

SUBMISSION- Inquiry into the Management of Defence Estate Assets

24 April 2026

Foreign Affairs, Defence and Trade Committee Department of the Senate PO Box 6100
Parliament House Canberra ACT 2600

Committee Secretariat, Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
fadt.sen@aph.gov.au

Dear Committee Secretariat, Re: Senate Inquiry into the Management of Defence estate assets

Introduction

Shelter NSW is a peak body for housing policy and advocacy, working to ensure that every person in NSW has access to safe, secure and affordable housing. Our purpose is to advance housing justice by shaping policy, sand strengthening and advocating for systemic reform that addresses homelessness, housing insecurity and inequality.

We work collaboratively with government, industry peaks, community housing providers, homelessness services, and people with lived experience to promote evidence-based solutions that expand affordable housing supply and improve housing outcomes across the State. Shelter’s vision is for a fair, inclusive and sustainable housing system where all people, including veterans, older people, families and those on low incomes can live with dignity, stability and opportunity.

Recommendations

- Defence should develop “Guiding Principles” that inform the disposal and any future Master plan. These guidelines should provide clear directions on the need to deliver diverse and affordable housing options, public accessibility, heritage protection, open space, and cultural uses.
- At least 10 to 15% of the land should be transferred or reserved for use by a State Housing Authority or a Community Housing Organisation. This will ensure the

delivery of affordable housing in perpetuity. This could also include a requirement for veteran and senior veteran housing.

- That the disposal of Defence land aligns with the Commonwealth Property Disposal Policy and evidence relating to housing need, veteran homelessness, planning frameworks and community benefits.
- That the Inquiry consider opportunities on these sites for the use of long-term leasing arrangements aimed at ensuring the longer-term financial viability and stewardship of the heritage component.

Shelter NSW Submission Defence Estate Audit

Shelter NSW welcomes the opportunity to contribute to the Senate Standing Committee on Foreign Affairs, Defence and Trade's Inquiry into the Management of Defence Estate Assets.

In response to the [2023 Defence Strategic Review](#), sixty-eight Defence sites were flagged for divestment as part of the Strategic Review. The Department of Finance is responsible for managing the divestment program, including remediation and property disposal. There may be a desire to ensure that each site is sold at market value. Shelter NSW would argue that these sites provide a key opportunity to deliver a percentage of much-needed affordable housing. The delivery of affordable housing is essential. Its delivery will address intergenerational inequality in the housing market and deliver future homes for veterans, their families, and other low-income households.

The Commonwealth Property Disposal Policy states that the disposal of Commonwealth Property should be undertaken in conjunction with Part X of the Lands Acquisition Act 1989. It includes affordable housing and inclusionary zoning initiatives, stating that Commonwealth entities should work with state, territory and local governments to encourage planning measures that promote an appropriate proportion of affordable housing on sites where residential development is feasible.

The Policy refers to 'affordable housing' that is suitable for purchase or rent by very low to moderate income households (a household is defined as being in 'housing stress')¹. Shelter would reinforce this policy position, which relates to the sale and disposal of surplus Defence sites.

¹ **Commonwealth Property Disposal Policy.** (Pays more than 30% of its gross income in housing costs, and its income is amongst the lowest 40% of all households).

<https://www.finance.gov.au/government/property-and-construction/commonwealth-property-disposal-policy>

Shelters NSW submission draws on the requirements of the Commonwealth Property Disposal Policy and evidence relating to housing need, veteran homelessness, planning frameworks and community benefit. It reflects both National Shelter's and Shelter NSW's commitment to ensuring that surplus Defence land, particularly significant sites such as the Victoria Barracks and Parts of HMAS Penguin, are managed in a way that honours their heritage while delivering meaningful public value through a dedicated affordable housing requirement.

Prioritising the delivery of essential public infrastructure alternatives over private development

In recent years, the Commonwealth has initiated a systematic review of Crown land and Defence land holdings to identify parcels that are under-utilised, no longer aligned with contemporary operational needs, or capable of delivering greater public value if repurposed. Public statements from Ministers and departmental officials have emphasised the need for a more coordinated national approach to land optimisation, particularly in the context of acute housing shortages, infrastructure needs and changing economic priorities.

We strongly support a policy framework that prioritises public and community-benefit uses for surplus Defence land. This position is not only consistent with the intent of the Terms of Reference but also aligned with the Commonwealth Government's broader strategic direction.

This Defence land audit process reflects a growing recognition that government-owned land must be managed as a strategic public asset. Where land is no longer required for its original purpose, the Commonwealth has acknowledged the importance of assessing whether it can be repurposed to address current policy challenges—most notably housing supply, community infrastructure, environmental resilience and economic productivity.

In this context, our position on prioritising alternative public uses is not only reasonable; it is entirely consistent with the direction of national policy discussions already underway across Australia.

Given the national conversation about repurposing under-utilised government land, the acute housing and homelessness crisis in NSW, and the scarcity of suitable redevelopment sites in inner Sydney, the future of these Defence sites must be approached with a clear commitment to public value. Any decision about the site's future should prioritise uses that deliver long-term social, cultural and economic benefit, rather than short-term private gain.

Why should public assets deliver essential public infrastructure?

New South Wales is experiencing a severe housing and homelessness crisis, with more than 57,000 households on the social housing waitlist, over 35,000 people recorded as homeless in the 2021 Census, and more than 70% of low-income renters in Greater Sydney are in rental stress. Veterans are disproportionately affected, and many experience homelessness at roughly twice the rate of the general population.

Current housing unaffordability is not cyclical, but the result of 40 years of compounding Government policy choices. Brought on through financial deregulation, tax settings, and cultural preferences that push capital into housing rather than other forms of investment in Australia.

These policies have entrenched speculation, inflated prices well beyond incomes, and created a self-reinforcing belief that housing prices only rise. The core problem being created is a housing system that is fundamentally misaligned with social well-being and economic productivity. As a result, access to affordable housing has become a whole-of-society problem, and if left unaddressed, it will continue to deliver growing intergenerational inequality.

Supply problems are real, but demand settings matter, and they should be a key consideration in the disposal of public assets such as defence land.

Defence sites should provide the capacity to deliver public and affordable housing.

Housing affordability depends not just on how much housing is delivered but on frameworks that ensure a percentage of affordable housing is delivered either by Governments or through land use planning benefits. As public assets, Defence sites should have the capacity to deliver a percentage of public and affordable housing as a safety net for retired Veterans.

The following Table lists the Defence sites in NSW identified for disposal, many of which provide an opportunity to include a requirement for affordable housing in perpetuity, allied with their disinvestment.

Table - Strategic Review Defence Sites Identified for Disposal	
Banksmeadow training depot	Located near Botany. Defence is holding a community walk-in information session about the divestment on the 5 th May 2026. <i>Key location to deliver more social and affordable housing.</i>
Bathurst training stores depot	A 23-hectare site located in Bathurst. Key location to deliver more social and affordable housing.

Parts of HMAS Penguin	<p>Located in the Mossman Local Government Area. Key located with lots of opportunities to deliver public and affordable housing.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>
Lancer Barracks and Museum	<p>Located in Central Parramatta and includes large amounts of open space and heritage buildings.</p> <p><i>Key located with lots of opportunities to deliver public and affordable housing.</i></p>
Londonderry transmitting station	<p>Located 15 Km from Penrith. 63 hectares. Some contamination issues. and there's a large site. - is located in an industrial area near Castle Hill, close to the Nepean River.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>
Penrith Training Depot	<p>The site is 3.6 hectares and was originally a part of a much larger area. This site was declared surplus in 2017 and is currently vacant with divestment underway.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>
RAAF Glenbrook	<p>A large Air Force Base 60 km from Sydney CBD, 22.2 hectares. The site has several existing dwellings and large amounts of open space.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>
Spectacular Island	<p>An island in the middle of the Parramatta River, adjoining Cockatoo Island. The majority of the island is a designated Nature Reserve, and it contains several heritage buildings.</p>
Timor Barracks	<p>Large land holding located in Ermington-Kissing Point. It has some substantial dwellings on site and car parking areas.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>
Victoria Barracks -	<p>This site has several heritage buildings, but also includes a large amount of open space and car parking areas.</p> <p><i>Key location to deliver more social and affordable housing.</i></p>

Planning for the disposal of Defence estate assets, which aims to deliver a % of public good

Shelter NSW considers that divestment of these significant sites should be guided by a robust, transparent planning process, informed by key guidelines. We argue that divestment should align with best practice principles that ensure not just the heritage component is protected, but that community benefits are delivered. These should be in the form of open space and a requirement that 10 to 15% of the land be dedicated to delivering affordable housing in perpetuity. Any affordable housing requirements should support a pathway that places veterans and those in greatest housing need at the centre of the future development options.

Best practice would see Defence develop 'Guiding Principles' for all surplus sites with an emphasis on public accessibility, heritage protection, open space, cultural uses, and diverse and affordable housing. Shelter NSW sees the development of Guiding Principles as a way to embed key principles into any future master planning process.

Best practice would also support a post-development evaluation process focused on what worked and what didn't. The Guiding Principles could also outline options such as long-term lease arrangements and other hybrid ownership structures. These could be linked with binding heritage and planning controls that secure ongoing conservation, funding and a guarantee of public benefit.

Victoria Barracks Case Study - how this might work

Sydney faces a severe shortage of suitable land for redevelopment, particularly in established areas with access to transport, services and employment. The combination of high housing need, limited land availability and the Victoria Barracks site's unique characteristics means that its future must be considered through the lens of contemporary public priorities, not solely historical land-use patterns.

Victoria Barracks represents a prime opportunity within this broader national framework and disposal of underutilised sites. Victoria Barracks is exceptionally well-located, well-serviced and large enough to accommodate a mix of heritage, housing, cultural and community uses.

Of the many sites in NSW, the Victoria Barracks site provides a decent example of a high-value site that has open space, heritage consideration, but could also deliver some public and affordable housing in perpetuity.

The City of Sydney has already developed Guiding Principles ² for the Victoria Barracks site. These were developed as part of a strategic review that included feedback from

² City of Sydney's Victoria Barracks Guiding Principles.

<file:///C:/Users/stacey/Downloads/Victoria%20Barracks%20Guiding%20Principles.pdf>

local communities regarding future opportunities for the site. While some participants recognised the housing challenges and supported low-cost/affordable higher-density housing, others strongly opposed any development of the site. However, those in support of redevelopment emphasised it must include affordable housing options for key workers and others. Shelter NSW would argue that Defence could build on the work already undertaken by Sydney City and create the Guiding Principles framework for all the sites, which embeds the key issues around future deliverables for all the sites.

Victoria Barracks stands out as a rare and significant opportunity to demonstrate how surplus Defence land can be transformed into an exemplar precinct that honours heritage while also responding to the pressing housing needs of present-day Australians.

The takeaway is that the Victoria Barracks site could also continue to support Defence-related events and educational programs for cadets and school groups. It could include the adaptive reuse of selected buildings, which could provide space for veterans' services, counselling, peer support and community programs, ensuring that the precinct remains a living place of Defence identity.

The site redevelopment could include a long-term lease framework, a hybrid ownership structure, binding heritage and planning controls aimed at providing secure ongoing conservation funding and guaranteeing public benefit.

Prioritising public uses at Victoria Barracks would deliver multiple benefits. Affordable housing for low-income households and senior housing for veterans would directly address the urgent and unmet housing needs of many older veterans. Public access to the existing green space would improve public health and environmental outcomes in a dense urban area. Cultural and community facilities would enhance social cohesion and activate the precinct. These outcomes align with the objectives of the NSW planning system, the City of Sydney's Guiding Principles and the Commonwealth's emerging approach to land optimisation.

The Future Built Form and Victoria Barracks

Victoria Barracks is located in a Heritage Conservation Area in Paddington; the area's built form is primarily defined by medium-density 19th-century terrace homes. These range from modest workers' cottages through to imposing three and four - storey residences.

Paddington Town Hall, a Victorian building with its classic clock tower, is located at the corner of the Barracks site. With this in mind, any future residential development at the

site should aim to integrate with the existing built form. The NSW Housing Pattern Book ³ offers practical design solutions that could be adapted to fit in with the existing built form, focusing on low-rise attached terrace housing types made up of 3 to 6-storey terraces, manor homes and row houses.

“Guiding Principles” that address longer-term financial viability, and integrated revenue streams and income generation models

Best practice in moving forward would be for the Commonwealth to develop “Guiding Principles” that address longer-term financial viability, that inform the master planning and feasibility study, especially for sites with heritage-listed buildings. This could include long-term leasing of private dwellings rather than outright sale.

The Guidelines could require a solid financial modelling framework to help inform long-term conservation costs, test different combinations of sales, leases and commercial uses, and support the optimal balance between public benefits and financial sustainability, ensuring that heritage protection is funded long term. This approach would ensure that heritage is not only preserved, but financially secure, socially valuable and culturally vibrant.

Long-term leasing is widely used in heritage precincts and major urban redevelopments because it balances financial sustainability with public accountability. It provides opportunities for long-term leases and a hybrid ownership structure, which would deliver secure ongoing conservation funding dedicated to maintaining heritage.

The benefits of long-term leasing are:

- generate stable, predictable revenue through lease payments
- avoids one-off asset disposal and preserves public value
- supports intergenerational planning, with leases structured over 40–99 years
- provides flexibility to adjust future uses as community needs evolve
- reduces speculative pressure, helping maintain the site’s character and social purpose

Shelter NSW recommend that the Commonwealth consider a long-term leasing model for these sites. This approach would allow them to remain in public ownership and ensure the long-term financial viability and stewardship of the heritage component.

Affordable and Senior Housing as a Long-Term Social and Economic Asset

The “Guiding Principles” for masterplan and redevelopment of Defence sites should require that at least 10 to 15% of the land be dedicated to the delivery of affordable

³ **NSW Housing Pattern Book** - Welcome to the NSW Housing Pattern Book, your guide to building high-quality, sustainable, and affordable homes. <https://www.planning.nsw.gov.au/government-architect-nsw/housing-design/nsw-housing-pattern-book>

housing in perpetuity, with a requirement for senior veteran housing, which would deliver long-term economic value by reducing homelessness among veterans, lowering demand on crisis services, improving well-being, and supporting ageing in place. An essential housing safety net that aims to address intergenerational inequality in the housing market, homes for veterans, their families, and other low-income households. These benefits should be explicitly outlined and recognised in the Guiding Principles.

Recommendations

Defence should develop “Guiding Principles” that inform the disposal and any future Master plan. These guidelines should provide clear directions on the need to deliver diverse and affordable housing options, public accessibility, heritage protection, open space, and cultural uses.

At least 10 to 15% of the land should be transferred or reserved for use by a State Housing Authority or a Community Housing Organisation. This will ensure the delivery of affordable housing in perpetuity. This could also include a requirement for veteran and senior veteran housing.

That the disposal of Defence land aligns with the Commonwealth Property Disposal Policy and evidence relating to housing need, veteran homelessness, planning frameworks and community benefits.

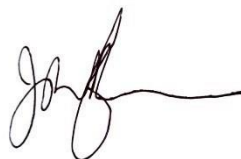
That the Inquiry consider opportunities on these sites for the use of long-term leasing arrangements aimed at ensuring the longer-term financial viability and stewardship of the heritage component.

Thank you

Shelter NSW appreciates the opportunity to comment, and we hope that our observations and insights provide some value to the considerations. We are also happy to engage on the issues raised in our submission.

If you wish to discuss our submission in more detail, please contact **John Engeler** on **0410 402 212** or by email at **john@sheltersnsw.org.au**.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'John Engeler', with a long horizontal line extending to the right.

Chief Executive Officer Shelter NSW

John Engeler