistencies in the approach. That is why we wonder what kind of an audit has been done and what kind of a survey of the personnel has been done to inform the current and future policy direction. If it has not been done, it probably is something that should be looked at in the public interest.

Major Gen. Dunn—Madam Chair, it has been done. I just completed a total ADF census in 1999. We are about to publish the results of that census. I also undertook the largest ever attitude and opinion survey undertaken by the ADF. It is all cross-correlated between services and civilians within the ADF. We have now a more substantial database on the needs and requirements of people in the ADF than we have ever had before. I am well satisfied that we as an organisation have a better HR profile than others that I am familiar with.

CHAIR—I am sure the committee will be very pleased to hear that these things have been happening.

Major Gen. Dunn—Madam Chair, I am very happy to provide copies. We are in the process of publication of the census now. I think you would find that interesting anyway.

CHAIR—Yes, that is probably a good thing.

Major Gen. Dunn—The attitude and opinion survey is going through a process. It takes a whole series of snapshots. I am not able to produce a single document, but perhaps we can start by providing the census data to you.

Mrs CROSIO—I would like to come back to the beginning of the evidence you have been supplying to us. I can understand when you are saying that, looking at the overall operation capabilities, you have a high mobility. I then heard you say that you are now looking at proportioning the houses out according to need, not necessarily by rank, and that we now have to have a culture change. A lot of conflicting information seems to be coming in from you and I cannot churn it out as much. I do not know whether I am not understanding it.

I suppose what I really want to say straight off is that, if you have high mobility, how are you able to provide for that need if you are moving very quickly? If you are going to start proportioning the houses by need and not by rank, what are you going to do to overcome the problems that the rank are then going to experience or express their dissatisfaction with? If you are looking at cultural change, why couldn't the cultural change also include a proposition where they are paid to go and look for a suitable house and that it be up to them what they then do with that? Isn't that what major firms all over the world are basically doing now, particularly with a lot of people they move from country to country, not necessarily from state to state? I can understand the answer you gave, Madam Chair, when you said that in areas that are a long way away—Tindal or whatever—you have a certain amount of problems where you do not have facilities. I can understand that, but I cannot understand it in most of the other states where they are moving people around.

Major Gen. Dunn—I am sorry if I have confused you, because these are all very interconnected aspects.

Mrs CROSIO—I was just writing down some little points—

Major Gen. Dunn—Major firms these days, for key personnel but not exclusively executive personnel, are moving increasingly toward a total relocation service. They are not prepared to pay for idle time while people search for a house of any sort. We endeavour to provide the same sort of service. There is room for improvement to get to a total relocation service, but that is the direction in which we are heading. In terms of cultural change, what we had in the past was a system that was based on rank. Regardless of your family size—

Mrs CROSIO—So not on need?

Major Gen. Dunn—That is right. You do not change that overnight. There is status attached to the house and there are expectations and all of those sorts of things. I would not want the committee to assume that in the next six months you are going to see, if I have to come before you again, a fundamental change where everything has been done on family need. I will assure the committee that we will be very close to moving in that direction. By moving to need as opposed to rank, you do actually move into an area of less certainty because you now are not able to take your straight rank profile and say that, given that 60 per cent of our personnel are

married, that is your profile. What you are actually moving towards is what the community moves towards. With the census data that we have and the knowledge that we have from the building industry coming to us through the authority or through our association with the building industry, we can quite adequately project our requirements. We provide to the housing authority right now a thing called the defence housing requirement. We compile that bottom up. In other words, each of the regions—

Mrs CROSIO—When you say that you can quite adequately project your requirements, how far ahead?

Major Gen. Dunn—We are doing it on a demographic basis, so we would project five years. Anything past that, we can do a projection but it is questionable because, as you would appreciate, since 1991 the Defence Force has come down by 17,000 enlisted personnel. There are rapid changes over a five- to 10-year period. But for five years we can project reasonably well. We are using normal HR demographics if we move to family need, based on the data that we have from our census to project what our requirement would be for the authority.

Mrs CROSIO—You have taken the census in 1999 which you have just completed.

Major Gen. Dunn—That is right.

Mrs CROSIO—When was the previous one done?

Major Gen. Dunn—I think it was 1994 or 1995. We do it about every four to five years. I can confirm that for you if you wish.

Mrs CROSIO—That is all right.

Major Gen. Dunn—We are talking about a full-blown census of ADF personnel. I have very good demographic data and I can project that. At the moment I overlay a rank profile so I do not have difficulty in saying that I am absolutely confident that we will be able to provide—

Mrs CROSIO—Where would you have fitted in between the 1994 and 1999 census and the previous one in 1989 or 1990 the 17,000 that have gone through natural attrition or have been done away with in the services? Would you have taken that into account if you were taking an earlier census?

Major Gen. Dunn—That is not the sort of data you would get out of a census. We all know what comes out of a census—

Mrs CROSIO—I know. That is why I am—

Major Gen. Dunn—That gives me the demographics. In terms of the quantum, that is a force structure decision. It is a clear-cut decision. The force structure review of 1991 led to that. We have had the defence efficiency review which has led to further reductions and more contracting out, more involvement of industry and Defence.

Mrs CROSIO—But you can see what I was getting at. If you are able to project five years and a census was done in 1990, your projection for the next five years would have to be curtailed back a bit if you had a decrease in your personnel.

Major Gen. Dunn—The census gives us the demographic profile and the HR information. The force structure tells us how many we need. The census does not tell me how many we need. I know how many people were in the ADF at the time of the snapshot. What I need from the force structure—and this is the other part of my job—is a projection of numbers. They are two quite separate things and we blend them together. We blend together two sources of information. We provide for the Defence Housing Authority on an annual basis the defence housing requirement. That is constantly updated, and I am talking about on a monthly basis. I have a copy of the defence housing requirement with me if the committee would like to see it. It is a bottom-up document. People in Darwin who are there actually compile their requirement. Once they have compiled the requirement it comes to Canberra and we say, ‘We know that patrol boats are going to Darwin and because of the increased readiness of the 1st Brigade there is an extra subunit attached to them.’ We add those factors in and we construct a requirement that way.

Mr LINDSAY—During our last inquiry in Darwin, you were kind enough to take a telephone call from me when I asked you about what the real need was in Darwin. I was checking on what DHA was saying to us as a committee. There were lots of confusing signals. We now find that one of those projects has been withdrawn and that is Parap Grove. When I determined that, I felt terribly uncomfortable that you get DHA coming before you and they say, ‘These are all the logical reasons why we want this and you have to approve it. It is urgent and you must do it now,’ and so on. I get from you that there is a need and then DHA suddenly says, ‘There is no more need.’ I know that that can be explained in that they can reprovide the accommodation in some other manner, but it makes me very uncomfortable about the process that we get evidence that this project has got to go because Defence want it and then it just falls off the end of the world. What is your response to that? Have you been across this particular issue?

Major Gen. Dunn—I certainly have. The circumstance in Darwin, when we were talking on the telephone, was certainly coloured by the prospect of a very rapid expansion in Darwin. Notwithstanding the bringing to 28 days notice readiness of the 1st Brigade, decisions had already been taken to move additional naval personnel into Darwin over and above the original program.

Senator FERGUSON—But to bring the brigade to 28 days notice did not involve extra people. Is that right?

Major Gen. Dunn—Yes, it did.

Senator FERGUSON—Why would that be so?

Major Gen. Dunn—In order for the brigade to actually assume that status they had to have a minimum level of capability in personnel, and they were below that when the decision was made to go to 28 days notice. It was not just the issue of logistics, ammunition and training;

there was a very significant shift. I do not have the exact figure with me but it was in the order of some 300 to 400 personnel that were moved very rapidly into Darwin. You recall that this was for a two-year period. That was the government requirement, to come to 28 days notice for two years. For any posting of 12 months or more we will seek to move people with their families. It was occurring in the dry season and, as we led up to this from March through, there were a number of families that actively sought to move together to go up in the dry season, which is the best time climatically to move into Darwin. So there was a significant amount of pressure on the authority to see whether they could or could not meet the requirement.

Senator FERGUSON—But the enigma is that that is all now past and it worked, and whoever is up there got accommodation, so why were we being asked so urgently to approve this particular project?

Major Gen. Dunn—In terms of the committee involvement and that part of the process, I really cannot comment on that because it is something in the authority's business process itself, although obviously I am connected with the authority. The urgency was coming from Defence questioning the authority, through my organisation, 'Can we provide this amount of accommodation? Is it possible to do so?' An opportunity appeared to present itself that was considered. I can tell you that it was never approved to move to finality by the board of the DHA. Without going into the inner discussions of the board—I am a director on the board—the board required a deal more information before it was going to make a decision. It was an option.

Senator MURPHY—It was not presented as an option to us.

Senator FERGUSON—No.

Senator MURPHY—I find that quite incredible.

Major Gen. Dunn—I cannot comment on that—

CHAIR—We had very serious pressure put on us to get that inquiry over and done with.

Senator MURPHY—I find it just outrageous that the board of the DHA had not approved a process that was brought before this parliament for approval of expenditure of taxpayers' money.

Major Gen. Dunn—That is the fact. I am being absolutely frank with you, as I should be. The board had not approved that. It had directed that the process be run. I am not talking about with this committee necessarily, but I am saying that we wanted a significant amount more information brought to the board before the decision was made to actually move on that.

CHAIR—We have got our signals right: we are talking about Parap Grove?

Major Gen. Dunn—Yes.

Senator MURPHY—What about Carey Street? Is Carey Street in the same boat? Had the board approved Carey Street?

Major Gen. Dunn—In the case of Carey Street, we are looking at a different prospect.

Senator MURPHY—Major General Dunn, has the board approved Carey Street?

Major Gen. Dunn—The board has approved the development of unit style accommodation for the ADF in Carey Street in Darwin. That is subject to some planning approvals—

Senator MURPHY—That is a very subjective answer.

Mr LINDSAY—It is a two-stage project, isn't it? Are there two elements to it?

Major Gen. Dunn—Yes, it is. The board has approved Carey Street.

Mr LINDSAY—But has it approved Lot B and Lot A?

Major Gen. Dunn—The process with any development of that nature is that it will keep varying in terms of whether it is two-bedroom or three-bedroom and what the mix is. That will continue all the way up until the first sod is turned to make sure that the match is right, so there will be variation there. But the board has said that we should go ahead with Carey Street.

CHAIR—Can I point out to members that Major General Dunn has to be gone before 9.30 and that I am on quorum duty so I am going to leave Madam Deputy Chair in charge at times. Mr Lindsay, can you get through your questions quickly because Shayne and Bernie both have questions?

Mr LINDSAY—Okay, I will make just one more point. Major General Dunn, would you take back to your system and DHA that, when an application comes to the committee, you really need to be up front and say, 'We have not yet formally decided to go ahead with this. We would like to have your approval in case we need to.' Otherwise, we are left thinking effectively whether the wool is being pulled over our eyes. It is a terrible situation to be in and I for one do not trust any more what is being said to me by DHA at this stage. Please take that on board.

Major Gen. Dunn—I will have to respond to that because that concerns me a great deal also. The information that you have had—and I have been party to the previous hearings on Parap Grove—certainly should have unequivocally made it clear that this was an option that was being considered. There were time constraints on it and I can understand why the authority would have moved to make sure that all the necessary processes had been gone through. But it should be absolutely made clear—and I will make it quite clear—that that was an option that was being considered and that it had not been formally approved by the board to actually go to finality. Carey Street is in a different circumstance and the option of Parap Grove related to the increasing number of troops to meet the government's strategic outcomes.

Mr LINDSAY—Okay, thank you.

Senator MURPHY—I have a question to ask so that I can understand this document. You have here, 'MQ required in Darwin as at 30 June 2000,' and the figure 1,856. That is married quarters totalling 1,856. What is the number of those in Darwin at the moment?

Major Gen. Dunn—Off the top of my head I do not know. I can provide that for you. If you would excuse me for a minute, I can probably get that. I can give you, location by location, exactly what we have where.

Senator MURPHY—That is all right. I actually know, so it is all right. I do know. Major General Dunn, I want to ask you something with regard to the process that we have to deal with as a committee. We get a proposal brought to us by DHA and as part of that proposal they outline to us the reasons why it is required. One of the things I found interesting in what they told us was that they were going to build 60 three- and four-bedroom sized married quarters, the reason being that Defence would not accept two-bedroom married quarters accommodation—and that is in the *Hansard*.

CHAIR—Please excuse me; I have to go.

Senator MURPHY—DHA also told us that there was a shortage of three- and four-bedroom accommodation in Darwin. If you look at the statement that they provided to us at the outset, it says, among other things, that they were to provide, as a result of a survey, alternative housing for Defence families to respond—as I said—to shortages of three- and four-bedroom apartments in Darwin; a non-acceptance by Defence of two-bedroom apartments; and a need to provide Defence personnel and their families with a secure inner city apartment with amenities such as a pool, tennis courts, a gym, a barbecue and probably a squash court. It was also to accommodate 60 ADF families within high quality residential accommodation with recreational facilities and to meet a preference of Defence personnel for sufficient space to allow for study et cetera. Yet within three months we had a totally different proposition that in no way reflected what we were told at the outset.

I just heard you say that the configuration has the capacity to change up until the day the first sod is turned. We as a committee are charged with the responsibility of assessing a proposal on the basis of, among other things, the stated purpose of the work and the suitability for the purpose. I find it difficult to make that assessment if it is going to be a moving feast, given all the things you have told us in respect of your research work that you say assists Defence determine its housing needs in the short, medium and long term. You have their document, which you have just given us, and, as best I can see, it is a five-year plan.

Major Gen. Dunn—That is right.

Senator MURPHY—What is the case in respect of Carey Street? We were told there was plenty of single-bedroom and two-bedroom accommodation in Darwin but that they were not acceptable and that is why we had to approve this tower development, because it was essentially three- and four- bedroom accommodation. We are now being told that it is going to have, I think, 18 single-bedroom apartments, a number of two-bedroom apartments, and a mixture of two-, three- and four-bedroom apartments. We heard from you that the focus of Defence in the provision of its housing is now going to be family based rather than rank based.

Major Gen. Dunn—I hope it is. I cannot say that that follows now.

Senator MURPHY—When will that be finalised?

Major Gen. Dunn—The trial has been finished, I will put a proposal some time this year to the various Defence elements, the services, to the National Consultative Group of Service Families—they strongly support this move—and I would hope that we would get through that process some time this year. But, as I keep emphasising, I would not underestimate the cultural change that is going to go on here. This is a significant step.

VICE-CHAIR (Mrs Crosio)—Can I intervene at this stage. We may be called away also, but how are you going with your time?

Major Gen. Dunn—I have to be before Minister Moore just over the road in two minutes.

VICE-CHAIR—Mr Ripoll has a number of questions and I know Senator Murphy has a number of questions. Could we perhaps bring you back?

Major Gen. Dunn—I would be very happy to do that.

Senator MURPHY—That is going to be pretty important.

VICE-CHAIR—Rather than rush you, since you are late and we are all going to be called away in another few minutes, perhaps we had better continue later and you will have the opportunity of putting your questions further.

Major Gen. Dunn—I would be very happy to do that, because I would not wish to leave it at this stage.

VICE-CHAIR—It will give us the opportunity to get the *Hansard* and also have a few follow-up questions.

Mr RIPOLL—Major General, let me just categorically say that I am no longer sure of the direction of Defence housing. I am no longer confident in the process. Over a number of meetings, we have had senior people from Defence or from the Defence Housing Authority, and we have heard a different story based on different circumstances each time. I am no longer sure of where we are going with Defence housing. This incident with Parap Grove development at Darwin has certainly left me wondering where we are heading, given the assurances we were given, the promises that were made, and the reasons given why all of these things were extremely important and had to be done immediately—and now they are no longer necessary at all. I am unsure of the position DHA is trying to place the department in, in terms of the market—where it is trying to position itself, whether it is trying to be all things to all people, whether it is trying to be on-base, off-base or combinations. I am no longer sure of where that is going. I have found that we are told whatever sounds good on the day to try to get our approval in some sort of rapid fashion.

The comment that you made, which is certainly something that I have been keeping on with, is that there are constantly changing needs. In fact, you said that perhaps the variations in relation to Carey Street will vary right up until the turning of the sod. That is fine and I understand that, but what happens when you have turned the sod and the needs change again the next day? These are concerns. If you are building something, if you are going to place yourself

in the market long term, you cannot have varying needs changing right up until the day and then say, 'This is a long-term project for 20 years.' There has to be a position.

Mr LINDSAY—We were told it was a long-term project.

Mr RIPOLL—That is right. There has to be a position. I am no longer sure of the policy. I am no longer sure of where the direction is. I probably do not need an answer immediately on that, but I just want to lay that issue on the table.

Major Gen. Dunn—I have a high level of confidence in the process, but we are talking about a particular development that is causing concern. I understand why there is concern, but the process of providing very good housing and getting that planning done, as far as I am concerned, is very firm and is checked. At the moment we are moving to further tighten that by the process of developing a services agreement between the two organisations. I would need to lead off from there next time, because we definitely need to get that discussed here so that we can get a much more rigorous and transparent relationship between the two organisations. Both parties wish that, and that would make life a lot easier for this committee. We are very conscious of that so that we can have proper parliamentary scrutiny of what we do.

Mr RIPOLL—Can you provide to the committee secretariat the breakdown of rental subsidies—that is, up to the maximum level of rental subsidy? If you still do it by group rank, then do it by group rank or, if it is appropriate, by family status, et cetera. Could you provide those details?

Major Gen. Dunn—Yes, I will use the group ranking scheme. I am happy to do that.

Mr RIPOLL—I want to know the maximum subsidy—that is, not what the people pay, not their contribution.

A division having been called and the bells being rung—

VICE-CHAIR—I am sorry, we have to go. We thank you for taking on notice a number of questions. I feel sure that there will be a number of other questions which will be supplied through the secretariat to you. Thank you, Major General.

Resolved (on motion by **Mr Forrest**, seconded by **Mrs Crosio**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 9.32 a.m.