

Friday, 19 December 2025



Committee Secretary  
Senate Standing Committees on  
Foreign Affairs Defence and Trade

by online portal or by email to [Fadt.Sen@aph.gov.au](mailto:Fadt.Sen@aph.gov.au)

Dear Senator Raff Ciccone and fellow Committee members

## **Inquiry into Management of Defence estate assets**

We welcome the announcement from the Department of Defence to divest more than 60 sites across Australia for potential redevelopment—in fact, this is something we publicly advocated for in [early 2024](#).

Many of these listed sites are located in central areas across Australia's capital cities, representing a significant opportunity for the Commonwealth to inject much-needed housing supply in these markets.

However, we recognise that housing supply is only one of the many competing objectives stakeholders have for the future of these sites. Unfortunately, several of these objectives are in conflict with one another.

The key stakeholder objectives are as follows:

1. Defence land, determined to be no longer fit-for-purpose, should be divested so that limited Government resources can be directed elsewhere.
2. Assets deemed as having heritage value should be maintained in full and in perpetuity.
3. Public land should remain in public hands and utilised for community purposes, such as open space, community facilities, and other public uses.
4. Well-located land should be developed to its maximum market potential, in order to maximise utility and housing supply in a housing crisis.

In the second half of this submission, we propose some high-level principles to best balance these competing interests. We begin by laying out key principles of redevelopment, particularly in the context of heritage controls.

## **Part 1: Fundamentals for redevelopment**

### **Public use must be balanced with public cost**

Our preference is that public land should be used for public benefits, with the explicit caveat that this preference should not be used as an excuse to leave public sites deteriorating at high costs both real and in terms of lost opportunity.

It is important to note that, aside from any residual military use, the sites listed for divestment are currently providing minimal day-to-day benefit to the public. The sites are also not currently configured to provide such benefits, having been optimised for professional use by Defence personnel.

Any divested land, therefore, is not being *preserved* for public use so much as it is being *upgraded* to enable public use.

In other words: maintaining these sites entirely for public use—say, as museums of obscure military heritage and history—comes at a real cost.

This may be justified, but it's worth noting that there are ways beyond open space and museums to yield overall benefits for the public: for instance, more housing in a housing shortage, and overall more efficient urban land use.

### **The sites listed for divestment have value as land and as buildings, but face stringent regulatory constraints**

To rationalise whether these costs are worth taking on, it is important to talk about the dual values of these sites: as well-located land, and as defence buildings constructed on that land.

To make decisions about how best to make future use of these sites, it is important to separate these values.

To explore this, we will use the [Carlton Training Depot](#)—a 2,600 square metre site located on the doorstep of Melbourne's CBD—as a specific example.



*Carlton Training Depot, 45-65 Grattan St, Carlton, 3053*

## **Many sites have high land values**

Many of the divestment sites constitute well-located land in high-amenity urban areas.

These sites are in areas where there is currently a high unmet demand for housing, and where more dense development is very likely to be commercially feasible.

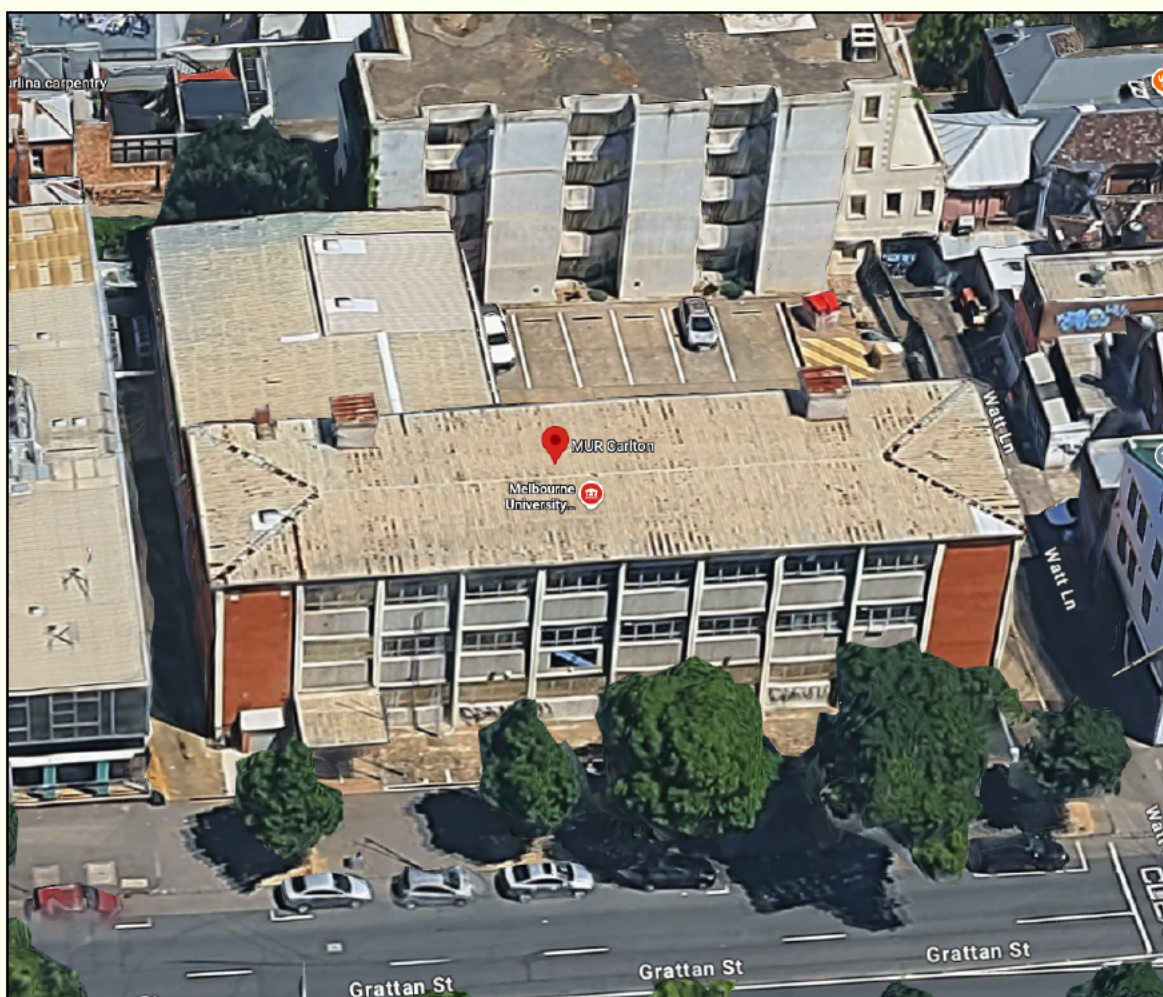
The demand for housing—and floorspace in general—will be reflected in higher land prices. In the case of the Carlton Training Depot, recent sales in similar areas, [such as North Melbourne](#), indicate that the land value of this site likely exceeds \$10 million.

## Many sites have low building value

Many of the sites listed for divestment feature old structures unsuitable for modern uses. Many defence sites were selected and built upon in very different contexts both for both our cities and our military—which is exactly why they are being divested in the first place.

While some of these defence sites may feature unique buildings—such as nineteenth-century barracks—this is not the case for every structure on every site.

For instance, the Carlton Training Depot is a relatively unremarkable three-storey office building and a surface carpark constructed in 1963.



Given the fundamentals—a high land value, and low building value—this should be a prime site for feasible redevelopment. But for arbitrary reasons, this is not the case.

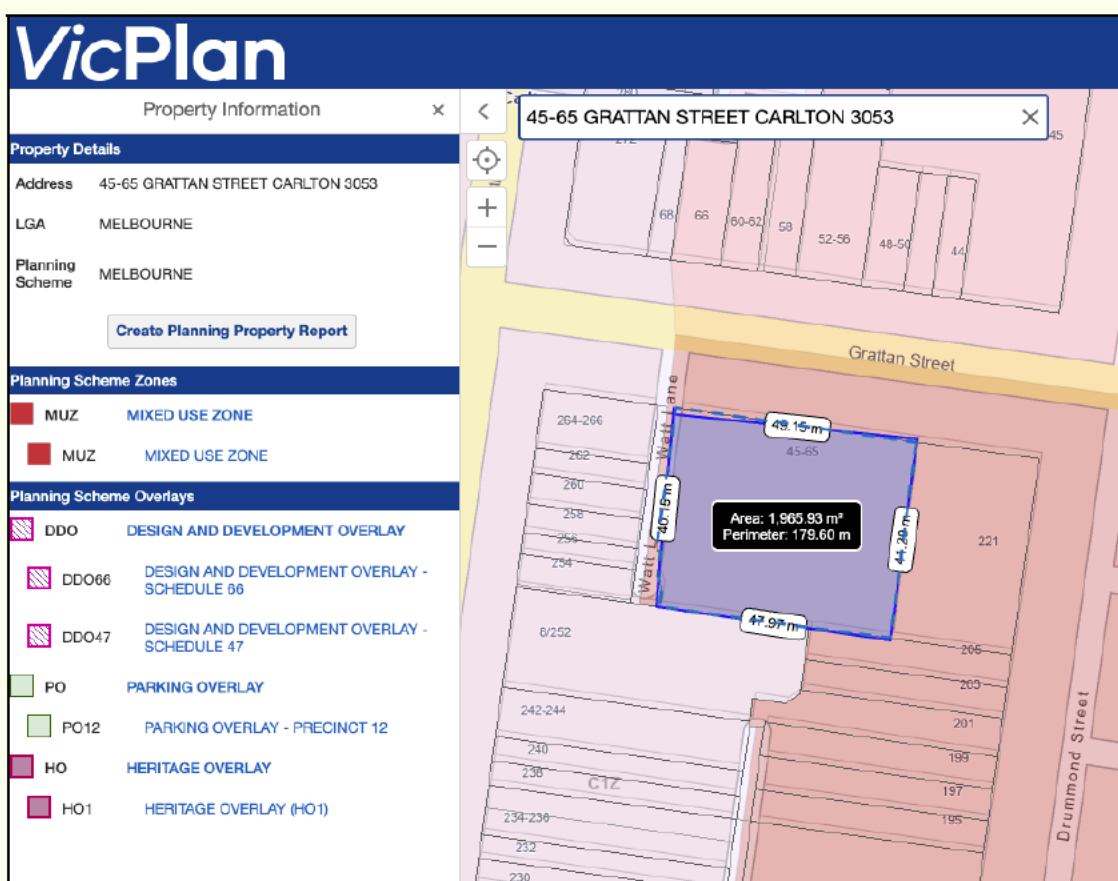
## Many sites are subject to stringent planning constraints

While the Commonwealth has an eye toward revenue-positive divestment—with the positive externality of spurring housing and commercial development—this is currently unlikely to occur.

This is because state and local governments have imposed stringent planning regulations on many of these assets. Should these sites move from Federal ownership to private ownership, their futures will be at the whims of planning regulators. This will limit returns, and may make divestment of many sites unlikely to begin with.

Simply put: developers are unlikely to have interest in purchasing sites subject to restrictive zoning and heritage controls.

We return again to the Carlton Training Depot, which is subject to planning controls that makes redevelopment extremely unlikely.



The Depot is subject to a number of controls, including most notably:

- Design and Development overlay – Schedule 47 ([DDO47](#)), which restricts development to a maximum of four storeys
- Heritage Overlay ([HO1](#)), a precinct-wide laundry list of arbitrary attributes of old buildings, as well as restrictions on heights surrounding the Royal Exhibition Building and Carlton Gardens

Given these restrictions, it is highly unlikely that the Carlton Training Depot could ever be feasibly redeveloped. This makes its disposal also highly unlikely in the current regulatory context.

As the table below demonstrates, other sites face similar restrictions.

**Table 1: Land use controls on Victorian defence sites**

Site	Within 30km of Melbourne's CBD	Restrictive zoning (<6 storeys allowed)	State heritage?	Commonwealth heritage?
<a href="#">Defence Site Maribyrnong</a>	Yes	No	No	Yes
<a href="#">Carlton Training Depot</a>	Yes	Yes	Yes	No
<a href="#">Sandringham Training Depot</a>	Yes	Yes	No	No
<a href="#">St Kilda Training Depot</a>	Yes	Yes	Yes	Yes
<a href="#">Victoria Barracks Melbourne</a>	Yes	No	No	Yes
<a href="#">Repatriation Clinic</a>	Yes	No	No	Yes
<a href="#">Fort Queenscliff</a>	No	No	No	Yes
<a href="#">Geelong Air Force Cadet unit</a>	No	Yes	No	No
<a href="#">Training Ship Barwon</a>	No	No	Yes	No
<a href="#">HMAS Cerberus</a>	No	No	No	No
<a href="#">Kyneton Training Depot</a>	No	No	Yes	No
<a href="#">Latchford Barracks</a>	No	No	No	No
<a href="#">Newland Barracks</a>	No	No	Yes	No
<a href="#">RAAF Williams – Laverton</a>	No	No	No	Yes
<a href="#">RAAF Williams – Point Cook</a>	No	No	No	Yes
<a href="#">Swan Island</a>	No	No	No	No

Of the 16 sites listed for divestment in Victoria, six are within 30 kilometres of Melbourne's CBD. Of these, we estimate that none will be developed without issue. The site that appears most likely to be developed is the Maribyrnong site, existing construction on which is sparse enough to potentially enable at least partial redevelopment.

Even in the case of the Maribyrnong site, however, there are reasons to temper optimism.



*Maribyrnong Defence Site*

First, the Commonwealth likely wishes to dispose of this land to a single buyer, meaning that the buyer would need to take on the full ongoing liability of maintaining heritage in line with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). This is a strong disincentive for purchase.

Second, the redevelopment of this site has been discussed by [VicUrban](#), [Victorian Planning Authority](#), and [Maribyrnong City Council](#) since at least 2010. The fact that little to no progress has been made is, in itself, a reason to temper expectations.

Heritage conservation is extremely expensive. The Department's own [estimates suggest](#) that it would cost upwards of \$2 billion over the next 25 years to maintain them at current standards.<sup>1</sup> Dividing this number equally across all sites, this amounts to average maintenance costs of more than \$1 million per year per site. To fully restore all these sites to acceptable conservation and accessibility standards will cost significantly more than this. These costs will have to be paid with either private or public funds.

As per the Commonwealth's own assessment, "*The merit of self-assessed parts of the estate having heritage value is questionable*".<sup>2</sup> We would, of course, agree.

The Commonwealth should learn from this experience: when governments hire heritage consultants, they are hiring people with explicit incentives to find heritage even in the most tenuous contexts, including defence sites almost entirely closed to the public. The Commonwealth has undertaken an expensive exercise in paying private entities for the privilege of imposing arbitrary costs upon itself—and now, upon any potential buyers at the point of divestment.

Given the regulation of these sites at all three levels of government, the Commonwealth must consider whether restrictions that reduce the value of their assets at the point of sale—potentially to the point that they do not transact at all—are worth maintaining.

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<sup>1</sup> [Delivering the Future Estate](#), p. 91

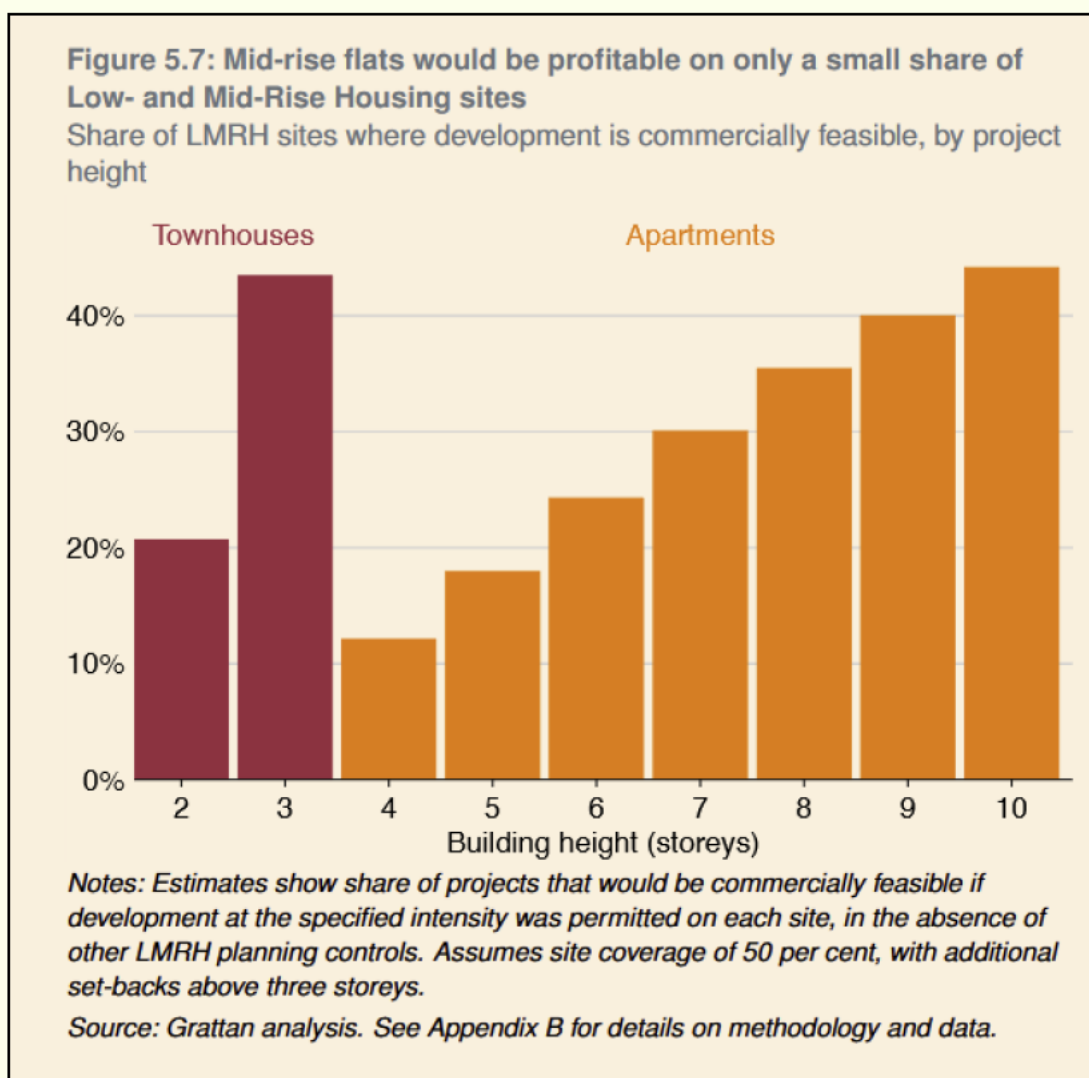
<sup>2</sup> [Delivering the Future Estate](#), p. 14

## The 2026 context is not conducive to small-scale, complex, or uncertain redevelopment

The current economic climate—even prior to the current war in the Middle East—means it will be challenging to meaningfully redevelop these sites.

[Grattan Institute analysis](#) demonstrates that development feasibility typically is 'U-shaped' in regards to height limits. When buildings move from Class 1 (houses and townhouses up to three storeys) to Class 2 (apartments and offices above three storeys) feasibility reduces significantly until the project approaches heights of around 10 storeys.

This is particularly true in Sydney and Brisbane, where land prices are much higher and land markets much less competitive than Melbourne.



From Grattan Institute's 'More Homes, Better Cities' report

Densities will need to be even higher in order to absorb the ongoing costs of heritage maintenance discussed previously. These costs will necessarily be passed on to future owners, residents, and tenants of this land.

These financial constraints underline the significant flaws of recent public proposals, such as [City of Sydney councillor Zann Maxwell's](#), which prioritises both a low density built form *and* a high degree of ongoing heritage conservation. This sort of development is simply not possible without substantial public subsidy in perpetuity—exactly the situation the Commonwealth government is trying to avoid.

If the density permitted on the site is too low, there will not be enough profits to cross subsidise the expensive maintenance and conservation costs. This will be the case even if the Defence Department gives the land for free to developers.

Tradeoffs, therefore, will need to be made to ensure that this land is utilised to its greatest possible potential, delivering public benefit in the form of social infrastructure, new housing supply, and denser, better cities.

## Heritage redevelopment case study: Prison Pentridge, Coburg, Victoria



Prison Pentridge was closed in 1997 and sold off to private developers by the Victorian Government in 1999.<sup>3</sup> While the land remains in private ownership, a S173 agreement<sup>4</sup> adopted as a condition of the planning permit obliges the owners to produce a Heritage Interpretation Strategy and to implement and maintain the Strategy at their own expense.

Non-significant and lower-grade heritage items were demolished and redeveloped, while more significant heritage was either adapted for reuse, or was enabled to feature intensive development above the original building.

The Pentridge Prison redevelopment was only viable due to specific intervention by the Victorian Government, enabling substantial precinct renewal — including a 6,000m<sup>2</sup> shopping centre, a hotel, and many homes from 3-storey townhouses to 16-storey apartment buildings.

The redevelopment opportunities enabled at the site have enabled significant and costly restoration works and ongoing maintenance to be undertaken entirely by private entities, and without any public subsidy.

<sup>3</sup> AHNA recognises that there is [significant debate](#) about the ethics of readaptive reuse of heritage assets such as penal prisons. We only use this case study to demonstrate one example of a fiscally sustainable heritage development model and do not endorse any opinion of this debate.

<sup>4</sup> A Section 173 agreement is a legal contract in Victoria between a landowner and a council (responsible authority) made under the Planning and Environment Act 1987. It is registered on the land title to control how the land is developed or used, ensuring specific conditions—such as infrastructure contributions, amenity restrictions, or environmental protections—are met.

## **Part 2: tradeoffs for redevelopment**

### **The Commonwealth should be selective about which heritage assets should be preserved**

The Commonwealth must make decisions regarding what components of their sites should continue to be preserved under the EPBC Act. For divestment to be a viable exercise, only a small number of historic buildings on each of the sites should be kept and maintained in perpetuity. In the case of some sites, it may be that no buildings are deemed worth maintaining.

Some sites may have existing layouts that are well-suited to renewal as plazas or other public open spaces. Notably, the Victoria Barracks in Brisbane, Sydney, and Melbourne all have layouts that make this easy to imagine.

But heritage buildings and public open spaces both come with ongoing costs for the owners in perpetuity, reducing the feasibility of site redevelopment, and putting downward pressure on purchasers' total willingness to pay.

### **Retained asset selection should be undertaken based on assessed public willingness-to-pay**

To select which buildings and assets should be maintained, the Commonwealth should take a pragmatic approach and use willingness-to-pay modelling. This modelling, undertaken using tight methodology, will enable the opportunity cost of heritage controls to be balanced alongside the social benefits to the general public.<sup>5</sup>

Examples of such modelling for heritage assets exist for both [Victoria](#) and [New South Wales](#). However, these examples do not offer sufficient information for distinguishing between different defence-related heritage assets. We recommend the Department undertake this modelling exercise internally in order to create a cost-benefit-analysis that can help guide the best possible site-by-site outcomes.

### **Commonwealth and state land use controls should be amended prior to sale**

Any reassessment of heritage listings under the EPBC should therefore take place prior to the tendering process for sales, to ensure the decision is made ahead of time.

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<sup>5</sup> WTP modelling suggests a massive disconnect between what heritage consultants deem significant heritage relative to the general public (see: [Tulip, 2026](#)).

Additionally, the Department of Defence should where possible work with state governments to reduce stringencies of state-level heritage and development controls, to ensure these sites are used to their full potential.

We recognise that state and territory governments may be unwilling to loosen land use controls upon request. Earmarking a given percentage of proceeds from sales to boost community infrastructure around the sites, for example, may help to convince hesitant state and territory governments to undertake positive change.

## **State and Territory governments should be offered right of first refusal**

In addition to the above, state and territory governments should be offered the right of first refusal to purchase divested sites at assessed market rates. If lower tiers of government wish to pay the costs of providing public space, housing, and community facilities—or simply wish to develop the land themselves through public developers such as Landcom and Development Victoria—they should be given the opportunity to do so.

## **Government and charitable partners should be identified to take stewardship of heritage spaces with high public benefit**

The Commonwealth may still have to make a value judgement on whether certain heritage buildings should be retained prior to sale. There are buildings and open spaces on many sites where there is a possibility for very high public utility and access—but at significant cost for rectification, restoration and adaptive reuse.

Indeed several already have cultural spaces, museums and libraries in them—albeit only open for a small window each week and often by request only.

In such cases, a further “capacity to pay” assessment should be undertaken to identify if there are any willing government or charitable organisations capable of taking ownership of these buildings and whether they have the financial capacity to manage and maintain them for public benefit into the future.

This could be aided by requiring a portion of the sale of the site be held on trust for the restoration and maintenance of publicly-accessible heritage spaces.

The Commonwealth should work backwards from an assessment of the likely cost of restoration, transformation into a viable cultural or civic space and long-term maintenance, to determine what such a trust would need in capital to sustain itself.

If the cost exceeds—say—20% of the total sale of the remainder of the land, the Commonwealth should determine whether they fund the difference, or whether the buildings justify retention at all.

## **Conclusion: a challenging divestment at a challenging time**

We have in this submission outlined regulatory barriers to the divestment and redevelopment of defence sites.

These barriers should be remediated as sites are cleaned and readied for sale. But it is worth noting that their remediation will not at this time guarantee sales at any velocity.

At the time we write this submission, the economy faces additional shocks. The ongoing war in the Middle East, riding on the back of construction cost increases both during and after COVID, will have deep and negative impacts on development feasibility over the coming months—and potentially for much longer. This will have impacts not only on the defence sales process, but on the broader housing market and economy writ large.

Regardless, we believe that the Government should proceed with the necessary work to ready the sites for disposal, to enable the redevelopment of disused land at such a time as we live in a more stable world—one in which the economic headwinds blow once again in favour of growth, development, and a bigger, better Australia that is affordable, liveable, and sustainable for all.

Yours sincerely,



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