Final Report

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The drivers of supply and demand in Australia's rural and regional centres

authored by

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ACRONYMS

ABS	Australian Bureau of Statistics
AHURI	Australian Housing and Urban Research Institute Ltd.
COAG	Council of Australian Governments
CRA	Commonwealth Rent Assistance
ERDB	Eyre Regional Development Board
FHOB	First Home Owners Boost
FHOG	First Home Owners Grant
HAF	Housing Affordability Fund
LGA	Local Government Area
NCL	Nhulunbuy Corporation Limited
NTER	Northern Territory Emergency Response
SLA	Statistical Local Area
SIHIP	Strategic Indigenous Housing and Infrastructure Program
NAHA	National Affordable Housing Agreement
NRAS	National Rental Affordability Scheme
TO	Traditional owner
WCC	West Coast Council (Tasmania)

EXECUTIVE SUMMARY

Background

This study addresses the question posed in the 2009 AHURI Research Agenda: how do the drivers of supply and demand for housing in regional and rural centres affect the supply of affordable housing?

This is a particularly important area of investigation at the current time, as there is a dearth of literature and data analysis tracing changes in, and the challenges facing, Australia's regional housing markets. Throughout this report, the focus of analysis is directed to centres that are not part of the functional labour markets of the capital cities (Baum & Mitchell 2010) and this is consistent with earlier research on rural and regional housing markets (see, for example, Rowley & Haslam McKenzie 2009; Rowley 2008; Wulff et al. 2007; Hillier et al. 2002; Beer, Bolam & Maude 1994). In practical terms, this rules out a limited number of substantial communities—including Geelong, Newcastle, Wollongong and the Gold Coast.

It is also important to acknowledge that regional housing markets have been affected by the same house price boom and subsequent affordability pressures that have influenced urban housing markets in addition to other contextual conditions that influence local housing markets. The fact is that, to date, analysis of Australia's housing markets has largely focused on metropolitan (capital city) markets, to the detriment of understanding the impact of affordability and housing supply and demand in regional markets, as well as consideration of the impact of new housing policy programs and mechanisms on conditions in these markets.

Specifically, this project answers four key research questions:

1. What are the significant housing market drivers in rural and regional centres throughout Australia and how do they vary by state, region and local economy?
2. What is the nature and extent of housing affordability problems in rural and regional centres and how do they vary by geographic setting (remote, coastal etc), local economy and population size?
3. How have these housing market drivers affected the supply of affordable housing in both the rental and home purchase sectors?
4. What is the likely impact of the measures being used by local, state and Australian governments to boost the supply of affordable housing in these centres, and how can these initiatives be strengthened?

The project builds upon previous AHURI research investigating trends and patterns in non-metropolitan housing markets in Australia (Wulff et al. 2007, 2005); issues in private rental housing in non-metropolitan areas (Beer 2004, 1998; Hassell 2002); and, more recently, on affordable housing solutions, spurred on by the housing affordability crisis across the country generally (see Milligan et al. 2004; and updated in 2009). It fills a significant gap in terms of examining and understanding the changes in regional housing markets since the 1991–2001 Census data analysis conducted by Wulff et al. (2007, 2005); covering a decade that saw a rapid house price boom, continued economic restructuring and diversification in regional Australia, and major changes in both government policies and global and regional economic development.

In many rural and regional centres the pace of change within their housing markets has been substantial. Much of rural and regional Australia has been affected by the rapid house price inflation evident across Australia since the year 2000. Many regions have been affected by the 'resources boom' which has placed increased strain on many housing markets and resulted in bifurcated housing markets: one segment of the market is focused on high income, often temporary, mine workers; while the established population working in ancillary industries or not working at all are forced to compete for less expensive properties at the bottom end of the housing market. Notably, key data sources such as the Australian Bureau of Statistics (ABS) do not properly reflect housing demand in some localities because they do not have the facility to account for transient or mobile workforces such as fly-in/fly-out workers in the resources sector, and the timeliness of the release of data on trends in regional housing markets is a further concern. It is also difficult to know what proportion of housing supply is sopped up by home owners who live in multiple houses at different times during the year.

The report also highlights the significant gap between the home ownership sector and rental accommodation. In large measure, home ownership has remained affordable in rural and regional Australia—particularly for those households already in home ownership. There is a relatively low level of housing stress among such home owners and some centres remain affordable both in absolute terms and relative to the capitals. However, there is clear evidence of market failure in the rental market and widespread concern among a broad range of stakeholders about the ability of low income earners to access affordable rental housing and transition from rental into home ownership in the short and longer term. There is also some evidence that indicates that measures of housing stress do not adequately capture current conditions within the housing market, especially the difficulties that many first home buyers now face in purchasing their first home. A significant number of people are now excluded from home purchase by the lending requirements imposed by banks, including the need for substantial deposits and secure incomes. These two requirements, in combination with relatively higher prices, are a significant impediment to entry into owner occupation and result in some households being trapped in private rental housing.

Critically, social housing provision is inadequate, while the private rental market appears undeveloped or under-developed; partly because of a shortage of investors, partly because of inappropriate planning regulations and, in some measure, as a consequence of the low wage, high variability labour markets in these regions. The incidence of housing stress among tenants in rural and regional centres is acute as in the major metropolitan centres.

The key steps that governments need to take to enhance the effectiveness of their housing programs include:

→ As an initial step, governments must recognise that housing affordability is a major challenge for particular groups in rural and regional Australia. The geography of housing affordability and unaffordability is highly variable and this must be taken into account in policy responses for addressing affordability problems across the country. Clearly, more overt attention is needed to address the set of questions posed by this report and key points raised in this research. The earlier work by Wulff et al. (2007) is a welcome entry into this field.

→ Collecting timely statistics on housing need (including supply and demand) and housing conditions generally in rural and regional areas. This must be undertaken as a priority to aid in broadening our understanding of such markets to assist with planning for future population and economic growth across Australia, as well as for understanding and ultimately overcoming capacity constraints.

→ Better promotion and targeting of initiatives to rural and regional centres. Many local government officers we interviewed were not aware of either the HAF or the NRAS. This is a significant gap. We note that there is no forum, nationally or a state/territory or more regional basis, for disseminating information on housing programs to rural and regional communities.

- In addition, the processes for applying to such schemes need to be geared to rural and regional centres that often have smaller budgets, limited capacity to complete lengthy application processes, and restricted scope to work with multiple partners and the high turnover of staff in many places.
- Targeting some programs to rural and regional centres is an obvious step in meeting the needs of non-metropolitan residents. Such programs need to be focused on developing effectively functioning housing markets in the first instance and then latterly on further developing the rental market.
- Increasing the supply of housing for Indigenous Australians by maintaining a commitment to the long-term supply of appropriate housing (addressing the prominent issue of overcrowding) and the maintenance of such housing.
- Matching the provision of infrastructure in rural and regional centres to the supply of additional land for housing. Appropriate infrastructure will both result in greater growth opportunities and ensure higher rates of labour force participation—including among women with care responsibilities—thereby raising household incomes and addressing the issue of housing stress.
- Making the provision of affordable housing a priority in the development of planning schedules. Often state legislation prioritises other factors—including the preservation of agricultural land for environmental concerns. While these issues should not be ignored, housing affordability needs to also be considered.
- Planning issues—infrastructure costs and charges make it difficult for developers to deliver an affordable product. Traditional regional lot sizes of over 600 square metres still prevail, again limiting the scope for the delivery of affordable land. Capacity constraints within regional planning authorities make it very difficult to respond quickly to rapid changes in market demand.
- The gap between social housing and the bottom end of the private rental market is an area of significant concern. Those not considered in sufficient need for social housing have to find accommodation within an increasingly competitive private rental market. Even with Commonwealth Rent Assistance (CRA). The cheapest rents in many regional towns are out of reach of many low-income families and such families are often outbid or excluded due to their household characteristics. NRAS doesn’t deliver units in areas suitable for many low-income families that rely on public transport.

1 INTRODUCTION

This study addresses the question posed in the 2009 AHURI Research Agenda: how do the drivers of supply and demand for housing in regional and rural centres affect the supply of affordable housing?

There is a very real need for research into rural and regional housing markets at the start of the second decade of the twenty-first century because of the direction and pace of change in rural and regional housing markets, change in financial markets and the introduction of a suite of new policy measures, including the National Affordable Housing Agreement (NAHA) and the National Rental Affordability Scheme (NRAS). There is a dearth of literature and data analysis tracing changes in, and the challenges facing, Australia's regional housing markets. This is especially evident for markets that are not considered either mining or *seachange* communities. Moreover, it is important to acknowledge that regional housing markets have been affected by the same house price boom and subsequent affordability pressures that have influenced urban housing markets. The fact is that, to date, analysis of Australia's housing markets has largely focused on metropolitan (capital city) markets, to the detriment of understanding the impact of affordability and housing supply and demand in regional markets, as well as consideration of the impact of new housing policy programs and mechanisms on conditions in these markets. And, this remains the case, despite approximately 40 per cent of the Australian population living in non-metropolitan or regional Australia. This regional population lives in a diverse set of settlements, ranging from relatively large regional cities of more than 100 000 people, through to small remote settlements, Indigenous homelands, agriculturally-based country towns, mining settlements and *seachange* localities.

Throughout this report, the focus of analysis is directed to centres that are not part of the functional labour markets of the capital cities (Baum & Mitchell 2010) and this is consistent with earlier research on rural and regional housing markets (see, for example, Rowley & Haslam McKenzie 2009; Rowley 2008; Wulff et al. 2007; Hillier et al. 2002; Beer, Bolam & Maude 1994). In practical terms, this rules out a limited number of substantial communities—including Geelong, Newcastle, Wollongong and the Gold Coast.

This Final Report and the preceding Positioning Paper (Tually et al. 2010) builds upon previous AHURI research investigating trends and patterns in non-metropolitan housing markets in Australia (Wulff et al. 2007, 2005); issues in private rental housing in non-metropolitan areas (Beer 2004, 1998; Hassell 2002); and, more recently, on affordable housing solutions, spurred on by the housing affordability crisis across the country generally (see Milligan et al. 2004; and updated in 2009). It fills a significant gap in terms of examining and understanding the changes in regional housing markets since the 1991–2001 Census data analysis conducted by Wulff et al. (2007; 2005); covering a decade that saw a rapid house price boom, continued economic restructuring and diversification in regional Australia, and major changes in both government policies and global and regional economic markets, with implications for local housing markets.

1.1 Background

Currently there is significant policy innovation with respect to the affordability of housing in Australia (see Chapter 2 of this report). This has included the negotiation of the NAHA between state, and territory governments and the Federal Government; the roll out of the NRAS; and the prominence awarded to housing issues by the Council of Australian Governments (COAG). It has also included the setting up of the Housing

Affordability Fund (HAF) which will invest up to $512m over five years to reduce the cost of building new homes and facilitating reform of planning processes to produce significant affordability gains for home purchasers (Australian Government 2008). How such national housing affordability policy initiatives will impact on regional housing markets across Australia, however, remains to be seen. This research aims to investigate the implications and benefits of such initiatives across regional markets. It will assess whether the initiatives have an uneven impact across Australia and, whether rural and regional centres in particular may miss out in terms of affordability measures and outcomes because of:

- The absence of key institutions or investors.
- The role of specific hurdles within these markets—such as the absence of effective planning and land supply processes or the unwillingness of investors to commit to small urban centres.
- The consequence of historical circumstances.
- Inaccurate data collection.

The research moves beyond the common misconception that regional and rural Australia is just about agriculture—after all, only 4 per cent of the Australian workforce is engaged in agriculture.

There is a small but important literature on regional housing markets in Australia that includes the *Rural Centres Housing Study* (Econsult 1989); *Beyond the Capitals* (Beer, Bolam & Maude 1994); research into the supply of rental accommodation (Hassell 2002); and more recently work by Haslam McKenzie et al. (2008) into the nature and dynamics of housing markets in resource towns.

Recent research (Wulff et al. 2007; Rowley & Haslam McKenzie 2009) has highlighted the diversity within the housing markets of rural and regional centres: some centres have low growth housing markets, while others are expanding. The degree of remoteness of each settlement and nature of their economy adds to this complexity and brings into policy focus the potential impact of nation-wide—as well as community-focused—policy measures on these local housing markets. These are significant issues as 30 per cent of the Australian population lives outside the capitals and both small and large centres have been challenged by housing affordability for a sustained period (Beer, Bolam & Maude 1994). Moreover, the situation has worsened in many areas because of the resources boom (Haslam McKenzie et al. 2008) or the 'seachange' phenomenon (Haslam McKenzie 2009). The immediacy of this policy challenge was emphasised by the Housing Affordability Summit in Townsville in August 2008, as well as similar events across the country. Importantly, lower household incomes in many parts of rural and regional Australia frequently result in housing affordability challenges that are as acute as those evident in the capitals.

Previous research has shown that there are significant impediments to housing supply for both the home ownership and private rental markets in regional centres (Beer 2004; Beer, Bolam & Maude 1994; Hassell 2002) with investment often dependent on local sources. In addition, building construction and land supply is often organised on too small a scale to meet the needs of a growing population. Housing markets in rural and regional centres often appear disconnected from the local economy or historical growth patterns because of the growth of amenity-based migration, the ageing of the population, the resources boom and fly-in/fly-out or drive-in/drive-out mining, and greater integration with the global economy.

The affordability of housing in large and small non-metropolitan centres across Australia is a pressing policy concern because the shortage of affordable housing:

- Acts as an impediment to growth in many regions, postponing or cancelling major investment in resources, agricultural and tourism projects.
- Results in an expectation of public investment in housing in these regions—however, the level of need is often less than that evident in the capitals and there is insufficient volume of demand to justify the investment of scarce public capital.
- Contributes to labour market shortages, especially with respect to key workers in the health, education and related industries.
- May be exacerbated by the shortage or absence of well established, competent, social landlords and investors operating in these centres and willing to engage with NRAS and other initiatives.
- Has an adverse impact on Indigenous Australians who are often concentrated in rural and regional centres. The shortage of affordable housing for Indigenous Australians is often a consequence of tight market conditions for all segments of the population.
- Is affected by population ageing which is more pronounced in many non-metropolitan regions than the capitals, generating a greater demand for low cost housing.

In some centres, the in-migration of welfare recipients (Marshall et al. 2003) adds to the demand for low cost housing, reducing the ability of the market to meet needs while absorbing capacity within the public housing sector.

The Positioning Paper reviewed the literature on regional housing markets in Australia and identified seven key themes:

Housing affordability remains an important concern across Australia and while most studies have focused on the challenges of housing stress in metropolitan housing markets—and especially the largest cities—some work has paid attention to the challenges of affordability in rural and regional centres. Beer, Bolam and Maude (1994) and Beer (1998) calculated levels of housing stress for regional cities—centres with a population of 10 000 or more—for the 1991 and 1996 Censuses and concluded that housing affordability was as significant a challenge in regional cities as it was in the capitals. That is, while regional cities tend to have lower cost housing markets, this effect is compensated for by lower average incomes. Importantly, for this research, the rates of housing stress in regional cities were found to be broadly comparable with those evident in the metropolitan centres.

The capacity for individuals and households to become *entrapped* in low value housing was a theme emphasised within the *Rural Centres Housing Study* (Econsult 1989). This report noted that households in declining small country towns may find themselves tied to homes they own that have little or no value within the market. These individuals are essentially victims of economic restructuring and their circumstances may be worsened by falling levels of public and private service provision. James (2009) noted that many older farmers and residents of small county towns in South Australia's Mallee region feel that they are forced to leave their region in order to secure services in a larger regional centre—Victor Harbor or Murray Bridge—or move to the state's capital (Adelaide). James's (2009) work suggests that the housing market processes and dynamics identified two decades earlier continue to exert a strong impact on regional housing markets. Another not dissimilar scenario but for different reasons is when people are trapped in inappropriate housing because the market has climbed so high they can't afford to get out because they can't afford to get back in (this is especially evident in parts of WA and the NT).

Regional housing markets are seen to offer limited services for the most vulnerable in the community. A range of studies have noted that regional housing markets are often marked by few support services (Anthony & Milsom 2006; Anthony 2007; Senate Select Committee 2008; Beer, Bolam & Maude 1994). Various authors have noted that there tends to be a limited range of support services available to homeless people, and especially young homeless people (Beer et al. 2005, 2003; see also Council to Homeless Persons 2005; Johnson 2007), women fleeing violence in the home (Tually et al. 2008; also Chung et al. 2000; Weeks & Oberin 2004; WESNET 2000), immigrants (Missingham et al. 2006) and persons affected by a disability (Kroehn et al. 2007; Beer & Faulkner 2009). The impact of the affordability crisis, and whether the measures being introduced by governments to ameliorate the effects of this crisis for these groups and others known to be vulnerable in the housing market generally (such as older people, Indigenous people), is a specific area of investigation in the second stage of this research.

The adequacy of housing supply processes have been examined in a number of studies and reports (see, for example, National Housing Supply Council 2009, 2010) and concerns over the unaffordability of housing prompted a Senate Select Committee inquiry on housing affordability in Australia in 2008 (Senate Select Committee 2008). The WA Government has commissioned a number of pieces of work into the adequacy of rental supply (Anthony 2007; Anthony & Milsom 2006; Social Housing Taskforce 2009), while the SA Government's Office of Regional Affairs commissioned the Regional Workforce Accommodation Solutions Study (Hassell 2002) as one way of identifying policy solutions for the gap in housing supply. Critically, housing in regional areas is seen to be affected by a relatively small supply industry (Anthony 2007; Beer, Bolam & Maude 1994) and often inappropriate levels of planning regulation (Rowley & Haslam McKenzie 2009; Hassell 2002). Private rental housing is seen to be especially challenged, with Beer (2001) suggesting that the shortfall in supply is largely due to an inadequate flow of investment capital. This challenge has been exacerbated in some markets by relatively high rates of household growth.

The housing market processes associated with the s*eachange* phenomenon has been another important feature of the literature on regional housing markets (Salt 2004; also Gurran et al. 2005). Recent research (Wulff et al. 2007) has highlighted the ways in which *seachange* processes has generated new dynamics within housing markets, including growth in second home ownership and rising house prices that may result in reduced affordability and poorer access to housing for long term residents (see also Costello 2009; Squires & Gurran 2005; Haslam McKenzie 2009). This body of work mirrors research in other nations that have highlighted the impact of leisure related housing development in attractive locations—coastal and otherwise (Paris et al. 2009; Paris 2008; Hall & Muller 2004).

The impact of the resources boom on some regional centres has been highlighted in a number of studies (Haslam McKenzie et al. 2008, 2009; Haslam McKenzie 2010) and work in this area has focused on the nature, level and impact of the resources boom on these housing markets. Key themes have included the impact of fly-in/fly-out work arrangements, the high cost of housing, the quality of accommodation, the need for innovation in supply, and the differentiation in wages received by mining personnel and those in support industries. The resources boom has been seen to result in substantial change in some housing markets as a result of both economic and population growth, with much of this change concentrated in regional Western Australia, Queensland and—to a certain extent—the Northern Territory. It is likely that South Australia will experience comparable growth pressures in the foreseeable future.

Indigenous housing is a key concern in any examination of regional housing markets (Beer, Bolam & Maude 1994; Haslam McKenzie et al. 2009; 2008). Australia's Indigenous housing population is over-represented in regional housing markets and many of the problems associated with Indigenous housing—overcrowding, poor standards, inadequate infrastructure, low incomes, and the impact of cultural practices—are most evident in regional, not metropolitan, housing markets. Current policies towards the abolition of 'homelands' and the creation of new housing options based on the lease of Indigenous-owned lands relate to regional—rather than metropolitan—housing markets, and create new challenges both for policy and our understanding of such housing markets.

The Positioning Paper identified 15 case studies to be investigated as part of the empirical component of the research. The selection of case studies was based on the typology of housing markets developed by Wulff et al. (2007) and included locations that have already benefited from government policy initiatives or secured funding for such initiatives. Lismore, for example, was reported as a focus of NSW Government policy attention while Townsville had benefited from both NRAS and Queensland Government assistance. These investigations were undertaken to allow us to understand the impacts of, and barriers to, the effective implementation of various policy instruments.

The case studies covered a number of Australian states in order to be nationally relevant and included centres from each of the five housing market typologies for regional areas identified by Wulff et al. (2007, 2005) in their analysis of the 2001 Census data:

1. Non-metropolitan population centres with expanding housing markets
   - Townsville (Qld) with 9.7 per cent of households in housing stress
   - Barossa–Tanunda (SA) with 14.9 per cent of households in housing stress
   - Denmark (WA) with 24.5 per cent of households in housing stress.
2. Non-metropolitan population centres with low growth housing markets
   - Lismore (NSW) with 23.4 per cent of households in housing stress
   - Port Lincoln (SA) with 18 per cent of households in housing stress
   - Colac-Otway–Colac (Vic.) with 17.5 per cent of households in housing stress.
3. Rural/remote regions with expanding housing markets
   - Snowy River (NSW) with 12.3 per cent of households in housing stress
   - Roxby Downs (SA) with 2.2 per cent of households in housing stress
   - Alice Springs (NT) with 12 per cent of households in housing stress.
4. Small non-metropolitan settlements with low growth housing markets
   - Glenelg-Heywood (Vic.) with 10.1 per cent of households in housing stress
   - Boddington (WA) with 10.6 per cent of households in housing stress
   - Chinchilla (Qld) with 12.9 per cent of households in housing stress.
5. Remote regions with low growth housing markets
   - Nhulunbuy (NT) with 1.0 per cent of households in housing stress
   - Meekathara (WA) with 5.7 per cent of households in housing stress
   - West Coast (Tasmania) with 2.3 per cent of households in housing stress.

The housing markets were selected to provide a broad cross section of the processes evident in regional housing markets across Australia. As noted elsewhere in this report there have been significant changes in the housing market generally in Australian since 2001 and this research documents many of these changes as they relate to rural and regional markets specifically.

1.2 Research questions

This research project answers four key research questions:

1. What are the significant housing market drivers in rural and regional centres throughout Australia and how do they vary by state, region and local economy?
2. What is the nature and extent of housing affordability problems in rural and regional centres and how do they vary by geographic setting (remote, coastal, etc), local economy and population size?
3. How have these housing market drivers affected the supply of affordable housing in both the rental and home purchase sectors?
4. What is the likely impact of the measures being used by local, state and Australian governments to boost the supply of affordable housing in these centres, and how can these initiatives be strengthened?

The research addressed the four specific research questions outlined above, by:

- Documenting the drivers of housing markets in centres throughout rural and regional Australia focusing on both the home purchase and rental sectors.
- Establishing a national evidence base on how and why these housing market drivers vary by location.
- Assessing the level and severity of housing affordability challenges in centres throughout rural and regional Australia.
- Examining the implications of these processes for the supply of affordable housing for the population overall, as well as groups of policy interest—Indigenous Australians, older persons, those on very low incomes and persons with a disability—in rural and regional centres.
- Highlighting successful policy innovation in meeting housing needs in rural and regional centres across Australia.
- Establishing an evidence base that will assist governments and communities to implement effective policies and programs that address housing disadvantage, ensure the adequate supply of affordable housing and assist rural and regional centres develop the capacity to take full advantage of both local and national affordability initiatives. The project will pay attention to the effect of the NRAS on regional housing markets, as well as understanding barriers to the take-up rate of NRAS, particularly given that, to date, only a small proportion of these properties have been in regional housing markets.

1.3 Structure of the Final Report

This section of the Final Report has reviewed the major findings of the literature review component of this research and reviewed the objectives of the project. The remainder of this document is organised as follows. Section 2 considers the major drivers of regional housing markets in Australia in the first decade of the twenty-first century. Section 3 examines issues of housing affordability in rural and regional Australia. Section 4 discusses the impact of current government policies on non-metropolitan housing in Australia, and Section 5 draws together the key conclusions from the research. The 15 case studies that inform this research are included in the Appendices as they offer insight into the diversity and complexity evident in Australia's rural and regional housing markets.

2 THE DRIVERS OF HOUSING MARKETS IN RURAL AND REGIONAL CENTRES

Housing markets in Australia's rural and regional centres are affected by a range of processes that are common with those operating in the capital cities. These include: the processes of population growth; the structural ageing of the population; the balance between supply and demand for housing; and the impact of housing finance. Significantly, however, some of the major drivers of the capital city housing markets are not present, or exert a minimal impact, on regional centres. The impact of international migration, for example, is either absent or muted across regional Australia. On the other hand, processes that appear insignificant in metropolitan housing markets exert a major influence in some regional housing markets and this includes the impact of scale, geography, spatial differentiation, localism and the presence of an Indigenous population. The major processes and contextual issues affecting rural and regional housing markets are discussed in this section, including those drivers that are common across Australia. Special attention is given to those factors that distinguish non-metropolitan centres from the capital cities. Issues of housing affordability—and the processes affecting housing affordability—are covered in the following section.

2.1 Housing and land supply

As would be expected, housing and land supply processes are critical in defining the size, nature and trajectory of housing markets in rural and regional centres. While there is considerable variation across Australia in the adequacy and effectiveness of the provision of new housing, stakeholders in many locations noted that a range of capacity issues are affecting the supply of land and housing and particularly for affordable housing. Prominent among such issues were real concerns about the capacity of the local labour force to respond to increased demand for housing, as well as uncertainty surrounding potential demand feeding through into inadequate land provision. The speed of land release was cited repeatedly as a significant impediment to the supply of land for housing and a cost impost. Many stakeholders were concerned that the type of land released to the market was not what is being demanded; i.e. only releasing blocks over 600 square metres in many areas; this limits options for smaller and cheaper land for more affordable housing. In some areas, however, informants noted that capacity issues regarding construction materials and labour were somewhat alleviated by flow over effects from nearby metropolitan markets. Informants in the Barossa Valley and Lismore, for example, noted this. In more remote locations, informants noted that there could be substantial challenges in attracting a builder and that often prospective customers needed to wait for a builder to become available. In these places, the shortage of builders added to the cost of new dwelling construction. Further, stakeholders noted the lack of economies of scale in rural and remote Australia generally as a local barrier to housing supply. Along with the ongoing skills and labour force shortages in rural and remote areas, these factors were strongly emphasised as contributing to the cost of building—both in the residential and commercial sectors. Additional construction costs are common in remote areas with extreme climatic events. Cyclone proofing, for example, adds to dwelling costs. Actually obtaining construction materials adds to costs in remote locations.

The Chinchilla case study raises some other important supply concerns worthy of note. In Chinchilla, the expansion of the mining and gas sectors stimulated a significant rise in construction activity. Much of this activity has been speculative with large construction firms entering a market previously dominated by small, local builders. The speculative activity is based around the perceived demand from investors looking to capitalise on the rents expected from an influx of workers. However, Chinchilla has the advantage of being relatively close to Brisbane so a shortage of construction workers was not an issue and the speed of supply in response to anticipated demand has been rapid. Townsville, being a large regional centre, has had little problem attracting construction workers during periods of rapid expansion.

Planning and the provision of land for new development were seen to impede the housing supply process in a number of centres. In a high percentage of instances the supply of land for housing development was constrained by broader political, social, aesthetic or environmental considerations, as illustrated in the following examples.

→ New land for urban development was limited in Lismore by the need to avoid areas at risk of flooding.

→ In the Barossa Valley housing development was constrained to the existing urban boundaries, which effectively limited new housing supply to one urban centre—Nuriootpa. These boundaries have been put in place to preserve horticultural land and the economic base of the region.

→ In Alice Springs the provision of land for housing development has been limited by Native Title claims that ring the city.

→ In Port Lincoln further outward expansion of the urban area is limited by Lincoln National Park.

→ The growth of Jindabyne, the most significant settlement within the Snowy River Shire, is confronted by the need to ensure that urban development does not pollute Lake Jindabyne or its associated waterways. Further population growth and housing development may necessitate investment in expensive water treatment systems.

→ The rapid expansion of Chinchilla caused problems for a planning authority already dealing with the issues associated with the merger of a number of smaller authorities. As is/was the case in the Pilbara of Western Australia, uncertainty surrounding the extent of the demand for accommodation from resource sector workers makes it very difficult to estimate the amount of land required to satisfy demand. Planners are open to criticism if the undersupply leading to a boom or oversupply leading to land price falls.

→ Land for housing supply at Roxby Downs is limited by the release of land by BHP Billiton, and while growth of the town is expected as part of the expansion of the Olympic Dam mine, a conventional market for land supply does not exist.

→ In many rural and regional locations in Western Australia (and other jurisdictions), land supply is controlled by government agencies which are slow to respond to market indicators. In addition, environmental and native title clearances are time consuming and onerous (on average: seven years).

→ The cost of new land is an issue in many regional locations. In the Queensland case studies the price expectations from landowners coupled with the rising cost of infrastructure contributions has made it very difficult for developers to bring land on to the market at an affordable price. Landowners often see the selling price of a new lot and expect to be able to generate that level of revenue from their land regardless of construction costs. With strong demand for land, landowners are in a good bargaining position and competition forces up land prices. These price increases are inevitably passed on to the end consumers. Traditional rural lot sizes of over 600 square metres still dominate new land releases, again making it very difficult to bring an affordable product on to the market. In both Townville and Chinchilla smaller lots are starting to be integrated with traditionally-sized products.

Clearly, many regional centres are confronted by circumstances that create hurdles for the provision of land for affordable housing. While recognising the particularities of each situation, it is important to note that in many cases informants believed that state and local governments could do more to ensure the provision of land for housing and through that mechanism ensure the supply of affordable accommodation. For example, a greater variety of lot size would enhance the diversity of regional housing allowing a more affordable product to be offered to end consumers. House and land packages are becoming more and more common, particularly in areas of high demand where the developer can benefit from short-term increases in price. This can lead to the development of a standardised and often low quality product, but it can also result in a relatively quick response to increased demand. Developers are quick to pass the blame on to the planning system for a lack of land supply and declining affordability, but regional planning authorities often suffer from inadequate staffing levels and many lack appropriate skills and experience to respond to new market challenges.

In some instances, informants believed that local governments simply needed to interpret existing regulations differently, while elsewhere local governments needed to invest in appropriate infrastructure.

Two important themes emerged from the interviews:

1. Many informants believed that governments—local and state—needed to do more to ensure that there was an adequate supply of land for housing, noting the need for different types of housing options/products (including densities) as well as different types of land for housing (size, location). Guidance from state government when responding to rapid demand increases would be welcomed by small planning authorities dealing with challenges in regional communities being tackled for the first time.
2. There is scope for local governments and state departments to be more innovative in their planning provision, with greater scope for higher density housing forms and diversity within the housing stock. For example, Adelaide's 30 Year Plan (Government of South Australia 2009) forecasts an additional 6000 persons to be accommodated within the existing towns of the Barossa District Council, with higher density housing meeting most of this demand.

2.2 The impact of government policies

The impact of government policies on housing markets will be discussed in detail in Section 4 below, but it is important to acknowledge here that government policies have a critical—if not determinant—influence on the operation of housing markets in rural and regional Australia. In broad terms we found that:

→ In some remote settlements, government provided housing represents virtually the entirety of the housing stock and that there is no functional market to be identified.

→ The First Home Owners Grant—and especially the expanded version of that grant introduced as part of the Nation Building Economic Stimulus Package by the Australian Government—has driven large sections of the housing market in many regional centres. It has brought forward demand in many instances.

→ Other recent affordable housing policy initiatives have had a muted impact on regional centres and awareness of these measures is very low. As noted later in

Section 4, many of the centres included in this study missed out on social housing in the Federal Government's Stimulus Package because of a perception of lack of need for such assistance in these communities. Many stakeholders felt that (urban-based) governments had reasoned that as there is limited existing social housing stock in rural and regional areas generally, there is not much demand for such housing. This point raises the important issues of properly understanding the dynamics of rural and regional housing markets and interrogating local trends closely.

- In many rural centres the publicly-owned stock is very small, and, as noted later in the report, the stock of publicly-owned dwellings is often inadequate in areas where there are affordability pressures. Social housing can only serve those with the highest need and there is a growing realisation that it cannot house those who just have low incomes. This is the biggest potential problem; the gap in the housing stock to accommodate those on low incomes.

2.3 Demographic change

Demographic change has had a profound impact on Australia's housing market over the past decade and this effect is evident also in the housing markets of rural and regional centres. Unlike the metropolitan centres, international immigration has not been a major driver of housing markets in most of regional Australia (although in the mining communities of Western Australia local government authorities report that there are increasing numbers of international immigrants in response to specific mining and other technical skills shortages). Migration more broadly, however, has been significant. Amenity rich *seachange* and *treechange* regions have experienced more than a decade of arrivals from the metropolitan regions, and this has transformed their housing circumstances. In Western Australia, Denmark's housing market is being driven by sea change population growth with households seeking larger 'lifestyle' properties close to the sea with work opportunities only available outside the town.

The Northern Rivers Region of NSW, for example, has seen migration fuelled growth across the district and this in turn has reshaped both the housing and labour markets. Housing is more expensive in coastal localities (e.g. Coffs Harbour, Ballina, Lennox Head), less expensive away from the coast (Lismore), and cheaper again in inland towns (such as Casino or Grafton). The proliferation of non-resident labour, particularly in the mining communities of Western Australia and Queensland, has meant that a growing number of fly-in/fly-out and drive-in/drive-out workers live and work in one community while their families live in another. Often the families of these workers are located in cities, peri-urban or aesthetically attractive coastal communities elsewhere where services and infrastructure can be relied upon. These trends were seen in the Roxby Downs, Nhulunbuy and West Coast (Tasmania) case studies, with many stakeholders noting concerns over the difficulties in providing and maintaining services and infrastructure to an appropriate standard with a part-time or largely non-residential population.

The ageing of the established population is also a significant influence on the operation of housing markets in rural and regional Australia. Fieldwork showed that in many settlements population ageing was adding to the demand for purpose-built aged accommodation (and related social and community services), and in many instances this stock was in short supply. The need for more appropriate housing was often the reason behind a departure from the region as older people moved to larger centres to meet their housing needs.

2.4 Economic growth and labour markets

The processes of economic growth have a clear and distinct impact on the nature and performance of housing markets in rural and regional centres across Australia. In part, labour markets determine the price of housing by influencing the level of demand and the capacity of individuals to afford housing. Housing markets in high-wage regions—such as the mining towns of Western Australia, Roxby Downs (South Australia) or settlements close to Queensland's Bowen and Surat Basins, and those locations near to capital cities such as the Sunshine and Gold Coasts in Queensland—tend to be more expensive. Places where a larger percentage of the population relies upon statutory incomes tend to be marked by lower housing costs and more limited investment in the stock.

In Townsville very strong employment growth in a number of sectors including defence, mining, health, education and public administration has driven the housing market over the last decade. Very strong population growth resulted from employment opportunities with 100 people a week arriving in the town at the peak of the population boom. This put pressure on the private rental market with a chronic shortage in the middle of the last decade resulting in rapid rent rises and significant affordability issues. Rent and price rises stimulated a high level of new supply, particularly high density apartment development. An oversupply occurred, a classic property market cycle, which, coupled with the GFC, halted price and rental growth. The current situation sees a market that many view as currently close to equilibrium but this situation is likely to change as demand picks up on the back of renewed employment growth. The local authority and developers agree that there is sufficient land supply available to satisfy demand in the short term, but the long term may pose different challenges.

Boddington is another town where the housing market is being driven by employment-led population growth, this time solely through the mining industry. Generally in locations affected by the resource industry it has been population growth fuelled by strong employment that has driven the housing market. For example, price rises have stimulated supply in Geraldton on the back of the proposed new port at Oakagee. The housing market has been altered dramatically as a result. Haslam McKenzie et al. (2009) detail the resource industries impact on the housing market of Karratha where prices and rents were forced up to levels well in excess of \$800 000 and \$1000 per week respectively. Population growth, high mining incomes and a slow supply response all contributed to the rapid housing market change.

Perhaps most critically, housing markets in rural and regional Australia are—by definition—relatively small and therefore have a limited capacity to adjust easily to change. Chinchilla in Queensland was selected as a case study for this report on the basis that analysis of 2001 Census statistics by Wulff et al. (2007) showed it to be a small low growth housing market. By the time fieldwork was undertaken at the start of 2010, Chinchilla's economy had been transformed through development of coal seam gas deposits and there was much greater demand for accommodation of all types. By 2010 Chinchilla was no longer a 'low growth' housing market, but at the start of employment and population-driven housing market change with investors trying to take advantage of a potential influx of resource workers to the town who are expected to drive up rents and provide attractive rental returns to investors. The challenges now confronting the town are typical of the difficulties experienced by many centres whose prospects change suddenly. For example:

→ Problems for small businesses attracting staff.

- Rental housing becomes unaffordable for those working within low-income industries.
- Owner-occupier housing becomes unaffordable for households on below median incomes.
- Planning authorities struggle to adapt to a dynamic housing market and a development industry thirsting for quick land release.
- Population growth placing pressure on local services who in turn find it difficult to attract and retain staff due to housing costs.
- Displacement of households from the town to smaller, surrounding towns that lack the services to cope with the needs of low-income households.

Labour market change and housing market dynamics interact in significant ways. Rural centres often have a limited capacity to take full advantage of the benefits of adventitious or short-term growth because they cannot accommodate the workers in these emerging industries. The very limited rental markets in many parts of rural and regional Australia may push workers to live outside the immediate town limits or commute long distances. Many regional towns lack the essential services necessary for those on low incomes, for example health and aged care services and an adequate public transport network. The infrastructure of towns surrounding high growth locations needs to be improved to enable them to cope with those displaced. In Chinchilla and Townsville, for example, many low-income residents have been forced to move and price and rent rises have rippled out to small, surrounding towns as households seek more affordable accommodation. The local council in Chinchilla were resigned to losing long-term residents on low incomes as rents and prices rose. However, some were of the view that these residents would be able to return in the long term after the demand for accommodation from the resources sector dried up and rent and prices fell. This is perhaps of little comfort in the short term to those residents displaced and forced to move to smaller, less suitable towns. The growth of the Chinchilla market has particularly affected the Indigenous community who are unable to secure market housing and who are consequently forced outside the town or into conditions of overcrowding.

This phenomenon is well understood with respect to the mining industry where fly-in/fly-out or drive-in/drive out business models operate, but comparable processes have been documented in agriculture in Australia (Beer 2004) and New Zealand. The failure of some housing markets, therefore, is as much an economic development issue as a concern for housing policy.

2.5 Scale and localism in regional centres

Two of the features that define housing markets in rural and regional centres are localism and the impact of scale. Localism is used here as a term to refer to the influence of local factors on the nature and functioning of housing markets. Sometimes these factors are historical—the need to preserve heritage for example or the decision to develop the settlement in a particular way—or they may be geographical and relate to the centre's location on flood prone or hilly terrain, or even the proximity to other settlements. Some of these processes are institutional, for example, the historic role of the Snowy River Hydro (now and in its earlier forms) continues to shape attitudes to housing and the distribution of the housing stock in the Snowy River Shire. Environmental processes may also exert a pivotal influence as development may be limited by the need to preserve flora or fauna, or maintain the quality of waterways. Lismore's development, for example, is increasingly affecting the need to preserve the koala habitat.

The issue of scale has been discussed previously, but it is important to restate that the size of rural and regional centres plays an important role in determining the ways in which that housing market may operate. The small settlements of the Snowy River Shire, for example, have few services and no access to public transport, effectively meaning that only those of working age with employment and access to a motor vehicle can live in the town. The young and the old need to look elsewhere for services or support and are therefore likely to leave these townships. Larger centres offer a greater range of housing opportunities and are able to attract a broader population, often from nearby settlements. These trends were seen too often across many of the rural and regional areas studied.

Issues of scale are important also in attempting to understand the range of housing markets evident in rural and regional Australia. The relatively small size of many housing markets allows scope for considerable change in housing markets to find expression over a relatively short timeframe. Places that were small and affordable housing markets can, over a short period, grow significantly in percentage terms and witness a substantial transition in housing costs and cause displacement of particular groups within the population from the housing market. This fact is demonstrated in the Chinchilla case study where the market is being reshaped mainly to benefit investors looking to cash in on rental market growth—with implications for the type and quality of new housing being built in the town. Among the case studies covered in this Final Report, Boddington also provides ample evidence of the capacity of regional housing markets to be reshaped over time. To a certain degree Lismore provides additional evidence, as does the Barossa Valley (see relevant case studies in Appendices A1.10 and A1.4).

2.6 The Indigenous population

Across Australia some of the largest Indigenous communities are found in the capital cities, but while there may be greater numbers of Indigenous people in the metropolitan areas, in many rural and regional centres a greater proportion of the population are Aboriginal or Torres Strait Islanders. In many regional centres, the Indigenous population is an important and visible component of the broader community. At least in part, in these centres the processes of accommodating this component of the population defines the housing market. In some centres the Indigenous population experiences discrimination within the housing market—especially in private rental—and this contributes to a segmented housing system of supply. Evidence from Chinchilla and Townsville highlighted discrimination against Indigenous households. When the housing market is strong, investors are able to pick and choose tenants with Indigenous households missing out on housing opportunities. Discrimination extended to any family with children in times of extreme demand as landlords sought the lowest ‘risk’ tenants. In other centres—such as Meekatharra and Nhulunbuy—specialist Indigenous housing largely defines the market, with little or no housing provided outside these structures and processes. Centres such as Alice Springs occupy a mid-way position in this spectrum with both strong Indigenous and non-Indigenous demand.

3 HOUSING AFFORDABILITY AND RURAL AND REGIONAL CENTRES

The housing markets of rural and regional communities are an important component of overall housing supply across Australia. However, often these housing markets are relatively poorly understood with one of the most common assumptions being that housing outside the capitals is more affordable than housing in the metropolitan areas. The impact of this set of assumptions was recently demonstrated in the 2008 report of the Senate Select Committee on Housing Affordability in Australia (2008), *A Good House is Hard to Find: Housing Affordability in Australia*, which argued for the importance of regional areas in addressing population and housing pressures on Australia's cities. The report contended that governments:

> … must recognise opportunities to expand regional areas to relieve pressure from the capital cities particularly given the enormous potential for regional growth in Australia (p.84).

Earlier research has argued that housing in at least some types of rural and regional centres is no more affordable than accommodation in the capital cities. Beer (1998) showed that while house prices and rents were lower in regional cities than in the capitals, this advantage was reduced by the reduced average incomes outside the capitals. Haslam McKenzie et al. (2009) demonstrated that housing costs were high in mining centres, with Indigenous Australians and people employed in support industries particularly affected by high housing costs and consequently marginalised. House price movements since the year 2000 have also affected some regions more than others, with amenity rich *seachange* or *treechange* localities especially affected by rising house prices.

3.1 Housing stress and the ability to enter into the housing market in rural and regional centres

Housing stress in the home ownership sector is widely used when discussing housing affordability, but in some ways is a flawed or partial measure of the capacity of households to afford housing. Although it does provide an indication of the proportion of low-income households paying housing costs above 30 per cent of their gross income, there are problems when relating the measure to housing affordability or the financial wellbeing of owner-occupier households. Housing stress only relates to those households that have not gained access to owner occupation, it does not measure those households that cannot afford to access housing. This is the key when assessing housing affordability.

Changes in the number of owner-occupied households suffering housing stress will often reflect movements in interest rates or alterations in household circumstances (e.g. marriage breakdowns, unemployment etc; see Wood & Ong 2009). As house prices rise, fewer and fewer low-income households are able to access owner occupied housing as they are unable to obtain sufficient finance to purchase a home. For example, a household on an income of $50 000 with two dependents would not be able to gain access to finance to purchase a house above $275 000, assuming they have at least a 10 per cent deposit. In regional WA, for example, only 19 per cent of all house sales in 2009 were under $250 000 which shows the lack of accessible affordable accommodation in the state. Stricter lending criteria following the GFC have made it even more difficult for low-income households to secure finance and purchase a property.

Housing stress does not measure the proportion of households that want to but are unable to afford housing, i.e. those in housing need. Price:income ratios provide a better indication of the difficulties of households within various income bands to access median priced housing.

Measures of housing stress in the rental sector provide a much clearer indication of affordability in the housing market. This group of households have fewer if any other accommodation options. Higher levels of expenditure on housing do not reflect discretionary investment, but instead are a product of the forced expenditures of vulnerable groups in the population. And, it is important to acknowledge that, across Australia, housing stress is much more common in the private rental sector than among owner-occupiers. This is true for the proportion of households and in terms of absolute numbers.

3.2 Incidence and distribution of housing stress in rural and regional centres

While there are concerns that measures of housing stress provide only a partial picture of housing affordability, they remain a useful statistical measure for understanding the impact of unaffordable housing across the nation. They have also been used over a long period, thus enabling a comparison of change over a long time.

Table 1 below provides a summary of the incidence of housing stress in home purchase and rental markets across rural and regional Australia. Census data from 2006 were used to calculate the percentage of home purchases and tenants in housing stress—that is, they were in the bottom 40 per cent of the income distribution and paid 30 per cent or more of their gross income for housing. A general listing of levels of housing stress by tenure and SLA is provided in Appendices 2 and 4, and specific housing stress data for the 15 case study locations that support this research are provided as Appendices 3 and 5.

Table 1: Number of tenant and purchasing households in housing stress in rural and regional SLAs across Australia

Per cent	*Number of SLAs*	*Examples*
Home purchasers		
> 5	40	Roxby Downs 1.3%, Kimba 3.8%, King Island 4.3%, Surf Coast Shire (East) 4.8%
5–9.9	408	Colac-Otway 9.1%, Wattle Range 7.4%, Greater Shepparton 7.3%
10–19.9	179	Leonora 14.8%, Peterborough 14%, Kempsey 13.1%
20+	8	Biggenden 20.3%, Issisford 21%, Cox-Finnis 24%
Total	**635**	
Tenants		
> 5	37	Nhulunbuy 1%, Kimba 0%
5–9.9	47	Roebourne 5.1% , Port Hedland 6.5%
10–19.9	136	Winton 10%, Exmouth 13.3%, Balonne 17.6%
20+	444	Falls Creek Alpine Resort 50%, Coffs Harbour 39.5% , Lithgow 36.6%
Total	**664**	

Source: ABS 2006 Census

It is worth noting here that data are not provided for all SLAs because, in some instances, viable data were not available. Not all communities, for example, have rental markets while in other communities the quality of data provided was poor. Moreover, it should also be acknowledged that the data upon which the measures of housing stress reported in Table 1 are based are from the 2006 Census and reflect a relatively distant stage in housing markets and in some instances levels of housing stress have changed dramatically since this time.

The Port Headland and Roebourne figures in the table provide a good indication of the problems associated with ABS data and housing stress measures. Weekly rents are reported to be just $110 per week in Port Hedland with median household incomes over $110 000 per annum. However, weekly rents within the private rental market are now well over $1000 per week. The ABS data were recorded in 2006 and do not reflect the rapid pace of change in markets such as Port Hedland, Roebourne and Chinchilla, for example,, as well as failing to take into account subsidised rents as noted above. As a result, these measures typically underestimate the extent of the affordability problem. The data do not reflect those people who are camping, living in sheds, couch surfing, hotbedding or fly-in/fly-out due to a lack of affordable accommodation in certain resource dominated towns.

A general listing of levels of housing stress by tenure and SLA is provided in Appendices 2 and 4, and specific housing stress data for the 15 case study locations that support this research are provided as Appendices 3 and 5. (It is worth noting that data are not provided for all SLAs because in some instances viable data were not available. Not all communities, for example, have rental markets while in other communities the quality of data provided was poor).

A number of conclusions can be drawn from Table 1 and the associated Appendices:

1. Most importantly, the rate of housing stress is much greater in the rental market than in home purchase. Fully two-thirds of rental markets in non-metropolitan Australia had more than 20 per cent of tenants paying more than 30 per cent of their income on rent. Of this, Falls Creek Alpine Resort and comparable tourism centres were an extreme example, but whole regions of non-metropolitan Australia are marked by unaffordable rental housing. The North Coast of NSW is one region thus affected, with Lismore, Coffs Harbour, Tweed, Byron and Hastings all affected. Additional insights into the processes affecting this region are provided in the Lismore case study, but it is worth noting that in this case there are broad regional demand factors in operation, as well as more localised issues.
2. There was considerable variation across the nation in the location of communities with low and high rates of housing stress. If we take as an example the communities where 20 per cent or more of home purchasers were in housing stress, Biggenden is in Queensland and is an inland community just north of Gympie; Issisford is a remote Queensland settlement on the banks of the Barcoo, while Cox Finnis is in the Northern Territory. Other settlements in this group included remote Indigenous communities, the majority of which had few rental households. Remote settlements are neither necessarily affordable or unaffordable with the nature of the local economy, rate of population growth and access to alternative accommodation sources also acting to determine housing affordability.
3. There is not a clear linear relationship between industry structure and housing affordability. Some mining settlements are characterised by high levels of housing stress, while others appear to be relatively affordable. Port Hedland has been central to the growth of the iron ore industry in Western Australia but just 6.5 per cent of tenants were in housing stress at the 2006 Census. In some instances

high housing costs may be offset by high incomes while elsewhere regulation of the housing market or reliance on fly-in/fly-out production schedules reduces the demand for housing.

4. Some Indigenous communities—such as Nhulunbuy—had low rates of housing stress among tenants and this will reflect both issues of data quality in some instances, and the absence of private housing in other cases. In communities where the rental market is dominated by government provision, the housing that is available will be affordable, though perhaps in insufficient quantity to meet needs. This issue is also discussed in more detail in the case studies within the Appendices.
5. Some areas genuinely have affordable housing markets, as reflected in low levels of housing stress both for home purchase and renting. Kimba in South Australia is one example, as is Roxby Downs in that state, King Island in Tasmania and Murray Shire in NSW.

Housing affordability is examined at some length in the 15 case studies included in the appendices and it is evident from them that housing affordability has declined markedly over the last decade with rural and regional communities paralleling trends evident in metropolitan housing markets. Interviews with key informants suggested that housing affordability declined because of increasing demand from a range of sources—in-migration, the natural growth of the region, the development of new industries—in combination with constrained supply.

The data on housing affordability summarised in Table 1 and presented more fully in the appendices highlight the significant gap between home purchase and rental housing in rural and regional centres. Put simply, in most rural and regional centres housing affordability is a very limited concern with regard to *home ownership generally*, whereas it is a *major challenge in the rental market*. It should be noted that housing stress levels among home owners are lower because many home owners entered into the market pre-rapid house price expansion experienced throughout most of the 2000s and therefore such households have proportionately lower housing costs. For new entrants into the market, however, higher prices are of significant concern. And, this is particularly the case in some regional housing markets—including those near mining communities and on the coast. In Boddington, Denmark, Townsville and Chinchilla, for example, there are significant affordability concerns for those on low incomes looking to enter into home ownership. Importantly also, while there is a similar gap in affordability across Australia (with 27% of tenants and 7% of home purchasers affected by housing stress at the 2006 Census (Beer 2009, p.12)), the difference is greater than would be expected given conventional accounts of the affordability of housing in rural and regional Australia.

Critical issues affecting the affordability of rental housing included:

- Limited supply of publicly-owned dwellings—in most of the case studies, e.g. Snowy River Shire, Barossa District Council, Port Lincoln etc, much of the public housing stock had been sold off and the little that remains is the older and poorer housing stock. In many instances, public housing authorities reported that their major concern was to help low-income earners into private rental housing. The absence of public rental housing—which in some regions was important historically—places additional pressure on the private market.
- There are significant numbers of households with low and insecure incomes in many rural and regional centres. Lismore in NSW, for example, has both a significant population reliant upon statutory incomes and many households on low

- The small size of the rental market in many regional centres—in numerous rural and regional SLAs the entire rental market may be comprised of 50 or fewer dwellings and there is therefore little capacity to meet additional demand in a timely and cost efficient way. In many places tenants simply cannot live in the town or community of their choice because housing simply is not available. Many low-waged workers in the Barossa District Council, for example, live outside of the Valley and commute to work from Eudunda or Kapunda where they have access to lower cost housing and more readily available private rentals.
- Relatedly, many regional centres have experienced sudden 'demand shocks' that have adversely affected the rental market. In Lismore, for example, land and house prices have risen across the board, but the impact has been exacerbated in the rental market because of the rapid increase in the student population studying at Southern Cross University. Long-term renters—including the Indigenous population—have been adversely affected with many forced to rely upon non-standard forms of accommodation such as garages or caravans on private property. This has also been the case in Chinchilla and was the case in Townsville in the latter part of the last decade. Critically, demand for housing at the bottom end of the market is acute and this inevitably pushes up prices. Evidence collected through the case studies suggests that, in many instances, people nominally in the private rental sector are in fact experiencing secondary or tertiary homelessness.
- Uncertain supply processes for the rental market in rural centres have also contributed to the high degree of unaffordability in housing. Numerous informants in the case study localities noted that there was limited housing supply apart from detached dwellings on a relatively large block of land. Higher density housing forms—such as townhouses—which are frequently used for rental housing in the capital cities, were relatively uncommon. A second constraint was a high degree of reliance on small scale investors who lived locally. Real estate agents in the case studies observed that 'mum and dad' investors comprised almost the entirety of the rental supply system and this resulted in limited investment overall. Again there are exceptions in areas of extreme housing demand (or at least perceived demand). In Chinchilla large scale investment has occurred with house builders marketing products at seminars across the country highlighting the potential returns from the housing market due to the anticipated influx of resource-related workers.

4 RURAL AND REGIONAL HOUSING MARKETS: THE IMPACT OF CURRENT GOVERNMENT HOUSING INITIATIVES

4.1 Introduction

As noted earlier in this report and discussed in detail in the Positioning Paper, the election of the Rudd Labor Government in November 2007 heralded the introduction of a suite of changes in the structure and direction of housing policy in Australia. Set against the backdrop of a serious ongoing nation-wide housing affordability crisis (Senate Select Committee on Housing Affordability in Australia 2008), a number of policy levers and initiatives have been introduced by the Australian Government, largely in partnership with state and territory governments, to reduce the number of Australian households in housing stress, and to support those who are vulnerable in the housing market. These initiatives have included programs to reduce barriers to the supply of affordable housing, as well as the provision of direct financial support and incentives to attract investment in social housing *and* affordable private rental. The cornerstones of this new housing policy environment include:

- A National Affordable Housing Agreement (NAHA) with associated National Partnership Agreements for Social Housing, Homelessness and Remote Indigenous Housing.
- The National Rental Affordability Scheme (NRAS).
- The Housing Affordability Fund (HAF).
- The housing initiatives within the National Building Economic Stimulus Plan, particularly the Social Housing Initiative and short-term extension to the First Home Owners Grant (FHOG)—the First Home Owners Boost (FHOB).

These initiatives and measures are in addition to existing Federal initiatives, such as the First Home Owners Grant and a range of state and territory initiatives—mostly to assist first home owners (as detailed in Tually et al. 2010). The prevalence, importance and impact of these measures were a focus within the fieldwork for this project.

4.2 The impact of Australian government housing initiatives

Consistent with much of the literature around the drivers of housing markets in Australia generally, the fieldwork undertaken as part of this research has confirmed that government policies on the whole have a critical if not determinant impact on rural and regional housing markets—negatively, positively or both. The impact of particular initiatives and programs within the broader housing policy framework though has an uneven impact on such housing markets. This has certainly been the case with the most recently introduced suite of measures.

Insights gained from interviews with key stakeholders revealed a range of challenges, opportunities and outcomes associated with government-driven and government–funded programs. It was clear that these initiatives have a different impact on rural and regional housing markets than on metropolitan markets.

Overall Impact of Government Initiatives

The fieldwork undertaken for this research revealed a generally muted impact from the current suite of affordable housing initiatives introduced under the Rudd/Gillard Government. In most case study locations the most visible and well known impact was from initiatives funded by the Nation Building Economic Stimulus Program and in most cases this was for infrastructure projects to support economic growth and improve services rather than the delivery of housing. The single greatest impact on rural and regional housing markets was exerted by the temporary increase in funding associated with the First Home Owners Grant (FHOG) associated with the Nation Building Economic Stimulus Program which saw a doubling of FHOG and a four-fold increase on payments for new housing. Critically, many of our fieldwork informants noted that the expanded FHOG had brought forward demand for housing (and particularly at the lower and more highly competitive end of the market), temporarily raised house prices, and then resulted in the disappearance of first home buyers from the market. This will, of course, correct itself over time, but their observations speak to the impact of this stimulus measure. On the whole, the FHOG and FHOB were clearly the two policy areas where many stakeholders could pinpoint an impact and many felt that the grant worked to drive up prices at the bottom end of the market. This was the case in the Barossa, Lismore, Port Lincoln and Alice Springs.

Other informants noted that home builders were currently not available as some were finishing off projects in their region associated with investment in new buildings under the Building the Education Revolution. Generally stakeholders were pleased with the investment rolled out as a consequence of the Nation Building Economic Stimulus Program as these projects were seen to be improving local infrastructure, but the diversion of key local builders and tradespersons to such projects is difficult to cover in most rural and regional markets where the shortage of builders and tradespersons is of concern anyway. Some stakeholders noted that their communities have not recovered from the loss of skilled tradespeople to metropolitan and other regional areas that occurred in the late 1980s and throughout much of the 1990s and this has been a challenge in some regional areas for many years now.

It is important to note that we found some evidence of contention over, and resistance to, construction of social housing in some regional communities. Some local government stakeholders noted a lack of genuine consultation about social housing built locally. The streamlining of planning procedures and the circumventing of local government was a real concern in some areas, for example, in Naracoorte in the South East of SA (ABC 2010a, 2010b, 2010c). There is thus a need to better inform and involve local governments in particular in the process of selecting locations (communities/towns and actual streets/land) for social housing under the Stimulus, and this would then allow local councils to better inform residents and aggrieved council members about developments.

In most of the locations studied, first home owners were no longer as active in the respective markets following the expiration of the FHOB. Stakeholders were emphatic that the decline in such activity was due to a range of reasons—the increasing price of housing and the lack of affordable entry level homes, expiration of the Boost, the expectations of buyers, and, in many locations, much tighter lending criteria placed on home buyers by financial institutions. On this issue, some informants noted that the state and territory home ownership assistance programs have worked to fulfil some gaps in assistance, but the reality remains that it is plainly difficult for most first home owners to find a house that meets their needs and the requirements of lenders. The same stakeholders were also generally critical of the low eligibility and affordability thresholds set for state and territory assistance programs and these thresholds had not kept pace with house price movements.

In some places—particularly Port Lincoln and Alice Springs—those involved in selling properties noted a slowing of natural churn in their markets and this was of particular concern as it has resulted in fewer properties being available as options for first home buyers. The high transaction costs associated with trading up or down in the market was highlighted as a critical factor, as well as the fact that some people have decided to hold onto their property rather than sell it to trade up. This was the trend in Alice Springs over the last few years.

In many of our case studies, stakeholders were emphatic that in regional areas it is often difficult for the local economy to accommodate large scale building projects—including residential developments—at short notice or under strict timelines. The significant projects being built in most communities under the Nation Building Economic Stimulus Plan aside from new housing showed this up in particular. These projects were noted to have consumed much of the capacity of the local construction industry and particularly of tradespeople, and this has meant that in many locations there simply aren't the necessary tradespeople available for residential construction. Additionally, in some locations, the state of the local housing market is such that there is no affordable housing for new tradespeople themselves to live in while they build new housing, and this is the case in the short and longer term in many areas.

The fieldwork for this project also raised a number of mostly practical reasons for the muted impact of the current suite of government-funded and driven affordable housing initiatives in rural and regional markets. Prominent among these was a definitional issue around what is affordable housing and the need for such assistance measures to be tailored to the many and varied experiences of/within rural and regional housing markets. For example, in the West Coast SLA/Council area in Tasmania, housing is considered affordable by overall metropolitan and even general regional measures for Tasmania (and Australia), but in this area affordability is also about being affordable for the quality of a particular house or the housing stock generally—as well as affordable for the location and range of services and infrastructures available locally. This issue was also of significant concern in Alice Springs, where housing is much more unaffordable than in the West Coast area of Tasmania, as well as in comparison to most regional housing markets nationally.

Allied with this, stakeholders on the whole were concerned about the ability for affordable programs to deliver housing in locations where people want to live and for what government dictates is an affordable price. Some informants noted their concerns that even where such government-determined 'affordable' housing can be delivered to meet these requirements, many low to moderate income earners would still struggle to meet such costs and by commonly accepted definitions and measures be in housing stress. In terms of home ownership, these stakeholders felt that properties in the \$100 000 and \$200 000 brackets were much more appropriate, however, most acknowledged that the days of significant numbers of properties in these ranges are long gone. Many noted that there are still some generally held misapprehensions about the price of housing in rural and regional areas, and, as noted earlier in this report, by and large, rural and regional markets have seen similar price appreciation trends to metropolitan markets. In fact, some rural and regional markets have outperformed (and continue to outperform) some metropolitan markets. Alice Springs and Roxby Downs are two notable examples here. Port Lincoln is also a market showing perhaps the first signs of such trends, experiencing rapid growth in house prices.

Key informants in many locations were critical of the processes involved in applying for some of the current suite of affordable initiatives, specifically the staff expertise and time commitment required. This issue was raised in many of the smaller locations, where agencies reported that they simply could not afford the staff time to continually apply for such grants as they were already under immense pressure with their core business. Many also noted the need for infrastructure as well as housing and that funds for such services were often unobtainable. These concerns emphasised that the infrastructure needs in regional and rural areas can be very different from other places.

National Affordable Housing Agreement

A minority of locations included in this study received funding for properties under the Social Housing Initiative—for example, Alice Springs, Townsville, Lismore and two towns in the West Coast Council in Tasmania. However, the majority of local governments included in the case studies did not receive any part of this tranche of funding. This was due in part to a lack of perceived need. In Chinchilla, for example, there is limited existing public housing, so the state government perceived (according to informants) little demand for public housing so no new investment was necessary. Stakeholders also noted the importance of capacity issues—with smaller local authorities lacking the time, knowledge and help to work through the complex application procedures. Many were also critical of the fact that schemes such as the NAHA seem to be premised on metropolitan scale issues and capacity, which they felt is inappropriate as a guide for need and capacity in non-metropolitan Australia. This feeling was raised even in those areas where there has been comparative growth and need to metropolitan areas.

In many regional housing markets, informants were able to draw attention to the decline of the public housing sector within their council areas. Respondents noted the near absence of social rental housing in localities such as the Snowy River Shire and the Barossa District Council while places such as Port Lincoln have witnessed a significant reduction in stock. In many regional housing markets, public housing authorities are now focused on assisting low-income households into private housing options. It was noted in Townsville that public housing will never be for those ‘just on low incomes’ but only for those with specific needs; for example, because of disability, mental health issues, escaping violence etc. The large scale transfer of public housing to community housing organisations was also viewed as inevitable. There were concerns expressed about the management of an expanded social housing stock once the stimulus money had dried up.

National Rental Affordability Scheme

NRAS did not have a substantial profile in the housing markets we visited. Some regional housing markets (e.g. Lismore) had received modest funding under this program, but in most instances those we interviewed were not aware of the existence of the program and the opportunities it may offer. This included those who might be expected to be informed, including local government officials, real estate agents and the social housing sector.

NRAS attracted some attention among stakeholders and many felt that the scheme was appealing in theory but felt it would have a limited impact on their local housing market because of perceived or real concern with scale (e.g. being able to deliver what they understand to be the threshold number of properties to the market required by government—as under round three of the NRAS), securing finance in a market of tightening lending conditions and meeting the specific requirements of the program. Overwhelmingly, the larger localities and the SLAs were more successful at securing NRAS initiatives and this clearly reflected the capacity of locally-based organisations to present a convincing case about need and capacity.

One of the projects funded in Lismore, for example, received its funding as part of a national ‘package’ submitted by a national non-government organisation. It was evident from the fieldwork that a greater level of awareness raising and more tightly targeted promotion will be necessary in rural and remote markets where such a program could be significant. It could serve as an important means of funding much needed affordable rental housing (all the more important given the reported pressure on limited social housing stock in most areas). And, provided, of course, the necessary infrastructure is in place to support additional houses and residents, and that the scheme is better promoted to investors—including mum and dad investors, who are arguably one of the key players, if not the key player, in rural and regional markets.

In Chinchilla, an application for 70 NRAS properties was submitted in the first NRAS funding round. Seventeen units were approved. Central to the low approval rate was a reluctance to 'flood the market' with such dwellings, the argument being that restricting numbers would avoid oversupply. A cautious approach was considered essential due to the 10-year subsidy commitment. Generally the state government was keen to avoid an oversupply of NRAS properties resulting in empty dwellings.

Housing Affordability Fund

There was little, if any, awareness of the Housing Affordability Fund (HAF) across the case studies examined as part of the preparation of this Final Report. Most local governments, who might otherwise be expected to be aware of this program, had not heard of the program, even though many expressed interest once its nature and purpose was explained. Clearly the few stakeholders who were aware of the program thought that it was very much a state/territory government program and felt that there was very limited evidence of the impact of this program and the reforms it has introduced at the regional level.

Homelessness

The Australian Government's initiatives in homelessness had a higher profile in many locations than anticipated. The general effort to address homelessness nationally had resulted in considerable awareness within the housing sector generally of both the opportunities potentially available and the range of policy measures being introduced. As a relatively small, and centrally-funded, sector, this level of engagement is both welcome and perhaps to be expected. However, in many locations, stakeholders noted ongoing high levels of need (and in some areas, increasing need). It was evident that much more needs to be done in this area for Indigenous people in particular in those areas with a significant Indigenous population.

Indigenous housing

A raft of measures has been unveiled recently to address the shortage of housing for Indigenous Australians, with a particular focus on rural and remote settlements. These measures sit under the overarching long-term policy direction of Government: *Closing the Gap on Indigenous Disadvantage* (Australian Government 2009)[1] and aim to address a key objective of the NAHA: 'Indigenous people have improved amenity and reduced overcrowding, particularly in remote and discrete communities' (COAG 2009, p.5). Key initiatives within this broader framework relevant to this research in particular include:

- The National Partnership Agreement on Remote Indigenous Housing (COAG 2009)—which supports the NAHA, as well as the other 'mainstream' initiatives of the NAHA which also aim to improve housing outcomes for Indigenous people.
- In the Northern Territory, the Strategic Indigenous Housing and Infrastructure Program (SIHIP)—a program of the Australian and Territory Governments under the National Partnership Agreement on Remote Indigenous Housing.

[1] Under the National Indigenous Reform Agreement, committed to by COAG in November 2008 (COAG 2008).

Together, these initiatives are directed at addressing the overriding aim of the National Partnership Agreement on Remote Indigenous Housing:

> [to] address significant overcrowding, homelessness, poor housing conditions and severe housing shortages in remote Indigenous communities (Australian Government and Northern Territory Government 2009, p.21).

As with the mainstream policy measures discussed in other sub-sections, the impact of Indigenous-specific housing policy measures in the case study locations with significant Indigenous populations was mixed, and awareness and understanding of such initiatives varied. In the communities where initiatives were being rolled out on the ground—for example, new housing and refurbishments of homes—these initiatives were highly welcomed and were considered to be making a much needed difference to housing outcomes. This said, some stakeholders (particularly those less involved in the delivery of services and housing for Indigenous people) noted ongoing concerns with the timeliness and cost of delivering new and improved housing. These concerns mirror those reported about the Strategic Indigenous Housing and Infrastructure Program (SIHIP), after the first few months of operation of the program, in the media and by the Australian and Northern Territory Governments in the Review of Program Performance for the SIHIP (Australian Government and Northern Territory Government 2009). Such concerns prompted an independent review of the SIHIP in the NT and have shaped more recent actions regarding the delivery and governance of this program and initiatives under the National Partnership Agreement on Remote Indigenous Housing overall (see Donald & Canty-Waldron 2010; also Macklin, Burns & Snowden 2010).

Importantly, and unsurprisingly, stakeholders were also emphatic that a significant backlog of housing maintenance and ongoing high level of need for housing exists across most areas, and this is shown in unacceptably high levels of homelessness. Moreover, there is a clear need for housing for visitors to communities from other areas, including very remote areas and outstations. The accommodation-related supports being developed as part of the Alice Springs Transformation Plan, including the new short-term visitor park in Alice Springs and new houses for town camps, were highly commended by many stakeholders in that town, albeit with the proviso that these facilities/programs are well managed and people receive appropriate levels of services—for health and education, as well as employment.

In other places with significant local Indigenous populations, such as Meekatharra and Nhulunbuy, policies and government initiatives had different impacts. In Meekatharra government-provided housing dominates and programs to boost Indigenous housing are central to the housing supply process. In large measure there is no housing market in Meekatharra and new housing supply is highly dependent on the rollout of new government initiatives and this, of course, raises questions of sustainability.

In most communities, the reality remains that there is much more to be done and a long-term and significant investment in meeting the needs of Indigenous people is required. *Closing the Gap* offers potential in this regard—as a sustained effort for addressing disadvantage—however, it is evident from the fieldwork that much remains to be achieved.

4.3 State/territory government actions

State or territory government-provided and/or subsidised housing for key workers is crucial in many rural and regional areas. This was especially the case in places such as Roxby Downs and Alice Springs where housing is unaffordable or plainly difficult to secure in high demand/supply constrained markets. Moreover, as a number of stakeholders noted in Alice Springs, access to government housing for key workers has some price-related impact on the market as it removes these workers from the pool of people seeking accommodation privately. It can also have an adverse impact by bidding up rents and forcing others out of the market. A number of stakeholders noted that this occurs in the Alice Springs market, and workers with such subsidies behind them can and do bid more for private accommodation. The same stakeholders noted that such subsidies, while having price impacts locally, are absolutely necessary for attracting key staff to regional communities. The supply/demand imbalance in these communities (with its impacts on house prices) has made this type of targeted housing assistance all the more necessary, particularly for key workers.

More broadly, state and territory governments had a very limited profile across the case studies included in this research. While most jurisdictions have regionalised the delivery of housing assistance, and the NSW Government has developed regional housing plans, the states were not seen as a major driver of housing outcomes, except where the state directed land use plans. In some instances, local informants felt that this role had negative outcomes for the regions through the imposition of planning requirements that restricted housing supply.

Notably, stakeholders were appreciative of government programs to upgrade public housing stock generally, but were concerned that in some places property improvement programs are seeing properties demolished without a commensurate addition to the available local housing stock.

4.4 Local government: roles, responsibilities and potentials

Stakeholders in local government areas that had received the benefit of NRAS or NAHA funding were grateful for the addition of such stock, but argued that greater efforts are needed to alleviate continuing housing stress. Many felt that local government should be actively driving these efforts and be more involved in (and made more accountable for) the delivery of such housing. Some local governments noted their desire to have greater involvement in shaping the type, location and structures supporting their housing markets more broadly, and affordable housing in particular. The fact that the supply of affordable housing is not the absolute responsibility of any one agency in local and regional structures underscored the position of many stakeholders. It was an issue that they felt must be addressed in a comprehensive attempt to improve housing supply and the efficiency and productivity of housing markets generally in rural and regional areas.

In discussing the need for greater local government involvement in their housing markets, it must also be noted that there are some areas where their field of influence is limited. Such examples include where State Agreements govern the delivery and control of properties (e.g. in many mining communities) and where there is a significant stock of government-owned housing (such as in some remote Indigenous communities). In such places, the level of influence that local government can have is further affected by their limited potential to raise rate income for delivering services (including greater involvement in the management and delivery of housing).

Planning processes

Stakeholders were vocal about the need for revisions to planning processes around timely release of suitable land for affordable housing, and in socially, economically and environmentally desirable locations. Most felt that local government was best placed to make the relevant decisions regarding ‘appropriate’ land for such housing. However, it is important to acknowledge that, in many cases, local governments had not taken a proactive role in planning for housing provision, with resultant shortages in supply and reduced housing affordability. Stakeholders also noted the need for full transparency and accountability in planning processes—acknowledging that decisions over the location of 'affordable' housing can be contentious and, as we repeatedly heard, 'affordable housing' comes with particular connotations. A number of respondents argued that many, if not most, policy initiatives will be limited in impact if fundamental issues around land use planning and land supply aren't addressed first. Land supply and zoning remains a fundamental concern and barrier to the operation of rural and regional housing markets.

4.5 Lessons for policy

Based on the preceding discussion and the summary case studies in the appendices to this report, it is clear that it is difficult to have a one size fits all approach in terms of policy responses to address housing affordability. Housing markets are not static and there are many types of housing markets evident across the landscape. These markets are inextricably linked to local economic conditions and circumstances and these conditions and circumstances affect their performance and fortune.

In drawing conclusions about the impact of government programs and initiatives in rural and regional housing markets, we need to be mindful that:

- Local informants in some markets noted that the impact of the current suite of housing assistance programs are dependent on the flow of finance to these markets and this is problematic given the risk averse strategies of many financial institutions. Securing finance for housing—whether as an owner occupier or investor—is simply more difficult, if not impossible at the current time, in some housing markets.
- Some housing markets experience events that are outside of policy influence, control or explanation. The notable examples in this instance are the housing markets in Roxby Downs and in the township of Zeehan in the West Coast of Tasmania. In Roxby Downs, we have an example of a highly controlled market, where government policy influence can only be as prominent and effective as allowed by BHP Billiton and agreements between BHP Billiton, government and the community. Zeehan also offers an example of how external factors can dramatically affect housing market performance and outcomes—this time because of links to global commodity prices and very cheap housing. There is therefore a fundamental question as to how government policy can be sufficiently flexible and responsive in the light of these major changes.
- Public housing plays a critical role in many rural and regional housing markets and in some places such housing is the only tenure available—for example, in some remote Indigenous communities. Moreover, there remains an ongoing high level of demand for public housing across regional Australia as it is the most appropriate housing type for the most vulnerable in these communities. We found that, in many case studies, the true extent of demand for public housing was unclear as many stakeholders reported that many individuals and households who are eligible for such support have given up on approaching SHAs and having their eligibility assessed because the waiting times are so long.
- Policy initiatives can have unanticipated and unintended consequences and attention needs to be given to addressing these in the planning, roll out and post-roll out phases associated with initiatives. The most prominent example here is the housing market impacts in Alice Springs associated with the Northern Territory Intervention. The in-flow of government workers associated with the Intervention has significantly driven demand for housing in what is already an expensive and

highly stretched housing market, with local informants noting that this has had price impacts locally.

It is apparent from this research that the current suite of policy initiatives is having a muted impact on housing markets regionally, and for a range of structural and localised reasons. The reality remains that many rural and regional areas do not have the capacity to successfully bid for NRAS incentives against better resourced metropolitan markets and there is often limited capacity in terms of the local labour force for undertaking short-term building projects in these areas. In many communities, the most appropriate housing with the most significant impact in terms of working to balance supply and demand is directly provided government housing—as social housing or government worker housing. Ensuring an adequate supply of these types of housing is clearly crucial to proper functioning regional markets.

It is clear that much more needs to be done to ensure the adequate supply of land for housing in rural and remote areas—particularly given the increasing tension between land for residential, economic and environmental purposes around many regional communities. Local government has a clear role to play here and it is evident that this level of government needs to be more actively engaged in understanding the importance of their land *and* housing markets, as well as ensuring that local conditions and structures promote affordable housing. Such actions are clearly crucial to the functioning of housing markets and, as this Final Report shows, balanced housing markets are crucial for the overall sustainability, vitality and future local economic growth of regional communities.

5 CONCLUSION

Rural and regional centres remain an important part of Australia's housing landscape. This Final Report has shown that these housing markets are affected by a range of processes and react in varying ways to government policy initiatives. Importantly, rural and regional housing markets display many features that distinguish them from metropolitan housing markets and, in part, this reflects both the unique geographic location of each centre, but also issues of scale and position within the national economy.

In many rural and regional centres the pace of change within their housing markets has been substantial. Much of rural and regional Australia has been affected by the rapid house price inflation evident across Australia since the year 2000. Many regions have been affected by the 'resources boom' which has placed increased strain on many housing markets and resulted in bifurcated housing markets: one segment of the market is focused on high income, often temporary mine workers; while the established population working in ancillary industries or not working at all are forced to compete for less expensive properties at the bottom end of the housing market. This report has also highlighted the significant gap between the home ownership sector and rental accommodation. In large measure, home ownership has remained affordable in rural and regional Australia. There is a relatively low level of housing stress and some centres remain affordable both in absolute terms and relative to the capitals. However, there is clear evidence of market failure in the rental market. Critically, social housing provision is inadequate while the private rental market appears undeveloped or under-developed, partly because of a shortage of investors, partly because of inappropriate planning regulations and, in some measure, as a consequence of the low wage, high variability labour markets in these regions. The incidence of housing stress among tenants in rural and regional centres is as acute as in the major metropolitan centres.

Goals of this research

This research project set out to:

- Document the drivers of housing markets in centres throughout rural and regional Australia focusing on both the home purchase and rental sectors.
- Establish a national evidence base on how and why these housing market drivers vary by location.
- Assess the level and severity of housing affordability challenges in centres throughout rural and regional Australia.
- Examine the implications of these processes for the supply of affordable housing for the population overall, as well as groups of policy interest—Indigenous Australians, older persons, those on very low incomes and persons with a disability—in rural and regional centres.
- Highlight successful policy innovation in meeting housing needs in rural and regional centres across Australia.
- Establish an evidence base that will assist governments and communities to implement effective policies and programs that address housing disadvantage, ensure the adequate supply of affordable housing and assist rural and regional centres develop the capacity to take full advantage of both local and national affordability initiatives.

Each of these key research questions underpinning this research is now addressed in turn with reference to the material discussed earlier in the Final Report.

What are the significant housing market drivers in rural and regional centres throughout Australia and how do they vary by state, region and local economy?

The key drivers of housing markets in rural and regional Australia are:

- the adequacy of land and housing supply
- central government policy
- the nature and structure of the labour market
- demographic change
- the scale and localism of the housing market
- the presence of an Indigenous population
- the nature of the economy in the region.

Each of these processes exerts an important influence on the evolution and development of the local housing market and many can take a number of dimensions. For example, the processes of demographic change embrace both the ageing of the *in situ* population, as well as 'seachange' migration and the movement of young people away from many non-metropolitan regions. The presence of an Indigenous population is also a significant driver of the housing market within rural and regional centres, although the precise impacts are highly differentiated according to geography (rural, remote or regional); the policy settings relevant to that place and, in some measure, the history of each community.

What is the nature and extent of housing affordability problems in rural and regional centres and how do they vary by geographic setting (remote, coastal etc), local economy and population size?

This Final Report has clearly demonstrated that housing affordability remains a major challenge in rural and regional Australia. Too many rural and regional households are confronted by accommodation costs in excess of 30 per cent of gross household incomes. While all tenures are affected, the problem is most acute among tenant households. In part this reflects a shortage of social housing in many regions, the low incomes of many rural and regional households and failings in the supply of private rental housing.

How have these housing market drivers affected the supply of affordable housing in both the rental and home purchase sectors?

The housing market drivers documented above have affected the supply of affordable housing in multiple ways:

- The process of demographic change has added to the demand for housing in some regions, increasing competition for accommodation that has subsequently pushed up prices. In some locations, such as Lismore, this set of processes has been evident at a regional scale.
- The nature of the economy has been an important influence on housing markets across rural and regional Australia. Centres with burgeoning labour markets have been affected by higher rates of house price rises and a much greater housing affordability challenge. In some locations, it has resulted in a bifurcated or segmented housing market characterised by high-wage mining company employees at the top end of the market and lower-wage ancillary or unemployed persons at the lower end of the market. The case study of Chinchilla neatly

emphasises the volatility potentially embedded within any regional housing market in rural and regional Australia. The West Coast of Tasmania also highlights the impacts of sudden change in economic circumstances at a regional level.

- The presence of an Indigenous community can affect housing markets in both subtle and overt ways. In some locations, the Indigenous population experiences profound discrimination and disadvantage in the housing market and they boost demand at the lower end of the market. In other places, such as Meekatharra, they constitute the largest share of the population and public sector processes and structures geared to provide targeted Indigenous housing effectively constitute the housing market.
- Central government policies affect the housing markets of rural and regional centres at many levels. In broad terms, macro-economic policy settings determine the cost of housing finance while policies for economic stimulation and development directly shape demand. This Final Report has concluded that the Australian Government's direct measures to boost the supply of affordable housing have had a muted impact on rural and regional centres across Australia. The expanded FHOG and the FHOB had a much more overt impact, effectively bringing forward demand. In some instances, this influence resulted in negative outcomes by pushing up prices and restricting access to home purchase. Additionally, state governments have also been an important influence on rural and regional housing policies via their policies and practices for social housing provision, as well as their actions with respect to the supply of residential land and public housing. Planning issues were highlighted in many discussions with key informants and it is clear that there is commonly a gap between local government and state governments with respect to the emphasis they give to housing affordability.

What is the likely impact of the measures being used by local, state and Australian governments to boost the supply of affordable housing in these centres, and how can these initiatives be strengthened?

Overall we conclude that the measures being used by local, state and Australian governments to boost the supply of affordable housing in these centres are having a minor impact. Programs such as NRAS, HAF and NAHA have little profile in rural and regional Australia with most interviewees either unaware of these initiatives or dismissing them as focused on the capital cities. It is possible that the policy measures committed to by Prime Minister Gillard at the start of the 2010 Federal election will have a greater impact, but these measures had not come into effect at the time of fieldwork. The funds available for social housing under the Nation Building Economic Stimulus Plan have had an impact in some locations, although it seems evident from this fieldwork that the social housing program is having less of an impact in the regions than metropolitan Australia, and the social housing program is less well known generally in communities than other Nation Building projects.

The key steps that governments need to take to enhance the effectiveness of their housing programs include:

- As an initial step, it is important for governments to recognise that housing affordability is a major challenge in rural and regional Australia. More overt attention is needed to address the set of questions posed by this report and key points raised in this research. The earlier work by Wulff et al. (2007) is a welcome entry into this field.
- Better promotion and targeting of initiatives to rural and regional centres. Many local government officers we interviewed were not aware of either the HAF or the

NRAS. This is a significant gap. We note that there is no forum, nationally or a state/territory or more regional basis, for disseminating information on housing programs to rural and regional communities.

- In addition, the processes for applying to such schemes need to be geared to rural and regional centres which often have smaller budgets, limited capacity to complete lengthy application processes and restricted scope to work with multiple partners.
- Targeting some programs to rural and regional centres is an obvious step in meeting the needs of non-metropolitan residents. Such programs need to be focused on developing effectively functioning housing markets in the first instance and then latterly further developing the rental market.
- Increasing the supply of housing for Indigenous Australians by maintaining a commitment to the long-term supply of appropriate housing and maintenance of such housing.
- Matching the provision of infrastructure in rural and regional centres to the supply of additional land for housing. Appropriate infrastructure will both result in greater growth opportunities and ensure higher rates of labour force participation—including among women with care responsibilities—thereby raising household incomes and addressing the issue of housing stress.
- Making the provision of affordable housing a priority in the development of planning schedules. Often state legislation prioritises other factors—including the preservation of agricultural land for environmental concerns. While these issues should not be ignored, housing affordability also needs to be considered.

Creating and preserving diverse and dynamic rural, regional and remote communities is critical for the long term sustainability of a healthy, educated, energy efficient economy. This requires long term coordinated strategic planning. Affordable, accessible and appropriate housing is absolutely essential to attract and retain people. Infrastructure and services must be delivered in a responsive and creative way. This does not mean abrogation of responsibilities to the community nor cost shifting to local government, but long-term leadership, mutual understanding and obligation between all spheres of government, corporate organisations and the local communities.

The recent announcement of the Building Better Regional Cities initiative by the Gillard Government is a welcome initiative in the regional and rural affordable housing and community renewal space—albeit only for sizeable regional towns (generally only those with populations over 30 000) experiencing growth (Gillard & Labor 2010). However, it remains to be seen how this initiative will work on the ground in regional communities. Clearly there are lessons to be learned from this research that could shape the short and longer-term success of such a necessary initiative in regional and rural housing markets.

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APPENDICES

Appendix 1

A1.1 Case study: West Coast, Tasmania

Location

The West Coast Council (and Statistical Local Area) is a local government area (LGA) on the remote west coast of Tasmania. It is the largest local government area in Tasmania, bounded on one side by picturesque coastline and the other by the Franklin Gordon Wild Rivers National Park and Cradle Mountain Lake St Clair National Park.

The West Coast Council (WCC) has five main towns: Tullah (population in 2006 of 195), Strahan (636), Zeehan (846), Rosebery (1033) and Queenstown (2117) (ABS 2007b).

Interestingly in terms of this research, the housing market in each of these five towns operates very differently, with local economic development strongly influencing the strength and fortune of each housing market.

Demographics

The WCC is the second smallest LGA in Tasmania in population, and at 30 June 2009 had a population of 5 242.[2] The population of the area has been basically stable at around this level since the mid-2000s, however, population decline has been an ongoing concern for the region most recently since the early 1990s (ABS 2002; see also discussion paper by the Cradle Coast Population Taskforce (Cradle Coast Authority 2003)).[3] The region has an Indigenous population of approximately 350 people, representing 6.8 per cent of the total area population at the 2006 Census (ABS 2007b).

Key data from the 2006 Census show that the region has a relatively young population—reflecting the age of the local (largely mining) workforce, as well as the out migration of people of retirement age—unsurprising given the lack of services for older people noted in interviews with key locals. The region has lower than median Tasmanian and Australian individual and household incomes ($357 and $748 per week versus $398 and $466 for Tasmania and $801 and $1027 for Australia) (ABS 2007b). Housing costs in the region are also lower than for the state and nationally.

Infrastructure and the local economy

Mining and tourism are the key industries in the region generally, with tourism (and fisheries) being particularly strong in Strahan in particular. Forestry and hydro power generation were significant employers in the past and Strahan was the base from which protestors successfully campaigned against the Tasmanian Hydro-Electricity Authority's plans for the Gordon-below-Franklin Dam; a key political and environmental battle of the 1980s in Australia (Buckman 2008).[4] The area around

[2] Based on preliminary figures (see ABS 2010b)

[3] Between 30 June 1991 and 2001 the estimated resident population of the WCC declined by around 28 per cent—from 7664 to 5520 (ABS 2002, p.93) and was the Tasmanian LGA with the largest and fastest annual population decline from 1996 to 2001 (-2.8 per cent per year and -3.7 per cent per year from 30 June 1991 to 1996) (ABS 2002, p.31).

[4] And that ultimately resulted in the declaration of much of the region (known formally as the Tasmanian Wilderness) as a World Heritage place (see DEWHA 2008; also Buckman 2008).

Strahan was also a (notorious) penal settlement early in the life of the colony of Tasmania.

All five towns in the WCC have had a long history of involvement with mining—as sites of mines and/or settlements housing mine workers (Queenstown, Zeehan, Rosebery and Tullah from 1898–1974), or as a port for exporting minerals (Strahan up until the 1960s). The success of mining in the area historically is demonstrated by the fact that both Zeehan and Queenstown were the third largest towns in Tasmania in the late 1890s and early Twentieth Century respectively—Zeehan with a peak population of 8–10 000 people and Queenstown with around 5000 (Harman 2006; Alexander 2006). Mining companies and the hydro-electricity companies built many of the houses across the region and have sold off the majority of these stocks over recent decades, preferring instead to lease back properties from the private sector or for their workers to purchase/rent privately. Some congregate accommodation for mine workers has also been built locally to house fly-in/fly-out workers.

A number of successful mines continue to operate throughout the region, including in Queenstown (the Mount Lyell Mine)[5] and Rosebery,[6] and some $8 billion worth of minerals have been extracted from the mines in Rosebery to date (Discover Tasmania 2010). Current estimates suggest a life beyond 2020 for the Rosebery mine and a more conservative four years at current rates for the Mount Lyell Mine (MMG *n.d.*; Sterlite *n.d.*a, *n.d.*b). Both Rosebery and Queenstown are very much mining communities and the respective mines have workforces of around 200 and 290 respectively (as at June 2009 figures—see Mineral Resources Tasmania c2009a, c2009b). Mine infrastructure dominates the landscape in both towns and the respective mine owners contribute in many ways to community infrastructure. Queenstown is also the service centre for the West Coast region, with higher order service centre functions (including mineral shipping) performed by Burnie approximately 200 kms by highway north of Queenstown.

Zeehan recently experienced a short-lived mining revival with the (underground) Avebury mine near Zeehan (now owned by Minerals and Metals Group (MMG)) commissioned in June 2008 only to be placed into 'care and maintenance' in December 2008 after the sharp decline in Nickel prices due to the Global Financial Crisis (MMG *n.d.*; AWU 2009). As noted below, the opening and rapid subsequent mothballing of the mine had sharp and immediate effects on house prices in Zeehan.

The quality and type of local infrastructure in each community varies, and the small residential population and commercial foundation of the area, and consequent small rate base of the council, clearly affects the quality and range of local infrastructure and available services (health, education etc). The cost of providing services and infrastructure in the region is very high because of the remoteness of the WCC from major urban centres and this affects the extent of infrastructure provision and maintenance in the region (including for such things as roads and housing), as well as the attractiveness of each town for permanent residents. Many of the key stakeholders in the region pointed to the fact that mine workers and other better paid professionals in the region often live apart from their families because of the lack of local services and it is common for families to send their children to schools outside the region. There is an exodus of youth from the WCC at key phases in their schooling (at transition to high school, years 10, 11 and 12 and for university).

[5] Mainly copper and operating now (not continuously) for more than a century (Copper Mines of Tasmania *n.d.*). The Mount Lyell Mine is operated by Copper Mines of Tasmania Pty Limited (CMT) now owned by Sterlite Industries India Limited (SIIL) (acquired in 1999), the principal subsidiary of Vedanta Resources (Sterlite *n.d* a, *n.d* b).

[6] Mainly lead and zinc with some copper, silver and gold.

Services for older people and Indigenous people are basically non-existent in the region.

Strahan and (to a lesser extent) Tullah are popular seasonal tourist destinations and this places extra seasonal demand on some infrastructure and services in these places. Strahan is the clear economic success story in terms of tourism across the region and a number of seasonal businesses operate in the town (including the Abt tourist railway between Strahan and Queenstown). Tullah, on the other hand, is a very small tourist community focused now on lifestyle tourism and fishing. The business community in Tullah, as in Zeehan, has recently declined, furthering concerns over the longer-term sustainability of these towns in terms of their potential to attract new residents and maintain appropriate levels of services and infrastructure. Such fortunes for Zeehan are expected to be temporary and will turn around when/if the mine is reopened.

Housing

Research by Wulff et al. (2007) on changes in regional housing markets across Australia based on an analysis of 1991–2001 Census data identified the West Coast SLA (WCC) as a remote region with a low growth housing market, and despite significant change in house prices from 2003–04 in particular to the present, the housing market across the region generally remains 'low growth'.

Table A1 below shows the current median house price in the region, as well as tracking house price appreciation over the last 12 months, three and five years. Importantly, these data show the low rental yields in the area and the relatively low value of the stock generally. It should be noted here that, as with Tasmania generally, house prices in the region rose strongly during the mid to late 2000s but from a low base. One local stakeholder noted that house prices in the late 1990s in the region were as low as $6000 and in one instance six blocks of land changed hands in one of the local pubs on a Friday night for $50 total.

By comparison to other areas of Tasmania (and Australia), housing is relatively affordable, although an analysis of 2006 Census data shows that one in eight households in the region are in housing stress (Tually et al. 2010). The quality and age of housing across the region is problematic, particularly in Queenstown and, as one key informant noted ‘there is lots of poor quality housing that people shouldn’t be living in and then another level of housing that we can’t attract people into, particularly professionals and families’. A number of stakeholders raised the need for a housing demolition and replacement grant to improve the quality of available houses and their environmental sustainability. Much of the housing stock across the region is ‘past its used by date and useful life’.

Notably, the housing affordability situation varies between the towns. Strahan is by far the most expensive of the towns and demand for holiday (and some retirement) homes in the town has clearly driven house prices recently. Local informants report that, unlike the other main towns in the WCC, Strahan now faces a situation where key workers find securing affordable housing in the town difficult because of investor demand for housing. The Strahan housing market has been stagnant in terms of sales for many months now—with locals commenting that people are happy with their investment in the town and therefore not willing to sell. Tullah, the smallest of the towns, also now has a basically stable housing market. Some workers associated with other mines near Tullah live in the town (and some have recently bought locally), but much of the town is now solely holiday homes.

Rosebery and Zeehan (and to a lesser extent Queenstown) saw significant speculative investment in housing during the period from 2003–08. Such speculation was largely driven by interest from ‘mainlanders’ seeking dwellings offering good returns at the cheap end of the market. In Zeehan, investor demand was further driven by a number of exposés on the town in 2006 promoting it as an investment hot spot (see Wild 2006); including a story on one of the national nightly current affairs programs revealing that the town was the cheapest for housing in Australia. These exposés saw real estate agents across the broader region receive thousands of property enquiries and three mainland investors bought more than 30 properties each in the town ‘generating their own capital growth and pushing the rental market higher’.

The mothballing of the Avebury mine in late 2009 had a dramatic negative effect on house prices, and a number of investors in the town have defaulted on their mortgages, resulting in a significant number of mortgagee sales in 2010. Currently, Zeehan’s housing market is depressed and unlikely to recover from this position until the Avebury mine reopens. Business closures have been rapid in the town in 2010. This said, recent moves by MMG to review mine operations at Avebury has inspired some confidence among locals in the town, although no formal commitment has been made to reopen the mine at this stage (Ford 2010). Given the quantum of local housing that is vacant, for sale, or for rent, there is capacity to deal with some level of immediate demand for housing should this occur, but the quality of properties overall (and limited local services and infrastructure) remains a serious challenge for liveability in the town.

Housing specifically for the aged is limited in extent (only available through the Queenstown hospital) or non-existent, so too is housing for Indigenous people. Some home help services are provided through HealthWest in Queenstown and Zeehan. The WCC employs a Family Support officer to work with high needs and vulnerable people and families. Only a very small number of public housing properties are scattered throughout the region (about 50), and Housing Tasmania notes that low demand for properties—because local people know that such housing is not available and therefore do not apply for it. The WCC council manages a small number of properties (17) for lower income residents, and has been in talks with the state housing authority to take over their remaining properties and manage this portfolio of properties through an extended community housing-type organisation.

The WCC put forward a bid for 27 NRAS incentives but this was unsuccessful. While no formal reason was given for this, local stakeholders reported that there is an ongoing problem for the region that housing is considered affordable by government standards and thus the area is not a priority for such assistance. This view, however, does not recognise that the quality (and age) of local housing is a factor in prices and that the lack of housing of appropriate quality and price is a barrier to the attractiveness of the region as a place to live and work, as well as further economic development. The WCC hoped to be able to use these incentives to leverage further resources for housing. Nine properties have been built in the region under Economic Stimulus Plan funds. A local council representative stressed that applying for funds for further housing, and indeed other infrastructure needs, is difficult given the ‘enormous amount of work to produce applications [and council] don’t have the resources’ to continually do this.

Some land is available for further housing in each of the communities, however, building costs are prohibitively high and it is difficult to find a local builder with the capacity to build. Significant tracts of land around each of the towns though are also protected environments (and mine sites) meaning future development is only possible in certain areas. On the issue of future development, the reality is that demand is not high (with the exception of in Strahan). Moreover, the WCC faces a significant infrastructure maintenance burden (predominately for roads) and thus sourcing funds for rolling out/maintaining necessary infrastructure is a challenge, particularly with a stable population base. This burden is compounded by the high cost of contractors and source materials for infrastructure. The presence of mines locally has also affected the cost and availability of tradespeople, and many local tradespeople have sought jobs in the mines where wages are higher and work more consistent.

In discussing the housing markets in the West Coast towns it is important to note three other important points. First, all local stakeholders interviewed about housing in the region noted the significant tightening of credit for housing locally and the risk management/aversion strategies of financial institutions. The reality is that many of the postcodes in the region are not ‘preferred’ areas for lending and deposit requirements for housing have tightened, affecting the purchase and rental sectors. Moreover, a large number of investors have ‘taken a significant hit’ in Zeehan and this has clearly affected investor confidence in the market as well as the willingness of banks to loan funds for homes and commercial/business development. Key informants also noted anecdotally three to four times more cases where finance for properties is falling over. Second, ‘you can count the number of first home owners in the region now on one hand’. As with other areas of Australia, first home owners have dried up significantly since the reduction in first home owners’ grants and this reduces throughput of home owners in the market. Finally, the West Coast region is a hard environment and such climactic conditions clearly play a part in the attractiveness of the area as a permanent residential destination and for building and maintaining infrastructure, including housing.

The harsh reality for the West Coast region generally is that without a significant increase in commodity prices[7] or new mining operations local stakeholders agree that there will not be further local growth. And, significant capital investment in better quality infrastructure and housing is needed to attract new residents/families to the region, and this is the case even if new mines are opened and when/if the Avebury mine reopens. Plans have been mooted for a Royalties for Regions[8] scheme to fund community infrastructure and economic regional development infrastructure, however, these discussions are in their infancy. Such plans aside, the clear challenge for the region remains, as a local council officer noted, ‘how to promote the region as a destination and place to work in’.

Finally, it should also be noted that a number of local informants asserted that the current lull/stagnation/downturn in house prices in the mining based communities discussed here is part of the 'normal' 3–5 year mining cycle in Tasmania, and this cycle has significant implications for population growth/decline, economic development and planning.

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[7] High commodity prices are important in the Tasmanian context given the additional export costs due to proximity from mainland exports routes.

[8] See http://www.royaltiesforregions.wa.gov.au/Content/MajorProjects/RGS/Default.aspx.

Table A1: Selected house price data and trends, townships in the West Coast LGA, Tasmania

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
QUEENSTOWN	50	$75,000	-6.3%	7.1%	36.4%	11.4%	$125	8.7%	83	1,103	7.5%	53	$4,145,000	6.6	8	n.a.
ROSEBERY	14	$98,000	8.6%	22.5%	63.3%	18.5%	$130	6.9%	54	493	11.0%	n.a.	$1,312,500	7.1	3	n.a.
STRAHAN	14	$187,000	-1.3%	20.6%	55.8%	10.5%	n.a.	n.a.	32	316	10.1%	n.a.	$2,854,000	8.6	1	n.a.
TULLAH	11	$125,000	-5.5%	66.7%	80.5%	n.a.	n.a.	n.a.	12	167	7.2%	n.a.	$1,319,500	6.7	2	n.a.
ZEEHAN	13	$105,000	-25.0%	-12.5%	61.5%	20.7%	$140	6.9%	44	404	10.9%	n.a.	$1,289,000	10.2	3	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.2 Case study: Port Lincoln, South Australia

Location

Port Lincoln is the major regional centre on the west coast of South Australia. The Port Lincoln SLA is the statistical region covering the township and equates with the local government area boundary for Port Lincoln. The regional City is located at the bottom of the Eyre Peninsula, around 650 kilometres from Adelaide. A considerable area of the town is located on the coast, around key port facilities for the region and SA. The City of Port Lincoln is currently the sixth largest regional centre in South Australia.

Demographics

At 30 June 2009 Port Lincoln had an estimated resident population of 14 593 people (13 602 at Census 2006). It has been a relatively slow growing population centre—with an average annual growth rate between 2001 and 2009 of 0.7 per cent and 0.9 per cent between 2008 and 2009 (ABS 2010b). Just on five per cent of the population of the City is Indigenous (ABS 2007b, Census 2006), a significantly higher proportion for South Australia as a whole and for the nation. The City has a range of services for the local Indigenous population.

Data from the 2006 Census shows that the population profile of the town is similar to that of South Australia generally, although with a slightly younger population overall (28.5% of the population was aged under 19 at Census 2006 versus 25.2% and 26.7% nationally) (ABS 2007b). This reflects the proportion of younger families in the region. As with South Australia generally, the City has a significant over 65s population and is a retirement destination for people from the broader Eyre Peninsula in particular. Taxation statistics for the year ended June 2007 shows that average individual incomes for taxable individuals in the town are slightly lower than for South Australia as a whole ($45 106 versus $46 641 and $51 734 for Australia as a whole; and $37 374, $38 382 and $42 476 respectively for taxable and non-taxable individuals), reflecting the wealth of some residents (ABS 2010a). This is an important point with regard to Port Lincoln as while Port Lincoln itself boasts the highest per capita number of millionaires in Australia, local stakeholders were also quick to point out that the number of very wealthy people in the town is more than balanced by the much larger numbers of very low, low and moderate income earners.

Infrastructure and the local economy

Port Lincoln is the major regional service centre for the Eyre Peninsula and the far west of the state broadly. It is the base for a range of important government and other services (medical professionals, accountants, lawyers and banks in particular), as well as larger retailers for Eyre Peninsula residents. The City is also a popular seaside tourist destination, particularly in the warmer months. Fisheries (including aquaculture), agriculture and tourism are the key sectors in the economic base of the town and, along with potential growth in mining operations, these are the focus for future economic development for the City (and the region it supports).

Port Lincoln is widely recognised as the 'Seafood Capital' of Australia. The fisheries industry in the region[9] has weathered turbulent times over the last couple of decades, including near collapse of the tuna industry in the region in the late 1980s and early-mid 1990s when (voluntary and then compulsory) quotas were introduced to wild

[9] Which includes: abalone, pacific oysters, rock lobster, shark, snapper, western king prawns, squid and King George whiting, and tuna, as well as farmed abalone, mussel, yellowtail kingfish, mulloway (ERDB 2006).

Southern Bluefin Tuna catches in Australia (the vast majority of which occurs off Port Lincoln), Japan and New Zealand—formalised with the establishment of the Convention for the Conservation of Southern Bluefin Tuna in 1994 (CCSBT n.d.). These measures were introduced to counter stock depletion due to over fishing, and key players in fisheries in the region have commented elsewhere that such measures were necessary for conservation and management of stock and ultimately the viability of the industry currently and for the future, as well as over the last 15 years (see, for example, Debelle 2006; Treadgold 2006).

More recently, the local fisheries industry has suffered from the effects of the higher Australian dollar (affecting the price and attractiveness of exports regionally and nationally), as well as the impact of the closure of some local canning and processing facilities, new limits on some seafood catches imposed at the state level (e.g. lobster) and decreased demand from key international markets. Prices for particular fisheries have consequently been flat for the last three years. Despite these challenges the industry remains profitable, held up in some ways by diversification of the industry into aquaculture. The strength of the fisheries industry in Port Lincoln has been and is presently also supported by the significant export facilities locally. Notably, one local stakeholder heavily involved with business development in the region notes that the future of the industry will be brighter at least in the short term because of the crisis in the Gulf of Mexico. The same informant noted that the area is now recovering from the loss of qualified fisheries workers to drilling and mining fields elsewhere in the country, although he sees this to be an ongoing challenge for the area at least in the medium term.

The City has long had one of the key ports in South Australia and these facilities support other key activities in the region including grain, wool and some livestock handling.[10] There has been recent interest in new mining operations in the region (including extraction), with the port in the City key to exporting such minerals (particularly iron ore) to the world. The South Australian Government granted approval for such use of the port in late 2009 (England 2009), however, there has been local contention over this, as the port facilities for the town are located centrally in the City and concerns have been raised about through traffic associated with this, as well as health and wellbeing effects (Boreham 2010; Harrison 2010; Shurgott 2009).

The City has the infrastructure expected in a place of its size. However, local stakeholders note that some local services and infrastructure are under pressure, including local education facilities, medical and health services, and accommodation and support services for the most vulnerable in the town. Mental health services were identified specifically as under immense stress, including such services for older residents of the town and the Peninsula. These pressures mirror the situation for many coastal towns in South Australia, and indeed large areas of Adelaide. As with most regional communities in South Australia, there is a long-established pattern of youth migration from the town for education and employment. The town has a range of infrastructure to support tourism—some of which include tourism associated with the local environment and some associated with the fisheries industry.

Housing

Port Lincoln was classified as a population centre with a low growth housing market at the start of the 2000s. Local informants note that between the start of the 2000s and now the town has had a buoyant market. Analysis of 2006 Census data reveals that some 18 per cent of households (owners and renters) are in housing stress. The low

[10] Agriculture was traditionally the mainstay of the Port Lincoln economy.

level of population growth in the area has been a factor in such growth in the housing market.

Port Lincoln's housing market has typified house price movements across regional South Australia over the last 10 years and the period of the house price boom generally. Median house prices and rents for the City have strongly trended upward for the best part of the last 10 years (as indicated in Table A2 below). Local agents expressed concerns that there is now minimal churn through the market, and particularly movement of middle and higher income households (families) into 'better' housing locally, freeing up homes for lower income earners and first entrants. All noted that this is of serious concern as such trade ups are crucial to the operation of the market locally. Key informants note that there have been some 'seachangers' move into the market over recent times, however, most migrants to the area have been people who have secured work locally or are returning locals. Investors were present in the market pre GFC, but have declined significantly since.

First home owners have all but disappeared from the market since the expiration of the first home owners' boost and reduction in the FHOG. Informants also attribute this trend to the much tighter lending conditions being imposed by financial institutions[11] and the much higher price of entry level housing in the market, including the high transaction costs[12] associated with home purchase. They also note that the FHOG/FHOB has clearly brought forward demand for home ownership during recent months (and 'created an artificial market'), and the effects of the reduction in such assistance has stopped sales almost dead from February this year. (One stakeholder suspected that the exodus of younger people from the area through the 1990s in particular is not being felt in the housing market as reduced demand for first homes—as many of these people would be buying their first homes elsewhere). Those involved in the sale of homes in the area emphasised the fact that many more applications for finance are falling over now than ever before, and for successful applications, processing times for finance are much longer. The same participants in the research emphasised that securing finance is more difficult across the board, even for those with significant housing portfolios: as one commented, 'the banking system has gone from one extreme [in lending practices] to the other [risk averse]'.

The absolute lack of traditionally 'affordable' properties for first and lower income home owners (sub $250 000) was a serious concern for all stakeholders interviewed about the housing market and was seen by many as a brake on economic development locally. Similarly, it was noted that building in the town is expensive, primarily because of the uneven topography of the town (adding an estimated 30% to building costs) and this does not help with the supply of housing.

Port Lincoln faces future challenges in terms of land supply for housing—based on geography and topography. The City limits include a tract of national park on one area of the perimeter, and the coast and national park limits further expansion of the town. Land with views is the most desirable and expensive in the town and almost all of this has now been released to the market. One notable new development on the outskirts of the Port Lincoln City boundary has just been released, and stage 3 of the popular Lincoln Cove Marina (at the upper end of the price scale) is proceeding through the approval process with council, but aside from these developments, potential is minimal. Some blocks are available within the town limits in the $100–120 000 price

[11] Including stricter requirements for deposits, length of service in employment, and only financing housing in certain areas and not others.

[12] Particularly stamp duty. One informant was highly vocal in his concerns about transaction costs describing them as '[a] hideous impediment to investment and to first homebuyers'.

range, but these have been slow to sell lately and first home buyers are seeking sub $100 000 blocks.

Importantly, the City of Port Lincoln has engulfed the entire area of land available now (the City's maximum footprint), meaning that all future development is for all intents and purposes ‘infill’ development. The exception here is some land on the outskirts of the City that is zoned differently—for small farmette type development (on very small acreages). Local stakeholders note that these blocks have been very popular over the last five years, with many young families moving from the town to such properties for lifestyle reasons. This movement of young families to the outskirts of the City is also a trend mirrored for properties just outside the Council limits, where smaller subdivisions are permitted by the adjoining local government. All other significant developments advertised in the area are outside the council limits (such as the approximately 1100 allotment Point Boston development, 15 kilometres from the City[13]) and have attracted much criticism locally because of their lack of basic infrastructure.

Importantly, significant pressure remains at the bottom end of the Port Lincoln market for very low income earners. Social support services in the town note continuing high demand for affordable accommodation and there are rough sleepers in the area. As is the case across the state and nationally, social housing is in high demand in the area and some of the stock in the town is in need of major refurbishment. A program of public housing revitalisation was undertaken in the town in the 1990s, but a significant quantum of stock continues to need revitalisation. A handful of properties have been built in the area under current NAHA initiatives, but not enough to meet demand. A small scale affordable housing project that is a joint venture between Housing SA and the council was put forward for community consultation in early 2010, and if the community and residents adjacent to the development are happy with the proposal, it will add to much needed affordable housing options locally.

[13] A late footnote to the story of Point Boston is that the company leading this housing development was placed into receivership in November 2010 (Ewendt 2010).

Table A2: Selected house price data and trends, Port Lincoln, South Australia

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
PORT LINCOLN	208	$291,000	13.7%	13.2%	23.8%	9.3%	$260	4.6%	307	4,570	6.7%	67	$70,519,170	6.6	44	$310,000
Units																
PORT LINCOLN	64	$224,500	15.0%	3.1%	12.3%	8.6%	$200	4.6%	79	608	13.0%	54	$15,833,000	6.5	10	$290,000

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.3 Case study: Roxby Downs, South Australia

Location

Roxby Downs is a remote town and municipality in the Far North region of South Australia. The town is located some 560 kilometres (approximately seven hours drive) north of Adelaide and around 250 kilometres (three hours drive) from the nearest major regional centre, Port Augusta. Roxby Council oversees the management of the (110 square kilometre) municipality. It was built with the sole purpose of supporting activities at the Olympic Dam mine, 14 kilometres north of the town. Roxby Council operates under the guidance of a state government appointed Administrator (based locally and performing the roles of CEO and Mayor). The Roxby Council does not have elected members.

This governance structure, enacted at the time the council was established in 1982 was always intended to be temporary, with full governance measures as per the majority of other LGAs in SA to be introduced when the population reached a self-sustaining level (estimated at 9000 people). To date, this has not occurred and accordingly the SA Government and the owners of the Olympic Dam mine (BHP Billiton) subsidise the operations of the council—approving the council's budget and funding its operating deficit (*The Monitor* c2009: p.6). Since 2005, the Council’s local activities have been advised by the Roxby Downs Community Board—which has subcommittees focused on specific local issues of importance, and the Board works together with Council (and BHP Billiton and government) to achieve the town’s desired goals as outlined in the Roxby Downs Community Plan.

Roxby Downs is an interesting case study because it is a mining town with a highly responsive housing market, as well as being a relatively new (remote) regional town in the Australian context.

Demographics

Roxby Downs is the second largest town in the Far North region of SA and at 30 June 2009 had an estimated resident population of 4484 (ABS 2010b), growing from a population of 4243 at the same time in 2006 and 3633 in 2001 (ABS 2010b). Population growth in the town has slowed over the last couple of years; initially because of a lack of housing for permanent residents, and more recently because of issues with/at the mine (discussed below). The Olympic Dam mine site camps accommodate around another 900 regular fly-on/fly-out or drive-in/drive-out workers with the mine.

The demographic profile of Roxby Downs is young by South Australian (and Australian) standards. This is reflected in the median age of residents at Census 2006: 29 years for Roxby Downs’ residents versus 39 for SA and 37 nationally—and reflects the young age of mine workers. The township has a sustained relatively high birth rate. Consequently, and in contrast to South Australia as a whole, the town has few older residents—0.8 per cent of the population was aged 65 and over at 30 June 2008 (double the proportion at the same time in 2006) (ABS 2010a) and specific services to support older people are non-existent. Roxby is very much a town of young couples and young families—and has positioned itself as a younger person’s and family-oriented community.

Average incomes for residents of Roxby Downs are high by South Australian standards, the average annual taxable income of taxable and non-taxable individuals living in Roxby Downs being almost $20 000 more than for South Australians generally, and nearly $16 000 higher than for Australians on average (ABS 2010a). Like many mining towns across regional Australia, Roxby is a place where individuals and couples move to 'earn big' (a reality generally only for those directly employed by the mine or associated industries), though most residents move to the town with plans to move on after 2–5 years. As a result, the residential population of Roxby Downs is highly mobile. This fact is demonstrated in 2006 Census data: a third of residents indicated that they had a different address a year earlier and over two-thirds (68.5%) had a different address five years earlier (ABS 2007b).

Importantly, while incomes are higher, housing costs too are comparatively higher for Roxby. Household wealth is lower than for South Australians and Australians generally, and Roxby residents have much higher debt to asset ratios. Clearly the higher cost of purchasing housing for residents in the town accounts for some of this higher debt to asset ratio, along with the fact that the age profile of the town is young and residents have therefore had limited time to accumulate wealth, including through home ownership.

Infrastructure and the local economy

Roxby Downs is a mining town, and as the stakeholders interviewed for this research all noted, the town was built and exists purely to support operations at Olympic Dam; housing mine workers and their families. The town has evolved a minor role as a service centre for the handful of small communities and stations surrounding it. Tourism is a very small part of the economic base of the town, and most tourists visiting the town do so en route to Andamooka (an opal mining town 30 kilometres east of Roxby) or to undertake an Olympic Dam mine tour. Roxby is not on a major transport corridor, limiting through tourism, and the reality is that the town is not geared for accommodating tourists. Accommodation in the town is both expensive and limited, and set up primarily to meet the needs of fly-in/fly-out/drive-in/drive-out workers and contractors working at the mine. Local stakeholders also noted that the local infrastructure and services in the town are not geared to supporting other types of economic development, with affordable housing/accommodation being a major factor in this regard.

Roxby Downs is arguably the most important mining area in South Australia, and has been so for some time. The Olympic Dam mine is Australia's largest underground mine and unlike most other mines is a site of both extraction and processing—producing copper cathodes, uranium oxide and gold and silver bullion. It was acquired by BHP Billiton in 2005 and is promoted by the company as 'the world's fourth largest [remaining] copper deposit, largest uranium deposit, fifth largest gold deposit, and the third largest uranium producing mine in 2007' (BHP Billiton c2009, p.1). The mine set annual production records in 2008 and is expected to have a life of 100 years or more. It has a workforce of around 4000 currently, including some 2,500 employees who live in the township or at the mine site, and a further approximately 1650 'long-distance commuters' (BHP Billiton 2008, p.588). Some 1850 of these workers are full time equivalent contractor employees (BHP Billiton c2009, p.10).

Like other uranium mines in Australia, Olympic Dam has attracted controversy and this has intensified since the release of BHP Billiton's plans for the expansion of the mine (over a period of ten or so years), and particularly since the release of the *Environmental Impact Statement* (EIS) into the significant expansion of the mine in 2009.[14] Such plans involve more than doubling the size of the Roxby Downs township (to around 10 000), with associated improvements to the infrastructure and services in the town (particularly health, education and commercial/industrial facilities), as well as improving the environmental sustainability of the town, and especially housing and accommodation. On this point, it is important to note that expanding housing and

[14] See http://www.bhpbilliton.com/bb/odxEis/downloads/draftEisDocuments.jsp

accommodation options is a crucial part of the expansion plans for the town and mine (discussed below), reflecting the ongoing challenge of housing supply and related issues of affordability in the town.

On the issue of infrastructure and services, discussions with local informants emphasised that pressure already exists on some local services in the town or, in some cases, necessary infrastructure is non-existent. Notable examples here include children's education services, mental health services, and birthing services. Informants noted that growth in the town like that experienced pre-GFC cannot continue without specific implications for education and medical services (see BHP Billiton 2008, Chapter 19), although for the time being most informants thought that the town was generally well serviced in this regard. BHP Billiton subsidises the costs associated with some key services in the town, including for attracting and retaining key professionals such as general practitioners (BHP Billiton 2008, p.597).

The fact that the commercial area of the town is at capacity was also a concern raised by some stakeholders—most acknowledged that demand for commercial premises has eased since the GFC, although this situation could change again at any time.

The *Olympic Dam Expansion Draft Environmental Impact Statement 2009* (BHP Billiton 2008) highlights these same concerns and includes plans for significant improvement in the capacity of local services and infrastructure, including expansion of utilities for both the mine and township (Chapter 19).

Housing

The Roxby Downs housing market has been under significant stress throughout much of the 2000s and housing remains a significant and ongoing area of concern for local stakeholders. Housing is one of the 'segments' of the Roxby Downs *Community Plan*, which notes that '[t]he shortage of housing is an economic and social issue' (Roxby Downs Community Board 2005, p.34). The Plan also promotes the community's aspiration that:

> Roxby Downs has an adequate supply, variety and standard of *affordable* housing for all residents (p.36, emphasis added).

During consultations conducted for the formulation of the *Community Plan*, housing rated as the second most important priority for the community. Additionally, uncertainty over the future supply of housing by the mine owners and the cost of housing locally were seen as the two key drivers of community (including Council) interest in the shape and future of the local housing market. These concerns extend to both the purchase and rental sub-markets.

In outlining the concerns above, it should be noted that 'affordable' in Roxby is not what passes for affordable elsewhere. Housing in the town is dearer than in regional South Australia and Australia generally. Both house prices and rents have trended upward significantly for the best part of the 2000s and for houses this is reflected in the data presented in Table A3 below.

Roxby is an expensive town to buy into and for renting in the SA context—although the proportion of households in the town in housing stress is relatively low in comparison to the other case study locations (see Appendices 2 and 3). For the most part, this is because high housing costs in the town are largely offset by the much higher wages of those residents who are mine workers. This said, local informants note that the cost of housing for households where no one is a mine worker can be prohibitively high and, as such, key workers and workers in non-mining related industries such as hospitality, retail and local government, are often hard to attract and retain. Housing affordability is also a concern in terms of where young homeleavers can move to and some informants felt that for some younger people the cost of housing has driven them out of town—and for many, permanently.

Some government housing (around 50 properties) is provided for key workers in the town, but housing affordability remains an ongoing concern for many key workers. It is unsurprising then that the BankWest key worker housing affordability research for South Australia (2008) listed Roxby Downs as unaffordable for key workers in South Australia—actually the *only* town or rural LGA in SA in 2007 considered unaffordable (although considered affordable by the same measure in 2002). Roxby Downs Council notes these concerns with the supply of 'affordable' housing and the council's annual business plans for the last few years have included the objective:

> Support actions to investigate and advocate on behalf of business to address factors such as housing and accommodation that adversely affect local business (Roxby Council 2010, 2009).

The affordability issue in Roxby is the result of demand for housing far exceeding supply, and for a prolonged period. The reasons for this supply/demand imbalance are typical of other mining communities—strong growth in commodity prices driving productivity gains, real and planned mine expansion and growth in employment/high wages attracting workers, coupled with resident and investor/speculative activity in the market. Additionally, the Roxby housing market is a highly controlled market and new land (and most houses) are and can only be delivered to the market by the owners of the Olympic Dam mine—in accordance with the agreement between the SA Government and the mine owners under the *Roxby Downs (Indenture Ratification) Act (SA) 1982*. Under this Act the mine owners are also responsible for ensuring that sufficient housing, infrastructure and services are delivered to meet the needs of mine workers and their dependants (determined by the scale of operations at the mine), and that the mine owners 'use their best endeavours to assist in the provision of the housing needs of such other persons and their dependants who provide services in the town that are ancillary and necessary to the needs of the Joint Venturers' employees and their dependants' (*Roxby Downs (Indenture Ratification) Act* (SA) 1982, p.71). These structures have been a source of local aggravation—particularly given the strict controls on who has the right to purchase new homes in housing developments in the town by the mine owner, leading to the following comment in the Community Plan in 2005 (Roxby Downs Community Board 2005): '[t]he community recognises that the lack of housing can only be addressed by WMC Resources [then owner of the mine] in the first instance and feels powerless to progress their case' (p.35). Fieldwork in Roxby Downs for this research reveal that these concerns are still relevant, although many key stakeholders in the housing market stated their preference for BHP Billiton to control the market rather than it being opened up to broader market forces.

Stakeholders were quick to note that the housing crisis in the town has abated somewhat since late 2008—a direct result of a round of retrenchments at the mine brought about by significant interruption to operations at the mine due to a mechanical failure with the main ore-haul shaft in October 2009 and the global financial crisis (*Roxby Downs Sun* 2009. 2010a). As REISA statistics presented in local media early this year show, house prices fell some $53,000 from the September quarter 2008 ($428 464) to September quarter 2009 ($374 560)—a 12.5 per cent decrease in prices (*Roxby Downs Sun* 2010b).

The delivery to market of part of the Copper Sands development (125 homes) and some 200 transportable homes by BHP Billiton (ABC 2007; Henderson 2010) addressed some of the underlying demand for properties (with a flow on effect for rentals), albeit only for those eligible to purchase homes. One stakeholder noted at the height of the housing crisis in the town that transportables were purchased from all over the country and trucked to the town to ease accommodation problems.

Clearly, the Roxby housing market is highly volatile and responsive to local and global economic conditions. Discussions with stakeholders about the local housing market in the town more recently, however, revealed a widespread confidence that the population is set to increase again, with the Clark ore-haul shaft back in operation from late May 2010 (ABC News Online 2010c; see also *Roxby Downs Sun* 2010a). Accordingly, house prices are expected to increase again, as the mine has commenced re-hiring staff very recently, economic conditions generally seem to be on the improve, and it is anticipated that speculation in the market is likely because of the planned expansion of the mine. After some months of available rentals in the town, property managers pointed to renewed activity in the market and, as of late July 2010, only a handful of rental properties were available again.

In terms of Federal Government affordable housing programs, local stakeholders were unaware of such programs generally and most noted that while the town has ongoing concerns with affordability, such programs were not relevant for the town because the release of land and house building is company controlled. The town does not have any public housing and no plans exist to construct such housing. As one stakeholder noted 'you only live in Roxby if you work here or someone in your immediately family does' Like in many of the other case study areas, most local stakeholders knew nothing of the current suite of Federal/state programs aimed at addressing housing affordability.

A key continuing concern for Roxby Downs is the need for planned and timely release of land/housing to the market and at a pace able to meet demand from workers/residents in the town.

Table A3: Selected house price data and trends, Roxby Downs, South Australia

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
ROXBY DOWNS	53	$378,834	-8.2%	8.8%	64.7%	14.3%	$380	5.2%	70	1,031	6.8%	62	$20,167,857	6.5	11	$375,000
Units																
ROXBY DOWNS	14	$280,000	n.a.	10.7%	53.4%	13.1%	$320	5.9%	11	105	10.5%	n.a.	$3,891,000	n.a.	1	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.4 Case study: Barossa—Tanunda, South Australia

Location

The Barossa is located 60 kilometres north east of Adelaide's central business district and 15 kilometres north of the metropolitan area boundary. The Barossa District Council encompasses 893 square kilometres and includes the major towns of Nuriootpa, Tanunda and Angaston, as well as several smaller settlements including Lyndoch and Williamstown. At the 2006 Census, the local government had a population of 20 056 people of whom 145 were Indigenous Australians. Just 12 per cent of the population had been born overseas, reflecting the established settlement and population structure.

Infrastructure and the local economy

The Barossa Valley is an important wine producing area and this is reflected in the fact that 12 per cent of employment is in agriculture—roughly three times the national average. The region also has a large manufacturing workforce, with 1765 people employed in this industry at the 2006 Census, approximately 31 per cent of the total. Much of this employment would be in agri-business related employment, including wine processing. The region has passed through challenging economic times over the past several years with the downturn in the wine industry and it is likely that the economy will refocus over the coming years onto food and food-related tourism more broadly.

The region has relatively well developed infrastructure, being close to Adelaide and adjacent to the Sturt Highway. Rail services are absent, but there has been significant investment in the arterial road network of northern Adelaide over the last several years. The shortage of public transport is a major issue in the Barossa, with people without cars having few transport options.

While the Barossa District Council has been largely protected from urban expansion since the early 1980s, there has been significant population expansion just to the south in Gawler—South Australia's most rapidly growing local government area and one of the fastest growing areas in Australia over the last decade. Further population growth and development is forecast with the South Australian Governments' newly released 30 Year Plan for Greater Adelaide (Government of South Australia 2009) forecasting significant new development at Concordia on the Council's southern boundary and a major development at Roseworthy to the west. The wine-producing agricultural land is to be protected, but it is forecast that there would be further population growth through the development of already zoned land in townships and through infill development.

Housing

The Barossa District Council has a relatively affordable housing stock when compared with Adelaide, but an expensive stock when examined against nearby rural and regional housing markets. Some seven per cent of home purchasers were in housing stress at the 2006 Census while 27 per cent of tenants experienced housing stress (ABS 2007a). The housing stock is dominated by detached dwellings. House prices tend to be higher in the Barossa than in other rural and regional areas because of its proximity to Adelaide and the attractiveness of this amenity rich location to lifestyle purchasers. Many in this segment of the housing market purchase small acreages or dwellings in one of the smaller villages.

House prices and rents are high in the Barossa compared with localities such as Freeling and Kapunda, with industry sources reporting that first home buyers and those on lower incomes often relocate out of the Valley—to Kapunda, Freeling, Gawler or Eudunda—to gain access to more affordable housing. That said, real estate agents reported that many struggled to enter home ownership post the GFC as banks have tightened lending criteria. Many lenders now expected borrowers to have a 25 per cent deposit and a demonstrated savings history. House prices within the Barossa District Council were reported as averaging $450,000 for three-bedroom homes, but price varied somewhat by town. Recent and longer term trends in house prices in the Barossa are shown in Table A4 below.

As would be expected given the level of housing stress among tenants, the rental housing market is marked by a low vacancy rate. There were just 650 private rental households in the Barossa District Council area at the 2006 Census and 153 public rental properties, plus 99 community rental properties. Much of the housing stock that was previously owned by the South Australian Government has been sold off over the last two decades, with just a residual remaining in the Valley. In total, the rental sector represented just 5.6 per cent of the total stock, with the private sector 4 per cent. The social housing sector is small and inaccessible to many Housing SA clients who are dependent on public transport. The community housing sector is comprised mainly of organisations focused on purpose built housing for the aged, including institutions with a religious affiliation.

Some informants believed that the planning regulations that have been in place since the 1980s were the major limitation on housing supply. Land for urban development was reported to be exhausted in Tanunda and Angaston, while Nuriootpa retained capacity for conventional fringe growth. Urban infill is forecast to provide additional housing in the 30 Year Plan, but some interviewees believed there would be community resistance within the established urban area. The building industry was not seen to be an impediment to housing supply. While some builders are based locally, many new dwellings are constructed by high volume producers based in northern Adelaide. For some informants, this raised an additional set of issues as they were concerned that this development limited the opportunity to maintain the Valley's distinctive architecture.

Across the region there was limited awareness of the Australian Government's major housing policy initiatives. Few respondents in either the public sector or industry were aware of the National Rental Affordability Scheme or the National Affordable Housing Agreement. While some funds had been won from the Housing Affordability Fund by Gawler to the south, there was limited awareness of this program among informants.

Table A4: Selected house price data and trends, Barossa Valley, South Australia

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
TANUNDA	63	$310,000	9.3%	3.9%	17.9%	9.5%	$260	4.4%	69	1,433	4.8%	67	$22,388,200	7.5	14	$415,000
Units																
TANUNDA	10	$231,250	n.a.	9.1%	n.a.	9.1%	$195	4.4%	8	116	6.9%	n.a.	$2,549,500	n.a.	2	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.5 Case study: Boddington, Western Australia

Location

The town of Boddington is the main town in the Boddington Statistical Local Area and is also the administrative centre for the Shire of Boddington. It was established in 1912 to service an area of broad acre mixed cereal crop and sheep farming approximately 125 kilometres south east of Perth.

Boddington town is small but very liveable, surrounded by picturesque landscapes and within easy access of three large regional centres (the closest of which is 50 kilometres). In the 1980s and 1990s the community struggled to survive as wool prices dropped and returns on broadacre cropping were variable. In 1986, there were 885 people living in the Shire of Boddington; by 2004 there were 1372 people, many of whom were older farmers or retirees (ABS 1987; 2007b). By the end of 2009, however, the residential population of Boddington had increased to 1707 people, excluding people living at the new Newmont mine site camp. Boddington has never had a significant Indigenous population and in the 2006 Census only 37 people identified as Indigenous (ABS 2007b).

Infrastructure and the local economy

Farming continues in the Shire, but since 2007 mining has dominated. A bauxite mine, owned by BHP Billiton was established in 1987, but it is relatively small in scale employing approximately 150 people. This operation is currently in expansion mode. A gold mine was established in the 1990s, but it closed in 1999 due to variable prices and unstable demand. As a result, businesses in the town struggled and houses and land were sold off cheaply. However, as gold prices have increased in recent years, a decision to re-open the Boddington Gold Mine, operated by Newmont, was made in early 2006. The operation involves open-cut mining from two large pits and is expected to produce an average 850 000 ounces of gold and 30 000 tonnes of copper a year for more than 20 years, contributing an estimated $550 million to the Peel region's economy and $770 million to the Western Australian economy per year (Peel Development Commission 2009). The operational workforce is projected to be between 650 and 800 workers and Newmont is encouraging employees to live locally (within 50 kilometres of the town). An ‘accommodation village’ has been built in the town to provide additional accommodation and during the construction phase this has been at capacity (up to 3850 workers).

When the gold mine re-opening was first mooted in 2005, the Peel Development Commission worked with the Shire, the mining companies and different government agencies to ensure that there was adequate infrastructure for mining, population and community expansion. As a result, Water Corp has increased supply capacity to the town by 50 per cent, main access roads have been upgraded, Western Power has doubled local capacity and a new junior high school was built with the potential to take twice as many students as enrolled in 2001. In the last twelve months, an additional 60 children have enrolled at the school, an increase of approximately 21 per cent. The medical facilities of the town are currently being upgraded and key workers such as police, teachers and the doctor have all been accommodated in upgraded housing. The local infrastructure is therefore able to cope with the considerable expansion of the mines and the community.

Housing

Immediately after the decision to re-open the gold mine, house prices and land in and adjacent to, the town escalated in value. For example, a small, 40-year-old timber cottage that was for sale prior to the re-opening announcement for $75 000 and which didn't sell, subsequently sold after the announcement for $260,000 in mid-2006. Housing stock increased in value by 275 per cent in the decade 1998–2008, the greatest rise in value occurring between 2004 and 2008 (220%) (Rowley & Haslam McKenzie 2009). The median house price in Boddington in 2008 was $367 500, which, while less than that of Perth ($412 500), was still one of the ten most expensive non-metropolitan housing markets in the state at that time.

Boddington could not cope with the influx and the unmet demand for accommodation. The primary reason is that the re-opening of the Boddington Gold Mine was announced just as the housing and land squeeze in Western Australia was at its tightest. This was also the time when the resource sector in Western Australia was at a peak in the construction and production cycle, drawing many of the trades and tradespeople into the Pilbara and Mid-West regions where economies of scale and unprecedented payment rates were being achieved. In Boddington there was suitable land available for development within the town limits, but it was all privately owned and a source of profit making and therefore speculation occurred when the re-opening of the mine announcement was made. As a result, land quickly became very expensive. At the same time, building costs state-wide had escalated and builders were not interested in relatively small-scale developments such as those in Boddington, especially as there were no guarantees on housing take up. After the GFC and ensuing credit crunch, local developers were caught and the largest has struggled to get finance and hence has not proceeded with housing construction. The unfortunate timing has shaken confidence in the Boddington land and housing markets, causing supply to falter despite demand. Now there is only modest rental accommodation/investment activity in the Shire. As a consequence, the two mining companies have encouraged employees to drive-in/drive-out from the urban fringe or from nearby rural communities even though the biggest employer has stated that it favours a local residential workforce.

There is suitable land in the town for future development should demand for housing increase, which it may with the two mining companies devising housing incentive programs. However, planning approvals, headworks and land certification delays involving state and local government agencies create supply bottlenecks of up to three years. Land delivery costs contribute to the unaffordability of residential land for lower income earners in Boddington. Most people who live in Boddington are on good salaries, but those who are not able to work 12 hour shifts or overtime are not able to participate in the lucrative mining labour force and are invariably squeezed out for lack of affordable housing. Land and housing is not affordable for lower income earners but nor is it on a par with other resource housing markets such as in the Pilbara (see Haslam McKenzie et al. 2009). Further, there are job opportunities outside the mining industry that are more family-friendly and thus enable partners to work in a diversified economy.

Data suggests that there is no need for public housing, but this is misleading. There is a small number of Department of Housing owned properties some of which are occupied by Indigenous families but they are small and there is reported overcrowding. There have been some Commonwealth Rent Assistance clients but the rental market in the Shire is tight and rents are high (approximately $400–450 per week for a 4-bedroom/2-bathroom home and $300–350 for a 3-bedroom/2-bathroom home), causing the gap between the market rent and assistance to widen. Current trends in house prices in Boddington are outlined in Table A5 below.

The waiting time for public housing is long, causing many who are eligible not to bother registering and they usually move elsewhere. The Shire nor its residents have received anything from the Commonwealth Stimulus Package and it is unlikely that any NRAS housing will be built in Boddington.

There is insufficient housing for the aged and limited opportunities for older people to downsize because of the tight housing market in the Shire. The Shire has developed some housing for the aged but these are oversubscribed. There have been plans to build additional housing for the 55+ cohort, but building and headworks costs are prohibitive and legislation forbids up-front payments for construction.

The Shire and community at large are concerned that the only affordable housing is old, sub-standard product which is usually located outside the town centre. However, there is limited appetite for densification and no desire for cheap, donga-style housing. There is broad concern that the cost of headworks and building and planning compliance delays add a considerable impost to the price of housing construction in Boddington.

Table A5: Selected house price data and trends, Boddington, Western Australia

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
BODDINGTON	19	$400,000	12.7%	21.2%	197.4%	n.a.	n.a.	n.a.	24	158	15.2%	n.a.	$7,248,000	8.5	6	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.6 Case study: Denmark, Western Australia

Location

Denmark town is the main township in the Denmark Statistical Local Area, also referred to as the Shire of Denmark. The Shire is located in one of 25 world-wide biodiversity hotspots and only 28 per cent of the Shire is freehold land. Denmark town is small but picturesque, located on the Denmark River which flows into the Wilson Inlet and out into the Southern Ocean. Throughout and around the town the landscape is punctuated by tall tingle, jarrah and karri trees. Denmark was established 120 ago as a timber milling town on the south coast of Western Australia. It is located 55 kilometres east of Albany and 420 kilometres south east of Perth. Milling ceased in the early 1900s and small scale broadacre farming became the principal industry (Brunger & Selwood 1997). The Shire has 157 kilometres of estuarine and coastal foreshore (Durtanovich 2002).

Despite claims that the local population is growing, ABS data shows that in the last ten years the population has fluctuated from 5051 people in 2001 to 4809 in 2006. The Shire is dominated by older people and has the second highest proportion of people aged 55+ in the state (ABS 2007b). Census data shows that there are many children under the age of 17 years in the Shire (24.5%).

Denmark has never had a significant Indigenous population because of local cultural issues and in the Census 2006 there were only 45 people who identified as Indigenous in the SLA.

Infrastructure and the local economy

Farming, including viticulture, continues to be an important industry. It was consistently reported during case study interviews that many people come to Denmark seeking a lifestyle sea/tree change and the community wants to constrain development and expansion. Because there are limited employment opportunities, Denmark residents often seek work in Albany and commute and many newcomers soon move on. People also tend to move on as they age and require complex medical care. This high population churn is reflected in the data from the last two Census periods (ABS 2001, 2007e). Denmark has a higher than state average proportion of the population who have low incomes. Most people in Denmark at the last Census were low (20.6 per cent) to lower middle income earners (39.4%) (ABS 2007b).

Over the last two decades tourism has become increasingly important in terms of economic development; however, the tourist season is short, spanning the December and January holiday months. Easter is traditionally the single busiest tourist time in the Shire. Small retail and cottage industries have been established but their viability is compromised by the short tourist season. One real estate agent claimed that he sold the same business six times in eight years—and this is not uncommon. The biggest single employer in the Shire is the local government authority (60 full-time equivalent (FTE) employees). The recently built hospital employs approximately 50 FTE staff and the refurbished high and primary schools also employ about the same number of people each. Real estate and construction are the other two major employers in the town.

Despite Denmark being located in a higher rainfall area, water supply has reached capacity and this alone limits further population growth. Power supplies to the Shire have also been inadequate but this infrastructure is currently being upgraded. Sewage services are almost at capacity and there is no reticulated gas service.

Housing

In 2008 the median house price in Denmark was $361 500 which was higher than the median house price for all of regional Western Australia ($344 000) (Rowley & Haslam McKenzie 2009). Based on median incomes for the Shire, housing in Denmark is unaffordable for many local residents whose median income is well below the metropolitan median. In Denmark the price: income: multiplier is 9.86 (Rowley & Haslam McKenzie 2009). The sea/tree change status of the town and local amenity has pushed house prices up. Trends in house prices in Denmark are shown in Table A6 below.

Interestingly also, the local government authority reported that 43 per cent of all rate payers in the Shire do not live locally and approximately 52 per cent of homes in the Shire are second homes, most of which are unoccupied for much of the year.

The Denmark community brands itself as a 'Green Community' and strongly resists large scale development and housing densification. Although most housing in the Shire is not affordable for low-income earners and there has been a stated need for affordable housing, a recent development of 12 donga-style 4-bedroom/2-bathroom houses each on 200 square metres has been deemed 'unacceptable' by the community because the houses are 'too dense, too cheap and too suburban' (case study interviewee). These houses sold for $275 000 each.

As of October 2009, there were 86 Department of Housing properties in Denmark and a further 72 people on the waiting list, 11 of whom have priority status. A key local informant interviewed for this research explained that because the waiting list is relatively long for this small community and candidates move up the list slowly, many potential public housing tenants do not bother registering. There has been limited public housing investment in Denmark in the last three years with the exception of some purchase and construction by the Disability Services Commission. The most unmet demand in the public and private housing sectors is single person's accommodation. There are 26 on the waiting list, 14 of whom are social security recipients. Two bids for affordable housing under the Economic Stimulus Package have been unsuccessful, with the reason for this being, inexplicably, 'there being no demand'.

Not surprisingly, given the demographics of the Shire, there are several aged person's group housing facilities. *Lionsville*, administered by the local Lions Club has built, through a joint venture with the Department of Housing, 26 rental units for singles and couples aged 55+ years, all of whom have to meet public housing eligibility guidelines. There is a further 22 people on the waiting list, seven of whom qualify for Department of Housing accommodation. *Lionsville* has been successful because land has been made available through the Shire, it is managed by competent volunteers, the long term tenure of the management committee, and local support.

Denmark has two well established housing cooperatives, Mia Mia and the Wolery. Mia Mia is a tenant managed not-for-profit incorporated association with 12 rental houses. Mia Mia tenants must match public housing eligibility requirements at time of entry and several tenants have medical disabilities. The Wolery is a multiple occupancy settlement established in 1976 (as a 'hippy commune'. It includes 14 houses built on common land and each house and the five metres surrounding it is leased from the land held in common.

Table A6: Selected house price data and trends, Denmark, Western Australia

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
DENMARK	45	$415,000	22.1%	5.9%	72.9%	11.9%	$255	3.2%	76	602	12.6%	68	$19,096,300	8.0	8	n.a.
OCEAN BEACH	14	$492,500	n.a.	-6.2%	94.7%	10.5%	n.a.	n.a.	5	178	2.8%	n.a.	$7,095,000	6.8	2	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.7 Case study: Chinchilla, Queensland

Location

The town of Chinchilla is situated around 300 kilometre west of Brisbane and a two hour drive from the nearest large population centre, Toowoomba. Chinchilla had a population of just under 6300 in 2006 (ABS 2007d); a rise of four per cent on 2001.

The town is located within the Western Downs Regional Council area and near the centre of the resource rich Surat Basin. The town itself has an attractive, tree lined high street with services such as health, education and recreational facilities appropriate for a town of its size. A number of small towns such as Boonarge, Brigalow and Kogan surround Chinchilla, but lack the key services of the town.

Population projections to 2031 indicate that the population of Chinchilla is expected to increase by around 1500 or about one per cent per year (Lawrence Consulting 2008).

Infrastructure and the local economy

Traditionally the Chinchilla economy revolved around agriculture with the farming industry employing around 15 per cent of the workforce in 2006 (ABS 2007a). However, the region has experienced significant changes with the expansion of Coal Seam Gas and LNG activities in the Surat Basin. Chinchilla is central to the gas pipeline network that will run through the basin. It is estimated that a workforce population of around 4500 will be required in the area at the end of 2011 with an operational workforce of 900 remaining after the initial construction phase. The projects are likely to have a 15–25 year lifespan with significant implications for the growth of Chinchilla's population and housing market.

Housing

Chinchilla's median house price was $329 500 for the June Quarter 2010; with appreciation in prices having slowed recently as a result of a short term oversupply. Median prices grew by 115 per cent in the five year period to 2010. Local stakeholders note that rents for a new standard 4-bedroom/2-bathroom house are currently between $350 and $400. At the end of the last decade price and rent rises had spread to the smaller towns surrounding Chinchilla as people sought more affordable accommodation. Selected house and unit price data and recent market trends for Chinchilla are identified in Table A7 below.

The Chinchilla market has changed quickly from a slow growth housing market to one of rapid expansion fuelled largely by investors speculating on the impact of the various resources projects in the Surat Basin. National developers have entered the market building en-masse; marketing Chinchilla as the next housing growth hotspot. Seminars have been run around the country on the investment potential of the market. Many investors have bought house and land packages off the plan with the promise of weekly rents of $450–$500 per week for an initial purchase price of under $400 000. The following is an example of how properties are being marketed in Chinchilla: 'Take advantage of the commodities boom in SE Qld. An influx of workers into the Surat Basin has [sic] caused a housing crisis in Chinchilla. Invest in these architecturally designed Villas and take advantage of the potential growth here'.

However, the population influx has yet to materialise and many completed investment properties have remained vacant as investors have been unable to obtain the rents they were expecting and who are unwilling to let below the rental level promised. Consequently, on the surface, there is currently a good supply of rental accommodation in Chinchilla suggesting little pressure on the market. This has fuelled arguments that there is sufficient housing available to cope with demand, but many interviewees believe it is the calm before the storm as the influx of workers begins in the coming months.

With the median price rising 125 per cent over a five year period, housing affordability has declined rapidly in the town. There is real concern that price and rental growth will rise further over the next few years. Land supply is considered adequate in the short term but may not be able to react quickly enough in response to a surge in population. The development industry is finding it difficult to deliver an affordable product with the price demands of local landowners and the infrastructure requirements of local authorities. Typical lots are around 800 square metres and the planning system is reluctant to deliver smaller units that may provide more affordable lots. Typical land prices are around $130 000. Larger ‘lifestyle’ lots have attracted ‘tree change’ residents in the past and these products still exist but are being purchased by investors and wealthy locals.

One of the key difficulties in planning terms is predicting short and long term population growth resulting from resources led employment activity. The town planning scheme is outdated and planners are struggling to deliver a new plan that will reflect the future needs of the town due to uncertainty surrounding the extent of demand.

Some local landowners, farmers and businesses are prospering, but other local businesses are struggling as larger chains move into the town to take advantage of the expansion. Problems attracting and retaining staff are growing. The airport is due for expansion, creating a possible fly-in/fly-out culture with around 1000 workers per week. Work camps already exist in the town but are considered to contribute little to the town itself. There are concerns that a future Chinchilla will not be able to attract key workers.

There is little public housing within Chinchilla and no new dwellings were received through the stimulus package due to a lack of perceived need. Local groups disagree, identifying a chronic shortage of housing for those most in need. Homelessness has increased, with 6–7 people per week seeking help.

An application for 70 NRAS properties was submitted in the first NRAS funding round with 17 units approved. Central to the low approval rate was a reluctance to ‘flood the market’ with such dwellings. Restricting numbers would avoid oversupply. A cautious approach was considered essential due to the 10-year subsidy commitment. Generally a short term boom was considered to be more palatable than future oversupply and price decline. NRAS units are being marketing in Chinchilla on 820 square metres blocks for just under $400 000.

There is very little prospect of an increase in the supply of all types of affordable housing. The local council believes that displacement of residents is inevitable as they are priced out of the market, but believe they can do little to stop this. Residents will be forced to move into cheaper surrounding towns that lack the supporting services until demand subsides and prices/rents return to more affordable levels. This displacement of workers inevitably puts pressure on local services and local businesses.

Indigenous households are also likely to be forced away from the area due to a lack of suitable housing and little chance of entering the private rental market. Discrimination by landlords against Aboriginal applicants in the private rental market was considered common. There is little prospect of an increase in housing units for those groups most in need. Local informants noted that Queensland's One Social Housing program has created issues for Aboriginal housing locally, capacity is constrained, and the prospect of funding for new development limited.

Although the housing market in Chinchilla is currently quite stable, most involved in the market are holding their breath waiting for the surge of demand from the resources industry when the Surat Basin projects take off. Displacement in the private market of those who cannot afford to purchase or fund higher rents is inevitable. There is not the public housing or community housing in place to cope with those who cannot afford to live in the town, and there is a widespread perception of a lack of support from the state government.

Table A7: Selected house price data and trends, Chinchilla, Queensland

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
CHINCHILLA	133	$310,000	17.0%	34.8%	114.5%	14.9%	$300	5.0%	141	1,717	8.2%	84	$41,732,400	6.7	34	$329,500
Units																
CHINCHILLA	21	$299,000	10.7%	n.a.	n.a.	n.a.	$400	7.0%	13	87	14.9%	141	$6,331,500	n.a.	6	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.8 Case study: Townsville, Queensland

Location

Townsville City Council Local Government Area is located in the Northern District of Queensland and consists of a number of SLAs. The population is dominated by the urban centre of Townsville–Thuringowa. At 2006, the population of Townsville was 165 278; a 25 per cent increase on the population in 1996. The population is projected to grow by 32 per cent to 2016 with a further 32 per cent growth in the following ten years to 2026. Household growth is projected to be even faster. Interviewee estimates placed new arrivals in Townsville at 50–60 per week, down on the 100 per week peak reached in the middle of the last decade.

The development of Townsville is considered to be central to the growth of the state and is likely to be the fastest growing LGA outside south east Queensland. During a recent visit to Townsville by the Queensland premier, Anna Bligh, it was suggested that the City could become a second capital to help Queensland deal with population challenges.

Infrastructure and the local economy

Townsville has a healthy mixed and balanced economy. Employment is particularly strong in the sectors of public administration and safety, defence, retail, education and health. Mining and mineral processing industries have expanded strongly in recent years. Defence employment will continue to expand with the relocation of the Army's 3RAR battalion in 2012. A James Cook University study found that defence spending generated more than $1 billion annually in direct and indirect economic activity in Townsville accounting for 10 per cent of the region's economy and 9 per cent of the population (Welters & Delisle 2009). A $56m redevelopment of the city centre is designed to bring retail trade back to the city centre following a period of decline.

Population growth has been fuelled by employment growth which is the main driver of the Townsville housing market.

Housing and Land markets

The median house price in Townsville was $392 500 at the end of 2009; a rise of 8 per cent on the year and 64 per cent over a five-year period. Weekly rents were $330; a decline of 3 per cent on 2008, but a growth of 40 per cent over five years (Department of Communities 2009). Median prices and rents are below the overall Queensland median. Current house and unit prices for Townsville are presented in Table A8 below, including trends in prices over the last year, three years and five years.

Current residential vacancy rates are above 4 per cent which is considered a very healthy position for Townville considering the rate of 1.5 per cent witnessed in the middle part of the last decade. The surge in population growth around 2003–2005 caused dramatic increases in rents and prices. This stimulated significant new development. In particular, there was a surge in high density development in the City with a number of new apartment blocks completed over a three-year period. The subsequent oversupply of apartments coupled with the development of around 1,500 detached dwellings per annum during the mid 2000s had a dampening effect on rents and prices and growth slowed considerably towards the end of the decade, aided by the GFC.

Affordability is considered an issue in the City, principally for those in need or on low incomes. Workers on moderate incomes; key workers such as teachers, nurses etc., can access market housing for rent or purchase although they may have to settle for something smaller than their ideal or in a location that may not be high on their list of preferences. In May 2010 there were around 100 properties available for sale below $250 000 (realestate.com.au). There are more affordable towns surrounding Townsville, but they lack the infrastructure required before they can adequately service some of those families displaced from the Townsville market.

There are concerns that continued growth in population and further declines in affordability within the purchase sector will return the City to a position of chronic rental shortages. During the peak of the boom period, landlords were able to pick and choose tenants. There were comments during the fieldwork relating widespread discrimination against Indigenous households, whatever their financial circumstances. Families with children also found it difficult as landlords preferred to let to ‘less risky’ tenants.

Land availability is not considered a serious issue in the future development of Townsville. A recent broad hectare land study by PFIU (Townsville City Council 2009) estimated 1885ha of urban land and 1395ha of low density land currently available for development. During the period of rapid price growth the housing market responded well and increased supply quickly to cope with the surging demand.

The main problem with land supply is not the quantity but the cost of bringing land on to the market. Local informants noted that it is difficult to bring land on to the market that could deliver a completed housing product for under $350 000. Higher headworks charges soon to be introduced could add another $10–15 000 to the cost of a 600 square metres lot of land. Even without such an increase, approximately 19 per cent of the final lot price consists of infrastructure charges, fees and taxes (Townsville City Council 2009). 600-800 square metres lots are currently selling for around $175 000. There has been a trend in recent years towards smaller lot sizes designed to deliver a more ‘affordable product, however, the cost of building is around 20 per cent higher than in Brisbane due to additional labour costs and cyclone proofing requirements. With the majority of land being delivered through large scale subdivisions, it is difficult to see how an affordable product for those on low incomes can be delivered without subsidy.

Public housing accounts for 5.1 per cent of all housing, down from 6.3 per cent ten years ago. The various stimulus packages are expected to deliver around 400 new public housing units; the majority of which will be one and two-bedroom units, in response to need, within the Townsville urban area. Although the increase in unit numbers is widely welcomed, there are long term concerns about funding the management and maintenance of these units when the stimulus funding runs out. The community housing sector operates on a small scale outside Brisbane and the Gold Coast and the stimulus package is seen as an opportunity to increase the capacity of these organisations. The existing lack of capacity has hindered Townsville’s response to the increased funding opportunities. In the long term, interviewees agreed that there would be an expanded role for community housing groups. Public housing was considered as an option only for those most in need and would never be able to house those ‘just on low incomes’.

Indigenous housing is a key issue. Primary homelessness has increased in recent years despite a number of initiatives aimed to help those most in need. Some groups choose to sleep in the open to be near friends so it is difficult to estimate the true extent of the problem. The homeless are very visible in the City.

Townsville received 15 NRAS units in the first funding round. These units are now being marketed for sale. Subsidised rents are around $260 and the houses available for sale cost around $365 000. No NRAS properties were secured in the second funding round, but up to 300 are expected from the third. The scheme is viewed as positive although the delivered housing is located on out of town estates so is suitable only for certain types of tenants. It is too early to say whether the NRAS scheme will be a success, but given the long history of investment in defence housing it is a product with which local investors are familiar.

Another potential source of affordable housing is through the Urban Land Development Authority's (UDLA) development of 83ha at Oonoonba. The UDLA have a policy of 15 per cent affordable housing within their developments. Such an initiative could potentially deliver a significant supply of affordable housing of various types.

Outside the ULDA, the stimulus funding and NRAS it is difficult to identify a large scale, future source of affordable housing. The City council are working hard to develop an affordable housing strategy, but it remains to be seen what form this will take and whether it will prove effective. As population continues to grow, so will housing demand. There is sufficient land supply available, but whether development can keep pace with population growth and whether the development industry can deliver an affordable product remains to be seen. Prices are likely to continue their upward trend, especially if investment demand increases in response to the 'second capital city' announcement, and there will remain an affordability problem in the City for those on low to moderate incomes.

Table A8: Selected house price data and trends, Townsville, Queensland

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Averag e Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
AITKENVALE	64	$340,000	3.3%	12.4%	56.5%	10.5%	$320	4.9%	95	1,689	5.6%	47	$23,337,300	10.1	13	$340,000
ALICE RIVER	42	$485,000	4.3%	26.0%	61.7%	11.6%	n.a.	n.a.	47	610	7.7%	52	$21,158,050	4.9	9	n.a.
ALLIGATOR CREEK	23	$450,000	-2.7%	15.4%	63.6%	10.6%	n.a.	n.a.	36	406	8.9%	n.a.	$12,011,000	7.7	7	n.a.
ANNANDALE	157	$445,000	1.1%	7.2%	37.1%	8.2%	$400	4.7%	197	2,978	6.6%	43	$75,242,700	6.5	28	$455,000
BALGAL BEACH	20	$285,000	-14.9%	7.8%	72.7%	10.8%	$285	5.2%	54	470	11.5%	74	$6,360,600	6.2	7	n.a.
BELGIAN GARDENS	29	$500,000	3.1%	11.4%	40.8%	12.2%	$415	4.3%	41	548	7.5%	n.a.	$16,093,000	8.1	9	n.a.
BLACK RIVER	23	$400,000	2.6%	10.8%	66.3%	12.8%	n.a.	n.a.	38	431	8.8%	130	$9,826,000	5.6	8	n.a.
BLUEWATER	17	$400,000	6.7%	9.6%	81.8%	13.8%	$345	4.5%	31	307	10.1%	n.a.	$7,181,000	8.0	5	n.a.
BLUEWATER PARK	23	$432,500	5.5%	18.8%	71.3%	12.1%	n.a.	n.a.	43	335	12.8%	n.a.	$10,599,000	4.3	3	n.a.
BOHLE PLAINS	89	$470,000	6.8%	16.9%	n.a.	n.a.	$400	4.4%	47	474	9.9%	82	$42,448,000	1.9	17	$465,000
BURDELL	52	$384,000	10.7%	34.7%	93.9%	12.8%	$345	4.7%	62	623	10.0%	90	$20,117,950	4.3	14	$342,000
BUSHLAND BEACH	87	$425,000	2.4%	6.3%	48.5%	9.9%	$380	4.6%	127	1,412	9.0%	78	$39,544,250	4.9	15	$399,000
CASTLE HILL	12	$895,000	n.a.	-12.3%	23.9%	n.a.	$575	3.3%	25	228	11.0%	n.a.	$10,780,000	n.a.	1	n.a.
CONDON	107	$330,000	1.5%	13.6%	44.9%	11.0%	$330	5.2%	145	1,690	8.6%	49	$38,888,180	6.4	21	$330,000
CRANBROOK	96	$328,500	3.0%	13.7%	63.2%	11.3%	$330	5.2%	139	2,100	6.6%	53	$32,092,800	8.2	15	$315,000
CUNGULLA	11	$280,000	n.a.	3.7%	62.1%	14.1%	n.a.	n.a.	21	264	8.0%	n.a.	$3,047,000	n.a.	2	n.a.
CURRAJONG	54	$322,500	7.5%	13.2%	56.6%	11.9%	$298	4.8%	67	968	6.9%	50	$18,121,317	6.9	11	$282,000
DEERAGUN	90	$345,000	1.9%	23.2%	91.7%	13.3%	$330	5.0%	102	1,125	9.1%	58	$30,201,902	8.0	25	$350,000
DOUGLAS	150	$417,500	4.9%	12.8%	49.6%	7.9%	$380	4.7%	151	2,083	7.2%	46	$67,634,000	4.7	33	$410,000
GARBUTT	17	$302,500	0.8%	17.9%	76.9%	13.2%	$320	5.5%	25	680	3.7%	n.a.	$5,133,900	n.a.	5	n.a.
GULLIVER	46	$296,500	-0.7%	7.8%	60.3%	10.9%	$320	5.6%	65	1,158	5.6%	48	$14,097,000	7.9	10	$284,250

HEATLEY	55	$309,000	0.3%	14.4%	57.7%	10.3%	$320	5.4%	97	1,461	6.6%	45	$17,902,300	7.3	14	$319,000
HERMIT PARK	48	$394,500	6.6%	13.9%	46.4%	11.3%	$340	4.5%	91	967	9.4%	55	$19,419,500	6.2	8	n.a.
HYDE PARK	26	$378,500	-0.4%	10.2%	62.4%	11.9%	$320	4.4%	39	417	9.4%	n.a.	$11,470,500	7.9	3	n.a.
IDALIA	77	$495,000	7.6%	9.3%	51.8%	8.5%	$420	4.4%	74	1,088	6.8%	56	$39,780,949	2.7	20	$485,250
JENSEN	20	$367,000	-6.5%	3.8%	45.3%	9.0%	n.a.	n.a.	8	408	2.0%	n.a.	$8,239,200	7.6	6	n.a.
KELSO	161	$335,000	3.1%	21.2%	71.8%	11.8%	$320	5.0%	287	3,210	8.9%	55	$57,669,800	5.7	29	$325,000
KIRWAN	402	$385,000	5.5%	16.7%	49.8%	9.2%	$350	4.7%	514	7,023	7.3%	49	$160,286,295	6.5	68	$383,500
MOUNT LOUISA	189	$395,000	-0.3%	11.3%	58.0%	12.3%	$375	4.9%	195	2,598	7.5%	57	$74,356,602	6.8	34	$402,500
MOUNT LOW	46	$402,500	1.3%	11.2%	63.5%	12.6%	n.a.	n.a.	46	630	7.3%	50	$19,357,550	5.3	11	$415,000
MUNDINGBURRA	55	$370,000	1.9%	5.7%	47.7%	10.9%	$330	4.6%	83	1,100	7.5%	46	$22,718,000	8.8	10	$387,500
MYSTERTON	19	$450,000	n.a.	12.5%	50.0%	13.2%	$350	4.0%	26	280	9.3%	n.a.	$9,512,000	7.1	3	n.a.
NELLY BAY	16	$387,500	7.0%	14.8%	12.3%	10.0%	n.a.	n.a.	15	501	3.0%	n.a.	$7,377,000	5.8	4	n.a.
NOME	288	$249,000	-37.8%	n.a.	-10.7%	n.a.	n.a.	n.a.	18	304	5.9%	n.a.	$72,875,000	n.a.	282	$249,000
NORTH WARD	33	$625,000	-10.6%	6.2%	30.2%	10.5%	$320	2.7%	59	788	7.5%	n.a.	$25,233,000	9.0	4	n.a.
OONOONBA	14	$298,000	6.4%	10.4%	59.8%	12.5%	$300	5.2%	21	423	5.0%	n.a.	$4,345,500	9.9	4	n.a.
PALLARENDA	14	$466,500	-9.9%	0.3%	39.3%	9.8%	$400	4.5%	13	322	4.0%	n.a.	$7,084,000	7.9	5	n.a.
PIMLICO	39	$343,000	0.1%	7.9%	40.0%	10.8%	$320	4.9%	45	654	6.9%	n.a.	$13,646,000	6.2	5	n.a.
RAILWAY ESTATE	66	$350,000	4.0%	12.0%	40.7%	13.6%	$350	5.2%	88	1,035	8.5%	63	$23,438,600	6.4	9	n.a.
RANGEWOOD	12	$587,000	27.6%	24.9%	68.9%	13.5%	n.a.	n.a.	19	362	5.2%	n.a.	$6,799,000	7.9	2	n.a.
RASMUSSEN	64	$297,250	-2.7%	10.1%	56.4%	9.5%	$300	5.2%	117	1,409	8.3%	42	$19,346,818	7.4	9	n.a.
SOUTH TOWNSVILLE	38	$380,000	4.1%	15.2%	55.1%	12.7%	$315	4.3%	35	642	5.5%	n.a.	$14,702,101	6.1	9	n.a.
THURINGOWA CENTRAL	43	$340,000	3.0%	14.3%	46.2%	9.3%	$330	5.0%	38	683	5.6%	n.a.	$15,293,500	6.9	7	n.a.
VINCENT	44	$290,000	-2.7%	13.5%	54.3%	11.0%	$325	5.8%	61	911	6.7%	65	$12,949,100	5.0	12	$283,750
WEST END	65	$380,000	7.4%	11.8%	61.7%	12.1%	$320	4.4%	90	1,086	8.3%	60	$27,147,880	7.1	14	$380,000
WULGURU	68	$329,000	5.4%	17.5%	70.6%	10.7%	$320	5.1%	103	1,727	6.0%	74	$22,483,500	8.6	13	$336,500
YABULU	16	$330,000	n.a.	17.4%	86.4%	14.5%	n.a.	n.a.	19	226	8.4%	n.a.	$5,570,000	5.1	3	n.a.

Units																
AITKENVALE	20	$270,000	-5.1%	-5.3%	36.4%	8.0%	$288	5.5%	27	325	8.3%	n.a.	$5,857,000	6.0	2	n.a.
BELGIAN GARDENS	18	$256,500	-43.0%	-25.2%	19.3%	6.3%	$305	6.2%	36	344	10.5%	n.a.	$5,553,000	5.2	1	n.a.
CRANBROOK	18	$242,500	10.1%	81.0%	110.9%	8.2%	n.a.	n.a.	9	271	3.3%	n.a.	$5,651,400	6.0	7	n.a.
CURRAJONG	11	$299,500	7.3%	36.4%	n.a.	n.a.	$250	4.3%	10	169	5.9%	n.a.	$3,070,500	n.a.	2	n.a.
DOUGLAS	54	$312,000	-8.2%	-5.5%	5.3%	n.a.	$340	5.7%	27	234	11.5%	n.a.	$17,596,500	4.0	5	n.a.
GARBUTT	24	$355,000	25.4%	36.5%	143.3%	15.2%	$290	4.2%	19	379	5.0%	n.a.	$8,394,257	3.6	4	n.a.
HERMIT PARK	29	$230,000	0.0%	15.9%	53.8%	9.8%	$270	6.1%	65	633	10.3%	77	$6,833,000	4.7	9	n.a.
HYDE PARK	10	$230,000	-9.8%	21.2%	60.8%	10.3%	$280	6.3%	13	225	5.8%	n.a.	$2,227,500	n.a.	n.a.	n.a.
KIRWAN	48	$297,000	2.2%	18.8%	58.8%	12.1%	$300	5.3%	56	584	9.6%	67	$14,558,380	5.2	13	$292,000
MUNDINGBURRA	19	$275,000	8.3%	18.3%	59.7%	n.a.	$265	5.0%	16	292	5.5%	n.a.	$5,428,000	7.8	4	n.a.
NELLY BAY	35	$350,000	-11.8%	-32.7%	-35.5%	n.a.	n.a.	n.a.	13	460	2.8%	n.a.	$14,436,500	4.6	4	n.a.
NORTH WARD	117	$360,000	-0.7%	0.6%	60.0%	9.0%	$320	4.6%	214	2,095	10.2%	70	$50,817,500	5.7	20	$364,000
PIMLICO	21	$258,000	-0.8%	14.2%	50.9%	9.4%	$280	5.6%	35	439	8.0%	45	$5,902,000	6.3	1	n.a.
RAILWAY ESTATE	29	$250,000	-3.3%	8.7%	63.4%	10.9%	$280	5.8%	32	321	10.0%	n.a.	$7,534,500	7.5	5	n.a.
ROSSLEA	44	$340,000	30.3%	17.2%	106.1%	11.5%	$290	4.4%	44	568	7.7%	n.a.	$14,355,000	5.2	5	n.a.
SOUTH TOWNSVILLE	33	$378,000	9.6%	0.8%	20.0%	9.1%	$350	4.8%	32	459	7.0%	n.a.	$13,309,337	5.3	4	n.a.
TOWNSVILLE CITY	66	$532,500	25.3%	14.8%	54.8%	10.2%	$400	3.9%	89	1,073	8.3%	79	$43,571,811	5.2	13	$500,000
WEST END	58	$292,500	-7.1%	18.2%	77.3%	9.8%	$290	5.2%	71	846	8.4%	47	$17,443,000	4.2	8	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.9 Case study: Snowy River Shire, New South Wales

Location

The Snowy River Shire is located approximately 100 kilometres south of Canberra. Its northern boundary is just south of Cooma while its southern boundary is the state border with Victoria. To the west, it is bound by Tumbarumba Shire and to the east its border abuts both Bombala Shire and Cooma-Monaro. Jindabyne is the largest settlement in the Shire but Berridale serves as the centre for local government. Dalgety is a small settlement of just 120 dwellings in the eastern part of the Shire but overall settlement is sparse. Outside these three settlements the population is essentially limited to farm homesteads and the transient population in the national park.

Just 7186 people were enumerated in the 6029 square kilometres of the Snowy River Shire at the 2006 Census, of which 60 identified themselves as Indigenous Australians. This population lived in 2138 dwellings, of which 1770 were separate houses.

Infrastructure and the local economy

The Snowy River Shire is dominated by two industries: tourism and agriculture. Traditionally the region was an area of fine wool production but declining rainfall and adverse conditions within the wool industry has resulted in a refocusing of economic activity towards meat production. Informants suggest that prolonged drought has resulted in livestock numbers falling to 40 per cent of historic averages, resulting in a significantly smaller contribution to the regional economy. The tourism sector is based on skiing in the winter and a shorter summer season of hiking and other mountain based activities. At the 2006 Census, the major industries for employment were accommodation and food services (19%), construction (14%) and agriculture (11%). The tourism industry exerts a dominant influence on the region's economy, with Jindabyne's population heavily influenced by the sector. Many of those who work in the snow fields live in Jindabyne for the season because rents are more affordable or dwellings simply unavailable in places closer to the resorts.

The Snowy River Shire has limited infrastructure and is relatively inaccessible to most other parts of the nation, especially given its location in south east Australia. The Monaro Highway is the most significant transport route and while there are significant infrastructure assets associated with Snowy Hydro, they serve national rather than local needs. Most services are to be found outside the Snowy River Shire, with Cooma serving as the significant regional hub. The lack of public transport in the region may make it difficult to make use of such services, but within Cooma a range of supports are available including community housing, youth services and homelessness services.

Housing

The housing market in the Snowy River Shire is best thought of as comprising two distinct parts: tourism related development in Jindabyne and the remainder of the local government area. The market in Jindabyne is dominated by investors with 37 per cent of the stock held by owner occupiers and the remainder by investors—often Sydney based. These investors often occupy their dwellings for a limited part of each holiday season and either rent the property out for the remainder of the year or full time. One-bedroom units in Jindabyne are currently priced at $130 000 while two-bedroom units sell for $170 000.

Housing costs are lower outside Jindabyne, with three-bedroom homes in the remainder of the Shire—and in nearby Cooma—selling for $180 000 to $250 000, with homes in Berridale priced at $180 000 to $200 000. Many of those who live in Berridale work in Jindabyne and take advantage of lower housing costs in the smaller settlements. At the 2006 Census, some 8 per cent of home purchasers and 21 per cent of tenants were in housing stress, but it is important to note that many of the tenants in housing stress were seasonal workers living in Jindabyne. House and unit prices for the Snowy River Shire townships are presented in Table A9 below.

There were 460 rental properties enumerated at the 2006 Census, of which just ten were owned by the NSW public housing authority and four were owned by a community housing provider. Rental housing comprises just over 21 per cent of the total housing stock. Currently three-bedroom homes (excluding Jindabyne) rent for $230 to $240 per week, while one-bedroom units are let for $90 to $110. Across the Shire as a whole, the median rent for June 2010 was $370 per week, with the median price for three-bedroom homes $700 and for dwellings with four or more bedrooms $470 (Housing NSW 2010). Clearly, this pricing reflects (a) the seasonality of this housing market, (b) the presence of prestige or luxury accommodation in some market segments and (c) the specialised role of Jindabyne's housing market.

Planning restrictions limit subdivision within most parts of the Snowy River Shire with development opportunities focuses on the existing urban area. Some respondents believed that planning restrictions should be eased and/or that more land should be made available for development, especially in Jindabyne. Some respondents believed that the Snowy River Shire did not have a sufficiently positive attitude to urban development and that this limited housing supply. Others noted that further development in Jindabyne may prove difficult because of environmental restrictions that limited development near waterways and required appropriate treatment of waste water. One of the consequences of planning restrictions has been the development of a market for large hobby farms purchased by relatively affluent buyers from Canberra or Sydney.

Gaining access to builders for residential construction was seen to be a challenge in the Snowy River Shire as there was a shortage of locally-based trades people and builders and limited access to those from outside the region. At the time of fieldwork (May 2010), some of the major builders in the region were working on education projects funded under the Nation Building Economic Stimulus program implemented by the Rudd/Gillard Labor Government. Informants noted that while it was important that the stimulus program maintained the viability of these firms, finding a builder had become more difficult.

Across the Snow River Shire there was a very limited knowledge of the Australian Government's major housing policies and programs. Informants were aware of the limited NSW Government housing stock and the FHOG, but had no knowledge of NAHA or NRAS. The FHOG was seen to have brought forward demand, resulting in a peak of activity in 2009 with subsequent quiet market conditions since then. Respondents also noted that post the GFC it was now much harder for home purchasers to gain access to housing finance, especially first home buyers.

Table A9: Selected house price data and trends, Snowy River Shire townships, New South Wales

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
JINDABYNE	25	$382,000	4.7%	10.7%	3.8%	9.6%	$370	5.0%	36	537	6.7%	n.a.	$9,652,815	7.4	8	n.a.
Units																
JINDABYNE	70	$247,500	14.5%	-11.6%	3.3%	8.3%	$250	5.3%	68	1,433	4.7%	86	$19,051,200	7.0	20	$313,000

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.10 Case study: Lismore, New South Wales

Location

Lismore is situated in northern New South Wales just inland from the coast. Lismore City Council had a population at Census 2006 of 42 210 persons, with an estimated population in 2008 of 42 225. Of that total, 27 067 were enumerated as living in the Lismore urban area in 2006, and 4.2 per cent (1140 individuals) living in the urban centre were Indigenous (Lismore City Council 2008). There are also significant communities of Indigenous Australians living outside the Lismore urban area but within the council's boundaries. Over the past decade Lismore has grown at almost three per cent per annum.

Infrastructure and the local economy

Lismore serves as a major regional centre for the Northern Rivers region. In the past it served as a major centre for agriculture, including dairying and the production of meat but more recently horticulture and tourism have emerged as major employers. Lismore is also emerging as a major educational centre, with the Southern Cross University adding to both population growth and the demand for housing. There is a significant concentration of public sector services and jobs in Lismore and this has added both to the number and quality of employment in the local government area. There is, however, a significant population on low and/or statutory incomes with elevated unemployment rates: 9.8 per cent for males and 9.5 per cent for females at the 2006 Census.

Much of Lismore's current expansion reflects the consequence of population growth at a regional scale with substantial numbers of 'seachange' arrivals contributing to a burgeoning population. While the largest part of the 'seachange' in-migration is focused on the nearby towns of Ballina, Evans Head, and Coffs Harbour, ancillary employment spills over to Lismore. In this sense, Lismore serves as the focus for a broader regional housing market, with the city offering more affordable housing than that available on the coast. One consequence is large scale commuting, with low income earners living in Lismore and working along the coast travelling out of the city in the mornings and back in the afternoons, while higher income earners work in Lismore but live on the coast and travel into and out of the city on a daily basis. As several informants in the region noted, this pattern is not sustainable in a social or environmental sense.

Housing

Housing in Lismore may be more affordable than housing closer to the coast but it is not by any objective measure affordable. At the 2006 Census, 23 per cent of households in the urban area were in housing stress, with 1221 low-income renting households and 267 low-income home purchasers paying more than 30 per cent of gross household income for accommodation. Students have a significant presence in the low cost rental market, with individuals renting rooms in houses that have been partitioned specifically to supply accommodation for this group. House prices rose by 18 per cent between 2007 and 2010, with the average price of a house rising from $284 000 to $347 000 (information provided in case study interview). Current and recent trends in house and unit prices in Lismore are provided in Table A10.

Lismore has a relatively vibrant house building industry, and while some interviewees noted that there was a shortage of builders locally, others noted that the builders would often come from the Gold Coast to build houses or larger dwellings. Several respondents also noted that there was a shortage of affordable housing styles in the

City, especially medium density dwellings, and that this was a significant failing within the market.

At the 2006 Census, 1679 Indigenous Australians were enumerated within the Lismore City Council area and the Indigenous population is confronted by significant challenges with respect to their housing. In common with virtually all of Australia, it is a significantly younger population—median age of 19 compared to the city average of 39—and incomes are much lower. The median household income for Lismore in 2006 was $769 per week compared with $611 for Indigenous households, but this gap was much more profound for individuals, with weekly median individual incomes of $272 per week for the Indigenous population and $381 per week for the non-Indigenous population (Lismore City Council 2008). Indigenous people are much more likely to be unemployed than the non-Indigenous population, with 25 per cent out of work among the former, and just over 9 per cent for the non-Indigenous population. The disadvantaged labour market position of Indigenous Australians affects their engagement with the housing market and local stakeholders suggest there is both discrimination against Indigenous households, especially in the private rental market, and a 'crowding out' of Indigenous households by those with a greater capacity to pay. Students in particular look to occupy similar housing at the lower end of the rental market. Perhaps inevitably, some 17 per cent of Indigenous households occupied government-owned public housing in 2006 (ABS 2007b), but demand for such accommodation far outstripped supply. Much of this housing was concentrated in the outer suburb of Goonellabah with 395 Indigenous persons counted at the 2006 Census.

Government housing assistance programs did not have a substantial impact on the functioning of Lismore's housing market. Funding had been received by two aged care providers under the National Rental Affordability Scheme (NRAS) which in total will add approximately 20 dwellings to the housing stock. Funding for some 20 properties under the Nation Building Economic Stimulus Plan has been received in the area. There was limited awareness of other Australian Government programs—including the Affordable Housing Fund—despite the interest of a number of groups in the provision of low cost housing. During the Federal election campaign in 2010, Prime Minister Gillard visited the region and announced that if re-elected the government will commit some $200m to fund more affordable housing in Australia's regional cities (ABC News Online 2010a, 2010b). Lismore was included in the list of eligible centres.

Table A10: Selected house price data and trends, Lismore, New South Wales

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
DUNOON	11	$330,000	n.a.	n.a.	n.a.	12.1%	n.a.	n.a.	13	221	5.9%	n.a.	$3,801,000	n.a.	1	n.a.
EAST LISMORE	80	$322,500	10.9%	27.0%	41.4%	12.1%	$330	5.3%	73	1,717	4.3%	62	$25,678,616	6.4	16	$335,000
GIRARDS HILL	34	$326,750	13.3%	21.0%	35.9%	12.0%	n.a.	n.a.	30	576	5.2%	48	$11,602,260	6.3	10	$377,500
GOONELLABAH	194	$330,000	6.5%	22.7%	26.0%	11.0%	$305	4.8%	209	3,849	5.4%	62	$65,102,300	6.6	42	$337,500
LISMORE	56	$287,500	6.9%	12.7%	29.4%	10.9%	$260	4.7%	64	3,342	1.9%	55	$18,598,167	6.8	12	$317,500
LISMORE HEIGHTS	39	$325,000	11.7%	22.9%	34.9%	10.8%	$300	4.8%	49	739	6.6%	51	$12,930,000	6.7	8	n.a.
SOUTH LISMORE	37	$245,000	10.1%	30.0%	35.7%	12.9%	$265	5.6%	37	805	4.6%	53	$8,920,750	8.1	2	n.a.
Units																
EAST LISMORE	10	$200,000	9.6%	9.6%	50.9%	n.a.	$210	5.5%	10	206	4.9%	n.a.	$2,533,000	n.a.	1	n.a.
GOONELLABAH	56	$253,000	12.4%	17.7%	35.3%	11.3%	$240	4.9%	45	794	5.7%	52	$14,628,679	5.8	14	$248,250
LISMORE	11	$215,000	3.9%	29.3%	44.3%	n.a.	n.a.	n.a.	8	275	2.9%	n.a.	$2,692,760	n.a.	2	n.a.
LISMORE HEIGHTS	13	$212,000	-2.5%	3.3%	11.6%	11.7%	$285	7.0%	9	259	3.5%	n.a.	$2,922,500	4.9	2	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12- month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.11 Case study: Colac, Victoria

Location

The Colac-Otway Shire is located 100 to 170 km south west of Melbourne and covers an area of 3250 square kilometres. The Shire extends north to Hamilton Highway and south to Cape Otway. It is a coastal region with the Otway Ranges rising close to the coast and adding to the region's attractiveness for tourists and 'seachange' arrivals alike. The major settlements in the Shire are Colac (approximately 12 000 persons; 10 857 at Census 2006 (ABS 2010b, 2007c)) and Apollo Bay (1,370 persons), and the smaller settlements of Cressy (670), Birregurra (464), Beeac (203) and Lavers Hill (208) (ABS 2007b). Colac was selected as a case study for this research as an example of a non-metropolitan centre with a low growth housing market.

Demography

Colac, a town of approximately 12 000 people, is the administrative centre of the Colac-Otway Shire which had 20 296 people at the 2006 census (ABS, 2007d). The population for the Shire is forecast to increase to 25 044 in 2031 indicating an acceleration of population growth to 0.7 per cent per annum. Pockets of the Shire are predicted to increase in population more rapidly—for example, Elliminyt (a new suburb of Colac) is predicted to grow by 2 per cent per annum and the coastal strip including Apollo Bay, is forecast to increase by 1.42 per cent per annum (id consulting 2008).

The population of Colac-Otway Shire is older than the Australian average with approximately 29 per cent aged over 55 years compared with 24.3 per cent for Australia overall. In Colac, there is a higher percentage of widowed persons at 10.2 per cent compared with 7.8 per cent for the Shire and 5.9 per cent for Australia. The number of people over 55 years is predicted to increase from 28.8 per cent in 2006 to 32.2 per cent by 2031 and this highlights the Shire's role as a destination for aged retirement (id consulting 2008).

There is a small Indigenous population of 144 people (0.7% of the total) in the Colac-Otway Shire (ABS 2007b). There is also a small Sudanese population who mainly arrived in Australia on humanitarian visas, and Chinese workers brought to the Shire to work in manufacturing industries. At the 2006 Census, the Colac-Otway Shire had a SEIFA index of disadvantage of 967.3 and was ranked as the fourteenth most disadvantaged SLA on the SIEFA Index in Australia (ABS 2008).

Local economy and infrastructure

The Colac Otway shire is predominantly rural with dairy, forestry, grazing and some cropping. The key manufacturing base of the main town is in value adding industries such as:

- Regal (Bulla) (ice cream, yogurt and other dairy products)
- CRF Processing (lamb processing)
- AKD (Pine sawmill)
- Fontera milk processing plant
- various agricultural machinery and agricultural service industry businesses.

Additionally there is a shire administration centre, education and health centres, including a disability centre housing long-term residents.

The shire of Colac-Otway has a very stable economy. It has an even spread of employment over a number of diverse industries from farming, through manufacturing sectors, to service and tourism industries. Downturn in one sector is often offset by an upswing in other sectors. Over recent years the manufacturing base has attempted to expand but has had difficulty attracting suitable labour and has recently imported workers from China. These workers are housed in the converted nursing home.

Colac has a relatively low-skilled labour market with 21 per cent of the workforce engaged as labourers, 12 per cent employed in retail sales, 7.8 per cent as machinery operators, and 10.7 per cent in community and personal services. Professional and managerial employment is commensurately lower. Incomes are lower in Colac-Otway than the rest of Australia, with a median income of $401 per week for individuals and $763 for households (ABS 2007b).

Housing

In common with the vast majority of other regional centres in Australia, separate dwellings dominate the housing stock in the Colac-Otway Shire (88.4% of the stock). Other dwelling types include semi-detached dwellings (4.3%), units (6.3%) and other dwellings (1.1%). The median rent for a separate house in 2010 was $140 per week and median loan repayments stood at $911 per month, significantly below the Melbourne average of $1300. Key house price movements for Colac are provided in Table A11 below.

As would be expected given the older population in the area, a higher percentage of the housing stock (41.8%) was fully owned in Colac-Otway compared to national trends (32.6%) while the percentage of purchasers were below average (28.6% in Colac-Otway and 32.6% nationally). There were also fewer tenants, comprising 24.2 per cent of households in the Shire, compared with 27.2 per cent nationally.

The public rental sector is relatively large in Colac-Otway with 23.4 per cent of tenants renting from the state, compared with 14.9 per cent nationally.

From 2002 to 2006:

- median house prices rose by 55 per cent from $140 000 to $217 500
- median unit prices rose by 76.6 per cent from $141 500 to $250 000
- median vacant block prices have risen 88.4 per cent from $52 000 to $98 000
- the number of housing permits rose by 29 per cent from 424 per annum to 547.

One of the main issues driving the housing market is Colac's distance from Melbourne. Informants reported an overflow of lower-income households from Melbourne to Geelong to Colac seeking cheaper rents and housing. Many of those on lower incomes are confronted by significant housing affordability challenges, especially in the rental market, with larger families especially affected. There is little if any accommodation for young people seeking housing.

'Seachange' migration has meant that housing along the coast is unaffordable for many who work in the industry, especially regional hospitality and tourism sector workers. Colac has a supply of affordable and accessible housing in Elliminyt with many younger households moving into this development, including in the 20 new Department of Human Services dwellings in the development funded as part of the expansion of social housing under the NAHA.

Colac-Otway Shire has not attracted the attention of the major housing associations due to the lack of council owned land and the small size of the population. For these reasons it has not had the benefit of NRAS developments. The Victorian Government, however, has rolled out a program of neighbourhood renewal that has targeted some of the older and poorer areas in Colac.

Table A11: Selected house price data and trends, Colac, Victoria

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
COLAC	145	$210,000	5.0%	11.7%	16.7%	9.9%	$220	5.4%	245	3,424	7.2%	77	$31,244,742	11.3	33	$200,000
Units																
COLAC	25	$221,000	25.2%	22.8%	24.2%	10.6%	$190	4.5%	25	473	5.3%	96	$5,796,250	10.0	6	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.12 Case study: Glenelg–Heywood, Victoria

Location

Glenelg-Heywood is an SLA within the Glenelg Shire in Victoria. It includes the township of Heywood, which has a population of approximately 1300 people (and 6056 for the broader SLA (ABS 2007b)) and is situated some 350 kilometres west of Melbourne. The Glenelg Shire overall has a population of 21 146 (ABS 2009) and is situated in the south west corner of Victoria. It is bounded on its western side by South Australia and to its north by West Wimmera. Portland (approximately 10 000 people (ABS 2007b)) is the largest urban centre in the region and its role as an industrial centre and deep sea port, exporting wood products, aluminium and agricultural produce, is at odds with the remainder of the region. Elsewhere in the Shire, economic activity is predominantly rural, supporting dairy, forestry and grazing enterprises. The main town of the shire is Portland with Casterton, Heywood, Dartmoor and Nelson, being smaller towns providing services to the primary industries of the region. Heywood was included as a case study in this research in recognition of its role as a small non-metropolitan population centre with a low growth housing market at the time of the 2001 Census as classified by Wulff et al. 2007.

Demography

Heywood is a township with an older population and a significant population of Indigenous residents; with Aboriginal and Torres Strait Islanders totalling 8.9 per cent of the population at the 2006 Census—well above the national average of 2.3 per cent. Widows and widowers constituted 12.6 per cent of the population at the Census, double the national rate of 5.9 per cent. Couples with children households were under-represented at the 2006 Census (40.3% compared with 45.3% nationally) while one-parent families were slightly over-represented (17.2% in Heywood compared with 15.8% nationally). The median age of residents of the area was 43 years at Census 2006 and the township had a modal age cohort of between 50 and 59 years at this time. Services for older people are therefore important for the township.

There is significant disadvantage in Heywood, with the SLA reporting a score of 936 on the SEIFA Index (ABS 2008) for the 2006 Census and half the population living below the Henderson Poverty Line.

The population of Heywood is forecast to grow only slowly over the foreseeable future, with a forecast rise of just 71 people by 2021. This very slight population increase will be accompanied by a further fall in average household size from 2.45 people per dwelling to 2.26. Critically then, Heywood remains a small low growth housing market and this is unlikely to change.

Local economy and infrastructure

Heywood is a low-income, low employment qualifications urban centre. At the 2006 Census, median individual income stood at just $346 per week compared with $466 nationally, while median household income was $616 per week compared with $1027 nationally. In large measure the lower incomes in Heywood reflected employment in lower paying industries as well as reduced rates of participation in the labour market—partly because of age or care responsibilities. The rate of full-time employment was five percentage points below the national average at the 2006 Census, but the rate of part-time employment matched the national rate, and unemployment was slightly below.

Fully 20 per cent of the labour force was employed as labourers (twice the national average) and the town was also over represented among machinery operators and community and personal service workers. The SLA's labour force was much under-represented in professional employment (8.8% compared with 19.8%) and somewhat under-represented in managerial employment.

Housing

In common with many country towns, the housing stock of the Heywood SLA is dominated by separate dwellings at 92 per cent of the total. At the 2006 Census, median rents stood at $100 per week, compared with the national average of $190 while median home loan repayments were $715 per month compared with $1300 nationally. Objectively, Heywood is a low cost housing market and this lower cost would be negligible for the 40 per cent of households who own their property outright. A further 29 per cent of households were purchasing their home at the 2006 Census and 21 per cent rented. Of the tenants, some 18.6 per cent rented from the State Government at the 2006 Census.

Over the last five years, median house prices have risen just 10 per cent to $156 000, having peaked in 2007 before falling. Units are often more expensive, with a median price of $200 200, and a 30 per cent rise over five years. General trends in house and unit prices are provided in Table A12 below.

The expectation that a pulp mill would be built locally and the consequent expansion of the timber industry led to house price increase in 2007. The failure of this major investment to materialise led to prices falling again. Importantly, house prices in Heywood have also been and remain influenced by fluctuations in Portland's economy, with falling prices for alumina depressing demand. The Heywood housing market is in large measure driven by the economy of Portland as it is a 'dormitory town' for workers from that centre. Workers generally have some previous family connection to the town and new stock is built by people with a previous relationship with the town or region. In the future, the predominant influence may be the energy sector that is now entering south west Victoria.

Heywood as a small housing market is very much affected by shifting economic and policy conditions. Over recent years it has been adversely affected by the collapse of several managed investment schemes which has slowed growth in the timber industry. The housing market in Heywood is stable and currently houses may remain on the market for five years, making it difficult for people to move to other places for work.

Heywood has adequate numbers of houses, but the housing is not necessarily well matched to needs with an ageing population and subsequent increasing disability. There is a lack of heating/cooling in many properties and limited accessible housing. Informants suggested that retirees commonly move to Warrnambool or Portland where a greater range of services are available.

Rental properties are in short supply at certain times of the year. There are regional fire spotters required during the summer months, November–April. In Portland, youth rental is a major issue and housing is expensive relative to quality, compared to other regional areas.

The boost to the FHOG had an appreciable impact in Portland in increasing access to home purchase but it also pushed up house prices across the board. There was, however, no discernable impact in Heywood. Windamara in Heywood attracted funding for six new units from the Australian Government, though there has been some frustration with the lack of flexibility in program guidelines.

Table A12: Selected house price data and trends, Heywood, Victoria

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
HEYWOOD	18	$166,000	13.7%	-5.9%	47.6%	10.2%	$180	5.6%	43	580	7.4%	n.a.	$3,152,500	8.5	4	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.13 Case study: Alice Springs, Northern Territory

Location

Alice Springs is arguably Australia's most well known outback town; a remote city (locally referred to as a 'town') in central Australia, located almost equidistant from Adelaide and Darwin (around 16.5 hours drive from each capital city). The area around and including Alice Springs is home to the Arrernte people. Alice Springs has a significant resident Indigenous population, as well as being 'home' at times to significant numbers of Indigenous people from 'out bush', from outlining remote and very remote settlements.

Demographics

Alice Springs is the second most populous town in the Northern Territory. As at 30 June 2009, it had an estimated resident population of 27 877. Estimated resident population data for the town indicates that the population has grown on average 0.9 per cent per annum from 2004 to 2009, and in 2008–09 was the lowest growth LGA in the Territory (ABS 2010b). Census data shows that the population of the town grew from 27 092 in 1996 to 28 178 in 2001 and then declined to 26 472, with most of this decline being among the non-Indigenous population. Almost one in five residents of the town at the time of the 2006 Census identified as Indigenous (almost 4500 people) (ABS 2007b). This proportion is lower than for the Territory as a whole but significantly more than the national average.

The demographic profile of Alice Springs in many ways reflects that of the Northern Territory. It is younger than is the case nationally, with a significantly smaller proportion of older people. Local stakeholders consulted for this research note that this is because Alice Springs is not a place people necessarily retire to—for a range of reasons, including remoteness and climate—and services for older people are limited. The same local stakeholders note that working residents of the town earn higher than national average wages, with these higher wages balanced out in composite figures by the number of people on statutory incomes (see National Regional Profile for Alice Springs (ABS 2010a).

ABS statistics show that debt to asset ratios for residents of Alice Springs (and the NT) are significantly higher than for Australia generally (20.9% for both Alice Springs and the NT, compared with 12.9% for Australia as a whole). This fact is unsurprising given the relative price of housing in Alice Springs (discussed below).

In commenting on the demographics of the town, it should be noted that many key government stakeholders interviewed for this research feel that available statistics about Alice do not reflect the situation on the ground in the town. Some stakeholders were emphatic that ABS statistics undercount the resident Indigenous population, as well as the (transient) Indigenous population that frequently moves between the township and bush communities. These stakeholders strongly felt that Alice misses out on critical funding for services and programs because of this.

Infrastructure and the local economy

As the largest town in the vast central Australian desert area Alice Springs is an important regional centre; particularly for health services for Indigenous people from the central Australian region. The town has substantially the range of infrastructure and services expected of a town of its size, with the type and available infrastructure strongly influenced by its regional centre role and specific local economic base—in government services (Indigenous, administration, health and defence-related services), tourism, retail, transport and some manufacturing industries, the pastoral and (expanding) mining industries. This said, some infrastructure and services in the town are under significant stress. This is particularly the case in the social services areas. The town also benefits from the location of the Pine Gap Joint Defence Space Research Facility some 20 kilometres to the south-west, as the around 1000 strong workforce at the facility (and their families) live in Alice Springs (Kittel 2005).

A recent *Economic Profile* of Alice Springs (NT Government c2008) and local stakeholders note that Alice Springs is a town with numerous work opportunities and has had a low unemployment rate by Australian and regional Australian standards for a number of years. And, as noted in the *Economic Profile* (NT Government c2008, p.9):

> At the macro-economic level, a current and future challenge will be to maintain a larger population to meet the workforce demand.

Discussions with key local stakeholders about the local economy emphasised this issue and many stakeholders reported examples of local businesses having problems attracting staff for vacancies, despite the higher salaries, because of the lack of appropriate housing and, for many, the cost and quality of available housing.

In saying this, it is important to note also that the unemployment rate is much higher for the local Indigenous population and the participation rate for Indigenous people in the town is around half that for non-Indigenous people—with clear implications for incomes (NT Government c2008, p.14).

Housing

The Alice Springs housing market is a complex and, in many ways, surprising market. House and unit prices are high and, on any objective measure, housing in the town is unaffordable for low to moderate income earners and arguably some higher income earners. The availability and cost of residential land is a key issue locally with regard to the housing market. Moreover, there are complex and challenging issues with housing (and associated services) for the local and transient Indigenous population, and a significant quantum of housing stock is of poor quality and/or not what new entrants into the market (or investors) expect and demand in their housing—particularly for the price. Demand for all types of housing in the town is high—and this includes public housing and good quality private housing. For the private market, demand is clearly related to employment opportunities—with Alice seen as a 'training ground' for middle managers and public servants (particularly in health services) in particular. Private rental vacancy rates have been around or below 1–2 per cent for most of the 2000s and effectively zero for much of this time. Many stakeholders interviewed for this research clearly noted that the lack of affordable housing in town is a brake on economic development.

Like most of regional Australia over the last decade or so, the Alice Springs economy has performed well, and house prices have risen accordingly. Statistics compiled by LJ Hooker Alice Springs from the Lands Titles Office in the NT show trends in average house and unit prices in the town since 2002 (see Table A13 below). These data show a point repeatedly raised by local stakeholders about the housing market in Alice—that house prices, and particularly unit prices, significantly increased in 2010, counter to trends in some other areas of Australia. Data from the Real Estate Institute of the Northern Territory for June 2010 confirms these trends in terms of median prices locally: Alice Springs' median house price for the June quarter 2010 was $456 000, up some 6 per cent from the previous quarter and 21.4 per cent for the year to June 2010. For units and townhouses the same general trends are evident: median price of $339 500, up 0.1 per cent over the quarter and 18.2 per cent for the year.

Table A13: Average house and unit prices, Alice Springs, 2002–2010

Year ending June	Houses				Units			
	No of sales	Average Price	% increase over year previous	% increase since 2002	No of sales	Average Price	% increase over year previous	% increase since 2002
2002	518	$203199	-	-	318	132908	-	-
2003	524	220890	+8.7	+8.7	289	152272	+14.6	+14.6
2004	542	254834	+15.3	+25.4	328	163707	+7.5	+23.2
2005	544	282301	+10.8	+38.9	336	185428	+13.3	+39.5
2006	540	307084	+8.0	+51.1	357	203818	+9.9	+53.4
2007	496	334610	+8.9	+64.7	316	232963	+14.3	+75.3
2008	481	348773	+4.2	+71.6	337	224560	-3.8	+69.4
2009	480	369492	+5.9	+81.8	296	257816	+14.8	+90.3
2010	388	452604	+22.9	+122.7	277	320559	+24.3	+141.2

Source: LJ Hooker Alice Springs 2010, *Real Estate News*, vol. 2.

Further general trends in house prices over the last 12 months, three and five years are provided in Table A14.

A range of factors were raised by local informants as contributing to the sustained growth in prices locally. Most prominent among these is the ongoing issue of land supply and, more specifically, timely land release. Informants were critical of the processes involved in delivering land to the market (both residential and commercial land) and the Territory Government's lack of a plan for land supply for the town. All cited the example of the most recent land release: some 23 single dwelling residential blocks of around 800 square metres each in the Mt Johns area of town which sold in 24 hours for around $300 000 each (Burdon 2009, pp.1–2). Stakeholders acknowledged that the release of land is more complicated than in other areas because of native title issues, but many felt that the traditional owners have been and remain more aware of the need for timely land release than other players in the process. The interviews conducted for this research found widespread and vehement criticism of what most called the 'drip feed policy' of the NT Government, and there was agreement between stakeholders of the need for some 80–100 blocks being released to the market each year for the next 20+ years to meet underlying and projected demand; rather than the 40 blocks espoused as necessary by the Territory Government. Most stakeholders felt that this level of land release for residential property would go a long way towards ensuring accommodation for workers for the predicted (and current actual) level of job vacancies, but the effects of such land release on prices overall is unknown. An annual release of more blocks than this is considered necessary to meet any demand for accommodation from development and growth associated with the proposed expansion in mining operations in the region.

Informants were optimistic that two large-scale (and controversial (Sleath 2010a)) developments at the new residential suburb of Kilgariff south of Heavitree Gap some 10 km south of the current township would go some way to alleviating the housing crisis in the town. These two developments, one on Commonwealth land next to the Alice Springs Airport (announced this year) and the other development at the Arid Zone Research Institute,[15] have the potential to deliver up to 2600 and 1200 lots respectively over 20 years (Moss 2010; NT Government 2010a, 2010b; Sleath

[15] $10 million has been provided by the Territory Government for headworks for this project, with these funds made available prior to the July 2010 budget to fast-track the development (Sleath 2010a; NT Government 2010a).

2010a). Concerns have been aired about planning for residential mix, affordability and services in both developments.

Allied with concerns over land supply, local informants were also critical of the minimum size limits for residential allotments in the township and lack of vision with regard to increasing residential densities. Notably, a 116-unit high density development of five storeys has been given conditional approval and expressions of interest in the development have been strong. Stakeholders note that demand for such smaller, higher density (by Alice Springs standards) and low maintenance properties is high. The high cost of building in the town was also cited as of concern in terms of the housing market and affordability. Residential building costs in the town were promoted as some 40+ per cent higher than for Adelaide and can cost as much as \$2–3000 per square metre. Given these costs and the cost of land, it is not surprising that a 200-square-metre house in the more desirable areas of town is touching \$700–850 000. Local building capacity was raised as of concern by some stakeholders, with these individuals noting that the prolonged challenging economic conditions faced in the town in the 1980s and 1990s saw many skilled tradespeople leave town, and the high cost of housing locally has been known to have influenced some tradies from moving to town to take up available work. Finding a tradesperson for maintenance, repairs and additions to housing was considered difficult by many—with this a problem reported also by Territory Housing, and such capacity issues (allied with cost) linked by some to the poor quality of many properties locally.

The relatively high house and unit prices in Alice Springs have made investing in the town an attractive proposition for many—and rental yields have been attractive for most of the later 2000s in particular. Local investors have been particularly active in the market over the 2000s, although local informants point to the steady reduction in property turnover in the town over the last three years—a significant concern for new entrants into the market and agents—affecting churn through the market. For those involved in the sale of properties, anecdotal evidence suggests that people are holding onto their properties in the town even after moving away as they are solid investment propositions.

Like many regional areas, first home owners have declined recently with the reduction in the FHOG. Local informants dealing with the sale of properties noted that first home owners are probably more active in the Alice Springs market in some respects than in other markets as Territory Government first home owners' subsidies are quite attractive. This said, the same stakeholders pointed out that many more first home owners are being assisted by their parents than in the past. Unlike in other areas, most first home buyers in Alice Springs are confined to the unit market because of price and availability and this has clearly driven the substantial increase in unit prices seen over the last three years in particular. As with most other areas, stakeholders reported that banks locally are more risk averse requiring larger deposits, but informants expected the solid rental yields on properties in the town meant that this situation was less strict than in other poorer performing markets.

Importantly, many of the challenges discussed above also relate to public housing in the town. Demand for public housing in Alice is high and, like most regional areas, the town has seen stock losses rather than the gains needed to meet demand. As many households are on wait lists for public housing than there are properties for in the town, wait times are long. Around 90 per cent of those on the wait lists are Indigenous households and public housing, and the housing located within Alice Spring's 18 town camps are the only really affordable housing options for many Indigenous households.

Indigenous housing issues in the township are complex. Local informants note that the town faces many challenges in terms of the lack of housing affordable and appropriate for Indigenous people, as well as issues with homelessness, overcrowding and anti-social behaviour. Housing for visitors to the town remains problematic (whether they be visiting family or for medical or other reasons) and local informants note continuing difficulties with managing Indigenous tenancies because of overcrowding and anti-social behaviour.

Actions to address housing issues for the Indigenous population of Alice Springs are being rolled out currently through the newly developed *Alice Springs Transformation Plan*[16] (ASTP). The ASTP 'aims to expand social-support services and reduce homelessness through housing and infrastructure upgrades' (FaHCSIA 2009). It includes:

1. $100 million for new and refurbished housing and upgraded infrastructure in town camps—
   - → to create a safer and healthier environment for families and children
   - → includes building 85 new houses and refurbishing/rebuilding existing housing—as part of the Strategic Indigenous Housing and Infrastructure Program (SIHIP).
2. $25 million to enhance social support services—
   - → including intensive case management.
3. $11 million towards short-term accommodation to reduce homelessness—
   - → establish managed accommodation for Aboriginal people who are homeless, at risk of homelessness, or visiting Alice Springs
   - → establish transitional accommodation for people waiting to access public housing.
4. $2.25 million for a Communities for Children site—
   - → intensive early intervention programs to vulnerable families.

(NT Government 2009)

These components of the Plan aim to meet its three broad action strategies: deal with social issues; transform town camps; and reduce homelessness (NT Government 2009). In terms of the short-term accommodation component of the Plan, work is currently underway on the Alice Springs Visitor Accommodation Park—accommodating up to 150 people on a site on the outskirts of the township.

On the issue of Indigenous housing issues and Alice Springs, it is interesting to also note that numerous local informants highlighted the recent and immediate effect of the NT Intervention on house and unit prices in the town. The concern expressed here is the increased demand on already limited (and expensive) rental accommodation due to the influx of government employees into the town and surrounding communities as part of the Intervention.

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16 Announced in May 2009, see http://www.fahcsia.gov.au/sa/indigenous/progserv/AS_transformation/Pages/default.aspx

Table A14: Selected house price data and trends, Alice Springs, Northern Territory

Suburb	Number sold (12 mnths)	Median sale price	Change in median price (12 mnths)	Change in median price (3 yrs)	Change in median price (5 yrs)	Annual change in median price (10 yrs)	Median asking rent	Indicative gross rental yield	Total listings (12 mnths)	Total Dwellings	% Stock on market (12 mnths)	Time on Market (days)	Total Value of sales (12 mnths)	Average Hold Period (years)	Qtrly Volum of sales	Qtrly Median Sale Price
Houses																
ARALUEN	52	$480,000	24.7%	47.2%	68.4%	n.a.	n.a.	n.a.	1	627	0.2%	n.a.	$25,932,591	3.4	12	$537,450
BRAITLING	61	$399,000	18.0%	42.5%	n.a.	n.a.	n.a.	n.a.	n.a.	935	0.0%	n.a.	$23,471,359	2.4	11	$415,000
CONNELLAN	12	$581,500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	49	0.0%	n.a.	$5,830,000	n.a.	1	n.a.
DESERT SPRINGS	22	$710,000	37.2%	65.1%	n.a.	13.2%	n.a.	n.a.	2	334	0.6%	n.a.	$14,952,500	n.a.	4	n.a.
EAST SIDE	61	$450,000	32.3%	50.0%	n.a.	n.a.	n.a.	n.a.	1	796	0.1%	n.a.	$27,973,830	n.a.	12	$462,500
GILLEN	94	$389,500	21.8%	39.1%	49.8%	9.6%	n.a.	n.a.	n.a.	1,161	0.0%	n.a.	$33,725,482	2.5	16	$417,500
LARAPINTA	66	$350,000	17.3%	46.4%	n.a.	n.a.	n.a.	n.a.	n.a.	514	0.0%	n.a.	$22,212,127	n.a.	16	$412,500
ROSS	10	$500,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44	0.0%	n.a.	$4,988,000	n.a.	2	n.a.
SADADEEN	45	$413,050	26.7%	48.8%	n.a.	n.a.	n.a.	n.a.	n.a.	475	0.0%	n.a.	$16,388,240	n.a.	11	$449,900
THE GAP	21	$375,000	44.2%	61.3%	63.8%	10.9%	n.a.	n.a.	n.a.	291	0.0%	n.a.	$7,668,600	n.a.	5	n.a.
Units																
ARALUEN	30	$317,500	16.9%	39.6%	63.9%	9.8%	n.a.	n.a.	n.a.	225	0.0%	n.a.	$9,775,900	4.1	3	n.a.
BRAITLING	11	$270,000	-8.7%	-6.9%	4.9%	n.a.	n.a.	n.a.	n.a.	138	0.0%	n.a.	$3,009,500	n.a.	2	n.a.
EAST SIDE	42	$325,875	26.9%	51.9%	86.2%	n.a.	n.a.	n.a.	n.a.	307	0.0%	n.a.	$13,424,950	4.4	10	$308,500
GILLEN	61	$299,000	30.6%	43.1%	130.0%	11.2%	n.a.	n.a.	1	449	0.2%	n.a.	$17,351,670	2.9	13	$285,000
LARAPINTA	27	$317,000	32.1%	63.4%	92.1%	10.4%	n.a.	n.a.	n.a.	220	0.0%	n.a.	$8,151,200	3.4	8	n.a.
SADADEEN	49	$320,000	28.0%	98.8%	151.5%	12.9%	n.a.	n.a.	n.a.	218	0.0%	n.a.	$14,783,340	4.1	15	$335,000
THE GAP	34	$336,500	29.4%	40.2%	84.4%	7.8%	n.a.	n.a.	n.a.	285	0.0%	n.a.	$10,986,410	4.3	5	n.a.

Source: data prepared for project by RP Data.

Notes: Data to June Quarter 2010. Statistics are restricted to suburbs recording at least 10 sales over a 12-month period. All statistics are based on a 12-month period. 12-month change in median price is based on the change in median price over the 12-month period. Average annual change is the average annual rate of change in median prices over 10 years. Indicative gross rental yield is based on the ratio of median price to annualised median advertised rents. Time on market is based on the median number of days between original listing date and ultimate selling date over a 12-month period. Total dwellings is based on a count of unique records in the RP Data ownership database.

A1.14 Case study: Meekatharra, Western Australia

Location

The town of Meekatharra in Western Australia lies roughly in the centre of the state's midwest region, 760 kilometres northeast of the state capital Perth, on the edge of the Great Sandy Desert. The town was first settled in 1896 as a result of the discovery of gold. The town was formally gazetted in 1903 (Heritage Council 2009).

Meekatharra is included in the case studies as an example of a remote region with a low growth housing market and a town with a significant Aboriginal population.

Demographics

Meekatharra SLA had a population of 1224 people in 2008, a decline of just over 100 people over the previous four years (ABS 2010b)–over one-quarter of the population was aged under 14 years of age in 2008 and 40 per cent was aged under 24. This youthful age profile reflects the fact that Indigenous people constituted 40.4 per cent of the population.

Infrastructure and the local economy

Meekatharra's small economy and local infrastructure has been highly dependent on mining activity and this history serves to structure the town's identity. Although it has been some years since Meekatharra's heyday as a gold mining town, it still identifies itself primarily as a mining town. The physical landscape of the town reflects its mining past and many old worked out open cut mines are scattered throughout the region. In the mid-1980s the mines reopened for a time as the price of gold rose, however, in 2008 the last active mine closed—principally because readily extractable ore had diminished in stocks and because of the higher costs involved in extracting deeper ore. Currently, there are areas of gold prospecting to the south of the SLA, but development is yet to proceed.

The local economic fortune of Meekatharra has been strongly affected by the aforementioned mine closures, and further impacted by the failure to develop either new mineral prospects, or any alternative to Meekatharra's very evident dependence on the mining industry. Consequently, over the period 2004–08 more businesses closed in Meekatharra than opened. This situation has not altered since 2008. The only businesses operating in the town's primary business district are three hotels, one grocery store, a road house, the shire offices, and some associated services. There are none of the services that one would expect in such a township—no chemist, hairdresser, dentist, chiropractor, physiotherapist, retail clothing outlet or child care facility. The town once had such businesses, but all closed between three and ten years ago.

The industry structure of the town is dominated by mining employment (with major Pilbara mines to the north) with 14 per cent of residents employed in this sector at the 2006 Census and an equivalent percentage engaged in public administration. Grazing was the other major industry in the SLA, predominantly in cattle and sheep, while transport-related occupations accounted for just five per cent of the labour force.[17]

[17] Meekatharra is located on the Northern Railway in WA, however, this is no longer in operation and has clearly affected the economic fortunes of the town. Local goods transportation (for sheep and cattle for example) is by road train and this generates some local trade. There were plans in 2006 to pave the road between Wiluna and the Great Northern Highway at Doolguna which is around 200ks north of Meekatharra. Should this plan be carried out, then Meekatharra's role in servicing the passing road trains will cease (Yuryevich 2006).

Just over 10 per cent of the population were employed in health care and social assistance occupations (ABS 2007b).

In 2008, unemployment in Meekatharra stood at just 5.6 per cent, just above the national average. However, a significant percentage of the adult population was in receipt of statutory incomes, with 61 people in receipt of Newstart allowance and the same number in receipt of the parenting allowance. Fifty-three people received a disability support pension and 30 gained income support from youth allowance. This means that 27 per cent of the population aged 15 or over received income support, including the aged pension (ABS 2010b). Average annual incomes were low in Meekatharra at just $35,880 in 2008 (ABS 2010a) and in part this reflects the nature of the labour market.

Local stakeholders noted that the economic fortunes of the town are very much dependent on what happens in the region with regard to mining, and most informants made some statement along the lines of 'when the mines come back … ' That said, many stakeholders held a somewhat gloomy view of the prospects of a return of the mining companies, for example:

> People tend to believe mining is going to take off again, and it simply hasn't (Shire service provider, August 2010), and

> Everyone is always saying that Meekatharra is going to boom. I've been here 16 years and I've never seen it (NGO service provide,r August 2010).

With the absence of mining activity locally, the economy of the town is dominated by various government and non-government services whose clientele is predominately the Aboriginal residents of the town.

Housing

At the 2006 Census, there were 272 dwellings in the SLA of Meekatharra. Of this number, roughly one-quarter were owned outright and 12 per cent were being purchased. Some 57 per cent of the housing stock was rented, with the state government the largest landlord (70 properties). There is also an Indigenous housing cooperative based in Geraldton which has a few properties in town. Informants in this research expressed the view that government funding dominates housing provision, with much of that investment directed to the very real needs of the Indigenous population.

House prices are low in Meekatharra. In March 2000 the median house price was $35 000 which fell to $25 000 in March 2005 and has now risen to $50 000. Even now house prices are low by contemporary standards and may reflect both weak demand and the uncertainties of mining development in the region. Some 5.7 per cent of households were in housing stress at the 2006 Census, and this should be construed as a consequence of the very low incomes of many households.

At the 2006 Census, the median home rental price in Meekatharra was just $62 per week and the median monthly home loan repayment was $367 (ABS 2007b).

Local stakeholders were vocal about issues of housing, and particularly affordable, subsidised and social housing in Meekatharra. Housing is and was considered crucial to sustaining and furthering employment and economic development in the town:

> The main driver of housing supply in Meekatharra is mining. When the mines are open, the local economy improves (Service provider, August 2010).

Many of the same challenges in other regions of Australia were raised, including issues around the cost of housing. And, while Census data indicates the relative affordability of housing in the town, the cost of housing was of concern to some stakeholders fundamentally because of issues of cost relative to condition, along with the fact that the town is clearly in a spiral of economic decline:

> It's a real problem. The rent some are paying is $150/week and that's for a real crappy house. $80 might be reasonable, but $150? The new houses are $350/week (Meekatharra resident, August 2010).

And,

> Say if you were a person in your 20s, and you were looking to buy a home, would you commit yourself to like a $100,000 mortgage in a town like Meekatharra? (NGO service provider, August 2010).

Some local stakeholders aired their concerns that prices might rise locally when and if mining activity commences again:

> The mining company could be coming and that pushes the prices up (NGO service provider, August 2010).

The availability of housing for key government workers was raised as a key concern, as summarised in the quote below from a state service provider:

> There are three permanent jobs going at Centrelink that they can't fill because there's no housing provided. They're very concerned that they're going to have to decrease the number of positions and change the way they work (State service provider, August 2010).

The fact that the Federal Government does not supply housing to the staff of its agencies has a definite effect on the capacity of federal agencies to function.

The WA Department of Housing is the key supplier of affordable housing in the town, and as in many other regional and remote areas, additions to the housing stock have been minimal. The last new Department of Housing property was built in the town around eight years ago. There have been some refurbishments in the last year, however, the cost of this refurbishment program was very high and so there is some argument as to whether the expenditure might not have been better invested in new housing.

Stakeholders noted that the WA Government's Keystart program[18] had some impact in the area in recent years, and a number of predominantly Aboriginal families acquired homes under this scheme, but few of them were successful in maintaining ownership of their homes.

> A couple [of] years ago some people went into the Keystart program. They tried, but people mostly walked away from their houses because they had no training in how to be a home owner. They did not understand payments, maintenance, rates and so on (State service provider, August 2010).

> People bought on Keystart, but the debt got on top of them so they just walked away. They couldn't afford the mortgage and the rates and the repairs and maintenance (NGO service provider, August 2010).

> There was a big demand from people wanting Keystart around four years ago. A lot of it was bought by Indigenous people. They just don't realise how expensive repairs and maintenance are. They'd get their house and then go walkabout, the house would get trashed and then they come back and find that

[18] A scheme whereby the DoH arranges a home loan at very attractive rates and takes part ownership of the house in order to bring down the cost of the mortgage.

> we've had to serve a demolition order against it (Shire service provider, August 2010).

> Yeah, so, a lot of people couldn't afford the R&M [repairs and maintenance] (NGO service provider, August 2010).

> And so the houses disintegrate and become unliveable. That's when people walk away from the house (NGO service provider, August 2010).

On the face of it, the Keystart program constituted a good opportunity to engage in home ownership for Indigenous people in Meekatharra. However, their experiences with the program recounted by local stakeholders showed some problems with the program that relate to many Indigenous people (and not just those in Meekatharra). As a number of our informants noted, there seemed to be no training program that accompanied the granting of a Keystart loan, for example, with financial counselling, basic house maintenance skills, and issues of securing the home.

An added problem identified by stakeholders from the Meekatharra case study is that of tradespeople generally being unwilling to answer service calls from Indigenous home owners because they have found in the past that it is sometimes difficult to obtain payment for their work. As several informants have pointed out, Indigenous people are unaware of the cost of home maintenance so, for some of these people, the costs associated with mortgage payments and maintenance were simply too high.

Issues regarding poor home maintenance skills and the difficulty of hiring the services of tradespeople were noted as particular problems in the town because of houses falling into poor repair, with many eventually rendered uninhabitable. Consequently, Indigenous home owners were reported to have simply walked away from their homes. Importantly, many had not informed the WA Department of Housing about abandoning their properties, cutting off a potential avenue for the Department to secure the properties before further damage or vandalism occurred. In many instances it was evident that the Department of Housing only finds out about home abandonment through informal communications and too late, and a number of properties in the area had been demolished by the Shire because of this.

Stakeholders mentioned that properties falling into disrepair was also a concern locally because of Indigenous people being away from their homes for weeks or months as part of the ordinary visiting that they engage in (see Birdsall-Jones & Corunna 2008; Birdsall-Jones et al. 2010). Here it was evident that the kind of security measures required to protect a house expected to be uninhabited for this length of time (including perspex windows, security screens, security lights, and the cooperation of the police to make an occasional check of the house) was unaffordable for many. In some instances, houses were deemed uninhabited due to vandalism and subject to a demolition order from the Shire.

Concern over the loss of housing was an enduring theme in the interviews. This constituted a serious worry for the town of Meekatharra in that it is actually losing housing in an economic environment in which supply is virtually at a standstill in the private and public markets. The newest house in the town was built around two years ago under the state government's Government Regional Officers' Housing scheme.

Notably, in recent years a lucrative trade in purchasing low cost houses in the town, loading them onto trucks in Meekatharra and transporting them further north has developed. Such housing are then refurbished and sold for a great deal more in areas of the Pilbara where there is a chronic housing shortage.

In terms of policies for change and improvement in Meekatharra, like in many other regional areas, it was noted that the Federal Government's current suite of housing policies and programs was having limited impact. This said, it was commendable that many agencies recounted practical ways in which they sought to make accessing and maintaining decent housing a bit easier for Indigenous people.

On the issue of current housing programs, stakeholders made comments such as:

- Effect of new policies? We're in the Twilight Zone here; Meekatharra, Cue, Wiluna; the Murchison basically (NGO service provider, August 2010).
- The main geographic factor for us is our isolation. Out of sight is out of mind for government a lot of the time (Shire service provider, August 2010).
- Basically, the message is that the government needs to step back and look, and take a different approach to the way it's going now (State service provider, August 2010).

Clearly, the main problems in Meekatharra are linked to the lack of any commercially viable economic driver. This has flow on effects which include a lack of housing supply (for rental housing, affordable housing generally—including affordable purchase options), and this is problematic in terms of attracting key workers to the town and region.

Meekatharra presents the appearance of a town just managing to hold itself back from a precipice which, if it experiences further economic decline, will become unviable. Housing supply is a crucial element in this situation because it is possible that with some improvement in accessibility and affordability, the town could continue to hold its own in the interregnum between now and the time some major commercially viable enterprise alters the economy of the town for the better. The question is how much longer the town can hold its present position and avoid sliding further into decline.

A1.15 Case study: Nhulunbuy, Northern Territory

Location

Nhulunbuy is located on the Gove Peninsula 1057 kilometres east of Darwin. Like a number of the other case studies identified for this research, the town services a mining region.

Deposits of bauxite were found on Gove Peninsula in the early 1950s (Williams 1987, p.34). By 1963, 225 square kilometres of Yolngu land had been excised as mining leases by various companies and by the late 1960s a deep water port had been established. In 1965, the various companies had been joined under Nabalco Pty Ltd (Williams 1987, p.35) and in 1971, with a special town lease on Aboriginal land, the town of Nhulunbuy was formally established (Williams 1987). Establishment of the town followed significant contention over its development.

Nhulunbuy Corporation Limited (NCL) is the provider of town administration and municipal services to Nhulunbuy township (NCL 2010), and in this respect reflects governance models found in other mining centres such as Roxby Downs.

In relation to local government arrangements, Nhulunbuy is in a somewhat anomalous situation. It is run by the Nhulunbuy Corporation Ltd which was established in 1968 under the Mining (Gove Peninsula Nabalco Agreement) Ordinance Nhulunbuy (NCL 2010). The Corporation is a public company founded for the sole purpose of providing municipal services to the town of Nhulunbuy. It therefore does not form part of the East Arnhem Shire from which it is excised.[19] Currently, the mining lease covering the Nhulunbuy region is operated by Rio Tinto Alcan Gove Pty Ltd.

Nhulunbuy is distant from other major centres and has been included in this research as an example of a remote centre with a low growth housing market and because of the strong presence of Indigenous people and history in the town and region.

Demographics

In 2008, Nhulunbuy had a population of 4,849 of whom 24.8 per cent were aged under 14 years. Some 6.7 per cent of the population were Indigenous (ABS 2010b). Around 18 per cent of residents were born overseas; a figure close to the national average but above the rate in many rural and regional centres.

Infrastructure and the local economy

The major industries in Nhulunbuy are associated with the bauxite mine and alumina processing plant. Key industries of employment include mining (101 employees), manufacturing (701 staff), construction (357 employees), followed by health care and social services (185 staff) (ABS 2010a). The town has a relatively skilled labour force, with 23.5 per cent employed as technicians and trades workers, 15.7 per cent engaged as professionals, eight per cent engaged as managers and 13.8 per cent working as plant and machinery operators. Community and personal services employment constituted 23.5 per cent of employment, while sales workers made up just five per cent of the labour market (ABS 2010b).

Nhulunbuy had an unemployment rate of just 2.4 per cent in 2008 (up from 1.9 per cent in 2007) and has had generally low unemployment rates since 2004 (ABS

[19] The East Arnhem Shire is a new entity. Previously local government in this region was carried out through the local community councils. The responsibilities for local government were removed from the councils when the new shire was created in 2008.

2010a). Average taxable incomes stood at $55 680 in 2007 (ABS 2010a) and relatively few households were in receipt of a statutory income—again reflecting the number of residents working in the mine and processing plant and associated industries.

Reflecting the strong Indigenous population locally, a number of Indigenous organisations have offices in the town. These include: the Dhimurru Land Management Aboriginal Corporation, Northern Land Council, Yirrkala Dhanbul Community Association, and the Miwatji Health Aboriginal Corporation. Local stakeholders reported in interviews that a steady stream of Aboriginal elders and younger elected officials come through Nhulunbuy regularly.

Notably in terms of the local economy, the remoteness of Nhulunbuy and issues around transport logistics was repeatedly highlighted as a major cost impost and brake on economic development locally. As local stakeholders noted:

> Geographically we live in a remote area of Australia and the cost of freight charges is extremely high. Building and maintenance of properties in this region is a very high cost process (Government worker, August 2010).

And,

> There are problems with getting into the region. Basically the roads are non-existent. If there are roads into the region they are corrugated or muddy, slippery roads. It is very expensive to build a house and get a builder here (Aboriginal Community Councillor, November 2010).
>
> In the region everything comes in by the barge. They have the monopoly over the region. The cost of exporting resources to the region is very expensive. To bring a car from Darwin to Nhulunbuy could set you back $3,000 up to $7,000. Therefore, to bring in building materials would be horrendous in its costs. It even costs $7.00 for a lettuce (Government worker, August 2010).

Housing

Median rents stood at just $18 per week in Nhulunbuy at the 2006 Census and this low figure reflects the subsidies provided to staff by Alcan Gove (NT Government 2010c). In addition, NT Housing provides accommodation for key government workers and there is a limited private market from which people can purchase or rent. The impact of these arrangements on the housing market of Nhulunbuy is reflected in the tenure distribution. At the 2006 Census, there were 1042 properties in the town, of which 940 were rented (90.2%). Of this number, 679 (65%) were rented from an 'other' landlord: the mining employer. A further 134 dwellings were provided by NT Housing and this constituted 12 per cent of the total (ABS 2007b). This is not an unusual profile for the NT where a more than average number of workers are employed by either government or private enterprise (usually the mining industry) and whose housing is supplied through the terms of their employment.

Median housing loan repayments stood at $1145 per month at the 2006 Census but this comprised just 29 properties. The same number of homes was owned outright.

Notably, at the time of the 2006 Census, just one per cent of households in the town were reported as being in housing stress. As with Meekatharra, recent and annual trends in house and unit prices for Nhulunbuy could not be included here because of low sales volumes.

On the issue of the local housing market and economic market drivers, representatives of the Aboriginal communities around Nhulunbuy held the general view that their economy is driven wholly by Federal Government policy, and this view has been made more prominent with the Northern Territory Emergency Response (NTER). As one stakeholder commented in response to the question: *Who drives the housing Market and economy?*

> The Government. We are covered by a five-year lease agreement under the Intervention (Community worker, November 2010).

On the whole, it was evident from the fieldwork that for communities prepared to accede to the key demands of these policies, the situation is good. The Strategic Indigenous Housing and Infrastructure Program (SIHIP) has brought jobs and housing. But the consequences of failing to agree to the demands for communities to grant the Federal Government leasehold over the community's township lands are harsh.

> Housing is in very high demand. In part it's to do with the TOs [traditional owners] giving the OK for the lease to have Shire houses. Lot of demands for housing in this region with overcrowded houses. Until the Federal Minister allows in the funds. She won't release the funds unless there is a lease in place. Until then they allow our people to live in poor conditions (Homelands Association worker, November 2010).

It is important to consider here also that Nhulunbuy has limitations placed on it by special Aboriginal legislation (Nhulunbuy is situated on Yolngu land). And, in a situation similar to that in the national capital (Canberra), Nhulunbuy is on an excision from Yolngu lands on the basis of a 99-year lease. It is surrounded by Aboriginal lands and mining leases and cannot acquire more land for expansion.[20]

> People can buy houses here, but land is very scarce (Government worker, August 2010).

This affects the housing market with regard to housing availability, supply and suitability, as well as cost.

> If our company needs to bring a worker out here we cannot get them out until we have a house available. We have a worker coming who has a family. They have to stay in a one-bedroom house because there are no family homes available. Basically there is no housing. There is a huge demand for housing and very little housing available (Government worker, August 2010).

Further pressures on the housing market were also linked to the large proportion of housing specifically for key workers—a measure to assist with attracting and retaining such workers in the town. As one stakeholder put it:

> It basically comes down to this. All houses are earmarked for specific companies and industries. For example, Education have their houses, Health and the Police, for example. There may be 20 to 30 houses available, but they are earmarked for certain companies. No other company can lease a house from another company (Government worker, August 2010).

The mining industry also has strong role in the issue of housing supply.

> Rio Tinto is the market driver for this town. If you didn't have Rio Tinto here then you would not have a market. If Rio Tinto got big projects it may extend their supply of housing. But these housing supplies would only be for the

[20] 'The township of Nhulunbuy is located on leased Indigenous land, and while people are free to travel within the Nhulunbuy lease boundary and industrial leases, they will need a permit if they wish to lease these areas for recreation or travel purposes' (Nhulunbuy Corporation Ltd 2010).

> people working for Rio Tinto. They will also drive up the housing rents in this region (Government worker, August 2010).

The shortage of housing also has an effect on the growth of the town as noted by a number of informants, for example:

> Lack of housing in the region controls the population growth. From out there it looks like everyone is wealthy in this region, but this is far from the truth (NGO worker, November 2010).

There are therefore three forces that drive the housing market in Nhulunbuy. These are:

- The terms of the 99-year lease on the land excised for the town from Yolngu people.
- The state of the global demand for aluminium which guides Rio Tinto Alcan's demand for workers and therefore its willingness to increase the supply of housing.
- The arrangement with regard to employee housing for company workers, as well as for employees of various government agencies and NGOs. The mechanisms for the allocation of such housing to workers means that, although there may be housing available, it cannot be utilised in the way housing is acquired and sold on in the normal housing market situation.

The outcomes of the way these forces work upon the town of Nhulunbuy and the way the NTER creates or restricts economic and market forces in this region makes it one of the most strictly regulated housing markets in Australia.

Appendix 2: Percentage of Tenant Households in Housing Stress by Non-Metropolitan SLA, 2006 Census

% range	SLA
0.00 – 4.99	Kimba (DC); Upper Gascoyne (S); Cue (S); Nhulunbuy; Weipa (T); Tanami; Petermann-Simpson; Bamaga (IC); Anangu Pitjantjatjara (AC); East Pilbara (S); Peak Downs (S); Tennant Creek–Bal; East Arnhem–Bal; Ashburton (S); Halls Creek (S); Roxby Downs (M); Yugul Mangi (CGC); Leonora (S); Unincorp. Flinders Ranges; Anmatjere (CGC); Lockhart River (S); Thamarrurr (CGC); Dundas (S); Cranbrook (S); Mullewa (S); Nebo (S); Groote Eylandt; Badu (IC); Yarrabah (S); Doomadgee (S); Carnamah (S); Broadsound (S); Kunbarllanjnja (CGC); Palm Island (S); Unincorp. Far North; Richmond (S)
5.00 – 9.99	Injinoo (S); Roebourne (S); Napranum (S); Duaringa (S); Aramac (S); Belyando (S); South Alligator; Mount Marshall (S); Kellerberrin (S); Tiwi Islands (CGC); Port Hedland (T); Wyndham–East Kimberley (S); Lake Grace (S); Diamantina (S); Meekatharra (S); Mildura (RC)–Pt B; Conargo (A); Barcoo (S); Kubin (IC); Umagico (S); Karoonda East Murray (DC); Wyalkatchem (S); Torres (S); Hope Vale (S); Borroloola (CGC); Alpurrurulam (CGC); Southern Mallee (DC); Jericho (S); Waggamba (S); Three Springs (S); Yarriambiack (S)–North; Cloncurry (S); Hammond (IC); Mingenew (S); Derby-West Kimberley (S); Nyirranggulung Mardrulk Ngadberre (CGC); Tambo (S); Pine Creek (CGC); Bulloo (S); King Island (M); Coolgardie (S); Laverton (S); Mornington (S); Cunderdin (S); Mabuiag (IC); Trayning (S); Wongan-Ballidu (S); Narembeen (S); Central Highlands (M)
10.00 – 14.99	Winton (S); Binjari (CGC); Alice Springs (T)–Ross; Tambellup (S); Perenjori (S); Mount Magnet (S); Katherine (T); Bungil (S); Merredin (S); Gnowangerup (S); Koorda (S); Victoria Plains (S); Alice Springs (T)–Charles; Eidsvold (S); Emerald (S); West Arthur (S); Mundubbera (S); Jerramungup (S); Mount Isa (C); Flinders (M); Murray; Paroo (S); Unincorp. Pirie; Ravensthorpe (S); Taroom (S); Palerang (A)–Pt A; Broomehill (S); Quairading (S); Broome (S); Lord Howe Island; Tennant Creek (T); Bendemere (S); Barcaldine (S); Menzies (S); Kulin (S); Croydon (S); Cuballing (S); Wickepin (S); Yalgoo (S); Elliott District (CGC); Capel (S)–Pt A; Banana (S); Exmouth (S); Ilfracombe (S); Saibai (IC); Cherbourg (S); Bauhinia (S); City; Horsham (RC) Bal; Kalgoorlie/Boulder (C)–Pt A; Morawa (S); Mt Louisa-Mt St John-Bohle; Le Hunte (DC); Yilgarn (S); Dalwallinu (S); Alice Springs (T)–Larapinta; McKinlay (S); West Coast (M); Loddon (S)–North; Carpentaria (S); West Wimmera (S); Unincorp. West Coast; Moora (S); Flinders (S); Brewarrina (A); Bland (A)
15.00 – 19.99	Ceduna (DC); Boddington (S); Bourke (A); Kondinin (S); Booringa (S); Cleve (DC); Narrogin (S); Corrigin (S); Nungarin (S); Central Darling (A); Gr. Shepparton (C)–Pt B East; Bruce Rock (S); Cobar (A); Wagin (S); Longreach

	(S); Crow's Nest (S)–Pt A; Katanning (S); Coomalie (CGC); S. Grampians (S) Bal; Tumbarumba (A); Douglas; Kojonup (S); Jerilderie (A); Dowerin (S); Circular Head (M); Bathurst Regional (A)–Pt B; Boyup Brook (S); Brookton (S); Williams (S); Angurugu (CGC); Bombala (A); E. Gippsland (S) Bal; Tatiara (DC); Wagga Wagga (C)–Pt B; Alice Springs (T)–Stuart; Boulia (S); Chittering (S); Murilla (S); Balonne (S); Latrobe (M)–Pt B; Buloke (S)–North; Litchfield (S)–Pt B; Northern Midlands (M)–Pt B; Murweh (S); Boorowa (A); Goomalling (S); Kirwan; Carrathool (A); Wondai (S); Woorabinda (S); Calliope (S)–Pt A; Wattle Range (DC)East; Warroo (S); Renmark Paringa (DC)–Paringa; Oonoonba-Idalia-Cluden; Walgett (A); Elliston (DC); Corangamite (S)–South; Roma (T); Carnarvon (S); Cairns (C)–Western Suburbs; Robe (DC); Flinders Ranges (DC); Gr. Bendigo (C)–S'saye; Coober Pedy (DC); Upper Lachlan (A); Lachlan (A); Streaky Bay (DC); Calliope (S)–Pt B; Mirani (S); Swan Hill (RC)–Robinvale
20.00 – 24.99	Glenelg (S)-North; Buloke (S)–South; E. Gippsland (S)–South-West; Dandaragan (S); Greenough (S)–Pt A; Millmerran (S); Balranald (A); Narrogin (T); Chinchilla (S); Southern Midlands (M); S. Grampians (S)–Wannon; Northam (S); Walcha (A); Quilpie (S); Coorow (S); Biggenden (S); Singleton (A); Coonamble (A); Baw Baw (S)–Pt B East; Clare and Gilbert Valleys (DC); Jondaryan (S)–Pt A; Snowy River (A); Livingstone (S)–Pt A; Franklin Harbour (DC); Cook (S); Greenough (S)–Pt B; Moree Plains (A); Dubbo (C)–Pt B; Nannup (S); Alice Springs (T)–Heavitree; Mackay (C)–Pt B; Inglewood (S); Tara (S); Thuringowa (C)–Pt A Bal; Moyne (S)–North-West; Murgon (S); Gayndah (S); Urana (A); Glenelg (S)–Heywood; Queanbeyan (C); Campaspe (S)–Rochester; Mackay (C)–Pt A; Shark Bay (S); Yass Valley (A); Dardanup (S)–Pt A; Kangaroo Island (DC); Dalrymple (S); Towong (S)–Pt B; Albany (C) Bal; Gladstone (C); Coolamon (A); Vincent; Hindmarsh (S); Northern Areas (DC); Moyne (S)–North-East; Cairns (C)–Northern Suburbs; Whitsunday (S); Macedon Ranges (S) Bal; Gwydir (A); Surf Coast (S)–East; North Ward-Castle Hill; Armidale Dumaresq (A) Bal; Beverley (S); Greater Hume Shire (A)–Pt B; Kelso; Central Coast (M)–Pt B; Warwick (S)–West; Naracoorte and Lucindale (DC); Cairns (C)–Mt Whitfield; Inverell (A)–Pt A; Cabonne (A); Loxton Waikerie (DC)–East; Plantagenet (S); Liverpool Plains (A); Latrobe (C) Bal; Harvey (S)–Pt A; Harvey (S)–Pt B; Wakool (A); Bogan (A); Swan Hill (RC) Bal; Goyder (DC); Wangaratta (RC)–North; Toowoomba (C)–South-East; Monto (S); Golden Plains (S)–South-East; Wulguru; Loxton Waikerie (DC)–West; Manjimup (S); Wellington (S)–Rosedale; Aitkenvale; Guyra (A); Derwent Valley (M)–Pt B; Esperance (S); Golden Plains (S)–North-West; Donnybrook-Balingup (S); Greater Hume Shire (A)–Pt A; Fitzroy (S)–Pt B; Upper Hunter Shire (A); Gulliver; Gingin (S); Douglas (S); Sarina (S); Grant (DC); Yarriambiack (S)–South; Kentish (M); Northam (T); Murray (A); Cairns (C)–Trinity; Heatley; Muswellbrook (A); Capel (S)–Pt B; Wambo (S); South Townsville; Griffith (C)
25.00 – 29.99	Lockhart (A); Isisford (S); Chapman Valley (S); Cairns (C)–Barron; Wentworth (A); Dardanup (S)–Pt B; Lower Eyre Peninsula (DC); The Coorong (DC); Cairns (C)–Pt B; Mitchell (S)–North; Gilgandra (A); Port Augusta (C); Busselton (S); Wellington (S)–Avon; Murrumbidgee (A); Ballarat (C)–North; Augusta-Margaret River (S); Bowen (S); Hay (A);

	Dorset (M); S. Grampians (S)–Hamilton; Weddin (A); Uralla (A); Wakefield (DC); Warrumbungle Shire (A); Cranbrook; Adelaide Hills (DC) Bal; Johnstone (S); Kiama (A); Mundingburra; Townsville (C)–Pt B; Northampton (S); Mount Remarkable (DC); Cambooya (S)–Pt A; Gannawarra (S); Cardwell (S); Northern Midlands (M)–Pt A; Cairns (C)–City; Berri & Barmera (DC)–erri; Pallarenda-Shelley Beach; Stuart–Roseneath; Unincorp. Riverland; Goulburn Mulwaree (A) Bal; Renmark Paringa (DC)–Renmark; Waratah/Wynyard (M)–Pt A; Barossa (DC)–Angaston; Goondiwindi (T); Cambooya (S)–Pt B; Jondaryan (S)–Pt B; George Town (M)–Pt B; Whyalla (C); Rosalie (S)–Pt A; Charters Towers (C); Pittsworth (S); Port Lincoln (C); N. Grampians (S)–Stawell; Pyrenees (S)–South; Yorke Peninsula (DC)–North; Colac-Otway (S)–North; Unincorp. Whyalla; Meander Valley (M)–Pt A; Narrabri (A); Loddon (S)–South; Kingston (DC); Mallala (DC); Warren (A); Adelaide Hills (DC)–North; Alpine (S)–West; South Gippsland (S)–West; Wodonga (RC); Albany (C)–Central; Clifton (S); Orroroo/Carrieton (DC); Irwin (S); Hinchinbrook (S); Burnie (C)–Pt A; Bunbury (C); Yorke Peninsula (DC)–South; Benalla (RC) Bal; Pingelly (S); Railway Estate; Fitzroy (S)–Pt A; Wangaratta (RC)–South; South Gippsland (S)–Central; Dalby (T); Barossa (DC)–Tanunda; Tumut Shire (A); Bridgetown-Greenbushes (S); Devonport (C); Geraldton (C); Blackall (S); Rockhampton (C); N. Grampians (S)–St Arnaud; Kilkivan (S); Tamworth Regional (A)–Pt B; Garbutt; Wagga Wagga (C)–Pt A; Alexandrina (DC)–Strathalbyn; Pyrenees (S)–North; Moyne (S)–South; Indigo (S)–Pt A; Barossa (DC)–Barossa; Lake Macquarie (C)–North; Port Pirie C Dists (M) Bal; Oberon (A); Kilcoy (S); Berri & Barmera (DC)–Barmera; Gr. Bendigo (C)–Inner North; Pimlico; Mount Gambier (C); Latrobe (C)–Traralgon; Kingaroy (S); Narromine (A); Blayney (A); Baw Baw (S)–Pt A; Wattle Range (DC)–West; Warrnambool (C); Deniliquin (A); Macedon Ranges (S)–Romsey; Mount Barker (DC) Bal; Mareeba (S); Orange (C); Rosslea; Kingborough (M)–Pt B; West Tamar (M)–Pt A; Wellington (S)–Alberton; Ararat (RC); Corangamite (S)–North; York (S); Mansfield (S); Perry (S); Maitland (C); Mid Murray (DC); Murray (S); Gr. Shepparton (C)–Pt B West; Toowoomba (C)–West; Dubbo (C)–Pt A; Currajong; Junee (A); Sorell (M)–Pt B; Light (RegC); Ballarat (C)–Inner North; Cairns (C)–Central Suburbs; Alpine (S)–East
30.00 – 34.99	Hyde Park-Mysterton; Moorabool (S)–West; Palerang (A)–Pt B; Burdekin (S); Launceston (C)–Pt B; Toowoomba (C)–North-West; Wellington (S)–Sale; Colac-Otway (S)–Colac; Cootamundra (A); Port Stephens (A); Miriam Vale (S); Huon Valley (M); Albury (C); Eacham (S); Central Coast (M)–Pt A; Newcastle (C)–Inner City; Wingecarribee (A); Bathurst Regional (A)–Pt A; (C)–Inner; Warwick (S)–East; Berrigan (A); Narrandera (A); Surf Coast (S)–West; Launceston (C)–Inner; Latrobe (M)–Pt A; Port Pirie C Dists (M)–City; Toowoomba (C)–North-East; Glenelg (S)–Portland; Cooma-Monaro (A); Newcastle (C)–Throsby; Murray Bridge (RC); Burnett (S)–Pt A; Campaspe (S)–South; George Town (M)–t A; Moira (S)–West; Tenterfield (A); Leeton (A); Waratah/Wynyard (M)–Pt B; E. Gippsland (S)–Orbost; Glamorgan/Spring Bay (M); Glen Innes Severn (A); Mount Barker (DC)–Central; Gatton (S); Mitchell (S)–South; Baw Baw (S)–Pt B West; Woocoo (S); Colac-Otway (S)–South; Copper Coast (DC); Temora (A); Goulburn

	Mulwaree (A)–Goulburn; Lake Macquarie (C)–East; Mid-Western Regional (A)–Pt B; Shellharbour (C); Gundagai (A); Gr. Bendigo (C)–Inner East; Wellington (S) - Maffra; Kalgoorlie/Boulder (C) - Pt B; West End; Meander Valley (M) - Pt B; Strathbogie (S); Indigo (S)–Pt B; Latrobe (C)–Moe; Gr. Bendigo (C)–Inner West; Gunnedah (A); Rowes Bay-Belgian Gardens; Beaudesert (S)–Pt C; Moorabool (S)–Bacchus Marsh; Lake Macquarie (C)–West; Corowa Shire (A); Tasman (M); Swan Hill (RC)–Central; Gr. Shepparton (C)–Pt A; Thuringowa (C)–Pt B; Herberton (S); Hermit Park; Tamworth Regional (A)–Pt A; Wangaratta (RC)–Central; Young (A); Toowoomba (C)–Central; Livingstone (S)–Pt B; Parkes (A); Shoalhaven (C)–Pt A; Murrindindi (S)–West; Harden (A); Moorabool (S)–Ballan; Boonah (S); Dungog (A); Tweed (A)–Tweed Coast; Wellington (A); Burnett (S)–Pt B; Tumby Bay (DC); Ballina (A); Moira (S)–East; South Gippsland (S)–East; Broken Hill (C); Clarence Valley (A) Bal; Towong (S)–Pt A; Horsham (RC)–Central; Campaspe (S)–Echuca; Ballarat (C)–Central; Atherton (S); Newcastle (C)–Outer West; Peterborough (DC); Mildura (RC)–Pt A; West Tamar (M)–Pt B; Launceston (C)–Pt C; Murrindindi (S)–East; Macedon Ranges (S)–Kyneton; Latrobe (C)–Morwell; Campaspe (S)–Kyabram; Waroona (S); Cowra (A); Victor Harbor (C); Break O'Day (M)
35.00 – 39.99	Rosalie (S)–Pt B; Isis (S); Benalla (RC)–Benalla; Mid-Western Regional (A)–Pt A; Kyogle (A); E. Gippsland (S)–Bairnsdale; Armidale Dumaresq (A)–City; Gloucester (A); Burnie (C)–Pt B; Bega Valley (A); Hepburn (S)–West; Forbes (A); Stanthorpe (S); Inverell (A)–Pt B; Gr. Bendigo (C)–Pt B; C. Goldfields (S) Bal; Hastings (A)–Pt A; Gr. Bendigo (C) - Central; Kolan (S); Hervey Bay (C– Pt A; Ballarat (C)–South; Denmark (S); Esk (S); Lithgow (C); Sorell (M)–Pt A; Tweed (A)–Tweed-Heads; Maryborough (C); Coffs Harbour (C)–Pt A; Bundaberg (C); Mount Morgan (S); Bass Coast (S) Bal; Nanango (S); Cooloola (S)–Gympie only; Warwick (S)–Central; Cessnock (C); Crow's Nest (S)–Pt B; Gr. Bendigo (C)–Eaglehawk; Richmond Valley (A) Bal; Bass Coast (S)–Phillip Is.; Laidley (S); Toodyay (S); C. Goldfields (S)–M'borough; Tiaro (S); Lismore (C)–Pt A; Eurobodalla (A); Richmond Valley (A)–Casino; Magnetic Island; Greater Taree (C); Coffs Harbour (C)–Pt B; Tweed (A)–Pt B; Byron (A); Hastings (A)–Pt B
40.00 – 44.99	Clarence Valley (A)–Coast; Shoalhaven (C)–Pt B; Great Lakes (A); Mount Alexander (S) Bal; Cooloola (S) (excl. Gympie); Warwick (S)–North; Nambucca (A); Lismore (C)–Pt B; Alexandrina (DC)–Coastal; Barunga West (DC); Bellingen (A); Kempsey (A); Clarence Valley (A)–Grafton; Hepburn (S)–East; Yankalilla (DC); Hervey Bay (C)–Pt B; Mount Alexander (S)–C'maine
45.00 – 49.99	Yarra Ranges (S)–Pt B
50.00 – 54.99	Falls Creek Alpine Resort

Source: Authors' calculations from 2006 Census Data.

Appendix 3: Percentage of Tenant Households in Housing Stress for Case Study locations, 2006 Census

Statistical Local Area	Per cent in Housing Stress
Nhulunbuy	1.0
Roxby Downs (M)	2.8
Meekatharra (S)	7.0
Alice Springs (T)–Ross	10.2
Alice Springs (T)–Charles	11.4
Alice Springs (T)–Larapinta	14.4
West Coast (M)	14.6
Boddington (S)	15.2
Alice Springs (T)–Stuart	17.4
Chinchilla (S)	20.2
Snowy River (A)	20.9
Alice Springs (T)–Heavitree	21.3
Glenelg (S)–Heywood	21.9
South Townsville	24.9
Townsville (C)–Pt B	26.5
Port Lincoln (C)	27.2
Barossa (DC)–Tanunda	28.1
Colac-Otway (S)–Colac	30.4
Denmark (S)	36.5
Lismore (C)–Pt A	38.3
Lismore (C)–Pt B	41.1

Source: Authors' calculations from 2006 Census Data.

Appendix 4: Percentage of Purchasing Households in Housing Stress by Non-Metropolitan SLA, 2006 Census

% range	SLA
0.00 – 4.99	Roxby Downs (M); East Pilbara (S); Port Hedland (T); Jerilderie (A); Roebourne (S); Ashburton (S); Le Hunte (DC); Duaringa (S); Pallarenda-Shelley Beach; Rowes Bay-Belgian Gardens; Queanbeyan (C); Mount Isa (C); Palmerston (C) Bal; Kojonup (S); Palerang (A)–Pt A; Cobar (A); Kimba (DC); Yass Valley (A); Cloncurry (S); Taroom (S); Narrogin (S); Barcaldine (S); King Island (M); Singleton (A); Cleve (DC); Murray; Harvey (S)–Pt A; Flinders (M); Peak Downs (S); Gulliver; Mundingburra; Banana (S); Newcastle (C)–Throsby; Alice Springs (T) - Ross; Waggamba (S); Williams (S); Surf Coast (S)–East; Dalwallinu (S); Crow's Nest (S)–Pt A; Orroroo/Carrieton (DC)
5.00 – 9.99	Aitkenvale; Jericho (S); Cairns (C)–Western Suburbs; Gladstone (C); Kalgoorlie/Boulder (C)–Pt A; Alice Springs (T)–Heavitree; Toowoomba (C)–South-East; Kiama (A); Cairns (C)–Mt Whitfield; North Ward-Castle Hill; Grant (DC); Muswellbrook (A); Bruce Rock (S); Alice Springs (T)–Larapinta; Pimlico; Maitland (C); Latrobe (C) Bal; Quilpie (S); Douglas; Gr. Bendigo (C) - S'saye; Tumut Shire (A); Greater Geelong (C)–Pt C; Narrogin (T); Meander Valley (M) - Pt A; Exmouth (S); Flinders (S); Emerald (S); Capel (S)–Pt A; Balonne (S); Burnie (C)–Pt A; Hinchinbrook (S); Gr. Bendigo (C)–Inner North; Livingstone (S)–Pt A; Griffith (C); Richmond (S); Dowerin (S); Belyando (S); Vincent; Renmark Paringa (DC)–Paringa; Lake Macquarie (C)–East; Rosslea; Loxton Waikerie (DC)–East; Horsham (RC) Bal; Shellharbour (C); Moree Plains (A); Litchfield (S)–Pt B; Murrumbidgee (A); Loddon (S)–North; Wagga Wagga (C)–Pt A; Lake Macquarie (C)–North; Ravensthorpe (S); Warrnambool (C); Macedon Ranges (S) Bal; Wodonga (RC); Clarence (C); Railway Estate; Dardanup (S)–Pt A; Bathurst Regional (A)–Pt A; Cairns (C)–City; Bungil (S); Toowoomba (C)–North-East; Hyde Park-Mysterton; Jondaryan (S)–Pt B; Gr. Bendigo (C)–Inner East; Unincorp. Far North; Calliope (S)–Pt A; Jondaryan (S)–Pt A; Dalby (T); Tumbarumba (A); Winton (S); Booringa (S); Three Springs (S); Elsey; Golden Plains (S)–South-East; Upper Hunter Shire (A); Weipa (T); Tatiara (DC); Adelaide Hills (DC)–North; Cambooya (S)–Pt A; 2 Moorabool (S)–Bacchus Marsh; Glenelg (S)–Heywood; Yilgarn (S); Mount Barker (DC)–Central; S. Grampians (S) Bal; Naracoorte and Lucindale (DC); Newcastle (C)–Inner City; Alice Springs (T)–Charles; Ballarat (C)–Inner North; Hermit Park; Kirwan; Pingelly (S); Barossa (DC)–Angaston; Katherine (T); Mt Louisa-Mt St John-Bohle; Mundubbera (S); Leeton (A); Wagga Wagga (C)–Pt B; Tumby Bay (DC); Northern Midlands (M)–Pt A; Rockhampton (C); Armidale Dumaresq (A) Bal; Wickepin (S); Coolgardie (S); Tennant Creek (T); Campaspe (S) - Rochester; Gilgandra (A); Greater Hume Shire (A)–Pt A; Albury (C); West

	Tamar (M)–Pt A; Dardanup (S)–Pt B; Thuringowa (C)–Pt A Bal; Bunbury (C); Orange (C); Currajong; Yarriambiack (S)–North; Corowa Shire (A); Newcastle (C)–Outer West; Guyra (A); Dubbo (C)–Pt A; Goulburn Mulwaree (A)–Goulburn; Oonoonba-Idalia-Cluden; Whyalla (C); Rosalie (S)–Pt A; Bland (A); Toowoomba (C)–Central; Lake Macquarie (C)–West; Swan Hill (RC)–Central; Macedon Ranges (S)–Romsey; Chinchilla (S); Paroo (S); West Arthur (S); Tweed (A)–Tweed Coast; Moyne (S)–North-East; Cabonne (A); Adelaide Hills (DC) Bal; Wyndham-East Kimberley (S); Cooma-Monaro (A); Cairns (C)–Barron; Glenelg (S)–Portland; Bathurst Regional (A)–Pt B; Surf Coast (S)–West; Bendemere (S); Dubbo (C)–Pt B; Cox Peninsula (CGC); Kingaroy (S); Waratah/Wynyard (M)–Pt B; Hastings (A)–Pt A; Townsville (C)–Pt B; Campaspe (S)–Kyabram; Burdekin (S); Barossa (DC)–Tanunda; Horsham (RC)–Central; Balranald (A); Armidale Dumaresq (A)–City; South Townsville; Corrigin (S); Latrobe (C)–Traralgon; Ballarat (C)–North; Bauhinia (S); Bogan (A); Gayndah (S); Gr. Bendigo (C)–Inner West; Golden Plains (S)–North-West; Wakool (A); Tamworth Regional (A)–Pt A; Busselton (S); Wingecarribee (A); Central Coast (M)–Pt B; Mount Gambier (C); Burnie (C)–Pt B; Southern Midlands (M); Lake Grace (S); Baw Baw (S)–Pt B West; Murilla (S); Ballarat (C)–South; Boonah (S); Central Coast (M)–Pt A; Greenough (S)–t A; West Wimmera (S); Lithgow (C); Queenscliffe (B); Millmerran (S); Kondinin (S); Cairns (C)–Trinity; Waratah/Wynyard (M)–Pt A; Circular Head (M); Wulguru; Jerramungup (S); Colac-Otway (S)–Colac; Mitchell (S)–South; Ballina (A); Indigo (S) - Pt B; Carnarvon (S); Boddington (S); Fitzroy (S)–Pt B; Hindmarsh (S); Wangaratta (RC)–North; Moyne (S)–South; Chittering (S); Upper Lachlan (A); Toowoomba (C)–West; Calliope (S)–Pt B; Gr. Shepparton (C)–Pt B East; Alice Springs (T)–Stuart; Wattle Range (DC) - West; Gannawarra (S); Moora (S); Wattle Range (DC)–East; Blayney (A); Wangaratta (RC)–Central; N. Grampians (S)–Stawell; Merredin (S); Moorabool (S)–West; Mackay (C)–Pt A; Light (RegC); Launceston (C)–Pt B; Coolamon (A); Shark Bay (S); Litchfield (S) - Pt A; Bourke (A); Murray (A); Moyne (S)–North-West; Port Augusta (C); Corangamite (S)–South; Goondiwindi (T); Garbutt; Devonport (C); S. Grampians (S)–Hamilton; Corangamite (S)–North; Campaspe (S)–Echuca; Albany (C) Bal; Gunnedah (A); Burnett (S)–Pt A; Gr. Shepparton (C)–Pt A; Lockhart (A); Northern Midlands (M)–Pt B; Oberon (A); Tweed (A)–Tweed-Heads; Heatley; Clare and Gilbert Valleys (DC); Broadsound (S); Brighton (M); Ballarat (C)–Central; Cranbrook (S); Mullewa (S); Towong (S)–Pt A; Derwent Valley (M)–Pt A; Shoalhaven (C)–Pt A; Narrabri (A); Latrobe (M)–Pt A; Geraldton (C); Palerang (A)–Pt B; Broken Hill (C); Waroona (S); Thuringowa (C)–Pt B; Berri & Barmera (DC)–Berri; Dorset (M); Indigo (S)–Pt A; Wangaratta (RC)–South; Strathbogie (S); Barossa (DC)–Barossa; Snowy River (A); Glenorchy (C); Bowen (S); Ararat (RC); Toowoomba (C)–North-West; Benalla (RC)–Benalla; Harvey (S)–Pt B; Warwick (S)–Central; Swan Hill (RC) Bal; Katanning (S); Albany (C)–Central; Cranbrook; Pittsworth (S); Capel (S)–Pt B; Cooloola (S)–Gympie only; Collie (S); Walgett (A); Cowra (A); Cootamundra (A); Port Stephens (A); Southern Mallee (DC); Gatton (S); Longreach (S);

	Temora (A); Deniliquin (A); Cessnock (C); Derwent Valley (M)–Pt B; Meander Valley (M)–Pt B; Murweh (S); Broome (S); Warwick (S)–West; Fitzroy (S)–Pt A; Lismore (C)–Pt A; Dungog (A); Rosalie (S)–Pt B; Cairns (C)–Northern Suburbs; Buloke (S)–South; Berri & Barmera (DC)–Barmera; Wentworth (A); Wambo (S); Blackall (S); Port Lincoln (C); Northern Areas (DC); Gundagai (A); Goulburn Mulwaree (A) Bal; Bundaberg (C); Lachlan (A); Nebo (S); Beaudesert (S)–Pt C; E. Gippsland (S)–Bairnsdale; Maryborough (C); Gnowangerup (S); West Tamar (M)–Pt B; Sarina (S); Greater Hume Shire (A)–Pt B; Port Pirie C Dists (M) Bal; Lower Eyre Peninsula (DC); Junee (A); Glenelg (S)–North; Mount Barker (DC) Bal; Inverell (A)–Pt B; Moorabool (S)–Ballan; Atherton (S); Kelso; Moira (S)–East; Cambooya (S)–Pt B; Latrobe (C)–Morwell; Wellington (S)–Maffra; Yarriambiack (S)–South; Whitsunday (S); Harden (A); Boorowa (A); Mildura (RC)–Pt A; Launceston (C)–Pt C; Charters Towers (C); Wellington (S)–Avon; N. Grampians (S)–St Arnaud; Warren (A); Murray Bridge (RC); Young (A); Narrandera (A); South Gippsland (S)–Central; Gr. Shepparton (C)–Pt B West; Hervey Bay (C)–Pt A; Swan Hill (RC)–Robinvale; George Town (M)–Pt A; Cuballing (S); Sorell (M)–Pt B; Murgon (S); Colac-Otway (S)–North; Mitchell (S)–North; Mallala (DC); Clarence Valley (A)–Grafton; Glamorgan/Spring Bay (M); Manjimup (S); Stuart-Roseneath; Moira (S)–West; Wellington (S)–Rosedale; Gloucester (A); Victoria Plains (S); Narembeen (S); Dundas (S); Coffs Harbour (C)–Pt A; Streaky Bay (DC); Murrindindi (S)–West; Alpine (S)–West; Johnstone (S); Cairns (C)–Central Suburbs; Mingenew (S); Cardwell (S); Towong (S)–Pt B; Gr. Bendigo (C)entral; Mid-Western Regional (A)–Pt A; Inverell (A)–Pt A; Wongan-Ballidu (S); Wakefield (DC); Parkes (A); Roma (T); Uralla (A); Hay (A); Livingstone (S)–Pt B; Donnybrook-Balingup (S); Esperance (S); Walcha (A); Gingin (S); Berrigan (A); Carrathool (A); Liverpool Plains (A); Mackay (C)–Pt B; Baw Baw (S)–Pt A; Alexandrina (DC)–Strathalbyn; Wellington (A); Bega Valley (A); Weddin (A); Maroochy (S) Bal; Glen Innes Severn (A); Ceduna (DC); South Gippsland (S)–West; Gr. Bendigo (C)–Pt B; Northam (T); Narromine (A); Murray (S); George Town (M)–Pt B; Kilcoy (S); Campaspe (S)–South; Tenterfield (A)
10.00 – 14.99	Coonamble (A); Warroo (S); Eurobodalla (A); Macedon Ranges (S)–Kyneton; Hastings (A)–Pt B; West End; Latrobe (C)–Moe; Stanthorpe (S); Woocoo (S); Goyder (DC); Chapman Valley (S); Gwydir (A); West Coast (M); Victor Harbor (C); Kangaroo Island (DC); Irwin (S); Derby-West Kimberley (S); Wellington (S)–Sale; Urana (A); Richmond Valley (A) Bal; E. Gippsland (S)–South-West; Richmond Valley (A)–Casino; Kingston (DC); Cairns (C)–Pt B; Forbes (A); Renmark Paringa (DC)–Renmark; Alpine (S)–East; Mirani (S); Augusta-Margaret River (S); Dumbleyung (S); Kentish (M); Bombala (A); Nannup (S); Clifton (S); Warwick (S)–East; Buloke (S)–North; Warrumbungle Shire (A); Hepburn (S)–West; Aramac (S); Flinders Ranges (DC); Morawa (S); Colac-Otway (S)–South; Douglas (S); Shoalhaven (C)–Pt B; Esk (S); C. Goldfields (S)–M'borough;

	Toodyay (S); Greater Taree (C); E. Gippsland (S) Bal; Bass Coast (S) Bal; The Coorong (DC); Mansfield (S); Greenough (S)–Pt B; Bass Coast (S)–Phillip Is.; Huon Valley (M); Great Lakes (A); Mount Alexander (S) Balomalling (S); Laidley (S); Port Pirie C Dists (M)–City; Coorow (S); Pyrenees (S)–South; Brookton (S); Gr. Bendigo (C)–Eaglehawk; Mareeba (S); Crow's Nest (S)–Pt B; Mount Remarkable (DC); Tambo (S); Loxton Waikerie (DC) - West; Elliston (DC); Tambellup (S); Pyrenees (S)–North; Burnett (S)–Pt B; Tara (S); Tweed (A)–Pt B; Monto (S); Inglewood (S); Murrindindi (S)–East; Copper Coast (DC); Hervey Bay (C)–Pt B; Cunderdin (S); Tamworth Regional (A)–Pt B; Franklin Harbour (DC); Benalla (RC) Bal; Wagin (S)

Source: Authors calculations from 2006 Census Data.

Appendix 5: Percentage of Purchasing Households in Housing Stress for Case Study locations, 2006 Census

Statistical Local Area	Per cent in Housing Stress
Roxby Downs (M)	1.3
Alice Springs (T)–Ross	4.8
Alice Springs (T)–Heavitree	5.0
Alice Springs (T)–Larapinta	5.2
Glenelg (S)–Heywood	6.2
Alice Springs (T)–Charles	6.2
Chinchilla (S)	6.7
Townsville (C)–Pt B	6.8
Barossa (DC)–Tanunda	6.8
Colac-Otway (S)–Colac	7.2
Boddington (S)	7.3
Alice Springs (T)–Stuart	7.4
Snowy River (A)	8.0
Lismore (C)–Pt A	8.3
Port Lincoln (C)	8.4
West Coast (M)	10.1

Source: Authors' calculations from 2006 Census Data.

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