



26 August 2021

Committee Secretariat
Inquiry into housing affordability and supply in Australia
Parliament House
CANBERRA ACT 2600

TaxRev.reps@aph.gov.au

Dear Chair Falinski

Re Inquiry into housing affordability and supply in Australia

Please accept this submission from Mount Isa City Council in relation to the Federal Government's Inquiry into housing affordability and supply in Australia

Situated in the heart of the Carpentaria Mineral Province, the city harnesses one of the world's richest mineral resources and is set amongst the brilliance of the Selwyn ranges. Mount Isa is not just about mining. It is a family friendly city, rich with community pride. Mount Isa is a land of opportunity with regard to career, education, and lifestyle. From the Lake Moondarra Barramundi Fishing Classic to the annual Isa Street Festival, Hard Times Mine, and Outback at Isa, along with ample retail and shopping facilities, there is a wide variety of attractions that make visiting, living, and working in the city such an attraction.

Located 1,829km from Brisbane, and 883km inland from Townsville, the closest major city, Mount Isa is the administrative, commercial and industrial centre for Queensland's North West. The City shares a boundary with the Northern Territory to the West and includes the township of Camooweal, located 191 kilometres to the North West. This makes Mount Isa the second largest city in Australia.

With a population of 21-22,000, Mount Isa is the major service centre of the region and well equipped to meet the needs of residents and tourists alike with all the services and amenities you would find in a modern city. Shaped as it is by its rich mineral bounty and mining heritage, the Isa is a city unlike any other.

A top ten producer of some of the world's most in-demand minerals, the city also boasts a number of hallmark and unique annual events including one of the biggest on the outback calendar, the Mount Isa Rodeo. Largest and best of its type in the southern hemisphere, the Isa Rodeo is held over three days during which the city opens its arms to visitors from all corners of the globe. With a packed program of rodeo events including bull riding and steer wrestling plus live entertainment, races and rides, the Isa Rodeo is a must-see event.

Mount Isa is a vibrant, multicultural place, which attracts people from all corners of the globe, who have made this beautiful outback city their home.

Council welcomes the opportunity to provide a submission to this Inquiry as the housing issue is impacting on community development and the local economy in a diversity of ways.

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Council notes the terms of reference which for the Inquiry which are as follows;

- Examine the impact of current taxes, charges and regulatory settings at a Federal, State and Local Government level on housing supply;
- Identify and assess the factors that promote or impede responsive housing supply at the Federal, State and Local Government level; and
- Examine the effectiveness of initiatives to improve housing supply in other jurisdictions and their appropriateness in an Australian context.

Mount Isa City Council plays a number of roles in relation to housing. Council is tasked with the role of ensuring that there is an adequate supply of suitably zoned land to meet the needs of the community and population growth. This is a strategic planning responsibility. Mount Isa has a significant shortage of freehold land, most of the tenure in the region is leasehold and faces development restrictions due to Native Title.

Council assesses residential development against the objectives and aspirations of the planning scheme and recognises that residential development can only occur where there is adequate supporting infrastructure in the form of water, sewer, roads and open space, both passive and active. Furthermore, Council needs to identify where there is the need to undertake community renewal in an area where the quality of the housing requires an upgrade. This is a statutory planning responsibility.

Additionally Council has a role as a developer as it owns a substantial amount of land that could be developed for residential purposes. It is important that this land is developed in a staged process, offering a variety of housing options and wherever possible meeting the different needs of the market place. This is a commercial responsibility.

Mount Isa has traditionally gone through a boom-and-bust cycle in relation to the residential market. When the mining sector has performed well there has been investment in the residential sector and conversely when the mining sector has performed below expectations the residential market in relation to both ownership and leasing has contracted. At present the market is very strong, especially in the rental sector where rents are very high. Based on feedback from a number of stakeholders it would appear that the current market is making it difficult for people coming to Mount Isa for work to secure rentals of a reasonable standard. In some cases people coming to Mount Isa for work have left their job due to a lack of rental options. Many new people to town request a FIFO option from employers because of unsuitable housing options.

At present Mount Isa City Council believes there is strong demand for all types of housing, low vacancy rates, as well as appropriate yields on property investment.

Mount Isa City Council believes that there are a number of potential solutions that should be considered by the Inquiry.

Firstly, Council believes that there should be more funds identified to assist with community building and housing renewal. These funds would be used to invest in the public realm and infrastructure, acting as a stimulus to leverage action from local property owners to improve the quality of the existing housing stock. These funds could be used to improve the streetscape, upgrade passive and active recreation areas, as well as contributing to community rebuilding through local leadership programs.



Secondly, Council believes that there is a role for the Federal Government to play in regard to the installation of trunk infrastructure in greenfield developments. Many local government authorities own substantial tracts of zoned residential land or land that has the potential to be rezoned for residential purposes. In Mount Isa's case, Council owns small parcels of land around the municipality, as well as one substantial holding that has the opportunity to develop over 500 lots. Council suggests that there is the opportunity for the Federal Government to partner with local government authorities to develop these greenfield sites to meet the needs of the expanding work force and residential growth. Council believes that the most appropriate role the Federal Government could take on would be to fund the installation of part or all of the trunk infrastructure, namely the arterial roads, energy, water and sewer. It is also envisaged that the Federal Government could facilitate the supply of fibre to the development. It would be incumbent on Council and the Federal Government to develop a business case to support the development and it would be important that all aspects of competitive neutrality are managed appropriately.

The development of a greenfield site would create significant direct and indirect employment, as well as providing local businesses and suppliers with opportunities.

Thirdly, Council believes that to support the proposed greenfield residential development it would be necessary to have a binding commitment from both State and Federal Government in relation to how many houses each level of government would be prepared to lease and over what timeframe. With this type of commitment in place Council would have the opportunity to consider a staged development that could be delivered over time, considering the different economic environment for each year. It would be important to have for Mount Isa City Council to have a diversity of accommodation options open to those arriving in the City and reduce the reliance on temporary accommodation whether that be at caravan parks or in "dongas."

One proven housing model is the Defense Housing Australia (DHA) whereby quality homes are provided for up to 25-year tenancy terms, private purchase is then available as an investment purchase. Townsville is good example of this type of much sort after investment.

Government Departments on all levels currently provide some level of accommodation or support in this regard to attract and retain the suitable staff. Government Departments identified include, Health Care (second largest employer in the city and a growth industry), Police, Fire, and Emergency Services, (some police are given accommodation in Housing department properties in Pioneer and Sunset which is not the best outcome for long term retention in the city), Housing, Education, Corrections (another growth industry). The list goes on, most government departments are expanding. It is estimated as many as 100 or more houses could be utilized for this type of development.

Fourthly, Council believes that should the greenfield redevelopment proceed, State and Federal Government need to consider the incorporation community and affordable housing into the overall development. This should be undertaken in a manner that does not facilitate areas of disadvantage but rather integrates different housing uses in a seamless way to the rest of the development.

Fifthly, Council would like to see more investment in public housing as part of community renewal and included in any greenfield development. Too often it appears that State and Federal Government agencies are involved in the disposal of public housing, rather than the acquisition of sites for public housing. Council believes that better planning, especially in relation to housing strategies would deliver better outcomes in relation to the location of public housing and the product that is developed. (1,2,3 or 4 bedroom)

As an example, the Department of Housing has an oversupply of 2-3 bedroom houses in this city and an undersupply of 4-5 bedroom houses, it is noted housing no longer constructs from timber framed construction favouring instead the strength and sustainability of brick and steel frame which would be suited to this type of residential development. One suburb in the city suffers from having too many Housing Department or ATSI properties.

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Summary

Historically Mount Isa has been known for providing opportunity for people from all over Australia for employment, work/career opportunities, and a fantastic lifestyle. In a nutshell many come with very little and get that valued start in their working and family life, strong remuneration ensures saving opportunity and often home ownership. Employment skills in mining and other sectors often then provide opportunity anywhere in Australia or the world.

With regards to real estate trends over the last 10-15 years, home buyers including first home buyers are looking for better quality more sustainable homes, all-time low interest rates, and government grants are helping this scenario become a reality on many levels there has never been a better time to develop a new suburb.

Despite this there is a lack of qualified builders in the city and the region, so this combined with the high cost of transport for building materials has influenced the number of new houses built and the number of renovations to older style homes.

Mount Isa has also lacked in the number of large-scale residential developments built which also has that buy in bulk/transport in bulk factor that provides cost saving essential in affordable property construction. With the future opening of the new Bunnings Centre in Mount Isa the bulk transport and supply of product is expected to improve this situation.

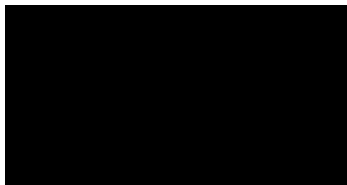
The biggest influence stopping larger scale developments has been suitable land availability and secure tenure, the Mount Isa City Council has the land parcel that meets all requirements.

Without residential development of this scale Mount Isa will continue to be plagued by accommodation problems for the foreseeable future, the market for industries which dominate employment in the region have never been stronger and the outlook for the mining and agricultural sectors are predicted to stay at current levels or above for the next decade which is unprecedented.

The key to any new industry to Mount Isa is staff; affordable quality sustainable housing is a major factor in potential industry diversification essential to any city dependent limited employment streams. Agriculture is expected to be a growth industry in the future, feeding the worlds growing population will depend on phosphate/fertiliser, the Mount Isa region has enough phosphate to supply world needs for the next 30-50 years on known resources. Phosphate mining and fertilizer production is Agriculture and therefore will provide a different market exposure to traditional regional mining.

A partnership between the Federal, State, and Mount Isa City Council has the opportunity to a huge step forward in addressing not just the constant affordable housing issue but also the many social, cultural, FIFO, industry diversity, and overall livability factors that currently do not exist.

Yours faithfully



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