

Development and construction of housing for Defence at Warner, Brisbane, Queensland

- 2.1 Defence Housing Australia (DHA) seeks approval to develop a large, reclaimed site in Warner, Brisbane, Queensland.
- 2.2 The purpose of the project is to develop land for sale to the general public and to build housing for Defence members and their families on a substantial portion of that land. This Defence housing will be integrated into the wider community.
- 2.3 The cost of the project is \$91.3 million, including GST and escalated costs but excluding the cost of the land.
- 2.4 This proposed development and construction project was referred to the Committee on 16 May 2013.

Conduct of the inquiry

- 2.5 Following referral to the Committee, the inquiry was advertised in the *Brisbane Courier Mail* on 21 May 2013 and the *Northern Times* on 24 May 2013.
- 2.6 The Committee received one submission and three supplementary submissions from DHA. The list of submissions can be found at Appendix A.
- 2.7 The Committee conducted a site inspection, public hearing and an in-camera hearing on the project costs on 12 June 2013 in Brisbane.
- 2.8 A transcript of the public hearing and the submissions to the inquiry are available on the Committee's website.

Need for the works

- 2.9 Gallipoli Barracks at Enoggera in Brisbane is one of the Australian Defence Force's (ADF) major bases. It is home to units of the 7th and 11th Brigades, as well as the headquarters of the 1st Division and the 16th Aviation Brigade. The on-base facilities are currently undergoing a major expansion, which will see the total number of personnel based at Enoggera rise to about 5,600.
- 2.10 In conjunction with this on-base expansion, DHA has identified a need over the next five years to provide new housing for families of Defence personnel working in the Brisbane area.
- 2.11 DHA manages approximately 1,800 dwellings to support ADF members posted to the Enoggera Base. At 27 February 2013, 1,695 families occupied Service Residences (SRs) with an additional 396 families in private rental accommodation receiving Rent Allowance (RA). The proportion of families on RA is 19.5 per cent which is over the target of 15 per cent.
- 2.12 The Warner project will provide 130 dwellings to assist DHA to reduce the proportion of Defence families on RA in the Brisbane area while assisting Defence with its goal of integrating Defence families more closely into local communities.¹
- 2.13 The Committee is satisfied that there is a need for the works.

Scope of the works

- 2.14 DHA proposes to develop approximately 465 allotments for the provision of developed land and housing in Warner to assist in satisfying future demand.
- 2.15 In addition to these allotments, there is a 2.1 hectare superlot zoned as medium density residential which DHA can either sell or develop at a later date. DHA will submit a subsequent proposal to the Committee should it proceed with the option of developing this site for Defence.²
- 2.16 DHA intends to construct houses for Defence families on 130 lots (approximately 28 per cent of the total lots), over 3 years. The remaining 335 residential lots and potentially the superlot will be sold to the general market.³

1 DHA, Submission 1, p. 1.

2 DHA, Submission 1, p. 1.

3 DHA, Submission 1, p. 2.

- 2.17 Subject to Parliamentary approval, civil works are planned to commence by November 2013, with dwelling construction commencing from May 2014 and being completed by November 2016.⁴
- 2.18 The Committee finds that the proposed scope of works is suitable to meet the need.

Cost of the works

- 2.19 The overall project cost is \$91.3 million, including GST and escalated costs but excluding the cost of the land. The Committee received a confidential submission detailing the project costs and held an in-camera hearing with DHA on these costs.
- 2.20 The cost of the project will be met from DHA equity and debt funding. The cost will be recovered through the sale of individual lots and the sale of DHA constructed housing through its Sale and Lease back program.⁵
- 2.21 The Committee is satisfied that the costings for the project provided to it have been adequately assessed by the proponent agency.

Project issues

Filling works for Tranche 2

- 2.22 The site is being purchased in two tranches. Tranche 2 of the project is 9.13 hectares. It was used as a brickworks quarry and has undergone extensive rehabilitation works to ensure it is suitable for residential construction.⁶
- 2.23 DHA's submission outlined the filling works requirements:
- The filling works have been completed and geotechnical monitoring of the fill is underway. Initial reports indicate that the fill is stabilising in accordance with expectations. The fill must be allowed to stabilise for a minimum of 12 months prior to certification of achieving equilibrium. Settlement is expected in May or June 2014 subject to the contract conditions being satisfied. All indications are that this will occur as expected.⁷
- 2.24 At the public hearing, DHA assured the Committee that the filling works will provide land suitable for dwelling construction:

4 DHA, Submission 1, p. 20

5 DHA, Submission 1, p. 19.

6 DHA, Submission 1, p. 9.

7 DHA, Submission 1, p. 10.

... the fill, the engineering, the recording and monitoring that has gone into that fill really ensures that this land is no different to building on ... the land around us in the Brendale area. Why I say that is that, in terms of the measuring for the stabilisation, we look at vertical movement of that land to be no more than two millimetres. We are actually looking for zero movement. We allow two millimetres movement to allow for any errors within the measuring equipment.⁸

2.25 DHA outlined the monitoring process for the filling works:

The monitoring points are isolated from the top two metres, so the reactive movement – the seasonal variation – in the top two metres is not measured in the monitoring process. We are looking at volume change and stability in the deeper fill. That seasonal movement in the top two metres will still occur, which is what the house foundations are designed for. We took all precautions to ensure that the movement in the deep fill would be minimised, and the result has been good. We have had around about 30 millimetres before it tapered off to become nothing, over a period of 18 months. So we are satisfied that what we have done is meeting the requirements of any deep fill concerns.⁹

2.26 DHA stated that minimal levels of movement were expected in the fill:

We were not expecting too much settlement because it was on a very solid base. The movement we were expecting was within the fill itself, because it is a clay fill and subject to volume change with wetting and drying cycles. There might have been a little bit of settlement, but we were not expecting very much settlement at all and the numbers have shown that.¹⁰

2.27 Further, DHA provided the following assurance:

DHA would not want to wear the risk on that site. Remember, we have our own houses there for a long period of time as well as other houses. The DHA board and our shareholders would not want us to move forward on development that had those sorts of risks to it. The board is quite satisfied and our shareholders are quite satisfied.¹¹

8 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p. 4.

9 Mr P. Fraser, DHA, *transcript of evidence*, 12 June 2013, p. 5.

10 Mr P. Fraser, DHA, *transcript of evidence*, 12 June 2013, p. 5.

11 Mr P. Howman, DHA, *transcript of evidence*, 12 June 2013, p. 8.

- 2.28 If DHA had not bought the land, it would have been purchased and built on by another company.¹² This indicates that the risks of building on filled land has been assessed by DHA and by the construction industry and deemed appropriate.

Committee comment

- 2.29 The Committee is satisfied that DHA has undertaken the appropriate risk assessments in determining that the filling works for Tranche 2 are appropriate.

Final Committee comment

- 2.30 The Committee was satisfied with the evidence provided by DHA regarding the proposed project. The Committee is satisfied that the project has merit in terms of need, scope and cost.
- 2.31 Proponent agencies must notify the Committee of any changes to the project scope, time and cost. The Committee requires that a post-implementation report be provided on completion of the project. A template for the report can be found on the Committee's website.
- 2.32 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 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: Development and construction of housing for Defence at Warner, Brisbane, Queensland.

12 Mr D. Cooper, DHA, *transcript of evidence*, 12 June 2013, p. 5.

