Kimberley Regional Group

Submission to

Select Committee on Intergenerational Housing Inequity

1 May 2026

For further information please contact

Mr Paul Rosair
Executive Officer,
Kimberley Regional Group
Mobile – 0419930467
Email – paul@naja.com.au

About the Kimberley Regional Group

The Kimberley Regional Group (KRG) of local governments is an alliance of the four Shires of the Kimberley in northern Western Australia, being the Shire of Broome, the Shire of Derby West Kimberley, the Shire of Halls Creek, and the Shire of Wyndham East Kimberley.

Our Vision is to maintain and enhance the rich diversity and liveability of the Kimberley for its people and the world. Collaboratively the group seeks to drive positive impact across the region through improved social, economic, and cultural outcomes. Further information on the KRG can be found at https://kimberleyrg.com.au/

The Kimberley covers 427,500 square kilometres, an area twice the size of Victoria, and generates an annual economic output of $7.033 billion (REMPLAN 2025). Mining, agricultural production, construction, and tourism are major contributors to the region's diverse economy. Approximately 40 per cent of the Kimberley's population are Aboriginal and Torres Strait Islander people. In the Shire of Halls Creek this rises to 77.6 per cent. The region has three main centres, Broome, Kununurra and Derby, and smaller towns including Halls Creek, Fitzroy Crossing and Wyndham. there are over 200 remote Aboriginal communities across the Kimberley, some with populations of up to 750 people.

Intergenerational housing equity - Kimberley Context

Intergenerational housing equity refers to the fair distribution of housing resources and affordability across different age generations, ensuring that younger generations are not disadvantaged by the accumulated wealth and policies that benefited older generations. It focuses on enabling access to homeownership for young adults and providing secure, adaptable living options for older adults.

Housing inequity in the Kimberley is a compounding, multigenerational crisis rooted in decades of underinvestment in remote and regional housing supply. The consequences are visible in severe overcrowding, dilapidated dwellings, families cycling between homelessness and informal housing arrangements, and children growing up without the stability that secure housing provides. Also, it is visible by young people not being able to afford to stay in the Kimberley due to a lack of affordable housing for rent or for purchase. And by employers having to provide housing as part of salary package due to the lack of affordable housing supply and government policies that disadvantage home purchase over housing rental.

The Kimberley has a unique housing market with home ownership across the Kimberley a smaller part of the housing mix than in most parts of WA. About half of homes in the Kimberley are provided through nonmarket mechanisms through the WA Government (public housing), community housing providers (social and affordable housing) or employers through employer provided generally subsidised rental homes. In remote communities, the proportion of non-market housing approaches 100 per cent. This can be seen in Figure 1.

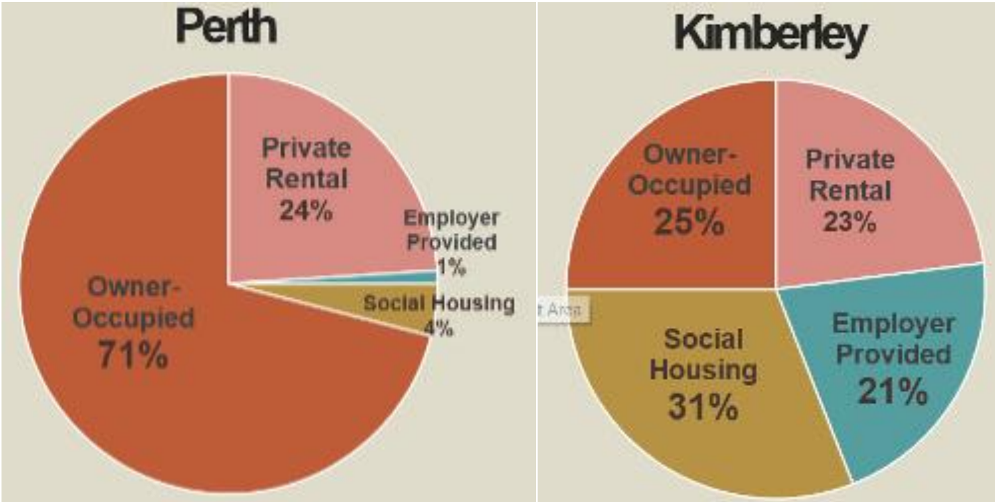

Figure 1 Housing Mix Perth and the Kimberley[1]

Response to the Terms of Reference

a) The Extent and Nature of Intergenerational Housing Inequity

Kimberley housing is characterised by skyrocketing demand, especially for rentals with as yet no response at scale on the supply side. The lack of social and affordable homes has increased medium weekly rent for a home in the Kimberley significantly above the WA median price, with rentals over $1000 a week in Broome. This makes the Kimberley housing market unaffordable for the majority of local residents, including young people who wish to remain in the region, and key workers in health, education, and community services whose salaries do not keep pace with rental inflation. This has a significant impact on intergenerational housing equity, in particular for local residents.

A key issue is the lack of WA Government housing for government workers. The WA Government sources homes from the private market, crowding out Kimberley residents who have to compete with government for access to housing supply.

Intergenerational inequity is often framed around declining home ownership. In addition to this, the Kimberley faces a more fundamental inequity: access to housing which remains unmet across the region. Intergenerational housing inequity reproduces itself across generations not because of individual failure but because of structural neglect of investment into new housing supply.

c) Experience Across Different Population Cohorts

In the Kimberley, Aboriginal residents who live on in communities on Crown Land generally have very little access to home ownership.

This represents a structural exclusion from the wealth-building dimensions of property ownership that is foundational to financial security for most Australians. A resident of a community on Crown Land has no mechanism to build housing wealth regardless of their income or savings discipline.

[1] Kimberley Development Commission (2023) Kimberley Residential Housing and Land Snapshot 2023

This structural exclusion compounds intergenerationally. Parents who cannot build housing wealth cannot transfer this wealth to their children. The consequence is that successive generations of Kimberley residents have been permanently excluded from the asset accumulation that has driven wealth creation for the majority of Australians over the past 40 years.

Residents of communities face an acute disadvantage, in relation to housing supply, quality, and service access. Commonwealth and State funding for new homes is critical to increasing housing supply. This investment has not kept pace with community growth and need.

The intergenerational impact of this, in particular on Aboriginal people who live in substandard housing, is poor health outcomes. This includes chronic skin infections including scabies and impetigo (school sores), Otitis media (middle ear disease) and hearing loss, Gastrointestinal illness, and diarrhoeal disease, Respiratory, Trachoma —Vector-borne diseases including Ross River virus and Barmah Forest virus, Rheumatic heart disease and Intestinal parasites including strongyloidiasis. (Source Yura Yungi Medical Service, Halls Creek) Children are disproportionately affected by all of these conditions. The early years of life are a critical window for healthy development, and environmental exposures during this period — including exposure to infectious disease through unsanitary living conditions — can have consequences that extend across a lifetime.

The downstream intergenerational consequences include poor educational attendance and attainment, reduced economic participation, involvement with child protection systems, contact with the criminal justice system, and family violence. Each of these outcomes transmits disadvantage to the next generation, creating compounding cycles of inequity that are impossible to address without first addressing housing as a foundational precondition.

Recommendation

To address intergenerational housing equity that Government

- **explores with Traditional Owners innovative land tenure model to facilitate economic opportunities, including security of housing tenure.**
- **Increases opportunities for rent to buy schemes for social housing tenants.**
- **Increases investment in social and affordable housing, and housing maintenance, on Aboriginal communities.**

d) The causes of intergenerational housing inequity, including nature and rates of construction, rental policies and practices, tax settings, homelessness policies, lending rules, and public and social housing practices and investment

Intergenerational housing inequity in the Kimberley is caused by a number of factors including -

- The tightening of bank lending criteria in response to commercial and regulatory pressures is a disincentive to home purchase.
- Regional construction costs, which are estimated at 60% higher than the costs of construction in Perth, due to limited local construction capacity, weather-related seasonal constraints, and local supply chains.
- The cost of housing construction is higher that are the market valuations for homes in many parts of the Kimberley, acting as a disincentive to housing investment.
- Rapidly increasing insurance costs in response to crime and natural disasters making home insurance unaffordable.

- Unstructured but real competition among accommodation segments for social housing, employer-provided housing (often for temporary workers), affordable housing and accommodation for tourists and other visitors.
- A high market concentration of government owned homes. In the face of little individual or developer private investment, governments have not addressed the housing supply gap with investment in residential land development, infrastructure, and social and affordable housing supply in line with current and projected population demand.
- Tax settings that favouring employer provided rental housing over home ownership.

The lack of accumulated wealth of many Kimberley residents, in particular people who are on income support and live in social housing, means that young people cannot rely on the wealth of their parents to assist with home ownership. The lack of rent to buy opportunities for long term residents of social housing impact on home ownership.

1. Fringe Benefits Tax (FBT) Treatment

The way that the Fringe Benefits Tax (FBT) is currently structured, the employee will benefit most (and the overall cost of employment kept to a minimum) if provided with remote accommodation by the employer, with likelihood of a full FBT exemption available. It is not designed to incentivise employees to acquire their own housing in remote areas.

If the employer provides incentives to employees to acquire housing in remote areas by way of mortgage interest or a housing loan and the necessary conditions are met, only a 50% reduction of the taxable value is available to the employer. Amendments to the FBT will support increased home ownership in the Kimberley, reducing reliance on rental housing and contributing to private investment into housing supply.

FBT is disincentive to home ownership. This contributes to intergenerational housing inequity as FBT is barrier to people entering the property market and penalises future generation's ability to meet their own housing needs.

Recommendation

To address intergenerational housing equity that the Federal Government ensures fair tax treatment regardless of property ownership and exempt both employer and employee-owned remote area housing from Fringe Benefits Tax.

2. Rate Exemptions for not-for-profit housing providers

Rates contribute to the delivery of important local government services and when properties are exempt from rates, the shortfall in revenue must be made up by other ratepayers or by the local government cutting back on services. Section 6.26(2)(g) of the WA Local Government Act provides a rates exemption for 'land used exclusively for charitable purposes. Many not-for-profit community housing providers claim exemptions from rates.

Not-for-profit community housing providers are an important component of the housing mix providing affordable housing for people on low to moderate incomes, including build-to-rent products. State and Federal policy is supporting the growth of the community housing sector. This growth is impacting on local government's ability to raise rates for important services for residents who want to live in the Kimberley.

Recommendation
To address intergenerational housing equity that government either:
a) amend the charitable organisations section of the Local Government Act 1995 to eliminate exemptions for commercial (non-charitable) business activities of charitable organisations; or
b) establish a compensatory fund for Local Governments, similar to the pensioner discount provisions, if the State Government believes charitable organisations remain exempt from payment of Local Government rates.

3. Address Housing Insurance Market Failure in the Kimberley

The Kimberley insurance market is best described as dysfunctional and in some parts of the region constitutes a “failed market.” Research undertaken by Regional Development Australia (RDA) Kimberley indicates that a lack of choice and the affordability of insurance results in perverse and sub-optimal decisions by households to manage risks[2].

Accelerating insurance premium growth, coupled with a decline in the number of insurers in the region, has led to Kimberley insurance premiums being higher that other parts of northern Australia and more than four times that of Perth. Also, the Cyclone Reinsurance Pool does not work for the Kimberley as it only covers claims for cyclone and related flood damage arising during a cyclone event until 48 hours after the cyclone ends. The nature of the Kimberley’s river catchments means that flooding occurs over a week, not within the 48 hour cycles. An event will impact on asset value if it is damaged and uninsured. The lack of affordable insurance impacts on home purchase decisions in the Kimberley. Housing insurance in the Kimberley is a disincentive for home ownership and penalises market and penalises future generation’s ability to meet their own housing needs.

Recommendation

To address intergenerational housing equity that the Federal and WA Governments

- **Investigate insurance market failure in the Kimberley and comparable remote Northern Australian markets.**
- **Reform the Cyclone Reinsurance Pool to extend coverage to flood damage arising from cyclone-associated rainfall events over the full duration of the hydrological event — not merely 48 hours.**
- **Implement the recommendations of the Regional Development Australia Kimberley Insurance Review 2025.**
- **Establish a government-backed insurance product for remote area home owners where the private market has effectively withdrawn.**

4. Public, social, and affordable housing policy reform

Social housing comprises of a third of housing in the Kimberley. In some Kimberley towns this percentage is higher. For example, in the Shire of Halls Creek social housing is 79.5% of all homes, with effectively no private housing market for sales or rentals. If the government does not invest in housing, generally new homes do not get built.

Real per capita investment in social housing across Australia has declined significantly The ratio of social housing to total dwellings has fallen from approximately 6 per cent in the 1990s to around 4 per cent today.

[2] https://www.rdakimberley.com.au/business-development/kimberley-insurance-review/

Government policy and investment is critical to ensure intergenerational housing equity where there is market failure. The lack of social and affordable housing in the Kimberley has led to long social housing waitlists. This has resulted in severe overcrowding and increased street present homelessness across the Kimberley. The lack of investment in housing maintenance has led to people living in substandard homes. The WA Government's head contractor maintenance model, which replaced a place based maintenance model, has taken away maintenance management from local communities leading to significant maintenance repair delays, poor repair quality, and high administrative costs. A 2025 audit found that 85% of public housing repairs are reactive, with maintenance costs rising significantly, causing homes to remain in disrepair for months.

Net of the lack of new investment in housing, building new homes is constrained by a lack of residential land supply. This is underpinned by the lack of access to services and utilities, such as water infrastructure in some towns, and inadequate funding for headworks for new subdivisions.

A key issue in the Kimberley is the lack of housing for government workers. The WA Government sources homes from the private market, crowding out Kimberley residents who have to compete with government workers for access to local housing supply. This increased competition reduces the available stock to local residents and contributes to high rentals.

The high cost of construction of new homes, and low economies of scale in some towns means that from a government perspective the cost benefit of new housing investment in the Kimberley vis a vis metropolitan area is not competitive. This places Kimberley housing projects which seek government funding at a disadvantage.

Publicly available housing data indicates the critical lack of housing in the Kimberley to meet current and projected housing need. This includes -

- A net zero rental vacancy rate in the town of Broome, Kununurra, and Derby.
- A waitlist of 2254 people for public housing as of 24 December 2024 [3]
- The region with the highest rate of homelessness in Western Australia with an estimated 1030 people experiencing homelessness (ABS Census 2021) representing 14% of the WA population of people experiencing homelessness.
- Around 30% of Aboriginal households are overcrowded, with some remote communities seeing overcrowding rates as high as 59%[4].

Projected dwelling demand points to need for 11, 898 new homes by 2036 to meet projected population growth. This is outlined in Table One.[5] Without targeted new and increased investment into residential land supply and homes intergenerational housing equity will increase across the Kimberley region.

[3] https://www.kdc.wa.gov.au/our-region/live-in-the-kimberley/housing/
[4] Country WA PHN Needs Assessment 2022-2024 - WA Primary Health Alliance, p 3
[5] Jointly Planning – data from WA Tomorrow

Table One – Forecast Dwelling Estimates Kimberley Region.

Forecasted Dwelling Estimates									
Region	Existing No.	WA Tom. Band C		Extrapolated Growth (Linear)					
	2021	2036		2036		Change	2041		Change
	No. of Dwellings[6]	People	Dwell.	People	Dwellings[7] (+)		People	Dwellings[8] (+)	
Kimberley	10,043	44,855	17,386	56,608	21,941	11,898	59,583	23,094	13,051

Recommendation

To address intergenerational housing equity that

- **Housing Australia establish a Remote and Regional Housing Fund Stream that includes separate sub-streams for new supply, essential maintenance, and critical infrastructure (headworks) to unlock residential land.**
- **The WA Government identify developable Crown land suitable for transfer to local governments to enable local governments to facilitate affordable housing delivery.**
- **The Commonwealth and WA Government in partnership with the Kimberley Regional Group develop a Kimberley Housing Investment Plan with 10-year funding certainty for: new social and affordable housing supply; social housing maintenance to bring existing stock to habitable standard; critical infrastructure to unlock residential land in constrained towns; and rent-to-buy and other housing models that create home ownership pathways for tenants.**
- **The WA Government increase investment into Government Regional Officer Housing (GROH) supply across the Kimberley.**
- **That the WA Government removes disincentives between the Government Regional Officer Housing (GROH) and Home Ownership Subsidy Scheme (HOSS) and deliver incentives for tenants to purchase the GROH home, another home or to build a new home in the region. Incentives could:**
  - **a. promote new builds.**
  - **b. be designed to have a counter-cyclical effect, to lessen the severity of future downturns in housing investment in the region.**
  - **c. take the form of subsidies, cash grants for new builds, shared equity schemes, and stamp duty/other tax concessions.**
- **The WA Government replace the Head Contract Maintenance Model for social housing with a place based model that is more responsible and provides economic opportunities for local residents.**
- **That the eligibility for remote area housing salary sacrifice for rental and home ownership is reviewed to support staff attraction and retention.**
- **That the government removes the GST provision to local governments who construct and provide housing.**
- **The mortgage interest for Kimberley owner occupied homes can be salary sacrificed with 100% FBT exemption.**

[6] ABS Private Occupied Dwellings
[7] Based on existing occupancy rates / household sizes as per Forecast ID
[8] Based on existing occupancy rates / household sizes as per Forecast ID

- **That the State Government remove stamp duty on the purchase of homes in the Kimberley and/or introduce a stamp duty rebate for home purchase.**
- **That the WA Government establish a Kimberley Housing Supply Unit to work with local government to increase housing availability and affordability through infrastructure investment, development of new residential lots, supporting affordable rent-to-buy schemes, providing housing for essential workers, and establishing dedicated support for Aboriginal housing.**

4 Better support for renters

Around a third of households across Australia rent their homes. In the Kimberley as outlined in Figure 1 this is 75%. In the Kimberley, many renters may never enter into home ownership. From an intergenerational equity perspective, it is critical that there is better security of tenure and affordability for renters through tenancy law. Also, that there are appropriate rental subsidies for renters. Commonwealth Rent Assistance does not meet the needs of people who rent in the Kimberley. Also, there should be increased pathways for tenants who rent social housing into home ownership.

Recommendation

To address intergenerational housing equity that

- **The WA Government abolish no-cause evictions under the Residential Tenancies Act.**
- **The WA Government increase rent to buy schemes for social housing tenants who demonstrate sustained tenancy compliance.**
- **The Federal Government substantially increase Commonwealth Rent Assistance and index it to regional rental market movements, not just CPI alone.**
- **That the WA Government increase rental affordability schemes to increase the supply of below market rental homes in the region.**

g) Other matters

Culturally, socially and climate appropriate housing for the Kimberley

Western styles models of homes do not accommodate larger family units or cultural kinship systems in the Kimberley[9]. Intergenerational living arrangements are common for many Aboriginal families across the Kimberley. Kinship systems may mean that some residents have to practice avoid interactions with other family members. The lack of appropriate housing design extends to homes which are not suitable for the Kimberley climate, which means homes are expensive to heat and to cool. Research by the Kimberley Community Legal Services outlines the negative impact on tenants of poor public housing in the Kimberley. There is a need for mandatory minimum standards focusing on sustainable and culturally appropriate designs[10].

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[9] https://www.abc.net.au/news/2024-12-07/wa-election-housing-policy-indigenous-communities/104601020

[10] https://static1.squarespace.com/static/56aae0e04d088e4dfa68396f/t/6385f2f85f679917d0fb7b2e/1669722882386/Stuck+in+the+Heat+2022.pdf

Recommendation

To address intergenerational housing equity that

- **Aboriginal people are deeply engaged and lead the development of culturally appropriate housing design.**
- **A funded plan is developed by government to decarbonise social housing in the Kimberley including an energy audit for all existing stock, new investment in energy efficiency retrofit/ replacement and solar installation programme.**

Data Transparency

The KRG has long called for improved data collection, data transparency, and public reporting on housing supply, conditions, investment, and outcomes in the Kimberley. Local governments should have access to government housing data Shire including government investment and forward capital works programs in each Shire. Better access to data would facilitate a stronger partnership approach between the community, the Shires, and other spheres of government to plan for and address housing needs.

Recommendation

That data sharing protocols are established between all spheres of government to facilitate better co-ordination and planning of housing at a local, regional, and state level.