



Staff Housing Strategy

Town of Port Hedland

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EXECUTIVE SUMMARY

The Town of Port Hedland operates in one of Australia's most volatile and high-cost housing markets, driven by its central role in the Pilbara resources economy. Mining accounts for close to 90% of Industry Value Add in the LGA, and long investment cycles have produced large swings in Gross Regional Product and housing demand over the past two decades.

This volatility, alongside very high house prices and rents relative to Greater Perth and other WA regions, has created a structural affordability barrier for non-mining workers, including local government staff.

Rental pressures are particularly acute. Around two-thirds of households in Port Hedland rent, more than double the share in Greater Perth, and median rents have rebounded to well above metropolitan benchmarks, against a backdrop of limited new supply, competing demand from mining companies, and the impact of initiatives such as the Port Hedland Voluntary Buy-Back Scheme on available stock.

At the same time, the Pilbara has the highest Regional Price Index in WA, with a housing sub-index of 140, underscoring the cumulative cost-of-living pressures facing Council staff and other service workers.

Within this context, Council has become an active participant in the housing market. It currently owns and manages 67 properties (58 permanent and 9 transitional), predominantly in South Hedland, with Port Hedland dwellings generally reserved for senior roles. The majority of stock is three bedrooms or larger, reflecting Council's focus on attracting and retaining families.

Housing assistance is governed by an internal operating procedure that prioritises common law contract staff, Level 6–8 employees and graduates, with CEO discretion to extend support to difficult-to-fill positions.

Council offers a suite of incentives around this housing base, including rent-free staff housing, generous home ownership allowances (up to \$35,100 per annum), rental reimbursements (up to \$400 per week), and a \$5,000 annual "housing by other means" allowance where staff secure accommodation outside the Council portfolio.

Benchmarking shows these supports place the Town of Port Hedland at the upper end of housing and relocation offerings among Pilbara local governments.

Despite these measures, workforce stability remains a critical concern. Council employs approximately 398 staff (around 242 FTE), but average tenure is just 1.9 years, and staff turnover has averaged around 45% over the past decade – far above neighbouring Karratha (21%), national local government benchmarks (15.6%) and typical rural council levels (~20%).

These dynamics undermine organisational capability, increase reliance on casual and fixed-term staff, and constrain Council's ability to deliver strategic priorities.

CONFIRMED HOUSING SHORTFALL

Analysis of the current portfolio and forecast staffing needs confirms an immediate shortfall of around 29 staff dwellings – currently there are 58 properties in the housing stock with eligible demand for 87 dwellings (including current renters and vacant positions). The shortfall in housing is expected to rise to an estimated 40 dwellings by 2035 (if the housing stock is not increased) due to projected increase in the workforce for positions currently eligible for housing – see Section 3.5 for detailed calculations of the future demand for staff housing.

This gap already constrains recruitment and retention and, if left unaddressed, will increasingly threaten operational continuity, service delivery and broader community stability.

STRATEGY OPTIONS ASSESSMENT

The strategy assesses a suite of housing and non-housing interventions over a 10-year evaluation period (2026–2035), using consistent financial and non-financial criteria, including net present cost to Council, implementation time, administrative complexity, workforce impact, and contribution to regional population stability.

For modelling purposes, each option is initially tested as if it were responsible for delivering the full 40-dwelling requirement, to enable robust comparative analysis and inform an eventual blended strategy.

Key options included in the modelling:

Direct delivery of new dwellings on Council-owned land in South Hedland - leveraging existing capability but requiring significant capital outlay and long lead times for approvals and construction.

- **Acquisition of established dwellings** - providing faster delivery where suitable stock is available (including age, type and location of dwellings) and avoiding construction risk, but subject to market availability.

- **Long-term leasing and build-to-rent (BtR) arrangements** - deliver purpose-built staff housing without upfront capital expenditure, typically at higher ongoing rental costs and with reduced long-term asset control.

Rental assistance and housing allowances - expand choice and flexibility for staff and can be scaled relatively quickly but do not add to the local owner-occupier base and may add pressure to private rents.

- **A structured home ownership scheme** - building on existing allowances to support eligible staff to purchase dwellings locally, strengthening long-term attachment to the community.

Remote work and a Perth-based office presence - significantly expand the recruitment pool and reduce immediate housing demand in Port Hedland, shift a portion of economic activity away from the local community.

The comparative analysis shows that no single option adequately meets Council's affordability, risk and workforce objectives on its own.

RECOMMENDED BLENDED STRATEGY

The report therefore recommends a diversified, blended portfolio that combines lower-cost, high-flexibility measures with targeted investment in local housing and home ownership:

Short term (0–2 years)

Prioritise scaling remote working arrangements and Perth-based roles for suitable positions to relieve immediate pressure on the Port Hedland housing market.

Expand and refine rental assistance and selected long-term lease arrangements to address urgent housing gaps where Council stock is unavailable.

Medium term (2–5+ years)

Pursue opportunistic purchase of established dwellings in South Hedland when value and suitability align with Council needs, building a deeper pool of long-term staff housing.

Implement a carefully targeted home ownership scheme to support staff intending to settle in the region, leveraging existing allowances to encourage local ownership and stronger family-based ties.

Selective new development and Build to Rent

Reserve new construction or build-to-rent models for cases where there is a clear service need for purpose-built stock that cannot be efficiently met through acquisitions or leases, and only where funding capacity is confirmed via the Long Term Financial Plan.

Taken together, this blended strategy is designed to balance affordability and risk for Council, while improving access to suitable housing, strengthening workforce stability, and supporting the long-term sustainability of the Town of Port Hedland.

ROLE OF STAFF HOUSING IN COUNCIL'S BROADER STRATEGY

The report emphasises that, in a highly volatile, high-cost regional economy shaped by mining cycles, staff housing is not a peripheral benefit but a core strategic lever for Council. The recommended strategy provides a high-level framework, to be complemented by detailed business cases and integration into the Long Term Financial Plan as individual initiatives are brought forward. By combining targeted investment in local housing with flexible support measures and remote work opportunities, Council can improve recruitment and retention outcomes, enhance service continuity, and contribute to a more resilient and sustainable community over the coming decade.

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1. INTRODUCTION

1.1 BACKGROUND

The Town of Port Hedland (Council), situated in the Pilbara region of Western Australia (WA), operates within a highly volatile economic and housing landscape, due to its significant exposure to the resources sector. The remote location, combined with competition from higher-paying private operators, further compounds the Council's ongoing struggle to attract and retain skilled staff.

To address these challenges, Council has taken an active role in the local housing market, offering staff housing and other housing-related support as key tools in its recruitment and retention strategy. Council currently owns and manages 67 residential properties across Port Hedland and South Hedland, many of which have undergone substantial refurbishment in recent years (Council, unpublished^a). Despite these efforts, a recent analysis has revealed a shortfall of approximately 30 to 35 dwellings – around half the existing portfolio (Council, unpublished^a). This deficit is expected to grow as Council expands essential services and works toward its Corporate Strategic Plan objectives, which require a stable and well-supported workforce (Council, unpublished^b).

AEC Group Pty Ltd (AEC) has been engaged by Council to develop actionable strategies aimed at enhancing staff attraction and retention. Acknowledging that constructing the full volume of additional dwellings would impose considerable financial strain, Council is investigating a suite of complementary approaches to address the staff housing shortfall and support its workforce needs.

1.2 PURPOSE AND APPROACH

This report aims to present a suite of evidence-based, actionable strategies for Council to consider and implement in response to the current and projected staff housing requirements over the next decade. It seeks to provide Council with a deeper contextual understanding of the region – particularly regarding the housing landscape – by examining existing policy frameworks, housing support measures, benchmarking against comparable regional entities, and analysing demand patterns and portfolio utilisation.

The primary objective is to confirm the current housing shortfall, estimate future requirements, and develop one or more practical strategies aligned with Council's workforce and service delivery objectives.

It is important to note that this document is a strategic piece, not a detailed business case. As such, it provides high-level quantitative insights guided by core principles, rather than comprehensive feasibility assessments.

The structure of this report includes:

- **Section 2: Regional Overview** – An overview of the demographic, socio-economic, and housing market characteristics within the Town of Port Hedland Local Government Area (LGA).
- **Section 3: Staff Housing Program & Demand** – Examines Council's current staff housing program, including eligibility criteria, assistance measures, and portfolio utilisation. This section confirms current demand, forecasts future requirements, and identifies the scale of the housing gap
- **Section 4: Housing Performance Assessment & Benchmark Analysis** – Identifies key challenges in meeting future staff housing needs and compares Council's support measures with those offered by other Pilbara local governments.
- **Section 5: Strategies & Recommendations** – Development of a suite of strategic options, with recommendations to support Council's ongoing efforts to attract and retain a skilled workforce through appropriate housing and non-housing provisions.

2. REGIONAL OVERVIEW

This section provides the contextual understanding of the Town of Port Hedland LGA, highlighting the unique challenges faced by the region. It explores the key drivers behind population and economic growth and examines ongoing housing market pressures – particularly in comparison to Greater Perth – all of which are heavily influenced by the area’s strong exposure to the resource sector.

The primary objective is to establish the economic rationale for Council’s provision of staff housing and other housing-related support. The constrained local labour market, coupled with mining-induced volatility and unaffordability in the housing sector, has created significant barriers to attracting and retaining staff. These insights form the foundation for developing responsive and effective staff housing strategies.

2.1 SOCIO-ECONOMIC PROFILE

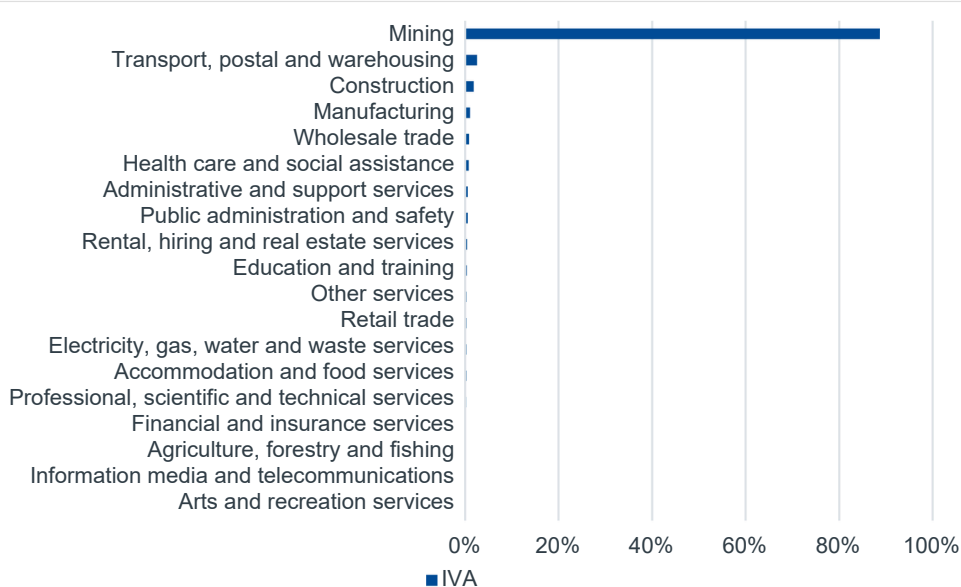
The Town of Port Hedland LGA is situated within Western Australia’s Pilbara region, covering a vast area of 18,417 km² (ABS, 2022). Despite its size, the resident population is primarily concentrated in two key settlements:

- **Port Hedland:** A residential and commercial precinct adjacent to the Port of Port Hedland—the world’s largest bulk export port
- **South Hedland:** The region’s principal residential, retail, and commercial centre.

Port Hedland plays a vital role in the global resources supply chain, hosting several of the world’s largest mining and resource companies. The local economy is overwhelmingly dominated by mining, which accounted for 88.7% of Industry Value Add (IVA) in 2024 (AEC, unpublished^a). Iron ore remains the cornerstone of trade activity, comprising 98.5% of throughput at the Port of Port Hedland in 2024 (Pilbara Ports, 2024). Other resource sectors, including salt mining and lithium extraction, also contribute to economic activity, with lithium gaining momentum in recent years due to rising demand for battery and critical minerals.

At a broader scale, the Pilbara region’s export of goods represents approximately 75% of Western Australia’s exports and 35% of Australia’s total exports (PDC, 2024^b), underscoring its national economic significance.

Figure 2.1: Industry Value Add, Town of Port Hedland, 2024

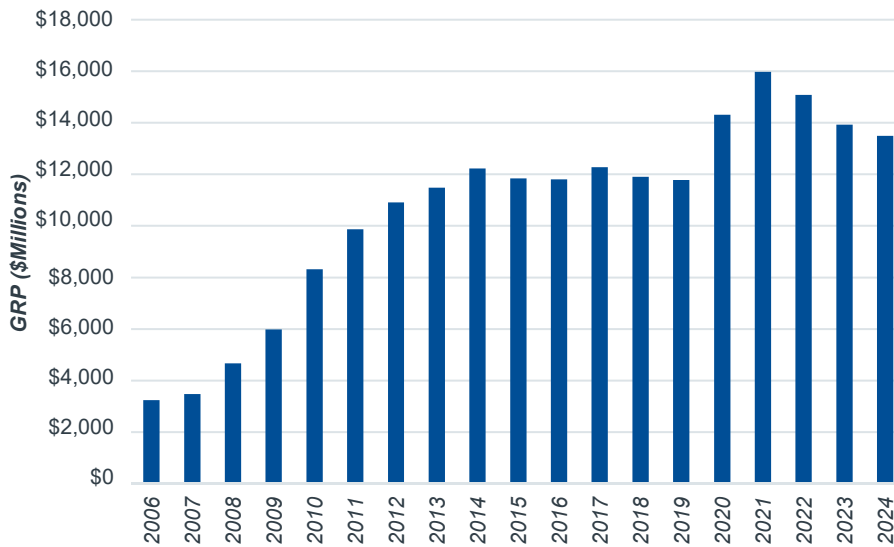


Source: AEC (unpublished^a)

Beyond mining, other important sectors include transport, postal and warehousing (2.6% of IVA), and construction (1.9% of IVA) – both of which are heavily supported by the resource industry. However, the local economy and employment are acutely sensitive to fluctuations in mining and associated construction activities – particularly mine development. This cyclical exposure contributes to pronounced volatility in the region’s economic performance, as reflected in Gross Regional Product (GRP) trends (see Figure 2.2).

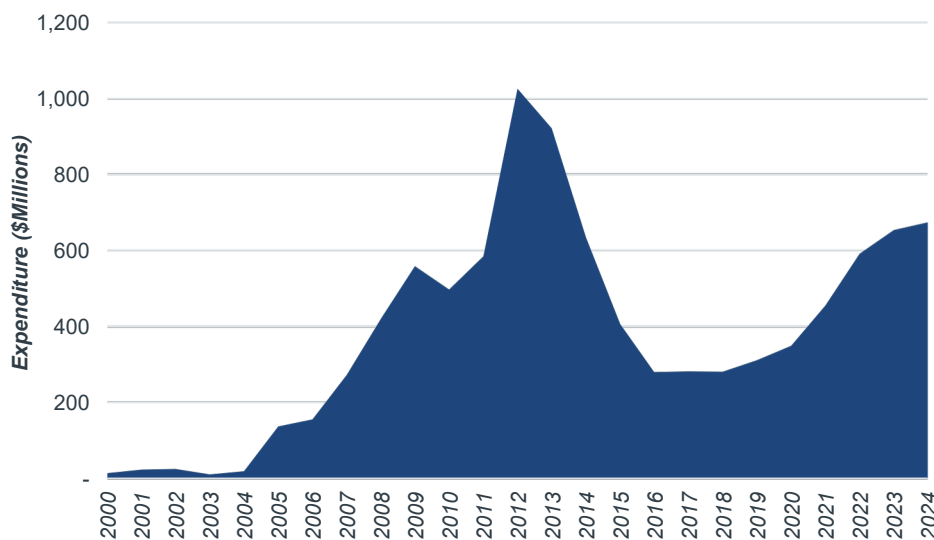
Following a peak of \$12.2 billion in 2014, driven by a surge in iron ore investment, GRP declined to \$11.8 billion in 2019 as major projects transitioned to operational phases. A sharp rebound occurred in 2021, with GRP reaching \$16.0 billion, fuelled by renewed investment and strong commodity prices. However, GRP eased back to an estimated \$13.5 billion in 2024.

Figure 2.2: GRP



Source: AEC (unpublished³)

Figure 2.3: Annual Iron Ore Exploration Expenditure, WA, Current Prices



Source: ABS (2025)

Looking ahead, mining – particularly iron ore – will continue to dominate the region’s economic landscape. Following a high of US\$182.85/t in mid-2021, iron ore prices have moderated to a range between US\$80/t and US\$120/t – still well above pre-COVID averages. Forecasts suggest a gradual decline, with prices expected to fall to US\$83/t in 2025 and US\$74/t by 2027. This outlook reflects anticipated production cuts in China and growing supply from other producers (Department of Industry, Science and Resources, 2025). While export volumes are projected to increase and stabilise, Australia’s iron ore export earnings are expected to fall from \$116 billion in 2025 to \$97 billion by 2027.

Figure 2.4: Iron Ore Quarterly Price (FOB) Outlook



Source: Department of Industry, Science and Resources (2025).

Despite moderating price forecasts, the Pilbara region continues to attract substantial investment. As of June 2024, the total pipeline was valued at \$258 billion, including \$87.6 billion in clean energy developments and \$74.7 billion in iron ore projects (Pilbara Development Commission, 2024). Notably, \$59.1 billion of this investment is earmarked for the Town of Port Hedland, expected to generate approximately 7,900 construction jobs and 3,550 long-term production roles. This surge in renewable energy investment has been largely driven by efforts from major resource companies to decarbonise operations and transition to more sustainable energy sources, strengthening the long-term economic prospects of the region.

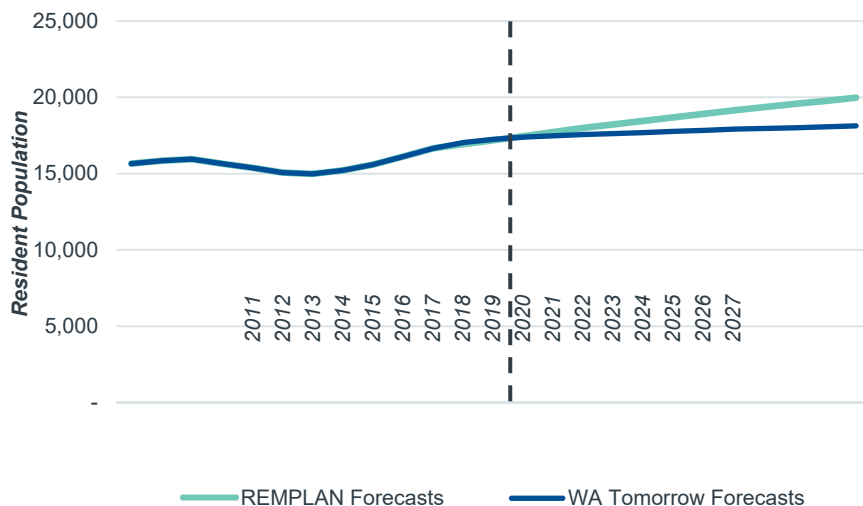
2.2 DEMOGRAPHIC PROFILE

Port Hedland’s estimated resident population has grown at an average rate of 1.1% per annum over the past decade, reaching approximately 17,400 people in 2024. Of this total, 4,435 people (25%) reside in Port Hedland itself, with a larger share located in South Hedland (12,540 people or 72%) (WA Tomorrow, 2025).

Over the past twenty years, population trends in Port Hedland have shown greater volatility compared to the Western Australian average, largely due to the region’s reliance on mining and resource-driven economic cycles. Between 2006 and 2013, during the peak of the mining boom, population growth averaged 1.8% annually, supported by strong employment prospects. Following the transition of major projects from construction to operational phases between 2013 and 2017, the region recorded negative growth of -1.5% per annum. In subsequent years, population levels gradually recovered in line with improving economic conditions.

According to projections from WA Tomorrow (2025) and REMPLAN (2025), Port Hedland’s long-term population growth is expected to remain subdued through to 2035. WA Tomorrow forecasts an average annual increase of just 0.4%, while REMPLAN presents a more optimistic outlook at 1.3% per annum – though still below the WA average of 1.6%. Given the town’s strong exposure to mining cycles, short-term population changes are expected to fluctuate significantly. It’s also important to note that regional resident population forecasts do not account for the transient fly-in-fly-out (FIFO) workforce, which significantly expands the town’s effective service population at any given time.

Figure 2.5: Resident Population Forecasts



Source: WA Tomorrow (2025), REMPLAN (2025).

2.3 HOUSING IN THE TOWN OF PORT HEADLAND

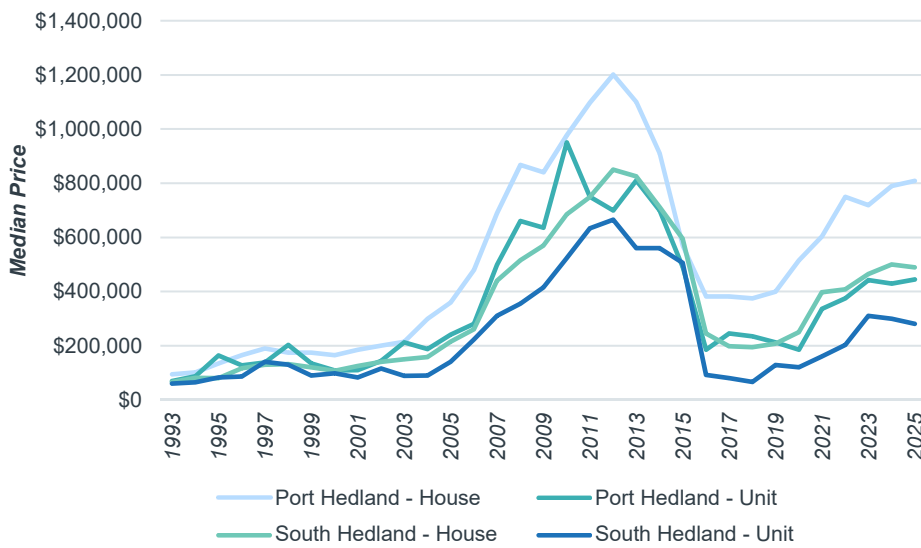
The cost of housing in the Town of Port Hedland continues to present a significant barrier to attracting and retaining residents – particularly for workers employed in non-mining sectors. The housing affordability gap is most pronounced among service workers, who often find themselves priced out of the market or unwilling to take on the risks associated with volatile property values. This challenge is underscored by a recent community survey, in which 39% of respondents rated access to housing as ‘terrible’ (Council, 2023).

HOUSING MARKET OVERVIEW

The property market in the Town of Port Hedland has been shaped by the mining investment cycle, displaying significant volatility over the past two decades. Median house prices in Port Hedland and South Hedland peaked in 2012 at approximately \$1.2 million and \$850,000 respectively, before plummeting to lows of \$375,000 and \$195,000 by 2018 – declines of 69% and 77% due to reduced demand following the transition of mining projects from construction to production phases.

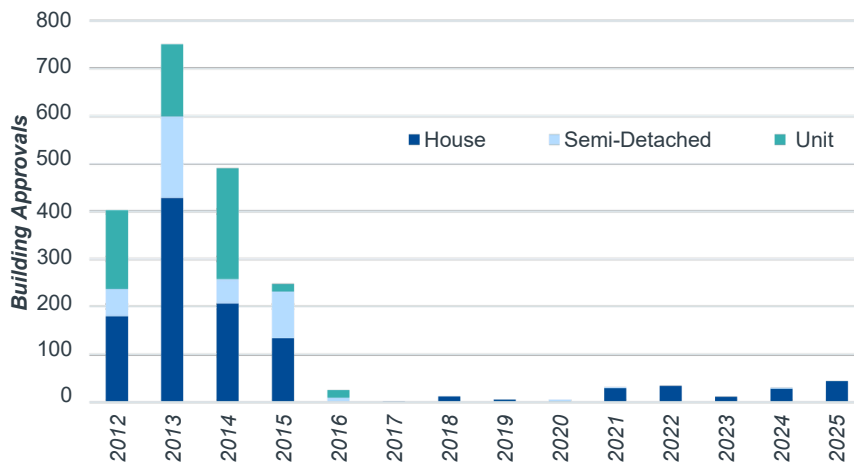
Since 2018, house prices experienced renewed growth, climbing to \$808,168 in Port Hedland and \$489,000 in South Hedland in 2025, fuelled by increased mining investment, sustained higher commodity prices, and interest from residential investors. Persistent construction bottlenecks and elevated building costs have also constrained new supply, placing further upward pressure on prices (see Figure 2.7). The cyclical nature of Port Hedland’s economy - coupled with the housing market downturn in 2018 - has also led to a more cautious investment climate, further limiting supply-side responsiveness. Unit prices have mirrored these trends. Both houses and units though, remain below the peak levels recorded during the previous mining boom.

Figure 2.6: Median Price for Houses and Units, Port Hedland and South Hedland



Source: Pricerfinder (2025).

Figure 2.7: Volume of Building Approvals, Town of Port Hedland

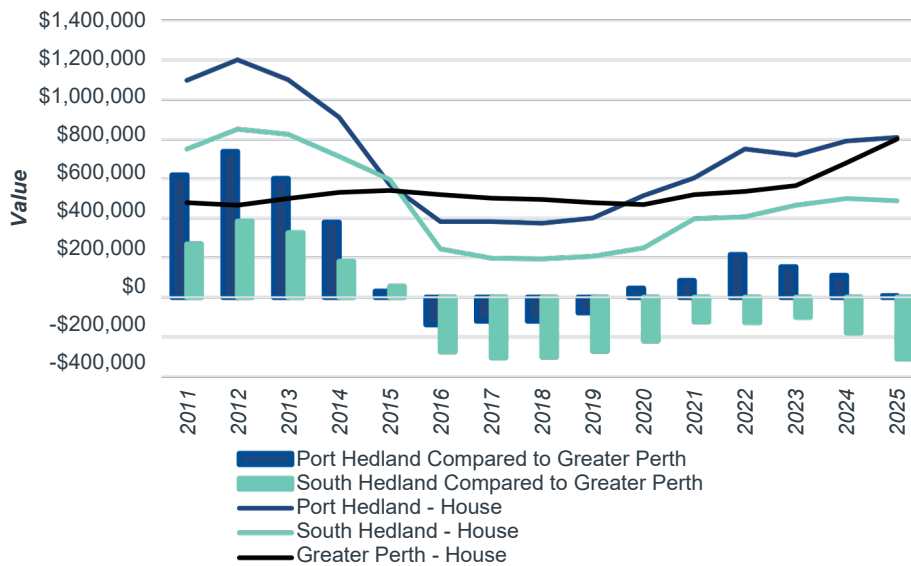


Source: ABS (2025).

Property values in Port Hedland command, on average, a 50% premium over South Hedland, largely due to its coastal location, more temperate climate, and relatively tighter market conditions. When compared to the Greater Perth market, price volatility has been more pronounced in Port Hedland. However, Perth has seen substantial growth in recent years, with median house prices rising from \$469,000 in 2020 to \$800,000 in 2025 – an increase of 71%.

While Port Hedland prices remain marginally higher than Perth’s, the gap has narrowed significantly – driven more by Perth’s upward momentum than any softening in Port Hedland. Notably, Greater Perth’s median house price has consistently exceeded South Hedland’s since 2015, with the gap widening to \$311,000 in 2025.

Figure 2.8: Median House Price in Greater Perth

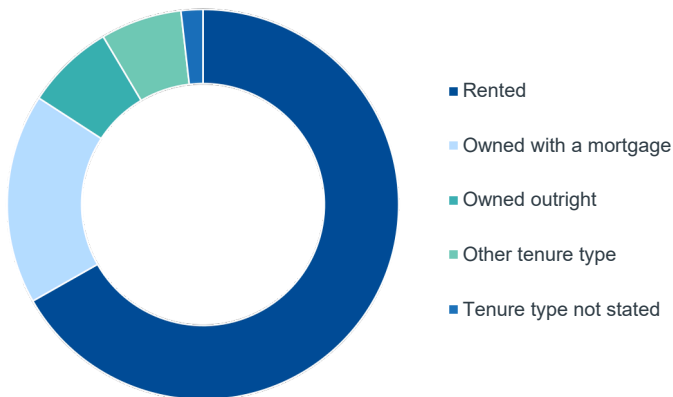


Source: Pricefinder (2025).

RENTAL MARKET

The rental market plays a critical role in housing provision across the Town of Port Hedland, where 66.7% of households live in rented dwellings – a figure significantly higher than both the Greater Perth average (26.6%) and the Western Australian average (27.3%) (ABS, 2022). Several factors contribute to this disparity: the region’s exposure to mining-driven market cycles, frequent employment turnover, and the short-term intentions of many residents. The high rate of population churn, driven by temporary or transient employment, means that many do not plan to settle long-term, preferring the flexibility of renting over the financial risk of homeownership.

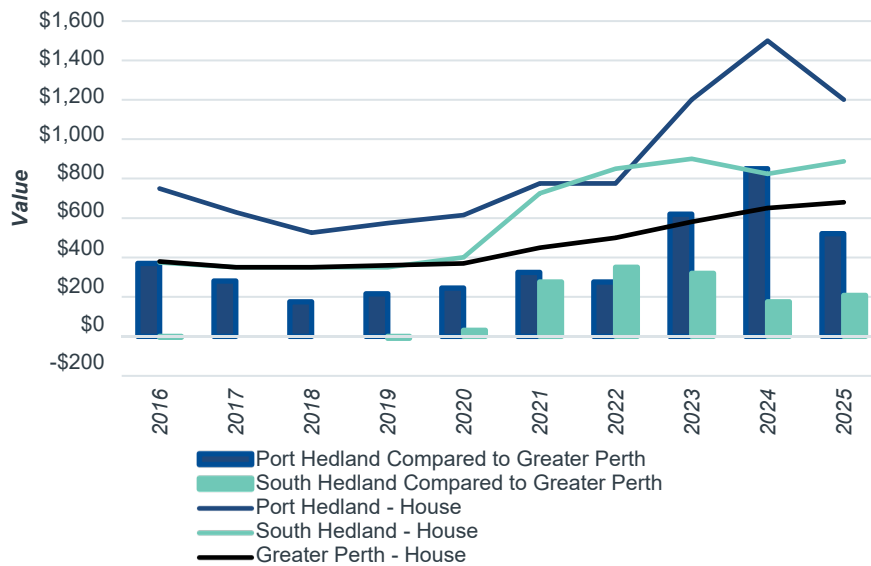
Figure 2.9: Tenure Type, Town of Port Hedland, 2021



Source: ABS (2022).

Rental prices in Port Hedland have been heavily influenced by the mining investment cycle, mirroring trends seen in the broader housing market. Weekly median rents in Port Hedland fell to approximately \$525 by 2018 following the end of the mining boom. However, rents rebounded sharply in subsequent years, peaking at \$1,500 in 2024 before easing slightly to \$1,200 in 2025. Unit rents followed a similar trajectory, reaching \$850 in 2025. South Hedland also experienced significant increases, with median house rents rising from \$350 in 2019 to \$887 in 2025, and units increasing from \$300 to \$650 over the same period.

Figure 2.10: Median Rent in Greater Perth, Port Hedland and South Hedland



Source: Reiwa (2025).

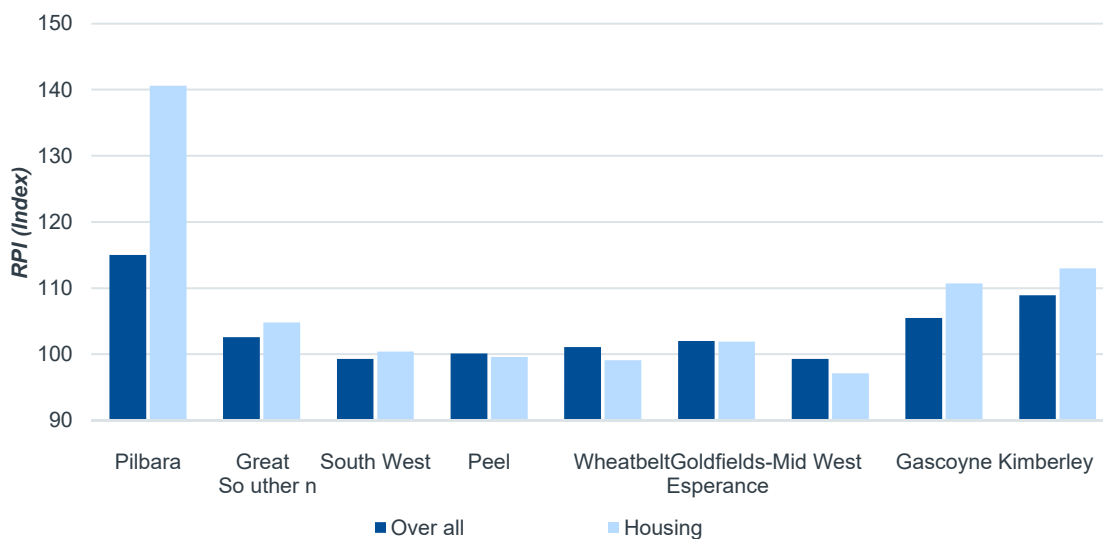
This surge in rental prices has been driven by multiple factors: a shortage of available rental stock, driven by rising demand linked to renewed mining investment as available housing largely taken up for use as housing by mining companies, and limited new housing supply as evidenced by weak building approvals (see Figure 2.7). The Port Hedland Voluntary Buy-Back Scheme has further impacted the number of available dwellings, exacerbating market pressures and inflating prices (Hedland Maritime, 2025).

Compared to Greater Perth, rental prices in Port Hedland and South Hedland are markedly higher. While Perth rents have climbed steadily – from \$370 (houses) and \$340 (units) in 2020 to \$680 and \$650 respectively in 2025 – the cost differential remains substantial, highlighting affordability challenges for non-mining workers and public sector employees.

Rental affordability remains a key concern for Council and neighbouring regions such as Karratha. The lack of affordable housing is a critical barrier to attracting and retaining staff, especially service workers. Council estimates point to a shortfall of 1,705 service workers, projected to grow to 2,391 by 2031 (Council, 2023). Though many fly-in fly-out (FIFO) workers are accommodated in transient worker accommodation facilities, surges in activity often spill into the mainstream rental market, further tightening supply and increasing costs.

These pressures are reflected in the Pilbara’s Regional Price Index, which compares the cost of a common basket of goods and services relative to Perth. The Pilbara ranks as the highest-cost region in Western Australia, with an index of 115 and a housing sub-index of 140. The Town of Port Hedland sits as 119.7, underscoring the elevated cost of living driven not only by housing, but also by inflated prices for food, healthcare, and other essential services. The cumulative impact presents a significant challenge to long-term workforce sustainability in the region.

Figure 2.11: Regional Price Index, WA



Source: Department of Primary Industries and Regional Development (2024).

Council needs to be active

The Town of Port Hedland’s socio-economic environment is fundamentally shaped – and frequently destabilised – by its concentrated dependence on the mining sector. Economic activity, population growth, and housing market trends are all tightly bound to fluctuations in resource investment cycles, leaving the region vulnerable to boom-and-bust dynamics. This lack of economic diversity has intensified housing volatility, creating sharp swings in prices and rent, and resulting in a severe affordability crisis for those not employed within or directly supported by mining operations.

These conditions present ongoing barriers for the Town of Port Hedland Council in attracting and retaining a stable workforce. Many prospective staff are either priced out of the market or reluctant to navigate the risks associated with purchasing or renting in such a climate. In this context, the provision of staff housing is not merely a supportive measure – it is a vital strategic response.

3. STAFF HOUSING PROGRAM & DEMAND

This section examines Council's approach to staff housing provision, including an overview of the current housing program, eligibility criteria, and the profile of employees currently supported under the scheme. It also reviews trends in workforce composition and staff turnover over the past decade – insights that are critical for understanding the pressures facing Council operations in a region marked by housing volatility and labour market constraints. Drawing on the findings from the latest workforce plan, this section will also assess current and projected housing assistance demand associated with Council staffing needs.

3.1 STAFF HOUSING PROGRAM & ELIGIBILITY

Council delivers essential public services aligned with its Corporate Strategic Plans. To do so effectively, it must attract and retain skilled and experienced staff – an ongoing challenge in a remote region characterised by housing affordability issues and economic volatility (as outlined in Section 2). In response, Council has developed a staff housing program that serves as a central component of its broader recruitment and retention strategy.

ELIGIBILITY OVERVIEW

Eligibility for housing assistance is governed by the Town's Internal Operating Procedure (IOP). Employees eligible for support include:

- Common Law Contract staff
- Enterprise Agreement positions from Level 6 to Level 8
- Graduates

Casual employees and those classified between Levels 1 and 5 are generally ineligible; however, the Chief Executive Officer (CEO) retains discretionary authority to approve housing support in exceptional circumstances – for example, for positions deemed difficult to attract and retain. At present, a limited number of Level 5 roles (e.g. Rangers) have been flagged for assistance due to operational necessity.

While the primary focus remains on eligible roles, housing affordability considerations may extend to lower-income staff not currently covered under the formal eligibility criteria, particularly as cost pressures rise across the region.

HOUSING ASSISTANCE MEASURES

Council provides a suite of housing-related assistance options, with Council-provided employee housing forming the cornerstone of the program. Key features include:

- Rent-free allocated housing in Port Hedland or South Hedland
- Housing offered based on availability, employment level, length of service, family size, and property suitability
- Where no suitable property is available, staff are placed on a waiting list, and the next best alternative may be offered
- Senior personnel – including Managers, Directors, and the CEO – are generally prioritised for housing in Port Hedland. Transitional housing may be located in either Port Hedland or South Hedland while awaiting permanent allocation
- Where two eligible employees reside in the same property, only one may receive housing and utilities assistance
- Graduates who transition into permanent roles after two years may become eligible for housing assistance, regardless of their new classification
- All eligible employees qualify for transitional housing support
-

Table 3.1 and Table 3.2 outline the housing standards based on employment level and family composition, respectively.

Table 3.1: Allocation of Housing and Housing Standards

Eligibility	Free standing residence	Duplex/ Town house/ Unit	Shared or Serviced room (Camp)	In ground pool	Garden landscaping	En-suite	Main bathroom
CEO	Yes			Yes	Yes	Yes	Yes
Director	Yes			Yes	Yes	Yes	Yes
Manager	Yes	Yes					Yes
Senior employee on CLC / Level 8 & 7		Yes					Yes
Level 6		Yes					Yes
Short term contracts / consultants		Yes	Yes				Yes
Graduate		Yes	Yes				Yes
Specialty skills / difficult to attract and retain positions as approved by CEO		Yes	Yes				Yes

Source: Council.

Table 3.2: Size of Residence Standard

Family composition	1 bed townhouse, duplex, or unit	2 bed townhouses, duplex, or unit	3 bed townhouses, duplex, unit, or house	4 bed houses (limited stock)
Single	Yes	Yes		
Couple	Yes	Yes		
Couple + 1 child	Yes	Yes	Yes	
Couple + 2 children		Yes	Yes	Yes
Couple + 3 or more			Yes	Yes

Source: Council.

To reduce pressure on Council's limited housing stock and encourage community integration, additional housing support options are available, each with specific criteria.

Table 3.3: Council Housing Assistance Measures

Existing Policies	Description	Benefit Amount
Home Ownership Allowance	<ul style="list-style-type: none"> Employee owns a house as their primary residence in Port Hedland or South Hedland Does not have a mortgage on that property Considered ordinary times earning (OTE), and therefore the Town is required to pay superannuation on 	\$35,100 pa

	the amount and will be included in the employees taxable income.	
Home Ownership reimbursement	<ul style="list-style-type: none"> Employee owns a house as their primary residence in Port Hedland or South Hedland Does have a mortgage on that property Paid as an expense claim 50% FBT reduction as considered remote area interest. 	Up to \$35,100 pa/ up to \$675 per week
Housing rental reimbursement	<ul style="list-style-type: none"> In the event the Town is not able to allocate a Town provided house to an employee who may be eligible, the Town may offer a weekly Housing Rental Reimbursement of up to \$400 per week The Town's preference is to offer Town provided housing in the first instance 50% FBT reduction as considered remote area rent. 	Up to \$20,800 pa/ up to \$400 per week
Housing by other means allowance	<ul style="list-style-type: none"> If an employee who may be eligible for Town provided housing, has secured housing by other means e.g. partner receives housing via their employment arrangement and no additional rental payments are required, the Town may offer a \$5,000 per annum housing allowance Considered ordinary times earning (OTE), and therefore the Town is required to pay superannuation on the amount and will be included in the employees taxable income. 	\$5,000 pa paid fortnightly

Source: Council.

3.2 STAFF PROFILE

As of May 2025, the Town of Port Hedland employs approximately 398 staff, representing around 242 full-time equivalent (FTE) positions. Of these, 176 are employed on a permanent basis, 83 are fixed term, and 139 are casual employees – primarily supporting the Community Services Directorate. This directorate accounts for 49% of the total workforce, with casual staff commonly engaged in roles spanning recreation, youth services, arts, events, libraries, and leisure facilities.

Table 3.4: Employee Breakdown by Directorate and Employment Status, Headcount

Directorate	Permanent	Fixed Term	Casual
Office of the CEO	13	17	1
Corporate Services	29	26	3
Community Services	64	12	119
Infrastructure Services	57	16	16
Regulatory Services	13	12	0
Total	176	83	139

Source: Council.

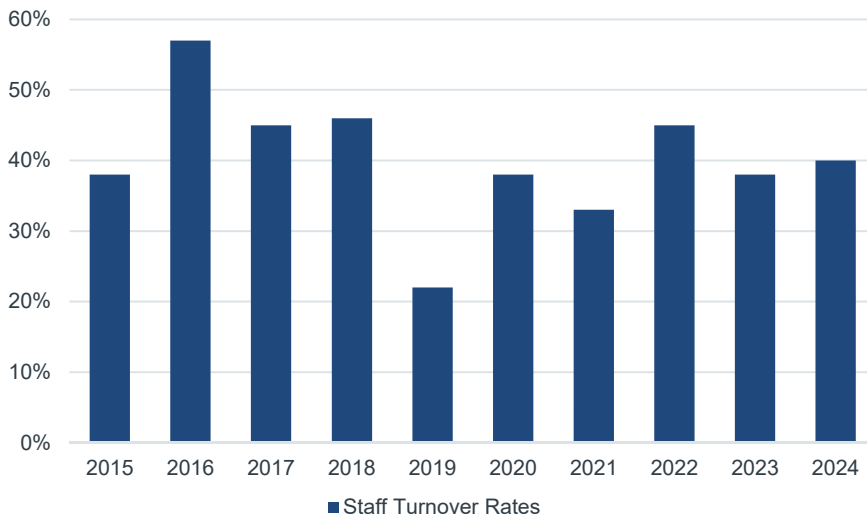
Over the past decade, workforce size has fluctuated significantly, driven by persistently high staff turnover. This trend has been shaped by a range of regional challenges, including:

- Limited accessibility and amenity, including constrained business and medical services and a lack of reliable childcare

- Volatile rental availability and affordability, particularly during periods of heightened activity in the resources sector
- Intense competition for qualified trades and technical staff across both local government and resource industry employers
-

Difficulties attracting and retaining suitably skilled professionals due to the remote location. On average, Council's staff turnover over the last ten years has been approximately 45% - substantially higher than that of the neighbouring City of Karratha (21% in 2024) (City of Karratha, 2024), the national average for local governments (15.6%), and rural local government benchmarks (around 20%) (SGS Economics And Planning, 2022). This elevated turnover underscores significant workforce stability issues for Council.

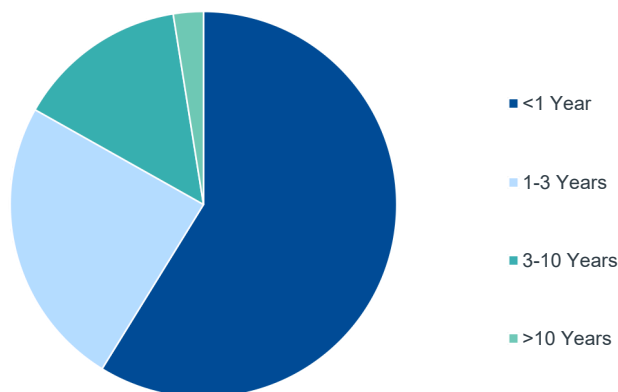
Figure 3.1: Council Staff Turnover Rates



Source: Council.

Consequently, the average tenure of Council employees stands at just 1.9 years. Of the current workforce, 234 staff (59%) have been employed for one year or less, and 97 (24%) between one and three years. Only a small proportion (14%) have remained beyond three years, with just 10 individuals (3%) having tenure exceeding a decade.

Figure 3.2: Employee Tenure Distribution, May 2025



Source: Council.

Council's Retention Challenges Have Severe Operational Implications

The persistently high turnover rate and short staff tenure have far-reaching implications for the Town of Port Hedland Council. These workforce dynamics contribute to low levels of employee engagement, reduced productivity, and a diminished capacity to build and sustain core organisational capability. The Council operates consistently below optimal staffing capacity, placing increased pressure on long-standing staff and leading to greater reliance on casual and fixed-term employees.

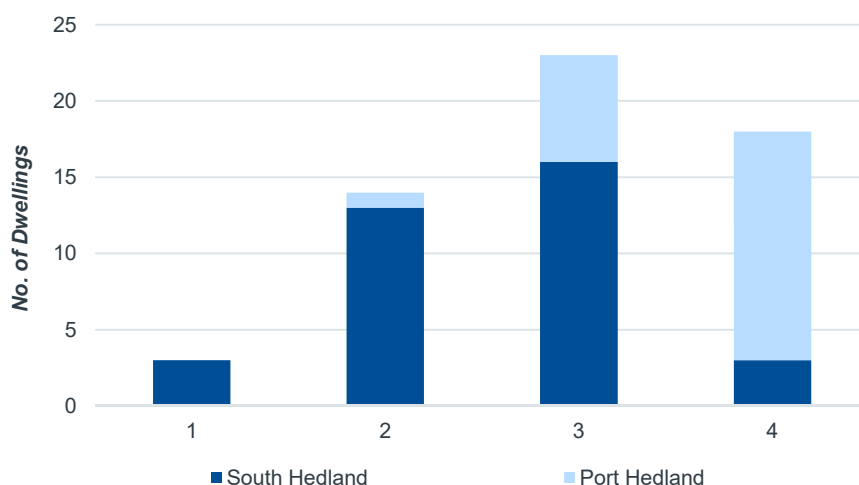
This environment disrupts continuity, inhibits knowledge transfer, and undermines the development of institutional expertise. It hampers service delivery, erodes operational efficiency, and presents significant risks to the Council's ability to deliver strategic priorities. Additional resources and targeted interventions will be required to mitigate these challenges and stabilise the workforce.

3.3 STAFF HOUSING PORTFOLIO

The Town of Port Hedland currently maintains a residential housing portfolio comprising 67 properties. Of these, 58 are designated as permanent housing, while 9 function as transitional accommodation – temporarily allocated to new employees upon arrival, while they await a permanent allocation or secure a suitable property independently.

The majority of permanent housing stock is located in South Hedland (60%). Properties situated in Port Hedland are typically reserved for employees in managerial or executive positions. The majority of permanent residences feature three or more bedrooms (71%), reflecting the Council's commitment to providing spacious accommodation that appeals to employees with families and broadens the pool of potential hires.

Figure 3.3: Housing Stock by Location and Bedroom Configuration



Source: Council.

A recent refurbishment program has brought the permanent housing portfolio up to the required standards, significantly enhancing its overall appeal and liveability. These improvements support broader staff attraction and retention objectives.

As of the latest reporting period, 7 properties in the portfolio are currently vacant. Six are pre-allocated for incoming hires, while one is undergoing remediation works. While temporary allocation of vacant properties may occur to meet immediate unmet demand, Council aims to minimise staff transfers once higher-priority roles are filled. This approach reduces relocation costs and avoids the inefficiencies and disruptions associated with frequent reassignments.

3.4 CURRENT DEMAND FOR STAFF HOUSING

As of May 2025, under the current staff housing program and eligibility guidelines (see Section 3.1), a total of 113 employees – including vacant roles – qualify for some form of housing assistance. This represents approximately 28% of the overall workforce, a figure that rises to 44% when casual employees are excluded from the calculation.

Table 3.5: Eligible Positions and Housing Assistance Allocation, May 2025

Position	Eligible Employees	Employees Home owners/ Employees in	Partner Housing	Renting	Vacant Positions	Working Remotely	Housing Shortage
Executive	5	5	-	-	-	-	-
Manager	15	12	1	-	2	-	-
Level 8	9	6	-	-	1	2	-
Level 7	31	18	8	1	1	3	1
Level 6	43	9	11	17	5	1	22
Level 5 Critical	6	-	-	4	2	-	6
Graduate Total	4	2	-	-	2		-
	113	52	20	22	13	6	29

Source: Council.

Of the 113 eligible positions, 52 employees (46%) currently occupy Council-owned housing. This allocation primarily supports executive and management-level roles, with near-universal uptake among Level 8 employees and managers. Level 7 staff are given housing priority, including access to newly built homes, contingent on family composition. If surplus properties are available, housing may be extended to long-serving Level 6 employees or awarded by exception for roles deemed hard to fill. Graduates are guaranteed accommodation, which is offered fully furnished.

Twenty employees have opted out of direct Council housing: 14 (12%) own their own homes, while another 6 utilise housing benefits through their spouses' employers, typically in the resources sector, which include a \$5,000 allowance. Housing allowance selection is often dictated by individual circumstances, particularly where industry-based housing is already provided via a partner.

There are currently 22 renters (19%), primarily in Level 6 positions. Council has indicated a preference to offer these employees Council-provided housing. In addition, 13 eligible roles (12%) remain vacant but are anticipated to require housing allocations. Six employees now work remotely, a trend that has grown in recent years and moderately alleviated pressure on local housing supply. These individuals receive housing-related support via alternative arrangements.

Given Council's permanent housing portfolio of 58 properties, including those currently vacant, and the prioritisation of rehousing renters, the estimated shortfall is approximately 29 properties. This unmet demand is concentrated in Level 6 positions, many of which are occupied by renters. No additional housing is currently required for Level 8 or more senior positions, that is, roles that are currently occupied.

Council has also reported a waitlist of 14 candidates seeking staff housing. The largest segment of demand is for two-bedroom accommodation (eight individuals), followed by requests for three-bedroom homes (four candidates) and four-bedroom properties (two candidates). Waitlist duration varies by property availability and location, with the average duration reaching 1.7 years – which is considered excessive by industry standards. Availability is influenced by vacancy turnover and incoming staff requirements, with the highest demand typically seen for smaller properties suitable for individuals or couples without children.

It is important to note that 72% of employees do not currently receive any form of housing assistance. Many of these staff are in lower-level roles and may be disproportionately impacted by housing affordability challenges.

3.5 FUTURE DEMAND FOR STAFF HOUSING

According to the Town of Port Hedland’s Workforce Plan 2025–2029, the organisation anticipates a modest increase in staffing over the coming years – from around 308 FTEs in 2025 to 328 FTEs by 2028 (including vacant positions), holding steady through to 2030. This represents a cumulative workforce growth of 6.7%. The most notable gains are expected within Corporate Services and Regulatory Services, projected to increase by 8 and 7 FTEs, respectively.

Table 3.6: Projected Workforce Changes

Directorate	2025	2026	2027	2028	2029	2030
Office of the CEO	26.0	2.0	-	-	-	-
Community Services	89.4	1.5	-	-	-	-
Corporate Services	57.6	5.0	2.0	1.0	-	-
Infrastructure Services	104.0	-	1.0	1.0	-	-
Regulatory Services	30.6	4.0	3.0	-	-	-
Total	307.6	320.0	326.1	328.1	328.1	328.1

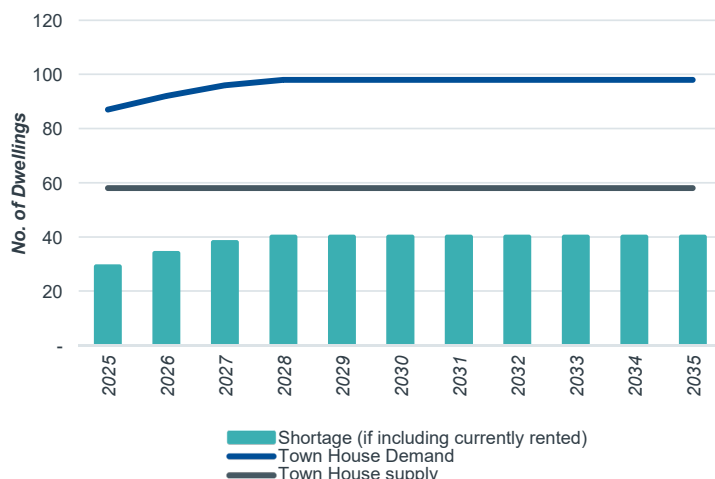
Source: Council.

To estimate, at a high level, the future demand for staff housing, the analysis draws on Council’s workforce projections and housing eligibility patterns. The following steps and assumptions have guided the assessment:

- Council anticipates the number of eligible positions for housing assistance to increase by 5 in 2026, 4 in 2027 and 2 by 2028, roughly maintaining the current eligibility-to-FTE ratio. It is assumed that the number of eligible positions remains constant for the remainder of the evaluation period, in line with workforce projections. Of the 113 existing eligible positions, current demand for Council-provided housing stands at 87 dwellings (this includes current renters and vacant positions expected to be filled). With a current housing stock of 58 properties (refer Section 3.4), this equates to a shortfall of 29 units.
- For future forecasting, it is conservatively assumed that all new eligible positions will require Council housing. It is also assumed that there are no changes to eligibility criteria, and that those currently receiving homeowner or housing allowances will continue to do so.

By 2035, total demand for Council-provided dwellings is projected to reach 98 properties. If no additional stock is secured, this would result in a shortfall of 40 homes. These figures do not consider the suitability or condition of existing housing, which may further impact accommodation needs. Beyond internal staffing growth, broader external factors will also influence future housing demand. The performance of the resource sector and volatility in the property market remain key drivers of affordability and rental pressures. These market forces, historically correlated with spikes in demand, fall outside Council’s control but pose ongoing risks to staff housing accessibility.

Figure 3.4: Projected Demand and Shortage for Council-Provided Housing



Source: AEC.

4. HOUSING PERFORMANCE ASSESSMENT & BENCHMARK ANALYSIS

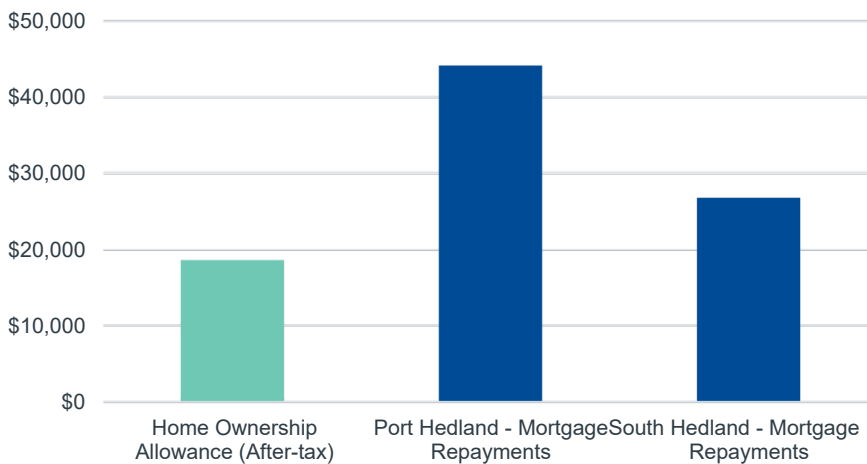
HOUSING PERFORMANCE ASSESSMENT & KEY CHALLENGES

4.1

A range of challenges and risks have been identified in relation to Council's staff housing support measures, highlighting the limitations of current provisions and the need for strategic intervention. Key findings include

- **Insufficient Supply of Council-Provided Housing:** Council currently faces a shortage of approximately 29 dwellings to meet staff housing needs – 22 required to transition renters into Council-owned properties and 7 to accommodate eligible vacant positions (see Section 3.4). Without new stock acquisition or construction, this shortfall is projected to grow to 40 properties by 2035. The urgency of this issue is amplified by the long lead times associated with new construction, which could limit the effectiveness of housing strategies reliant on development.
- **Additional Pressure if Eligibility Broadens:** Should Council extend housing assistance to additional roles, including non-critical positions at Level 5 and below, demand may increase by at least 20 dwellings (Council, Unpublished^a). Recruitment and retention at lower levels remain a significant challenge, with vacancy rates for Level 5 roles and below sitting around 30% (excluding casual staff), compared to 15% for higher-level roles. Lower-income staff are disproportionately affected by housing affordability challenges, particularly in the Pilbara region where access to employer-sponsored housing is less common outside the resource sector (see Section 2.3).
- **Waitlist Demand Concentrated on Smaller Family Homes:** Current waitlist data indicates the highest demand is for two- and three-bedroom homes: eight employees are awaiting two-bedroom units, four require three-bedroom properties, and two are seeking homes with four bedrooms. Approximately 43% of eligible employees have dependent families, while 57% are single or in couples without children. Based on Council's housing policies and current role composition, predominantly between Level 5 (critical) and Level 7, most of these future allocations are expected to be situated in South Hedland and reflect similar bedroom configurations unless family demographics change.
- **Location-Based Attractiveness Varies:** While Council allocates Level 8 and senior staff to properties in Port Hedland, the remainder of eligible employees are housed in South Hedland. Although South Hedland offers more affordable accommodation, its inland location and lower amenity compared to the coastal lifestyle in Port Hedland reduces its attractiveness. This geographic disadvantage may affect long-term staff retention.
- **Housing Identified as a Critical Issue by Employees:** Employee engagement surveys from 2024 emphasised the significance of housing-related concerns. These ranged from expanding eligibility to addressing affordability and broader cost-of-living pressures. A region-wide survey revealed that 39% of residents in Hedland rated access to housing as 'terrible,' reinforcing the scale of the challenge across the LGA.
- **Home Ownership Support Is Substantial:** Council recently increased the home ownership allowance/reimbursement to \$35,100 per annum, making it difficult at this stage to evaluate its full impact on staff retention and recruitment. Given the median house price in Port Hedland (\$808,186), and assuming a 20% deposit, 5.5% interest rate, \$10 monthly fee, and a 30-year loan, typical monthly principal and interest mortgage repayments total approximately \$3,681 (\$44,172 annually). For employees in the highest marginal tax bracket, the allowance offsets roughly 42% of these costs, reducing effective housing expenses to about \$492 per week – well below prevailing rental rates. In South Hedland, the median house price is lower at \$489,000, producing estimated repayments of \$2,231 per month (\$26,772 annually). Here, the allowance covers close to 69% of mortgage costs, leaving employees with an effective outlay of just \$157 per week, again substantially below local rental benchmarks.

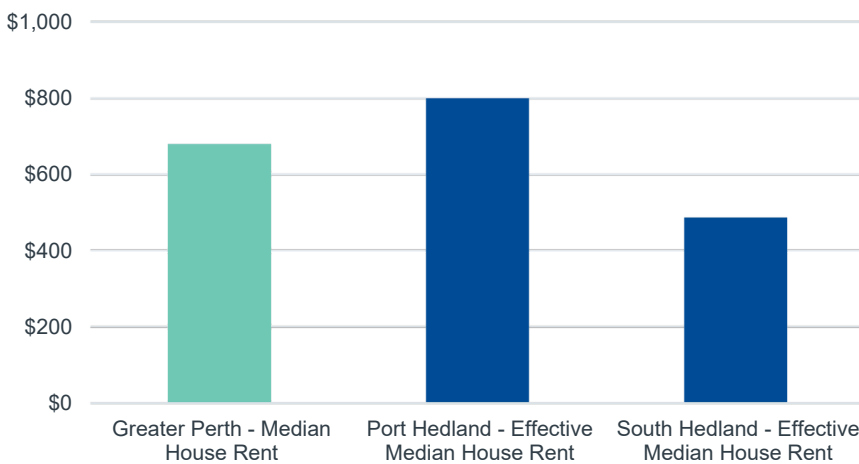
Figure 4.1: Annual Home Ownership Allowance Vs. Estimated Mortgage Repayments



Source: AEC.

Rental Reimbursement Insufficient Amid Rising Costs: Council provides a rental reimbursement of \$400 per week (\$20,800 per annum), which offsets rental costs to \$800 in Port Hedland and \$487 in South Hedland. With Greater Perth’s median house rent reaching \$680 in 2025, Port Hedland remains more expensive, while South Hedland appears more affordable. However, even with rental assistance in South Hedland, the subsidy may fail to provide a meaningful incentive to relocate to a remote region – particularly if local rents continue to rise.

Figure 4.2: Weekly Median House Rent After Subsidy, 2025



Source: AEC.

4.2 BENCHMARK ANALYSIS

The recruitment and retention challenges faced by the Town of Port Hedland are not unique. LGAs across the Pilbara region contend with similar pressures, influenced by the same economic dynamics – particularly competition with the mining and resources sector. Table 4.1 presents a summary of housing-related support policies adopted by Pilbara councils, offering a benchmark for comparison against the Town of Port Hedland’s approach.

It should be noted that this summary is based on publicly available information. Some categories may lack detail or be subject to internal conditions or eligibility rules. Additionally, some policy instruments may be mutually exclusive – staff may only access one form of support depending on their housing arrangement.

Table 4.1: Summary of Housing Support Measures Across Pilbara LGAs

Policy Type	Shire of Ashburton	City of Karratha	Shire of East Pilbara	Town of Port Hedland
Short-Term Action				
Council-provided accommodation	Rent-free	Subsidised rent	Subsidised rent	Rent-free
Approximate size of total workforce	220	278	202	398
Housing portfolio (approximate)	100 dwellings (constructing more)	100 dwellings	Not Available	67 dwellings
Eligibility for Council dwelling	Employees recruited locally generally not eligible	Not Available	Not Available	Common law contracts, levels 6-8 and graduates
Home ownership allowance/ reimbursement	-	\$32,445 pa	-	\$35,100 pa
Rent subsidy/ allowance	Up to \$400-\$700 per week	-	-	Up to \$400 per week
Housing assistance (if not covered by housing policy)	-	\$13,000 pa	-	-
Financial relocation support/ allowance	\$15,000	-	Up to \$10,000/	Up to \$10,000
Utility support	-	-	\$15,000	\$1,500 - \$5,000 pa
Landscaping/ garden reimbursement/ support	Partly	-	Subsidised	Up to \$500
Annual leave travel allowance	Up to \$500	-	-	-
Living Allowance	\$2,000 pa	\$2,833 pa	Return to Perth	-
	\$4,750 pa	\$9,270 pa	\$20,000 pa (if no housing)	-
Health & wellbeing allowance	\$300 pa	Up to \$500 pa	Recreation discounts	\$20,000 Recreation discounts

Source: AEC

Other incentives used by the above councils to support prospective employees to move in regionally may include:

- Superannuation matching/ high superannuation contribution
- Additional annual leave
- Personal use of Council vehicle
- Study Assistance

4.2.1 SHIRE OF ASHBURTON

The Shire of Ashburton implements the following policies to support housing for employees (Shire of Ashburton, unpublished):

- **Council Provided Housing:** The Shire of Ashburton has a property portfolio with approximately 100 houses available for use by council staff and is currently constructing more. Full time employees are not required to pay any rent for Council provided accommodation (Shire of Ashburton, unpublished). Eligible and approved part time employees will be charged a reduced rent in accordance with their contracted hours. Employees who are recruited locally are not generally eligible for accommodation unless there are exceptional circumstances. Local employees may, however, be eligible for rent relief.
- **Rent Relief:** Where Council owned housing is not available, eligible employees are offered Rent Relief for private accommodation (Shire of Ashburton, unpublished). Ashburton Shire Council may provide rent relief to a maximum value as detailed in Table 4.2 and not more than actual cost. Rent Relief is provided on a per household basis and is paid via payroll as a fortnightly allowance (subject to tax).

Table 4.2: Maximum Weekly Rent Relief Payments, Shire of Ashburton

Town	Maximum Value (\$PerWeek)
Onslow	\$550
Tom Price	\$700
Paraburdoo	\$500
Pannawonica	\$400

Source: Shire of Ashburton.

- **Relocation Support:** The Shire offers a \$15,000 relocation allowance to prospective employees (dependent on role) to encourage relocation to the region.
- **Utilities Assistance:** Employees are responsible for utility costs; however, a water usage allowance of up to 1,500 kL per annum is provided.
- **Landscaping Contribution:** A one-time reimbursement of up to \$500 (plus GST) is available per Council-owned property for fixed landscaping purchases, subject to certain conditions.
- **Other Allowances:** Additional benefits include a \$2,000 annual leave travel allowance, a living allowance of \$4,750 per annum, and a health and wellbeing allowance of \$300 per annum.

4.2.2 CITY OF KARRATHA

Based on the City of Karratha Industrial Agreement and recent recruitment materials, the following housing-related benefits are offered:

- **Housing and Relocation Subsidy:** The City of Karratha offers a negotiable housing and relocation subsidy. If available, eligible employees may access one of the approximately 100 Council-owned (airconditioned, unfurnished) houses within Karratha at subsidised rent (City of Karratha, 2023). Though the eligibility criteria is not clear, it is understood that the Executive Leadership Team is prioritised for housing allocation. The rental payment is salary sacrificed.
- **Housing Subsidy:** The City offers a housing subsidy of \$32,445 per annum to full-time employees who either own or are actively purchasing a home in the local area. This amount is revised at regular intervals (with industrial agreement revisions) to ensure it is comparable to market rent.
- **Alternative Housing Assistance:** Employees not covered by the housing policy (i.e. those ineligible for council-owned housing or the homeownership subsidy) may access an annual allowance of \$13,000, paid fortnightly.
- **Cost-of-Living Incentives:**
 - **Karratha Allowance:** \$9,270 per annum for full-time and part-time staff, and \$6,300 for eligible casual employees, paid fortnightly as recognition of the region's elevated living costs.
 - **Travel Assistance:** \$2,833 per annum, paid as a taxable allowance.
 - **Wellbeing Perks:** Free membership to eligible full time and part time employees for the Karratha Leisureplex or Wickham Recreation Precinct.

4.2.3 SHIRE OF EAST PILBARA

Details regarding the Shire of East Pilbara's housing policies are less widely published, but insights can be drawn from recent job advertisements and anecdotal information. The Shire appears to offer a more streamlined set of benefits focused on subsidised accommodation and core living supports:

- **Subsidised Council Housing:** Council-owned dwellings are available to eligible applicants, typically offered at highly subsidised rates. For example, job advertisements from 2020 cited housing at just \$100 per week – significantly below market rates. Eligibility criteria, while not publicly detailed, are likely guided by role seniority and operational needs.

- **Utility Support:** Where Council accommodation is provided, basic utilities such as electricity and water are subsidised to lower staff living costs.
- **Relocation Assistance:** The Shire offers relocation allowances of up to \$10,000 for intrastate hires and up to \$15,000 for interstate hires (inclusive of GST).
- **Living Allowance:** For roles where Council housing is not provided, employees may receive a living allowance of up to \$20,000 annually, depending on position.
- **LeaveTravelSupport:** Staff who complete 12 months of service become eligible for one return economy airfare to Perth.
- **Recreation Incentives:** Employees also benefit from discounted access to the Shire's recreational and aquatic centres, as well as other health benefits aimed at improving wellbeing and supporting regional lifestyle engagement.

Port Hedland's Housing Support for its Staff Reflects Regional Standards

Benchmarking analysis reveals that the Town of Port Hedland compares relatively well with other Pilbara councils in its staff housing and relocation support measures. It offers rent-free council-provided housing, one of the most generous homeownership allowances in the region (\$35,100 p.a.), and a living allowance of \$20,000, placing it at the top end of financial support offerings.

While models vary across the Shire of Ashburton, City of Karratha, and Shire of East Pilbara, four councils – including the Town of Port Hedland – recognise the critical importance of a holistic approach to attracting and retaining regional workers. This includes not only housing incentives but investment in strong community infrastructure, quality schools, public safety, and fostering a family-friendly living environment to support long-term workforce stability.

5. STRATEGY OPTIONS

Council faces an immediate shortfall of 29 staff dwellings, before rising to an estimated 40 dwellings by 2035 (See section 3.5). Left unaddressed, this gap threatens workforce recruitment and retention, operational continuity, and broader community stability. To bridge this deficit, we profile several housing strategies and assess each against the following core criteria:

- **Financial Impact on Council:** model upfront capital requirements and ongoing operating contributions, benchmarked against Council's budget envelope; include a high-level assessment of Fringe Benefits Tax implications for subsidised accommodation (if relevant).
- **Implementation Time:** estimate lead time from approval through construction or acquisition to occupancy; identify the need for interim measures (e.g. leased properties) to address urgent gaps.
- **Administrative Complexity:** define at a high-level the eligibility criteria, governance arrangements, monitoring protocols and enforcement mechanisms, as well as staffing resources required for ongoing management.
- **Impact on Recruitment & Retention:** gauge likely appeal to current staff and new recruits, projected uptake rates, and influence on long-term employee stability.

Regional Investment & Population Stability: assess the potential to attract families, support local businesses and services outside the mining sector, and foster a more resilient community population. Drawing on these criteria and Council's financial and non-financial constraints, a blended portfolio of housing interventions is recommended rather than a single solution. This document serves as a strategic framework – providing high-level quantitative insights and guiding principles – rather than a detailed business case. Complementary, non-housing support measures (such as relocation grants, partnering with local employers, and investment in community amenities) are also outlined to enhance the overall attractiveness of living and working in the region.

5.1 STAFF HOUSING STRATEGIES

For the high-level financial modelling of each proposed strategy, the following assumptions have been applied:

- **Inflation Rate:** 4.0%, with house price growth assumed to follow this rate
- **Construction Cost Growth:** 4.0%, in line with inflation
- **Discount Rate:** 4.5%, reflecting a low-risk public sector profile aligned with the risk-free rate
- **Evaluation Period:** 10 years, from FY2026 to FY2035, to support input into Long-Term Financial Plan (LTFP) forward estimates
- **Modelling Approach:** Each strategy in Section 5.1.1 is modelled as if it were solely responsible for delivering the full housing requirement (i.e. 40 dwellings). While some strategies may have limited realistic uptake, this approach enables comparative cost analysis to inform the recommended blended strategy.

5.1.1 OPTION 1: BUILD NEW DWELLINGS

Council-owned land zoned for residential use can be used to deliver new staff housing. Council already manages a stock of 58 permanent and 9 temporary staff dwellings, demonstrating in-house capability for design, construction oversight and tenancy management.

To support high-level financial modelling, the following assumptions were applied

- **Construction Costs:** Based on Perth benchmarks, a 60% regional premium was applied to reflect Pilbara conditions. Additional professional fees (5%) and enabling works (\$100,000 per dwelling) were included. Construction is assumed to occur in South Hedland.

Table 5.1: Estimated Construction Costs – Town of Port Hedland

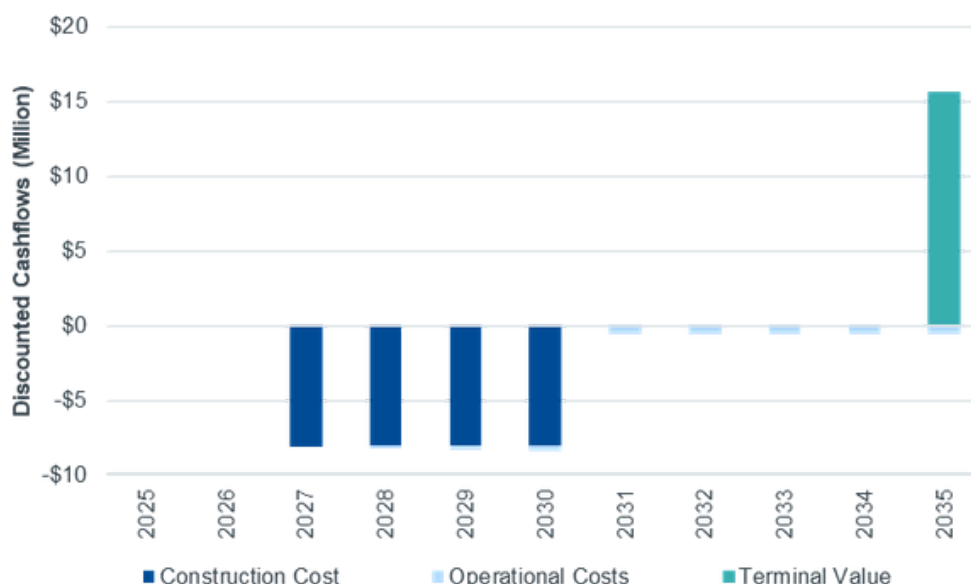
Bedrooms	Perth Construction Cost (\$/m ²)	Pilbara Premium	Pilbara Construction	House	Other Fees	Enabling works	Estimated Construction Cost
2	\$2,217	60%	\$3,547	150	5%	\$100,000	\$658,684
3	\$2,351	60%	\$3,762	200	5%	\$100,000	\$889,936
4	\$3,095	60%	\$4,952	240	5%	\$100,000	\$1,347,904

Source:AEC

- **Land Costs:** No land acquisition costs are assumed, as construction will occur on Council-owned land. Competing on the open market is not recommended due to high land prices.
- **Operational Costs:** Based on current budgets, annual operating costs are estimated at \$14,655 per dwelling.
- **Implementation Timeline:** A conservative estimate of 9 months for planning and approvals, followed by a 12-month construction period.
- **Build Capacity:** Council’s annual construction capacity is capped at 10 dwellings to avoid crowding out local contractors and overstressing internal resources.
- **Terminal Value:** New dwellings are treated as long-term assets, valued at estimated market prices rather than construction cost.

Bedroom Mix: A 50% share of two-bedroom, 40% three-bedroom, and 10% four-bedroom dwellings reflects current workforce demographics (57% single, 43% families) and anticipated family growth. This strategy yields a Net Present Value (NPV) of **-\$20.3 million** over the evaluation period, driven by elevated construction costs (see Figure 5.1). The nominal cash outlay required to meet the 40-dwelling shortfall is approximately **-\$18.4 million** expected between 2027 – 2030.

Figure 5.1: Discounted Cashflows – Build New Dwellings



Source: AEC.

Table 5.2: Evaluation Summary – Build New Dwellings

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> • Provides predictable and controlled costs for Council • New assets bolster the long-term balance sheet 	<ul style="list-style-type: none"> • Highest upfront outlay, magnified by Pilbara construction premiums (60% above Greater Perth) • Adds maintenance & renewal costs, increased rates

		<ul style="list-style-type: none"> • Exposure to cost overruns and inflation risk • Currently, no rent is charged to tenants
Implementation Time	<ul style="list-style-type: none"> • Once built, housing is immediately available to staff 	<ul style="list-style-type: none"> • Development approvals, utilities extensions, site works and construction will take time • Local contractor capacity may be constrained during mining booms, risking delays • Interim solutions (e.g. leasing) will be required
Administrative Complexity	<ul style="list-style-type: none"> • Full control over eligibility, tenancy agreements and maintenance standards • Integration with existing property-management systems 	<ul style="list-style-type: none"> • Ongoing asset management, maintenance and depreciation tracking add to staffing overheads • Relocation between dwellings (e.g., if family needs grow) generates inefficiency and churn costs
Impact on Recruitment & Retention	<ul style="list-style-type: none"> • Staff value certainty of rent-free, quality housing in a high-cost market • Clearly demonstrates Council's long-term commitment to employees 	<ul style="list-style-type: none"> • Limited home-ownership pathway may deter candidates seeking equity accumulation • Static housing mix may not perfectly align with evolving family compositions
Regional Investment & Population Stability	<ul style="list-style-type: none"> • Construction spend supports local builders, suppliers and trades • Secure housing encourages families to settle long-term, boosting school enrolments and local business demand • Provides some stability in housing as Council often not required to sell during a decline in mining investment downturn 	<ul style="list-style-type: none"> • Does not directly incentivise private investment in home ownership, which may leave them more susceptible to relocating out of the region

Source: AEC.

Balancing Asset Creation and Financial Viability

Constructing new staff dwellings on Council-owned, appropriately zoned land offers a controlled, long-term housing solution that shields employees from the Pilbara's boom–bust property cycle, stimulates local construction activity, and strengthens Council's balance sheet with tangible assets. Importantly, as these dwellings qualify under the remote area accommodation provisions, Council is exempt from FBT.

Although this traditional build approach aligns with Council's past practice and grants maximum governance control, enhancing recruitment and retention by offering secure, quality housing, it carries significant upfront cost pressures, amplified by regional construction premiums up to 60 percent above Greater Perth. The typical 12–18 month lead time to approvals and delivery also demands parallel interim solutions, such as leased units, to meet urgent workforce needs. Additionally, while new assets create long-term value, they introduce elevated maintenance obligations and administrative complexity, and they do not directly facilitate staff pathways to homeownership, suggesting a role for supplementary incentives.

5.1.2 OPTION 2: PURCHASE ESTABLISHED/ NEW DWELLINGS (OPEN MARKET)

Council may acquire existing or off-the-plan dwellings on the open market to expand its staff housing portfolio. This approach leverages available housing stock to accelerate delivery and reduce planning complexity, while still contributing to Council’s long-term asset base.

To support high-level financial modelling, the following assumptions were applied:

- **Purchase Costs:** Based on median house prices in South Hedland, with a 10% premium added to reflect the need for competitive bidding and conservative budgeting. Transfer duty and a \$25,000 allowance for setup or repair works are included to account for potential upgrades required to meet Council standards.

Figure 5.2: Estimated Purchase Costs – South Hedland

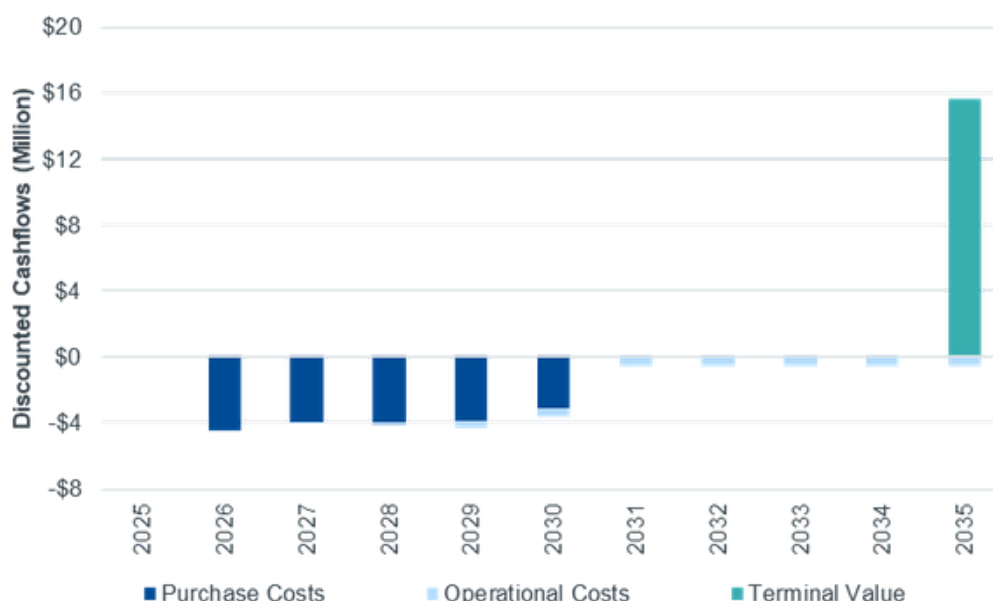
Bedrooms	Median Price	Council Premium	Transfer Duty	Set Up/ Repair Costs	Estimated Purchase Cost
2	\$332,000	10%	\$11,362	\$25,000	\$401,562
3	\$450,000	10%	\$17,528	\$25,000	\$537,528
4	\$646,000	10%	\$27,769	\$25,000	\$763,369

Source: AEC

- **Operational Costs:** Annual operating costs are estimated at \$14,655 per dwelling, based on current budget allocations.
- **Implementation Timeline:** Properties are assumed to be tenant-ready within six months of acquisition.
- **Purchase Capacity:** Council’s annual acquisition is capped at 8 dwellings to reflect limited market supply and avoid crowding out local buyers.
- **Terminal Value:** Purchased dwellings are treated as long-term assets, valued at market rates.
- **Bedroom Mix:** A 50% share of two-bedroom, 40% three-bedroom, and 10% four-bedroom dwellings aligns with current workforce demographics and projected family growth.

This strategy yields a NPV of **-\$7.8 million** over the evaluation period (see Figure 5.3), with a nominal cash outlay of approximately **-\$3.2 million** over the 2026 to 2030 to meet the 40-dwelling shortfall.

Figure 5.3: Discounted Cashflows – Purchase Dwellings



Source: AEC.

Table 5.3: Evaluation Summary – Purchase New/ Established Dwellings

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> • Currently cheaper per dwelling than new construction • Provides predictable and controlled costs for Council • New assets bolster the long-term balance sheet 	<ul style="list-style-type: none"> • Acquisition costs still substantial – subject to market premiums • Exposure to volatile sales prices: risk of paying peak rates, but opportunity to buy during downturns • Exposure to increased maintenance and capital renewal works risks • Currently, no rent is charged to tenants
Implementation Time	<ul style="list-style-type: none"> • Settlement timeframe of 3–6 months • Minimal planning or permitting delays 	<ul style="list-style-type: none"> • Limited appropriate stock availability in target locations • Competitive market bidding can extend timelines or drive prices upward
Administrative Complexity	<ul style="list-style-type: none"> • Full control over eligibility, tenancy agreements and maintenance standards • Integration with existing property-management systems • No construction-phase project management required 	<ul style="list-style-type: none"> • Due diligence (inspections, valuations) adds complexity • Unknown condition issues can generate unexpected maintenance liabilities • Relocation between dwellings (e.g., if family needs grow) generates inefficiency and churn costs
Impact on Recruitment & Retention	<ul style="list-style-type: none"> • Staff value certainty of rent-free, quality housing in a high-cost market • Clearly demonstrates Council’s long-term commitment to employees 	<ul style="list-style-type: none"> • Limited home-ownership pathway may deter candidates seeking equity accumulation • Static housing mix may not perfectly align with evolving family compositions <ul style="list-style-type: none"> • Less design flexibility – existing layouts may not align perfectly with staff needs
Regional Investment & Population Stability	<ul style="list-style-type: none"> • Secures family-friendly housing fast, supporting local schools and services 	<ul style="list-style-type: none"> • May crowd out local private buyers if stock is tight • Does not directly expand pool of owner-occupiers, limiting longer-term population stability

Source: AEC.

Speed and Cost Advantages Versus Market Volatility

This approach accelerates delivery, settlements typically complete in under six months, and reduces approvals complexity, making it highly attractive for filling urgent vacancies. It also offers cost savings compared to new builds. As with Option 1, these dwellings qualify under the remote area accommodation provisions, meaning Council is exempt from FBT.

However, this strategy is exposed to market volatility, including the risk of purchasing at peak prices and acquiring older stock (often built in the 1970s) that may require significant capital renewal. To mitigate these risks, Council could time acquisitions to coincide with mining sector downturns and implement rigorous inspection protocols and conditional purchase agreements.

Council will also need to establish policy on the suitability criteria (e.g. condition, housing type and location) to control what assets are acquired.

5.1.3 OPTION 3: HOUSING RENTAL ASSISTANCE

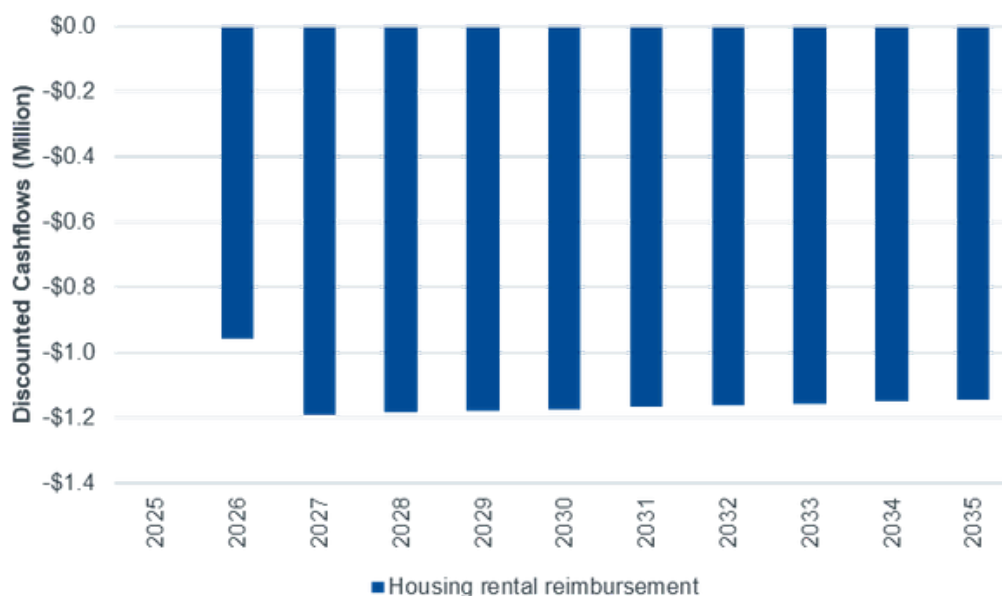
Council currently provides an annual rental reimbursement of \$20,800 to eligible staff residing in Port Hedland or South Hedland. As of the latest data (see Section 3.3), 22 staff members are utilising this support – occupying private rentals that contribute to the estimated 40-dwelling shortfall. While rental assistance does not expand physical housing stock, it offers a rapid, low-capital intervention to support staff while longer-term solutions are mobilised.

To support high-level financial modelling, the following assumptions were applied:

- **Rental Reimbursement:** Fixed at \$20,800 per dwelling, indexed annually to CPI.
- **FBT Payable:** As the benefit is classified as remote area rent, Council is entitled to a 50% reduction in the taxable value of the fringe benefit; meaning, it must pay approximately \$9,223 in FBT per dwelling, calculated using the type 2 gross-up rate (1.8868) and the prevailing FBT rate of 47%.
- **Implementation Timeline:** Staff are expected to secure suitable private rentals within 3 months.
- **Uptake Schedule:** In addition to the current 22 participants, it is assumed that 10 additional staff may take up the offer in 2026, followed by the remaining 8 in 2027.

This strategy yields a NPV of -\$11.5 million over the evaluation period (see Figure 5.4), with a nominal cash outlay of approximately **-\$14.7** million to meet the 40-dwelling shortfall.

Figure 5.4: Discounted Cashflows – Rent



Source: AEC.

Table 5.4: Evaluation Summary – Housing Rental Assistance

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> • Predictable, capped expenditure per participant • Only paid on actual tenancy commencement, no capital outlay 	<ul style="list-style-type: none"> • Fringe Benefits Tax will apply (50% reduction will apply) increasing net outlays • No asset creation
Implementation Time	<ul style="list-style-type: none"> • Policy change can be enacted within weeks • Staff move in as soon as private lease resolves 	<ul style="list-style-type: none"> • Dependent on private -market vacancy rates and lease negotiations • No guarantee of immediate availability in tight rental market
Administrative Complexity	<ul style="list-style-type: none"> • Leverages existing payroll reimbursement processes 	<ul style="list-style-type: none"> • Requires ongoing eligibility checks and rental verification

	<ul style="list-style-type: none"> Minimal new governance or approvals required Onus is on staff to find suitable dwellings 	<ul style="list-style-type: none"> Processing invoices, compliance audits and FBT reporting add to payroll/admin workload
Impact on Recruitment & Retention	<ul style="list-style-type: none"> Immediate housing support enhances attraction for roles with short lead times Staff gain flexibility to choose location and dwelling type 	<ul style="list-style-type: none"> Does not insulate renters from market rent increases beyond reimbursement cap, especially during mining investment booms Limited home-ownership pathway may deter candidates seeking equity accumulation
Regional Investment & Population Stability Source: AEC.	<ul style="list-style-type: none"> May help stabilise housing options by ensuring staff can afford to live locally 	<ul style="list-style-type: none"> No direct incentive for homeownership or long-term residency May push up private rents

Rental Assistance as a Flexible Interim Measure

Rental reimbursement offers a swift, low-capital mechanism to partially address the housing gap. It can be implemented within weeks, allowing staff to secure accommodation quickly through the private market. This flexibility makes it particularly effective for onboarding new employees or responding to short-term workforce fluctuations.

However, the strategy is constrained by private-market availability and does not contribute to expanding Council's housing assets. Reimbursement caps may leave staff exposed to rising rents – especially during mining booms – and administrative overheads increase with broader uptake and FBT obligations. Moreover, the lack of a homeownership pathway limits its effectiveness in fostering long-term workforce stability.

As such, rental assistance is best positioned as a transitional measure – providing immediate relief, supporting local landlords, and bridging the gap while more permanent housing solutions are developed.

5.1.4 OPTION 4: NEW HOMEOWNERSHIP SCHEME

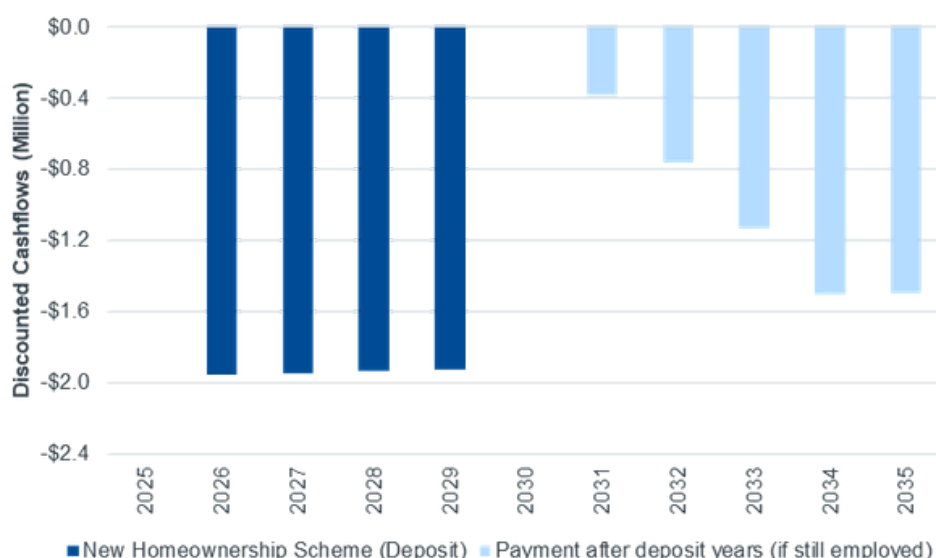
Council proposes a homeownership initiative offering eligible staff an upfront allowance equivalent to five years of the existing \$35,100 annual subsidy, totalling \$175,500, to support the deposit on a new, Council-facilitated build. The scheme is restricted to employees purchasing and occupying the property as their principal place of residence. To safeguard Council's investment, the allowance is fully repayable if the employee exits Council employment within five years. Council will not act as a lender or guarantor under this scheme.

To support high-level financial modelling, the following assumptions were applied:

- Upfront Payment:** \$175,500 per eligible staff member, representing five years of the current homeownership allowance.
- Ongoing Subsidy:** After the initial five-year period, eligible staff continue to receive the \$35,100 annual allowance (indexed to CPI) while employed by Council.
- Superannuation:** As the benefit is considered ordinary time earnings (OTE), Council would also be required to contribute 12% superannuation.
- Take-Up Rate:** For modelling purposes, it is assumed that 40 staff take up the scheme between 2026 and 2029. While this uptake is considered optimistic, it enables comparative cost analysis to inform the blended strategy.

This strategy yields a NPV of **-\$13.1** million over the evaluation period. Initial costs are driven by the upfront deposit allowance, with ongoing subsidy payments commencing five years later under the continuing homeownership scheme. The total nominal cash outlay required to address the 40-dwelling shortfall is estimated at approximately **-\$16.4** million.

Figure 5.5: Discounted Cashflows – New Homeownership Scheme



Source: AEC.

Table 5.5: New Homeownership Scheme

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> One-off capital advance per successful applicant, capped at \$175,500 Fully recoverable if staff depart within five years 	<ul style="list-style-type: none"> Significant upfront commitment - \$175,500 per applicant Potential for delayed repayments or default if employee turnover is high Increases the superannuation amount that Council will be required to contribute.
Implementation Time	<ul style="list-style-type: none"> Policy and documentation can be finalised within 2–3 months Employees move in as soon as construction completes 	<ul style="list-style-type: none"> Dependent on construction lead times (12–18 months) Land subdivision, planning approvals and utility connections may add delay Local contractor capacity may be constrained during mining booms, risking delays Interim solutions (e.g. leasing) will be required
Administrative Complexity	<ul style="list-style-type: none"> Leverages existing payroll and finance systems for allowance dispersal and tracking 	<ul style="list-style-type: none"> Requires new mortgage-style agreement templates and legal review Monitoring occupancy and enforcing repayment covenant adds HR/legal workload
Impact on Recruitment & Retention	<ul style="list-style-type: none"> Strong incentive for staff to remain for at least five years – builds equity and community ties Signals Council’s long-term commitment to employee wellbeing 	<ul style="list-style-type: none"> Will increase the taxable income of the employee, and therefore PAYG will apply at marginal tax rate. May not appeal to staff seeking flexibility rather than homeownership
Regional Investment & Population Stability	<ul style="list-style-type: none"> Encourages permanent settlement and local investment in property markets Strengthens community stability by turning employees into homeowners 	<ul style="list-style-type: none"> Risk that new homeowners remain vulnerable to market downturns once subsidy period ends

Source: AEC.

Leveraging Equity to Anchor Staff Locally

The New Homeownership Scheme provides a key recruitment and retention tool by enabling staff to build home equity in Port Hedland or South Hedland. With median house prices of approximately \$849,000 and \$460,000 respectively, the upfront contribution represents a substantial portion of the required deposit, lowering the barrier to entry for long-term settlement.

By structuring the allowance as a recoverable advance, Council mitigates financial risk while incentivising a minimum five-year tenure. Implementation depends on land subdivision and construction timelines, so pairing this scheme with faster interim measures (e.g. rental assistance or leased housing) will ensure continuity of support.

While administrative setup requires legal and HR resources, the long-term benefits of converting staff into homeowners, enhancing retention, community ties, and regional investment, make this a valuable component of a diversified housing strategy. However, uptake may be limited due to the scale of personal investment required, suggesting this option is best suited for staff with long-term settlement intentions.

5.1.5 OPTION 5: INCREASE REMOTE WORKING

Expanding remote work arrangements offers a scalable solution to reduce staff housing demand by enabling eligible roles to be performed from outside Port Hedland and South Hedland, primarily attracting talent from Greater Perth. Suitable positions may include administrative, planning, IT, finance, and customer service functions.

This strategy leverages digital infrastructure to support remote delivery, supplemented by a remote-work allowance and annual flight support for periodic visits to Port Hedland. Importantly, it enables Council to avoid the \$20,000 Port Hedland Allowance typically offered to locally based staff.

To support high-level financial modelling, the following assumptions were applied:

- **RemoteWorkAllowance:** \$2,500 per annum for equipment and connectivity (e.g. internet, screens, ergonomic furniture).
- **Annual Flight Allowance:** \$2,000 per annum for travel to Port Hedland.
- **PortHedland AllowanceSavings:** \$20,000 per employee saved annually by relocating roles outside the region.
- **One-Off Relocation Costs:** \$10,000 allowance for staff relocating from Port Hedland to Perth.
- **Superannuation:** As the remote work allowance is considered OTE, Council would contribute 12% superannuation, though this is offset by the avoided superannuation costs associated with the Port Hedland Allowance.
- **Implementation Timeline:** Remote arrangements can be activated within one month.
- **Take-Up Rate:** Assumes 40 staff adopt remote work between 2026 and 2030, reflecting the broader talent pool available in metropolitan areas.

This strategy yields a NPV of \$5.4 million over the evaluation period, driven by significant savings from avoided regional allowances. The total nominal cash inflow is estimated at \$7.2 million.

Figure 5.6: Discounted Cashflows – Remote Working



Source: AEC.

Table 5.6: Increase Remote Working

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> Minimal capital outlay compared to building or purchasing dwellings Remote work allowance and annual flight allowance per employee is low-cost Reduces long-term housing, utilities, vehicle and PH allowance costs 	<ul style="list-style-type: none"> Requires investment in IT infrastructure, cybersecurity and ongoing broadband stipends Additional admin for equipment reimbursements
Implementation Time	<ul style="list-style-type: none"> Policy update and IT rollout in 3–6 months Staff onboard immediately once home-office setups are complete 	<ul style="list-style-type: none"> Training managers and staff on remote-work best practices takes time Not all roles are suitable for full remote delivery
Administrative Complexity	<ul style="list-style-type: none"> Leverages existing HR and IT frameworks Clear, role-by-role eligibility criteria 	<ul style="list-style-type: none"> Needs formal remote-work agreements, performance metrics and security protocols Ongoing monitoring of productivity and data compliance adds to HR/legal workload
Impact on Recruitment & Retention	<ul style="list-style-type: none"> Offers maximum flexibility and work-life balance Access to a much larger talent pool with the required skills Rapid onboarding for urgent vacancies 	<ul style="list-style-type: none"> Harder to build strong team cohesion and culture remotely Staff may still require periodic site visits, complicating travel scheduling and allowances
Regional Investment & Population Stability	<ul style="list-style-type: none"> Frees up on-site housing for roles that must be local 	<ul style="list-style-type: none"> Does not directly grow local population or spur private-sector housing investment Reduced local spending by remote employees will not support non-mining businesses and community services A perceived lack of commitment to hiring locally or expanding permanent workforce presence may undermine Council's reputation and stakeholder confidence in its regional development priorities

Source: AEC.

Remote Work as a Cost-Effective Flexibility Mechanism

Scaling remote roles offers an immediate and cost-effective lever to reduce housing pressure. With modest allowances for home-office setup and travel, Council can realise substantial savings across housing, utilities, fleet, and regional salary loadings. Implementation is swift, enabling access to a broader talent pool and improving recruitment agility – already evidenced in recent Council hiring trends.

However, remote work must be applied judiciously. Overuse can erode team cohesion, shift critical services off-site, and limit regional economic benefits. To maximise impact, Council should pair remote arrangements with structured on-site engagement, invest in virtual team-building, and reserve in-region roles for functions essential to local service delivery.

5.1.6 OPTION 6: REMOTE WORKING (PERTH OFFICE)

Building on the principles of Option 5, Council may establish a satellite office in Greater Perth to support eligible roles through remote delivery. This approach enables staff to work outside Port Hedland while maintaining access to a dedicated physical workspace, enhancing team cohesion and operational oversight.

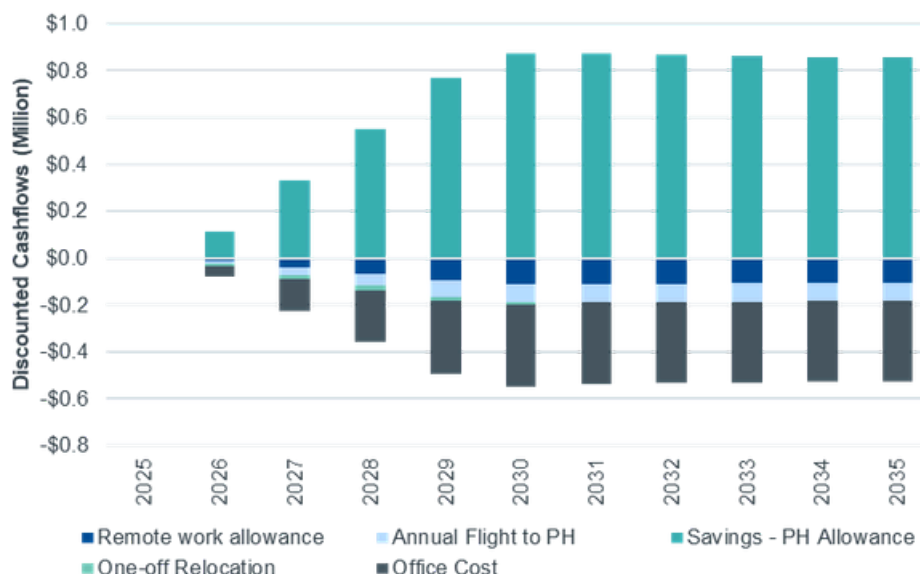
While it is assumed that Council would lease an office, Council may be in a financial position to acquire office space as an investment, and either fully occupy the available space or lease areas that are not required in the short to medium term.

It is assumed that Council would enter into a lease arrangement, either through a standard leased space or coworking arrangements, while removing housing, utilities, vehicle, and Port Hedland allowances from the employment package. Cost-sharing opportunities with other Pilbara local governments or regional partners could further optimise expenditure – this may include Council considering acquiring a larger floor area and leasing to partners or other local governments.

To support high-level financial modelling, the following assumptions were applied:

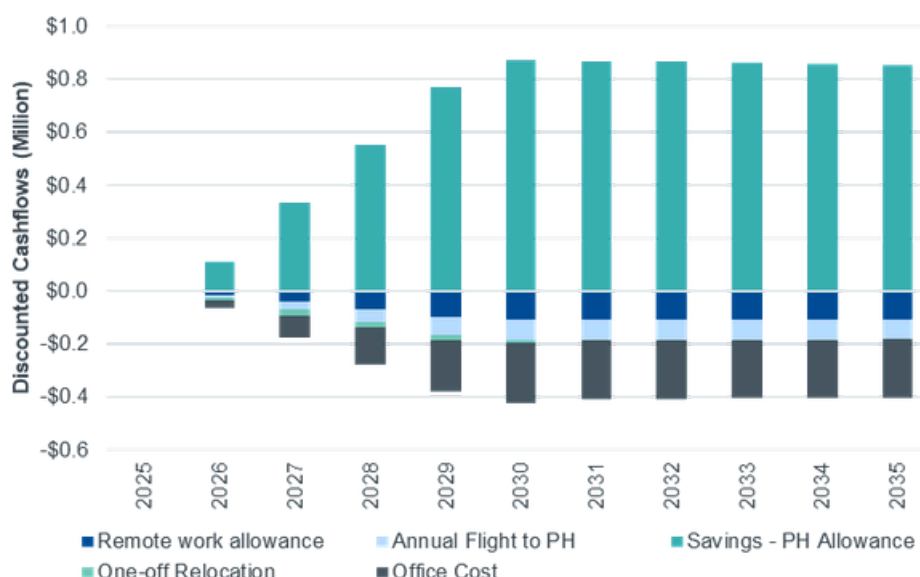
- **Perth Office Rent:**
 - **Standard office space:** \$749/month per FTE (\$8,988 annually)
 - **Coworking space:** \$479/month per FTE (\$5,748 annually).
 - Both scenarios are modelled for comparative analysis.
 - **Remote Work Allowance:** \$2,500 per annum for equipment and connectivity.
 - **Annual Flight Allowance:** \$2,000 per annum for travel to Port Hedland.
 - **Port Hedland Allowance Savings:** \$20,000 per employee saved annually by relocating roles outside the region.
 - **One-Off Relocation Costs:** \$10,000 allowance for staff relocating from Port Hedland to Perth.
 - **Superannuation:** As the remote work allowance is considered OTE, Council would contribute 12% superannuation, though this is offset by the avoided superannuation costs associated with the Port Hedland Allowance.
 - **Implementation Timeline:** Office lease and fit-out expected to be completed within 3–4 months.
 - **Take-Up Rate:** Assumes 40 staff adopt remote work between 2026 and 2030, reflecting the broader metropolitan talent pool.
- This strategy yields a NPV of \$2.6 million for standard office space (see Figure 5.7) and \$3.6 million for coworking space (see Figure 5.8) over the evaluation period. The total nominal cash inflow is estimated at \$3.5 million (standard office) and \$4.8 million (coworking space).

Figure 5.7: Discounted Cashflows – Remote Working (Perth Office)



Source: AEC.

Figure 5.8: Discounted Cashflows – Remote Working (Perth Coworking Office)



Source: AEC.

Table 5.7: Evaluation Summary – Remote Working (Perth Office)

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> Minimal capital outlay compared to building or purchasing dwellings Reduces long-term housing, utilities, vehicle and PH allowance costs Office rent is relatively predictable and scalable Shared-office agreements can lower cost 	<ul style="list-style-type: none"> Requires investment in IT infrastructure, cybersecurity and ongoing broadband stipends Additional admin for equipment reimbursements New ongoing rental liability in Perth market
Implementation Time	<ul style="list-style-type: none"> Office lease and fit-out can be completed within 3–4 months Remote-work policies and equipment rollout align with Option 5 timelines 	<ul style="list-style-type: none"> Not all roles are suitable for full remote delivery Securing suitable shared-office space requires negotiation

		<ul style="list-style-type: none"> • Coordination with other Pilbara Councils or providers may extend lead times
Administrative Complexity	<ul style="list-style-type: none"> • Leverages existing HR, finance and IT systems 	<ul style="list-style-type: none"> • Additional lease management and cost-sharing agreements needed • Requires clear hybrid-work protocols and performance metrics for both Perth and Pilbara teams
Impact on Recruitment & Retention	<ul style="list-style-type: none"> • Establishes Council's footprint in Perth, strengthening access to talent and networks • Maintains team cohesion and engagement through a dedicated physical hub 	<ul style="list-style-type: none"> • Staff may still require periodic site visits, complicating travel scheduling and allowances
Regional Investment & Population Stability	<ul style="list-style-type: none"> • Frees up Pilbara housing for roles requiring on-site presence 	<ul style="list-style-type: none"> • Does not directly grow local population or spur private-sector housing investment • Reduced local spending by initial Pilbara employees relocating to Perth • A perceived lack of commitment to hiring locally or expanding permanent workforce presence may undermine Council's reputation and stakeholder confidence in its regional development priorities

Source: AEC.

Perth Office as a Strategic Talent Hub

Establishing a Perth satellite office offers a balanced solution, eliminating costly housing packages while providing a dedicated workspace for remote staff. With positive NPVs under both leasing models, this strategy is more cost-effective than constructing or purchasing new dwellings for eligible roles.

Implementation can be completed within four months, and shared tenancy with other Pilbara councils or government entities presents opportunities for further savings. However, this approach introduces a new rental liability and requires robust cost-sharing agreements, hybrid work protocols, and travel coordination.

While it does not directly stimulate the Pilbara housing market or contribute to long-term population growth, the Perth office significantly enhances Council's recruitment reach and establishes a strategic presence in Western Australia's capital.

5.1.7 OPTION 7: LONG TERM LEASES

Council enters into long-term lease agreements with private landlords in South Hedland for a duration of 10 years, securing dwellings that are then provided rent-free to eligible staff. To incentivise landlords to commit to extended lease terms – despite market volatility and the potential for rent escalation – a 10% premium is applied to the prevailing median rental price. This approach aims to stabilise housing access for Council staff while avoiding the capital outlay associated with new construction.

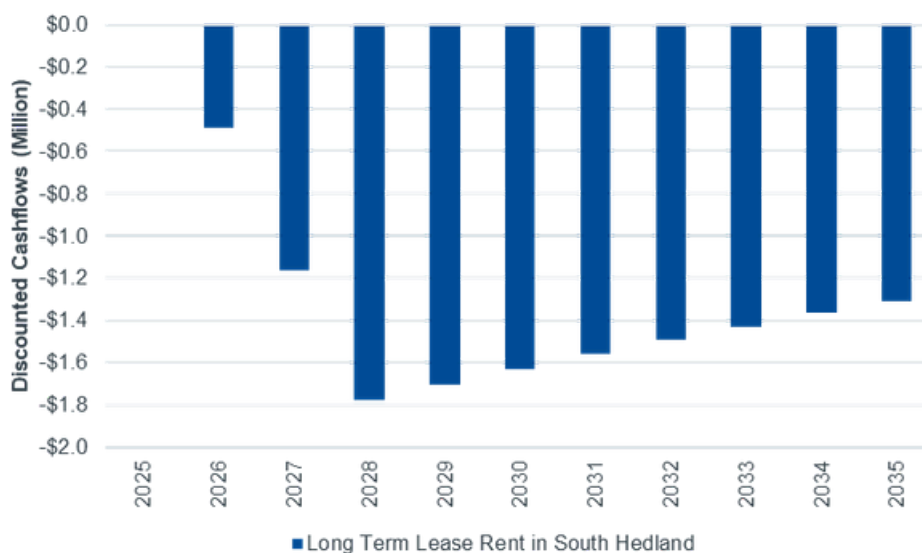
To support high-level financial modelling, the following assumptions were applied:

- **Long-Term Lease Cost:** Based on the current weekly median rent in South Hedland (\$887), a 10% premium is applied to secure long-term contracts, resulting in a per-dwelling cost of \$976 per week or \$50,736 annually. Rent is assumed to remain fixed over the evaluation period.
- **No Rent Charged to Staff:** Consistent with other strategies involving direct housing provision, staff are not charged rent, effectively receiving full accommodation benefits.
- **FBT Exemption:** As the dwellings qualify under remote area accommodation provisions, Council is exempt from Fringe Benefits Tax.

- **Implementation Timeline:** A conservative estimate of 6 months is allocated for lease negotiation and property identification, followed by 3 months for staff relocation and occupancy.

This strategy yields a NPV of **-\$13.9** million over the evaluation period (see Figure 5.9), with a nominal cash outlay of approximately **-\$18.0** million to meet the 40-dwelling shortfall.

Figure 5.9: Discounted Cashflows – Long Term Leases



Source: AEC.

Table 5.8: Evaluation Summary – Long Term Leases

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> • Predictable, fixed lease costs over 10 years • Exempt from FBT under remote area provisions 	<ul style="list-style-type: none"> • Premium applied to attract landlords to long-term agreements • Relatively high ongoing costs • Council bears cost even during vacancy periods • No asset creation or equity return
Implementation Time	<ul style="list-style-type: none"> • Faster deployment than new builds • Staff can move in shortly after lease execution 	<ul style="list-style-type: none"> • Dependent on private-market vacancy and willingness of landlords • Lease negotiation may be protracted in tight market conditions
Administrative Complexity	<ul style="list-style-type: none"> • Integration with existing property-management systems • No construction-phase project management required 	<ul style="list-style-type: none"> • Requires ongoing lease oversight, vacancy management, and property condition monitoring • Relocation between dwellings (e.g., if family needs grow) generates inefficiency and churn costs • Risk of disputes over maintenance responsibilities
Impact on Recruitment & Retention	<ul style="list-style-type: none"> • Rent-free housing offers strong appeal in a high-cost market • Shields staff from market rent volatility • Signals Council’s long-term commitment to workforce stability 	<ul style="list-style-type: none"> • Limited home-ownership pathway may deter candidates seeking equity accumulation • Static housing mix may not perfectly align with evolving family compositions • Limited design flexibility in existing stock
Regional Investment & Population Stability	<ul style="list-style-type: none"> • May help stabilise housing options by ensuring staff can afford to live locally 	<ul style="list-style-type: none"> • Does not expand regional housing stock • May contribute to upward pressure on private rents

- Fewer spillover benefits for construction or trades sectors

Source: AEC.

Securing Stability Without Capital Outlay

Long-term leasing offers a stability-focused intervention that delivers immediate housing access without the financial and administrative burden of asset creation. By locking in 10-year agreements, Council can shield staff from rent volatility, reinforce its commitment to workforce continuity, and support local landlords in a volatile market.

However, this strategy involves relatively high ongoing costs – exceeding those of rental assistance – and requires a 10% premium above already elevated median rents to attract landlord participation. Council also remains exposed to vacancy risk and must actively manage lease compliance, property standards, and tenant transitions. The absence of asset creation or a homeownership pathway may limit its appeal to staff seeking long-term roots in the region, while the strategy does not contribute to increasing the overall housing supply.

5.1.8 OPTION 8: BUILD TO RENT

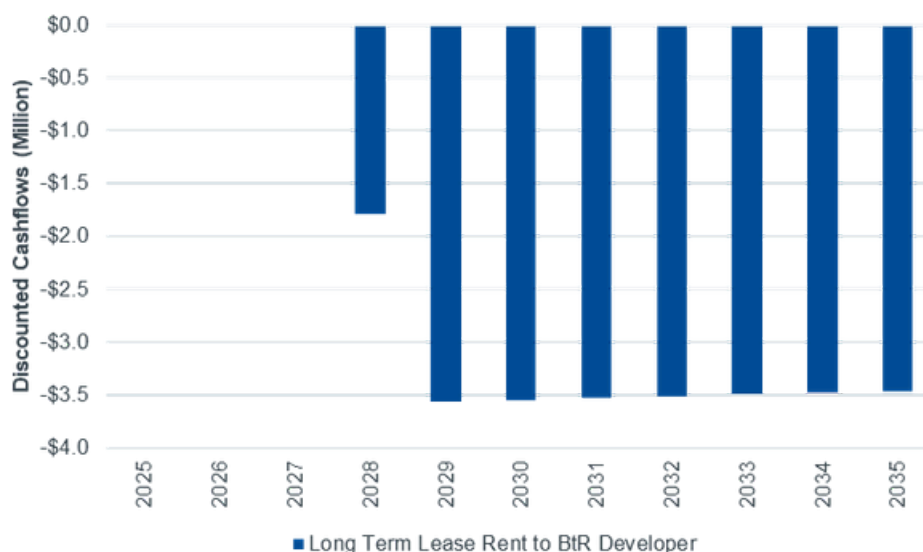
Council partners with a private developer to deliver 40 purpose-built staff dwellings via a Build-to-Rent (BtR) model. The developer finances and constructs the dwellings, while Council enters into a 10-year head lease for exclusive use. Annual rent paid by Council is calibrated to meet the developer's hurdle rate (assumed at 8% IRR) and indexed annually to CPI. At the end of the lease term, the developer retains ownership and may sell, re-lease, or repurpose the dwellings.

To support high-level financial modelling, the following assumptions were applied:

- **Construction Cost:** Based on Option 1 estimates, with a 10% efficiency factor applied to reflect developer delivery advantages. Estimated costs are \$592,816 for two-bedroom, \$800,942 for three-bedroom, and \$1,213,114 for four-bedroom dwellings.
- **Land Costs:** No land acquisition costs are assumed, as construction will occur on Council-owned land. Council's land contribution is intended to reduce required rents and incentivise developer participation.
- **Operational Costs:** Aligned with Option 1, annual operating costs are estimated at \$14,655 per dwelling.
- **Developer Hurdle Rate:** Assumed at 8% IRR over 10 years, reflecting the higher end of expected investor returns in remote locations.
- **Annual Rent to Developer:** Council is expected to pay an average of \$1,747 per dwelling per week, escalating annually at CPI to meet the IRR target.
- **FBT Treatment:** As the dwellings qualify under remote area accommodation provisions, Council is exempt from Fringe Benefits Tax.
- **Implementation Timeline:** Estimated 9 months for planning and approvals, followed by a 12-month construction period.
- **Build Capacity:** Developer construction capacity is capped at 20 dwellings per year, exceeding Council's internal delivery capability.
- **Terminal Value:** Dwellings are treated as long-term assets, valued at estimated market prices rather than construction cost.
- **Bedroom Mix:** A 50% share of two-bedroom, 40% three-bedroom, and 10% four-bedroom dwellings reflects current workforce demographics (57% single, 43% families) and anticipated family growth.

This strategy yields a Net Present Value (NPV) of **-\$26.4** million over the evaluation period (see Figure 5.10), with a nominal cash outlay of approximately **-\$35.6** million across the 10-year lease term.

Figure 5.10: Discounted Cashflows – Build to Rent



Source: AEC.

Table 5.9: Evaluation Summary – Long Term Leases

Criteria	Strengths	Weaknesses
Financial Impact on Council	<ul style="list-style-type: none"> No upfront capital outlay Predictable rent profile indexed to CPI FBT exempt under remote area provisions 	<ul style="list-style-type: none"> Rent calibrated to developer’s hurdle rate and terminal value Higher annual cost than rental assistance or leasing Council bears cost even during vacancy periods
Implementation Time	<ul style="list-style-type: none"> Developer-led delivery reduces Council’s project management burden Purpose-built dwellings tailored to staff need Once built, housing is immediately available to staff 	<ul style="list-style-type: none"> Development approvals, utilities extensions, site works and construction will take time Interim solutions will be required
Administrative Complexity	<ul style="list-style-type: none"> Lease structure simplifies governance No construction-phase oversight required by Council 	<ul style="list-style-type: none"> Requires ongoing lease oversight, vacancy management, and property condition monitoring Relocation between dwellings (e.g., if family needs grow) generates inefficiency and churn costs Risk of disputes over maintenance responsibilities
Impact on Recruitment & Retention	<ul style="list-style-type: none"> High-quality, rent-free housing enhances staff attraction Shields staff from market rent volatility Signals Council’s commitment to long-term workforce support 	<ul style="list-style-type: none"> Limited home-ownership pathway may deter candidates seeking equity accumulation Static housing mix may not perfectly align with evolving family compositions
Regional Investment & Population Stability	<ul style="list-style-type: none"> Stimulates local construction activity and trades employment Adds new housing stock to the region 	<ul style="list-style-type: none"> Developer retains ownership, limiting long-term community control Potential upward pressure on land and construction costs

Source: AEC.

Delivering Purpose-Built Housing Without Capital Risk

However, the rent payable must reflect the developer's return expectations and terminal value, resulting in higher annual costs than other leasing models – making it one of the most costly options in comparison to the above options. Council also forfeits long-term asset control and Council also remains exposed to vacancy risk and must actively manage lease compliance, property standards, and tenant transitions.

Build-to-Rent offers Council a capital-light pathway to secure high-quality, purpose-built housing for staff, while stimulating local construction activity and expanding the regional housing stock. By entering into a head lease, Council avoids upfront expenditure and construction risk, while providing rent-free accommodation that enhances workforce attraction and retention.

However, the rent payable must reflect the developer's return expectations and terminal value, resulting in higher annual costs than other leasing models – making it one of the most expensive options evaluated. Council also forfeits long-term asset control and remains exposed to vacancy risk, requiring active lease management, property oversight, and transition planning.

6. CONCLUSION

The analysis presented in this report confirms that the Town of Port Hedland faces an immediate staff housing shortfall of around 29 dwellings, increasing to an estimated 40 dwellings by 2035, with material implications for workforce attraction, retention, service continuity and broader community stability.

A range of housing and non-housing interventions has been assessed on a consistent basis over a ten year period against financial impact, implementation time, administrative complexity, workforce outcomes and regional development benefits. The modelling shows that no single option fully addresses Council's needs or constraints on its own, which points to the need for a blended portfolio of measures rather than a single preferred solution.

Table 6.1 below provides a comparison of the net present value (NPV) of the options outlined above.

Figure 6.1 Net Present Value of Strategic Options for Staff Housing

Net Present Value (Discounted at 4.5%)	\$Millions
Option 1 - Build	-\$20.3
Option 2 - Purchase	-\$7.8
Option 3 - Rent	-\$11.5
Option 4 - New Homeownership Scheme	-\$13.1
Option 5 - Remote Work	\$5.4
Option 6 - Remote Work (Perth Office)	\$3.6
Option 7 - Long Term Leases	-\$13.9
Option 8 - Build to Rent	-\$26.4

Source - AEC

Strategies that involve direct provision or long term control of dwellings represent a net cost to Council over the evaluation period, although with differing magnitudes and asset outcomes. Building 40 new dwellings is the highest cost ownership option, with a Net Present Value (NPV) of approximately **-\$20.3 million**, while a build to rent head lease model is even more expensive at an NPV of about **-\$26.4 million** and a nominal cash outlay of approximately \$35.6 million over ten years.

Purchasing established dwellings on the open market delivers the required housing at a lower NPV cost of about **-\$7.8 million** and a nominal outlay of around \$27.5 million and also strengthens Council's balance sheet through asset creation. Long term leases and enhanced rental assistance sit between these positions, with NPVs of about **-\$13.9 million** and **-\$11.5 million** respectively, but do not create assets and expose Council to ongoing lease or reimbursement obligations.

The new homeownership scheme also presents as a moderate cost option, with an NPV of about **-\$13.1 million** and a nominal outlay of around \$16.4 million but delivers qualitatively different benefits by enabling staff to build equity locally and anchoring longer term settlement.

In contrast, the strategies that reduce dependence on Port Hedland based housing generate net savings to Council due to removing the requirement to provide housing allowances. Increasing remote working for suitable roles yields an NPV benefit of about \$5.4million and a nominal inflow of around \$7.2million, primarily by avoiding Port Hedland allowances. Establishing a Perth satellite office further improves the financial profile, with NPV of around \$2.6 million for standard office space and \$3.6million for a coworking model, and nominal inflows of about \$3.5million and \$4.8million respectively, while also broadening access to metropolitan talent.

When implementation time and delivery risk are considered, remote working, a Perth office and rental assistance can be activated within months and provide immediate relief, but their effectiveness is constrained by role suitability and private market capacity. Purchasing existing dwellings and entering long term leases can stabilise housing within six to twelve months, provided suitable stock is available and landlords are willing to commit, while new construction and build to rent projects require longer lead times for approvals, site works and delivery. Across all direct housing options, Council must also manage additional administrative responsibilities for tenancy,

maintenance and compliance, although remote area accommodation provisions provide Fringe Benefits Tax relief that is not available, or only partly available, for rental assistance.

In terms of workforce and regional outcomes, Council owned or controlled dwellings and a structured homeownership scheme offer the strongest pathways for families to live locally, support community services and strengthen long term population stability. Rental assistance, long term leases and build to rent arrangements help staff access housing in a high cost market but do not directly grow owner occupier numbers and can add pressure to private rents. Remote work and a Perth office significantly expand the recruitment pool and relieve housing demand in Port Hedland but also shift some economic activity and day to day spending away from the local community.

Taken together, these findings support a diversified staff housing strategy that combines lower cost, high flexibility measures with targeted investment in local housing and homeownership. In the short term, Council should prioritise scaling remote working and Perth based roles for suitable positions, supported by rental assistance and selected long term leases to address urgent gaps.

Over the medium term, opportunistic purchase of established dwellings in South Hedland, complemented by a carefully targeted new homeownership scheme, can deepen local roots and improve retention among staff intending to settle in the region. New construction or build to rent models should be reserved for cases where there is a clear service need for purpose built stock that cannot be met through existing dwellings or leasing arrangements, and where funding capacity is confirmed through the Long Term Financial Plan.

This blended approach balances affordability and risk for Council while improving access to suitable housing, strengthening workforce stability and supporting the long term sustainability of the Town of Port Hedland.

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