

Report 4/2012

# Referrals made May 2012

- **Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria**
- **Proposed development and construction of housing for Defence members and their families at Lindfield, NSW**
- **Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT**

Parliamentary Standing Committee on Public Works

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## Membership of the Committee

**Chair** Ms Janelle Saffin MP

**Deputy Chair** Mr John Forrest MP

**Members** Mrs Karen Andrews MP

Senator Sue Boyce

Senator Alex Gallacher

Mr Steve Georganas MP

Ms Jill Hall MP

Mr Patrick Secker MP

Senator Anne Urquhart

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## List of recommendations

### **2 Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria**

#### **Recommendation 1**

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria.

### **3 Proposed development and construction of housing for Defence members and their families at Lindfield, NSW**

#### **Recommendation 2**

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed development and construction of housing for Defence members and their families at Lindfield, NSW.

### **4 Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT**

#### **Recommendation 3**

The Committee recommends that Defence Housing Australia engage in widespread, pro-active and on-going consultation with all relevant local stakeholders that are likely to be directly or indirectly impacted by any proposed development, irrespective of the stage of the town planning process. A more inclusive approach, particularly during the project design stage, is likely to foster effective relationships with relevant stakeholders, including individuals and community groups.

#### Recommendation 4

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT.

## Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by the Special Minister of State.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.<sup>1</sup>
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
- the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
  - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
  - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
  - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
  - the clearing of land and the development of land for use as urban land or otherwise; and
  - any other matter declared by the regulations to be a work.<sup>2</sup>

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1 The *Public Works Committee Act 1969* (The Act), Part III, Section 18(8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the *Regulations*.

2 The Act, Section 5.

- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
  - the need for, or the advisability of, carrying out the work;
  - whether the money to be expended on the work is being spent in the most cost effective manner;
  - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
  - the present and prospective public value of the work.<sup>3</sup>
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

## Structure of the report

- 1.6 Works considered in this report were referred to the Committee in May 2012. The works were referred by the Special Minister of State, the Hon Gary Gray AO MP.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on major issues of concern.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.
- 1.10 Chapter 2 addresses the proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria. The project is estimated to cost \$36 million, excluding GST.
- 1.11 Chapter 3 addresses the proposed development and construction of housing for Defence members and their families at Lindfield, NSW. The project is estimated to cost \$202 million, including GST but excluding the cost of the land.

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3 The Act, Section 17.

- 1.12 Chapter 4 addresses the proposed development and construction of housing for Defence members and their families at Weston Creek, ACT. The project is estimated to cost \$39 million, including GST but excluding the cost of the land.
- 1.13 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.



## Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria

- 2.1 The Australian Taxation Office (ATO) currently leases office space at 990 Whitehorse Road, Box Hill, Melbourne, Victoria. The lease is ending and the accommodation does not meet the National Australian Built Environment Rating Scheme (NABERS) rating of 4.5 stars required for new Commonwealth leases over 2,000 square meters.
- 2.2 The proposal is an integrated fit-out of a new building. The building will be designed to meet a 5 star NABERS rating and a 5 star Green Building Council of Australia (GBCA) Green Star rating. It will provide the ATO with approximately 19,100 square metres of office space. The fit-out will be designed to meet at least a 4.5 star NABERS rating.<sup>1</sup>
- 2.3 The current lease expires on 30 June 2014. It is proposed that the new office accommodation will be occupied from 2 April 2014.
- 2.4 The estimated cost of the project is \$36 million.
- 2.5 The proposal was referred to the Committee on 9 May 2012.

### Conduct of the inquiry

- 2.6 The inquiry was advertised in *The Australian* on 30 May 2012.
- 2.7 The Committee received a submission from the ATO. The ATO also provided a supplementary submission and two confidential

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<sup>1</sup> Australian Taxation Office (ATO), Submission 1, p. 16.

supplementary submissions, one of which detailed the project costs. A list of submissions can be found at Appendix A.

- 2.8 The Committee undertook a site inspection, public hearing and an in-camera hearing on the project costs on 2 July 2012 in Melbourne.
- 2.9 The transcript of the public hearing as well as the submissions to the inquiry are available on the Committee's website.<sup>2</sup> Plans for the proposed works are detailed in Submission 1: Australian Taxation Office.

## Need for the works

- 2.10 The existing office accommodation was constructed for and has been occupied by the ATO since 1992.<sup>3</sup> It is ageing and would require extensive upgrades and a new fit-out to meet the ATO's current building specifications.<sup>4</sup>
- 2.11 The existing office accommodation has a NABERS rating of 3.5 stars, below the minimum Commonwealth requirement.<sup>5</sup> It also has a fit-out density ratio above the Commonwealth Property Management Guidelines maximum of 16 m<sup>2</sup> per occupied workpoint.<sup>6</sup>
- 2.12 The ATO has committed to an ongoing business presence in east suburban Melbourne, but its agents have been 'unsuccessful in discussions with the current building owner regarding building upgrades' if the ATO were to continue leasing the existing building.<sup>7</sup>
- 2.13 The ATO stated that current building owner is unwilling to upgrade the building to the required standards:

I can tell you that, for the current building, the building owner was unwilling to do a whole tranche of upgrades to bring the base building into line with what we need. That is the first issue ... [The building owner] came back saying, basically, 'The building is what the building is.' And this building is problematic. We have untold problems in the running of the air-conditioning and the lifts and some of the base building considerations.<sup>8</sup>

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2 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

3 ATO, Submission 1, p. 9.

4 ATO, Submission 1, p. 7.

5 ATO, Submission 1, p. 9.

6 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 3.

7 ATO, Submission 1, pp. 7-8.

8 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 5.

- 2.14 The ATO added that upgrading and refurbishing the existing building would also involve high operating costs in the short term.<sup>9</sup>
- 2.15 As the current building cannot be upgraded to the required standards, the ATO needs to lease alternative office accommodation. The ATO has refurbished buildings before, at Chermside in Queensland and Moonee Ponds in Melbourne.<sup>10</sup> However, the ATO stated that a new building was the preferred option in this instance:
- The ATO approached the market seeking long-term accommodation solutions that provide an appropriate environment to help us meet a broad range of targets established under the Commonwealth Property Management Framework and associated policies such as the EEGO [Energy Efficiency in Government Operations] energy efficient target.<sup>11</sup>
- 2.16 The ATO considered various proposals through an evaluation process:
- [The proposals] were deemed to be unable to either meet the base building requirements or deliver a value-for-money outcome. Submissions we received varied from refurbishment of the existing building to brand-new building developments.<sup>12</sup>
- 2.17 The preferred option was selected by the ATO as the organisation retains a presence in Box Hill and ‘provides a value for money solution with a significantly improved focus on environmental sustainability and productivity improvements.’<sup>13</sup>
- 2.18 The Committee finds that there is a need for the proposed works.

## Scope of the works

- 2.19 The proposal is to fit-out approximately 19,100 m<sup>2</sup> of office accommodation, over approximately 13 floors.<sup>14</sup>
- 2.20 The works include:
- integration of services into the base building works, including electrical, mechanical, communications, security, fire and hydraulic services

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9 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 5.

10 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 2.

11 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 1.

12 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 2.

13 Mr S. Smillie, ATO, *transcript of evidence*, 2 July 2012, p. 2.

14 ATO, Submission 1, p. 14.

- supplementary air-conditioning in those rooms with higher than normal cooling and ventilation requirements including larger meeting rooms, training rooms, computer rooms and amenities rooms
- a lighting control system to reduce energy consumption in tenant areas
- data cabling throughout the tenant areas
- door hardware and electronic access control at entrances, exits, vehicle access points and internal areas with higher than normal security needs
- supplementation of the base building fire services where required as a result of the fit-out works to ensure compliance with relevant codes, including additional exit lights, fire detection and sprinkler supplementation as necessary, and highly sensitive fire detection equipment in the computer rooms
- architectural designed office accommodation including construction of reception areas, a security alarm system, an electronic control system, general office fit-out and open plan work areas
- standardised office sizes of 32 m<sup>2</sup> and 16 m<sup>2</sup>
- generic workstations
- the vast majority of offices and meeting rooms to be constructed in the central cores so as not to limit natural light from external windows
- breakout spaces, quiet rooms and casual meeting space
- computer rooms built to specification
- storage facilities
- conference and training facilities
- first aid rooms, amenities areas, kitchens, showers and lockers
- secure areas.<sup>15</sup>

2.21 The building design and fit-out will provide the ATO with considerable flexibility to meet its ever-changing accommodation requirements. This will be achieved through:

- work points that can easily and quickly be reconfigured without disturbing productivity
- maximising the use of open plan areas

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15 ATO, Submission 1, pp. 21-23.

- ensuring the enclosed areas are capable of being altered easily to allow for future change, such as the utilisation of modular meeting room design so that two small meeting rooms will also satisfy the requirements of one large meeting room with minimal additional works
  - building services that are located to allow for repositioning of walls, work point layouts and accommodation changes in technology
  - a robust security system that protects ATO information, people, other assets and operations.<sup>16</sup>
- 2.22 Subject to Parliamentary approval, the fit-out is scheduled to commence in May 2013, and be completed by 1 April 2014.<sup>17</sup>
- 2.23 The Committee finds that the proposed scope of works is suitable to meet the need.

### Cost of the works

- 2.24 The total estimated cost for this project is \$36 million, excluding GST. The Committee received a confidential supplementary submission detailing the project costs and held an in-camera hearing with the ATO on those costs.
- 2.25 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

### Committee comment

- 2.26 The Committee is pleased that the ATO remains committed to a presence in the eastern suburbs of Melbourne. The Committee is also pleased that the proposed location is very close to the current building, meaning minimal disruption for ATO Box Hill staff.
- 2.27 The Committee did not identify any issues of particular concern with the proposal and is satisfied that the project has merit in terms of need, scope and cost.
- 2.28 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

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16 ATO, Submission 1, p. 23.

17 ATO, Submission 1, p. 36.

**Recommendation 1**

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site known as 913 Whitehorse Road, Box Hill, Victoria.**

## Proposed development and construction of housing for Defence members and their families at Lindfield, NSW

- 3.1 Defence Housing Australia (DHA) seeks approval to construct dwellings for Australian Defence Force (Defence) personnel at a site at Lindfield, Sydney, NSW.
- 3.2 DHA will develop road and civil infrastructure on the site and construct 345 dwellings for an integrated residential community for Defence and other families, with 173 dwellings for Defence use.
- 3.3 The purpose of the project is to maintain or reduce the number of Defence personnel and their families residing in private rental accommodation in the Sydney area. The project also aims to replace housing returned to investors at end of lease and replace existing housing that no longer meets Defence standards.
- 3.4 The cost of the project is \$202 million.
- 3.5 This proposed development and construction project was referred to the Committee on 9 May 2012.

### Conduct of the inquiry

- 3.6 Following referral, the inquiry was advertised in *The Australian* on 30 May 2012 and the *Northside Courier* (Lindfield-Chatswood, NSW) on 22 May 2012.
- 3.7 The Committee received one submission and three supplementary submissions from DHA and a confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.

- 3.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 3 July 2012 in Sydney.
- 3.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.<sup>1</sup>

### Need for the works

- 3.10 Approximately 2,450 Defence personnel with dependents reside in the Sydney area, not including the neighbouring areas of Liverpool, Richmond and Glenbrook. The majority of these personnel work in or around the Sydney CBD.<sup>2</sup>
- 3.11 Rent Allowance (RA) is the provision of an allowance to assist members in sourcing their own accommodation in the private rental market. The proportion of families in Sydney receiving RA is 35.9 per cent, significantly higher than the Defence and DHA target of 15 per cent.<sup>3</sup>
- 3.12 The shortfall to meet the 15 percent target is about 360 dwellings. DHA must also factor in the 'churn' created by leased houses reaching end of lease requiring replacement. The Lindfield proposal would provide 173 dwellings and enable DHA to significantly reduce the proportion of Defence families in private rental accommodation and receiving RA.<sup>4</sup>
- 3.13 In Sydney, there are limited opportunities to construct housing on-base and other regular DHA development options are not feasible or have not been able to keep up with the Defence housing requirement and the churn created by end of lease. DHA stated that the purchase and development of the Lindfield site assists in meeting the need for Defence housing in the Sydney area.<sup>5</sup>
- 3.14 The Committee is satisfied that there is a need for the works.

### Scope of the works

- 3.15 The project will involve road and civil infrastructure development prior to the construction of 345 dwellings for Defence and other families. This includes 10 dwelling lots, 25 townhouses and 310 apartments. The proposal is consistent with the University of Technology Sydney

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

2 Defence Housing Australia (DHA), Submission 1, p. 1.

3 DHA, Submission 1, p. 1.

4 DHA, Submission 1, pp. 1-2.

5 DHA, Submission 1, p. 2.

Ku-ring-gai Concept Plan, and involves the provision of infrastructure to support dwelling construction in five housing precincts on the site.<sup>6</sup>

- 3.16 Subject to Parliamentary approval, civil construction is planned to commence by November 2012, with dwelling construction commencing progressively from June 2013 and being completed progressively from November 2014. The project is planned to be completed by June 2017.<sup>7</sup>
- 3.17 The Committee finds that the proposed scope of works is suitable to meet the need.

### Cost of the works

- 3.18 The overall project cost is \$202 million, including GST but excluding the cost of the land.
- 3.19 The cost will be met by DHA and will be recovered through the sale of individual lots, dwellings and the sale of DHA constructed dwellings through its Sale and Lease Back program.<sup>8</sup>
- 3.20 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

### Project issues

#### Bushfires

- 3.21 The site is subject to bushfire threat. The boundary between the site and Lane Cove National Park is proposed to be managed as an Asset Protection Zone (APZ):

In accordance with the Ministerial consent and NSW requirements and standards, the development will be surrounded with a substantial bushfire Asset Protection Zone (APZ) incorporating a range of bushfire protection measures set out in the site-specific Bushfire Management Plan (BMP). These measures will be implemented as part of this first stage of development and subsequently through dwelling construction. The APZ will reduce

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6 DHA, Submission 1, pp. 11-12.

7 DHA, Submission 1, pp. 20-21.

8 DHA, Submission 1, p. 20.

the potential impact of bushfires on the development and the surrounding properties.<sup>9</sup>

- 3.22 DHA stated that the Rural Fire Service has approved the Bushfire Management Plan.<sup>10</sup>
- 3.23 The APZ will be managed to reduce the fuel for a bushfire. It will be:
- ... structured into two different areas, an inner zone and an outer zone. The inner zone, which is close to the buildings, has a loading of around three to four tonnes of vegetation per hectare. The outer zone has a loading of around 10 tonnes per hectare. I will compare that to what a forest might look like. If you take a very dense forest as being 100 per cent loading, the Lane Cove National Park is only at about 70 per cent, the outer APZ will be at 30 per cent and the inner APZ will be at 15 per cent, so it is basically like a manicured national park.<sup>11</sup>
- 3.24 A bushfire is likely to come from the Lane Cove National Park, and advance up the hill toward the site. DHA accepts that this may make the situation worse, however maintains that once residents leave the site, they are out of danger:
- ... it is only a few hundred metres until you are over the hill and down the other side. They are wide roads. They are 20-odd metres wide roads, I understand, so they are quite wide roads. You can very quickly get into a very low bushfire prone area.<sup>12</sup>
- 3.25 Within the site, the houses will be designed in accordance with the codes for bushfire-prone areas and the large central playing field creates an evacuation area. However, there is only one exit route from the site, Eton Road.<sup>13</sup>
- 3.26 The Committee expressed concern that the single access road could be blocked by a fallen tree or a car crash during a bushfire, possibly preventing residents from exiting the site and police or emergency vehicles from accessing the site. Smoke, darkness or panicked, last-minute evacuations could increase the likelihood of a car crash.

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9 DHA, Submission 1, p. 7.

10 DHA, Submission 1, p. 7.

11 Mr P. Howman, DHA, *transcript of evidence*, 3 July 2012, p. 8.

12 Mr P. Howman, DHA, *transcript of evidence*, 3 July 2012, p. 9.

13 Mr P. Howman, DHA, *transcript of evidence*, 3 July 2012, p. 8.

- 3.27 However, DHA contended that evacuations would not occur at the last minute:

A fire does not just start and people suddenly decide to evacuate. It will start, there will be notifications, the fire brigade will be involved and people will get notification that a high fire-prone day is coming along and they might or might not need to evacuate. This will start to build up to a stage where the bushfire association might say it is time to evacuate. So people would evacuate in an orderly process. It would not be a rush of people; it would be an orderly evacuation process. Some may choose to stay behind and protect property, and they are entitled to do that.<sup>14</sup>

### Committee comment

- 3.28 The Committee was concerned that the tragedies of past bushfires could be replicated at Lindfield if the single access road is blocked during a bushfire. However, the Committee acknowledges that the site meets all regulations and has been approved by the Rural Fire Service.

### Final Committee comment

- 3.29 The Committee was satisfied with the evidence provided by DHA regarding the proposed development and construction of housing for Defence at Lindfield.
- 3.30 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

### Recommendation 2

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed development and construction of housing for Defence members and their families at Lindfield, NSW.**

14 Mr P. Howman, DHA, *transcript of evidence*, 3 July 2012, p. 8.



## Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT

- 4.1 Defence Housing Australia (DHA) seeks approval to construct dwellings for Australian Defence Force (Defence) personnel at a site at Weston Creek, ACT.
- 4.2 DHA will develop 73 allotments for single dwelling lots and three multi-unit sites for the provision of housing, and intends to construct houses for Defence families on 50 of those lots.
- 4.3 The purpose of the project is to maintain or reduce the number of Defence personnel and their families residing in private rental accommodation in the Canberra area. It also aims to replace housing returned to investors at end of lease and replace existing housing that no longer meets Defence standards.
- 4.4 The cost of the project is \$39 million.
- 4.5 This proposed development and construction project was referred to the Committee on 9 May 2012.

### Conduct of the inquiry

- 4.6 Following referral, the inquiry was advertised in *The Australian* on 30 May 2012 and the *Southside Chronicle* and the *Canberra Times* on 22 May 2012.
- 4.7 The Committee received four submissions to the inquiry, from DHA, local stakeholders and residents. DHA also provided a confidential supplementary submission detailing the project costs. A list of submissions can be found at Appendix A.

- 4.8 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 9 July in Canberra.
- 4.9 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.<sup>1</sup>

## Need for the works

- 4.10 Approximately 2,800 Defence personnel with dependents reside in the ACT area. The majority of these personnel work in or close to the Russell Offices complex or at the Australian Defence College (ADC) in Weston Creek.<sup>2</sup>
- 4.11 Rent Allowance (RA) is the provision of an allowance to assist members in sourcing their own accommodation in the private rental market. The proportion of families in the ACT receiving RA is 13 per cent (240 families), below the Defence and DHA target of 15 per cent. This project will assist DHA to ensure that the proportion of Defence families in private rental accommodation and receiving RA does not increase above 15 per cent.<sup>3</sup>
- 4.12 DHA must also factor in the 'churn' created by leased houses reaching end of lease requiring replacement. DHA stated that the Weston Creek proposal would provide 50 dwellings and would contribute significantly to maintaining the RA level in the ACT below 15 per cent.<sup>4</sup>
- 4.13 In the ACT, there are limited opportunities to construct housing on-base and other regular DHA development options are not feasible or have not been able to keep up with the Defence housing requirement and the churn created by end of lease. DHA stated that the purchase and development of the well-located, 'broadacre' Weston Creek site is DHA's preferred delivery method and would assist in meeting the need for Defence housing in the ACT.<sup>5</sup>
- 4.14 The Committee is satisfied that there is a need for the works.

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1 <[www.aph.gov.au/pwc](http://www.aph.gov.au/pwc)>

2 Defence Housing Australia (DHA), Submission 1, p. 1.

3 DHA, Submission 1, p. 1.

4 DHA, Submission 1, p. 1.

5 DHA, Submission 1, pp. 2-3.

## Scope of the works

- 4.15 The project involves the construction of road and civil infrastructure for a housing development comprising 73 single dwelling lots and three multi-unit sites (for up to 47 dwellings), followed by the construction of approximately 50 single dwellings for Defence use.<sup>6</sup>
- 4.16 Subject to Parliamentary approval, civil construction will commence in January 2013, with dwelling construction planned to commence in January 2014 and be completed by December 2014.<sup>7</sup>
- 4.17 The Committee finds that the proposed scope of works is suitable to meet the need.

## Cost of the works

- 4.18 The overall project cost is \$39 million, including GST but excluding the cost of the land.<sup>8</sup>
- 4.19 The cost will be met by DHA and will be recovered through the sale of individual lots, dwellings and the sale of DHA constructed dwellings through its Sale and Lease Back program.<sup>9</sup>
- 4.20 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

## Project issues

### Consultation

- 4.21 DHA stated that it engaged in consultation with various community and educational entities when preparing the Estate Development Plan, and met with relevant statutory authorities from February 2010.<sup>10</sup>

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6 DHA, Submission 1, pp. 7-8.

7 DHA, Submission 1, p. 16.

8 DHA, Submission 1, p. 15.

9 DHA, Submission 1, p. 15.

10 DHA, Submission 1, p. 6.

- 4.22 The Orana Steiner School (Orana) made a submission to the inquiry, stating that DHA had failed to consult with the school, formally or informally, concerning the proposal.<sup>11</sup>
- 4.23 Orana submitted that it had concerns about the likely turnover of residents, the impact on traffic in the area, and the commissioned social impact survey.
- 4.24 The Principal of Orana added:
- ... I reiterate that our school community is not opposed in principle to this development and it may be that the issues we have raised in this submission are either misconstrued or resolvable.<sup>12</sup>
- 4.25 DHA stated that the development complies with the relevant codes and that two traffic studies have been undertaken, one of which will be provided publically as part of the development application public notification period.<sup>13</sup>
- 4.26 DHA stated that Orana would have been involved in consultation by the ACT Planning and Land Authority (ACTPLA) regarding the rezoning of the land in 2008:
- ... the north-western concept plan and deed of agreement ... were developed by ACTPLA after extensive consultation with the local community as part of the rezoning of land in the greater Molonglo and north Weston areas in 2008. We understand that, through the rezoning consultation phase from 2006 to 2008, ACTPLA had many meetings with the Orana school to discuss this site and the broader rezoning.<sup>14</sup>
- 4.27 DHA stated that it is not involved with local planning, rather the execution of such plans. DHA indicated that it is yet to consult with Orana as the school is not a direct neighbour and so will not be affected by the development in the way that direct neighbours would be:
- ... we have not yet consulted with them and have no need to consult with them at present because the discussions to date have been around planning, which we have not been involved in. They have had a lot of discussions with the ACT authorities, and we have been speaking with those authorities about the discussions

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11 Orana Steiner School, Submission 3, p. 1.

12 Orana Steiner School, Submission 3, p. 2.

13 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 2.

14 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 2.

which they have had with the Orana school. So we are quite understanding of what those discussions have been about, and they have all been to do with planning. We are not involved with planning; we are involved with the execution of the plan. When the time comes to execute the plan, we intend to meet with the Orana school, as we have always planned.<sup>15</sup>

4.28 DHA stated that consulting with Orana at this point would not be productive:

... we do not want to waste their time or our time. Any consultation we did with them at the moment would only be to do with how the road will occur in the future, and we plan to do that when the time is right. We do not have the information on that road yet because our DA is not approved, so it would be a pointless exercise at the moment.<sup>16</sup>

4.29 DHA also stated that Orana could have contacted DHA at any time as any other person in the public could have.<sup>17</sup> DHA did agree that it could have been more proactive in notifying Orana of the proposed development and the consultation process.<sup>18</sup>

4.30 DHA confirmed that there will be a proper process for the school to be consulted in an ongoing way, and will approach the school once the DA is approved.<sup>19</sup>

4.31 DHA accepted that it would be a good idea to have a policy that all near neighbours are consulted from the outset so that those neighbours do not feel as though they have been ignored or their concerns disregarded.<sup>20</sup>

4.32 Another submission, from neighbouring residents Helen Lucy and Andrew Shepherd, raised concerns that community issues had not been addressed in DHA's submission to the inquiry. These issues included overshadowing or overlooking of local residents, increased traffic, and restricted access to services such as schools and supermarkets.<sup>21</sup>

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15 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, pp. 4-5.

16 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 5.

17 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 5.

18 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 6.

19 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 5.

20 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 7.

21 Helen Lucy and Andrew Shepherd, Submission 4, pp. 1-2.

4.33 DHA explained that local residents had been directly consulted about the proposal:

... the reason for that is that some concerns came back to us that they had with our site overshadowing and being able to look into it. We were aware that they had a concern with us. They approached us, so we set up a meeting and had a meeting with those people.<sup>22</sup>

4.34 DHA stated that they had met with these residents at a community information session on 14 May 2012, following a letter box drop to 39 adjoining residents in Heysen Street. Twelve groups attended the session:

The majority of their concerns raised at that community information session was the information with Heysen Street and the setback of the multi-unit sites. The residents were concerned about the size and scale of what was going there. When we took them through our estate development plan design and also, cross-sections that we had formulated, the knowledge that the sites are capped at a two-storey height limit above natural ground level and the setback from front to front between Heysen Street and our site is in the order of 60 metres with vegetation in between and supplementary plantings, everyone became fairly comfortable with what we were proposing.<sup>23</sup>

4.35 DHA reiterated that the multi-unit sites would be approved under different processes, allowing residents to raise concerns through those processes.<sup>24</sup>

4.36 The Committee received subsequent correspondence from other local community groups that contended that DHA did not engage in adequate consultation with local residents and community groups.

## Committee comment

4.37 The Committee recognises positive consultation processes and outcomes in other DHA projects and commends DHA's focus on being a 'good neighbour'.

4.38 However, the Committee suggests that it would be to DHA's advantage to engage in initial notification to all near neighbours, followed by widespread and ongoing consultation, on all current and future projects,

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22 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 5.

23 Mr N. Stabb, DHA, *transcript of evidence*, 9 July 2012, p. 6.

24 Mr P. Howman, DHA, *transcript of evidence*, 9 July 2012, p. 6.

regardless of whether such neighbours might have anticipated concerns or not. A more inclusive approach may lead to more effective relationships with local stakeholders.

- 4.39 The Committee was concerned about the quality and veracity of evidence provided by DHA relating to consultation for this project, particularly as subsequent correspondence from local stakeholders raised concerns that community consultation had not been adequate. Not contacting Orana was a serious omission in the consultation process.
- 4.40 Further, the Committee suggests that DHA monitor closely the feedback from the consultation process and respond immediately to any concerns raised by local stakeholders.

### **Recommendation 3**

**The Committee recommends that Defence Housing Australia engage in widespread, pro-active and ongoing consultation with all relevant local stakeholders that are likely to be directly or indirectly impacted by any proposed development, irrespective of the stage of the town planning process. A more inclusive approach, particularly during the project design stage, is likely to foster effective relationships with relevant stakeholders, including individuals and community groups.**

### **Final Committee comment**

- 4.41 The Committee was satisfied with the evidence provided by DHA regarding the proposed development and construction of housing for Defence at Weston Creek.
- 4.42 Having regard to its role and responsibilities contained in the *Public Works Committee Act 1969*, the Committee is of the view that this project signifies value for money for the Commonwealth and constitutes a project which is fit for purpose, having regard to the established need.

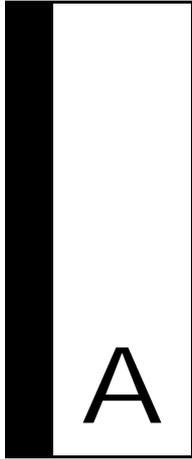
**Recommendation 4**

**The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the following proposed work: Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT.**

**Ms Janelle Saffin MP**

**Chair**

**20 August 2012**



## Appendix A – List of Submissions

### **Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site know as 913 Whitehorse Road, Box Hill, Victoria**

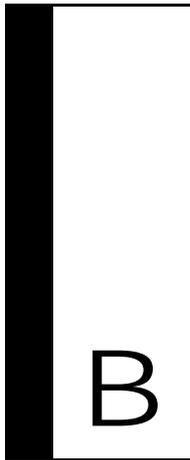
1. Australian Taxation Office
  - 1.1 Confidential
  - 1.2 Australian Taxation Office
  - 1.3 Confidential

### **Proposed development and construction of housing for Defence members and their families at Lindfield, NSW**

1. Defence Housing Australia
  - 1.1 Confidential
  - 1.2 Defence Housing Australia
  - 1.3 Defence Housing Australia
  - 1.4 Defence Housing Australia

## **Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT**

1. Defence Housing Australia
  - 1.1 Confidential
2. Ms Gai Brodtmann MP
3. Orana Steiner School
4. Helen Lucy and Andrew Shepherd



## Appendix B – List of Inspections, Hearings and Witnesses

Proposed integrated fit-out of new leased premises for the Australian Taxation Office at the site know as 913 Whitehorse Road, Box Hill, Victoria

Monday 2 July 2012 – Box Hill Central

### Public Hearing

Australian Taxation Office

Mr Stewart Smillie, Assistant Commissioner

Mr Peter Dalton, Project Co-ordinator

Peddle Thorp Interiors Pty Ltd

Mr Cameron Harvey, Director

Trevor Main & Associates

Mr Mark de Jager, Director

UGL Services

Mr Dom Di Luzio, General Manager

Mr Nathan Munro, Project Director

### In-Camera Hearing

Six witnesses

## Proposed development and construction of housing for Defence members and their families at Lindfield, NSW

Tuesday, 3 July 2012 - Lindfield

### Public Hearing

Defence Housing Australia

Mr Peter Howman, Chief Operating Officer

Mr Peter Shellie, Development Manager

Ecological Australia

Mr Daniel Copland, Bushfire Consultant

Elton Consulting (Community Engagement Consultant)

Mr Brendan Blakely, Associate Director

Ms Jenny Vozoff, Project Manager

Environmental Resources Management Australia (Threatened Species Consultant)

Mr David Nicholson, Biodiversity Principal

Indesco (Engineering Infrastructure)

Mr Vikram Mukherjee, Principal

JBA Planning (Planning Consultants)

Ms Vivienne Goldschmidt, Associate

Traffix (Traffic Consultant)

Mr Graham Pindar, Director

Mr Andrew Johnson, Associate Engineer

TSA Management

Miss Barbara Beier, Project Manager

### In-Camera Hearing

Three witnesses

## Proposed development and construction of housing for Defence members and their families at Weston Creek, ACT

Monday 9 July 2012 - Canberra

### Public Hearing

AECOM

Mr Rodney Weeks, Technical Director

Defence Housing Australia

Mr Peter Howman, Chief Operating Officer

Mr John Faulks, ACT Regional Manager

Mr Nicholas Stabb, National Manager

Sweett (Australia)

Ms Rebecca Lollback, Senior Consultant and Project Manager

The Expert Client

Mr John Tait, Director

### In-Camera Hearing

Six witnesses