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Joint Select Committee on Northern Australia
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Dear Sir/Madam

RE: NORTHERN AUSTRALIA WORKFORCE DEVELOPMENT SUBMISSION

The following submission to the Inquiry into Northern Australia Workforce Development is compiled by the Shire of Broome, Western Australia.

The Shire of Broome is located in the south-west Kimberley in the far north of Western Australia and covers approximately 56,000 square kilometres, boasting a coastline of 900 kilometres which includes the world-famous Cable Beach. Broome has experienced rapid and continued growth over the last decade to become one of the fastest growing towns in the State. We are aware that staffing has been a consistent challenge across our LGA, and that there is critical shortage in almost every sector; including child care, aged care, construction, hospitality, health and agricultural industries.

In this submission the Shire of Broome has provided an outline of some of our most pressing issues and some recommendations to address these needs. We welcome the opportunity to discuss this further.

Regards,

SAM MASTROLEMBO
CHIEF EXECUTIVE OFFICER

Inquiry into Northern Australia Workforce Development

The Shire of Broome provides the following comments and recommendations to the Terms of Reference stipulated.

a) Trends in Northern Australia that influence economic development and industry investment including population growth, economic and business growth, workforce development, infrastructure development, and Indigenous economic participation;

In 2019, the Shire of Broome endorsed the *Broome Growth Plan*, a partnership between the WA Government, Industry and Traditional Owners. The Growth Plan is the Partnership's operating manual for achieving sustainable, above-trend economic growth and generating strong jobs growth. It is the outcome of expert investigations into the Broome economy and a summary of what the leadership and people of Broome believe about their bright future.

The Growth Plan identifies 5 key initiatives that have been chosen based on their strong potential to deliver the results required by the targeted scenario. These initiatives are outlined in more detail in the *Broome Growth Plan – Strategy and Action Program*. To achieve above-trend growth, the following key initiatives will be targeted in the short to medium term:

- Activating the traded economy. For many years Broome's economy has been heavily dependent on government subsidies and service delivery. Broome already has a number of successful but very small industry clusters; Tourism, Agriculture, Oil, Gas and Minerals and Culture and Arts. Fostering these industries with potential for strong jobs growth is a low-risk strategy.
- Activating the precincts of Broome. For Broome to successfully fulfil its role as a Regional Centre it must have the critical and enabling infrastructure to provide essential community, health, education, recreational and other services for the town's residents and visitors.
- Activating the Dampier Peninsula Activating the Dampier Peninsula provides a significant opportunity to build a more integrated regional economy and leverage existing competitive advantages. This initiative will support infrastructure and human capacity development on the Dampier Peninsula, benefit Peninsula Aboriginal communities and encourage jobs and growth in tourism, aquaculture and horticulture ventures.
- Activating the economic fundamentals Strong economic fundamentals support jobs and local business and are necessary for a region to successfully translate potential into real economic growth. In Broome this means fostering leadership, entrepreneurship and participation, amongst other things. Activating the economic fundamentals is critical for growth and therefore must be an initiative in its own right.
- Activating Broome's human capital Broome and the entire Kimberley is characterised by underdevelopment of the potential of its human capital, particularly its Aboriginal human capital. Even modest growth in education, skills and employment with the existing resident population will see significant returns with regards to standards of living and economic growth. New approaches led and owned by local communities are required to break the cycle of disadvantage.

Shire of Broome recommends the Government commit funding and resources to implementing the actions as identified in the *Broome Growth Plan – Strategy & Action Program*.

b) Impediments to building the economic and social infrastructure required to support industry and business to expand and create regional jobs;

The Shire of Broome supports various infrastructure initiatives across the LGA, including most recently the Town Beach redevelopment. These projects are resourced both internally and externally through contractors.

Most recently tenders for further project work have been unanswered due to a lack of capacity and resourcing within the LGA. For example, a recent tender released for an in-town road project to the value of approximately \$1,300,000 was tendered twice and on both occasions the Shire was unable to secure a Contractor due to capacity issues in that sector. Contractors are not tendering for work because they do not have the workforce to meet the demand, most likely facing similar challenges to those outlined below.

c) Challenges to attracting and retaining a skilled workforce across Northern Australia;

The Shire of Broome has experienced significant challenges in both attracting and retaining a skilled workforce for a number of years now. Employment data indicates a staff turnover of 30% for at least the last three years, which is significant in a workforce with less than 200 employees. Some vacancies for key workers across business units have remained vacant for longer than six months again indicating the difficulty in attracting high calibre applicants whether locally or intrastate.

Feedback collated suggests key factors influencing staff attraction and attrition relate to housing, childcare and cost of living.

In response to challenges generally in attracting and retaining a skilled workforce, the Shire of Broome recommends:

- The Federal Government support the extension of East Kimberley Designated Area Migration Agreement (EK DAMA) to include the Broome Local Government Area. The Shire provided a letter of support to the Broome Chamber of Commerce and Industry (BCCI) which we understand was submitted to the Federal Government in October 2022.
- The Government review and address the high cost of living compared to State and National averages. Findings of the most recent Regional Price Index (RPI) report show that, in 2021, the Kimberley was on average 10.8% more expensive to live in than Perth.

Lack of access to childcare services

The lack of available, suitable or affordable childcare options has had devastating consequences for the liveability, workforce and economy of Broome. Broome is widely regarded to be experiencing a childcare crisis. Studies indicate that the Kimberley is one of the worst regions in Australia for early learning availability. A recent Victoria University Mitchell Institute report designated the Kimberley as a 'Child Care Desert' (along with the Pilbara). A lack of childcare is not a new issue. The Kimberley Development Commission (KDC) has reported that it was one of the top three issues they were tasked to review even pre-COVID.

The Shire of Broome understands that the Federal government is responsible for the funding of the childcare sector through childcare subsidies. Reducing the price of childcare is applaudable, but while there are no spaces available, it is just creating more demand when what it is desperately required is more supply.

Since February 2022 Officers have been regularly contacting childcare providers to get their response to what is causing the childcare issue. Their responses are:

- Attracting and retaining staff to the childcare sector is difficult;
- Qualified staff are difficult to recruit and retain;
- The issue has been exacerbated significantly by the housing affordability crisis;
- There has been a surge in demand for places.

In response to the childcare crisis, the Shire of Broome recommends:

- Government review its policies and actions to determine if new and unique solutions could be offered in Northern Australia to support recruitment and retention in the childcare sector

The Shire of Broome has also received the following recommendations from the *Australian Childcare Alliance Western Australia*, which is copied below:

- Financial reimbursement from the State Government to Diploma Qualified staff to upskill to an ECT 0-5 degree, similar to states such as Victoria and New South Wales.
- Discounted Course fees State Government to continue the current discounts being offered on the cost of a Certificate 3 and Diploma courses and remove the cessation date.
- State Government to run a media campaign focusing on the Early Childhood Sector, promoting the opportunities and value it brings and showcase some of the benefits of working in the industry.
- Rural and Remote Allowances - Rural and remote services are most severely impacted by a skills shortage in Western Australia. The State Government needs to review the current regulations to assist services in these areas to remain operational.

Lack of affordable and available housing in Broome

There are significant issues with housing supply in Broome that create an impediment to the attraction and retention of a skilled (and unskilled) workforce in Northern Australia, with particular issues creating an acute impact on housing supply in the Shire of Broome.

Lack of availability of appropriate dwellings to rent or buy has been proven to result in people leaving the Shire to seek employment in locations where housing is more available and affordable. There is substantial evidence that there have been many businesses that have lost employs that have had to leave the Shire due to lack of housing, as well as evidence of Government and businesses failing to attract people to Broome due to lack of housing (let alone affordable housing). The Shire of Broome has been directly impacted when recruiting new employees by unavailability of housing.

Land supply

Currently there is an undersupply of serviced and titled residential land available in Broome, with a relatively critical short term serviced and titled land supply issue impacting on housing supply by limiting the capability to build a new home. This impacts on business seeking to build homes for employees as well as individuals seeking to build a dwelling.

The table below shows planned lot releases for the next few years:

YEAR	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
ESTIMATED SUBDIVISIONS AND LAND RELEASES												
<i>DevelopmentWA Broome North Subdivisions</i>												
Stage 11		33										
Stage 12			40									
Stage 13			26									
Broome North LDP 2 and LDP 3					900 lots future staging TBC							
SUB TOTAL		33	66									
<i>Roebuck Estate Developments</i>												
Stage 8c and 15a			15									
Stage 11c		36										
Stage 11d		22										
Stage 17a3	22											
Stage 17a4		7										
Stage 17a5		15										
Stage 17a6												
Stage 17a7		8										
17b				67								
Grouped Housing			10									
SUB TOTAL	22	88	25	67								202
TOTAL ESTIMATED SUPPLY	22	121	91	67								
SHORTFALL	78		13	39								
OVERSUPPLY		21										

Source: DevelopmentWA and Roebuck Estate Developments.

As can be seen in the table the short term critical lack of availability will be partially resolved imminently with up to 91 lots being released within six months and 280 lots within the next 24 months, however, Shire of Broome data and Development WA analysis indicates that around 100-110 new dwellings per annum are required to meet demand, while analysis from the Kimberley Development Commission concludes that 150 new dwellings are required per annum.

With few lot releases in recent years other than the 22 released this year, land releases are not expected to meet demand for up to four to five years, and there is currently no definite land releases confirmed beyond this date, although DevelopmentWA are currently developing plans for future land releases. 22 Lots have been released on 2022, and while 121 lots are planned to be released in 2023, demand will continue to outstrip supply for some time.

Building sector capacity

When considering the availability of housing it is also important to consider where there is no failure.

There are currently no capacity constraints in the building sector in Broome. Several building companies are currently publicly advertising that 3x2 and 4x2 dwellings can be constructed in less than six months and will sign contracts accordingly. Builders are confirming 16 week build times from issuance of building permit to practical completion and availability to commence immediately.

This is because building techniques and materials are different in the Kimberley than in other regions. This situation may change if insufficient new residential land is released as people employed in trades may leave for work in other locations.

Unhosted tourist accommodation

There is little evidence that there is a significant impact on housing availability from the conversion of dwellings from long term residential to short stay tourism uses, such as Stayz and AirBnB. While there are already many existing tourist rooms advertised through these platforms, only 75 residential dwellings are currently being utilised for this purpose. While there is some impact, this is not considered a significant impact on housing availability.

Government policy settings

We consider that a significant issue affecting the availability of affordable and available housing in Broome is government policy on housing for government employees.

Currently the Department of Communities through the Government Regional Officer Housing (GROH) program leases dwellings through the private rental market to provide housing for Government Employees instead of building new dwellings for government staff. As at 30 September 2022 GROH owns 75 dwellings in Broome and leases 355, a total of 430.

17% of GROH homes are therefore owned in Broome while 83% are leased from the private rental market. With only 17% ownership of housing in Broome, it is considered that GROH has substantially compromised the housing sector in Broome by not investing in building new dwellings for government employees.

With 0% vacancy rates this has created a spiralling increase in rental values that has priced many people, especially key or service workers, out of the rental housing market. This has created significant employee shortages as well as increased business operating costs for staff and housing.

Anecdotally there also appears to be an issue with the type of dwellings that GROH owns and leases, with 3x2 and 4x2 dwellings leased for the provision of housing for a single occupant. If this is the case GROH needs to invest in a diverse range of dwelling types to accommodate need, and agencies requesting housing should be compelled to ensure housing requests are aligned with housing need.

Land supply is not a barrier for GROH, with the Department of Communities currently holding 44 vacant serviced lots capable of yielding significant dwellings yields. GROH currently has 21 vacant services lots allocated to it in Broome North. Four of these are sized and zoned for grouped dwellings that would yield 16 dwellings, leaving 17 single dwelling lots. Total dwelling yield for GROH in Broome North is a minimum of 33 dwellings.

Furthermore, GROH can acquire land in DevelopmentWA land releases. DevelopmentWA have confirmed that an additional 6 single dwellings lots are allocated to GROH in stages 12 and 13 of the Broome North subdivisions, and another 9 lots yielding 19 dwellings are allocated to Department of Communities for public housing.

Many government agencies that seek housing from GROH are unable to source housing, and consequently lease directly through the private sector. This intervention in the housing sector is further evidenced by Horizon Power buying land to build dwellings rather than leasing from GROH or even leasing directly from the private market to ensure they can obtain housing.

GROH has serviced and titled land in Broome to develop immediately, and if funding was available through the State government these lots could service the significant demand in Broome for additional GROH housing, currently estimated at 30 dwellings per annum for the next four years. This would allow for dwellings already leased by GROH in the private rental market to be made available to private sector renters.

Shire of Broome actions

The Shire has strongly advocated for solutions to address housing issues in Broome. Numerous meetings with the WA Minister for Housing as well as Director General of the Department of Communities have occurred exploring various opportunities to provide more housing and improve the housing situation in Broome.

Key among these is the development of the Broome Urban Renewal Strategy. The Urban Renewal Strategy was prepared by the Department of Communities working closely with the Shire of Broome, and contains a number of recommendations to improve the amenity of three major housing precincts in Broome. The Shire has been a strong advocate of this Strategy to achieve outcomes that would address the housing crisis as well as achieve the objectives of the Strategy.

As an example, a program could be developed to swap or reallocate assets between GROH and Department of Communities to provide more housing for GROH in older parts of Broome, contributing to the availability of GROH housing and also decentralising public housing.

In 2021 The Shire of Broome instigated a Housing Crisis Round Table, with all key government agencies participating. No specific action eventuated as the cause of the crisis was evaluated, and any potential for speedy resolution was missed.

More actively, the Shire is pursuing development of Key Worker accommodation on a site known as Sanctuary Road Caravan Park. This solution takes the form of Park Homes or Cabins that would be allocated for Key Worker accommodation, with 90 2x2 and 3x2 dwellings allocated on this site to address the chronic shortfall of key workers accommodation. Over time up to a third of these units could be transitioned to over 55's accommodation ('well aged living units') if demand for key worker units normalises.

Longer term the Shire has a site named McMahon Estate that it has developed a business case for that will yield 120+ dwellings. This would be suitable for Shire staff and GROH housing when completed, however, this is not likely to be for 2-3 years.

The Shire of Broome connected with the National Housing Finance and Investment Corporation (NHFIC) and Northern Australian Infrastructure Facility to determine whether they could support housing projects we are currently working on (Sanctuary Road and McMahon Estate) but it was determined that both were ineligible for those programs. There were also significant hurdles to accessing these funds, even if they were eligible, such as the need to set up a constitutional corporation (SPV).

In response to the housing crisis, Shire of Broome recommend the following to address the availability and affordability of land and housing in Broome:

- **Fund** and implement the Broome Urban Renewal Strategy (strategy available on request)
- **Fund** the subdivision and release of residential land at McMahon Estate (business case available on request)
- **Fund** the development of Key Worker Accommodation as part of the Sanctuary Road Caravan Park (business case available on request)
- **Advocate** for the timely and efficient subdivision and development of serviced and titled land with a range of land options being provided (eg first homebuyer, grouped housing)
- **Advocate** for State Government housing providers to review the ownership mix and type of dwellings that they own and lease to ensure that housing types provided match occupancy needs
- **Advocate** for Government housing providers to review their programs to support employees becoming home-owners, rather than renting in the private market, by ensure that purchasing is more beneficial than renting
- **Provide** greater flexibility in Federal housing funding initiatives that meet the needs of smaller local governments
- **Provide** taxation incentives for purchasing of dwellings to encourage purchase over renting, including but not limited to a review of stamp duty tax in remote and rural areas.