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CABINET DECISION

NO. 562

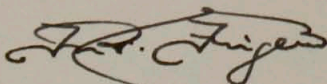
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Submission No.: 488

Title: CONSTRUCTION OF KARAMA AND LEANYER  
SUBDIVISIONS

Cabinet approved that

- (a) the Karama subdivision be programmed for construction with a tender target date of April 1979; and
- (b) the Leanyer subdivision of unknown cost at this time, be advanced to go to tender in June 1980 to meet the demand for land expected at December, 1981.



(M.R. FINGER),  
Secretary to Cabinet.

19 January 1979

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THE NORTHERN TERRITORY OF AUSTRALIA

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FOR CABINET

SUBMISSION NO. 488

<p>Title:</p>	<p>Construction of Karama and Leanyer Subdivisions</p>
<p>Cabinet Member:</p>	<p>Marshall Perron, Minister for Lands and Housing</p>
<p>Purpose:</p>	<p>To seek Cabinet approval for the early construction of Karama Subdivision and to accelerate programming of Leanyer subdivision.</p>
<p>Relation to existing policy:</p>	<p>Existing policy.</p>
<p>Timing/legislative priority:</p>	<p>The Karama Subdivision should have tender target date of April, 1979 and the Leanyer subdivision should be submitted for detailed engineering design and costing after receiving Town Planning Board approval in 1979.</p>
<p>Announcement of decision, tabling, etc.:</p>	<p>As soon as Cabinet approval is given.</p>
<p>Action required before announcement:</p>	<p>Cabinet approval.</p>
<p>Staffing implications, numbers and costs, etc.:</p>	<p>Not applicable.</p>
<p>Total cost:</p>	<p>Karama Subdivision estimated to cost \$12.2m, and Leanyer Subdivision is expected to be in the vicinity of \$12m.</p>

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Comment by  
Under Treasurer:

CONSTRUCTION OF KARAMA AND LEANYER SUBDIVISIONS

Treasury does not object to design work commencing but commitment to construction should be considered in the light of the budgetary situation for 1979/80.

The Department of Transport and Works should immediately commence <sup>an</sup> assessment of the full external costs (particularly the cost of construction of new arterial roads) associated with these sub-divisions, since the cost of housing developments of this size is not limited to direct construction costs but must include the extra cost of additional supplementary services.

Approved/Not Approved

*P. J. Temple*

P.F. TEMPLE  
DEPUTY UNDER TREASURER

18 December, 1978

Signed:

Date:

Comment by  
Public Service  
Commissioner:

No objection on the basis that existing staff should be able to implement the recommendation.

Approved/Not Approved

*G. Gaskill*

(G. GASKILL)  
for PUBLIC SERVICE COMMISSIONER

Signed:

Date:

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ISSUES

1. The Government is at present the major provider of serviced residential allotments in the Northern Territory.
2. With the continuing heavy demand for allotments there will be a critical shortage of residential allotments in the Darwin area by 1980.
3. To remedy the situation it is essential that a major residential subdivision be constructed in Darwin without delay, and a commitment made to proceed with a second major subdivision to provide allotments immediately the first project is constructed.

BACKGROUND

4. Since 1974 the only subdivisional turn-off of any significance in Darwin has been Malak Stage I, which although not fully completed is almost entirely committed for the use of the Northern Territory Housing Commission. Malak Stage II is due to commence shortly with a final turn-off of 409 lots by December, 1980.
5. Although some vacant allotments exist in the established area, and allotments currently occupied by demountables could be utilised, there will be a predicted short-fall of 565 allotments by June, 1980.

CONSIDERATION OF THE ISSUE

6. The objective of this Submission is to recommend that the Karama Subdivision be constructed as soon as possible, and that the Leanyer Subdivision be advanced in programming to meet the demand for land in December 1981.
7. A population projection compiled by the Department of Lands and Housing predicts that the population of Darwin will rise from 53,334 in June, 1978 to 61,500 in 1982, a rise of 8,176 persons. To cater for this rise an equivalent total of 1,470 single housing allotments will be required.

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8. There are on hand, or under construction, an equivalent of approximately 500 single unit allotments including Milner and Malak Stage II.
9. Karama, if construction commences by May/June, 1979, will yield 1,085 allotments by December, 1981, giving a total availability of 1,682, a surplus of 212 allotments.
10. The population predictions above, however, do not take into consideration the actual demand but only the predicted demand.
11. The Housing Commission has specifically requested 700 sites for its 1979/80 programme. The Commonwealth also requires 20 sites, and it is proposed to auction 100 sites in 1979/80. This gives a total requirement for 1979/80 of 820 sites. The Housing Commission also requires an additional 150 sites this financial year (100 related to the Uranium Project and 50 to complete its 1978/79 expenditure target). This is detailed in a separate Cabinet Submission.
12. Thus, with a balance of 188 on hand, and a total demand of 970 allotments, there will be a short-fall of 782 allotments by 30 June, 1980. This will be off-set by a turn-off from Malak Stage II of 300 allotments, leaving a total short-fall of 282 lots.
13. The programming of Karama, as suggested, would yield a further 300 lots by June, 1980, 375 by December, 1980 and 410 by December 1981, (total 1,085 lots). The details of expected turn-off from now until December, 1981, is given at Appendix "A".
14. The only way to reduce the short-fall of 232 lots by June, 1980 even with the construction of Karama, is to reduce the Housing Commission's programme of 850 houses to 600, leaving a balance of only 118 lots, or for the Commission to purchase land on the open market to cover the deficit.
15. The final turn-off of land from the Karama sub-division is expected by December 1981. It is imperative therefore to have the next sub-division, Leanyer, producing land by this date so that the flow of serviced sites is continuous.

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16. The Leanyer sub-division has undergone preliminary design investigation by the Planning Unit of the Department of Lands and Housing and the proposed design, with optional variations, is currently on circulation for comment to the various government departments and Authorities that would have an express interest in its development.
17. The design of Leanyer allows for a yield of between 820 - 1000 lots depending on the final adopted design concept. Providing the conceptual design plan can be finalised early in 1979 it will be possible to submit the plan to the Northern Territory Town Planning Board for approval by March 1979 and then to public exhibition for a period of 3 months.
18. It is anticipated that the Leanyer sub-division will provide sufficient residential land for Darwin until 1983-1984 when the population of Darwin is expected to be approximately 65,000 people.
19. Private developers can be expected to meet a portion of the housing needs by developing some rural subdivisions near Darwin, but the lack of adequate services in the rural area will keep this to a small contribution.
20. It is proposed to invite private developers to participate in part of the development of Leanyer.

OPTIONS

21. There is a proven need for immediate large scale subdivisional development in Darwin and the only option open is to permit Karama and perhaps later, Leanyer, to be developed by private developers.
22. Due to the urgency of the situation there is inadequate time to permit this option and it would not meet the requirements of the Housing Commission. If Karama is not developed a critical lack of serviced land will occur with resultant increased public criticism.



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PUBLIC IMPACT

23. There have been public statements by various bodies forecasting a scarcity of land, and the advanced development of these new subdivisions should attract public approval and confidence. Adequate provision will be made for single unit as well as medium density development, and this should also attract public approval.

FINANCIAL CONSIDERATION

24. The total cost to develop the Karama Subdivision is estimated at \$12.2 million, based on the following:

1978/79	:	Nil
1979/80	:	M\$4.636
1980/81	:	M\$5.612
1981/82	:	M\$1.952

Annual costs relating to Leanyer have not yet been assessed, but the first expenditure would not occur until 1980/81.

25. The major portion of the costs involved would be recovered through the release of the land. However, costs for head works, arterial roads, major stormwater drainage, and parks are borne by the Government.

EMPLOYMENT CONSIDERATIONS

26. The letting of the tender for such large developments should generate a number of jobs in the civil engineering field. In addition the injection of funds for capital works should stimulate business confidence thus generating employment opportunities. It will also prepare the way for the home building industry.
27. There will be little or no direct effect on public service employment.

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COMMONWEALTH & LOCAL GOVERNMENT RELATIONS

28. The proposals have little significance on Commonwealth/Territory relations. The subdivisional proposal for Karama was accepted by the Commonwealth in 1973 for programming at a future time. The design of Leanyer will involve consultation with the Corporation of the City of Darwin.

CO-ORDINATION

29. The Karama proposal has been thoroughly discussed by appropriate staff within the Departments of Lands and Housing, Transport and Works, and Treasury, who have concurred with the proposal, subject to Cabinet approval and budgetary considerations. The Department of Transport and Works have commenced up-dating the engineering design work on the Karama proposal. That Department also has reservations concerning the capacity of the construction industry to be able to cope with the advancement of the Leanyer subdivision to June 1980, but these reservations may be unduly pessimistic.

LEGISLATION

30. No legislation is involved.


PUBLICITY

31. Appropriate publicity to the combined proposals should be given as soon as the Cabinet decision is made.

TIMING

32. (a) The Karama subdivision project should go to tender in April, 1979 to enable construction to commence in 1979 Dry Season. This would allow a final turn-off in 1981.  
(b) The Leanyer subdivision should go to tender in June 1980, to enable first blocks to be turned off in December 1981.

RECOMMENDATION

33. It is recommended:  
(a) that the Karama subdivision be programmed for construction with a tender target date of April 1979,  
(b) that the Leanyer subdivision of unknown cost at this time, be advanced to go to tender in June 1980 to meet the demand for land expected at December, 1981.
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ANTICIPATED SERVICED LAND TURN-OFF

<u>Year Ending</u> <u>30 June</u>	<u>On Hand</u>	<u>Turn Off</u>	<u>Total</u> <u>Available</u>	<u>Requirement</u>	<u>Balance</u>	
1979	133	55 Millner	188	150	38	
1980	38	300 Malak II 300 Karama I	638	820	-182	
1981	-182	109 Malak II 75 Karama I 600 Karama II	602	*500 (est)	102	
1982	102	110 Karama II 300 Leanyer	512	*500 (est)	12	
<u>Turn Off</u>	<u>Millner</u>	<u>Malak II</u>	<u>Karama I</u>	<u>Karama II</u>	<u>Leanyer</u>	<u>Total</u>
Dec, 1979	55	150	-	-	-	205
June 1980	-	150	300	-	-	450
Dec, 1980	-	109	75	300	-	484
June 1981	-	-	-	300	-	300
Dec, 1981	-	-	-	110	300	410
TOTAL	55	409	375	710	300	1849

\* These requirements have not been assessed, but at least 500 lots will be required.