



# Avon Regional Organisation of Councils

AROC Governance Group Meeting

## 2 September 2024

Commencement at 11.00 am

# MINUTES

To: AROC Members

Here within are the minutes of the AROC Governance Group (President's & CEO's) meeting held on the abovementioned date and commencement time, in Council Chambers at the Shire of Toodyay, 15 Fiennes St, Toodyay.

A handwritten signature in blue ink, appearing to be "AB", representing Aaron Bowman.

Aaron Bowman  
**CHIEF EXECUTIVE OFFICER**  
*AROC Secretariat*

6 September 2024

## Preface

These Minutes will remain "Unconfirmed" until the next AROC Meeting, where the Minutes will be tabled and confirmed subject to any amendments.

The "Confirmed" Minutes are then signed off by the Chairperson.

Attachments that formed part of the Agenda, in addition to those tabled at the Meeting are incorporated into a separate attachment to these Minutes

## Distribution

These minutes were approved for distribution on ..... 2024.



Aaron Bowman  
**CHIEF EXECUTIVE OFFICER**

## Confirmation

These minutes of meeting were confirmed at a meeting held on ..... 2024.

Signed: .....

*Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.*

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**ATTACHMENTS with separate index follows item 5.**

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## **1. DECLARATION OF OPENING**

*The AROC in-person meeting commenced at 11.08 am.*

### **1.1. Announcement of Visitors**

Mark Wallace (Econosis), Janine Eriksson (JE Planning), Alex Mackenzie (Wheatbelt Development Commission)

Cr Dival brought forward item 3.1.1 Workforce Housing Investigation and invited the consultants to begin their presentation.

Please see the presentation slides, provided as an attachment to the minutes.

Discussion following the presentation included:

- Cr Trent – Is it possible to extrapolate figures and apply to the broader region? Response (Mark) – yes to a degree, however data does vary between locations, especially the Cost Benefit Assessment (CBA) which is site specific.
- Cr Trent – noted modular home model of development, asked why brick and tile was not included? Response (Alex) – modular construction is on average cheaper, faster by 18 months and requires up to 12 less trades in the construction process. Modular homes offer better value and potential to overcome feasibility challenges.
- A Bowman – queried the population forecasts; response (Mark) the forecasts are aggregated for the subregion; noted WA tomorrow forecast data is outdated, tells a different demographic and worker needs story, demand does not align.
- Alex Mackenzie (WDC) – reiterated that 85% of workforce housing demand is within just six Wheatbelt Shires; demand is for grouped dwellings; development needs to overcome feasibility challenges, land needs to be project ready, with related planning scheme capacity.

### **1.2. Record of Attendance and Apologies**

Cr S Dival	Deputy Shire President, Shire of Toodyay
Mr A Bowman	CEO, Shire of Toodyay
Cr P Bantock	Shire President, Shire of Victoria Plains (Zoom)
Mr S Fletcher	CEO, Shire of Victoria Plains (Zoom)
Mr S Bryce	CEO, Shire of Goomalling
Cr J Chester	Shire President, Shire of Goomalling
Cr K Trent	Shire President, Shire of York
Mr C Linnell	CEO, Shire of York (Zoom)
Cr C Antonio	Shire President, Shire of Northam (Zoom)

Mr Colin Young	Executive Manager Corporate Services, Shire of Northam (Zoom)
Mrs K Murray	Executive Officer, AROC

Apologies

Cr M McKeown	Shire President, Shire of Toodyay
Ms D Terelinck	CEO, Shire of Northam

## 2. MINUTES AND ADDITIONAL INFORMATION

### 2.1 Confirmation of Minutes

**RECOMMENDATION/AROC RES. NO.01/09/24**

**MOVED** Cr Trent                      **SECONDED** Cr Bantock

That the Unconfirmed Minutes of the Avon Regional Organisation of Councils meeting held on 22 July 2024 be accepted as a true and correct record.

**MOTION CARRIED**

### 2.2 Review of Status Report

Review of actions and progress arising from previous meetings and decisions.

Points raised as follows:

Climate Change Initiatives – on hold. EO attended WALGA’s online Climate update which provided an overview of current Federal, State and WALGA policy and practice initiatives. WALGA is seeking funding for Regional Climate Alliances in the 2025 State budget.

Corella Management – EO advised that a WNRM will host a steering group meeting on 10 September via Teams. A terms of reference for the steering group has been drafted. Toodyay and Victoria Plains were nominated by the Officer’s Group to represent AROC.

Water sustainability – no recent action.

Road clearing permit – no update.

Housing shortage – The consultants provided an overview of the AROC-Dandaragan Workforce Housing Study results, housing project business cases and cost benefit analysis, to the Governance Group meeting.

Regional collaboration on waste – EO to contact Gascoyne Development Commission, Wheatbelt Development Commission,

and the City of Albany regarding approaches to regional collaboration on waste management. Scope of works for a regional waste strategy to be developed.

Office of Auditor General Audits - EO has written to the Chair of the Committee, Minister Collier, to request an inquiry into the OAG's performance of audits and increased audit fees.

Live sheep export ban - EO is preparing a letter for the Hon Julie Collins MP, Minister for Agriculture, Fisheries and Forestry.

Canberra delegation - The Officer's Group recommends deferring a delegation to Canberra until after the Federal election. It will provide adequate time to prepare AROC's advocacy approach, including identifiable branding, an online presence and advocacy materials to explain collective and individual priorities. It will also enable engagement with the candidates for the new Federal electorate of Bullwinkle.

## **2.3 Inward / Outward Correspondence**

### **2.3.1 Financial Report**

**RECOMMENDATION/AROC RES. NO.02/09/24**

**MOVED** Cr Antonio

**SECONDED** Cr Chester

That the financial report, as forwarded, be received.

**MOTION CARRIED**

## **3. OTHER BUSINESS / NEW BUSINESS OF AN URGENT NATURE**

### **3.1 Submissions, presentations or representations from third parties;**

#### **3.1.1 Workforce Housing Investigation**

See 1.1 above.

### **3.2 Matters referred by the Officer's Group for consideration or decision;**

#### **3.2.1 AROC branding and website development**

At the May Governance Group meeting, members agreed to allocate \$1,000 to develop a logo for AROC. It is recommended that AROC also develop a website to create an online presence to increase awareness of, and further promote its work. Currently, the only mention of AROC online is via member websites. A standalone website will foster an identity for AROC as a collective and enable promotion of each member local government.

The decision to send a delegation to Canberra to advocate on key issues of importance to the Avon region, has highlighted the need for an online

presence, and branding that enables AROC to promote itself and the issues/actions required to benefit our communities.

**RECOMMENDATION:**

1. That a panel be formed to oversee a procurement process to appoint a service provider to develop a logo, branding package and website for AROC.
2. Upon selection of the preferred supplier, that the Governance Group approve an expenditure amount in accordance with the quote provided.

**Discussion:**

- A Bowman - Questioned the value and purpose of branding and a website? What is AROC's point of difference as a regional organisation of councils?
- S Fletcher – The purpose is to improve awareness of AROC's priorities and support advocacy.
- Cr Dival suggested that a detailed brief for branding should be developed.
- S Fletcher – An agency like Market Creations can assist with developing a brief.
- Cr Dival requested an amended recommendation which includes reference to developing a detailed brief, and suggested that a panel be formed to develop one.
- C Linnell suggested that the Officers Group develop a brief for the Governance Group to consider. There is value in developing an identity for AROC which demonstrates a point of difference, and reflects working together for the benefit of the region's population. AROC's voice needs to be heard.

**RECOMMENDATION/AROC RES. NO.03/09/24**

**MOVED** Cr Dival

**SECONDED** Cr Trent

That the Officer's Group prepare a branding brief for AROC to be considered by the Governance Group.

**MOTION CARRIED**

**3.3 Matters raised by individual member local governments for consideration;**

**3.3.1 National Local Government Housing Summit**

Cr Dival, Shire of Toodyay, provided an overview the National Local Government Housing Summit held in Adelaide.

### **3.3.2 Regional Freight Strategy – feedback on workshop paper**

Cr Antonio referred the Regional Freight Strategy paper to AROC to consider what feedback may be provided. There was no discussion on the item.

### **3.3.3 Resource Sharing**

A Bowman encouraged members to identify and consider opportunities for resource sharing e.g. staff positions.

Cr Trent agreed that resource sharing for professional positions would be useful.

S Bryce indicated value in learning from others' experiences of system selection, procurement and implementation.

C Linnell – workforce plan includes new positions that York is unable to fund entirely at present. Potential exists for a shared resource in waste education and internal audit preparation.

Suggested that members consider shared planning and engineering systems and procurement at a regional level, not just single resource sharing.

Action – Refer to the Officer's Group for further consideration.

## **4. CONFIRMATION OF NEXT MEETING**

The remaining 2024 meeting schedule is:

<b>2024</b>	<b>Officer's Group (CEO) Meetings</b>	<b>Governance Group (President's) Meetings</b>
	<b>11.00am</b>	<b>11.00am</b>
	<b>Zoom Meetings</b>	<b>Council Chambers</b>
<b>OCT</b>	21/10/2024	
<b>NOV</b>		18/11/2024
<b>DEC</b>	No meeting	No meeting

## **5. CLOSURE OF MEETING**

The meeting closed at 12.37 pm.





# AROC Governance Group Meeting

Attachments to Minutes – Monday 2 September 2024

## **Minutes and additional information**

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2.2 Status report

2.3 Inward / outward correspondence

2.3.1 Financial report to 22 August 2024

## **Other business/new business of an urgent nature**

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3.1.1 AROC Dandaragan Workforce Housing Investigation presentation slides

# AROC STATUS REPORT

## Avon Regional Organisation of Councils

*Secretariat*  
*CEO - Shire of Toodyay*

Purpose	Meeting Date	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary
2.1 Confirmation of Minutes	2/9/2024	That the Unconfirmed Minutes of the Avon Regional Organisation of Councils Governance Group meeting held on 2 September 2024 be accepted as a true and correct record.	18/11/2024	EO	18/11/2024	2.9.24: Minutes to be confirmed and signed at the 18 November 2024 Governance Group meeting.
Climate Change Initiative	12/07/2021	AROC CEOs to work together to identify a project we could apply for funding on a regional level.	Ongoing	ALL		2.9.24: On hold. EO attended WALGA's online Climate update which provided an overview of current Federal, State and WALGA policy and practice initiatives. WALGA is seeking funding for Regional Climate Alliances in the 2025 State budget.
Corella Management	13/03/2023	AROC RES. NO.02/03/23: That AROC members individually commit \$5,000 per annum in 2023, 2024 and 2025, and commit \$25,000 pa from AROC funds for three years, towards corella management activities.	2026	ALL	2026	2.9.24: EO advised that a WNRM will host a steering group meeting on 10 September via Teams. A terms of reference for the steering group has been drafted. Toodyay and Victoria Plains were nominated by the Officer's Group to represent AROC.
Water sustainability	10/05/2021	Avon River health & access to funding.	Ongoing	Northam, York & Toodyay		15.4.24: No recent action.

Purpose	Meeting Date	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary
Road clearing permits and pre-funding for road projects.	08/05/2023	That AROC submit a motion to the WALGA Avon Zone meeting to advocate for specific changes to the native vegetation clearing permit system.	23/06/2023	EO	Ongoing	6.8.24: No further update to that provided 22.7.24: Rebecca Palumbo, Shire of York, met with DWER staff about the Native Vegetation Policy Implementation Roadmap and specifically the Action 4.1 Roadside Vegetation Advice.
Housing shortage	16/05/2022	AROC to advocate to relevant Ministers and Shadow Ministers (Housing & Local Government) to address a critical shortage of housing in the Avon Region.	August 2024	EO	Ongoing	2.9.24: The consultants provided an overview of the AROC-Dandaragan Workforce Housing Study results, housing project business cases and cost benefit analysis, to the Governance Group meeting.  Whitney Consulting has been contracted to prepare an application to the State Infrastructure Development Fund (stream 3) on behalf of Victoria Plains, Goomalling, Toodyay and Dandaragan; and has submitted an application to the Federal Housing Support Program stream 2 application for ten local governments (Toodyay, Goomalling, Victoria Plains, Dandaragan, Moora, West Arthur, Narrogin, Williams, Dumbleyung and Lake Grace). Anticipate notification of HSP-S2 outcome in November.

Purpose	Meeting Date	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary
Regional Collaboration on Waste	13/11/2023	That AROC submit a motion to the WALGA Avon Zone meeting to advocate for a metropolitan waste levy to fund investment in alternative waste management locations and technologies in regional areas.	2024	EO		22.8.24: EO to follow up with the Gascoyne Development Commission, Wheatbelt Development Commission, and the City of Albany regarding approaches to regional collaboration on waste management. Next step is to prepare a scope of works for a regional waste strategy.
Officer of Auditor General Audit Fees	22/7/2024	Res.03/07/24: That AROC writes to the Legislative Council's Standing Committee on Estimates and Financial Operations to request a review of the OAG's performance of audits and increasing audit fees to Local Governments.	31/8/2024	EO		22.8.24: EO has written to the Chair of the Committee, Minister Collier, to request an inquiry into the OAG's performance of audits and increased audit fees.
Live Sheep Export	22/7/2024	Res.05/07/24: That AROC writes to Minister Watt to express concerns about the impacts of the ban on live sheep export on rural communities, and request the Government repeal the decision.	31/8/2024	EO		22.8.24: EO is preparing a letter for the Hon Julie Collins MP, Minister for Agriculture, Fisheries and Forestry.
Canberra Advocacy	22/7/2024	Res.04/07/24: That AROC members seek the support of their Council's for the Shire President and CEO to form an AROC delegation to lobby Ministers and Shadow Ministers regarding collective and individual priorities	30/9/24	ALL		22.8.24: The Officer's Group recommends deferring a delegation to Canberra until after the Federal election. It will provide adequate time to prepare AROC's advocacy approach, including identifiable branding, an online presence and advocacy

Purpose	Meeting Date	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary
		prior to the Federal Election.				materials to explain collective and individual priorities.
Branding & Promotions	2/9/2024	RES. NO.03/09/24: That the Officer's Group prepare a branding brief for AROC to be considered by the Governance Group.	18/11/2024	Officers		2.9.24: A brief to be developed by the Officer's Group.

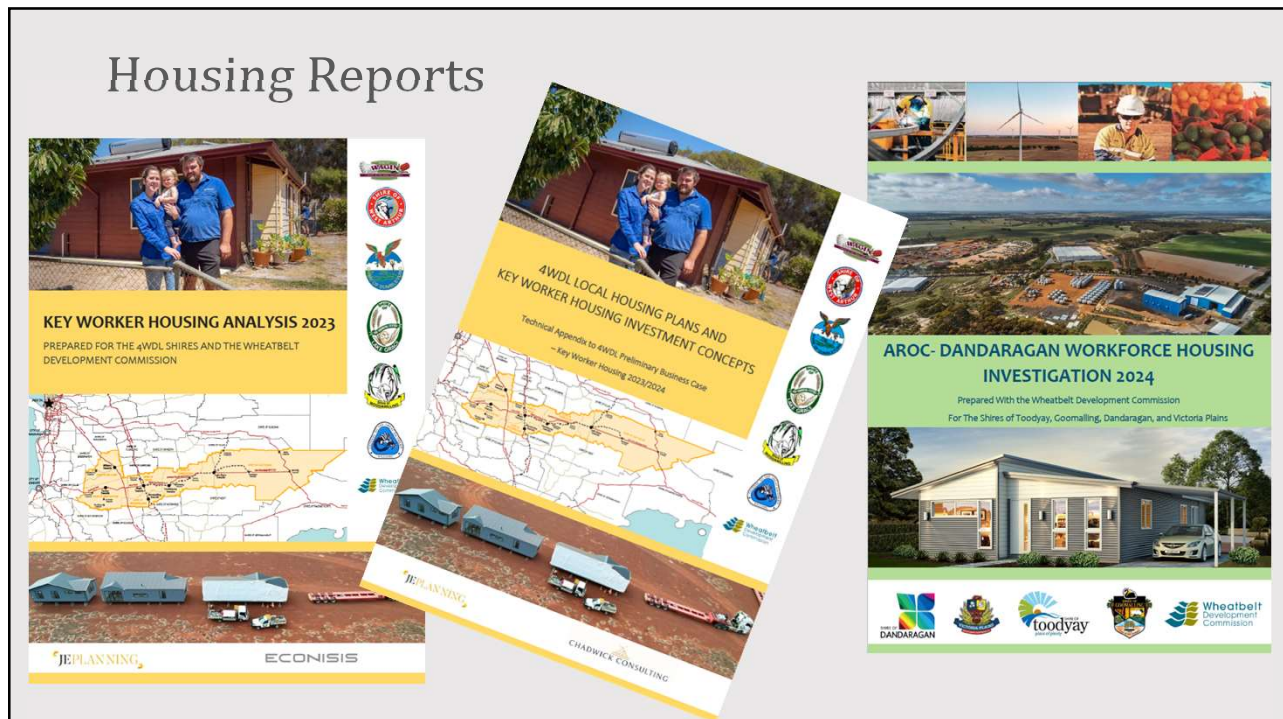
## Statement of Comprehensive Income

Administered by Shire of Northam

	01.07.2024										
	22.08.2024	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	\$	\$			\$	\$	\$	\$	\$	\$	\$
Brought Forward	174,489	141,001.39	178061	161,314	189822	165,490	139,323	118,752	95,655	101,543	134,108
Revenue											
Member Contributions		25,000.00	25000	25,000	25,000	30,000	30,000	49,625	30,000	30,000	30,000
Grants											
WDC Contribution											
Fees & Charges										5,391	2,459
Interest Earnings	1,238	6,135.67	2,882	247	630	1,832	3,667	-	-	1,914	2,299
Workforce Housing		47,500.00									
AROC Corella Project		20,000.00									
GST refund	1,483	7,177.23						7,900		-	-
Total Revenue	2,721	105,812.90	27,881.85	25,247	25,630	31,832	33,667	57,525	30,000	37,305	34,759
Expenses											
Insurance										846	1,158
Recreation Plan								5,000			
Equipment Expenditure	-		2,959.90							5,897	3,081
Shire of Toodyay Administration	-		15,000.00			7,500	7,500	7,500	7,500	7,500	7,500
Coreella Population Management	-		26,999.50	3,000							
WB Infrastructure Conway Highbury											12,000
WB Infrastructure refund to WDC											17,273
AROC - DANDARAGAN Workforce Housing	23,650	28,600.00									
WHEATBELT Corella Project		27,500.00									
Localise Aged Friendly Audit											26,312
Strategic Waste Management Plan										28,950	
Travel	106	49.40	100.10								
Mobile Phone	62	791.40	580.00								
Training								7,900			
Capacity and capability assessment				5,500	22,500						
Executive Office Wages	1,475	12,975.00	16,796.18								
Executive Office Super	384	2,000.89	2,505.78								
Administration expenses other		408.70									
Other Expenditure Exit Dowerin					31,637			16,554			
Total Expenditure	25,677	72,325.39	64,941.46	8,500	54,137	7,500	7,500	36,954	7,500	43,193	67,324
Net Result	(22,957)	33,487.51	(37,060)	16,747	(28,507)	24,332	26,167	20,571	22,500	(5,888)	(32,565)
Accumulated Funds on hand	151,532	174,488.90	141,001.39	178,061	161,314	189,822	165,490	139,323	118,752	95,655	101,543
22.08.2024											
Represented by Bankwest Muni Account	151,532										



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## AROC-DANDARAGAN SUB-REGION

The evidence gathered in the Workforce Housing Investigation has informed the Cost-Benefit Analysis and Business Case, which supports Grant Applications.

The evidence:

- **Differentiates** between the demand for workforce housing in both public and private sectors.
- **Highlights opportunities** to stimulate development and investment.

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## AROC-DANDARAGAN WORKFORCE HOUSING INVESTIGATION

- AROC-Dandaragan Subregional Context
- Local Government Profile and Workforce Housing Needs to 2031
- Estimated Land Supply to accommodate housing demand
- Development Sites and Housing Models

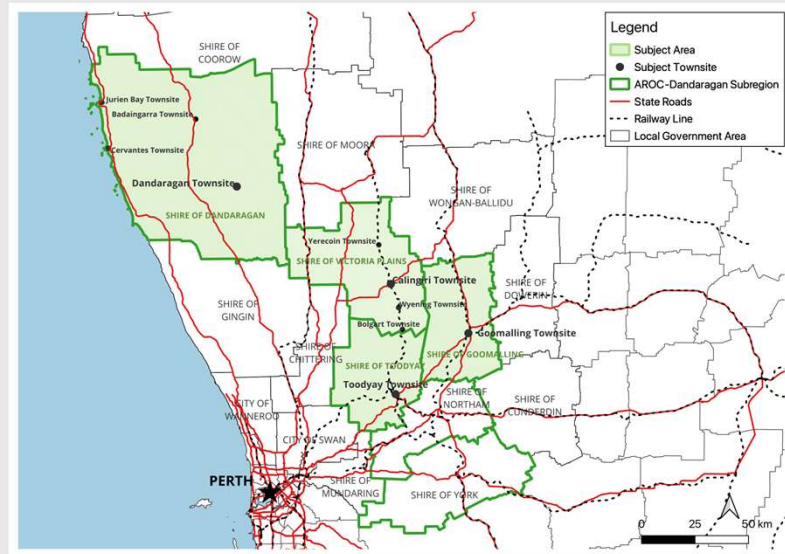
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### AROC-DANDARAGAN SUB-REGIONAL CURRENT SITUATION

- Population increase of 1,125 since 2011.
- Population increase of 1000 people forecast for 2024 -2031.
- Sub-regional housing construction activity averages 139 dwellings per annum.



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### AROC-DANDARAGAN SUB-REGIONAL CURRENT SITUATION - TRENDS

Table 4: Housing Composition

AROC- Dandaragan Trends	2011	2016	2021
Share of Population 0-14 (%)	19.0%	17.4%	15.8%
Share of Population 65+ (%)	16.3%	21.4%	25.9%
Family Households	70.9%	68.9%	68.2%
Lone Person Households	26.8%	28.7%	29.7%
Group Households	2.3%	2.4%	2.1%

Source: ABS 2021

- Single houses represent approx. 95% of the housing stock.
- Lone households represent approx. 30% of households.
- Increase in home ownership since 2011.
- There has been a 5% drop in rented properties since 2011.

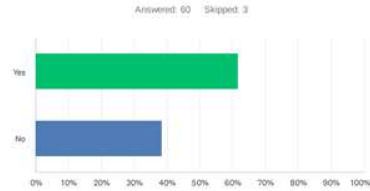
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### AROC-DANDARAGAN SUB-REGIONAL WORKFORCE

The business community survey revealed:

- Approximately 62% of businesses in the Study Area reported a need for additional workers.
- Average gap of 1.5 workers per business
- Estimated AROC-Dandaragan Subregion needs an additional 840 workers to meet current needs.

Q4 Is there a gap/shortage in your workforce?



### HOUSING NEEDS ANALYSIS

This needs analysis focused on providing housing options for smaller households.

- Better aligning dwelling type to household composition
- Appropriate dwelling stock to accommodate workforce demand
- Three Scenarios – Conservative, High and business as usual

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### STUDY AREA WORKER HOUSING NEEDS – EVIDENCE PRESENTED

- Demand for housing in the Study Area is 1.6 (conservative)-1.8 (high) times greater than current building activity.
- Estimate demand between 73 and 80 additional worker accommodation units/dwellings across the study area per annum by 2031.
- The estimated total demand for housing the workforce in the study area ranges between 514 and 599 dwellings by 2031.



### ASSUMED SUB-REGIONAL HOUSING DEMAND.

- Subregional housing demand is estimated at 1.9 times greater than current rates between 217-255 dwellings per annum.
- 139-152 dwellings to address workforce housing per annum

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### LAND SUPPLY - VACANT RESIDENTIAL LAND

- 30% of residential zoned land is vacant.
- 27% of vacant land has access to servicing according to Water Corporation.

The Study Area - Landgate Vacant Land Statistics				
	Zone	Developed	Vacant	Unrated
Shire of Toodyay	Residential	527	144	51
Shire of Victoria Plains	Residential	107	22	33
Shire of Goomalling	Residential	219	61	22
Shire of Dandaragan	Residential	2235	453	275
Total		3088	680	381

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### HOUSING INVESTMENTS CONCEPTS

- Demonstrative opportunities to address workforce housing needs
- High-level concepts designed to inform future business cases, feasibility studies, funding grants, etc.
- Include consideration of yield, size, typology, servicing, and construction methods
- Small footprint, modular construction
- Sites nominated by WDC and LGAs.
- Land under LGA ownership

Site	Address	Average Development Cost per Dwelling (incl. services)	Number of Dwellings	Total Cost
1	10 (Lot 66) Hall Close, Dandaragan	\$509,614	12	\$6,115,365
2	Portion of 52 (Lot 42) Edmonds Street, Calingri	\$530,623	10	\$5,306,235
3	6-8 Wollyam Street, Goomalling	\$519,076	3	\$1,557,227
<b>TOTAL</b>		<b>\$519,771</b>	<b>25</b>	<b>\$12,978,827</b>

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### GOVERNMENT REGIONAL OFFICER HOUSING INVESTMENT CONCEPT

Item	Notes	Base case value	Enabler	Value with enablers
<b>Development costs</b>				
Land costs	1800 sqm vacant lot	\$150,000	LGA land contribution	\$0
Headworks	Extension of sewer and electricity networks required (~60m each)	\$220,000	State funded headworks	\$0
Construction costs & site works (Six 3-bed, 2-bath dwellings)	~424K per dwelling	\$2,546,100	Reduced GROH specs (-15%; as per items in previous section)	\$2,214,000
Planning fees	For zoning and bushfire	\$25,000	Planning pre-approvals by LGA	\$0
<b>Loan parameters</b>				
Loan terms	20 years at 6.2%		20 years at 4.2% discounted loan	
Shire equity contribution	20%	\$588,220	20%	\$442,800
Loan commencement amount	80%	\$2,352,880	80%	\$1,771,200
<b>Project lifetime balance sheet</b>				
Revenue	Rent (at cost recovery)	\$2,546,100	Rent (at cost recovery)	\$2,214,000
Expenses	Loan repayments (P&I)	(\$4,111,047)	Loan repayments (P&I)	(\$3,094,712)
<b>Annual balance sheet</b>				
Annual cost to Shire (averaged across project lifetime)	Total	(\$78,247)	Total	(\$44,036)
	Per dwelling	(\$13,041)	Per dwelling	(\$7,339)

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## Housing Market “Failure”

- Using a residual value surplus/deficit approach, it is estimated that only the Jurien Bay market has a residual house value that is higher than replacement cost with a surplus of \$6,750.
- All other major towns within the AROC and the Shire of Dandaragan had a house only residual value less than indicative replacement costs.

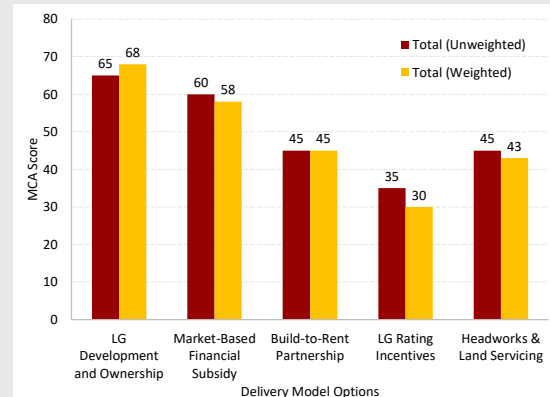
Town	Median House Sales Price	Median Land Price	House Only Residual Value	Indicative Replacement Cost	Surplus/Deficit
Toodyay	\$405,000	\$113,750	\$291,250	\$369,000	-\$77,750
Goomalling	\$208,000	\$25,000	\$183,000		-\$186,000
Jurien Bay	\$495,000	\$119,250	\$375,750		\$6,750
Calligiri	\$187,000	\$23,500	\$163,500		-\$205,000
Bolgart	\$240,000	\$25,000	\$215,000		-\$154,000
Northam	\$322,000	\$78,500	\$243,500		-\$125,500
York	\$375,000	\$87,500	\$287,500		-\$81,500

**Figure:** Median House and Land Sales and Replacement Costs, Study Area Major Towns, 12 months to June 2024

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## Preferred Delivery Options

- A review of key worker housing projects nationally has added to this analysis and allowed for the refinement and delineation of 5 potential government-related housing delivery models for the AROC area.
- These include:
  - Local Government Development and Ownership
  - Market/Community Housing Financial Development Subsidy
  - Build to Rent Partnership Model
  - Local Government Rating Incentives
  - Headworks and Land Services Contributions

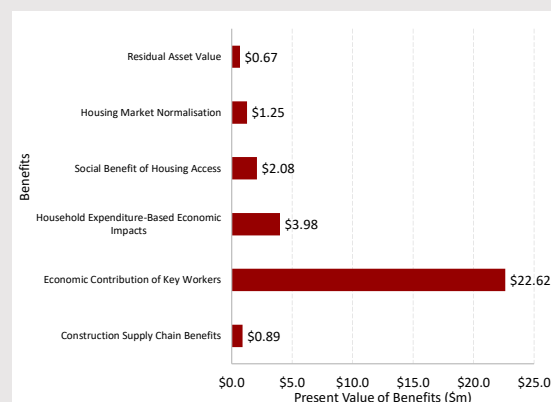


**Figure:** Delivery Option MCA Scores, Weighted and Unweighted

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## CBA Results

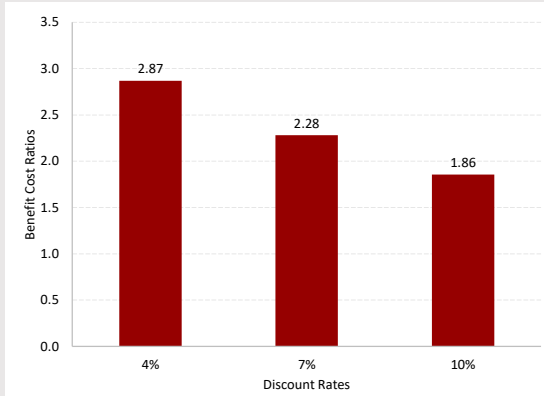
- Econis prepared a WA Treasury and Aus Govt Office of Impact Analysis Compliant CBA.
- 20 year assessment with 3 discount rates based on 25 dwellings.
- Considers a diverse range of benefits including:
  - Construction supply chains
  - Economic contribution of key workers
  - Household expenditure
  - Housing access
  - Housing market normalization
  - Residual asset values



**Figure:** Present Value of Benefits, at 7% Discount Rate

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## CBA Results

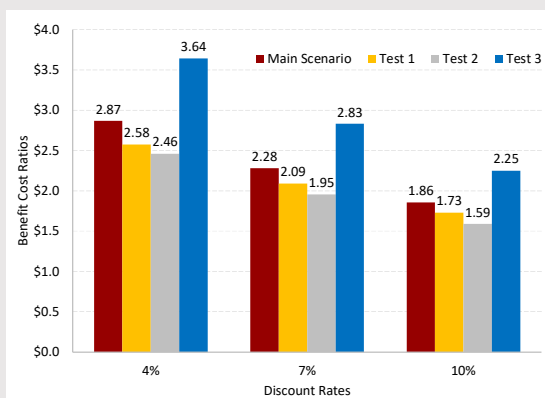


**Figure:** Benefit Cost Ratios, by Discount Rate

- Results show an NPV ranging from \$26.85m over 20 years at the 4% discount rate and \$11.45m at 10%.
- Any result above \$0 means present value of benefits exceeds costs.
- This translates to a positive Benefit Cost Ratio (BCR) ranging from 1.86 at 10% to 2.87 at 4%. Any result above 1.0 means benefits exceeds costs.
- Results above 2.0 is particularly positive for a housing project.

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## CBA Results



**Figure:** Benefit Cost Ratios, by Discount Rate

- Three sensitivity tests of the Program were undertaken which examined:
  - **Test 1** - Increase Maintenance Costs to 2% per annum
  - **Test 2** - Reduced the Number of Key Workers per Household from 1.25 to 1.0.
  - **Test 3** - Alternative delivery model in which a financial subsidy of \$350,000 is provided to private and/or community sector housing operators seeking to construct key worker housing to compensate for the negative residual value. Assumes a slower delivery.

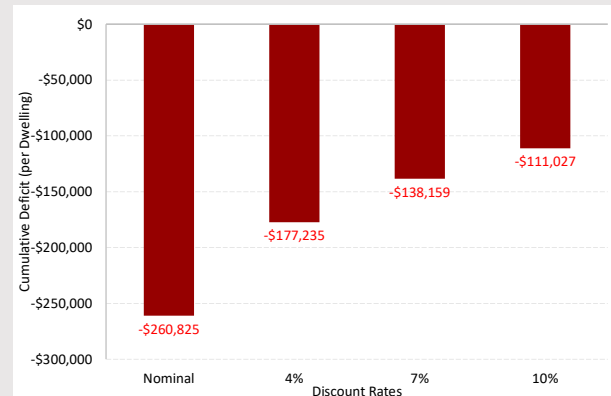
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## GROH Housing Investment Model

- A GROH Housing Investment Model was also analysed, using Toodyay townsite as the location (though may be replicable in other townsites of the Wheatbelt.)
- The analysis confirmed that a GROH Housing Investment Model would result in an ongoing annual cost deficit to the relevant Shire of over \$13,000 per dwelling per year (based on a scenario of 6 dwellings in Toodyay).

Item	Notes	Base case value
<b>Development costs</b>		
Land costs	1800 sqm vacant lot	\$150,000
Headworks	Extension required	\$220,000
Construction costs		\$2,546,100
Planning fees		\$25,000
<b>Loan parameters</b>		
Interest rate	20 years at 6.2%	
Shire equity contribution	20%	\$588,220
Loan commencement amount	80%	\$2,352,880
<b>Project lifetime balance sheet</b>		
Revenue	Rent (at cost recovery)	\$2,546,100
Expenses	Loan repayments	\$4,111,047
Difference		-\$1,564,947
<b>Annual balance sheet</b>		
Annual cost to Shire	Total	-\$78,247
	Per dwelling	-\$13,041

**Figure:** GROH Housing Investment Model, 6 Dwelling Development in Toodyay



**Figure:** Cumulative Annual Deficit to the Local Government, GROH Housing Investment Model

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## Business Case Recommendation

This preliminary business case and associated analysis and evidence confirms the recommendation that:

*State Government investment be provided to enable the delivery of 25 dwellings across the AROC Councils and the Shire of Dandaragan for the purposes of providing accommodation and housing for key workers in the region.*

Consideration should also be given to a subsidised, grant-based GROH Housing Investment Model to assist Local Governments with the annual operational deficit in the long-term.

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