



Submission to the Senate Foreign Affairs, Defence and Trade References Committee Inquiry

Management of Defence estate assets

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1. Introduction

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

We collaborate with government, industry and peak bodies, the private and not-for-profit sectors, community housing providers, homelessness services, and people with lived experience to promote evidence-based solutions that expand affordable housing supply and improve housing outcomes nationally. National 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.

This submission is informed by, and aligns with, National Shelter's 2025 Federal Policy Platform and its key priorities, including increasing the supply of social and affordable housing, making better use of public land for public benefit, supporting people at greatest risk of homelessness (including veterans), and strengthening place-based partnerships to deliver enduring housing, economic and community outcomes.

National Shelter recognises that the Defence divestment program affects multiple sites across Australia. While this submission uses Victoria Barracks as a detailed case study, our approach is principles-based and is intended to be applied across all sites, where appropriate, based on a range of factors. In practice, each site will need to be assessed on its own merits, including its particular circumstances and opportunities, local housing needs, market conditions, geography, heritage and environmental constraints, local policy settings, and adjacent opportunities created by other planning decisions or public and private investment.

2. Key Recommendations

National Shelter supports a Defence divestment approach that treats surplus Commonwealth land as a strategic public asset and prioritises enduring public benefit. Using Victoria Barracks as a chief case study, we propose the following recommendations and asks:

- 1) **Commit to a principles-based divestment framework that prioritises public benefit uses, particularly social and affordable housing, before private development;**
- 2) **Fund and publish a robust, transparent, heritage-led, and Country-led master planning process for key sites, which integrates a Conservation Management Plan, feasibility testing of mixed uses, sustainability requirements and governance across governments;**
- 3) **Reserve and transfer (or gift/lease) at least 10–15% (or an equivalent value outcome) of a deemed appropriate site to a state housing authority or community housing provider to deliver affordable housing in perpetuity, including housing suitable for veterans and older people, and space for veteran-focused services and community uses where appropriate;**
- 4) **Adopt a delivery model that retains long-term public value (e.g. long-term leasehold and/or hybrid ownership), establishes an ongoing revenue stream for heritage and community infrastructure, and explicitly recognises the long-term fiscal and social benefits of affordable housing in financial modelling;**

- 5) **Protect heritage significance through strong planning controls, preservation of key sightlines/curtilage, high-quality adaptive reuse, and expanded public access and interpretation;**
- 6) **Ensure meaningful, early and ongoing Traditional Owner engagement and leadership in planning, design principles and long-term stewardship;**
- 7) **Embed transparency and accountability through public reporting on divestment decision-making, community-benefit outcomes (including affordable housing delivery), and the reinvestment of financial and non-financial proceeds; and**
- 8) **Apply a consistent assessment approach across all divestment sites, while tailoring decisions to each site's local context (housing need, market conditions, geography, infrastructure, policy settings, constraints and adjacent investment opportunities).**

3. Defence Estate Audit

The Inquiry into the Management of Defence Estate Assets is occurring alongside broader Commonwealth efforts to coordinate the use of public land and policy levers to address Australia's housing shortage. In May 2025, housing, rental and homelessness policy, together with land and planning (including cities and urban policy), were consolidated within the Treasury portfolio. This reflects a whole-of-government recognition that housing supply, homelessness responses and planning settings are interconnected. National Shelter considers that the Committee's consideration of the Defence Estate Audit's findings, and the subsequent divestment program, should be approached in a way that complements these national policy directions, including the National Housing Accord's goal of increasing the supply and affordability of well-located homes and accelerating delivery through improved land use and planning outcomes.

In response to the 2023 Defence Strategic Review, the Government commissioned an independent audit of the Defence estate to assess whether the estate footprint was fit for purpose. Sixty-eight Defence sites have been flagged for divestment as part of an Australian Defence Force Strategic Review. The Department of Finance will manage the divestment program, including remediation and property disposal, and the Finance Minister has said the approach would ensure sites identified by the audit are sold at market value and that the proceeds will be reinvested in key Defence priorities. National Shelter sees an opportunity to reinvest in substantial public assets to also deliver affordable housing.

The Defence Estate Audit highlights a pattern across many sites identified for divestment. Historically, significant assets located in urban areas have been constrained by heritage and planning controls and are increasingly misaligned with contemporary Defence operational needs. These characteristics raise common questions about optimal reuse, public value, heritage protection, and long-term stewardship.

Victoria Barracks exemplifies these challenges and opportunities and is therefore used in this submission as a detailed case study through which broader principles for Defence estate divestment can be examined.

3.1 Case Study: Victoria Barracks

Victoria Barracks provides a strong example of a high-value public site where a principles-based approach to Defence divestment could deliver affordable housing in perpetuity while

protecting nationally significant heritage. The policy and governance approaches outlined below are intended to inform divestment decisions across the Defence estate, with appropriate adaptation to local context.

Victoria Barracks is one of Australia's most significant heritage sites: a rare, largely intact colonial-era military precinct that has been in continuous Defence use for around 185 years. Its sandstone buildings, parade ground, gardens, symbolic plantings and perimeter walls form a nationally important cultural landscape.

At the same time, 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 in rental stress. Research commissioned through the Australian Housing and Urban Research Institute (AHURI) estimated around 5,800 contemporary veterans experience homelessness in a 12-month period (around 5.3% of those who transitioned from the ADF), compared with around 1.9% of the broader population (Hilferty et al., 2019). The Australian Institute of Health and Welfare (AIHW) similarly notes that veterans are overrepresented among people experiencing homelessness and seeking specialist homelessness services.

3.2 Recognition of Country and the role of Traditional Owners in future planning

Victoria Barracks stands on the land of the Gadigal people of the Eora Nation, who have cared for, governed and maintained deep cultural, spiritual and economic connections to this Country for tens of thousands of years. Any future planning, redevelopment or governance of the site must recognise that the land was never ceded, and that the Gadigal people remain the Traditional Custodians of this place.

For a site of such national significance, a heritage-led master plan must also be a Country-led master plan (with Traditional Owners involved in governance, design principles and long-term stewardship). This requires meaningful, early and ongoing engagement with First Nations Peoples and their representative organisations. Consultation cannot be symbolic or procedural; it must be embedded as a core design principle and governance requirement. This includes:

- Ensuring Traditional Owners have a role in shaping the master plan, design principles and long-term stewardship
- Incorporating cultural knowledge, values and practices into landscape design, interpretation and public access
- Recognising opportunities for cultural revitalisation, truth telling and reparation
- Ensuring redevelopment outcomes reflect First Nations priorities for Country, culture and community benefit.

Embedding Traditional Owner leadership is not only a matter of respect but also of good planning. It strengthens heritage outcomes, deepens public understanding of the site's layered histories, and ensures that redevelopment contributes to healing, cultural continuity and long-term community benefit.

The Commonwealth Government's broader review of Crown and Defence land reinforces this direction. As the Commonwealth increasingly seeks to optimise underutilised land for

contemporary policy priorities, including housing, community infrastructure and economic resilience, there is also a growing expectation that Traditional Owners must be central to decisions about land use, land transition and stewardship. This aligns with national conversations about reconciliation and the role of government land in supporting cultural, social and economic outcomes for First Nations communities.

For Victoria Barracks, this means that any decision about the site's future must explicitly ensure that its next chapter honours not only its military history but also its much deeper, older cultural history.

4. Response to Terms of Reference

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

The Defence Estate Audit identifies a number of Defence sites that are no longer aligned with contemporary operational requirements and are therefore suitable for divestment. While individual sites vary in scale, location and constraint, many share common characteristics, including legacy infrastructure, heritage protections, urban encroachment and limited capacity for modernisation. These shared conditions highlight the need for a consistent, principles-based framework for Defence estate divestment that extends beyond asset disposal to focus on long-term public value, heritage stewardship and fiscal sustainability.

National Shelter's response to the Terms of Reference is grounded in this system-wide perspective. We support an approach to Defence estate divestment that aligns with Defence capability priorities, embeds transparent and integrated planning prior to disposal, recognises heritage and cultural significance, and prioritises public and community benefit outcomes, particularly affordable housing, where appropriate. Financial frameworks should be designed to retain public value over time, rather than maximising short-term returns.

This submission uses Victoria Barracks as a case study to illustrate how these principles could be applied in practice. The site is not presented as exceptional, but as a clear and well-documented example of the types of legacy, high-significance assets identified by the audit. References to Victoria Barracks throughout the following sections are intended to demonstrate how a repeatable, principled approach to Defence estate divestment could be tailored to the local context while remaining consistent in purpose and governance across the estate.

Our responses draw on evidence relating to housing need, heritage conservation, planning frameworks and community benefit, and reflect National Shelter's commitment to ensuring that surplus Defence land is managed in a way that honours its heritage while delivering meaningful and enduring public value.

4.1 (a) the alignment of Defence estate planning with Australia's defence requirements

The Defence Estate Audit reflects a broader reality across multiple Defence sites: contemporary Defence capability increasingly depends on highly secure, purpose-built facilities that can support advanced digital infrastructure, classified operations and scalable logistics. Many legacy sites, particularly heritage-listed precincts in dense urban areas, are structurally constrained in their ability to adapt to these requirements.

Victoria Barracks illustrates this challenge. While it has served Australia's military for 185 years, its heritage protections, urban location and limited expansion capacity mean it cannot be modernised without compromising either heritage integrity or Defence capability.

Divestment, therefore, aligns with Defence's strategic priorities by enabling reinvestment into modern bases while allowing some sites to transition to uses that deliver broader public benefit. Importantly, divestment does not diminish the site's military legacy; rather, it creates an opportunity to honour that legacy through heritage-led redevelopment, public access and enhanced interpretation.

4.2 (b) the processes for planning and conducting acquisition, management, development, upgrade and disposal of Defence estate assets

Across Defence divestment sites, current disposal processes risk underweighting heritage, community benefit and long-term stewardship in favour of short-term financial return. This is particularly acute for complex, high-significance sites.

Victoria Barracks demonstrates why a robust, heritage-led and Country-led master planning process should be standard practice for complex Defence estate divestment. Given the complexity and national significance of Victoria Barracks, we consider that any divestment and redevelopment must be guided by a robust, transparent, and heritage-led planning process. A Commonwealth Government-funded master plan is recommended to ensure that heritage, community benefit and financial sustainability are integrated from the outset.

This master plan should include:

- a detailed Conservation Management Plan (CMP)
- a feasibility study examining commercial, cultural, social and housing uses
- heritage interpretation strategies
- environmental sustainability requirements
- governance arrangements involving all three levels of government
- a long-term funding model for conservation
- That at least 10 –15% of the land (or an equivalent value outcome) be transferred (gifted or leased) to a state housing authority or a community housing provider to ensure the delivery of affordable housing in perpetuity. Note: This is considered a national standard for state and territory jurisdictions that operate in this way and aligns with the National Shelter policy position.

The City of Sydney's Victoria Barracks Guiding Principles Report (December 2025) provides a strong foundation, emphasising public accessibility, heritage protection, green open space, cultural uses and diverse housing. National Shelter supports embedding these principles in the master planning process.

A long-term lease, a hybrid ownership structure, or a sale with binding heritage and planning controls could all be viable approaches, provided they secure ongoing conservation funding and guarantee public benefit.

National Shelter recommends:

- **Commonwealth Government funding for a heritage-led, Country-led master plan (including a Conservation Management Plan and feasibility study) prior to disposal decisions**
- **Governance arrangements that involve all three levels of government and ensure transparency in decision-making**
- **Quarantine a defined portion of the land/value outcome (at least 10–15%) for affordable housing delivered in perpetuity through a state housing authority or community housing provider.**

4.3 (c) how the requirements of the permanent forces, reserve forces and cadet units are captured and incorporated into the planning and management of the Defence estate

The Victoria Barracks site remains deeply significant to serving personnel, veterans and Defence families. We support retaining and enhancing the Army Museum of NSW as a cultural anchor and expanding public access to the site's military history through interpretive installations, curated walking routes and digital storytelling.

The site can continue to support Defence-related ceremonial and commemorative activities, including parades, remembrance events and educational programs for cadets and school groups. Adaptive reuse of selected buildings could provide space for veterans' services, counselling, peer support and community programs, ensuring that the precinct remains a living place of Defence identity.

National Shelter recommends:

- **Retain and enhance Defence-related commemorative and educational functions on the site (including support for cadet and school programs)**
- **Retain and enhance the Army Museum of NSW as a cultural anchor and expand public interpretation and access**
- **Provide space (through adaptive reuse) for veterans' services and community programs to maintain connections to place.**

4.4 (d) the financial assumptions underpinning estate divestment, including estimated remediation costs, net return projections, previous Defence property disposal programs and the transfer of responsibility from the Department of Defence to the Department of Finance

Financial assumptions underpinning the Defence estate divestment program must extend beyond immediate sale proceeds to consider long-term costs, risks and public value, particularly for heritage-listed sites. Without sustainable funding models, divestment can transfer conservation liabilities without securing the resources necessary to meet them.

Victoria Barracks highlights this risk and also demonstrates how alternative financial models, such as long-term leasehold and mixed revenue streams, could be applied across other suitable Defence sites.

Heritage conservation at Victoria Barracks will require a stable, predictable and long-term funding base. The sandstone buildings, perimeter walls, historic landscapes and symbolic plantings demand ongoing specialist care, and without a dedicated revenue stream, the site risks falling into disrepair over time. We therefore emphasise that any redevelopment must be supported by a financial model that is both sustainable and regenerative, ensuring that heritage assets remain protected for generations.

A well-designed redevelopment can achieve this through a mixed income-generation strategy that balances public benefit with financial responsibility. This could include:

- A revolving investment fund supported by selective sales
- A small proportion of newly developed dwellings—ideally, those located in areas of lower heritage sensitivity could be sold, with proceeds directed into a revolving investment fund. This fund would finance ongoing conservation and restoration, support upgrades to heritage buildings, fund community facilities and green space, and reduce reliance on unpredictable government appropriations. This model has been successfully used in heritage precincts internationally, allowing initial capital to be repeatedly reinvested in the site’s long-term care.
- Long-term leasing of private dwellings rather than outright sale.

National Shelter recommends:

- **That the Commonwealth’s analysis considers a long-term leasing model for some private dwellings developed on some specific sites.**

This approach:

- **Retains public ownership of the land and supports long-term stewardship**
- **Generates 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.**
- **Long-term leasing is widely used in heritage precincts and major urban redevelopments because it balances financial sustainability with public accountability.**

National Shelter recommends:

- **Preference for long-term leasehold and/or hybrid models over one-off land sale to retain public value and establish stable revenue for conservation and community infrastructure**
- **Explicitly include the long-term fiscal benefits of affordable housing and veteran/seniors housing in financial modelling (reduced homelessness, service demand, and improved wellbeing)**
- **Use a master plan and feasibility study to test combinations of leases, limited sales (where appropriate) and commercial uses to fully fund heritage obligations.**

4.4.1 Affordable and seniors housing as a long-term social and economic asset

Affordable housing and seniors housing for veterans would deliver long-term economic value by reducing rental stress and homelessness, lowering demand on crisis services, improving wellbeing and supporting ageing in place. These social and economic benefits should be explicitly recognised in the financial modelling.

4.4.2 A master plan and feasibility study to integrate all revenue streams

A Commonwealth Government-funded master plan and feasibility study are essential to model long-term conservation costs, test different combinations of sales, leases and commercial uses, determine the optimal balance between public benefit and financial sustainability, and ensure that heritage protection is fully funded. This approach would ensure that Victoria Barracks is not only preserved, but financially secure, socially valuable and culturally vibrant.

4.5 (e) the heritage significance of Defence estate assets and the adequacy of measures to protect that significance during and following divestment, including the impact on veteran and community connections to sites of military service

Victoria Barracks is one of Australia's most important colonial-era military sites. National Shelter supports strong heritage protections, including a CMP, preservation of key sightlines and curtilage, and adaptive reuse that respects architectural integrity.

We agree with heritage advocates that inappropriate high-rise development must be avoided. However, we differ in the conclusion that heritage protection requires exclusive Defence ownership. Heritage-led redevelopment can strengthen heritage outcomes by increasing public access, enhancing interpretation and securing sustainable funding.

Australian precedents, including Carriageworks, The Mint, Abbotsford Convent, Fremantle Arts Centre and Middle Head, all demonstrate that sensitive redevelopment can preserve and elevate heritage significance.

National Shelter recommends:

- **Strong heritage controls, including a Conservation Management Plan, protection of sightlines/curtilage, and high-quality adaptive reuse**
- **Expanded public access and interpretation, to strengthen community and veteran connections while protecting heritage**
- **Built form outcomes that avoid inappropriate high-rise in sensitive heritage areas.**

4.6 (f) the Defence estate audit, including its planning, conduct and the potential of the period between its completion and public release to have degraded validity of the audit's findings

The time lag between completion and public release of the Defence Estate Audit raises legitimate questions about whether changes in strategic, operational, or market conditions could affect its findings. However, the core criteria used by the audit, strategic relevance, capacity for modernisation, heritage constraints and operational efficiency, remain stable across the estate, in our view. In the case of Victoria Barracks, the factors underpinning its identification as suitable for divestment have not materially changed

4.7 (g) consideration of an amended policy framework for the use of surplus Defence land that prioritises alternative public uses over private development

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. 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 amid acute housing shortages, infrastructure needs, and changing economic priorities.

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

Many Defence estate sites identified for divestment are well-located public assets in areas experiencing housing stress, infrastructure pressure or land scarcity. Collectively, these sites present a significant opportunity for the Commonwealth to demonstrate leadership in land optimisation by embedding public benefit objectives, particularly affordable housing, into disposal decisions.

Victoria Barracks represents one of the most prominent examples within this broader national framework. Prioritising public uses at Victoria Barracks would deliver multiple benefits. Affordable housing for low-income households and seniors' housing for veterans would directly address urgent and unmet housing needs. Expanded 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. Heritage interpretation and public access would deepen community understanding of Australia's military history. 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.

Given the national conversation about repurposing underutilised government land, the acute housing and homelessness crisis in NSW, and the scarcity of suitable redevelopment sites in inner Sydney, the future of Victoria Barracks 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. In this context, 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 responding to the pressing needs of contemporary Australia.

National Shelter recommends:

- **A nationally consistent policy framework for surplus Defence land that prioritises public and community benefit outcomes (including affordable housing) ahead of private development**
- **Site-by-site assessment that considers local housing need, market conditions, geography, planning settings, constraints and adjacent public/private investment opportunities.**

4.8 (h) any other related matters.

In addition to the matters above, National Shelter encourages the Committee to consider transparency and accountability settings for the divestment program, including public reporting on decision criteria, community benefit outcomes, and how proceeds (and non-financial benefits) are reinvested. A principles-based framework should support transferability across sites while allowing for local tailoring.

National Shelter recommends:

- **Public reporting on divestment decision criteria, community benefit outcomes (including affordable housing delivery), and reinvestment of proceeds**
- **A repeatable evaluation framework that can be applied to each divestment site, with flexibility to tailor delivery to local conditions.**

5. Conclusion

The Defence Estate Audit presents the Commonwealth with a rare strategic opportunity to demonstrate how surplus Defence land can be transitioned in a way that strengthens Defence capability, protects nationally significant heritage, and delivers enduring public value. Decisions made here will set precedents for how dozens of Defence sites are repurposed across Australia in the years and decades ahead.

Victoria Barracks illustrates what is at stake. As a nationally significant heritage precinct located in an area of acute housing need. It demands more than a transactional disposal process. When approached through a principles-based framework, grounded in heritage stewardship, Traditional Owner leadership, long-term public value and social impact, the site has the potential to become a nationally recognised exemplar of how legacy Defence assets can serve contemporary Australia. This includes delivering affordable, appropriate housing for veterans, older people, and low-income households, while preserving the site's military legacy, expanding public access, and understanding.

National Shelter urges the Committee to use the findings of the Defence Estate Audit to recommend a nationally consistent approach to Defence estate divestment. One that prioritises public and community benefit, embeds transparent, integrated planning, and safeguards long-term outcomes rather than short-term financial returns. Getting this right at Victoria Barracks will send a powerful signal about how the Commonwealth intends to steward its land assets in the public interest.

National Shelter would welcome the opportunity to provide evidence at the Inquiry hearings and to assist the Committee in considering how the principles outlined in this submission can be applied across the Defence estate to deliver lasting social, cultural and economic benefit for communities nationwide.

6. Contact and further details

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