

28th January 2022

Hon Michael Sukkar MP
Assistant Treasurer
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House of Representatives
Parliament House
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Dear Assistant Treasurer Sukkar

2022-23 Pre-Budget Submission – Western Queensland Alliance of Councils

The Western Queensland Alliance of Councils (WQAC) welcomes the opportunity to make a submission relating to priorities for Western Queensland communities as part of the 2022-23 Budget.

By way of introduction, the (WQAC) is a collaboration between the North West Queensland Regional Organisation of Councils (NWQROC), the Remote Area Planning and Development Board (RAPAD) and the South West Queensland Regional Organisation of Councils (SWQROC).

Our three bodies represent 22 Councils across the north west, central west and south west of Queensland. This area covers 60 per cent of the State and makes a major contribution to the economies of Queensland and Australia. The aims of WQAC (amongst others) is to attract greater public and political attention to shared issues across the three regions and increase its advocacy power and influence due to its larger representative base. Further information on WQAC is attached to this submission and can be found on its website @ <https://wqac.com.au/>.

Outlined below are the priorities we believe will deliver the most value to Western Queensland communities, the 22 councils that form WQAC as well as the Federal Government through its various grant programs and policy frameworks. We also wish to highlight that many of the priorities we have raised align with the recommendations of the 2021 Australian Infrastructure Plan.

Western Queensland Housing Solutions

Budget Requests:	a) Establish new Regional Home Guarantee Scheme. b) Lower the “substantial renovations” provisions in the First Home Buyers Grant.
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In September 2021 the Regional Australia Institute (RAI) completed a six (6) months investigation into the housing challenges of Western Queensland. The study was commissioned directly and fully funded by the (WQAC).

The [WQAC Housing Solutions Study – September 2021](#) found Western Queensland has experienced chronic and severe underinvestment in housing for many years. This has led to a situation where a lack of housing is constraining population, employment and business growth. This lack of housing must be remedied for the region to prosper, particularly over the next few years as future investment opportunities are realised.

There are jobs going unfilled in Western Queensland simply due to a lack of suitable housing – some 500 jobs were identified in June 2021 with half being professional and skilled tradespersons. This figure did not include all 22 council areas. Renewed investment in housing in the region will provide much-needed housing for people to fill these vacant jobs.

An adequate and appropriate stock of housing would also enable local private enterprise to realise nascent opportunities and create new jobs. To date these opportunities and potential jobs have been hamstrung by constrained access to skilled and unskilled labour, underscored by insufficient and substandard housing.

This study identified the severity of the issue by surveying each of the 22 WQAC council members. The shortfall in housing across the region is identified as follows:

Private sector	1490 new dwellings
State Government employee housing	127 new dwellings
Local Government employee housing	296 new dwellings, 248 needing major refurbishment

The underlying level of underinvestment in housing in the region is significant. The per-capita level of investment into housing across the 22 council areas in Western Queensland over the past three years is less than one fifth of what occurs in Greater Brisbane – as an example.

Western Queensland	\$320 per capita
Greater Brisbane	\$2,675 per capita

Reasons for this underinvestment arise because of a unique combination of characteristics:

1. Generally small (and shrinking, or at best, holding steady) populations; and
2. Remote locations and existing housing stock that is low in value relative to average building costs.

These characteristics underscore barriers on both the demand and supply sides of home building and renovating, including severely constrained access to finance whereby banks require much larger deposits for mortgages for homes in small and low-cost markets.

The study also identified solutions to address the specific barriers to local home building and renovating. Through a variety of local, state and federal measures, these solutions aim to address the key barriers of constrained access to finance as well as the issue of scale. Three measures canvassed in some detail are:

1. **WQAC to establish an unlisted residential property fund** – an investment vehicle to attract large-scale equity investment into housing in the region. The initial investment would be into new and substantially upgraded council housing. Subsequent investment could be into housing in the region’s private rental markets.
2. **State Government to renew government employee housing** through divesting itself of its existing stock and re-investing in a Build-Own-Operate-Transfer (BOOT) development of new dwellings spread across the WQAC region.
3. **Federal Government to introduce a Regional New Home Guarantee** applicable to households looking to build or substantially renovate a home in locations where sales prices are significantly lower than average build costs.

The WQAC has been actively progressing negotiations with the Queensland Government and the private sector in relation to Solutions 1 and 2 and would now like to pursue action on Solution 3 in addition to the further measures listed below.

- Target Federal support for regional housing-enabling infrastructure by balancing the Federal’s big project infrastructure investments with funding to enable regional councils to get more land ‘development-ready’, as local infrastructure costs are often a barrier to land release.
- Introduce a Regional Trade Placement Incentive – this would be equivalent to what is offered to medical professionals placed in regional areas and would help address this key barrier to housing supply.
- Invest into skills training, to providers in particular – investing in the availability of quality post-secondary education, training, and learning across regional Australia, to build on the expansion of Job Trainer and the rapid uptake of subsidised apprenticeships.

Pages 22 and 23 of the Study outline the proposed Regional New Home Guarantee Scheme. This is a modification of the Federal’s existing New Home Guarantee Scheme administered by National Housing Investment and Finance Corporation (NHIFC).

Such a scheme would be appropriately designed to address the characteristics of the housing market in rural and remote areas of Queensland and Australia. This is considered necessary to support the private market wishing to invest in housing which at present is denied the opportunity because of bank lending requirements.

With respect to the First Home Buyers Grant, this grant only applies to the purchase of existing residential premises if a substantial renovation is undertaken meaning when all, or most, of the structural or non-structural components of a building are removed or replaced.

Most of the rooms in the building must have been affected, and the renovations must have affected the building as a whole for it to be considered a substantial renovation.

In many rural and remote areas of Western Queensland this requirement is an impediment to the purchase of existing homes. Across the region there are many older residential properties that can be purchased in the range of \$100,000 to \$180,000. Homes in this price range are suitable for lower income buyers seeking to move to smaller rural and remote townships to take up job opportunities and escape the high costs and challenges of living in congested cities with associated health and security concerns.

Subject to being able to provide the deposit required by lenders or be supported through the likes of the New Home Guarantee Scheme, such buyers are not likely to be in a position to borrow the additional money necessary to meet the “substantial renovation” requirement of the grant scheme.

It is proposed that in designated rural and remotes regions, including Western Queensland, that the “substantial renovation” requirement be removed or operate at variable levels which are means tested. This approach would have the following benefits:

1. It would provide an incentive for first home buyers to move and purchase a home in the designated rural and remote community.
2. It would trigger work for local tradespeople - builders, electricians, plumbers, etc., where affordable renovations are required at a scale capable of being delivered by local or regional tradespeople.

This approach also achieves the objective of supporting home buyers to purchase a dwelling. It supports population growth in rural and remote communities and increases work opportunities for local tradespeople.

This in turn stimulates diverse economic development in rural and remote communities essential to their longer-term sustainability.

Western Queensland Digital Connectivity Blueprint – An Overarching Strategy

Budget Requests:	<p>a) Review and reform existing funding programs for digital connectivity projects with the aim of providing a more strategic approach to Federal Government investment.</p> <p>b) Provide financial support to the Western Queensland Alliance of Councils to support the implementation of its Digital Connectivity Blueprint and Terms of Reference.</p>
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Telecommunications (digital connectivity) has emerged as a key priority for WQAC as similar to other infrastructure deficits in Western Queensland (such as roads, water, housing and energy), access to fast, reliable and affordable telecommunications is a key barrier to growing the economic and social potential of Western Queensland. In turn, this situation also constrains the growth potential of the State and Nation which relies on the productivity of regions such as Western Queensland to generate wealth for re-distribution.

The vast distances and small population of the WQAC Region present policy makers and leaders with many challenges. Within the WQAC Region, many grant programs and funding initiatives (public and private) have incrementally bridged the digital gap. Whilst welcomed, these approaches have created a 'patchwork quilt' of connectivity that now requires a refreshed, more strategic approach.

In an effort to understand and articulate the challenges, as well as propose a way forward, the WQAC have invested in the development of a [Digital Connectivity Blueprint and Terms of Reference](#).

The Blueprint is guided by WQAC's vision to provide residents, rate payers, businesses and visitors with ubiquitous digital connectivity at pricing and service levels comparative to those in metropolitan areas of Australia.

In summary, the Blueprint is based on the following pillars:

1. *Unified Governance* – bringing together all stakeholders, across all levels of government, to achieve the vision that delivers a new model of connectivity.
2. *Digital Demand* - capturing and forecasting the region's digital demand across all stakeholder groups; this will include wholesale and retail demand.
3. *Digital Supply* – engaging with industry to inform itself of current and planned technologies that can achieve the vision.
4. *Policy Priorities* – defining a set of pragmatic policy options to address the digital gap between supply and demand.
5. *Community Engagement* - engaging with all stakeholder groups on the best way to achieve the vision.
6. *Investment* - quantifying the investment and fiscal process required to achieve the vision.
7. *Measurement* - defining a monitoring and evaluation method that aligns with current approaches defined for public sector expenditure.
8. *Risk Analysis* - providing a comprehensive risk management approach that seeks to mitigate the uncertainty that such activity creates for its members.

The project envisages a collaborative approach across governments and the private sector with co-founding arrangements. The total cost of the project through until June 2023 is estimated at \$600,000 with \$500,000 being sought from Federal and \$100,000 from State funding programs. The benefits of this investment will be returned many times over in terms of targeted infrastructure spending by all levels of government and the private sector based on identified strategic outcomes to grow industry and sustain communities across western Queensland.

Local Roads and Community Infrastructure Program (LRCIP)

Budget Request: Make permanent and amend Phase 3 of the LRCIP Guidelines to allow project planning studies and detailed design as eligible expenditure.

The Local Roads and Community Infrastructure Program (LRCIP) was introduced in May 2020 as one of the Federal Government's Covid-19 stimulus packages to support jobs, businesses, and the overall resilience of local economies. The initial phase of \$500 million has been followed with two further allocations bringing the total funding to \$2.5 billion. The program has been universally supported by councils as it provides certainty, predictability and flexibility through until June 2023 for the delivery of a wide variety of local road and community infrastructure projects based on council determined priorities.

The funds are allocated to councils on a formula basis which provides the certainty and predictability of funding without the costly and time-consuming bid-based requirements of other programs with the inherent risk of being unsuccessful involving wasted time and effort.

It is this type of program that enables councils to provide and maintain jobs and employment stability, essential in small rural and remote councils to community resilience and sustainability. It is for these reasons that the councils of Western Queensland seek to have this program established on a permanent basis with a national annual allocation of \$500 million.

To enable the program to continue to operate effectively and generate works of the highest priority and quality outcomes a small but significant change is requested to the Guidelines.

Currently the Guidelines preclude project planning studies and detailed design work from being eligible expenditure. However, many small rural and remote councils are not in a position because of their small revenue base and limited capacity to have so called "shovel ready" fully planned, designed and costed projects available to submit for approval under the LRCIP. There is a need for funding to be made available to support this work to ensure the highest quality, value for money, on-time and on-budget outcomes are achieved. Significantly, this request will not cost the Federal additional funding with the council deciding the amount of its allocation to be committed to this work within upper limits that could be set in the program guidelines.

Because of the recognised benefits the Queensland Government now permits such work to be funded from its Building Our Regions Program - Round 6. Similarly, councils can apply for funding under the Queensland Government's 2022-24 Local Government Grants and Subsidies Program for funding for strategic planning, business case development and/or detailed design of infrastructure projects.

If supported, there would be a mutually beneficial outcome to all parties through facilitating and supporting better project planning.

Continuation of Existing Federal Funding Programs

Budget Request: **Ensure continuation of existing federal funding programs to local government at current funding levels – at a minimum.**

Federal funding programs focused on the construction and maintenance of essential infrastructure are vital to the growth and sustainability of many rural and remote councils across the nation. These councils, with limited revenue raising capacity, are the lifeblood of their communities and secure and predictable funding arrangements are necessary to maintain local employment and provide the platform that supports local economic activity and the provision of essential services.

A number of Federal programs are at the core of these arrangements and their continuation, at least at current funding levels, is essential to the future of rural and remote councils and their communities. These include:

- Financial Assistance Grants
- Roads to Recovery Program
- Local Roads and Community Infrastructure Program
- Roads of Strategic Importance Program
- Blackspots Program
- Bridges Renewal Program
- Heavy Vehicle Safety & Productivity Program

It should also be noted that the new \$150 million Remote Roads Upgrade Pilot Program has been strongly welcomed by the WQAC. Whilst noting it is a pilot program, the continuation of such programs is encouraged given the need to continuously improve the standard of critical rural and regional road links in order to make them safer and more productive.

Funding for Bureau of Meteorology (BOM) - Flood Warning Infrastructure Network Assets

Budget Request: **Commit appropriate levels of funding to BOM to become asset owners of flood warning infrastructure.**

Over the past four (4) years significant investment has been made in the installation of flood warning infrastructure networks assets – rain and river height gauges, CCTV cameras and combination devices across Western Queensland and up to the tropical Far North and Northern areas . This has been financed through disaster recovery and resilience funding primarily as a result of natural disasters – tropical cyclones, riverine flooding and severe storms across all areas of the 22 councils in Western Queensland.

To date some 100 devices have been installed across the region with more to come as a result of planning studies undertaken by Federal and State agencies conscious of the need to be better planned and therefore better prepared for storm and flooding events. The primary beneficiary of the information generated by these devices is the Bureau of Meteorology (BOM) as it undertakes its weather reporting and forecasting responsibilities but the asset ownership and related operation and maintenance responsibilities and costs rests with the Councils, as the asset owner.

Whilst acknowledging the improved weather service arising from the enlarged network of devices will better support primary producers, resource sector operations and the tourism industry, it's the BOM that looks to the devices to assist it meet its statutory obligations.

Instead of individual councils needing to be responsible for the day to day operational and maintenance activities – either directly or through contractors, the WQAC believes the BOM should be responsible for providing this service. It is responsible for the provision of the nation's weather report and forecasting services and should have control of the devices required to undertake this task.

The WQAC calls on the Federal Government to fund the BOM to take over responsibility for these devices and relieve councils of this obligation. This will ensure network wide operability and quality assured maintenance standards.

We hope the above provides some insights into our priorities for Western Queensland and we look forward to hearing how they have been considered and supported in the 2022-23 Federal Budget.

Yours sincerely

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Western Queensland Alliance of Councils

COLLABORATING TO ENHANCE ECONOMIC AND COMMUNITY OUTCOMES

A united voice for all of Western Queensland

wqac.com.au

WQAC REGION

The Western Queensland Alliance of Councils (WQAC) represents 22 of Queensland's rural and remote local government areas covering 60% of the State. By comparison, these local government areas account for just over 1% of Queensland residents.

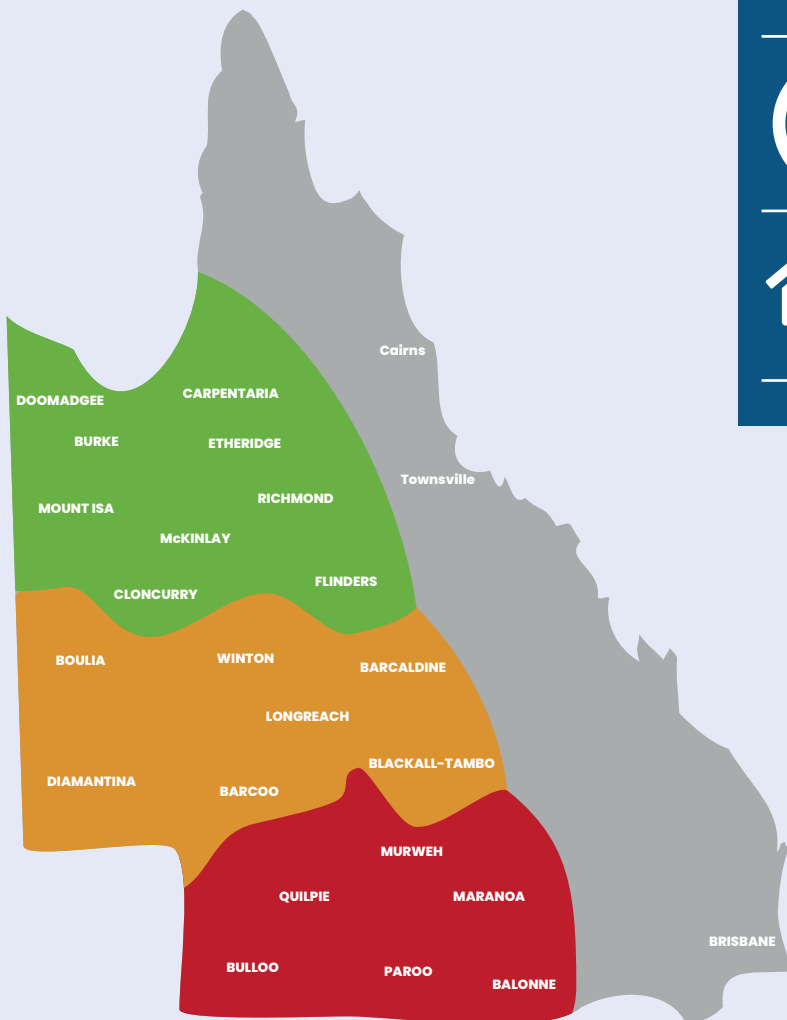
MAJOR INDUSTRIES

1  **MINING**

2  **AGRICULTURE, FORESTRY AND FISHING**

3  **CONSTRUCTION**

4  **HEALTHCARE AND SOCIAL ASSISTANCE**



1.06 MILLION **KM² AREA**



63,429 RESIDENT POPULATION



1 in 6 RESIDENT INDIGENOUS REPRESENTATION



36.8 YEARS AVERAGE AGE



37,172 LOCAL WORKERS



5,141 WORKERS FROM OTHER REGIONS



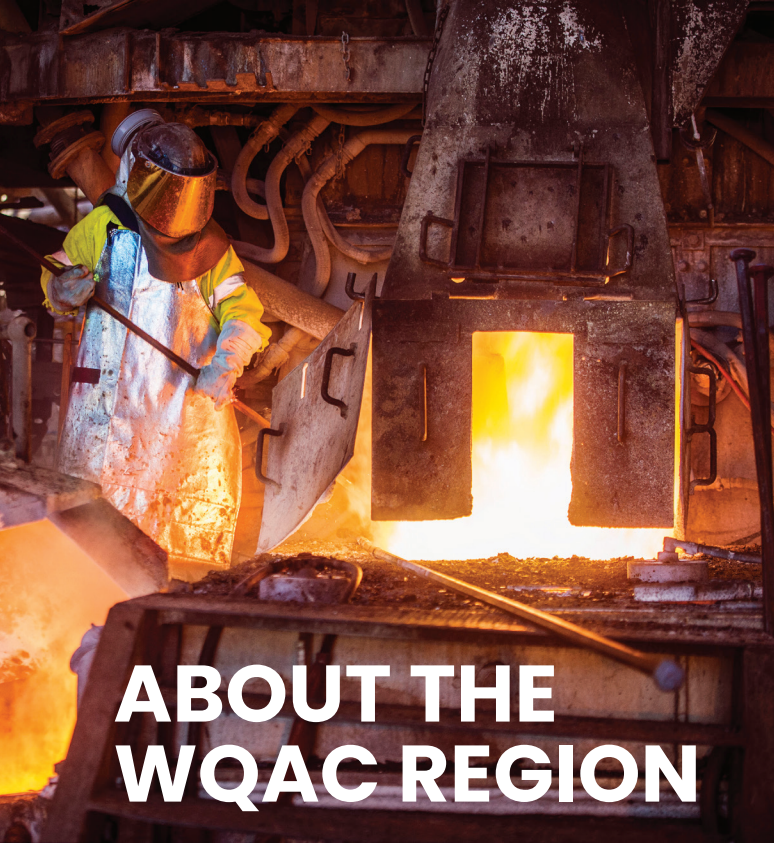
\$7.64 BILLION GROSS REGIONAL PRODUCT



\$1,677 PER WEEK AVERAGE HOUSEHOLD EARNINGS

WQAC COUNCILS

WQAC Councils contribute significantly to local economies and communities through annual expenditure, employment and policy making to address local issues. Considerable support is required from the State and Federal governments in the form of operating and capital grants to ensure the ongoing provision of facilitating infrastructure and service delivery given the many challenges faced by these regions including small and often declining populations, economic vulnerability due to reliance on singular sectors, capacity and skills gaps, demographic disadvantages, workforce attraction and retention issues, and limited revenue raising capacity.



ABOUT THE WQAC REGION



Despite its small population base, Western Queensland **contributes significantly to state and national economic and employment outcomes.**



The region is a **major primary industry hub** in Queensland producing an abundance of commodities and exports, with mining and agriculture representing almost 60% of economic activity and 1 in 3 jobs across Western Queensland.



The region has **strong supply chain linkages** throughout Queensland, providing demand for services and employment opportunities beyond the region's boundaries.



Enhanced collaboration within the region and **stronger funding partnerships** with the State and Federal governments will ensure that the considerable opportunities available across Western Queensland are able to be leveraged.



Attracting residents and workforces to Western Queensland would be enhanced by improvements in the affordability of essential utilities and services, transport networks, education and training opportunities, and health services and aged care.

CRITICAL FOCUS AREAS

The following critical focus areas will assist WQAC Councils to continue to support state and national economic prosperity:

- ✓ **ATTRACTION, RETENTION AND EXPANSION OF LOCAL RESIDENTS, LOCAL WORKFORCES AND LOCAL SKILLS**
- ✓ **STRENGTHENING OF CONNECTIVITY AND SUPPLY CHAINS ACROSS KEY MARKETS**
- ✓ **COORDINATED INVESTMENT IN HARD AND SOFT INFRASTRUCTURE (ENERGY, WATER, TRANSPORT, HOUSING, DIGITAL CONNECTIVITY, BIOSECURITY AND ENVIRONMENT, TECHNOLOGY, EDUCATION AND TRAINING, HEALTH AND AGED CARE)**
- ✓ **SUPPORTING BOTH EXISTING AND EMERGING INDUSTRIES THROUGH THE REMOVAL OF BARRIERS TO DEVELOPMENT AND THROUGH THE PROVISION OF FACILITATING INFRASTRUCTURE AND SERVICES**
- ✓ **DIVERSIFICATION OF LOCAL AND REGIONAL ECONOMIES TO INCREASE RESILIENCE AGAINST INDUSTRY AND MARKET SHOCKS**

MAJOR INDUSTRY IMPACT

	JOBS	GRP
MINING	12.1%	37.4%
AGRICULTURE FORESTRY & FISHING	18.9%	17.7%
CONSTRUCTION	6.0%	5.5%
HEALTH CARE & SOCIAL ASSISTANCE	10.6%	4.7%
PUBLIC ADMINISTRATION & SAFETY	10.0%	4.5%
ELECTRICITY, GAS, WATER & WASTE	1.3%	3.6%
EDUCATION & TRAINING	8.4%	3.2%

WQAC COUNCILS



\$8.47
BILLION
ASSETS



\$515.9
MILLION
OPERATING EXPENSES



2,259
FTE EMPLOYEES



30,797
RATEABLE PROPERTIES



44,535KM
COUNCIL-CONTROLLED ROADS

12,476KM
STATE-CONTROLLED ROADS



951HA
PARKS



33
SEWAGE
TREATMENT
PLANTS



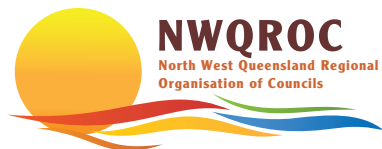
37
COMMUNITIES
SERVICED



24
WATER TREATMENT
PLANTS



66
COMMUNITIES
SERVICED



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