



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON PUBLIC WORKS

**Reference: Development of on-base housing for Defence at Puckapunyal, Victoria**

WEDNESDAY, 20 APRIL 2005

PUCKAPUNYAL

BY AUTHORITY OF THE PARLIAMENT



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**JOINT STATUTORY COMMITTEE ON  
PUBLIC WORKS**

**Wednesday, 20 April 2005**

**Members:** Mrs Moylan (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Senators Ferguson, Forshaw and Troeth and Mr Forrest, Mr Jenkins, Mr Ripoll and Mr Wakelin

**Members in attendance:** Senators Ferguson and Forshaw and Mr Jenkins and Mr Brendan O'Connor

**Terms of reference for the inquiry:**

To inquire into and report on:

Development of on-base housing for Defence at Puckapunyal, Victoria.

**WITNESSES**

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**Committee met at 12.30 p.m.**

**ACTING CHAIR (Mr Brendan O'Connor)**—I declare open this public hearing into the development of on-base housing for Defence at Puckapunyal Victoria. This project was referred to the Public Works Committee on 9 February 2005 for consideration and report to the parliament. 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 the carrying out of 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.

Earlier today the committee received a briefing from the Defence Housing Authority and inspected the site of the proposed works. The committee will now hear evidence from both the Defence Housing Authority and Defence Families of Australia.

[12.31 p.m.]

**BEAR, Mr Richard James, General Manager, Development and Sales, Defence Housing Authority**

**CHAMBERS, Mr Matthew John, Project Manager, Development and Sales, Defence Housing Authority**

**KEMP, Mr Gavin Stewart, National Development Manager, Defence Housing Authority**

**LYON, Mr Keith Thomas, Managing Director, Defence Housing Authority**

**WENDT, Mr Ellis Wendall, Project Manager, Development and Sales, Defence Housing Authority**

**ERIKSON, Miss Amy Josephine, Landscape Architect, Beveridge, Williams and Company**

**ACTING CHAIR**—Welcome. Thank you for meeting with us today. The committee has received a statement of evidence and two supplementary submissions from the Defence Housing Authority. These will be made available in a volume of submissions for the inquiry and on the committee's web site. Does the authority wish to propose any amendment to the submissions it has made to the committee?

**Mr Lyon**—No.

**ACTING CHAIR**—I now invite a representative of the Defence Housing Authority to make a brief opening statement, after which we will proceed to questions.

**Mr Lyon**—This is an important project for the Defence Housing Authority. The replacement of some 80 houses is important in maintaining modern housing to support the base's activities. The project has been agreed with the Department of Defence. In effect, DHA is constructing and developing these houses and will recover its costs from the defence department over an agreed period of time.

There has been a lot of cooperation between DHA and the defence department in reaching agreement on the location of the houses and the supporting infrastructure requirements. The house design, the layout and block sizes follow very extensive consultation with the local community. The houses themselves will achieve some important steps in terms of water saving measures, water conservation and energy conservation. In fact, we will achieve a five-star energy rating, which is the requirement in the community in Victoria for these houses. We believe that this will be a very good project and we look forward to answering any questions the committee may have.

**ACTING CHAIR**—Before I go to some of the substantial and significant issues in relation to your submission, I would like to ask if you have any knowledge as to why 20 houses were



constructed and completed by December 2004 and why a project worth \$5.4 million was seen as a discrete project as opposed to the one that is being proposed today.

**Mr Lyon**—We advised the committee that we were constructing those houses. We felt it was important to commence construction of a smaller project to get a very good understanding of the infrastructure requirements and also to test our capacity to get competitive bids from local construction agencies. It was agreed with the defence department to break the project into three stages.

**ACTING CHAIR**—The three stages being the 20 houses that are now complete and two other phases. Is that what you are suggesting?

**Mr Bear**—No, there is an 80-house phase that we are putting forward and then a potential further phase after that is being thought about. It is not yet agreed in any way.

**ACTING CHAIR**—I suppose I raised that question because it seemed conveniently that the proposal to construct the 20 houses came in at approximately \$5.4 million, which allowed it not to have to have the scrutiny of this committee. Therefore I was trying to establish why that would be determined in that way.

**Mr Lyon**—In fact, we were conscious of the committee's role and I did discuss this project with the chair. Through our correspondence we have kept the committee up to date in terms of what we have been doing. There has certainly been no intention to sidetrack the committee in any sense at all.

**ACTING CHAIR**—In the submission you talked about the reasons why you proposed to construct the 80 houses on site. Can you outline again for the benefit of the committee the main reasons why, in particular, of all the options you have available in constructing housing in this area, it is more advantageous to have these houses constructed on site?

**Mr Lyon**—Our strategy is to work very closely with our client, the defence department. Generally speaking, we tend to provide housing for the ADF within the normal community. That is because it is more cost-effective for both the defence department and the Defence Housing Authority, there being a residual value at the end of the life of the project which can be capitalised. That, of course, cannot be done on a military base. The requirement in this particular location followed extensive surveying of the community's wish to live on or off base. We have a mixture of houses on the base here and also some in Seymour. A number of the Army families also live in Melbourne. We provide housing in response to the demand as we have jointly assessed it with the defence department.

**ACTING CHAIR**—The Public Works Committee recently examined proposals from your department seeking integration of defence personnel housing into the community, so obviously there are many options. I am not sure whether there is one particular philosophy but, to integrate more fully with the local community, is there any disadvantage in extending some of the accommodation that currently resides in Seymour?

**Mr Lyon**—We did consider the balance and I can make available to the committee more details of a major survey we undertook in August 2003. That survey was delivered to 340

households and had the very high response rate of 204. That is a 60 per cent response rate, which is quite good. Ninety per cent said that they would prefer to live on base. The survey then went on to ask about the sort of housing preferred. Ninety-one per cent said yes to detached housing, 86 per cent said yes to single-storey housing and 56 per cent responded to a question about size. In other words, there was a requirement to utilise here somewhat larger blocks than we would normally utilise in the community, and our submission provides information on the average size of blocks and their make-up.

**ACTING CHAIR**—But to your knowledge, in determining whether to have some or all of the project built in Seymour, is there any disadvantage regarding the way the Seymour community would perceive this construction?

**Mr Lyon**—I believe not. For a very long time there has been housing on this base and a community has been established. As we drove around the base, we saw the school and other facilities, which partly result from people living here.

**ACTING CHAIR**—I was considering the school as well. You might not be the right set of witnesses to ask this question of, but I will do so anyway. I can see the convenience of the school's location and I know it has been there for many years, but might there be some disadvantage in having almost only the children of defence personnel housed in that school rather than integrating them into the community at large? There might be benefits, of course, but there might be disadvantages also.

**Mr Lyon**—That is a question we could pass on to the defence department. The next witness may also have views on that.

**Senator FERGUSON**—In your submission you talk about the 361 houses that currently are on base: 119 were built in the 1960s, 100-plus were built in the 1980s and another 41 were built by the end of last year. When were the other 100 built?

**Mr Chambers**—They were generally built in the 1990s. Some were built in the early 1990s, 1991-1993, and some were built later, in 1998 and 2002.

**Senator FERGUSON**—Why aren't they included in these figures? You have spoken of the 41 that were built by the end of 2004; why have you not included in that figure the other 100?

**Mr Bear**—I wrote that paragraph. In writing it, I was thinking of the older houses that we were talking about replacing—rather than giving the complete picture, which I could give now. There was no other motive.

**Senator FERGUSON**—How many houses are unoccupied currently?

**Mr Chambers**—At present about 30 houses have been handed back to Defence and are being used for singles accommodation. Following the conclusion of the 20-house project, we are in the process of handing back to Defence somewhere around 25 to 30 houses. Families now have been relocated from the older 1960s brick houses into better quality housing.

**Senator FERGUSON**—Why are you using some of those houses for singles; don't you have enough single accommodation?

**Mr Chambers**—That is a decision that Defence has taken. After houses have been declared by us to be surplus to requirements for families, we then hand them back to Corporate Support and Infrastructure Group, Defence. What it then does with them is really its decision; we have no control over that. At the moment some of those houses are being used for singles accommodation.

**Senator FERGUSON**—Are there vacancies in the single accommodation units?

**Mr Chambers**—I could not answer that question. I do not know.

**Mr Lyon**—We could take that on notice.

**Senator FERGUSON**—One of the things that we have to determine is whether or not it is necessary to have another 80 houses replacing the 119 that were being built. Your submission states:

... it may be appropriate to retain properties that are currently in excess of the advised DHF—

defence housing forecast—

to allow for future 'normal' variations in the actual Defence requirement.

What do you have in the way of off-base housing for defence personnel at Puckapunyal? I know you have some at Seymour.

**Mr Chambers**—Presently, we have about 45 houses occupied in Seymour.

**Senator FERGUSON**—Are they owned by Defence?

**Mr Chambers**—They are annuity properties. Some are leased and some are owned by Defence.

**Senator FERGUSON**—How many properties in excess of current requirements do you expect to have when you have completed these 80 houses?

**Mr Chambers**—At present, I would not expect that we would have very many at all. We have 68 families currently living in sixties brick houses. Assuming that all of those 68 families are relocated during the process of the build, that would leave us with 12 vacant houses. We would expect that vacancy, if you like, to be taken up with the posting cycle in December 2006.

**Senator FERGUSON**—The defence housing forecast suggests that in regard to off-base housing you are still going to have housing in excess of what will be required in the forecast.

**Mr Chambers**—I am not sure that that will necessarily be the outcome. It is very difficult to predict from one year to the next exactly what the defence housing forecast will be. It is just that—a forecast. On the basis of a posting cycle, we could have 100 families and 200 single members posted out in the next posting cycle in December-January, and we could have 200 families and 100 singles come in.

**Senator FERGUSON**—Then you still won't have enough, will you?

**Mr Chambers**—That would be right. After the recent posting cycle, we found that we had some houses vacant. That has enabled us to hand back a few more of the sixties brick houses to Defence. But we might find in the next posting cycle that we have an insufficient number of houses and we will have to utilise the private rental market to absorb the excess.

**Senator FERGUSON**—So, even after you build these 80 houses, it is your intention to maintain the amount of off-base housing in the hope that they might be filled. If they are not filled, what will you do with them?

**Mr Lyon**—We will sell them.

**Senator FERGUSON**—But you do not own them all.

**Mr Lyon**—I was going to clarify that. The defence department takes capital risk, but DHA actually owns the houses. We would sell the houses and return any funds to the defence department under the contractual arrangements that we have.

**Senator FERGUSON**—So DHA own all of the off-base houses?

**Mr Bear**—Not all of them. We lease some and we own some.

**Senator FERGUSON**—We have to get this straight.

**Mr Bear**—I can get you the balance.

**Senator FERGUSON**—Are you likely to sell yours and keep the ones you lease, or are you likely to get rid of the leases?

**Mr Chambers**—Depending on the circumstances, we would use a number of strategies. If the house was coming towards the end of what we would term 'useful life' for our purposes, we could look to hand it back early to the lessor and terminate the lease early, for a consideration if necessary; or, if we owned it, we could sell it and return any surplus funds to Defence; or we could lease it into the private market if we determined that we had a longer term requirement to hold that house. Effectively, we could have a vacancy period as long as, say, 12 months. We could lease it to the private market for 12 months and then bring it back into the housing stock to house defence families. So we would use one or all of those strategies, depending on the situation at the time.

**Senator FERGUSON**—I am quite happy for you to build these new houses on base in the knowledge that they are likely to be all filled because they are going to be of better quality than

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the existing houses. But I am a bit worried that you may build 80 houses, have some houses on base still unoccupied and have some houses off base that are still unoccupied that you own or lease. So you have something in excess of requirements which we have to carry for a number of years.

**Mr Lyon**—This is a constant issue in terms of DHA arrangements. On page 2 of our submission we provide information based on the total Defence requirement—that is, the best estimate that the defence department can provide. We also provide information on our housing provisioning, both on base and at Seymour.

**Mr Bear**—That shows, by prepared estimates, that we would have sufficient houses to meet the Defence advised forecast of 412.

**Senator FERGUSON**—In your submission you talk about demolishing 119 houses, I think, that were built in the sixties. How do you demolish 119 and build 80 and yet your stock on base only diminishes by 12?

**Mr Bear**—We will not necessarily be demolishing all those 119 houses. We will be replacing those 119 houses with new houses. It does not necessarily follow that those houses will be automatically demolished.

**Senator FERGUSON**—So how many are you going to demolish?

**Mr Bear**—That is a matter still to be determined.

**Senator FERGUSON**—Might you demolish 30, 40, 50 or 60? We need to know.

**ACTING CHAIR**—It does indicate it on page 1 of your submission, where you said:

... 119 were built in the 1960's and another 100+ in the 1980s.

You mentioned demolishing houses that were built in the sixties and the eighties. I guess that means there are 219-plus, of which we do not know how many are to be demolished.

**Mr Bear**—We do not know specifically what number of houses will be demolished.

**ACTING CHAIR**—Do you know an approximate proportion?

**Mr Bear**—It is approximately equivalent to what is going to be replaced.

**Senator FORSHAW**—In any event, they will not be occupied and therefore classed as managed or be available for occupancy. Is that the case?

**Mr Chambers**—That is correct.

**Senator FORSHAW**—So whether they are knocked over or not knocked over, you are not counting them because they are just sitting there.

**Mr Chambers**—Correct. As this 80-house project is delivered, we will be moving the 68 families that are still in sixties brick houses into these new houses progressively. We will progressively be handing those 60 brick houses back to the Department of Defence. They will then determine what they want to do with them—whether they house singles in them or whether they demolish them progressively.

**Senator FERGUSON**—The thing that bothers me is that you have houses on base and we do not know how many you are going to demolish. The existing houses on base are not a significant cost. I presume you are not paying rates and all the other things you have to pay in Seymour for the cost of having and maintaining a house. It seems crazy to me to have a number of houses in Seymour, which must be costlier to maintain, having regard to their ongoing costs, in a town than on base, and to have empty houses on base even if they are going to be used for singles. I do not care what they are going to be used for but I just find it difficult to think of empty houses at Puckapunyal when you are using off-base houses—and some empty off-base houses—that are more costly to maintain.

**Mr Lyon**—We need to provide a choice. The potential empty houses we are talking about are houses that no longer really meet our specifications. So we are talking about handing them back to the defence department because they no longer meet requirements. But the defence department, according to the demand that they have in managing their singles, may continue to use those houses for a period of time, and that makes good economic sense. We are trying to provide a degree of choice but we are also trying to provide as many modern houses as we can. That requires us to build the 80-odd now and shuffle out the back the ones that do not meet the standards.

**Senator FERGUSON**—I want Defence Force personnel to have the best houses we can possibly provide them with too, but I do not want to see us owning or leasing empty houses around the place. If they are going to be empty and they are not suitable, they ought to be demolished anyway.

**Mr Lyon**—And that is what will happen.

**Senator FERGUSON**—You cannot tell us how many are going to be demolished, though?

**Mr Lyon**—No.

**Senator FERGUSON**—Defence may keep them, you said.

**Mr Lyon**—They may, but our understanding and what they have been doing is—

**Mr Chambers**—As you can see from the tour around the base, the land that we are about to build on used to have old housing on it. That has been demolished. I cannot answer specifically for Defence in this respect, but it is a short-term strategy for them to use some of these excess houses as they are handed back to them for singles accommodation. However, my understanding is that their long-term plan is to knock them down when they are no longer required.

**Mr JENKINS**—I have managed to allow myself to be both distracted and confused by the table at paragraph 2.5 on page 2. The submission talks about 361 DHA houses on base. That is

the starting point. I believe that, as part of this project, we have 80 new houses constructed and, on the site of those 80 houses, seven demolished. Is that correct?

**Mr Kemp**—It is 10.

**Mr JENKINS**—All right. So it is plus 70. It is 70 new units. Then, if you refer back to this table, at what stage in the table do those 70 additional units come on track?

**Mr Bear**—They would come on track in the period from about December 2005 through to September 2006. But the key phrase there is ‘DHA-managed stock’. As the older houses become no longer occupied, they are handed back to Defence. They are no longer under the ‘DHA-managed’ banner.

**Mr JENKINS**—If I take the figure for 2006-07 of 349 DHA-managed stock, that is at a point in time when these 70 new units have come on?

**Mr Bear**—Yes.

**Mr JENKINS**—And it has decreased by 12, so you are saying that, by this table, 82 are going to go off the DHA register?

**Mr Bear**—That is right.

**Mr JENKINS**—They can be demolished, retained by Defence or whatever, but you are saying that, at the end of this project, with the amount of money that is to be spent on it, you will have in the system 12 fewer units?

**Mr Bear**—On base. That is what that is telling you.

**Mr JENKINS**—I am less distracted and not as confused. Is any rent assistance being paid to personnel on this base?

**Mr Chambers**—There is. It is a very small number. I think it is around three or thereabouts. I know some families are living in locations such as Kilmore. Because of schooling, they choose to live there and have the serving member commute to Puckapunyal.

**Mr JENKINS**—So it is on the basis of their choice?

**Mr Chambers**—Yes. There is a very small rental market in the local area. The only reason that people would normally go into the rental market is for a location such as Kilmore.

**Mr JENKINS**—With regard to the stock that will be handed over to Defence, is there a commercial transaction involved? It might assist if I ask an associated question. The land on which these houses are to be built is Defence land. What is the nature of the agreement or commercial transaction between DHA and Defence about the land? There are two parts to that question.

**Mr Lyon**—The land is owned by Defence and not by DHA, so essentially the nature of the agreement that Defence and DHA have is a financing agreement. It is the role of the Defence Housing Authority to finance the capital costs of construction and the defence department effectively repays that over an agreed period, which in this case is 25 years, I believe.

**Mr JENKINS**—And then there is a transfer of the housing stock at the end of its useful life?

**Mr Lyon**—On the transfer of the housing stock: because these are old houses, there should not be any outstanding debt owed by the defence department on the houses, and they just take them back. If there is an outstanding debt, that would need to be repaid by Defence.

**Mr JENKINS**—As part of this overall project, there is infrastructure provision, the servicing of the lots. At what point is that a Defence responsibility and at what point does it become a DHA responsibility? For instance, if you take drainage, they must be responsible for the main drains but then you must take over responsibility at some stage.

**Mr Bear**—In this particular project, it is at the street.

**Mr JENKINS**—For all utilities?

**Mr Bear**—For the plumbing and the electricity, and that is it.

**Mr Kemp**—It is exactly as Richard is saying: it is at the lot boundary, which is once again very similar to any other arrangement you would have in an off-base situation. It operates in the same way. The base operates, in a sense, almost like a town council or a city council, so we would stop at the lot boundary and then it is their responsibility thereafter. So it is clearly delineated.

**Mr JENKINS**—I understand there was a decision made not to have cabling to the lots. Was that a decision of DHA or others? You are in the business of providing housing stock that meets, as much as possible, the needs of your clients, who are Defence personnel. The needs of those clients are in part dictated by community standards. The old sixties house that you showed us, when compared to similar housing stock of that era probably was not out of whack. The changes over time in the units that you deliver are based on community standards. There will eventually be a community standard where, because of the importance of broadband and the like, the cabling provision to housing units will be important. I am just wondering at what stage that importance leads DHA to making sure that it is provided.

**Mr Bear**—At this point in time, the married precinct is not connected to the optical fibre facility that goes through the base. The decision as to whether to extend that to the housing is a decision that could be made at any point in the future.

**Mr JENKINS**—In the tendering for the houses will there be adequate provision that, if optical fibre is laid on to the subdivision, it can actually be wired to the houses?

**Mr Bear**—It is not included in our costings.



**Mr JENKINS**—I want to go to the environmental stuff now, and the use of water—dual-flush toilets and rainwater retention on site for toilet cisterns. I take it that there will be tanks involved.

**Mr Bear**—There will be a tank to collect stormwater and that stormwater will be stored for using in a flushing system.

**Mr JENKINS**—On the environmental rating, I want to make sure that I have read your submission correctly. You say that you are required to achieve:

... a minimum of 4-star energy rating in accordance with Commonwealth Government policy and a 5 star energy rating under the Victorian Government 5 Star House Policy.

I take it that you are going to five-star here.

**Mr Bear**—We will meet the Victorian government standard.

**Mr JENKINS**—Does achieving that involve consideration of the way that the new lots are laid out on the plan of the subdivision?

**Mr Kemp**—To achieve four stars it does. Five stars is obviously beyond that. To achieve four stars, lot orientation is one of the defining factors.

**Mr JENKINS**—And they are all north-south-east-west, are they?

**Mr Kemp**—Yes, these drawings are a bit indicative. They get twisted slightly.

**Mr JENKINS**—But the alignment of the housing lots happens to be in that major part. At Markham Road they are on angles, but that would be achieved by the siting of the housing.

**Mr Kemp**—Yes.

**Mr JENKINS**—As I cannot find any reason for you to provide the FFF—the fauna friendly facility—I have no more questions.

**Senator FORSHAW**—I want to pick up on the environmental issues that Mr Jenkins raised. There is a comment in your submission that the retention of significant sized trees will be encouraged. I know it is pretty dry out here, as it is in most places. Whilst I noticed quite a few trees around, given the nature of the area, I did not see too many trees in or around the newer houses that we drove past on the inspection. I must say I did not see an overabundance of them on the land where the new houses are going to be built. Can you comment upon my observation and your submission in that regard?

**Mr Bear**—Firstly, in the older areas you have a lot more trees because they take time to grow.

**Senator FORSHAW**—Yes, I understand that.

**Mr Bear**—With the new houses that we have done, we have included, as part of the shading for the backyards, planting of larger trees that will eventually grow and provide shade in order that people do not have to rely on artificial shading. All the new houses that will be built will have full landscaping, which will include the planting of appropriate trees.

**Senator FORSHAW**—It is just that I did not see a lot of trees in the new houses that have been built recently that you showed us, and I did not see too many on the land where you are going to build these houses, yet your submission says that the retention of significantly sized trees will be encouraged. It may be that there were not many there in the first place. I do not want to make a big thing about it. I appreciate you are going to plant some and they are going to take time to grow, and that is obviously very important, but—

**Mr Lyon**—I did not see too many trees there, so—

**Senator FORSHAW**—Can I deduce that there are not going to be many trees lost because there are not many there in the first place?

**Mr Kemp**—There are not many to start with. The intention is to retain whatever we can, except where it affects the orientation of the housing or where it poses a danger to the workings of the services. Obviously, we are trying to retain as many of those mature trees as we can. However, as you rightly point out, you have got what you have got and you keep what you can, and then we are really looking to replace them. The landscape plans that we have put up have significant plantings in each garden, which obviously take time to grow. Over those fence lines that you did not have the benefit of seeing today is extensive planting, and it will take time to grow, but the intention is not to ‘moonscape’ that area and take everything out.

**Senator FORSHAW**—Some parts of it looked pretty ‘moonscaped’ anyway. On the issue of the on-site buildings—part of the 119—that are not going to be utilised except those which you are going to hand back to Defence and which they may utilise in the short term for single persons’ accommodation, who will manage them if they are used for single accommodation? Will they revert to DHA to maintain them? What is the arrangement?

**Mr Chambers**—At the present moment they are being managed by the Corporate Support and Infrastructure Group—we are handing them back to it—which is managing them for singles accommodation.

**Mr Lyon**—I think this is an important point to come back to. The houses that we are handing back simply do not meet our standards. We are fairly used to managing the balance between the number of houses on base and the number of houses in Seymour. As Mr Chambers has explained, if there were a vacancy in Seymour we would follow the strategy of having the house either occupied or sold.

**Senator FORSHAW**—My question is a wider one. If I had had as much experience with this committee and DHA as others, I would probably understand it. You have accommodation that is managed—it may be owned or leased by DHA—and then you have other accommodation on base, presumably, that is managed within the defence department.

**Mr Lyon**—Precisely.

**Senator FORSHAW**—The other question is about the off-site accommodation that DHA owns. Can you tell us now how many you own and how many you lease?

**Mr Bear**—I cannot do it now.

**Senator FORSHAW**—If you were to proceed to sell them, would you look at refurbishing them to maximise their value? This is just for the record: that obviously cannot be included in this costing, if you like—

**Mr Bear**—No, it is not.

**Senator FORSHAW**—whereas, on other jobs, if you are building and then selling, it has a net benefit to the project.

**Mr Lyon**—Firstly, we will deal with the costs. There is no provision here that takes account of either sales or the costs have been—

**Senator FORSHAW**—I understand that; I raised that for the purposes of the record.

**Mr Lyon**—That deals with that one. Generally we maintain our houses to a pretty high standard, so there is no need, usually, to do anything to the houses to maximise their sales value. If there is a requirement to do something, we do that as part of our normal commercial activity. Sometimes we need to present the houses in a nicer way than the tenant left them. Occasionally, we hire furniture to install in the house before we sell it, simply it because that adds to the sales potential.

**ACTING CHAIR**—You would not spend a lot of money on houses in Seymour, though, would you?

**Mr Lyon**—We would not, no.

**Senator FORSHAW**—I understand it is not directly part of the consideration of this project. The other point I was going to make is that one of the issues with regard to which option you would look at is the impact of whatever Defence does on the property market in Seymour. If you unload a lot of houses onto the market, that sort of refurbishment activity could have some impact.

**Mr Lyon**—We take a straight commercial approach. Also, we take a commercial approach in the context of being a good citizen. We would not flood the market in a way that would impact on us, and we would seek to avoid injuring the market, if I can use that term, for other sellers.

**Senator FORSHAW**—I have one other general question. As a result of the new housing being built and families being accommodated, will there be any impact on other facilities that are provided on base—for instance, the school and other services? We are not really looking here at a large increase in the population of personnel and their families on the base. Can you comment about that?

**Mr Chambers**—There should be little or no impact, because we are really just replacing some older housing with some new, modern housing. The numbers of families are not changing.

**Senator FORSHAW**—On the tour you mentioned a child-care centre that was recently opened.

**Mr Chambers**—That is correct. That was built for the existing demand. That demand will not really change as a result of this project.

**Mr JENKINS**—Of the options that were explored, one that was dismissed was the refurbishment of the present stock. At 3.5 your submission says that the risks are too great. The submission then goes on to indicate what I believe are the financial risks. Are there other risks? Have I read wrongly that part where it says that the risks are too great? Were there physical risks or is it just the uncertainties of knowing what you would have to do to bring up each unit?

**Mr Kemp**—There is no physical risk; it is just basically the uncertainty of being able to economically extend the housing, because of the fact that they are very old houses built to old standards. It is not a physical risk at such.

**Mr JENKINS**—Taking into account what you have just answered, were any estimates made of costing on refurbishment compared to the present project?

**Mr Bear**—General costings only, which said that it was not worth taking further.

**Mr JENKINS**—When the tender goes out, is it for the whole 80 units or are you looking for several builders to get tenders?

**Mr Kemp**—The program for tendering would be that the civil component would go first and then we would break the 80 houses down into packages. At the moment we are working on six packages of sizes—16-, 17-, 18-house packages—which suits the market. That is what builders can handle, it gives everybody an opportunity to win a contract, it spreads the workload amongst a wider base of subcontractors and suppliers and it gives us the ability to basically stage the handover as well. All the way through the process there is an economy for everybody involved and we do not have big hits of houses all coming online at the same time—it is progressive and people can be relocated into them.

**Mr JENKINS**—So the lots that are earmarked for the different project builders would be interspersed so that they are not going to be in blocks.

**Mr Kemp**—There would be a run of blocks, but they are not salt and peppered, if I can use that expression.

**Mr JENKINS**—Yes, I understand.

**Mr Kemp**—They would be done in a logical phasing. We basically have to build to connect to services. The idea is that we will start on the services and, as we are completing those, we can start to follow with housing packages. That speeds up the delivery process and allows us to deliver as early as possible.

**Mr Bear**—I might also add that part of the tender evaluation criteria will look at the streetscape of the houses that are proposed, so you are not going to get 20 houses in a row all looking exactly the same.

**Mr JENKINS**—So the six blocks could go to the one builder?

**Mr Kemp**—It is possible.

**Mr JENKINS**—So there did not have to be an assessment made that there were six firms out in the marketplace. On your experience of the 20 most recent houses, how competitive is the market for the work that you will be putting into the marketplace?

**Mr Kemp**—On the tenders we did for the 20 houses, the market was competitive not only against our estimates but also between each other. It is obviously important we compare what we think we can do it for with what the market is saying. It was a competitive tender and quite fiercely fought.

**Mr JENKINS**—The committee is always interested in the regional impact of projects and what measures agencies take to ensure the regional economy gets a cut out of a project. What aspects of this particular proposal might add to the local regional economy?

**Mr Kemp**—The local suppliers and subcontractors obviously will have an opportunity through the tendering process with the builders as they decide who they tender, but there are opportunities. There were opportunities on the last project, and certain trades available in the local area were utilised. If a trade were not available in a sufficient size then we would have to look elsewhere. There are certainly income and money flows from the project into the local community as and when the local community can respond to the need.

**Mr JENKINS**—Would firms from the outskirts of Melbourne—from the northern suburbs, from the electorate of Scullin—have an opportunity to be involved?

**Mr Kemp**—I would have thought that was more than likely.

**Mr JENKINS**—So this is jobs for the north. Thank you.

**Mr Bear**—It is only 100 kilometres.

**ACTING CHAIR**—Have you exhausted your questions?

**Mr JENKINS**—I have led the witnesses as far as I could!

**Senator FORSHAW**—And you didn't get them lost either.

**ACTING CHAIR**—There have been a number of questions asked in relation to the environment. Paragraph 5.3 says:

Defence strives for environmental best practice ...

It goes on to say:

The details of mitigation strategies to limit environmental impacts are developed through internal environmental impact assessment processes carried out by experienced and qualified environment staff and consultants throughout Australia.

That sounds very good. What I need to know—and I think the committee should know also—if you have the information at hand, is: who are the consultants and staff who undertake the internal environmental impact assessment?

**Mr Kemp**—The consultants referred to are consultants employed by Defence.

**ACTING CHAIR**—Who are the consultants employed by Defence?

**Mr Bear**—We will have to come back to you on that one.

**ACTING CHAIR**—Mr Kemp, do want to expand on what you were saying?

**Mr Kemp**—What I was going to say is that obviously they prepared the guidelines for Defence. Our contact is then to talk with the local CSI people in Puckapunyal, take on board what their requirements are and work them into our working on the site.

**ACTING CHAIR**—So at the moment we do not know who the consultants are, but they have set up a system across the country?

**Mr Bear**—Within Defence.

**ACTING CHAIR**—And that system is then applied. Do you have any information about what mitigation strategies are applied in relation to this area? Paragraph 5.3 says, ‘details of mitigation strategies to limit environmental impacts are developed’, but what does that mean?

**Mr Kemp**—An example would be providing an environmental management plan for the site. Fundamentally what we are trying to do is to ensure our operations do not harm the environment. We have developed measures that we will introduce into the site at Puckapunyal—how to control erosion, how to ensure that we do not fill stormwater drains, how to prevent things like litter flying through the site and into residential areas. We have basically examined what we have to do to control, as best we can, any impacts we might have on the environment and others who enjoy the environment.

**ACTING CHAIR**—Was there an actual environmental plan determined for here? Did you actually have to draw up a plan in accordance with the strategies outlined by the consultants?

**Mr Kemp**—We have one developed at the moment, and we will discuss this with the local CSI people and get their approval that what we are proposing is in line with what they want. So we do it through a consultation process. We work very closely with the CSI on a number of these types of issues to ensure that, when we are here, we are doing what they want us to do.

**ACTING CHAIR**—If we could get the name of the consultants at some point, that would be helpful. I would also like to inquire about a matter that is referred to in your submission at point

10.2 on page 6 in the second part of that subparagraph. That is quite a long paragraph, but it goes on to say:

An assessment has not been undertaken of chemical, heavy metal and unexploded ordnance (UXO) contamination.

My question in light of that is: why would there not have been an assessment of chemical, heavy metal and unexploded ordnance contamination undertaken?

**Mr Kemp**—My first response is that they are actually talking there about the wider base area, remembering that the area which we intend to build upon was in fact previously residential area. So I do not think there is an issue there in terms of unexploded ordnance. In terms of the question of chemical and heavy metal contamination, we have in fact undertaken geotechnical testing, and the results of those geotechnical tests show that there are in fact no hazards on the site.

**ACTING CHAIR**—So there has been no history at all of those materials being involved on the site where we are considering construction?

**Mr Kemp**—Not that we know of from our consultations with the local CSI consultants.

**ACTING CHAIR**—Where has the history man gone—the one who was providing us with all that information? He could probably come forward and tell us. Was it 1995 when those houses were demolished?

**Mr Bear**—Yes.

**Mr Kemp**—Yes, I think that is what we said this morning.

**ACTING CHAIR**—So you have no evidence that says that, even before their construction, there was an area that had possible toxic materials or other materials that may cause adverse reactions?

**Mr Kemp**—We have extensively tested that site and we have found nothing that we would have to remove or consider dealing with prior to putting any construction on it.

**ACTING CHAIR**—Under paragraph 4.2 your submission says that the authority surveyed defence personnel based at this base and that survey showed a clear preference for detached dwellings on base. How was the survey undertaken? What was the manner and form of the survey. In other words, was it done through meetings or was it a written survey?

**Mr Bear**—It was a survey conducted in writing by the survey unit within our national office, who have the experience and the appropriate qualifications in conducting surveys.

**Mr Kemp**—It was a self-completion questionnaire. It was hand delivered in mid-August to 340 Puckapunyal area households. It contained a reply paid envelope to ensure confidentiality and a covering letter detailing the purpose of the questionnaire and how to return it.

**ACTING CHAIR**—Did that go out to all personnel?

**Mr Kemp**—Yes, all personnel; the whole base.

**ACTING CHAIR**—Do you have any idea about the percentage of those surveys returned?

**Mr Kemp**—The return rate was 60 per cent—204 were returned out of 340 households, which is a 60 per cent response rate.

**ACTING CHAIR**—That is pretty good. I would also like to inquire about the social services you have on site. Paragraph 9.3 makes reference to the amenity provision and talks about—and we have mentioned this already this afternoon—those services, which include of course the school, the fitness centre and the medical centre. There may have been more specific questions in relation to this area, but will any of those services need to be expanded given the growth that will occur over time in the number of residents on the base?

**Mr Chambers**—As far as I am aware, there is no plan to increase the size of those. We are replacing existing housing; we are not introducing an additional quantity of housing. Existing services should more than adequately cope with the changes.

**ACTING CHAIR**—So the medical centre, for example, is not overladen with demand and overworking the medical practitioner or practitioners?

**Mr Chambers**—I could not answer that question. It is run by defence. I assume it is coping with the capacity.

**ACTING CHAIR**—When we were on site earlier this morning, I noticed that there was a schedule or a list of the different blocks and sizes. I think Mr Kemp gave us the range of sizes of blocks and possibly even the average. I do not see where that information is in the submission. I thought it would be useful for the record—if you have that information before you, Mr Kemp—to read out the number of blocks at each size.

**Mr Kemp**—We have the lot sizes basically in ranges of 50 square metres. We have 26 blocks of 650 to 699 square metres, 12 blocks of 700 to 749 square metres, 10 blocks of 750 to 799 square metres, 16 blocks of 800 to 849 square metres, 13 blocks of 850 to 899 square metres, and three blocks of 900 to 999 square metres. I suspect that, because of the small number, we have gone up by 100 square metres for those three blocks.

**Senator FORSHAW**—We were told that in the new housing to be constructed there would be some five-bedroom homes.

**Mr Bear**—Not in the new housing to be constructed. In the small construction projects, there were five-bedroom homes built for specific purposes to accommodate large families. This project is not proposing any five-bedroom homes; it is only building three-bedroom houses.

**Senator FORSHAW**—Three bedrooms in total?

**Mr Bear**—Yes.



**Senator FORSHAW**—I assume that is based upon some assessment that you do not need any four-bedroom homes. A five-bedroom home is getting pretty big.

**Mr Bear**—It was based upon the requirements that defence laid down.

**Mr JENKINS**—In a diagram of the landscaping that was shown to us earlier in the day there is a paragraph about the Sir Walter buffalo grass. Is that something that is actually going to be used here?

**Mr Kemp**—Yes, it is.

**Mr JENKINS**—Has it been assessed that it is not a potential invasive weed?

**Mr Kemp**—I am not aware that it is a weed. It is a grass I have seen used before. It is very hardy. It is a grass.

**Mr Wendt**—It has been described to me as a creeping grass but not one that goes underneath fences, garden borders and so forth.

**Mr JENKINS**—That half answers it. I am assured that, as long as it can be reined in and it does not creep across the countryside, it must be all right.

**Senator FORSHAW**—Is this the same grass that is referred to just as buffalo grass?

**Mr JENKINS**—It is a type of buffalo grass.

**Mr Lyon**—We have someone here who knows something about this.

**ACTING CHAIR**—If they were brought up here to Pucka, we may as well hear from them.

**Mr JENKINS**—My interest is because, in people's eyes, buffalo grass would be seen as being something that gets away from the place. That is why I loosely called it an invasive weed.

**Miss Erikson**—That is indeed what it is. A release of superior lawn cultivars has provided low-maintenance, drought-tolerant lawns suitable for Australian conditions. Sir Walter buffalo is a non-invasive, creeping type lawn that will tolerate full sun to 90 per cent shade and has low water and maintenance requirements. It does not seed, which means that it cannot become invasive. The method in which it is sowed is by runners, which just means that it cannot escape at all, there is no seed. It will go along the ground, but it cannot go under and it cannot get into concrete and all those other things that buffalo is known for.

**Mr JENKINS**—Is it low-maintenance?

**Miss Erikson**—Yes.

**Mr JENKINS**—Is it specific for this type of climate or has it been used elsewhere?

**Miss Erikson**—Yes, they use it a lot, particularly out at Stawell, which has similar environmental conditions. It has been tested for four or five years now. It is a good quality lawn. Average lawns need to be watered every three to four days. This type of buffalo requires watering once every 15 to 20.

**Senator FORSHAW**—I will be the mug. Where did this name ‘Sir Walter buffalo’ come from?

**Miss Erikson**—‘WALT’ stands for something, and they just extended it to ‘walter’. Because they thought it was so special they named it ‘Sir Walter’. That is all I know about it.

**ACTING CHAIR**—You know more than most.

**Senator FORSHAW**—I know Sir Walter Raleigh is credited with inventing lawn bowls. Maybe he had buffalo grass.

**ACTING CHAIR**—It does not sound like it. I think Miss Erikson has given us a general understanding of the basis of the name. I thank all the witnesses.

[1.38 p.m.]

**ELLIOT, Mrs Mandy Fay, National Delegate, Victoria and Tasmania, Defence Families of Australia**

**ACTING CHAIR**—Welcome and thank you for meeting with us today. The committee has received a submission from Defence Families of Australia. The submission will be made available in a volume of submissions for the inquiry and is also available on the committee's web site. Does Defence Families of Australia wish to propose any amendments to the submission it has made to the committee?

**Mrs Elliot**—No.

**ACTING CHAIR**—I now invite you to make a brief opening statement, after which we will proceed to questions.

**Mrs Elliot**—Basically, as the submission stated, I, on behalf of Defence Families, fully support this development. The current state of some of the housing in Puckapunyal is not good. Improved housing is well overdue for the PMA. These new houses will include all the amenities of modern housing and will be of big benefit to the families. It is definitely in the best interests of the families that this goes ahead as soon as possible.

**ACTING CHAIR**—Are you located in this area yourself?

**Mrs Elliot**—No, not now. I was posted here for 18 months up until the middle of last year, from 2003 to mid-2004.

**ACTING CHAIR**—What type of dwelling did your family reside in?

**Mrs Elliot**—We were living in a three-bedroom nineties style house in Puckapunyal.

**ACTING CHAIR**—That is one of the more recent developments?

**Mrs Elliot**—Yes.

**ACTING CHAIR**—What is your knowledge of the concerns that may have been expressed by residents about the 1960s and possibly the 1980s houses? What was the general concern about those dwellings?

**Mrs Elliot**—Generally, it was the size. When you compare the amenities in those houses to what you would expect in a modern house anywhere in Australia, they just do not meet the requirements. They are also very tiny. They are not energy efficient for heating and cooling purposes. Realistically, they do not have much in the way of family living areas. So for an average family to live in them has been very difficult for some families.

**ACTING CHAIR**—What was different in the house that you had from those that are currently being considered for demolition?

**Mrs Elliot**—The house that I lived in had a lounge room, an ensuite, a family room, a two-car garage and sufficient storage—all the sorts of things that you would consider to be basic amenities in a house, in keeping with community standards. It had a fully functional kitchen with quite a lot of storage and cupboard space. I think we were lucky to live in a well-designed house that met the requirements that I would expect.

**ACTING CHAIR**—Were you aware of any defence families that resided off base in Seymour?

**Mrs Elliot**—Yes.

**ACTING CHAIR**—What was your general impression of their enjoyment or otherwise of those houses?

**Mrs Elliot**—The one family I did know were quite happy with their house. It offered pretty much the same amenities as our place did. They chose to live in Seymour for their own personal reasons, but the majority of people I know choose to live in Puckapunyal.

**ACTING CHAIR**—Without your divulging any personal matters about anyone, I am just wondering whether you know why some defence families wish to live off base. I understand that most people want to live on base. What would be the reasons?

**Mrs Elliot**—That couple—and they were a couple at that stage—just did not want to be on the Puckapunyal base, which is a very family friendly base. They were more interested in having access to a coffee shop for breakfast—

**ACTING CHAIR**—Amenities.

**Mrs Elliot**—than living on base. Most of the families I knew coming in were far keener to be here, to be in walking distance of the school and for the serving member to be a couple of kilometres from work, and those sorts of things.

**Mr JENKINS**—It is a very isolated community. I gather that, although defence families have to put up with the isolation, they find strength in being together.

**Mrs Elliot**—They do.

**Mr JENKINS**—I am being a bit ham-fisted in the way I am putting the case to you. Some would say that you are at a base where one member of the family works, everybody is in each other's pockets, all the kids go to the same school and things like that. Is the trade-off the network of support systems that grow out of that?

**Mrs Elliot**—Yes. It is an extremely strong network. As an example, I had just come from Brisbane on my posting prior to Puckapunyal and I lived in an RA house, with no defence network. Coming here was a welcome break after my husband had been on deployment for six

months. Coming here to a very strong network really helped. When people are being deployed—and there are quite a few being deployed from Puckapunyal—that network is extremely helpful to families. Some may not want to be part of that network and they are probably the ones who will choose to live in Seymour. Every posting is different, and a lot of people take advantage of the fact that Puckapunyal has such a strong network and that they can have access to that for a couple of years.

**Mr JENKINS**—And social and community infrastructure is provided?

**Mrs Elliot**—Yes.

**Senator FORSHAW**—I want to ask a question on the issue of social and community infrastructure that Mr Jenkins just mentioned. In other projects the committee has considered, and particularly where they may be off base, obviously there is a need to also consider the availability of things like access to schools, shops, sporting fields, playgrounds, swimming pools and those sorts of things. I understand that some of those things are provided here on base, maybe all of them, but with this new housing coming in—and there has been other housing accommodation constructed in recent years—I want to give you the opportunity to discuss it. What is the nature and the standard of the sorts of community facilities that defence personnel or anybody in the community would expect to have available? We know there is a new child-care centre, but what about other things like playgrounds, swimming pools et cetera? Would you like to comment on that?

**Mrs Elliot**—I guess we never expected any of that to be available to us. It is not a right of the families, so we do not expect it to be available. But in terms of the amenities that are provided in Puckapunyal, the school on base is probably one of the big drawcards for people coming to Puckapunyal with young families. That school has an exceptional reputation, and it is a big drawcard having a school so close. There is also the ability to use the pool and the fitness centre and the area theatre, which is a big thing for the kids on the weekends. This is probably one of the safest places you can have your children and there is a great deal for them to do, with the playgrounds and the open spaces that they can play in. I believe the standard here meets the requirements of what we would expect, although we cannot expect much. It definitely meets the needs of this isolated community, because Seymour does not have a movie theatre and some of these other things that we get right here.

**Senator FORSHAW**—Thank you for that. It is something that we know local government is required to look at more and more. If they are allowing large developments or subdivisions of housing et cetera, then they would also be very often looking to some parkland or children's playground areas to be set aside as open space. You are quite happy with the arrangement as it is?

**Mrs Elliot**—Yes. I believe that those amenities are being utilised quite well now and, given that this project does not seek to increase the number of families, there should be no real change.

**Senator FORSHAW**—But it does seek to upgrade the overall quality, which goes hand-in-hand with the quality of the amenities.

**Mrs Elliot**—Yes.

**Mr JENKINS**—Would you be able to comment on whether the school here has been able to develop special programs that understand the nature of kids coming out of different state and territory systems?

**Mrs Elliot**—Yes. They are extraordinarily understanding and flexible, which is the big thing. They are flexible in their approach because the school population is 99 per cent military. It is an exceptional environment for military children, and we do not get that everywhere we go. They do have some great strategies for their flexibility in dealing with different children from different education systems. They are also very good at supporting those children whose family members may be deployed. The benefits to the children are significant. Once again, it is one of those things that when you are posted to Puckapunyal you can take advantage of. It may be for a very short time, but it is quite an instrumental time. My daughter started school here, and her experience was extremely positive.

**Mr JENKINS**—This committee has a continuing dialogue with DHA on a series of proposals and this is just one chapter, and the input of Defence Families of Australia is always very important. This question is perhaps not directly related to this situation, which is unique in that the base is not remote but has a separate entity to itself. You talked about your experience of being really isolated as a defence family relying on rent allowance and being by yourself. Do enclaves that are off base have the strength of peer support?

**Mrs Elliot**—I believe they do. But I think that different people will look for different housing answers. Some people will take strength from the enclave of military families, and I am one of those. It has been such a big part of my life. Other people will want very much to remove themselves from any military community and integrate into the environment as much as they can. That is my opinion and not really a Defence Families opinion. It is a very individual process. Some people are desperate to live in Puckapunyal and others are desperate to live in Seymour, in this situation, and that will depend on their personal situation and how they feel, and I guess at what stage they are in life and at what stage they are in their military careers.

**Mr JENKINS**—So the underpinning attitude has to be that there needs to be flexibility that best meets the needs of a particular person or family.

**Mrs Elliot**—Yes. We need to make sure that we are looking after our families and to understand that defence families are probably changing immensely—there are working spouses. The needs of defence families have changed significantly in the last couple of decades, and there needs to be an understanding that each family might have a different requirement for their housing so there needs to be a little flexibility in the solutions given.

**ACTING CHAIR**—Thank you very much, Mrs Elliot, for giving us your time this afternoon. The members of the committee do not see any need to recall the Defence Housing Authority, unless the representatives of the housing authority wish to come forward. They have indicated that they do not. I thank the witnesses who have appeared before the committee and those who assisted with our inspections and private briefings this morning.

Resolved (on motion by **Mr Jenkins**):

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 and submissions presented at public hearing this day.

**Committee adjourned at 1.52 p.m.**