



# Shire of Kulin Business Plan

## Workforce Accommodation

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Proposed Development and Lease of Three Workforce Dwellings to the Department of Communities (GROH)

Prepared pursuant to Section 3.59 of the *Local Government Act 1995* June 2026.

### Executive Summary

The Shire of Kulin proposes to develop three new workforce dwellings on Shire-owned residential land in Ellson Street, Kulin, and make those dwellings available to the Department of Communities to support the Government Regional Officers Housing (GROH) Program.

The proposal represents a strategic investment in workforce housing infrastructure to support the attraction and retention of essential government personnel within the district, including Police, Education, Health and other public sector employees whose services are critical to the ongoing wellbeing and sustainability of the Kulin community.

The proposal is also expected to facilitate the return of two existing Shire-owned dwellings currently utilised under GROH arrangements back into the Shire workforce housing portfolio, thereby increasing housing availability for Shire employees and strengthening Council's ability to attract and retain staff.

The proposal is not being undertaken as a commercial property investment nor for the purpose of generating a commercial profit for the Shire. Any revenue received from the Department of Communities is intended to contribute towards the cost of constructing, financing, maintaining and renewing the dwellings whilst ensuring the assets remain in community ownership for the long-term benefit of the district.

This Business Plan relates solely to the three dwellings proposed to support the GROH arrangement. A separate dwelling proposed for Shire workforce accommodation purposes is not included within this Business Plan, as it is intended to be retained and managed directly by the Shire.

### Introduction

The purpose of this Business Plan is to inform Council and the community of the proposed development and long-term housing arrangement for three workforce dwellings in Kulin, provide details of the proposal, outline the expected benefits and impacts, identify relevant statutory considerations, and invite community submissions before Council determines whether to proceed.

This Business Plan has been prepared having regard to section 3.59 of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*. It also includes a formal assessment of the exempt land transaction provisions, as the Shire does not intend to produce a profit from the proposal.

## Background

The Shire of Kulin, like many regional communities throughout Western Australia, continues to experience challenges associated with the availability of suitable workforce housing. Housing shortages affect the ability of local government, State Government agencies and other service providers to attract and retain employees and maintain service levels within the district.

The Shire owns and manages a housing portfolio that supports staff, Department of Housing or GROH tenants, joint venture tenants and private renters. The existing portfolio includes a mix of 4x2, 3x2, 3x1 and 2x1 dwellings. Previous internal housing review work identified a gap in the flexibility and suitability of available housing, particularly for workforce accommodation needs.

In preparing the 2025/26 Annual Budget, Council considered the construction of additional housing to address current and future accommodation needs. The Department of Communities, who currently rent existing Shire owned properties, expressed interest in transferring their leases to the new dwellings in Kulin under the GROH Program. The proposal has therefore evolved into a strategic housing partnership in which the Shire would develop new housing assets and make three dwellings available to support GROH requirements, while retaining ownership of the land and improvements.

Importantly, the proposed arrangement is expected to enable two existing Shire-owned dwellings currently used under GROH arrangements to return to the Shire workforce housing portfolio. This would increase the accommodation available for Shire employees while also supporting State Government workforce housing in Kulin.

## Description of the Proposal

The proposed transaction comprises the development of three new residential dwellings on Shire-owned land in Ellson Street, Kulin, and a long-term housing arrangement with the Department of Communities to support GROH accommodation requirements.

**Table 1: Project Proposal**

Dwelling	Location	Proposed configuration	Proposed use
1	6 Ellson Street, Kulin	Two-bedroom, one-bathroom dwelling	GROH workforce housing
2	8 Ellson Street, Kulin	Two-bedroom, one-bathroom dwelling	GROH workforce housing
3	14 Ellson Street, Kulin	Four-bedroom, two-bathroom dwelling	GROH workforce housing

The Department of Communities currently leases two existing Shire-owned residential properties for GROH purposes. A key benefit of the proposed arrangement is that, upon completion of the new dwellings and subject to final agreement with the Department, those two existing properties are expected to be returned to the Shire's housing portfolio. This would allow the Shire to make those dwellings available for local workforce accommodation, while also supporting the Department's ongoing GROH accommodation requirements through the new purpose-built dwellings.

The Shire intends to retain ownership of the land and dwellings throughout the arrangement. The Shire also intends to retain long-term asset management responsibilities appropriate to its ownership role, subject to the detailed maintenance and occupancy obligations agreed with the Department of Communities.

## Local Government Role in Workforce Housing

Traditionally, housing provision has been undertaken by the private market. However, regional communities increasingly face circumstances where market supply is insufficient to meet workforce accommodation demand.

In these circumstances local governments have assumed a facilitation role through the provision of land, development of housing assets and partnerships with government agencies.

The proposed transaction reflects this role and seeks to address an identified workforce housing need within the district.

## Property Details

**Table 2: Subject Land Details**

Property	Address	Certificate of Title	Lot	Area	Tenure	Zoning	R-Code
Property 1	6 Ellson Street, Kulin WA 6365	CT 2729/814	Lot 11	501m <sup>2</sup>	Freehold	Residential	R10/30
Property 2	8 Ellson Street, Kulin WA 6365	CT 2729/813	Lot 10	501m <sup>2</sup>	Freehold	Residential	R10/30
Property 3	14 Ellson Street, Kulin WA 6365	CT 2729/810	Lot 7	700m <sup>2</sup>	Freehold	Residential	R10/30

## Land Availability and Servicing

A significant advantage of the proposal is that the Shire already owns the land required for the development. The lots are zoned for residential development and serviced with scheme water, sewerage, electrical power and road access. No land acquisition, subdivision works or major infrastructure headworks are expected to be required.

## Statutory Framework

Section 3.59 of the *Local Government Act 1995* requires a local government proposing to enter into a Major Land Transaction to prepare a Business Plan and invite public submissions.

The Shire's operating expenditure for the preceding completed financial year exceeds the prescribed threshold for a major land transaction. The estimated value of the proposed transaction also exceeds that threshold.

This Business Plan relates only to the three dwellings proposed to be made available to the Department of Communities. The separate Shire-retained dwelling proposed for staff housing purposes is not included in the transaction value, as that dwelling is intended to be held and managed by the Shire for its own workforce accommodation needs and does not form part of the proposed GROH arrangement addressed in this Business Plan.

Regulation 8 of the *Local Government (Functions and General) Regulations 1996* prescribes certain exempt land transactions for the purposes of section 3.59 of the *Local Government Act 1995*.

The Shire does not propose to enter into the transaction for the purpose of producing a profit. The proposal is intended to address workforce housing shortages, support essential service delivery, increase local housing capacity and retain strategic housing assets in Shire ownership. Any revenue received from the Department of Communities is intended to contribute towards the cost of construction, financing, maintenance, renewal and asset management rather than to generate a commercial return.

The Shire will retain ownership of the land and dwellings throughout the life of the project and any future arrangements with the Department of Communities.

The proposal is not being advanced to create a commercial return to the Shire, nor to facilitate a private commercial outcome. Rather, the proposal seeks to address a recognised workforce housing shortage and support the attraction and retention of essential government personnel responsible for delivering policing, education, health and other public services within the district.

Having regard to the purpose of the proposal, the anticipated community benefits, the retention of Shire ownership and the absence of any intention to generate a commercial profit, the Shire considers there is a reasonable basis for Council to have regard to the exempt land transaction provisions contained within Regulation 8 of the Local Government (Functions and General) Regulations 1996 when considering the proposal.

Notwithstanding this position, the Shire has elected to prepare this Business Plan as a matter of due diligence, transparency and good governance, recognising the significance of the project to the community and Council's desire to ensure the proposal is fully documented and publicly available.

### **Regulation 8 & 8A Local Government (Functions and General) Regulations 1996**

#### *8A. Amount prescribed for major land transactions; exempt land transactions prescribed (Act s. 3.59)*

- (1) The amount prescribed for the purposes of the definition of major land transaction in section 3.59(1) of the Act is —*
  - (a) if the land transaction is entered into by a local government the district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of —*
    - (i) \$10,000,000; or*
    - (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year;*
  - or*
  - (b) if the land transaction is entered into by any other local government, the amount that is the lesser of —*
    - (i) \$2,000,000; or*
    - (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.*
- (2) A land transaction is an exempt land transaction for the purposes of section 3.59 of the Act if —*
  - (a) the total value of —*
    - (i) the consideration under the transaction; and*
    - (ii) anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed under subregulation (1), and*
  - (b) the Minister has, in writing, declared the transaction to be an exempt transaction because the Minister is satisfied that the amount by which the total value exceeds the amount prescribed under subregulation (1) is not significant taking into account —*
    - (i) the total value of the transaction; or*
    - (ii) variations throughout the State in the value of the land.*

#### *8. Exempt land transactions prescribed (Act s. 3.59)*

- (1) A land transaction is an exempt land transaction for the purposes of section 3.59 of the Act if the local government enters into it —*
  - (a) without intending to produce profit to itself; and*
  - (b) without intending that another person will be sold, or given joint or exclusive use of, all or any of the land involved in the transaction.*

- (2) For the purposes of subregulation (1)(b) a person is given joint use of land if the land is to be jointly used for a common purpose by the local government and that person (whether or not other persons are also given joint use of the land).
- (3) A transaction under which a local government disposes of a leasehold interest in land is an exempt land transaction for the purposes of section 3.59 of the Act if —
- (a) all or any of the consideration to be received by the local government under the transaction is by way of an increase in the value of the land due to improvements that are to be made without cost to the local government; and
- (b) although the total value referred to in the definition of major land transaction in that section is more, or is worth more, than the amount prescribed for the purposes of that definition, it would not be if the consideration were reduced by the amount of the increase in value mentioned in paragraph (a).

### Strategic Alignment

The proposal directly supports the Shire of Kulin Strategic Integrated Plan 2025–2035, particularly:

Strategic Integrated Plan Reference	Relevance to this Proposal	Relevance to this Proposal
4.3	Develop and implement a Shire housing strategy to maintain, enhance and expand Shire housing stock.	The construction of new dwellings contributes to the expansion and improvement of the Shire's housing stock.
4.4	Seek opportunities, funding and partnerships for the delivery of worker housing options.	The proposal is strongly aligned, as it seeks to deliver worker housing through a partnership arrangement with the Department of Communities/GROH.
5.1	Develop and implement a population strategy to attract, retain and stabilise our population, local workforce and volunteer base.	Additional housing assists in attracting and retaining workers, which also supports broader community participation and volunteer capacity.

The proposal also supports workforce attraction and retention, continuity of essential government services, community sustainability and the long-term availability of housing within the district.

Whilst the proposal is expected to contribute toward financing and ownership costs through rental income, the primary justification for the project is the anticipated community benefit associated with workforce attraction, workforce retention and continuity of essential services rather than financial return.

### Expected Effect on Shire Facilities and Services

The proposal is expected to positively affect the Shire's ability to support workforce housing availability within the district. The return of two existing Shire-owned dwellings currently used under GROH arrangements would increase accommodation available for Shire employees, while the three new dwellings would support State Government workforce accommodation needs.

No reduction in existing community services or facilities is anticipated. The proposal will increase the Shire's residential asset base and associated maintenance responsibilities, which will need to be incorporated into asset management and long-term financial planning..

### Expected Effect on Other Persons Providing Facilities and Services

The proposal is expected to support government agencies and service providers operating within the district by improving the availability of suitable workforce accommodation. This may assist education, health, emergency services, policing, community services and other government functions where staff attraction and retention are affected by housing availability.

The proposal is not expected to materially disadvantage private housing providers. The local rental market is limited, and the proposal is targeted at workforce housing needs that are not currently being met by private market supply. The project is intended to complement, rather than

displace, private housing supply by supporting essential service delivery and community sustainability.

### Expected Financial Effect on the Shire

The transaction will result in capital expenditure for the construction of three new residential dwellings. Detailed cost estimates are not included in this public version.

This estimate includes the builder's construction cost, together with Shire-incurred expenditure associated with site works, service connections, finishing works and other costs required to complete the dwellings and make them available for occupation.

The project is proposed to be funded through a combination of loan borrowings and municipal funds. Detailed funding allocations are not included in this public version.

The Department of Communities has provided indicative rental advice based on the estimated cost of construction, land value and financing costs. Detailed rental amounts are not included in this public version.

The three dwellings are expected to generate rental income that contributes toward project costs, subject to final agreement with the Department of Communities.

Rental income received under the proposed arrangement is expected to contribute toward loan repayments, interest costs, maintenance, renewal and ongoing ownership costs associated with the dwellings. The proposal is not intended to generate a commercial profit for the Shire. Rather, the rental income is intended to support the financial sustainability of the project and offset the cost of providing workforce housing infrastructure within the district.

Loan repayments are expected over a long-term borrowing period based on indicative finance quotes obtained in June 2026. Detailed repayment figures are not included in this public version.

Based on the indicative rental and financing assumptions, and excluding broader long-term asset and lifecycle considerations, the simple cashflow analysis indicates that the proposal is expected to improve its cumulative position over the assessment period.

The final financial impact on the Shire will be subject to confirmation of construction costs, borrowing terms, rental amounts, rent review arrangements, maintenance responsibilities and the final form of agreement with the Department of Communities.

### Risk Assessment

Risk	Potential impact	Mitigation
Construction cost escalation	Increased project cost or affordability pressure.	Confirm fixed or firm pricing where possible, include contingency and require Council approval for material variations.
Construction delay	Delayed delivery of workforce housing and possible cost impacts.	Use practical construction methodology, include contract milestones and monitor supply chain risks.
Final agreement not acceptable	Department arrangement may not proceed or may not support Shire objectives.	Do not enter construction contract until Offer to Lease or final agreement terms are acceptable.
Interpretation of statutory requirements	Section 3.59 process may be required before proceeding.	Prepare this Business Plan, invite submissions where required and obtain advice before final commitment.
Borrowing cost increase	Higher annual loan repayments.	Obtain updated borrowing advice before Council final decision.
Maintenance and renewal costs	Long-term asset costs exceed forecasts.	Include renewal and maintenance assumptions in asset management and long-term financial planning.
Occupancy/demand change	Future workforce housing demand may change.	Retain Shire ownership and flexibility for future use of assets after the agreement term.
Procurement compliance	Risk of challenge or delay if procurement process is unclear.	Document procurement pathway, purchasing policy compliance and statutory tender exemption where applicable.
Community concern	Concerns regarding debt, cost or project priority.	Provide transparent information and invite submissions before final decision.

### **Ability of the Shire to Manage the Transaction**

The Shire has extensive experience in the ownership and management of residential housing assets and access to legal, financial, project management and construction expertise necessary to deliver and manage the proposal.

Project delivery would be managed through normal local government governance processes, including Council approval of the final project budget, procurement compliance, contract management, financial reporting and asset management. Specialist advice will be obtained where required, including in relation to legal documentation, borrowing, procurement and statutory compliance.

### **Public Consultation**

Public submissions are invited regarding the proposed transaction. Submissions must be received by the advertised closing date and will be presented to Council for consideration before any final decision is made.

Following the close of the submission period, Council may resolve to proceed with the proposal, proceed with modifications, or not proceed. If Council determines that the proposal is a major land transaction and that no exemption applies, Council will complete the statutory process required by section 3.59 before entering into the transaction.

If Council determines, following advice, that an exemption applies, Council may still use this Business Plan and any submissions received to inform its final decision on whether to proceed. In either case, no binding agreement will be entered into until Council has considered the proposal, the final agreement terms, funding implications, procurement compliance and any submissions received.

### **Conclusion**

The proposed development and long-term housing arrangement for three workforce dwellings represents a strategic investment in the future sustainability of the Kulin community.

The proposal responds directly to recognised workforce housing shortages, supports the delivery of essential government services, strengthens the Shire's partnership with the Department of Communities and retains strategic housing assets in community ownership.

The proposal is not being undertaken for the purpose of generating a commercial profit. Rather, the objective is to increase workforce housing capacity, support essential service delivery, assist in the attraction and retention of key personnel and strengthen the long-term sustainability of the district.

Council's investment in workforce housing is ultimately an investment in the continued availability of Police, Education, Health, Local Government and other essential services that underpin the wellbeing and resilience of the Kulin community.

This Business Plan has been prepared to ensure Council can consider the proposal in an informed, transparent and accountable manner before any final commitment is made.