

## Responses to recommendations

### Introduction

- 2.1 The Committee made eight recommendations in its Tenth Report of 2000, which required the Defence Housing Authority (DHA) to undertake more work.
- 2.2 In this chapter each recommendation is presented with Committee comments on DHA's response. DHA's detailed response is provided at Appendix B.

### Surveys of Defence Personnel

- 2.3 Recommendation 1 of the Tenth Report of 2000 stated:

The Committee recommends that the Department of Defence and the Defence Housing Authority conduct comprehensive and credible surveys of Defence personnel to ascertain accommodation preferences.<sup>1</sup>

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<sup>1</sup> Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 2.8.

- 2.4 The Committee notes DHA's advice that, in relation to the proposed development at Carey Street in Darwin, the market research firm AC Nielson was contracted to conduct a survey of Australian Defence Force (ADF) personnel in Darwin. The survey was conducted in December 2000.
- 2.5 The Committee has examined the report of the AC Nielson survey and noted its approach, analysis and conclusions. Despite at least one apparent arithmetic error in DHA's summary of the survey report<sup>2</sup>, the Committee is of the view that the AC Nielson survey report provides evidence of a sufficient preference amongst ADF personnel for accommodation types as proposed in the Carey Street development.
- 2.6 The Committee is firmly of the view that provision of such a report at the commencement of the Inquiry (in 1999) or even during the Inquiry would have been of significant assistance to the Committee in its examination of the need for the proposed development.
- 2.7 The Committee notes that its recommendation was not restricted to the proposed development at Carey Street. The Committee has an expectation that similar surveys will be conducted on a regular basis so that at any time DHA, and Defence, can point to reliable and independent assessments of ADF personnel accommodation preferences.

## Apartment size

- 2.8 Recommendation 2 of the Tenth Report of 2000 stated:
- The Committee recommends that any residential apartment development of the Carey Street site comprise apartments with a minimum of two bedrooms.<sup>3</sup>
- 2.9 This recommendation had its genesis in conflicting evidence provided by DHA during the course of the Inquiry into the proposed development of apartments at Carey Street.
- 2.10 During the course of the Inquiry, the Committee sought professional advice on the demand for one-bedroom apartments and received advice to the effect that there was limited demand for one bedroom apartments in

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2 Page 3 of DHA's Supplementary Advice states at least 46% of respondents either preferred inner city living or had no preference. The AC Nielson Report indicates that 45% of respondents either preferred inner city living or had no preference.

3 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 3.30.

the Darwin property market for either investment, rental or owner occupier purposes.

- 2.11 The Committee notes that, more recently, DHA has obtained market assessments that present a contrary view and that the DHA Board will review apartment configuration after the receipt of tenders.

## Mix of apartments

- 2.12 Recommendation 3 in the Tenth Report of 2000 stated:

The Committee recommends that the Defence Housing Authority re-assess the mix of apartments in the proposed Carey Street development.<sup>4</sup>

- 2.13 This recommendation was the result of conflicting evidence provided by DHA during the Inquiry and the Committee's acceptance of advice provided by DHA about what was an appropriate concentration of Defence dwellings in any one residential development.

- 2.14 DHA now sees the issue differently and cites the results of the AC Nielson survey as a basis for the 2:1 ratio of ADF personnel to civilians. The Committee notes this view. The Committee will be interested to see the extent to which the AC Nielson survey results apply to other DHA developments.

## Effects of nearby sandblasting

- 2.15 Recommendation 4 in the Tenth Report of 2000 stated:

The Committee recommends that the Carey Street project not proceed until the results of tests on the effects of sandblasting have been made publicly available and meet relevant Environment Protection Agency requirements.<sup>5</sup>

- 2.16 This recommendation reflected the Committee's general interest in environmental matters as they relate to any proposed public work and

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4 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 3.35.

5 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 4.13.

more particularly, evidence presented at a public hearing that sandblasting conducted by Darwin Ship Repair and Engineering (DSRE) could have an impact on the amenity of the Carey Street development.

- 2.17 The Committee welcomes DHA's prompt action in arranging the environmental consultant firm URS Australia to test the effects of sandblasting by DSRE. Moreover, the Committee notes the results of the tests:

Based on the results of the air monitoring program completed, it is concluded that airborne TBT [Trubutyl], VOCs [volatile organic contaminants] and the 23 metals tested do not represent a human health risk either at the Carey Street site or on the wharf adjacent to DSRE. In general, the contaminants of potential concern were not detected in air samples collected from either location. Where detected the contaminants were present at concentrations below their respective national Occupational Health & Safety Commission time weighted average Exposure Standard.<sup>6</sup>

- 2.18 The Committee also notes the limitations of the URS Australia report to the effect that contaminant concentrations can change in a limited time.<sup>7</sup>

## Early advice of land purchases

- 2.19 Recommendation 5 of the Tenth Report of 2000 stated:

The Committee recommends that the Defence Housing Authority notify the Committee, at the earliest opportunity, of purchases, or commitments for purchases, of land intended for a development which may be referred to the Committee prior to referral of the development to the Committee by the Parliament.<sup>8</sup>

- 2.20 This recommendation reflected a difficulty experienced by the Committee with the Carey Street proposal and proposals from other agencies in relation to the timing of land acquisitions and/or commitments to purchase land. In such circumstances, the acquisition of land prior to the referral of proposed works could give rise to expectations by the referring

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6 See Appendix B. URS Australia, *Report – Air monitoring program lot 6665 CBD Carey Street, Darwin, Northern Territory for Defence Housing Authority*, February 2001, p. v.

7 See Appendix B. URS Australia, *Report – Air monitoring program lot 6665 CBD Carey Street, Darwin, Northern Territory for Defence Housing Authority*, February 2001, p. 11.

8 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 5.5.

agency that the Committee would approve the public work without the ability to give due consideration to the suitability of the whole development.

- 2.21 The Committee is mindful of the commercial imperatives associated with property developments and other public works and it appreciates DHA's willingness to comply with its recommendation by providing regular private briefings. These briefings will assist the Committee by providing an understanding of the context in which individual projects are referred.
- 2.22 The Committee commends DHA and its Board of Directors for their willingness to provide appropriate written and/or oral briefings on a regular basis.
- 2.23 The Committee notes that on 7 February 2001 it met with all members of the DHA Board of Directors and senior DHA staff. The Committee believes the meeting was mutually beneficial.

## **Cost-benefit analysis of the rental assistance program**

- 2.24 Recommendation 6 of the Tenth Report of 2000 stated:

The Committee recommends that the Department of Finance and Administration undertake a cost benefit analysis of the rental assistance program to determine the extent to which the rental assistance program would provide the best value for money for the provision of Defence personnel housing requirements in each area.<sup>9</sup>

- 2.25 On 27 November 2000 the Chair of the Committee wrote to the Managing Director of DHA, advising that no further action was required in relation to Recommendation 6. This advice reflected a response to the Recommendation received from the Minister for Finance and Administration.
- 2.26 While the Committee is cognisant that there are policy issues associated with the continuance of the rental assistance program, it remains of the view that the costs and benefits of the program need to be reviewed.
- 2.27 Projects such as that proposed by the Defence Housing Authority for Carey Street highlight the potential for taxpayers' funds to be wasted.

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<sup>9</sup> Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 5.10.

Even if some ADF personnel have a desire to live in inner city apartments in Darwin, any associated higher rental subsidies will be paid for by taxpayers. The Committee is firmly of the view that the rental assistance program is not necessarily the best means of facilitating ADF personnel with good quality accommodation. Other options should be considered with a view to satisfying all stakeholders, not least of whom are the Australian taxpayers.

## Native title

2.28 Recommendation 7 of the Tenth Report of 2000 stated:

The Committee recommends that the Defence Housing Authority obtain a clearance from the Attorney-General's Department that there will be no future liability to a Native Title claim with respect to the Carey Street site and that the construction of the proposed development not proceed without that clearance.<sup>10</sup>

2.29 The Committee's concern in relation to possible Native Title claims flows from its experience with another proposed public works where the Committee was assured by the proponent agency that there was no liability to a Native Title claim only to learn subsequently that such a liability had arisen.

2.30 In response to Recommendation 7, DHA consulted with the Attorney-General's Department and sought an assessment from Ward Keller. A copy of the letter from Ward Keller is provided as Appendix D. The Committee notes the advice from Ward Keller that:

In the event that a native title claim is lodged over the site, any future compensation claim would be a matter for the Northern Territory Government.<sup>11</sup>

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10 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 5.14.

11 See Appendix D. Letter dated \*\*\*\* 2001 from Ward Keller, p. \*\*.

## Planning approvals

2.31 Recommendation 8 of the Tenth Report of 2000 stated:

The Committee recommends that the Defence Housing Authority ensure that all planning approvals have been received for future projects before appearing before the Committee.<sup>12</sup>

2.32 The Committee found the effects of the two-stage planning process in relation to the Carey Street proposal to be unsatisfactory. The Committee welcomes DHA's response that in future it will seek to obtain all necessary planning approvals before it submits projects to the Committee.

2.33 The Committee notes DHA's proviso that to achieve this, '... process efficiency might sometimes have to be sacrificed to achieve outcome effectiveness.'<sup>13</sup> The Committee also notes DHA's response in relation to matters of transparency and the 'design and construct' methodology.

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12 Joint Committee on Public Works, *Report relating to the proposal DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, Tenth Report of 2000, 5 October 2000, paragraph 5.20.

13 See Appendix A. Letter dated 1 February 2001 and Supplementary advice to the Parliamentary Standing Committee on Public Works in response to the Committee's Tenth Report of 2000, *DEVELOPMENT OF 90 APARTMENTS IN DARWIN*, p. 9.