



*Parliamentary Standing Committee on Public Works*

# **REPORT**

relating to the proposed

## **HOUSING DEVELOPMENT AT PARAP GROVE, DARWIN**

(Fourth Report of 2000)

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
2000

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The Parliament of the Commonwealth of Australia

# **Housing Development at Parap Grove, Darwin**

Parliamentary Standing Committee on Public Works

13 April 2000  
Canberra

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## **Membership of the Committee**

Chair            Hon. Judi Moylan MP

Deputy Chair   Hon. Janice Crosio MBE, MP

Members        **House of Representatives**

Mr John Forrest MP

Mr Colin Hollis MP

Mr Peter Lindsay MP

Mr Bernie Ripoll MP

**Senate**

Senator Paul Calvert

Senator Alan Ferguson

Senator Shayne Murphy

## **Committee Secretariat**

Acting Secretary        Mr Michael Fetter

Inquiry Secretary       Ms Shelley McInnis

Mr Michael Ross

Administrative Officer   Mrs Angela Nagy



## **Extract from the Votes and Proceedings of the House of Representatives**

No 68 dated Thursday, 23 September 1999

### **23 PUBLIC WORKS—PARLIAMENTARY STANDING COMMITTEE— REFERENCE OF WORK—HOUSING DEVELOPMENT AT PARAP GROVE, DARWIN**

Mr Slipper (Parliamentary Secretary to the Minister for Finance and Administration), by leave, moved—That, in accordance with the provisions of the *Public Works Committee Act 1969*, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Housing Development at Parap Grove, Darwin.

Question—put and passed.

- 
1. On 23 September 1999, the House of Representatives referred to the Parliamentary Standing Committee on Public Works for consideration and report the proposed housing development at Parap Grove, Darwin.

## THE REFERENCE

2. The terms of reference were as follows:

The aim of the Defence Housing Authority is to provide housing for members of the Australian Defence Force and their families. The volume and location of housing provided must meet the operational requirements of the Australian Defence Force and other needs of the Department of Defence.

The Defence Housing Authority proposes to spot purchase 50 project homes within the Parap Grove development located within the Darwin suburb of Ludmilla, an established residential suburb located reasonably close to the city centre. This development will offer the Australian Defence Force personnel and their families a secure suburban environment with good access to community facilities, such as shops, schools, public transport and recreational facilities.

The Defence Housing Authority considers the spot purchase of these houses to be a sound commercial option. Market investigations have found that serviced land availability for detached dwellings in Darwin and its surrounding areas is limited and there is a lack of suitable established Darwin residences for spot purchase.

These houses are required to be online and available for the December 1999 to end January 2000 posting cycle for the Australian Defence Force. The estimated cost of the proposal is \$17.5 million at July 1999 prices.



3. The Defence Housing Authority (DHA) subsequently advised the Committee that the total budget for the proposal would not exceed \$17 million.

## THE COMMITTEE'S INVESTIGATION

### Referral

4. On 11 August 1999, the DHA sought urgent in-principle approval from the Committee for the Authority to enter into a house-and-land contract for 50 houses at Parap Grove. In later information, Bayview Homes was cited as the developer of Parap Grove.
5. Under section 18 of the *Public Works Committee Act 1969*, exemption can be sought from referral to the Committee on a number of grounds, including urgency and works of a repetitive nature. DHA considered these works were repetitive, with the project presented to the Committee in the context of an urgent need for Defence housing in Darwin.
6. On 26 August 1999 the Committee responded to the DHA advising that the requirements of the Public Works Committee Act governs the Committee's activities. The letter further stated that the Parap Grove development would not be considered a repetitive work unless so recommended in writing to the Committee by the Minister and following an extensive inspection by Committee members.
7. The House of Representatives subsequently referred the project to the Committee on 23 September 1999.
8. The Committee received a written submission from the Defence Housing Authority which included housing perspectives and plans for the project, as well as a brief outline of the need for the project and other relevant considerations.
9. The submission was insufficiently detailed and there was a discrepancy between the cost of the project when referred, stated as \$17.5 million and the submission which gave the cost as \$17 million.
10. On 29 September 1999 the Committee's inquiry was advertised in the *Northern Territory News*.

### Public hearing

11. A public hearing was held at Parliament House, Darwin, on 29 October 1999 at which the Committee took evidence from DHA representatives. Prior to the public hearing, the Committee visited the site of the proposed development and was provided with a short brief on the project by the DHA.

12. The Committee also received written submissions and took evidence from representatives of the following organisations:

- Darwin Property Pty Ltd; and
- Royal Australian Institute of Architects.

13. Written submissions were also received from:

- Environment Australia; and
- Department of Land, Planning and Environment.

14. A list of witnesses who appeared at the public hearing is at Appendix A. The Committee's proceedings have been printed as Minutes of Evidence.

## THE PROPOSAL

### Overview

15. The DHA proposed to acquire 50 house-and-land packages in the Parap Grove development in the suburb of Parap, Darwin. Fifty DHA houses would be constructed by the developer Bayview Homes, a DHA pre-qualified contractor, and then sold via DHA's 'Sale and Lease Back Scheme'.

### Site

16. The site is situated in a prominent residential area between Hudson Fysh Avenue and Stuart Highway and comprises approximately 9.5 hectares in area.

17. All services are available and of sufficient capacity for residential development, as confirmed by the various statutory authorities. Vehicular access is gained from Darwin's existing road matrix.

### Planning and design

18. Selection of house and land packages would be made on the basis of design, suitability, functional layout, aesthetics, and the maintenance requirements of finishes.

## EVENTS FOLLOWING HEARING

19. At the public hearing, the DHA was asked to furnish additional information to the Committee. The DHA subsequently provided the Committee with information relating to project viability, probity, an assessment of market rental values and details of the cost estimate provided by the quantity surveyors.

20. The covering letter of the DHA's response, dated 29 November 1999, advised that:

The purchase of the Parap Grove development is crucial to meeting known Defence requirements. Defence has signaled that the requirement is likely to increase and this makes the project even more significant in term of housing supply.

21. On 21 December 1999 the Committee requested answers to further questions relating to financial aspects of the proposal. The DHA provided a response on 11 February 2000.

#### **Appearance of DHA before Committee**

22. On 17 February 2000 representatives of DHA appeared before the Committee at Parliament House, Canberra to discuss projects being developed by the DHA in Darwin.
23. During questioning by the Committee, DHA representatives stated that a voluntary administrator had been appointed on Monday 14 February for Bayview Homes. Bayview Homes was the project home developer for the Parap Grove development with an exclusive arrangement with the property owner, Blake Property Group.
24. DHA representatives believed that the appointment of a voluntary administrator to Bayview Homes left the DHA with at least two options. These would be to buy the land outright and then deal with the successor to Bayview Homes, or to buy the land outright and go to public tender with other construction companies.
25. On 21 February 2000, following the appearance of DHA, the Committee wrote to DHA seeking clarification on the impact that the appointment of a voluntary administrator to Bayview Homes would have on DHA's Parap Grove proposal.

#### **Withdrawal of DHA from Parap Grove**

26. In response to the Committee's letter of 21 February, the DHA wrote to the Committee on 8 March 2000. In this letter, the DHA advised the Committee that the DHA did not want to pursue the Parap Grove development.
27. The DHA's reasons for not continuing with the proposal were given as the voluntary administration of Bayview Homes, additional responsibilities given to DHA by Defence and the urgency that drove the need for this development was no longer a critical factor.

### Further correspondence

28. The Committee wrote to the DHA again on 14 March 2000 seeking further information on the reasons behind the decision to withdraw from the project. Further information was provided to the Committee in a letter dated 15 March 2000 from the DHA.
29. The key points in the response from the DHA was that the newly appointed Managing Director had reviewed the housing requirement for Darwin, the number of vacant houses in Darwin, the cost of the Parap Grove development and its implications on the selling price and the sales potential. The conclusion reached by the Managing Director was that the Parap Grove development was no longer critical.

### Appearance by Major General Peter Dunn before Committee

30. On Thursday 16 March, the Head of Defence Personnel Executive, Major General Peter Dunn, appeared before the Committee at Parliament House, Canberra. The Committee was seeking information on the relationship between Defence and the DHA, the method of determining Defence housing requirements and how this housing is provided.
31. In addition to providing information on the process of Defence housing provision, Major General Dunn also stated in relation to the Parap Grove development:

...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.<sup>1</sup>

### COMMITTEE'S FINDINGS

32. This proposal was referred to the Committee in the context of an urgent need for housing for Defence personnel and their families in Darwin. Towards the conclusion of the Committee's inquiry, it was revealed that the DHA board had never given approval for the final Parap Grove development to proceed. The appointment of a voluntary administrator to Bayview Homes would appear to be the trigger for the re-examination of a proposal that was hastily brought before the Committee. Whether or not there is a perceived urgency for works to be undertaken, the robustness and rigour of any reference is investigated thoroughly by the Committee.

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1 *Transcript*, p. 216.

### **Committee's Conclusions**

- 33. The Defence Housing Authority approached the Committee to consider having this project exempted from the Committee's consideration in the context of an urgent need to provide housing for Defence personnel in Darwin.**
- 34. The Committee was unable to agree to this request—the proposed \$17 million project triggered the statutory requirements for Committee consideration and the grounds for exemption were not met.**
- 35. Subsequently, when the proposal was referred to the Committee in September 1999, the Committee required further details from Defence Housing Authority as the supporting documentation was inadequate.**
- 36. By early March 2000, there was no longer an urgent need for the fifty new homes and the Defence Housing Authority terminated the project. In mid-March it was revealed that the Board of the Defence Housing Authority had not given final approval for the project when it was referred to the Committee.**
- 37. Given the Committee's oversighting role, it believes this chronology is far from satisfactory.**
- 38. The Committee's examination of the proposal revealed inadequacies in Defence Housing Authority processes in relation to this reference.**
- 39. The inquiry provides an example of the need for the Committee's scrutiny of major projects no matter how urgent they may be perceived or represented to be.**

### **Committee's Recommendation**

- 40. In the Committee's opinion, this reference has been poorly managed, and given the possible serious ramifications, considers this matter should be referred to the Australian National Audit Office for further investigation.**

Hon. Judi Moylan MP  
Chair

13 April 2000



## **Appendix A—Witnesses**

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

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

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 Authorities

TSOUKALIS, Mr John, Solicitor