Re-building Darwin

The decimation of Darwin raised questions about the future of the Northern Territory capital. The Darwin Reconstruction Commission (DRC) produced a plan for re-building the city over a five-year period. The Commission’s report noted that public statements by the Government had created ‘in the public mind a strong impression that the Government is firmly committed to the rebuilding of Darwin in the shortest possible time’ [A5915, 1861, Darwin Reconstruction Commission report, pp. 1–10]. The Commission based its plan on a target population of 56,000 by 1980. Ministers Uren and Patterson, in submitting the report to Cabinet, emphasised the importance of public service levels in determining the future size of Darwin. The Australian Government could ‘effectively determine and control’ the population level. They also suggested that Darwin could be a ‘Canberra of the North’ [A5915, 1861].

Commenting on the submission, the Department of the Prime Minister and Cabinet questioned some of the Commission’s assumptions, suggesting, for example, that some housing could be re-built to save money and time. Departmental officials also referred to ‘murmurings in Darwin’ about the DRC ‘empire building’ [A5931, CL1527, pp. 22–21]. Perhaps inevitably, in the months following the cyclone the Government was criticised for slow progress in re-building Darwin and for the level of bureaucracy involved. The Department of the Prime Minister and Cabinet recommended holding expenditure for 1975–76 to current contracts, to allow the Government to make ‘clear decisions’ on the ‘general position of Darwin in relation to Northern Australia’ [A5931, CL1527, pp. 22–21].

Patterson acknowledged criticism that the DRC was making little visible progress, but argued that the public did not ‘fully appreciate’ the work the Commission had done in revising the building code and undertaking a tender process for $60 million-worth of building contracts. Patterson also criticised the Prime Minister’s suggestion to restrict expenditure, suggesting that the Commission would be ‘severely criticised by the public who are already uncertain as to what action the Government is taking to keep its promise to rebuild Darwin’ [A5931, CL1527, ff 36–31]. Mr J Hickey of the Department of the Prime Minister and Cabinet characterised Patterson’s reply as ‘defensive in tone’ [A5931, CL1527, pp. 41–40].

Following the recommendation of the Ad Hoc Committee on Budget Expenditures, Cabinet approved $102.6 million for the Darwin Reconstruction Commission for 1975–76, but directed another Cabinet committee to plan the future of Darwin further [A5915, 1861]. As the Ad Hoc Committee put it, officials and public servants needed ‘political guidance’ on ‘such fundamental questions as Darwin’s future status’ [A5915, 1861]. After some reluctance on the part of Department of the Northern Territory to take charge [A5931, CL1527, pp. 71, 82], at a meeting in October the Committee decided that another interdepartmental committee should provide a report within 30 days to provide ‘further guidance’ to Cabinet [A5925, 4076]. Clearly, Darwin was not going to be re-built in a day.
THE DRAFT PROGRAM

3. The population figure of 56,000 by 1980, identified in the attached draft program on the Darwin Reconstruction Commission, compares with a pre-cyclone level of approximately 48,000 (and a pre-cyclone projected population of 75,000 by 1980). The Commission's report indicates that its purpose is to expose the magnitude of the first draft program of reconstruction, to explain its policy basis and to identify significant implications and policy questions. In this context we note that Section 5(a) of the Darwin Reconstruction Act states that one of the Commission's functions is to -

"assist the Australian Government in determining the desirable extent, nature and purposes of use and development of the Darwin area".

We do not believe that Cabinet, at this time, should endorse a Five-Year Program based on a single target population in the absence of substantiation of that target or of some other figure. We agree with the Commission's view that there is a need for the Government to examine fully the significant implications and policy questions which arise.

4. The total costs included in the Reconstruction Commission's draft program are put by it at $770 million at present day prices. The Commission indicates that this excludes expenditure by some statutory bodies, such as the Northern Territory Housing Commission. If these had been included, the estimates would, of course, have been higher.

5. Moreover, because of the substantial demands that the program would imply for scarce resources of labour and materials, it is likely that the relative increase of wages and prices in Darwin would be significantly faster than in the rest of Australia.
6. Taking this "relative price" effect into account (together with the point mentioned in paragraph 4), it seems likely that the figure of $770 million is likely to be substantially less than the final cost of reconstruction.

7. For the first year of the program, estimated capital expenditure is $119 million - authorisation is sought, however, for $309.4 million, giving a revote of $193.2 million\(^1\). Of the $119 million, $82.6 million is for works in progress and $36.6 million for new works. Of the latter, the most significant items are:

- $16.2 million for housing.
- $6.0 million for general administration.
- $6.2 million for land servicing (of which $2.3 million allocated to new sites at Malak).
- $3.0 million for fees.

With the exception of the servicing of new land, there is little in the program for 1975-76 which commits the Australian Government to a specific population target for 1980.

**COSTS**

8. Building and construction costs in Darwin are already higher than the Australian average and could well become significantly higher if the Commission's indicative program were to be adopted. The first contracts let for cyclone resistant houses are for an average cost of $42,500 per unit; with the operation of "rise and fall provisions", the actual average cost is more likely to be in the vicinity of $50,000 per unit.

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1 See paragraph 1.
9. The implications of these high costs of reconstruction are that –

(i) living in Darwin will be very expensive. It has been estimated by the Darwin Reconstruction Commission that economic rents would need to be in the order of $100 per week. It would be extremely difficult for residents to afford to buy or to rent houses without Government subsidisation;

(ii) if the city is to be rebuilt with a high standard of services (such as the undergrounding of electricity) which the Reconstruction Commission proposes, it appears that either a substantial boost in rates or substantial Government support to the city will be needed.

RESOURCES

10. Darwin reconstruction will make heavy demands on resources of building and construction workers and materials. Below a population level of approximately 40,000 persons at 1980, assuming a fairly even rate of building and construction activity through the period 1975-80, it would be possible to achieve reconstruction by using a construction workforce at about the pre-cyclone level. However, above this population level the manpower demands would rise so that, to reconstruct for 56,000 persons by 1980, the building and construction workforce would have to almost double, to between 5,000 to 6,000 workers as a base in 1978.

1 The Reconstruction Commission's report states that this is based on the formula used by the Northern Territory Housing Commission. An alternative estimate, based on the 6% interest charge applying in the A.C.T., suggests that the economic rental applying to the first house turned off would not be less than $65 per week. Even at this level the comment in the text still seems appropriate.
11. The implication of such an increase would be that workers would have to be attracted from other parts of Australia. In the short term this is feasible, given present rates of unemployment in the building industry, but it would seem to us to necessitate the payment of substantially higher wages.

12. In the longer term, a commitment to support a high target population for Darwin and the resulting commitment of public investment is likely to have significant effects on other Government programs.

POPULATION GROWTH AND THE ROLE OF DARWIN

13. In the past, the level of population in Darwin has been closely related to the level of public service employment – a ratio of population to public service employment of 6.5 to 1 has remained substantially constant.

14. Other than primary industry, it can be argued that basic employment in Darwin is confined to the administration and servicing of the Northern Territory and the operation of the airport, meteorological services, tourism and programs for Aboriginal advancement and for national defence. Much of the remainder of public and private sector employment is primarily concerned with the provision of services to the families of those in basic employment.

15. Private sector employment other than for primary industry is almost wholly confined to local service industry. At present there is little industry of national economic importance (as is demonstrated by the small level of exports from Darwin to the rest of Australia or overseas). Present indications suggest that no strong, basic, private industry will provide the impetus for population growth in Darwin. In fact, private investment in Darwin is likely to remain depressed because of the high cost and uncertainty involved in establishment or re-establishment.
16. At this time it is unlikely that growth of population over and above pre-cyclone levels can be stimulated by other than Australian Government employment. The Australian Government can thus, through its policies as regards public service employment, effectively determine and control the level of population in Darwin.

17. Some of the "basic" functions carried out by the public service in Darwin have been spelt out above. In addition, the Government might choose to foster public service employment in Darwin so that the city can become a "Canberra of the North" - or, at least, of the Northern Territory. Alternatively, we may wish to have a significant presence in Darwin for defence or diplomatic reasons, but these aims need to be weighed against the costs of achieving them. We suggest that these considerations be canvassed in the report called for in our recommendations; we should not attempt to judge their relative weight at this time.

18. As also noted above, there has, in recent years, been an almost constant relationship of 6.5 to 1 population and the numbers of public servants employed in the city. It has not been established that there is a direct causal relationship associated with this ratio; but its existence does suggest that, if the Government wished to slow the rate of growth of Darwin, it may be able to do so by reducing the level of public service employment in the city. Implicit in this would be an acceptance by Ministers that there are elements of their departmental staff located in Darwin, whose presence in that city is not essential and could be located elsewhere. There is also, of course, the possibility of achieving staff reductions by rationalisation and integration of departmental operations in the city.
19. We suggest that Cabinet consider these matters further after receipt of the report called for in paragraph 2.

(REX PATTERSON)  
Minister for Northern Australia

(TOM JUREN)  
Minister for Urban and Regional Development

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THE RECONSTRUCTION OF DARWIN:

A report to the Minister for the Northern Territory in accordance with Section 9(2) of the Darwin Reconstruction Act, 1975.

1. INTRODUCTION

The Commission has adopted a programme for the rebuilding of Darwin over the five year period from 1975 to 1980. The purpose of this Report, which is submitted in accordance with Section 9(2) of the Act, is to inform the Government on:

(a) the magnitude of the reconstruction task;
(b) the apparent implications for Government financial and social policies;
(c) the need to confirm or otherwise vary those policies which are basic to the implementation of the Commission's Five Year Programme.

2. BASIC ASSUMPTIONS

The Reconstruction Commission's functions are defined by its Act, however, in the absence of specific policy directions from the Government the Commission has relied on authoritative public statements, on its professional judgement, and on its understanding of stated Government policies regarding the achievement of satisfactory social and physical environments in Australian cities generally. In the preparation of what is very much a "first assessment" of the overall reconstruction task the Commission has been acutely conscious that the financial implications go well beyond the actual expenditures under its own appropriation in the Budget. Clearly there are major expenditures by other government agencies together with highly significant effects
upon the private sector and the individual homeowner in Darwin.

The more important assumptions can be summarised as follows:

(a) that the principal task of the Commission is to re-house the pre-cyclone level of population and to restore key public buildings and essential services as quickly as possible;

(b) that by 1980 the population of Darwin will have reached approximately 56,000 inhabitants, and that the population growth rate will continue beyond 1980 at about pre-cyclone rates;

(c) that the building code adopted by the Commission will be applied to new structures and restored houses so that they will conform to acceptable cyclone-proof standards;

(d) that electricity reticulation should everywhere be undergrounded for reasons of public safety and to reduce exposure to cyclone damage;

(e) that urban development standards should be comparable with those required by the Government under the "growth centres" programme elsewhere;

(f) that the private householder will have limited ability to finance the cost of re-building his house, and that the private sector generally will be either unable or unwilling to enter into financial commitments to re-build because of high construction cost or uncertainty as to the future of the City.

The Commission certainly accepts that these assumptions are open to question, particularly assumptions about population and workforce projections. However, it should be noted
that public commitments have been made on behalf of the
Government most of which would tend to create in the public
mind a strong impression that the Government is firmly
committed to the rebuilding of Darwin in the shortest possible
time:

"... we have the opportunity of creating a city
with improved facilities in which former residents
and newcomers to Darwin will be able to lead a rich
and full life in safety."

Dr. Patterson 11.2.75

"On behalf of the Government I pledge a determined
and unremitting effort to rebuild your city and
relieve suffering."

Prime Minister 25.12.74

"We want to give confidence to people who have
lived in Darwin and to those who are minded to
work and live there, that this job will be seen
through to completion, but we also want to give
confidence that we expect the job will be able
to be fully and satisfactorily and soundly achieved
within a reasonable space of time."

Prime Minister 30.12.74

3. FIVE YEAR RECONSTRUCTION PROGRAMME

At its meeting on 22 May 1975 the Commission adopted a report
on the estimated Five Year Reconstruction Programme, to be used
as the basis for a report to the Minister in accordance with
Section 9(2) of the Darwin Reconstruction Act 1975. The
proposed 1975/76 Particulars of Expenditure have been forwarded
to the Minister as a separate item but they are consistent
with the overall Five Year Programme.
The Programme is aimed at the complete restoration of the physical fabric of the City to what it was prior to the cyclone. As an initial estimate the aggregate programme of capital works to be undertaken by the Commission amounts to about $770M at current prices, $667M of which is to be spent during the life of the Commission. The estimated five year programme does not represent an addition to Budget appropriation of this total amount as there would have been a significant programme of capital works in Darwin if cyclone Tracy had not occurred.

A summary of the estimates by categories is shown in Attachment 'A'. Excluded are those works which would normally be carried out by other statutory authorities, such as the N.T. Housing Commission, Port Authority, TAA, the Darwin Community College and such-like. Defence works are also not included.

The Programme must be regarded as simply indicative at this stage; however, the Commission is satisfied that there is a sufficient degree of reliability to enable the relevant policy implications to be identified and assessed by the Government. It is the Commission's intention that the Five Year Programme will be refined and revised, at least annually, so as to take account of changed circumstances or new policy directives by the Government.

The principle components of the Programme are as follows:

**Housing** ($470M - 61% of total)

The housing programme aims to supply the predicted demand by commencing 7,300 detached houses and 1,700 flat units in the five years to 1980; by restoring to the new code 3,400 existing houses and 1,300 flats; and by providing about 2,000
temporary caravans and relocatable homes to overcome the timelag inherent in the building programme. It is based on the expectation that the private sector will provide no more than 10% of the total. The annual expenditure necessary is shown on the attached summary sheet. The contribution of the Housing Commission is not included in the programme but is estimated as an additional 1,000 new houses to those restored by the Commission.

**Land Servicing ($85M - 11% of total)**

A main constraint on the housing programme is the availability of vacant and unencumbered blocks on which to build. There is also a need for large aggregations of blocks to permit system building by the major contractors. The land servicing programme is designed to overcome these immediate problems by providing new suburbs for development throughout the period. This item includes a substantial amount for the provision of underground electrical wiring, a policy adopted to avoid cyclone damage.

**Public Health and Welfare ($60M - 9% of total)**

Major extensions to Darwin Hospital and construction of Casuarina Hospital (both planned before the cyclone) account for most of this item.

**Education ($40M - 5% of total)**

Reconstruction of existing schools, construction of new schools planned pre-cyclone and of new schools to service new suburbs. The Darwin Community College is not included as part of the DRC programme. Proposals for a completely new college are being considered and presumably this will be the subject of a separate

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government decision.

Miscellaneous ($115M - 15% of total)

Roads and bridges, water supply and sewerage, cultural and recreational, commercial and industrial, legislative and law and order, fees and administration.

4. POLICY IMPLICATIONS

The Government will need to consider the financial implications inherent in this Programme and in the underlying assumptions about the standards and scale of urban development contemplated by the Commission. The significant matters requiring attention are:

Housing Costs

Post cyclone housing costs will be very high. Contract prices for tenders recently let were about $42,000 and completed prices will be higher because of the operation of rise and fall clauses. Economic rents for these houses, calculated on the basis on which the Housing Commission is required to operate, will be $100 per week or more. Very few people will be able to pay such rents and few will be willing to build themselves, even with the low interest finance offered by the Government. It is understood that pre-cyclone public servants were paying on average between $15 and $25 per week in rent.

Undergrounding of Electricity

If the cost of undergrounding electricity reticulation is passed on to consumers, charges will be inordinately
high. Government assistance to meet these costs is certain to be needed.

Community Facilities

The provision of community facilities and the day-to-day maintenance and operation of the city is undertaken by the Darwin City Corporation. The Corporation could be expected to be facing financial difficulties even if restoration was restricted to the level of facilities available before the cyclone. The Reconstruction Commission would take the view that the standard of community facilities in terms of cultural and recreational buildings and open space was previously not consistent with proper urban development standards. During the reconstruction period some special provisions to upgrade urban development standards would be justified without adding to the financial burden on the local residents. The present financial arrangements with the City Corporation may need to be reviewed accordingly.

Rate of Reconstruction

It can be argued that there are cost penalties associated with the rapid rate of reconstruction proposed. This is primarily because of the need to shift substantial quantities of labor, materials and equipment to Darwin and the associated establishment costs. Existing transport facilities are likely to be over-strained and expenditure to improve them may be required.

On the other hand, these factors can be offset in part by expected economies of scale - evidence of this has already been displayed in the housing tenders received. Moreover, the social costs of delaying the
provision of permanent housing for the 30,000 existing inhabitants cannot be ignored.

**Population**

As stated above the Darwin Reconstruction Commission has prepared this first Five Year Programme on the assumption that the population would reach about 56,000 by 1980. It acknowledges that the Government may want to take policy decisions which would affect either the rate of population growth or the ultimate population. Unless such decisions were aimed at a drastic reduction from the pre-cyclone figure, the early years of the Five Year Programme would not require any major adjustment because the emphasis in those years is placed on re-housing the existing population. However, such decisions should not be deferred because they can have a significant effect on the Reconstruction Commission’s forward planning and on specific items such as the hospital, location of airport and transport planning.

**Other Authorities**

As previously mentioned, the proposals by other statutory authorities have not yet been fully examined. In other parts of this report some comment is made about the Housing Commission and the Darwin Community College. Discussions with the Port Authority suggest that expenditure to the order of $10 million is under consideration, but this is subject to separate government decision. The Darwin Reconstruction Commission would be of the view, subject to confirmation, that proposals by other authorities in Darwin are likely to be relatively insignificant.
5. RECOMMENDATION

It is recommended that:

(i) the basic assumptions on which the Commission's Five Year Reconstruction Programme is based be noted;

(ii) the IDC on Darwin be requested to assess the policy implications of these basic assumptions and prepare recommendations to the Government on how they should be dealt with. The IDC report should be prepared as a matter of urgency.

5 June 1975.
Report of the Darwin Reconstruction Commission cont’d

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**NOTE:** Estimates exclude capital for Defence projects and Administrative expenses of the D.R.C. which would be appropriately apportioned separately.
DEPARTMENT OF THE PRIME MINISTER AND CABINET

THE PRIME MINISTER:

DARWIN RECONSTRUCTION

In Submission No. 1861 the Minister for Northern Australia and the Minister for Urban and Regional Development refer to a 5 year program for Darwin costing $770 million at current prices and $124 million for 1977/78.

There are a number of assumptions involved which may or may not be valid depending on the approach of the Government.

Population

The pre-cyclone population of Darwin was about 48,000 and estimated to rise to 75,000 by 1980. The 1980 projection is now 56,000. This projection rests on an assumption that there is a fixed relationship between public service employment in Darwin and the overall population. Decisions to be made about the future location of elements of the Department of Northern Australia could have a major impact on this estimate and accordingly on the requirements for building.

Housing Costs

The program assumes that housing costs will be as high as those for which tenders have been received. These were based on a building code which has since been modified with the intention of reducing costs.

Private Sector Costs

It is estimated that wage rates and other costs in Darwin will rise more rapidly than elsewhere due in part to the need to attract scarce resources to Darwin. The present industrial difficulties in Darwin reflect a decision to hold the line on flow-throughs from the earlier public service conditions approved by the Public Service Board. Provided the Public Service Board does not extend public service conditions and the industrial line is held, costs may not rise to the extent expected.

Type of Construction

There is an implicit assumption in the work of the Commission to date that there is to be a concentration on new housing rather than on rebuilding of old housing. A decision to divert more resources into rebuilding of those structures which have some basic framework remaining could result in reduced costs and quicker provision of necessary accommodation.

.../2
Strategic Aspects

There is an implicit assumption that there is a need for a continuing forward defence facility in Darwin. There is a need for a review of this strategic assumption.

Reconstruction Commission Staffing

There are murmurings in Darwin about D.R.C. "empire building". The Darwin Reconstruction Act 1975 gives the Commission the right to appoint its own officers. Section 37, however, provides for public servants to be made available to assist the Commission. Perhaps the Commission should be pressed to take more advantage of this Section rather than build up a separate and potentially costly administrative establishment.

The approach adopted in the Submission is to seek approvals for 1975/76 and to recommend that further planning be the subject of a report by September 1975. It would be necessary for the Commission and the IDC to have clear decisions from Government as to the public service future of Darwin, the defence future of Darwin and the general position of Darwin in relation to Northern Australia before it could produce a definitive program.

Ideally, the decisions should be taken before Submission 1861 is considered. In the meantime, we suggest that the level of commitment for 1975/76 be held to those expenditures for which contracts have been let or which are at an advanced stage of negotiation.

Beyond that the Commission should be instructed to contain expenditure until a report is available in September and the Government is in a position to make decisions on the long-term future of Darwin.

27.6.75

24 June 1975
MINISTER FOR NORTHERN AUSTRALIA
PARLIAMENT HOUSE
CANBERRA

14 JUL 1975

My dear Prime Minister,

I refer to your letter of 7 July 1975 concerning Submission No. 1861 by the Minister for Urban and Regional Development and myself on Darwin reconstruction.

Before turning to the specific issues raised by you I would emphasize that the intention underlying the Submission was simply to alert the Government to the possibility of the protracted duration of Darwin presenting major financial and budgetary problems in future years. Because of this Mr Uren and I saw the need for an in depth study to provide the basis for further consideration by Cabinet of the planning guidelines within which the Darwin Reconstruction Commission is to operate. It would, I believe, be wrong to place too much emphasis on the cost and population estimates provided in the submission and its accompanying report. These were only intended to present the broad picture and it would well be that the level of public authority expenditure which will be involved in reconstruction is overstated. Certainly I would expect more detailed and considered estimates to be provided in the proposed report by the Interdepartmental Committee.

You have pointed out the need for quick decisions about the future location of elements of the Department of Northern Australia and the impact these could have on the estimated building program. I have already made a public announcement regarding the location of the Permanent Head of the Department of Northern Australia in Canberra. This will, of course, mean that there will be no increase in Public Service employment in Darwin resulting from the creation of that Department. Generally speaking that part of the Department of Northern Australia remaining in Darwin together with the 282 staff relocated in Brisbane following the cyclone, represents the minimum necessary to service the Northern Territory.
Your reference does, however, open the question as to whether other departments should be made aware that they should not pre-empt the Government’s review of the situation by increasing their Darwin presence in the coming months. I have in mind here, for example, that only recently the Atomic Energy Commission commenced to move staff into the city as part of a new venture.

In view of the fact that no long term commitment is being sought in the submission, I wonder whether the statement that the estimated 1980 population of 56,000 rests on an assumption that there is a fixed relationship between Public Service employment in Darwin and the overall population is material. As the submission points out historical evidence suggests that there seems to be a public service employment/population ratio of 1/6.5 but it has yet to be established that this results from a direct relationship.

The five year program submitted by the Reconstruction Commission, and more specifically the program for 1975/76, included estimates based on the known contract price of approximately $42,000 per housing unit. Since that date the building code has been modified and it is estimated that this will result in savings of approximately $2,500 for timber framed houses and $800 for houses constructed of concrete. The Commission is also investigating alternative methods of construction which, it is hoped, will result in lower costs for the future. It is also arranging for various contractors to establish proto-type houses which will still meet the building code but result in lower costs. It is expected that with more experience in the application of the code and as contractors are surer as to their cost structure, the future contract prices will be less than $40,000. It is obvious that some of the original tenders had of necessity included establishment costs which should not be repeated in later contracts. On the other hand, all contracts will include rise and fall provisions and price rises in material costs at the source of supply could of course affect the situation.
It is true that there were early forecasts that there would be wage demands out of keeping with the rest of Australia when the project got under way. These forecasts were based on events which have occurred in other major projects in isolated areas, particularly those associated with mining ventures. In view of the recent events on the industrial front and the fact that the Government does not necessarily have the same financial/profit commitment of a commercial organisation, the unions' bargaining strength will not be as strong. In Darwin itself the failure of the unions to win the recent claims for the Government to meet air fares and other costs has weakened the position of the union officials who took the attitude that they could force the Government to meet the claims. The present industrial situation is very quiet and there is no reason to believe that in the immediate future unions will prejudice their own livelihoods by creating a situation which would slow down or bring to a halt the reconstruction of Darwin. In short it would seem that wage rates and other costs will not rise more rapidly than in other parts of Australia.

It is true that the major contracts let by the Commission are for the construction of new houses on vacant land. This action was taken after reviewing the situation of the pre-cyclone structures which had been damaged and were in a repairable state. The reason for this decision was based firstly on the extreme necessity to provide, as quickly as possible, houses into which people could be moved in order that the repair work could be done to the structures in which they were living.

A further point which had to be considered was that whereas a contract could be let for a large number of houses based on tenders submitted by potential contractors, the rebuilding of the damaged structures involves negotiations for the cost for each individual housing unit.
The Commission is already proceeding with the design of a housing core unit which can be mounted on repairable existing structures to form the basis of a permanent home. It is expected that a large number of these units will be repairable at an average cost of $20,000 as opposed to the present cost for new homes.

In addition to the above, the Northern Territory Housing Commission, in conjunction with the Darwin Reconstruction Commission, has carried out extensive investigations in ways of strengthening their existing brick homes which were damaged to varying degrees. The Housing Commission has estimated that there are some 1,000 homes in this category which could be repaired to meet the building code at a cost of approximately $10,000 per house.

Again, the Housing Commission has the same problem of finding units on which the repair work can be done to provide accommodation for the present residents who are living in houses notwithstanding their damaged condition. It is expected that the Housing Commission will require at least three years to repair these 1,000 homes. The Reconstruction Commission expects to reconstruct at least 400 damaged Government homes in its 1975/76 program.

The Reconstruction Commission is very mindful of the necessity to provide water-proofed accommodation, and where possible, cyclone-proofed buildings before the commencement of the next wet season later this year. Recognising the impossibility of making significant inroads in the repair of damaged houses before the wet season, the Commission has, in conjunction with the Department of Northern Australia, arranged for the provision of some 1,200 caravans and 500 relocatable houses, all of which should be insitu before the wet season.

Special efforts are being made to secure these units for protection against cyclonic winds.

The review of the extent of Defence Facilities in Darwin in the future is not expected to affect the immediate situation but will certainly be required before the Committee reviewing the future of Darwin can make an informative report as to the effect that any changes would have on the community. It is not known whether the Defence Department is in a position to give any indication, at this stage, of the likely trend.
Section 37 of the Darwin Reconstruction Act was specifically included to enable the Commission to obtain the services, either on secondment or on an agency basis, of officers or employees of Government Departments. Where possible officers have been obtained on loan and in some instances particular sections of the Departments in Darwin such as Housing and Construction and the Department of Northern Australia have been used as agents of the Commission. However, it has not been possible to use this section to the extent which had been anticipated due to the shortage of specialist staff in the Departments remaining in Darwin. The evacuation of many individual key personnel or the selected transfer of particular Departments or sections of Departments to Brisbane and other States has reduced the workforce of most Departments to the minimum necessary to keep Government services in operation. The Commission has expressed a keen willingness to use this Section wherever possible but has reported that either Departments have been unable to provide officers on secondment or that the individual officers are unwilling to transfer to the Commission on the conditions which can be offered to them. In an effort to reduce the permanent staff of the Commission and also the private consultants, a special working liaison has been established with the Department of Housing and Construction and also the Snowy Mountains Engineering Corporation have been requested to indicate what assistance they may be able to give.

It is true that there has been some criticism in Darwin which suggests that the Commission is "empire building" without showing anything for its work. Most of this criticism is made in ignorance of the work which is required to organise a program of the size envisaged by the Commission. However, I enquiring a further look at the structure of the organisation in view of this criticism. The more time required in revising the building code, calling for tenders, reviewing these tenders and reaching agreement before contracts involving some $60 million could be placed is not fully appreciated by the public nor is the fact that all major contractors have indicated that they could not be expected to organise their staff, work camps and supplies (all of which have to be obtained outside the Territory) under two to three months. All contracts were negotiated to achieve the shortest completion time but notwithstanding this effort, the present indications are that of the contracts let for 1,300 new houses, only about 160 will be available for occupation by the start of the wet season.
The suggestion that the Reconstruction Commission should not commit expenditure beyond existing contracts or those which are at an advanced stage of negotiation, will jeopardize the Commission’s plans for 1975/76 and will certainly be severely criticized by the public who are already uncertain as to what action the Government is taking to keep its promise to rebuild Darwin.

It will also lead to a loss of confidence in the private business sector who, up to this stage, have shown a willingness to reinvest in the building of Darwin.

It is considered that even if the whole of the proposed 1975/76 program were committed, this would in no way pre-empt a Government decision to either slow down further development of Darwin or in fact adopt a deliberate policy of trying to limit the growth of Darwin to a specific level.

The contracts committed to date and the programs submitted for 1975/76 were deliberately selected as being items which were necessary even if Darwin were to be limited to below the pre-cyclone levels.

I have instructed the Commission to withhold entering into any further major commitments but at the same time seek an early decision in order that there will not be any undue delays in implementing the program.

Following discussions with Mr Uren last week I am also seeking further information from the Commission in relation to the prices being paid to people wishing to sell their properties to the Commission. There are several matters in this regard which worry me, particularly the extent of the possible financial commitment involved.

Yours sincerely,

(DEX PATTERSON)

The Hon. B.G. Whitlam, Q.C., M.P.,
Prime Minister,
Parliament House,
CANBERRA, A.C.T.
Supplementary notes on Submission 1861 [A5931, CL1527, pp. 41–40]

SECRET – AUSTEO

SUPPLEMENTARY NOTES ON CABINET SUBMISSION

No. 1861

DARWIN RECONSTRUCTION

We recommend support for option 1 as put forward by the CERC officials that is reduction of the expenditure bid to about $100 million.

2. On 7 July 1975 you wrote to Dr Patterson, Mr Uren and Mr Morrison seeking further information on a number of matters raised in the submission. Copies of replies from Dr Patterson and Mr Morrison are attached. We understand a reply from Mr Uren may be received later today and this will be passed to you.

3. Dr Patterson's reply while it is generally defensive in tone concedes that there are a number of assumptions behind the original submission which suggests there is a possibility of reducing the level of expenditure in Darwin in 1975/76.

4. Mr Morrison's reply concludes that there is a continuing need for the existing defence facilities in the Darwin area. This raises a particular problem on which an urgent decision is required for the purpose of planning Darwin and that is whether the aerodrome must be relocated.

5. We suggest that the Ministers' responses tend to support the suggestion by the CERC officials as option 1 - that the expenditure bid be reduced to say $100 million.

SECRET – AUSTEO

.../2
6. The submission recommends that an IDC should report on the long-term Darwin situation by September 1975. We suggest that this report should be pursued and that it should include an assessment of the availability of resources for any program to be put forward. We suggest the need for Housing and Construction to be added to the Committee to ensure that the assessment of resources is a useful one.

Development Division
14 July 1975
AD HOC COMMITTEE ON BUDGET EXPENDITURES

DARWIN RECONSTRUCTION
(SUBMISSION NO. 1861)

MINISTER FOR URBAN AND
REGIONAL DEVELOPMENT AND
MINISTER FOR NORTHERN
AUSTRALIA

SYNOPSIS
The Ministers seek approval to the proposed 1975/76 construction
program for the Darwin Reconstruction Commission; a direction
to the IDC on Darwin to report on the long-term economic
viability and functional role of Darwin; and, in the light of
the IDC's report, authority for the Commission to prepare, by
September 1975, a revised 5-year program of public investment
in Darwin.

AD HOC COMMITTEE RECOMMENDATION
That an amount of $102.6 million be provided for the
1975/76 construction program for the Darwin Reconstruction
Commission.
Report on Budget Expenditures cont’d

COSTS AND OPTIONS

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<tr>
<td>Minister's proposal</td>
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<tr>
<td>Option 1</td>
<td>102.6</td>
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* Revised estimate; includes $2.6 million for administrative expenses which is not in dispute.

COMMENTS

1. Attached to the Submission is a copy of the Darwin Reconstruction Commission's report to the Minister for Northern Australia in accordance with Section 9(2) of the Darwin Reconstruction Act. The Commission's Report is aimed at informing the Government on the magnitude of the reconstruction task (pages 3-6 of Report) and the implications for Government financial and social policies (pages 6-8).

2. It is clear that Darwin reconstruction involves many complex issues having far reaching policy implications. It is doubtful, however, whether justice could be done to all these important issues in the very limited time that Budget Cabinet can devote to it. Final consideration might be deferred until shortly after the Budget.

3. Moreover, it would seem important that officials have some general appreciation of the Government's attitude towards Darwin's future development, and of the role of the Darwin Reconstruction Commission, to guide them in preparing the report proposed by the Ministers. In brief, officials need political guidance.

4. A fundamental issue is whether Darwin is, to be reconstructed on an open-ended basis with all the self-generating forces that operated before the Cyclone, or whether positive...
restraints are to be exercised with firm population targets in mind. Key factors are the extent of Public Service employment in Darwin, (is the Department of Northern Australia, for example, to be located in Darwin?) and the extent of Government subsidisation of Public Service employment conditions (concessional housing, district allowances and other attractions). In other words, before officials delve too deeply into the problem, it seems necessary for the Government to address itself to such fundamental questions as Darwin's future status and, very generally, the volume of the resources it is prepared to see allocated to the city.

5. One of the basic assumptions in the 5-year program (1975-80) submitted by the Commission is that, at the end of the period, the Darwin population will have reached approximately 56,000, and that population growth will continue beyond 1980 at about pre-Cyclone rates. Apart from land servicing, however, there is little in the first year's program (1975-76) that commits the Government to a specific population target for 1980.

6. Against this background, OPTION 1 is to defer the proposed major urban subdivision of Malak ($3.2 million) for the time being and, in view of the generally acknowledged uncertainty about the availability of building and construction resources, and the need for overall budgetary restraint, to reduce the expenditure "bid" from $122.1 million to, say, $100.0 million. It is believed that the latter figure is more realistic in terms of what can be spent. However, if in the course of the year it could be demonstrated that further amounts could be spent effectively in 1975-76, the possibility of additional funds could be a matter for consultation between the Minister for Northern Australia, the Treasurer and the Minister for Urban and Regional Development.
Decision 3776 on Submission 1861 [A5915, 1861]

CONFIDENTIAL

CA B IN E T M I N U T E
Canberra, 23 July 1975

Decision No. 3776

Submission No. 1861 – Darwin Reconstruction

The Cabinet agreed that:–

(a) an amount of $102.6 million (including administrative expenses ($2.6 million)) be provided for the Darwin Reconstruction Commission in 1975/76 but without commitment at this stage to any population target or proposed expenditure in subsequent years; and

(b) an Ad Hoc Committee of Cabinet, comprising the Treasurer, the Minister for Northern Australia, the Minister for Urban and Regional Development, the Minister for Repatriation and Compensation and the

CONFIDENTIAL
Decision 3776 cont’d

CONFIDENTIAL

2.

Decision No. 3776 (cont.)

Minister for Environment, should consider guidelines for Darwin reconstruction, and report to the Cabinet.

[Signature]

Secretary to Cabinet
Letter from Secretary, Department of Northern Australia, to Secretary, Department of the Prime Minister and Cabinet [A5931, CL1527, p. 71]

Department of Northern Australia

3 September 1975

The Secretary,
Department of the Prime Minister
and Cabinet,
CANBERRA. A.C.T. 2600

DARWIN RECONSTRUCTION - CABINET DECISION
NO. 3776 OF 23 JULY 1976

I refer to your letter of 2 September 1975.

It is our understanding that the decision to establish an Ad Hoc Committee of Cabinet to consider guidelines for Darwin Reconstruction resulted from a proposal by the Treasurer on the advice of his Department. Neither I nor my Minister are aware of the reasoning underlying the Treasurer's proposal or the specific issues he wished to have considered by the Committee.

We understand, however, that certain Ministers on the Committee expressed reservations on involving officials in the exercise and we assume, therefore, that the Committee's deliberations are to be of a largely political nature.

In the light of the foregoing, and having regard to the fact that the Treasurer was named first among the members of the Ad Hoc Committee, this Department does not see itself as having the co-ordinating role referred to by you. In the circumstances, it is suggested that your enquiry might more appropriately be directed to the Treasury.

(T.A. O'Brien)
Secretary
Mr Emerton

Cabinet Committee on Darwin Reconstruction

As you are aware I spoke to Dr Patterson's Private Secretary last week after seeing press reports of a proposed meeting of the Ministerial Committee on Darwin Reconstruction. Dr Patterson's Office will contact us when they wish a meeting arranged. Mr Hickey has also alerted the Department of Northern Australia to the need to liaise with the Cabinet Branch on the arrangements for any Ministerial meeting.

2. I have discussed the present position in respect of the Interdepartmental Committee with Mr Hickey yesterday (17/9). He advised that the IDC has not met and the Department of Northern Australia (Chairman) is reluctant to call a meeting. Instead the Department has asked other member Departments to produce any papers they wish the Ministerial Committee to consider. In the absence of any IDC meeting there has not been any consultation between the Departments concerned. The Department of Northern Australia then intends to arrange for a meeting of the Ministerial Committee to discuss these papers.

3. Mr Hickey expressed some concern to me at the course Northern Australia are pursuing as at best it will result in a series of uncoordinated papers being placed before Ministers. Mr Hickey understandably has doubts about such a meeting without prior coordination and preparatory work at the official level. He has expressed views along these lines to a very reluctant Department of Northern Australia without any favourable results.

4. If the Ministerial Committee is to operate at all satisfactorily there must be coordination between Departments on the IDC. This Department is not a member of the Committee and it seems inappropriate to introduce an additional Department such as Special Minister of State to coordinate. On the other hand Northern Australia has apparently ignored attempts made by this Department to persuade them to assume more than
a token role. The fact that there is a strongly held view by some departments that the Ministerial Committee's deliberations will be essentially political may partly explain the reluctance to involvement at the official level.

Signed

(G. E. Nichols)

18 September 1975
CABINET MINUTE

Ad Hoc Committee

Darwin Reconstruction

Canberra, 8 October 1975

Decision No. 4076 (Ad Hoc)

The Committee had for consideration the following papers circulated by the Minister for Northern Australia:

Policy Options for the Future Size of Darwin
(Paper No. DC1)

Land in Darwin (Paper No. DC2)

Existing Housing Arrangements – Darwin
(Paper No. DC3)

Reconstruction Costs and the Financial Viability of Darwin (Paper No. DC4)

2. The Committee agreed that

(a) it should have further guidance on the future role of Darwin; and

(b) as a first step, an Interdepartmental Committee comprising the Department of Northern Australia (Chairman), the Treasury and the Departments of Repatriation and Compensation, Urban and Regional Development, Defence and Environment should provide, within 30 days,
Decision No. 4076 (cont.)
(Ad Hoc)

a report to the Committee of Ministers
as to:

(i) what functions Darwin must serve in respect of
   a) defence; and
   b) economic activity in relation to industries in the region;
   and

(ii) the minimum population required to service those functions.

Committee Secretary