



Analysis of 2023 State Budget Highlights for WA Chapter Members.

Support for more housing – but is it enough?

The 2023 WA Budget will help to leverage social housing growth and housing construction capacity.

What is to be delivered?

Headline announcements in the WA 2023 State Budget to strengthen social and affordable housing supply include:

- \$450 million increase in funding to the Social Housing Investment Fund. The budget papers report that this additional funding will increase the total number of social houses to be added to 4,000, with 1,200 additional houses already delivered since the release of the WA Housing Strategy 2020-2030¹.
- \$55 million for upgrades to water infrastructure to unlock housing development in strategic sites across Perth
- \$48 million to facilitate remediation of the Bentley Residential Redevelopment project site that will provide a mixture of social and affordable housing.
- \$12 million increase to the Regional Development Assistance Program to boost housing and land supply in regional WA

In addition, detailed budget papers also set aside:

- \$7.5 million for the Housing Diversity Pipeline, which is seeking to partner with industry on innovative delivery models to deliver more social housing and plan for future housing developments across a number of identified sites. The Department of Planning, Lands and Heritage is leading a joint project with the Department of Communities and Development WA, in consultation with the Department of the Premier and Cabinet and Treasury, to increase the supply of social housing on government-owned land across the State. These agencies work in partnership to identify, de-constrain and divest suitable surplus State-owned land for social housing development and other strategic planning and land use objectives such as within METRONET precincts.
- *Yet to be specified* funds for the Kimberley Recovery Housing and Community Roads Package which are subject to negotiation with the Commonwealth following flooding from ex-Tropical Cyclone Ellie in December 2022. This includes the repair, refurbishment and/or replacement of around 30 homes on the Aboriginal Land Trust estate and Crown land across several remote communities to be delivered from 2022-23 to 2025-26.

What about the headline announcement of \$450mi?

In 2020 the WA Housing Strategy committed to a target of six per cent net increase in social housing by 2030. The Institute's Policy and Advocacy team have recently been



analysing Western Australian social housing and other Western Australia socio-demographic data indicative of social housing need. Western Australia's total stock of social housing at June 30th 2020 was almost 40,000 social housing dwellings comprised of 31,959 public housing dwellings and 7,853 community housing dwellingsⁱⁱ. A 6% growth target by 2030 represented an increase of almost 2,400 dwellings.

Therefore, with the 2023 State Budget now increasing the target substantially to 4,000 additional dwellings or **10.2%** growth target this should bring the total number of social housing dwellings to 44,000 by 2030. However, in 2020 total social housing provisioning was 14.5 dwellings per 1,000 persons for the state's population of 2,749,864 people and below the national average of 16.5.

More importantly, the ABS' medium series population projections predict that the state's population will increase by **12.2%** to 3,084,964 by 2030ⁱⁱⁱ. On this projection 44,000 social housing dwellings would represent a slight reduction in social housing provision to 14.3 dwellings per 1,000 Western Australians by 2030. The 12.2% predicted population growth will outstrip the 10.2% social housing growth.

As at June 2021 there were already 17,207 people on Western Australia's public housing waiting lists – an increase of 17.7% on June 2020 (14,619)^{iv}. This also included 3,336 “greatest need households” including people,

- who were homeless
- their life or safety was at risk in their accommodation
- their health condition was aggravated by their housing
- their housing was inappropriate to their needs
- they had very high rental housing costs

This number had substantially increased by 72% from the previous year when there were 1,940 greatest need households.

It is clear that despite headline announcements, the quantum of investment required in Western Australia, to rein in evolving homelessness, needs to do more than simply try to keep up with population growth.

Support for Residential Construction Capacity.

What is to be delivered?

The 2023 Western Australian State Budget has announced \$48 million in training initiatives to expand the residential construction workforce, to which will accelerate construction of the current pipeline of homes and expand capacity to deliver new housing supply to keep pace with a growing population.

This includes:

- boosting the Base Employer Grant from \$10,000 to \$12,000 for apprentices.
- expanding the Group Training Wages subsidy to include residential and commercial construction sector apprentices.



- a \$2,000 training completion payment for apprentices.
- expediting approvals of occupational licensing.
- A targeted \$11 million visa subsidy scheme to attract more skilled migrants to the industry.

Comment

The Western Australia Chapter is aware of the trades and skilled labour shortages that the WA construction sector has been challenged by and these measures will hopefully assist to address shorter and longer term needs.

However, governments across Australia also need to recognise the important role of the consulting professions in construction. Sufficient numbers of experienced architects in the coming years is dependent on ensuring the pathway from university to registration is completed by a higher percentage of graduates.

Nationally, the Institute has been calling for the Federal Government to create an employer wage subsidy similar to payments made to employers of construction trades apprentices so that graduates can gain the required employment in a practice under the supervision of a senior architect in order to attain their registration. As apprentices' incentives operate at both the federal and state level, so State Governments could also play a part in incentive programs for graduates.

Implementation of Planning Reform Phase 2

What is budgeted?

\$25.4 million is budgeted from 2023 to 2027 for the Department of Planning, Lands and Heritage, along with the Western Australian Planning Commission to continue implementation of the Government's Action Plan for Planning Reform. New legislative, regulatory and policy measures are also being progressed/implemented to further streamline and improve the State's planning system, including:

- finalising changes to the Development Assessment Panel (DAP) system;
- creating a new permanent assessment pathway for significant development proposals and embedding a centralised, coordinated referral process;
- reforming the Western Australian Planning Commission;
- delivering on the new Infrastructure Development Fund for water, sewerage and electricity costs to de-constrain land and facilitate more housing;
- delivering new planning policies to guide development of activity centres, liveable neighbourhoods and medium density housing in Western Australian communities; and
- improving co-ordination, consistency, and transparency of developer contributions, including creation of a dedicated unit in the Department.

Comment.

The Western Australia Chapter has been very engaged in Western Australia's planning reforms through numerous consultations and submissions. A commitment to see the reforms continue to be implemented is positive including a needed focus on medium



density housing policies. Great clarity of planning policies will hopefully assist WA's system of development assessment to deliver appropriate development efficiently and on a timely basis.

Other capital works of interest to members:

Maintaining a steady pipeline of work is important for the consultancy and construction sectors. Announcements of additional government capital works funding in the 2023 WA State Budget that may provide government procurement opportunities for members include:

Health

- \$544 million over the next four years to commence construction of the new Women and Babies Hospital – a modern, leading edge maternity hospital right next to the State's largest tertiary hospital. The \$1.8 billion project is fully funded using the State's surplus.
- \$219 million is set aside for Stage 1 of the Graylands Hospital expansion, with 53 new forensic beds to be added. After three decades of no increases to forensic mental health bed capacity, this investment will ensure better access to secure inpatient mental health care for individuals with mental illness.
- \$150 million for the Bentley Health Service Surgicentre, co-funded with the Commonwealth, including six new surgical theatres, two procedure rooms and a 24-bed surgical ward.
- \$81 million in 2026-27 to expand public services at St John of God Public Hospital in Midland;
- \$36.3 million to progress the Byford Health Hub project to service the Serpentine-Jarrahdale community.

Education

- \$227 million for new and upgraded school infrastructure:
 - \$100 million for major upgrades at Rockingham and Safety Bay Senior High Schools.
 - \$27.2 million for high-priority maintenance works at public schools.
 - \$6.8 million for upgrades at Agricultural Colleges around the State.
 - \$1.4 million to finalise planning for a new inner-city primary school in East Perth.

Culture, recreation and sport

- \$127.8 million to transform the State Hockey Centre as the host of the Hockey Australia High Performance Program and Centre of Excellence.
- An additional \$97.9 million towards the Perth Concert Hall redevelopment bringing total investment in the redevelopment to \$150.3 million.
- \$60 million set aside for the construction of the High Wycombe Community Hub, jointly funded with the Commonwealth.



- \$55 million State Government contribution towards the WACA's Ground Improvement project, including construction of a new community aquatic facility.
- \$15 million increase to the Community Sporting and Recreation Facilities Fund for development of sustainable and quality facilities at a local level.

Other

- \$250 million for a new Asset Maintenance Fund to be allocated to the maintenance of State Government assets, including our cultural, sporting and entertainment venues and facilities for delivery of core services.
- \$61.6 million in additional funding for Government Regional Officer Housing to refurbish existing homes and add new supply, plus a further freeze on GROH rents to incentivise key public sector workers to work in regional WA.
- A further \$1.7 billion will be invested to deliver the METRONET program of works,

ⁱ <https://www.wa.gov.au/system/files/2021-04/wa-housing-strategy-2020-2030-targets.pdf>

ⁱⁱ Housing assistance in Australia 2022 - Social housing dwellings - Supplementary data tables: Social housing dwellings. Sourced from <https://www.aihw.gov.au/reports-data/health-welfare-services/housing-assistance/data>

ⁱⁱⁱ <https://www.abs.gov.au/statistics/people/population/population-projections-australia/2017-base-2066>

^{iv} Housing assistance in Australia 2022 - Social housing households -Supplementary data tables: Table HOUSEHOLDS.27: Households on waiting list, by greatest need and states and territories, for public housing and SOMIH, at 30 June 2014 to 2021 Sourced from: <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/data>