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# Loddon-Mallee Housing Action Plan: Buloke Worker Housing Strategic Policy Guide

Swan Hill Rural City Council

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# Executive summary

This document is one of four reports on projects which could unlock additional housing supply in the Loddon-Mallee region. The projects were identified during preparation of the Loddon-Mallee Housing Action Plan. While each report relates to a particular project or issue, the responses and lessons from each provide recommendations that are mostly replicable and scalable to similar issues elsewhere in the region, if not indeed across regional Victoria.

This 'strategic policy guide' report is focussed on understanding the strategic need for key worker housing in a relatively remote regional local community (the Buloke Shire) and identifying options for providing key worker housing to meet the identified need.

## Context

Buloke LGA encompasses a total land area of approximately 8,000 square kilometres and is located in north-western Victoria, between 210 and 360 kilometres north-west of Melbourne. The population of the Shire was 6,178 residents as at 2021. The LGA is bounded by Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shires in the east, Northern Grampians Shire in the south, and Yarriambiack Shire in the west. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof.

Agriculture contributes about \$277.5 M or 36.22% of total output. In addition, the sector accounts for 32% of total employment making it the largest job generator. Other key industries are Health Care and Social Assistance and Education and Training which employ 13% and 10% of the total workforce respectively.

Buloke's economy can be described as in recovery and growing, however recruiting and retaining rural workers is hampered by the availability of housing. Of particular concern is the availability of rental housing which is the first form of housing workers usually occupy when they move into a region.

## Housing need

The analysis included identification of the level of worker housing needs in three key businesses in the Shire (Eatwell, Kookas Country Cookies and East Wimmera Health Services), assessed at between 20 to 30 workers. The worker shortages are across full-time, part-time and casual positions. The need is greatest in the town of Donald where all these businesses have key operations. Their demand for permanent housing is 6 to 10 dwellings which is mostly geared to housing families. The demand for short-term housing is approximately 10 to 15 dwellings if configured as twin-share accommodation.

## Potential sites

Four potential sites in Donald were identified for worker housing as shown below.

## POSSIBLE WORKER HOUSING SITES AND INDICATIVE YIELDS

Potential housing site	Site owner	Indicative yield (all subject to concept planning)
Site A – Donald Caravan Park	Council, run by Donald Football Club as Committee of management	Up to 15 twin-share temporary but high-quality dormitory style homes for FIFO and casual workers
Site B – South Street fringe land	Private owner	5-6 attached, low rise dwellings for permanent worker accommodation (or temporary dormitory style homes)
Site C – Catholic Church land (129 Woods Street) and site to rear	Catholic Church and DELWP	14 medium density dwellings across the two sites for permanent worker accommodation
Site D – Victorian Railways Institute site	VicTrack managed by Victorian Railways Institute	Up to 10 low rise medium density dwellings for permanent worker accommodation

The Caravan Park and Site C (adjacent sites owned by the Catholic Church and DELWP) are probably the priorities for initial investigation.

### Recommended model

#### *Governance and partnerships*

The Loddon Mallee Housing Action Plan suggests that resources be sought for a **Loddon-Mallee Housing Support Officer** to implement the action plan. Desirably another organisation would accept 'day to day' responsibilities for implementation and relevant relationship brokering. This could be the **Buloke Council**, the **Mallee Regional Partnership** or even the **Wimmera Development Association**. An important implementation partner will be an organisation with development expertise. A **Housing Association** such as Haven Home Safe, Birchip Community Housing Incorporated (or similar) could be approached to assist, once land or site(s) are secured.

#### *General approach*

Development of worker housing across the four sites would follow the general pathway way outlined below. Specific aspects, related to each site, vary given site characteristics and potential.

**Secure the site:** This will require negotiating a sale or lease or gift with the relevant landowners and managers, and in the case of the DELWP and Victrack sites working through the State Government's land management and release of surplus site requirements (see Appendix A).

**Identify a development partner and housing manager:** A willing development partner, able to receive capital from willing businesses, and with development and housing management expertise, would need to be sought. They would need to agree to be involved as anticipated by this model or approach. An established Housing Association with development expertise such as Haven Home Safe, headquartered in Bendigo, would be a potential candidate.

**Develop ‘essential worker accommodation’ charter:** This would document the model identified here, as refined if necessary through negotiation, with participating organisations (governance agent, participating land-owner, housing developer and manager, businesses with key worker needs contributing capital). This would be established upfront by the governance agent (e.g. Mallee Regional Partnership, WDA, Buloke Council).

**Obtain capital for development:** Capital injections would be sought in the first instance from participating businesses (beginning with Eatwell, Kookas and EWHS), as signatories to the ‘essential worker accommodation’ charter. Participating businesses would provide capital to the development partner and housing manager on the basis of a contractual obligation that the development partner and housing manager would manage the dwellings for the exclusive use of the participating businesses for the duration of the economic life of the dwellings (say 50 years).

**Develop and lease the properties:**

- The development partner and housing manager would develop the dwellings on a fee for service basis.
- The development partner and housing manager, or land-owner (as determined by the charter) would retain ownership of the buildings.
- The development partner and housing manager would manage and maintain the dwellings according to the ‘essential worker accommodation’ charter.

Participating businesses would have long (e.g. 50 year) leases on the properties in return for the capital investment they make in the development partner and housing manager, noting that they would receive rent from the workers housed therein – net of development partner and housing manager’s management fees. The development partner and housing manager would take care of asset management and tenancy management.

**End of lease pathways:** Once the period specified in the charter ends, the participants could extend the arrangement. Otherwise, and ultimately, the land owner takes possession of the assets and can use the properties as they see fit.

The main benefit of this general approach is tapping the development expertise of a large Housing Association as development partner and housing manager.

The final chapter offers a strategic guide to enable worker housing development that can be used by other councils facing similar challenges in a similar context.

# 1. Introduction

## 1.1 Housing Action Plan and four associated projects

This document is one of four reports on projects which could unlock additional housing supply in the Loddon-Mallee region. The projects were identified during preparation of the Loddon-Mallee Housing Action Plan.

While each report relates to a particular project or issue, the strategic responses and lessons from each provide recommendations that are mostly replicable and scalable to similar issues elsewhere in the region. There are two 'business cases' and two 'strategic policy guides' covering the projects. The business cases are quantitative and focus on the economic case for the housing proposal. The strategic guides address good practice processes and steps.

The projects are:

- Mildura worker housing project – expansion of an existing seasonal worker accommodation facility in regional Victoria (quantitative business case report)
- Etty Street housing site opportunity – a potential social and affordable housing development site with multiple titles, including state-owned and Crown land with associated Aboriginal lands rights implications (strategic policy guide report)
- Buloke worker housing project – understanding the strategic need for key worker housing to support the local community and considering options for key worker housing in Donald, in the Buloke Shire (strategic policy guide report)
- Newbridge Water and Sewerage Infrastructure extension – strategic approach to investing in infrastructure supporting new housing development in a small-town context (quantitative business case report).

All documents draw out and summarises replicable and scalable steps. The reports and especially their included "How to guides", are intended to provide housing practitioners with a toolkit to actively address typical barriers to new housing supply found in regional Victoria.

## 1.2 This report

This report focusses on worker housing in Buloke. The investigation included identification of the level of worker demand for three key businesses, their worker housing needs and identification of potential land for housing. Options and development pathways to address the need are outlined.



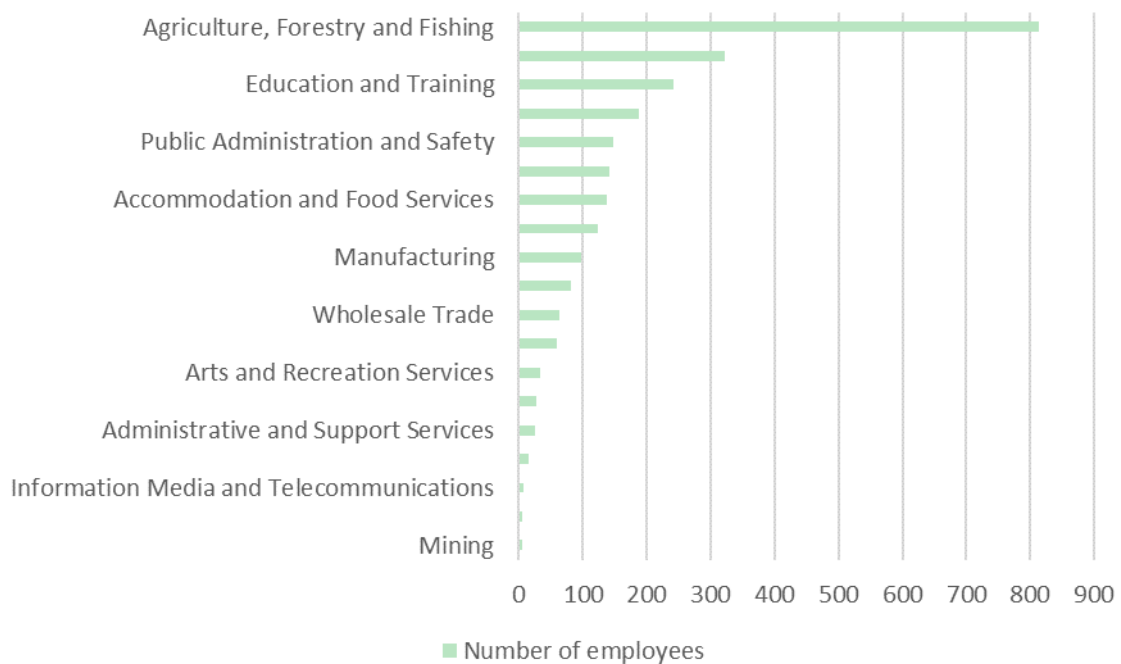
## 2. Context

### 2.1 Overview of local economy and challenges

Buloke Shire encompasses a total land area of approximately 8,000 square kilometres and is located in north-western Victoria, between 210 and 360 kilometres north-west of Melbourne. The shire is bounded by Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shires in the east, Northern Grampians Shire in the south, and Yarriambiack Shire in the west. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof.

Agriculture is Buloke largest industry based on employment as shown in Figure 1. The agri-sector contributes about \$277.5 M or 36.22% of total output<sup>1</sup>. In addition, the sector accounts for 32% of total employment making it the largest job generator<sup>2</sup>. Other key industries are Health Care and Social Assistance and Education and Training which employ 13% and 10% of the total workforce respectively.

**FIGURE 1: BULOKE EMPLOYMENT BY INDUSTRY 2021**



Source: ABS Census 2021; SGS Economics and Planning

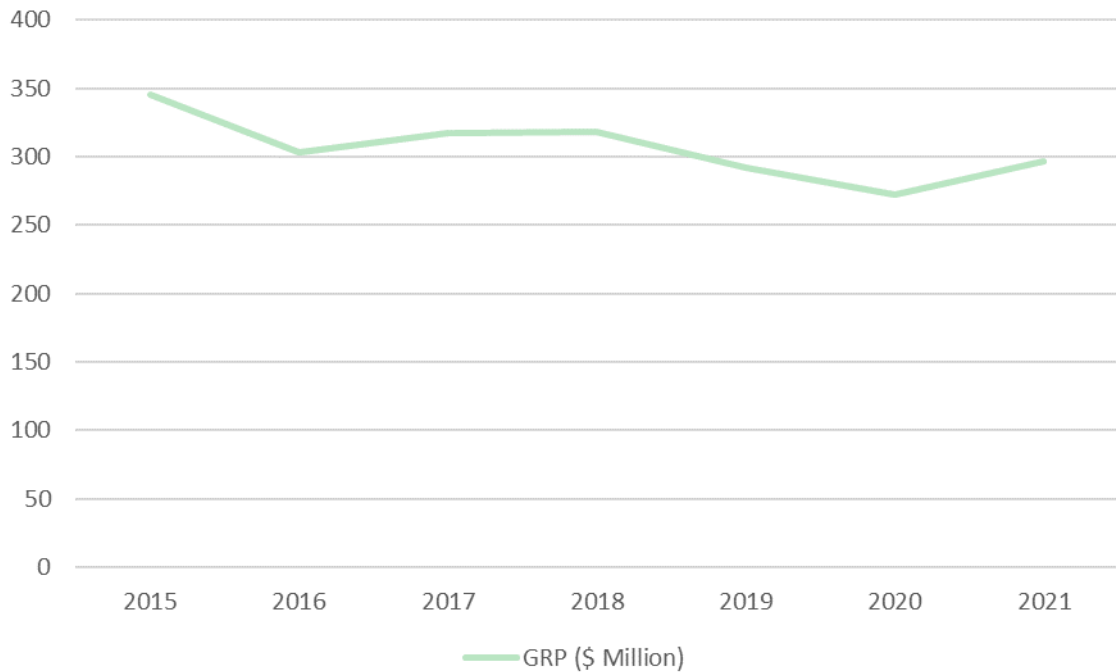
<sup>1</sup> <https://app.remplan.com.au/buloke/economy/summary?state=Vm4RTY2M3TNqIWwHWqxmnrSRHJHdDa>

<sup>2</sup> Ibid

**A growing economy**

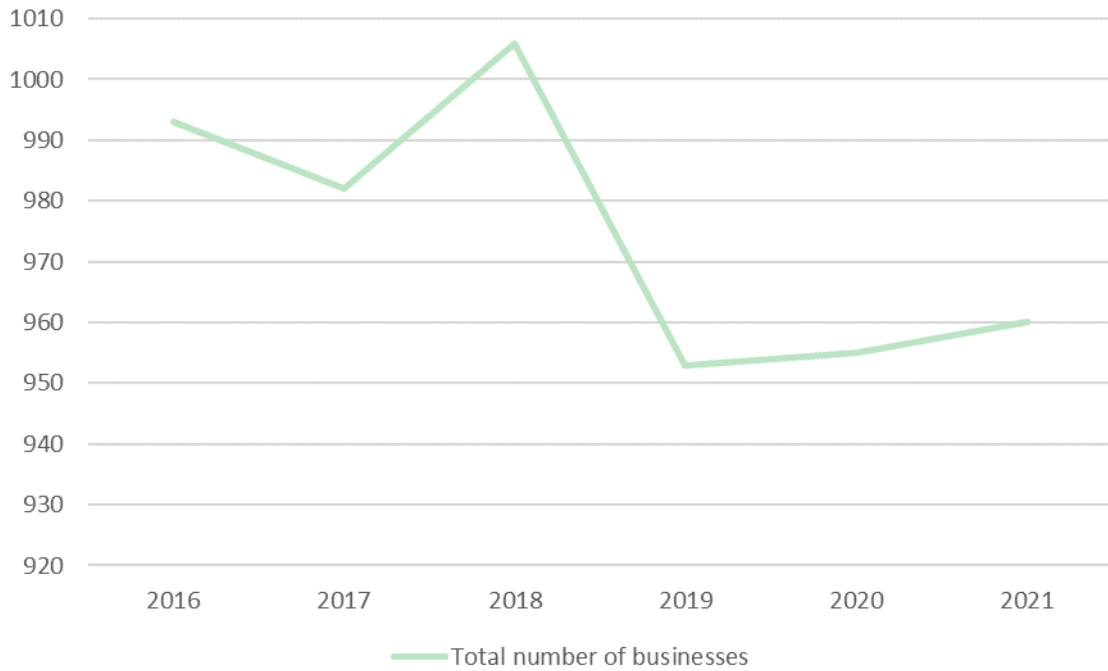
Buloke's economy can be described as in recovery and growing. The shire's Gross Regional Product (GRP) in 2021 rose compared to previous years, as shown in Figure 2. The number of businesses has been growing over the last two years as shown in Figure 3. The metric serves as an indicator of the economic development occurring in the LGA. There is also indicative evidence of further businesses in the renewable energy space coming online in the future that will promote further economic growth and worker demand.<sup>3</sup> A lack of suitable and affordable housing is increasingly a 'handbreak' on growth in regional Victoria and is likely a factor in Buloke.

**FIGURE 2: BULOKE GROSS REGIONAL PRODUCT 2015-2021 (\$M)**



Source: NIEIR 2022

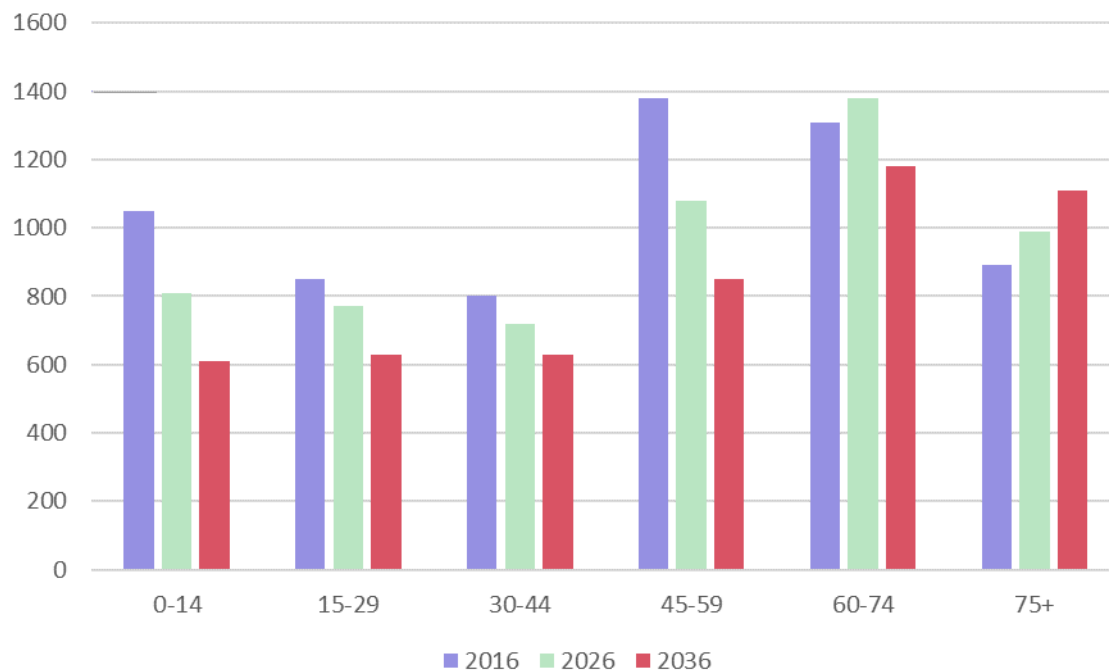
<sup>3</sup> WDA, 2021, Wimmera Southern Mallee Jobs, Population and Housing Targets 2022-2036: Report 1

**FIGURE 3: BULOKE NUMBER OF BUSINESSES 2016-2021**

Source: NIEIR 2022

### **An ageing workforce**

The population of the Buloke Shire is ageing and is projected to continue to age, as shown in Figure 4, according to VIF 2019 projections with increased numbers of people over 75 and much fewer under 60 (further nuanced discussion on projections is outlined in the sub-section below). The ageing population is a national trend, not unique to Buloke and particularly pronounced in parts of regional Australia. The key point is an increasing share of the workforce will need to be replaced to take-up job vacancies and those who will take up those roles will largely be workers from outside the local community, who need to be attracted not only to prospective jobs but good quality housing and lifestyle opportunities.

**FIGURE 4: BULOKE POPULATION BY AGE HISTORIC AND PROJECTED; 2016, 2026, 2036**

Source: VIF 2019

### A stabilising population

Though the population in Buloke is ageing, the total population is not declining as steeply as previously projected. VIF projections (from a 2016 base), ABS Estimated Resident Population (ERPs) and ABS Census average annual growth rates between 2016 and 2021 are compared in Figure 5. VIF projected a steep decline in population with a rate of -0.68%, the ERPs suggested -0.5%, while the ABS Census results (based on adjusted 'actuals', not projections or estimates) revealed an average annual rate of just under -0.1%. The Census data ultimately shows that Buloke's population was relatively stable. The reasons for Buloke not experiencing the projected declines suggested by VIF are

- Those who are entering into retirement are ageing in place
- The vacancies created by retirees are being filled by new workers coming into Buloke and,
- The population is being 'topped up' to a small extent by tree-changers who moved to the region during the Covid pandemic

**FIGURE 5: COMPARISON OF VIF, ABS ERP & CENSUS POPULATION AVERAGE ANNUAL GROWTH RATE (2016-2021)**



Source: VIF 2019; ABS Estimated Resident Population; ABS Census 2016 & 2021

Projections of future population may likely be inaccurate due to the above factors, which were not previously in evidence, remembering that projections draw on past trends. Figure 6 shows the variation between three projections for Buloke for the period 2021 to 2036. Wimmera Development Association (WDA) projects an average annual growth rate of 0.0% between 2021 and 2026, VIF projected a growth rate of -1.5% for the same period and REDS has an average annual growth rate of -1.4% between 2021 and 2036.

Variation in projections can come down to methodology, that is bottom-up vs top-down modelling. Top-down modelling uses historical data aggregated at a high-level and modellers use a series of assumptions to make projections at a small area level. The small area or local level projections need to 'add up' to achieve the future projection for Victoria as a whole. The disadvantage of this approach is that in a rapidly changing environment gaps between what is projected and what is observed at a local level can begin to open up. A bottom-up approach to forecasting builds a profile of small area prospects through more intimate and fine grain data analysis and development trends which can lead to more optimistic projections, though not subject to the top-down constraint of needing to necessarily 'make sense' when aggregated across the state.

FIGURE 6: COMPARISON OF POPULATION PROJECTIONS 2021 TO 2026

	2016-21	2021-26 % pa 5 years		REDS 21-36 15 years
	% pa change	WDA	VIF	% pa change
Horsham RC	0.8%	1.0%	-0.2%	0.1%
Northern Grampians	0.9%	0.8%	-1.8%	-0.9%
Yarriambiack	-0.4%	0.1%	-1.1%	-1.0%
Buloke	-0.1%	0.0%	-1.5%	-1.4%
West Wimmera	0.5%	0.1%	-2.7%	-1.7%
Hindmarsh	-0.1%	0.1%	-1.8%	-1.3%
<b>Total</b>	<b>0.5%</b>	<b>0.55%</b>	<b>-1.1%</b>	<b>-0.7%</b>

Source: Wimmera Development Association

### Malfunctioning housing market

#### *Availability of housing*

Despite the need for rural workers, recruiting and retaining rural workers is hampered by the availability of housing. As in other small regional local councils, Buloke is experiencing an undersupply of suitable and affordable housing which is impacting the attraction and retention of workers. Of particular concern is the availability of rental housing which is the first form of housing workers usually dwell in when they move into a region. The Real Estate Institute of Australia posits a rental housing market with a vacancy rate of 2.5 to 3.5 per cent is a healthy rental market. The threshold used is 3% which is reflective of the midpoint. Rental vacancy rates are significantly lower than the ideal benchmark of 3% in FY2021-22. Across Northern Victoria, inclusive of Buloke, vacancy rates sit below one percent in FY2021-22<sup>4</sup>. This is lower than the trend vacancy rate for all of regional Victoria, which was at 1.6% in March 2022<sup>5</sup>.

#### *Affordability*

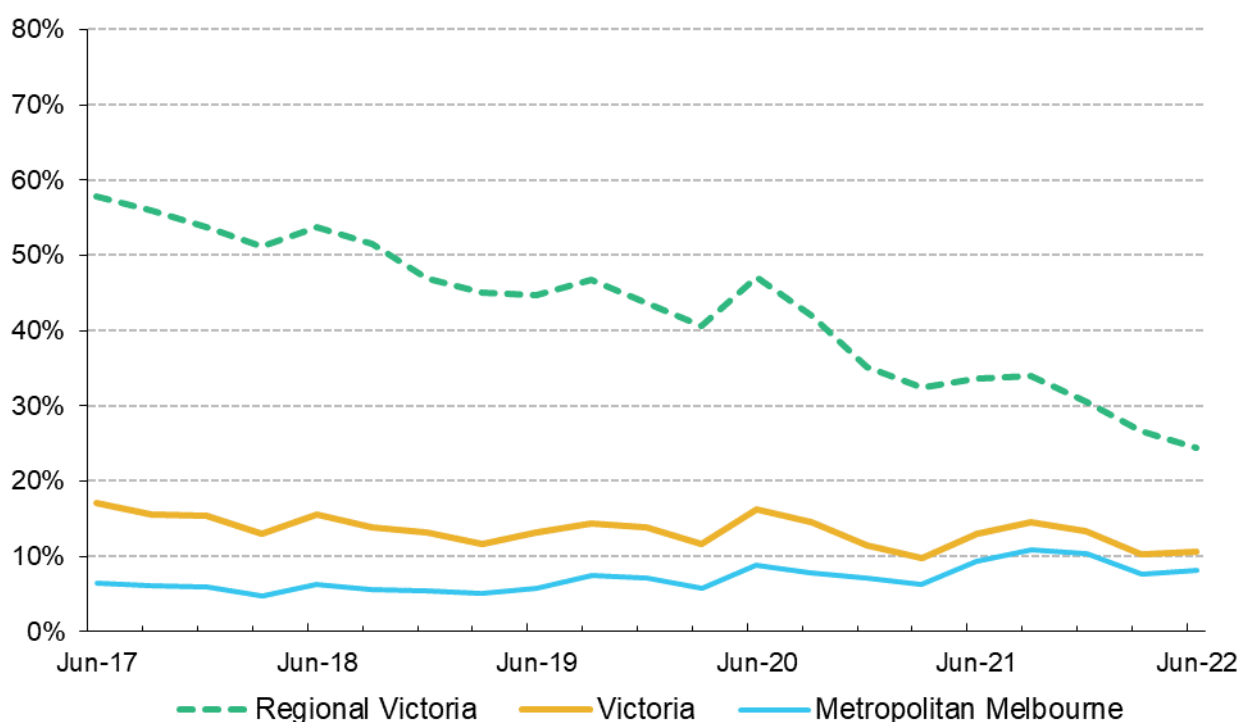
Prices of rental lets have increased to reflect the burgeoning demand for rental accommodation. Rental prices have increased substantively. As of June 2022, quarterly median rent in Buloke was \$240 per

<sup>4</sup> SQM Research 2022, *Residential Vacancy Rates: Region: Northern Victoria*, accessed 8 September 2022, <[https://sqmresearch.com.au/graph\\_vacancy.php?sfx=&region=vic%3A%3ANorthern+Victoria&t=1](https://sqmresearch.com.au/graph_vacancy.php?sfx=&region=vic%3A%3ANorthern+Victoria&t=1)>

<sup>5</sup> Homes Victoria, 2022.

week, up from \$200 per week in June 2020<sup>6</sup>. The fall in the availability of affordable rental dwellings was present prior to the pandemic further emphasising the issue is structural rather than a cyclical issue. Figure 7 shows the fall in affordable rentals across Victoria. The affordability threshold (i.e. housing is considered affordable) is where less than 30 per cent of gross income is spent on rent. Regional Victoria is seeing a steady decline in affordability and the fall was present pre-COVID with only partial relief during the first few months of the pandemic.

**FIGURE 7: AFFORDABLE RENTALS AS A PERCENTAGE OF ALL RENTALS 2017-2022**



Source: Home VIC 2022

### *Housing quality and diversity*

Though housing quality was not measured in a quantitative manner, SGS engagement with stakeholders in Buloke found the limited rental housing stock can also be poor quality, or be both poor-quality and expensive. The lack of diversity of housing product is also a problem in addressing worker housing provision. Like other small regional LGAs, the predominant form of housing is detached separate dwellings.

<sup>6</sup> Department of Families, Fairness and Housing (DFFH) 2022. *Rental Report statistics – June quarter 2022*. [online], accessed 14 September 2022, <<https://www.dffh.vic.gov.au/publications/rental-report>>

*Housing availability and worker attraction and retention*

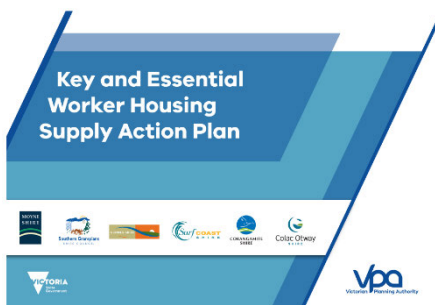
A number of reports have identified housing as a structural barrier to recruiting and retaining workers.

The housing shortage challenge is described in the Mallee Regional Development Strategy:

Limited access to appropriate housing constrains the region’s ability to attract workers and sustain population growth. Most communities throughout the Mallee experience housing shortages, where locals and seasonal workers face lower-than average rental vacancy rates, illegal rooming issues and long wait times for building new homes. The lack of land ready for development, difficulty obtaining investment finance, availability of skilled tradespeople and the rising cost of materials all contribute to this complex issue.<sup>7</sup>



The Mallee Regional Skills demand report identifies housing being in critical shortage and a structural barrier to addressing the workforce gap<sup>8</sup>. The document does not delve into the drivers of the rural worker housing shortfall.



The Key and Essential Worker Housing Action Plan prepared by the VPA with Victorian coastal councils<sup>9</sup> identifies the lack of rural worker housing supply as a handbrake on local and regional economies.

<sup>7</sup> Mallee Regional Economic Development Strategy, p.35  
[https://www.rdv.vic.gov.au/\\_\\_data/assets/pdf\\_file/0006/2063913/Mallee-REDS-2022.pdf](https://www.rdv.vic.gov.au/__data/assets/pdf_file/0006/2063913/Mallee-REDS-2022.pdf)

<sup>8</sup> Nous Group, 2020, Mallee Regional Skills Demand Pulse Check – 2020,  
[https://www.rdv.vic.gov.au/\\_\\_data/assets/pdf\\_file/0003/2038692/Mallee-Regional-Skills-Demand-Pulse-Check-2020.pdf](https://www.rdv.vic.gov.au/__data/assets/pdf_file/0003/2038692/Mallee-Regional-Skills-Demand-Pulse-Check-2020.pdf)

<sup>9</sup> <https://vpa.vic.gov.au/vpa-and-councils-release-key-and-essential-worker-housing-supply-action-plan/>



## 2.2 Barriers to housing supply

As in other small regional council areas, Buloke faces barriers to worker housing supply.

As identified in the Loddon-Mallee Housing Action Plan at the core of the issues are **gaps and barriers to strategic planning** which include

- The available data not providing an accurate picture of the actual supply and demand conditions 'on the ground', which leads to a lack of up-to-date planning settings and ability to accommodate even a modest pipeline of development
- Councils having limited capacity to undertake the required strategic planning work (sometimes due to a lack of resources and workforce capacity constraints)
- Insufficient guidance in the Regional Growth Plans to identify where future settlement is desirable.

The VPA's Key and Essential Worker Housing Action Plan identifies the following more specific barriers to the provision of worker housing

- Land banking withholds appropriately located, zoned and serviced land,
- Dwindling rental stock and the quality of stock being poor,
- The lack of trades and costliness of trades impede development,
- Limited diversity of housing impedes older residents from downsizing
- The current On-farm accommodation regulation does not suit the worker needs of farm businesses.

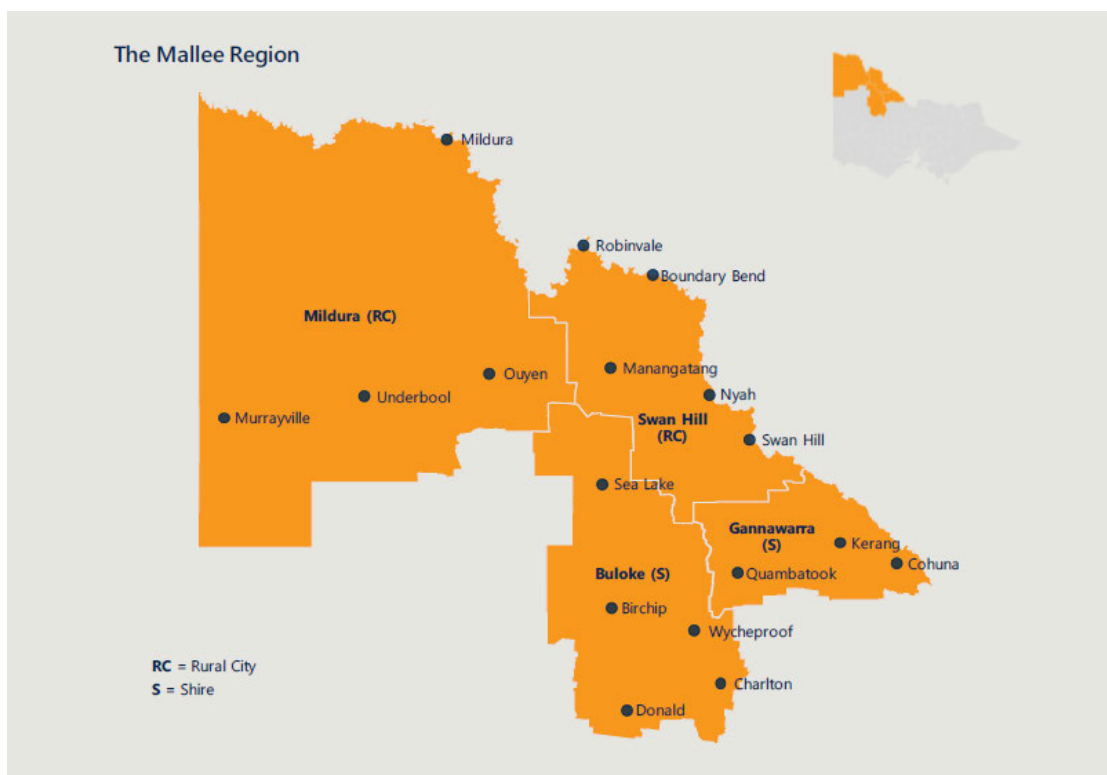
Further discussion of these issues and how to address it is outlined in chapter 4.

## 3. Scale of the problem and effects

### 3.1 Demand for rural workers and worker housing

Previous work has been done to identify the demand for workers in the Mallee, through the Mallee Regional Skills Demand Pulse Check which includes Buloke. The Mallee region LGAs are shown in Figure 8. The methodology used to derive more specific job numbers and the potential need for worker housing was a bottom-up approach via interviewing local employers to gauge labour demand.

**FIGURE 8: THE MALLEE REGION**



Source: Nous Group 2020

Based on the Mallee Regional Skills Demand Pulse Check, about 1,000 to 2,500 new jobs would be created in the Mallee region between 2020 and 2022. The expected job shortage due to the inability to recruit was also estimated at 1,000 to 1,500. The share attributable to Buloke is 60 to 150 jobs with the shortfall being 30 to 90 between 2020 and 2022, based on the employment share of Buloke within the Mallee region at 6% using the ABS Census 2021 data. The per annum estimates over this 2020-22 three year period are 20 to 50 new jobs and a shortfall of 10 to 30 jobs.

FIGURE 9: MALLEE JOB GROWTH OUTLOOK BY INDUSTRY 2020 TO 2022

Industry	Current number of jobs (2019)	Taskforce estimate of 2020-22 workforce CAGR	Expected new jobs	Expected retirements
Horticulture	2,736	2.0% to 3.0%	+150 to +250	~150
Sheep, Grains, Beef, and Dairy Cattle	2,697	-0.8% to 1.3%	-50 to +100	~150
Hospitality and tourism	2,586	-0.5% to 2.0%	-50 to +150	~150
Construction	2,700	1.5% to 3.0%	+100 to +250	~150
Manufacturing	2,383	0.0% to 2.5%	0 to +200	~150
Transport and logistics	1,665	-0.1% to 0.0%	-50 to 0	~100
Retail trade	4,689	-1.2% to -0.5%	-150 to -50	~250
Healthcare and social assistance	5,262	1.0% to 2.0%	+150 to +300	~300
Education and training	3,385	0.6% to 3.5%	+50 to +350	~200
Other industries <sup>1</sup>	9,935	~3.0%	+850 to +950	~500
<b>Total</b>	<b>38,038</b>	<b>1.4% to 1.8%</b>	<b>+1,000 to +2,500</b>	<b>~2,000</b>

Source: Nous Group 2020

The Wimmera Development Association, using a bottom-up approach of interviewing employers, showed ‘pent-up’ demand for workers. The study estimates un-met demand for 173 workers as at 2021 within the Wimmera Southern Mallee which includes Buloke. Demand over the next one to three years being 895, and 2,835 over the next ten years. Of those jobs, **243 are estimated to be within Buloke, that is about 24 jobs per annum between 2021 and 2031**<sup>10</sup>. This estimate lines up with the estimates of the Mallee Regional Skills Demand Pulse Check.

In summary **if housing continues to be a barrier, skills and labour shortages could be equivalent to 10 to 30 jobs per annum** defaulting to the Mallee Pulse Check estimates.

#### *How much housing supply is needed*

Most housing projection models rely on population projections from sources like VIF to produce dwelling demand estimates, for example SGS’s Housing Demand Model. For the reasons mentioned earlier using ‘top-down’ estimates based on past trends and having to ‘add-up’ across Victoria can produce results that appear contrary to the on-the-ground outcomes at a local level.

WDA produced future housing demand projections using an alternative ‘bottom-up’ approach. Based on that data the estimated housing demand in Buloke between 2021 and 2036 is 14 dwellings per annum.

<sup>10</sup> WDA, 2021, Wimmera Southern Mallee Jobs, Population and Housing Targets 2022-2036: Report 1

### Worker and housing demand for key businesses

SGS collected information from three key businesses in Buloke to assess worker housing needs. Buloke council identified these organisations as key businesses within the LGA. The businesses were Eatwell, Kookas Country Cookies (Kookas) and East Wimmera Health Services; a description of each business is provided in Table 1.

**TABLE 1: OVERVIEW OF KEY BUSINESSES IN BULOKE**

Overview	
Eatwell	A food manufacturing firm that produces vegan and vegetarian products. The manufacturing facility is located in Donald. The business has had its facility operations in Donald since 2003 and has in the order of 20 to 30 staff
EWHS	A rural health service provider with operations across numerous towns in Buloke (Birchip, Donald, Wycheproof, Charlton and St Arnaud). The organisation had 218 FTEs as at the month of June 2021
Kookas	A producer of cookies within the town of Donald. The firm supplies its products to Donald and surrounding areas. The firm has been located in Buloke since 1991 and has over 25 staff

Source: Eatwell<sup>11</sup>; Kookas<sup>12</sup>; EWHS<sup>13</sup>

The worker and worker housing needs for the businesses was obtained by contacting the firm representatives and the findings are summarised in Table 2. The data collected showed there is a sizeable need that is reflective of the research shown earlier in this report. In total the three businesses indicated a total need of 20 to 30 workers. The lower bound is more certain than the upper bound.. Indicatively this need could be met by 6 to 10 permanent dwellings and 10 to 15 twin-share temporary but high-quality dormitory style homes as accommodation for FIFO and casual workers, preferably all within Donald.

**TABLE 2: WORKER HOUSING NEEDS ASSESSMENT**

Business	Workers	Housing Need
Eatwell	<ul style="list-style-type: none"> <li>- 6 to 8 staff with some food processing experience preferred but not required</li> </ul>	<ul style="list-style-type: none"> <li>- not provided</li> </ul>
EWHS	<ul style="list-style-type: none"> <li>- Skills mixture: Nurses, doctors, administrators and managers</li> <li>- Part-time workers FIFO</li> </ul>	<ul style="list-style-type: none"> <li>- Dormitory style for part-time workers within town limits</li> <li>- Family accommodation within town limits. Indicative need is 2 4-</li> </ul>

<sup>11</sup> <https://www.australianeatwell.com.au/company>

<sup>12</sup> <https://www.kookas.com.au/about>

<sup>13</sup> <https://www.ewhs.org.au/index.html>

		bedroom houses to relieve pressure
Kookas	<ul style="list-style-type: none"> <li>- 6 full timers, rest are casual (14 workers ) no seasonal</li> </ul>	<ul style="list-style-type: none"> <li>- Permanent housing (2 or 3) - With three to four bedrooms to suit workers coming with family required within the town limits..</li> </ul>

Source: SGS Economics and Planning

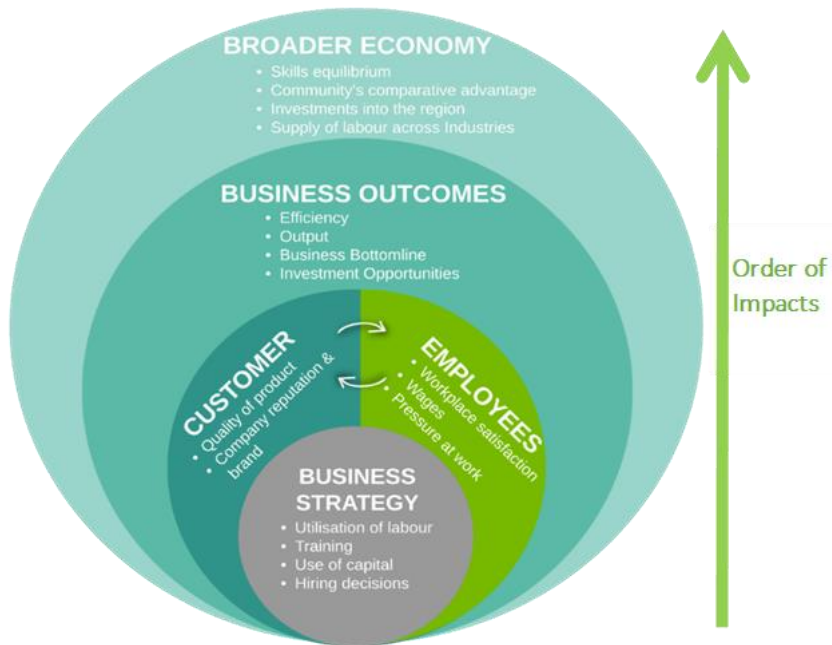
### 3.2 Consequences of rural worker shortage

Businesses that experience rural worker shortages will utilise a mix of strategies reflecting their unique circumstances. Depending on what methods are implemented and their success, each mix will likely have differing consequences for the wider economy.

The impacts of rural worker shortages begin firstly at the employee/customer level. This flows through to affect business outcomes, regarded as the 'second-order' impacts. As more businesses face worse outcomes due to cross-industry skill shortages, this impedes the broader economy through 'third-order' effects.

Figure 10 provides a framework to illustrate the potential impacts across each dimension of the economy. Following, the impacts have been described in further detail.

**FIGURE 10: IMPACT FRAMEWORK OF SKILLS SHORTAGES**



Source: SGS Economics and Planning

## First order effects

Skill shortages can affect current employees' level of workplace satisfaction. The first line of defence for businesses that experience skill shortages is to increase their use of existing employees. This limits the cost and uncertainty in hiring labour. The company can benefit through increases in margin profit and production relative to the cost of hiring while retaining managerial control.

In a multiple resource survey conducted by NCVER (2012), 49% of businesses responded that they would extend the hours of their existing workforce. In the same survey, 37% of companies reported using more on-the-job or internal training staff, while 7% of businesses said that they would make greater use of external training for current employees.

Employees may initially benefit as they receive an increase in wages and improved conditions as a result of a labour shortage. This distribution of profit acts as compensation to current employees. However, as these shortages grow and persist, employees may see their quality of life fall due to work pressures.

Due to skill shortages, businesses may lack the ability to hire the 'right person' for the job, as they face increased competition across firms for a limited pool of labour. As a result, firms may be forced to adapt by hiring short-term workers, or by lowering hiring standards. This can result in increased costs through additional time and expense in recruitment and onboarding.

Customers may also be impacted by how the business adapts to rural worker shortages. Companies may continue to grow their operations while in a labour shortage by reducing the quality of their product or service, or by focusing more extensively on the use of capital and/or technology. This may damage the company's reputation and branding and create customer dissatisfaction.

Alternatively, companies may choose to control production quantity by limiting outputs and focussing on existing demand rather than new market opportunities. This is especially likely where the shortage issue is perceived as complex and intractable.

There is also added complexity where the first-order effects have interdependencies with one another. For example, a fall in worker satisfaction may lead to a reduced standard of customer service, increased wait times, and overall reduced output quality. On the other hand, increased customer discontent may illicit increased work stress for existing members of staff thereby damaging morale and productivity.

## Second order effects

Second order effects are regarded as any impacts that affect a business's outcomes stemming from first-order effects. Triggered by worker shortages, companies may face increasing pressures to restructure internally and may struggle to maintain customer satisfaction. Ultimately, the quality and quantity of production may be jeopardised thereby squeezing the total pool of wages and profits from enterprise.

Depending on strategies deployed, businesses may face a variety of second-order effects. Firms may hold off from employing additional staff. These firms may gain competitiveness with incremental benefits in the short run due to increased productivity. However, these marginal benefits will diminish as existing staff battle to keep up, and the quality of goods or services drops. The business may look

towards other methods to minimise these risks to their bottom line, including substituting capital for labour, bringing on inadequately equipped staff and outsourcing.

Companies that seek to outsource operations may put their operational oversight at risk. Businesses that focus on onboarding lower-skilled workers may see a mix of effects, including a fall in production quality, reduced workforce skills, and/or increases in operational costs and time. Companies in these circumstances may find it increasingly challenging to maintain production standards and output levels while keeping operational costs within reasonable bounds. The competitiveness of these businesses may be damaged with adverse consequences for their profitability and capacity for investment. This, in turn, will limit a firm's development or expansion, thereby denying a robust platform for long term and sustainable business development.

### **Third order effects**

A single business experiencing rural worker shortages may have little or next to no impact on the broader economy. However, as more companies face these shortages, a range of interconnecting problems may be set in train leading to wider adverse effects on the host economy.

Due to a restricted labour pool, employers may respond by offering higher wages and salaries which are not aligned to employee skill sets. If higher wages do not match productivity, business sustainability may be eroded. These pressures can also be transmitted from one occupation to other occupations in the same industry, for example, the construction industry.

Hiring standards may also be adjusted across businesses. In a tight labour market, employers may be pushed to hire less experienced and suitable workers. As the economy transitions towards this new normal, operations are forced to move to a less favourable equilibrium in terms of skills and productivity. In time, whole industries may struggle to maintain reasonable performance in terms of quality and quantity of output.

As more companies look to utilise overworked existing labour and/or hire less-skilled workers, labour productivity growth in the economy will be dampened. Mismatched or unfilled jobs can constrain the economy's production ability, leading to an under-utilisation of capacity and a reduction in production. This will inevitably have implications for economic growth in the region.

Left unaddressed, this can lead to negative impacts on a region's comparative advantage thereby limiting its ability to attract external investment as well as retain internal investment. Persisting skill shortages in critical services, especially for regional communities, can affect the long-term viability of some communities and impede their ability to sustain economic growth.

### **Potential economic loss**

Based on the projected indicative levels of skill and worker shortages outlined in section 3.1, the potential economic loss for Buloke, based on 2021 GRP per worker of \$116,339, is \$1.2m to \$3.5m<sup>14</sup>. As

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<sup>14</sup> DJPR, 2021, Mallee Regional Economic Development Strategy Interactive Dashboard  
<https://app.powerbi.com/view?r=eyJrIjoiaZlNiMzljMTktZTA2My00MTBkLTg0MGQtYWU1YjI3M2NmMTRliiwidCI6IjcyMmVhMGJlLTNlMWMtNGIxMS1hZDZmLTk0MDFkNjg1NmUyNCJ9>

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a share of Buloke's total GRP in 2021 of \$395m, the shortfall in rural workers would result in 0.3% to 1% per annum of the GRP being shaved-off per annum. The cumulative GRP losses over time will be compounded as the constraints hamper wider growth in value chains.



## 4. Worker housing options in Buloke Shire

### 4.1 Introduction

As outlined above the un-met demand for workers in the Buloke Shire is a share of an estimated 173 as at 2021 within the Wimmera Southern Mallee. Worker demand is expected to grow by 243 between 2021 and 2031 in Buloke, or about 24 jobs per annum. Broadly speaking skills and labour shortages could be equivalent to 10 to 30 jobs per annum, not including the 'backlog', if housing continues to be a barrier.

Across three local businesses (Eatwell, Kookas Country Cookies and East Wimmera Health Services) there is a need for 20 to 30 additional workers. Indicatively this need could be met by 6 to 10 permanent dwellings and 10 to 15 twin-share temporary but high-quality dormitory style homes as accommodation for FIFO and casual workers, preferably all within Donald.

The rest of this section explores the options for addressing these and general additional worker housing needs in Donald. Potential sites for new housing are identified, followed by a brief implementation plan which includes governance, site by site and general pathways for action to address the housing need. Relevant case studies are included to illustrate the actions.

### 4.2 Identification of land for permanent and temporary housing

A housing supply and capacity assessment was undertaken by the Wimmera Development Association for the towns of Birchip, Charlton, Donald, Sea Lake and Wycheproof in the Buloke Shire. Of the key land parcels identified, a total of 13.2ha of land was identified for housing, with a total potential of 237 allotments under the assumptions used in the housing capacity and supply modelling. Other smaller plots of land were identified for smaller developments.

Table 3 shows the land supply and potential allotment yield by town for the key parcels identified (assuming roughly 10 dwellings per gross hectare). Allotments were identified within and around the periphery of the town. There is a mixture of land which could be unlocked in the short, medium-and long-term. The land identified within infill areas could be unlocked in the short-term whereas land on the periphery would require more long-term strategic planning. The housing capacity modelling did not delve in depth into the appropriateness of the land in terms of having the required services, nor the feasibility of development, but did consider potential overlays and constraints that could preclude development of identified land. Of the allotments identified, the assessment did not ascertain whether owners were willing to sell the land for redevelopment. These assumptions mean that the assessment likely reflects an 'upside' or maximum capacity calculation.

TABLE 3: BULOKE TOWNS HOUSING SUPPLY AND CAPACITY 2022

	Available land (ha)	Dwelling potential (short-medium term)	Dwelling potential (medium to long term)
Birchip	2.7	26	10
Charlton	3	24	8
Donald	2		19
Sea Lake	3		32
Wycheproof	2.5		28
Total	13.2	50	187

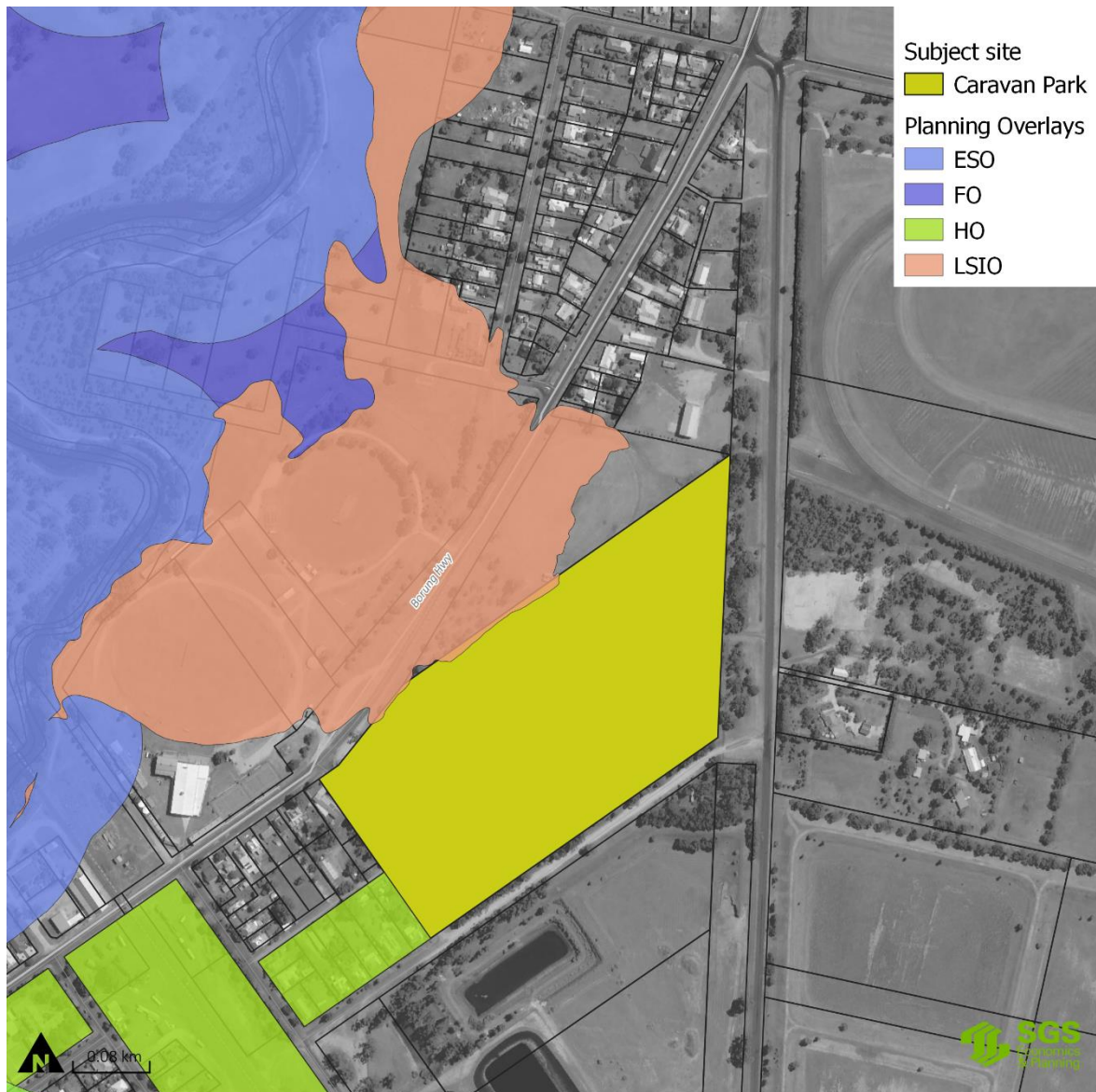
Source: Wimmera Development Association

Given the key businesses, Eatwell, Kookas and EWHS, have a strong presence in Donald a more focussed discussion on potential land for worker housing in this town is worthwhile. Amongst the land identified in Donald for future housing, four key sites are identified

#### *Site A – Donald Caravan Park*

The 1 hectare site is within the Buloke Caravan Park which is bounded by Corack Road, Moore Street, McCulloch Street and Racecourse Road, as shown in Figure 11.. The Caravan Park is actively used with 4 single unit bedrooms and several powered and unpowered sites for camping and caravans. The land is owned by Council and run by the Donald Football Club as the Committee of Management. The Caravan Park supports the tourism sector, particularly the Silo Art Trail. Two more cabins are being built with funding by DJPR and a local matching contribution. The cabins are intended to accommodate visitors to the region.

FIGURE 11: SITE A DONALD CARAVAN PARK



Source: Vic Plan

If the 1 ha underutilised site was converted to provide permanent housing, 9 dwellings could be developed (at 'standard' densities of about 10 dwellings per hectare). More likely and desirable is using the site for relocatable structures or tiny homes and thereby achieving a greater yield, for example matching the 10 to 15 twin-share temporary but high-quality dormitory style homes for FIFO and casual workers identified in the needs analysis (noting the density of 18 dwellings per hectare achieved in the Mildura caravan park project described in section 4.3). These dwellings could be exclusively used for worker housing. The site is an attractive option as most of the essential services are already on-site. An example of this being done elsewhere in the region is shown in section 4.3.

*Site B – South street fringe land*

Site B is located on South Street facing the Richardson River, as shown in Figure 12. The 1 hectare site is vacant and privately owned. It is within Donald's Township Zone.

**FIGURE 12: SITE B LOCATION AND ZONING**



Source: Vic Plan

Part of the site is subject to a Land Subject to Inundation Overlay (LSIO) and an Environmental Significance Overlay (ESO), as shown in Figure 12. The maximum potential developable land after accounting for the LSIO and ESO is 0.3 hectares (though land subject to an LSIO can sometimes accommodate dwellings). Based on standard densities of 10 dwellings per hectare, the site could accommodate 3-4 detached dwellings. If built as permanent worker accommodation as attached, low rise dwellings it would be possible for the site to yield 5-6 dwellings comfortably (though subject to further consideration of site constraints).

*Site C – 129 Woods Street*

Site C is a vacant 0.4 hectare block of land behind the Catholic church. The site is within Donald’s Township Zone as shown in Figure 13. The part fronting Woods Street is privately owned whilst the back portion is owned by DELWP. The following overlays apply on the site:

- Design and Development Overlay
- Heritage Overlay
- Specific Control Overlay

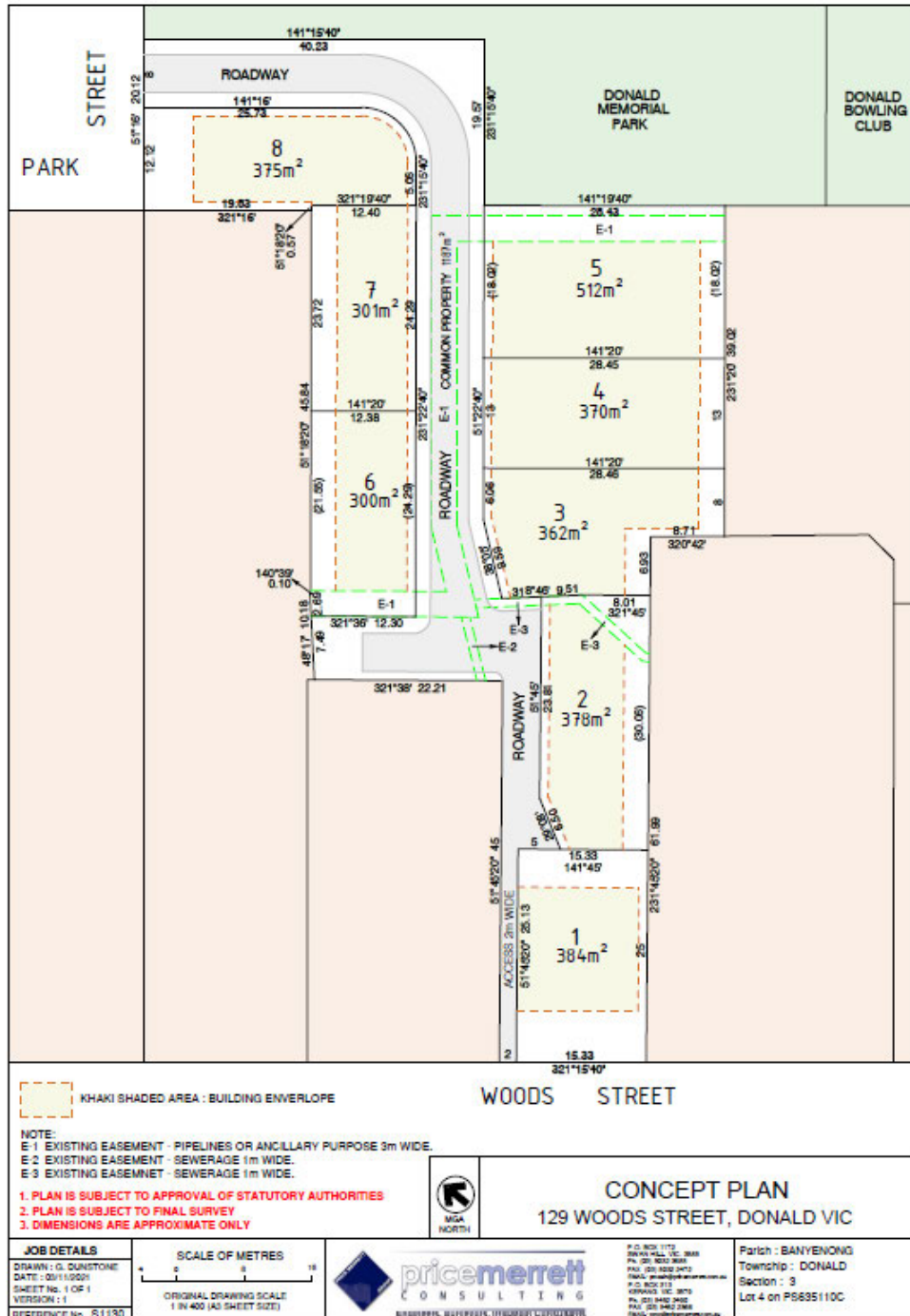
**FIGURE 13: SITE C: 129 WOODS STREET (CATHOLIC CHURCH AND DELWP OWNED)**



Source: Vic Plan

Donald 2000 (a community organisation) is seeking to develop 14 medium density dwellings across the two sites to address the worker housing shortage. Figure 14 shows the development concept by Price Merrett Consulting.

FIGURE 14: 129 WOODS STREET DEVELOPMENT CONCEPT



Source: Price Merrett Consulting

### Site D – Victorian Railways Institute site

Site D is an unused bowling green, vacant hall and adjacent land that measures 0.4 hectares with its frontage on Walker Street and backing the Donald Railway Station, as shown in Figure 15. The site is VicTrack land managed by their affiliate organisation, Victorian Railways Institute (VRI). The following planning overlays apply to the site:

- Transport Zone 1
- Design and Development Overlay
- Heritage Overlay
- Specific Controls Overlay

**FIGURE 15: SITE D – VICTORIAN RAILWAYS INSTITUTE SITE**



Source: Vic Plan

According to Donald 2000, if the site were to be developed it would yield up to 10 permanent low rise medium density dwellings. It is understood VRI is keen to sell but this has not been approved by the parent organisation (VicTrack/State Government).

### Summary

Four potential sites in Donald were identified for worker housing and their indicative dwelling yields, the Donald Caravan Park (up to 15 twin-share cabins), South Street Land (5-6 low-rise dwellings), 129 Woods Street (14 medium density dwellings) and Victorian Railways Institute/Vic Track site (10 low-rise permanent dwellings), as shown in Table 4. Donald Caravan Park has the potential to address the immediate need for temporary worker housing whereas the remaining three sites would appear to be most suited for permanent housing (though the private site might be suited to temporary homes depending on the wishes of the private owner following negotiation). The Caravan Park and Site C (adjacent sites owned by the Catholic Church and DELWP) are probably the priorities for initial investigation.

**TABLE 4: POSSIBLE WORKER HOUSING SITES AND INDICATIVE YIELDS**

Potential housing site	Site owner	Indicative yield (all subject to concept planning)
Site A – Donald Caravan Park	Council, run by Donald Football Club as Committee of management	Up to 15 twin-share temporary but high-quality dormitory style homes for FIFO and casual workers
Site B – South Street fringe land	Private owner	5-6 attached, low rise dwellings for permanent worker accommodation (or temporary dormitory style homes)
Site C – Catholic Church land (129 Woods Street) and site to rear	Catholic Church and DELWP	14 medium density dwellings across the two sites for permanent worker accommodation
Site D – Victorian Railways Institute site	VicTrack managed by Victorian Railways Institute	Up to 10 low rise medium density dwellings for permanent worker accommodation

## 4.3 Implementation plan

### Governance and partnerships

The Loddon Mallee Housing Action Plan suggests that resources be sought for a **Loddon-Mallee Housing Support Officer** to implement the action plan. The Housing Support Officer, if appointed, would likely have a coordination and assistance role in delivering this implementation plan.

Desirably another organisation would accept 'day to day' responsibilities for implementation and relevant relationship brokering. This could be the **Buloke Council**, the **Mallee Regional Partnership** or even the **Wimmera Development Association**.



The WDA is the peak economic development organisation for the Wimmera Southern Mallee region – encompassing the Horsham Rural City municipality and Hindmarsh, Northern Grampians, West Wimmera and Yarriambiack shires. Buloke Shire is ‘next door’ to the east but the WDA is well networked and works generally in north western Victoria. The WDA has helpfully engaged in the preparation of this paper.

An important implementation partner will be a partner with development expertise. A **Housing Association** such as Haven Home Safe, Birchip Community Housing Incorporated (BCH) (or similar) could be approached to assist, as relevant, once land or site(s) are secured. BCH’s experience and being a subsidiary of Buloke Council could be a natural fit for some of the site’s considered in Donald. A case study of one of BCH’s current proposals is below.

#### Case study: Birchip Community Housing Incorporated



Birchip Community Housing Incorporated (BCH) is an Asset Management Committee of Council which over the last 27 years has managed, planned, and added to their current housing stock. The Committee is pursuing a \$1.7m venture that would develop five two-bedroom dwellings to increase the stock of worker housing in Birchip. The site of the development is Council owned land at 56 Cumming Avenue Birchip 3483.

#### General approach

Development of worker housing across the four sites would follow the general pathway outlined below. Specific aspects, related to each site, follow.

**Secure the site:** This will require negotiating a sale or lease or gift with the relevant landowners and managers, and in the case of the DELWP and Victrack sites working through the State Government’s land management and release of surplus site requirements (see Appendix A).

**Identify a development partner and housing manager:** A willing development partner, able to receive capital from willing businesses, and with development and housing management expertise, would need to be sought. They would need to agree to be involved as anticipated by this model or approach. An established Housing Association with development expertise such as Haven Home Safe, headquartered in Bendigo, would be a potential candidate.

**Develop ‘essential worker accommodation’ charter:** This would document the model identified here, as refined if necessary through negotiation, with participating organisations (governance agent, participating land-owner, housing developer and manager, businesses with key worker needs contributing capital). This would be established upfront by the governance agent (e.g. Mallee Regional Partnership, WDA, Buloke Council).

**Obtain capital for development:** Capital injections would be sought in the first instance from participating businesses (beginning with Eatwell, Kookas and EWHS), as signatories to the ‘essential worker accommodation’ charter. Participating businesses would provide capital to the development partner and housing manager on the basis of a contractual obligation that the development partner

and housing manager would manage the dwellings for the exclusive use of the participating businesses for the duration of the economic life of the dwellings (say 50 years).

#### **Develop and lease the properties:**

- The development partner and housing manager would develop the dwellings on a fee for service basis.
- The development partner and housing manager, or land-owner (as determined by the charter) would retain ownership of the buildings.
- The development partner and housing manager would manage and maintain the dwellings according to the 'essential worker accommodation' charter.

Participating businesses would have long (e.g. 50 year) leases on the properties in return for the capital investment they make in the development partner and housing manager, noting that they would receive rent from the workers housed therein – net of development partner and housing manager's management fees. The development partner and housing manager would take care of asset management and tenancy management.

**End of lease pathways:** Once the period specified in the charter ends, the participants could extend the arrangement. Otherwise, and ultimately, the land owner takes possession of the assets and can use the properties as they see fit.

The main benefit of this general approach is tapping the development expertise of a large Housing Association as development partner and housing manager.

#### **Actions for each site**

The following actions are proposed to unlock land for worker housing on each of the four sites. Also outlined are some challenges and impacts for each site.

##### *Site A – Buloke Caravan Park*

- **Secure the site** – The governance agent (e.g. WDA or Council) should engage the Donald Football Club (DFC) as Committee of Management and establish their willingness to allow part of the Caravan Park site to be used for worker housing, and be a participant in an 'essential worker housing' charter.
- **Identify a development partner and housing manager:** In this case DFC with its caravan park development and management experience could be the development partner and housing manager.
- **Develop 'essential worker accommodation' charter:** This would document the model identified here, refined if necessary, through negotiation with the governance agent, Donald Football Club and participating businesses.
- **Capital for the building:** DFC would obtain the capital for the temporary dormitory style dwellings from participating businesses.
- **Develop and lease the properties:** DFC would build or contract out the building of the dwellings for an agreed development or management fee. The cabins would be exclusively for worker housing over the duration specified in the 'essential worker housing' charter. From the rent paid by tenants

the participating businesses would pay DFC an access fee (say 35% of the rent, to cover maintenance and management costs but also to provide the football club with additional income) and retain the remainder as an offset to the capital investment.

- **End of lease pathways:** – Once the period specified in the charter ends, the DFC and the participating businesses could extend the arrangement. Otherwise the assets become part of the Caravan Park for use as visitor or other accommodation.

Given the site is already serviced and used to provide visitor housing, development could occur within a short period of time and relieve the immediate demand for worker housing. This solution is likely not ideal for larger families unless a few cabins are built to house larger families.

The key issues to resolve are whether DFC, as the Committee of Management, has the capacity to manage the worker housing and if they are the right vehicle to develop the dwellings. DFC could play a more passive role with a Housing Association undertaking the development and managing the dwellings for an agreed management fee and share of the rent.

#### Case Study: Caravan Parks as Worker Accommodation



A caravan park measuring 2.2ha<sup>15</sup> in Mildura is being transformed into accommodation for seasonal workers, reflecting a state-wide trend to address labour shortages on farms. The state government is contributing \$1 million to a total budget of \$5.94 million for the construction of 40 cabins within the caravan park.<sup>16</sup> The site measures 2.2 hectares which yields densities of 18 dwellings per hectare. These self-contained cabins will include ensuites, a kitchenette and shared dining and recreation spaces and are expected to accommodate up to 230

seasonal workers.

This model of housing aims to manage the broader issue of housing shortages in regional areas, as well as lower the risk of overcrowding seasonal workers in boarding houses. It is recognised that accommodation is one of the largest expenses experienced by seasonal workers, and there are reports of Pacific workers being placed in substandard and inadequate residential facilities.<sup>17</sup> Therefore, the transformation of caravan parks in regional areas seeks to address these shortages, while providing higher standards of living for workers, which can benefit them and the broader seasonal agricultural economy.

#### Site B – South Street land

- **Secure the site** – Council or the governance agent would need to engage the landowner about their willingness to have the land used for worker housing. Depending on the landowner's willingness

<sup>15</sup> <https://mapshare.vic.gov.au/mapsharevic/>

<sup>16</sup> Gillian Aeria & Sarah Tomlinson, 2022, Mallee caravan park development to address farm labour shortage, offer seasonal worker accommodation, <https://www.abc.net.au/news/2022-09-20/malle-caravan-park-development-worker-accommodation-farm-labour/101458894>

<sup>17</sup> Rochelle Bailey, 2018, Suitable accommodation for seasonal worker programs, <https://devpolicy.org/suitable-accommodation-for-seasonal-worker-programs/>

and intentions a temporary housing or permanent housing might be negotiated. A site assessment of the land needs to be undertaken to determine the housing capacity based on the existing constraints.

- **Capital for the building:** The development partner and housing manager would need to obtain the capital for dwellings to be sourced from participating businesses. A deferred payment or a leasehold arrangement for the land component could be negotiated to reduce the up-front capital required for the project.
- **Develop ‘essential worker accommodation’ charter:** This would document the model identified here, refined if necessary, through negotiation with the governance agent, land-owner and participating businesses.
- **Lease arrangement** - A housing provider like Haven Home Safe would do the asset and tenancy management for a fee. The participating businesses would keep the proceeds from the rents.
- **Develop and lease the properties:** The development partner and housing manager would build the dwellings. The permanent housing or temporary cabins would be exclusively for worker housing over the duration specified in the ‘essential worker housing’ charter. From the rent paid by tenants the participating businesses would pay the owner a lease fee (the amount determined by the agreement in relation to land i.e. combination of lease and deferred payment or just a lease for a fixed period with the land and/or buildings reverting to the owner at the end of an agreed period) and retain the remainder as an offset to the capital investment.
- **End of lease pathways:** – Once the period specified in the charter ends, the owner, development and housing manager and the participating businesses could extend the arrangement. Otherwise the assets might revert to the owner likely after a long period in the case of permanent dwellings, or in the case of temporary dwellings are removed with the vacant land reverting to the owner for their future use.

The yield on this site might be modest once all the relevant constraints are considered. The main challenge with using this site is its private ownership status. Negotiating a desirable outcome might be difficult.

### *Site C – 129 Woods Street*

- **Secure the site** – The site fronting Woods Street, owned by the Catholic Churn, appears to be available, though on what terms would need to be determined. The governance agent or Council would need to engage DELWP to determine if the adjacent site could be released or utilised via the government’s surplus site requirements (see Appendix A). In addition, confirmation of whether native title rights apply to the DELWP land would need to be determined. Ideally, ownership of the sites would be merged on title.
- **Capital for buildings** – The development partner and housing manager would need to obtain the capital for dwellings to be sourced from participating businesses. A deferred payment or a leasehold arrangement for the land component could be negotiated to reduce the up-front capital required for the project.
- **Develop ‘essential worker accommodation’ charter:** This would document the model identified here, refined if necessary through negotiation with the governance agent, land-owners and participating businesses.

- **Develop and lease the properties:**
  - The development partner and housing manager would develop the dwellings on a fee for service basis.
  - The development partner and housing manager would retain ownership of the buildings (not the land which would remain with say the Catholic Church if the landownership was consolidated).
  - The development partner and housing manager would manage and maintain the dwellings according to the ‘essential worker accommodation’ charter.
  - Participating businesses would have long (e.g. 50 year) leases on the properties in return for the capital investment they make in the development partner and housing manager, noting that they would receive rent from the workers housed therein – net of development partner and housing manager's management fees. The development partner and housing manager would take care of asset management and tenancy management.
- **End of lease pathways** – Once the period specified in the charter ends, the owner, development and housing manager and the participating businesses could extend the arrangement. Otherwise the assets might revert to the owner for uses that align with the social housing and economic needs of Donald.

The sites together appear to offer the best prospect of addressing a significant share of the housing need identified by the businesses engaged by this study. An added benefit is that with the involvement of a ‘benevolent’ land owner the housing assets could be deployed in perpetuity to support the housing and economic development needs of Donald. A key challenge would be the process of securing the DELWP site as surplus land and integrating it in the development, including its ownership status.

#### *Victorian Railways Institute Site*

- **Secure the site** – The governance agent should engage with VRI and VicTrack to determine if the site could be released or utilised via the government’s surplus site requirements (see Appendix x). The site could be sold (possibly under a deferred payment arrangement) or preferably leased for worker housing over the economic life of the dwellings (for example, 50 years).
- **Capital for buildings** - The development partner and housing manager would need to obtain the capital for dwellings to be sourced from participating businesses. A deferred payment or a leasehold arrangement for the land component could be negotiated to reduce the up-front capital required for the project.
- **Develop ‘essential worker accommodation’ charter:** This would document the model identified here, refined if necessary through negotiation with the governance agent, land-owners and participating businesses.
- **Develop and lease the properties:**
  - The development partner and housing manager would develop the dwellings on a fee for service basis.
  - The development partner and housing manager would retain ownership of the buildings (not the land which would remain with VicTrack if leased).

- The development partner and housing manager would manage and maintain the dwellings according to the 'essential worker accommodation' charter.
- Participating businesses would have long (e.g. 50 year) leases on the properties in return for the capital investment they make in the development partner and housing manager, noting that they would receive rent from the workers housed therein – net of development partner and housing manager's management fees. The development partner and housing manager would take care of asset management and tenancy management.
- **End of lease pathways** – Once the period specified in the charter ends, the owner, development and housing manager and the participating businesses could extend the arrangement. Otherwise the assets might revert to the owner (VicTrack or other depending on the land disposal process and agreement) for uses that align with the social housing and economic needs of Donald.

This land would address some of the long-term need for worker housing. The key challenge is securing the site on appropriate lease or sale terms in a time-effective manner.

#### 4.4 Other options and case studies

##### *Land outside the townships*

It may also be possible to activate land for worker housing outside the township limits, particularly farm land, to address rural working shortage within the agricultural and horticultural sector utilising recent planning approval reforms. Below is a case-study regarding on-farm accommodation.

##### **Case Study: On-Farm Accommodation Initiative**

The Victorian Government has introduced a new streamlined planning approval process to allow farmers to invest in worker accommodation on their farms.<sup>18</sup> The process takes the form of an amendment to the Victoria Planning Provisions and is applicable only for agricultural workers' accommodation for up to 10 people on at least 40 hectares of Farming Zone land. Accommodation must also meet requirements for connections to electricity, water and wastewater treatment.

Alongside this amendment, Victoria's agricultural workforce has dedicated \$5.2 million in funding for 80 businesses wishing to upgrade or build new worker accommodation.<sup>19</sup>

The amendment aims to overcome barriers to regional workforce attraction and housing shortages by reducing the need for seasonal workers to search for accommodation in nearby towns. It is also expected to decrease long-distance travel and expenses, reducing the impact on regional roads.<sup>20</sup>

<sup>18</sup> Premier of Victoria, 2021, New On-Farm Accommodation Plan to Boost Workforce, <https://www.premier.vic.gov.au/new-farm-accommodation-plan-boost-workforce>

<sup>19</sup> Agriculture Victoria, 2022, Support for your business, <https://agriculture.vic.gov.au/crops-and-horticulture/the-big-victorian-harvest/support-for-your-business>

<sup>20</sup> Sheep Centra, 2021, Shearing sector welcomes Victorian farm accommodation initiative <https://www.sheepcentral.com/shearing-sector-welcomes-victorian-farm-accommodation-initiative/>

### *Differential property rates*

To encourage landowners to bring underutilised land to the housing market, the use of differential rates is identified as a strategy in the Loddon-Mallee Housing Action Plan.

An alternative for council to encourage development of underutilised land is to apply differential rates. The Housing Action Plan identifies this as a measure. Action 3L4 – “Prepare consistent guidelines for councils to apply differential rates to encourage development of suitable zoned and in-sequence vacant land.” p.g. VI

Council would need to consider if the local scheme allows it to apply differential rates (if not, whether there is scope to amend the planning scheme) and determine the appropriate rate, once the guidelines are developed.

### *Improving the development pipeline*

The Housing Action Plan identifies a pathway for improved release and development of land with the support of State government, Housing Action Plan Strategy 3L2.

“Establish a process where land-owners and developers of suitable zoned land can partner with Development Victoria (DV) to develop their land and make them equity partners.” Loddon-Mallee Housing Action Plan pg. vi

Buloke council could partner with other small councils in co-ordination with **the Housing Support Officer** to identify a pipeline of opportunity sites to possibly deliver worker housing at a greater scale, which might be a more attractive option for an investor and developer. Development Victoria would be a partner in such a venture as identified above.

### *Repurposing of Commonwealth Games Relocatable homes for worker housing*

Part of the accommodation for athletes and officials participating in the Commonwealth Games will be relocatable units. The Housing Action Plan identifies the potential to repurpose the dwellings for worker housing with the priority regions being small rural LGAs where the traditional development pathway is not possible due to low development feasibility.

Action 5 “Liaise with Commonwealth Games Organising Committee and associated agencies, including Development Victoria, and encourage the relocation of any temporary housing structures/ pods into regional areas for seasonal worker accommodation after the Commonwealth Games.” p.g. VIII

Council should work alongside the Loddon-Mallee Housing Support Officer to identify their worker housing need in the medium-term and begin discussions with the appropriate stakeholders, as identified in the action above.

## 5. Guidance for local councils

Addressing the need for rural worker housing requires a strategic approach that involves local stakeholders, council and State government working together to address the problem. The guidance below summarises the process identified in the report and provides high-level steps for councils or others working in collaboration with the Housing Support Officer proposed in the Loddon-Mallee Housing Action Plan to facilitate development of worker housing. The key lessons that are scalable and translatable to other councils is the need to conduct a Needs Assessment, conducting a Housing capacity assessment, identifying potential sites, and engaging with businesses and regional housing associations to determine their willingness to commit capital and expertise in a partnership to address worker housing.

**TABLE 5: GUIDANCE FOR DEVELOPING A WORKER HOUSING**

Key stages	Approach
Identify the scale of need	<b>Needs assessment:</b> Undertake strategic needs assessment in collaboration with council. Engage with the relevant stakeholders and businesses through the process
Identify potential sites	<b>Housing supply and capacity assessment</b> – Conduct a housing capacity and supply assessment in the region or town to identify underutilised land and owners of those parcels of land, with a focus on state and faith based organisations
Secure the site	<b>Engagement with landowners</b> - Council should engage with landowners about leasing or selling the land for development by an appropriate development partner and housing manager (e.g. local housing association) willing to undertake development and asset and tenancy management.
Capital for buildings	<b>Establishing the financing option</b> – To determine the feasible pathway for obtaining finance, Council should engage the development and housing manager, a regional economic body (they would provide the governance) and local businesses that need worker housing. The aim is to secure capital from businesses in need, not necessarily a government capital subsidy or grant.
Develop and lease the properties	<b>Determining the ideal lease arrangement</b> - The governance body, the housing organisation/developer and local businesses will need to establish the appropriate lease arrangement based on the site ownership and the financing option structure.  The general model suggested here is that the development partner and housing manager would develop the dwellings on a fee for service basis, retain ownership of the buildings, and manage and maintain the dwellings according to an ‘essential worker accommodation’ charter. Participating businesses would have long (e.g. 50 year) leases on the properties in return for their capital investment, noting that they would receive rent net of development partner and housing manager's management fees.
End of lease pathways	<b>Repurposing of assets</b> -- The governance body alongside the housing organisation will determine how the dwellings will be repurposed after the lease term ends. The guiding principle would be repurposing the assets to support regional development and social outcomes. However, in some cases, depending on the model the assets might revert to the land-owner to dispose of or use as the see fit.

Source: SGS Economics and Planning



# Appendix A: Government Land in Victoria

## Context

Government land refers to all land held by the Victorian Government, including by departments and agencies.

The Victorian Government currently holds approximately 8.8 million hectares of land across Victoria, representing almost 40% of the total land area in the state.

Of the total government land in Victoria, approximately:

- 7.7 million hectares is reserved Crown land
- 300,000 hectares is unreserved Crown land
- 200,000 hectares is freehold land
- 600,000 hectares is roads (mix of Crown and freehold land).

About one third of Victoria is classified as Crown land.<sup>21</sup> This comprises about 8 million hectares in over 100,000 parcels of land. Of this land, approximately:

- 50% of Crown land in Victoria is national or state parks
- 39% is State Forest
- 4% is unreserved or Australian Government managed Crown land
- 7% (550,000 hectares) is Crown land reserves.

There are more than 8,000 Crown land reserves in Victoria. They include many public schools, universities and TAFE colleges, public hospitals, mental health and other community services, cemeteries, municipal buildings and land, public roads, government railways, parks, community halls, recreation reserves and racecourses.

## Victorian Government Land Policies

Government land in Victoria is administered under a number of different policies and frameworks, which give various roles and responsibilities to different agencies across government and the laws and policies relating to Government land in Victoria are quite complex. It is important to understand that best practice in this area is constantly evolving, and this report provides a very general guide for local councils as to what is entailed in the Victorian government to decide that a particular Allotment(s) is surplus to requirements and can therefore be disposed of.

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<sup>21</sup> Crown land is held by the Crown (the King or Queen) in right of the State of Victoria. Crown land can be reserved for a particular public use, or unreserved. Unreserved Crown Land has not been set aside for a particular public use.

Government land is an important asset for all Victorians, because it enables government to provide a wide range of services and facilities, protect environmental and cultural values, and facilitate community and recreational uses. While Government land can be used for public benefit countless times, it can only be sold (by government) once. The Victorian Government’s policy about unlocking public value from government land requires any decisions about the land’s future use are about ensuring its full public value is maximised, that the needs of current and future generations are considered, and that land use decisions are in line with whole-of-government strategic priorities (Government of Victoria, 2015).

The Victorian Government has a suite of policies for the acquisition, use, management and disposal of Government land. The key policy documents and their purpose are listed in Table 4.

**TABLE 4: VICTORIAN GOVERNMENT LAND MANAGEMENT POLICIES**

Policy	What the Policy does
Victorian Government Land Transactions Policy (2022)	This policy exists to ensure agencies act in accordance with the highest standards of behaviour when undertaking land transactions. It does this by creating a consistent framework for the way agencies across the Victorian government are required to undertake land transactions, including: <ul style="list-style-type: none"> <li>• a clear set of requirements that agencies must comply with when undertaking land transactions, and</li> <li>• establishing the role of VGLM to deliver assurance to the Victorian government and community that agencies are complying with the requirements in the policy.</li> </ul>
Victorian Government Land Use Policy and Guidelines. Unlocking public value from government land (land use policy) (2017)	This policy establishes a framework that enables a strategic, whole-of-government approach to land use decision making, with the objective of maximising public land value.
Strategic Crown Land Assessment Policy and Guidelines (SCLA policy) (2016)	This policy sets out the government’s responsibilities and obligations when Crown land is declared surplus and requires that the government conduct an assessment to determine whether surplus Crown land can be sold.
Victorian Government Landholding Policy and Guidelines (landholding policy) (2015)	This policy sets out when an agency can purchase and retain land and requires agencies to offer to sell any surplus land to other Victorian government agencies, local councils, or the Commonwealth before it can be sold to the public.

Source: Victorian Government Land Transactions Policy, 2022:05.

### Victorian Government Land Transaction Policy

The primary document is the *Victorian Government Land Transactions Policy* (Government of Victoria, 2022). This policy applies to all State government agencies that undertake land transactions in Victoria. The Policy sets out the basic principles, the policy requirements, exemptions to the policy, how transactions apply, glossary and abbreviations and four Appendices providing additional information.

- Part 1 of the document sets out the basic principles relating to the purpose of the policy and key terms used in the policy.
- Part 2 sets out the Land Transaction requirements, the need for accountability, transparency and the legislation that applies, due diligence requirements, the Victorian Government Land Monitor (VGLM), valuation requirements, land exchange, public sales process, sale of land with a public zone, and conditional sales such as a lease with option to purchase.
- Part 3 deals with exemptions to the policy, how exemptions can be granted, and the how specific exemptions can apply to particular circumstances.
- Part 4 deals with transactions, including sale, purchase, compensation for land acquisition, government to government transactions and leasing.
- Part 5 provides a glossary of terms and abbreviations used in the policy.
- Part 6 includes four Appendices providing additional information.

## **Victorian Government Land Use Policy and Guidelines**

The *Victorian Government's Land Use Policy and Guidelines* (Government of Victoria, 2017) is the key policy document for unlocking public value land from government. The policy document includes five sections

- Section 1 provides an overview of the contents of the policy.
- Section 2 details the principles that should be applied by government agencies when making land use decisions to ensure a public value focussed, whole-of-government approach.
- Section 3 details how Land Use Victoria will apply the public value decision making principles when undertaking Strategic Land Use Assessments.
- Section 4 details how Land Use Victoria will access and provide more accurate information about government land, through regular performance reporting to government and through the development of systems and tools.
- Section 5 details the hierarchy of land-related policies, Land Use Victoria's work plan identification and approval procedures and the roles of various stakeholders.

## **Victorian Government Strategic Crown Land Assessment Policy and Guidelines**

The *Victorian Government Strategic Crown Land Assessment Policy and Guidelines* (SCLA policy) (Government of Victoria, 2016) applies to the assessment of all Crown land identified as surplus to a landholding agency's needs and nominated for a Strategic Crown Land Assessment (SCLA). The Policy details the guidelines for the assessment process, identifying and assessing public land values, protecting public land values, assessing native title and Traditional Owner rights, the land status and management arrangements, and exemptions and responsibilities. An Appendix outlines various means that could protect public land values, the different situations for which each means may be used, and their associated advantages and disadvantages. This details in the Appendix are not exhaustive, and other means of protection may become available or may be developed over time.

## **Victorian Government Landholding Policy and Guidelines**

The Victorian Government Landholding Policy and Guidelines (landholding policy) (Government of Victoria, 2015) details the land holding policy and guidelines that apply to all government agencies and departments in Victoria. The purpose of the policy is to:

- (a) ensure that land is only purchased or retained by Victorian Government agencies where State ownership of land:
  - (i) contributes directly to current or future service delivery outcomes expected by Government;
  - (ii) is central to the core business of agencies as explained in agency corporate plans;
  - (iii) is financially beneficial to the State when compared to alternative investment of State funds; or
  - (iv) in the case of Crown land, is appropriate on the basis that the protection of public land values make the land unsuitable for divestment;
- (b) promote the highest and best use of land by providing the opportunity for the private and community sectors and other government agencies to further unlock the value inherent in the State's land estate; and
- (c) require active management of land portfolios across Victorian Government agencies which is essential to the good management of the State's balance sheet. This includes reviewing agency land holdings to justify the basis upon which land continues to be held by the agency, and identifying land that is fully utilised, partially utilised or surplus to the agency's requirements.

### Unlocking public value land from government

The policy documents of most relevance to unlocking State-owned land are:

- the *Victorian Government Land Use Policy and Guidelines* (Government of Victoria, 2017);
- the *Victorian Government Strategic Crown Land Assessment Policy and Guidelines* (SCLA policy) (Government of Victoria, 2016); and
- the *Victorian Government Land Holding Policy and Guidelines* (Government of Victoria, 2015).

Under the *Victorian Government Land Use Policy and Guidelines* (Government of Victoria, 2017), agencies are required to appreciate that the public land they hold has a value of its own. For example, when government land is used to locate a school, it delivers increased value through education outcomes. Likewise, when government land is used for a national park, it delivers increased value through recreational, public amenity and environmental outcomes. By applying the public value principles, agencies can seek to identify and facilitate opportunities to deliver increased public value from their land use.

Strategic Land Use Assessments (SLUA) are applied whereby land use options are considered and public value is assessed. A SLUA provides a structured process to gather, analyse and assess the relevant evidence to support good land use decision-making. The aim of a SLUA is to make recommendations to the relevant decision-maker on the preferred options that maximise public value from a whole-of-government perspective. The methodology that Land Use Victoria applies is set out in the *Victorian Government's Land Use Policy and Guidelines* (Government of Victoria, 2017:15),

The Policy document also includes an outline of the roles and responsibilities of departments across the land asset lifecycle from strategy, planning, acquisition and delivery, use and disposal. In relation to disposal of land, the policy states:

*The Landholding Policy provides that government agencies must dispose of land if holding the land is not justified under that policy (for example, if the land does not contribute in a cost-effective manner to the current or future service delivery outcomes of the agency). Once an agency has declared land surplus to its service delivery needs, it notifies Land Use Victoria to undertake the First Right of Refusal (FROR) process, which gives other agencies as well as local governments and the Commonwealth the ability to express an interest in acquiring the land. The Landholding Policy provides details about how the FROR process operates. If the FROR process does not result in the land being transferred to another government agency, then the landholding agency (or in some cases the Department of Treasury and Finance) prepares to sell the land on the open market in accordance with the Victorian Government Land Transactions Policy. The Victorian Government Land Monitor oversees the transaction and applies the same requirements as those applied to land acquisition. (Government of Victoria, 2017:17).*

Under the *Victorian Government Strategic Crown Land Assessment Policy and Guidelines* (SCLA policy) (Government of Victoria, 2016) A Strategic Crown Land Assessment (SCLA) must be undertaken to enable:

- (i) a landholding Minister to consider:
  - A. whether land should be alienated from the Crown estate;
  - B. whether appropriate protections exist for any public land values if Crown land is to be alienated; and
  - C. the implications of and impacts on the rights of traditional owners and / or native title claimants if Crown land is to be alienated;
- (ii) the Minister for Environment, Climate Change and Water to undertake statutory responsibilities and satisfy policy obligations regarding the Crown estate.

The purpose of the SCLA Policy is to:

- (i) ensure that assessments are undertaken for all Crown land that has been declared surplus to the requirements of a Victorian Government agency by the responsible landholding Minister;
- (ii) inform decision making by relevant landholding Ministers and the Minister for Environment, Climate Change and Water on:
  - A. public land values of Crown land; and
  - B. the protection of public land values;
- (iii) determine the status of traditional owner and / or native title rights for Crown land declared surplus to the requirements of a Victorian Government agency.

Under the SCLA Policy, a SCLA is to be submitted to the landholding Minister and the Minister for Environment, Climate Change and Water or their delegates for consideration prior to any decision being taken on alienation of land from or inclusion of land in the Crown estate.

If in the view of the landholding Minister and the Minister for Environment, Climate Change and Water, after considering a SCLA, a parcel of land is suitable for alienation from the Crown estate the land is to be referred to the Minister for Finance for disposal.

A SCLA can only be undertaken by assessors within the Department of Environment, Land, Water and Planning who are suitably qualified to undertake such assessments, or external assessors who have

been evaluated by the Department of Environment, Land, Water and Planning as suitably qualified to undertake such assessments.

Unless otherwise agreed, a SCLA is to be undertaken within 90 days from the day on which the assessment was requested and submitted to the assessor in the required format and funded by the landholding agency.

The SCLA Policy is to be implemented in accordance with the SCLA Guidelines attached to the Policy (Government of Victoria, 2016:1-19). While the SCLA Policy and SCLA Guidelines are administered by the Department of Environment, Land, Water and Planning (DELWP) on behalf of the Minister for Environment, Climate Change and Water, they are to be used for the assessment of public land values and determination of all Crown land declared surplus by an agency.

In relation to the declaration of surplus land, the Guidelines state that:

*Agencies requesting a SCLA should supply a written declaration that the Crown land to be assessed is surplus to current and future operational requirements with other necessary information as detailed in section 3.1. A SCLA cannot commence without a formal declaration that the land is surplus.*

*Agencies will undertake their own internal processes to assess whether the Crown land they manage is surplus to their operational requirements.*

*For Crown land managed by DELWP, an internal agency level assessment will be used to assess whether Crown land may be surplus. If land is determined to be surplus to DELWP's current and future operational requirements, the Minister for Environment, Climate Change and Water or delegate will consider the results of the agency level assessment and formally declare the land to be either surplus or not surplus to DELWP's requirements.*

*Some Crown land will be determined not to be surplus to agencies' current or future operational requirements, or through the SCLA process as containing significant public land values that require some means of protection into the future. There can also be community, cultural, environmental or strategic considerations that may influence whether or how Crown land could be used for new purposes.*

*In addition to the inherent public land values of assessed Crown land, the Minister for Environment, Climate Change and Water may also consider past and future community use and benefit of the land in determining whether certain land is surplus and able to be alienated, or whether the land should be retained in the Crown estate. (Government of Victoria, 2016:2)*

Under the *Victorian Government Landholding Policy and Guidelines* (Government of Victoria, 2015), upon declaring land surplus to an agency's requirements, Victorian Government agencies must:

- (iii) provide notice of 60 days of the agency's intention to dispose of land during which period other State, Commonwealth or local government agencies may express interest in acquiring the land;
- (iv) if another government agency expresses interest in acquiring the land, negotiate in good faith to attempt to agree on the terms of sale within 30 days after the close of the notice period; and

- (v) if the terms of sale are agreed, transact the sale of the land at a price equal to the current market value of the land as determined by the Valuer-General Victoria.

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