

Advocacy Position Statements

City of Karratha | 2023/2024



About this Document

This document provides a collation of the City of Karratha's advocacy positions that drive outcomes in the Strategic Community Plan.

It provides the Karratha's stakeholders with deeper visibility of the vision, aspirations, and priorities of our community.

It also guides the advocacy efforts of the City of Karratha and is intended to be used as a resource to deliver strategies and projects.

This is an evolving document and will be updated periodically to reflect Council's view of the advocacy priorities of our time.

Advocacy Framework

The City of Karratha tackles advocacy issues that risk the achievement of our vision and strategies. It responds to the strategic and economic issues that influence our community.

Forming an Advocacy Position

The City listens to the community to understand the practical issues our community face. We collect feedback through our community engagement strategies, such as the Annual Community Survey and the Annual Business Scorecard. The City also listens to our community during structured engagement programs, and in less formal ways in our day-to-day interactions.

The City will seek the opinion of other stakeholders to understand their needs and challenges. This includes engaging with:

- Indigenous bodies (groups) and other community organisations. They bring a unique perspective to understanding liveability.
- Industry, the Karratha and Districts Chamber of Commerce and Industry, and local businesses to best support economic development and diversification.
- Industry Associations at both state and national levels, to understand broader issues impacting Karratha and local government generally. We collaborate with these organisations to lobby on issues to create a collective impact.
- State and Federal Government to understand their perspectives and to influence policy, legislation, and standards.

Many of the liveability factors of importance to our community are outside the domain of Local Government. They require collaboration with Federal and State Government, Industry and Non-Government Organisations to achieve community outcomes.

Advocacy Approach

The City of Karratha's approach to advocacy is multifaceted, and typically involves preparing an agreed position and/or an advocacy plan.

Advocacy planning may be actioned through partnerships with other organisations who share our position, such as the WA Local Government Association.

The Advocacy Position Statements and Advocacy Plans are fluid and iterative planning tools that will evolve and change over time. They are reviewed periodically, to ensure they remain relevant and timely.

Unless there is sensitivity attached to an Advocacy Position Statement or Advocacy Plan (such as for commercial reasons), they are public and transparent to our community.

Community and stakeholder feedback is encouraged and welcome.

Advocacy Position Statements

- An advocacy position statement reflects an agreed and constant belief, held by the City of Karratha, that informs advocacy efforts.
- The advocacy position statement is adopted by Council and reviewed from time to time.

Advocacy Plans

- Advocacy plans are attached to specific projects and initiatives, and targeted to the delivery of outcomes.
- The advocacy plan may be approved by either the CEO or Council, depending on the scope and nature of the initiative.

Advocacy Roles

The Mayor and Chief Executive Officer will advocate formally and informally with key stakeholders on the City of Karratha's behalf. In their roles, they:

- make representations to both State and Australian Government Ministers;
- regularly meet with and make representations to local Members of Parliament;
- actively engage with and make representations to all candidates participating in State and/or federal election processes;
- actively engage with local and state media;
- broker partnerships and strategic alliances with other local and regional organisations;
- actively participate in peak governing organisations and their advocacy efforts, including Western Australian Local Government Association;
- submit grant applications to secure funding to deliver priority projects and program delivery.

Councillors play an important role in liaising with the community to communicate the City's position. They also provide feedback to the Mayor and CEO on the expectations of the community and shape the evolution of our advocacy approach.

Advocacy Position Statements

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The City of Karratha's Advocacy Position Statements are updated regularly.
This document is current as at 1 February 2024.

Focus Area 1: Housing supply and affordability

The Context

In the Pilbara, housing supply and pricing characteristics do not operate according to normal supply/demand conventions.

Typical regulatory levers are not effective due to the unique economic, population and geographic features of the Pilbara, as compared to other Australian regions.

Lack of affordable housing is a throttle limiter to economic development and is a significant threat to the future economic aspirations for the Pilbara, the State, and the Nation.



1.1 Housing for State Government Employees

The Issue

The Western Australian Government is overrepresented in the private rental market for Government employees. This is reducing supply and driving up the cost of rent.

The State consumes 30% of available leased properties (Table 1), competing with local residents for housing.

Additionally, the State's own-to-rent ratio for Karratha is disproportionate when compared to the rest of the Pilbara (Table 2).

Table 1: State Consumption of Private Rental Market (2022)

| 2022 | Karratha |
|--|----------|
| Rateable residential properties | 8500 |
| Leased properties | 5015 |
| Privately leased properties | 1655 |
| State leases from private market | 500 |
| State consumption of the private rental market | 30% |

This problem will only worsen.

The City's proposed 82-unit Walgu Apartment development is 75% pre-committed to state government agencies, and this reflects future (rather than existing) workforce demand.

Our Position

Quality housing for Government workers is essential to the success of the Pilbara.

The State Government should:

1. Increase its dwelling ownership rate in the City of Karratha from 28% to 58%, reflecting its ownership rate in other Pilbara locations. To avoid creating pressure on the local market this would be achieved through a build, rather than buy, strategy.
2. Provide a capital contribution of \$20-million toward the build of the Walgu Apartment project.

The City of Karratha can support the State to deliver residential construction projects at scale to reach this target.

Advocacy Partners

To be advised

Table 2: GROH Own to Rent - Karratha vs Pilbara (2022)

| 2022 | Dwellings Owned by the State | Dwellings Privately Leased |
|-----------------|------------------------------|----------------------------|
| Karratha | 28% (156) | 72% (392) |
| Rest of Pilbara | 58% (453) | 42% (328) |

1.2 More than Mining – FBT Reform

The Problem

City of Karratha residents are impacted by disproportionately high housing prices within a housing market that behaves abnormally.

There are significant barriers to home ownership, including abnormally high home insurance, and the inability to secure finance.

Employees of large enterprises (mining, oil & gas) are buffered from the volatility of an abnormal market through higher wages and the provision of company housing.

Current taxation concessions inequitably benefit larger enterprises over small-to-medium enterprises and other community members.

Our Position

The Federal Government should modify taxation legislation to enable Pilbara residents to receive 100% Fringe Benefit Tax exemption for rent, owner occupier housing purchase cost and/or mortgage interest, when an employer pays these expenses out of the employee's pre-tax income.

This would enable all Karratha residents to access the same taxation benefits to buy a house as mining employees receive.

It requires the definition of a new category of remote area within the taxation legislation named "Remote Area – Mining Community" and defined as communities affected by the volatility of mining construction and commodity price cycles and impacted by Fly-in-Fly-out workforces

The increase in FBT concessions will make it easier for residents to live in Karratha as owner occupiers. It will slow population churn, stabilise the demand for housing in the regions, and encourage multi-generational families.

This initiative will assist in normalising house prices in the Pilbara and smooth out the boom-bust impact of commodity prices on property values.

Advocacy Partners

Australian Mining Cities Alliance

Reference Documents

Website: www.morethanmining.com.au

1.3 Stamp Duty Relief on Insurance

The Problem

The State collects a stamp duty on house insurance, which is calculated at a rate of 10 per cent on the premium of general insurance.

Karratha residents spend between \$10k and \$20k on insurance per year, resulting in stamp duty of \$1000 to \$2000. It is a significant cost – and one of the barriers – to those seeking to move from renting to owner-occupier.

Many are now foregoing insurance because it is unaffordable, leaving Karratha residents vulnerable. Lower income households are disproportionately disadvantaged.

Our Position

The State Government should abolish stamp duty on home, contents, and strata insurance for communities above the 26th parallel.

A 2022 CCIWA report “*Stamping out stamp duty*” advises that abolishing stamp duty would make it easier for people to move near jobs, family and schools, or to downsize later in life.

“Abolishing stamp duty would lower a key barrier to entering the regional housing market, helping to address concerns that currently exist with FIFO workforces and housing affordability.”(CCIWA 2022)

The report establishes that stamp duty reform would improve not just economic efficiency, but also fairness. Lower-income households are punished the most by the tax on property transfers and so would benefit the most from reform.

“Making up 20 percent of the upfront cost of moving, stamp duty is an unfair barrier to Australians finding their most suitable and affordable home. Reform would ease the unfairly distributed costs and improve affordability and choice for the workforce. It would also support the efforts of regional communities to attract workers.”(CCIWA 2022)¹

“WA’s property tax system hurts lower income households most. The bottom 20% of households by income pay around 5.5% of their income in property-related taxes, while the top 20% pay only ~2%.” (CCIWA 2022)

Advocacy Partners

Chamber of Commerce and Industry WA
Urban Development Institute of Australia
St Vincent de Paul
Australian Council of Social Service.

¹ 2022 Chamber of Commerce and Industry, “Stamp out stamp duty – the WA case for change”,

retrieved online on 3 December 2023 at [Stamping out stamp duty — CCIWA](#).

1.4 Housing to be recognised as common-use infrastructure

The Problem

The City of Karratha forecasts \$37Bn in industrial projects over the next 5-years resulting in a forecast shortfall of 1200 residential dwellings.

Larger corporates have sizeable housing portfolios that they own and make available to their employees. The remaining housing stock experiences fierce competition.

In the Pilbara, housing supply and pricing characteristics do not operate according to normal supply/demand conventions. Regulators must stop applying metro-centric commercial models to the Pilbara region, and assume that commercial forces will address a shortfall in supply.

The size of these industrial projects overshadow the capacity of the local community, driving up rents and the cost of living. These challenges stifle current and future growth opportunities in the Pilbara and can impede the region from becoming a global leader in the green energy transition. Addressing these challenges will support the growth of the Australian economy, meaning everyone benefits.

Domain rental report puts Karratha at No.1 spot for areas with biggest annual rent increase

Kate Campbell & Sam Jones | Pilbara News
Fri, 12 January 2024 3:36PM | [📰](#)

Advocacy Partners

TBA

Our Position

The State Government must partner with industry to ensure key-worker housing is created alongside approvals for major projects.

This requires a paradigm shift, where housing is recognised as common-use infrastructure within the Pilbara region, not unlike power, water and roads.

This is an infrastructure discussion, not a housing discussion.

More specifically, the State Government would:

1. Redirect funds from the \$750-million Resources Community Investment Initiative², and the \$3.7bn State Government's net operating surplus³, toward delivering 1200 (new) affordable houses, and other community facilities, at the City of Karratha.
2. Use its own development arm, Development WA, to fast track the release of serviced lots, with the most immediate being the Mulataga precinct.

To deliver 1200 new affordable houses over the next 5 years, the City would need \$600m for construction, excluding the price of land.

"The initiative (RCII) will invest in iconic infrastructure projects and community and social initiatives that will make WA an even better place to live.

The initial pipeline of projects include regional projects in the areas companies operate in."

(Government of Western Australia, 8 August 2023)

² Resources Community Investment Initiative, 8 August 2023, [Resources Community Investment Initiative \(www.wa.gov.au\)](https://www.wa.gov.au/government/press-releases/resources-community-investment-initiative)

³ "Strength of WA economy on display in 2023-24 Mid Year Review", 19 December 2023, WA

Government, [Strength of WA economy on display in 2023-24 Mid Year Review | Western Australian Government \(www.wa.gov.au\)](https://www.wa.gov.au/government/press-releases/strength-of-wa-economy-on-display-in-2023-24-mid-year-review)

Focus Area 2: Local Government Act & Regulations

The Context

The City of Karratha is governed by the *Local Government Act 1995* and its related Regulations. As a progressive and innovative Local Government, we advocate for innovative regulatory reform for the benefit of our community.

2.1 Review of Rating Exemptions for Charitable Purposes

The Problem

Charitable exemptions for property rates are being applied under Section 6.26 of the *Local Government Act 1995*.

The not-for-profit sector has evolved significantly since the Act was created in 1995, due to the adoption of the *Australian Charities and Not-for-profits Commission Act 2012*, and other associated acts such as the *National Disability Insurance Scheme Act 2013*.

The increasing professionalism in the NFP sector is welcome, however the volume of organisations seeking charitable exemptions has now extended beyond the original intent of the Act. The level of rates exemptions are now having a significant impact on Local Government revenue.

Additionally, charitable organisations are increasingly managing commercial enterprises to support their charitable purposes, and those enterprises may also be rates exempt.

These rating exemptions then unfairly increase the rates burden on other ratepayers.

Our Position

State Government should conduct a broad review into the justification and fairness of all rating exemption categories currently prescribed under Section 6.26 of the *Local Government Act 1995*.

Where the State is unwilling to address this issue through regulatory reform, it should establish a compensatory fund for Local Governments, similar to the pensioner discount program.

Advocacy Partners

WALGA

Other Local Governments

Version Control

| Version | Date | Council Resolution Number | Description |
|---------|-----------------|---------------------------|---|
| 1.0 | [To Be Advised] | | <p>The following advocacy positions were adopted:</p> <ol style="list-style-type: none"> 1. Housing Supply and Affordability: <ol style="list-style-type: none"> 1.1 Housing for state government employees 1.2 More than mining – FBT Reform 1.3 Stamp Duty Relief on Insurance 1.4 Housing to be recognised as common-use infrastructure 2. Local Government Act and Regulations: <ol style="list-style-type: none"> 2.1 Review of Rating Exemptions for Charitable Purposes |