

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 Parliamentary Secretary to the Minister for Finance.
- 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.¹
- 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.²

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.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

This report

- 1.6 The proposed development was referred to the Committee on 10 December 2013 by the Parliamentary Secretary to the Minister for Finance, The Hon Michael McCormack MP.
- 1.7 In considering the work, the Committee examined the evidence presented by Defence Housing Australia (DHA) 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 significant issues of interest or concern.
- 1.9 The work considered in this report is the proposed development and construction of housing for Defence at RAAF Base Tindal in the Northern Territory. The estimated cost of the project is \$47.15 million.
- 1.10 Submissions are listed at Appendix A, and inspections, hearings and witnesses are listed at Appendix B.
- 1.11 All public submissions to the inquiry and the transcripts of the public hearings are available on the Committee's website.⁴

Conduct of the Inquiry

- 1.12 Defence Housing Australia (DHA) initially proposed construction of '50 new tropically designed dwellings and associated supporting roads and infrastructure for use by Defence personnel and their families'⁵ at
-

3 The Act, Section 17.

4 <www.aph.gov.au/pwc>

5 Defence Housing Australia (DHA), submission 1, p. 10.

RAAF Base Tindal, Northern Territory at an estimated cost of \$89.4 million.

- 1.13 The inquiry was publicised on the Committee's website and by media release on 12 December 2013.
- 1.14 On 31 January 2014 the Committee undertook a site inspection at RAAF Base Tindal and conducted a public hearing and an in-camera hearing on the project costs in Katherine.
- 1.15 Following the site inspection and hearings, the Committee was not convinced that the estimated cost of the project represented value for money. While mindful that housing for Defence personnel must be of high quality and suitable for the location, the Committee considered that the proposed cost of the project was excessive when compared with other recent housing projects for Defence in the Northern Territory.
- 1.16 During the in-camera hearing in Katherine, DHA took several questions on notice relating to the costs of the proposed project. DHA's response to those questions was received in early February.⁶
- 1.17 The Committee also took evidence during the in-camera hearing in Katherine which indicated that land could be available to build suitable housing for Defence in the town of Katherine at a substantially lower cost.⁷
- 1.18 The Committee subsequently notified DHA that it was still not satisfied that the project represented value for money and requested further information on project delivery options and costs. DHA provided the information to the Committee in late February.⁸
- 1.19 In March 2014 the Committee tabled *Report 2/2014: Referrals made December 2013* in Parliament. In Chapter 2, regarding the RAAF Base Tindal housing proposal, the Committee noted:

The Committee has suspended consideration of this project, pending receipt of further information on project delivery options and costs. The Committee has also requested that DHA attend an additional public and in-camera hearing.⁹
- 1.20 Subsequent to tabling of the report, in April DHA provided further information including an amended project proposal with a substantially decreased project cost. Additional public and in-camera hearings were scheduled for late April.

6 DHA, submission 1.2 (confidential).

7 The person who gave this evidence was subsequently contacted and invited to make a written public submission but no response was received by the Committee.

8 DHA, submissions 1.3 and 1.4 (confidential).

9 Public Works Committee, *Report 2/2014: Referrals made December 2013*, March 2014, p. 5.

