

WESTERN AUSTRALIA'S BRIEFING NOTES FOR 2008 STATE VISITS BY THE COMMISSION

2. BUDGET OUTLOOK

Time: 9:30 am Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Treasury and Finance

Michael Barnes, Executive Director (Finance)

Issues:

- General themes of the State budget
- Western Australia faces substantial fiscal constraints in the face of high spending pressures, as the GST equalisation process 'catches up'
- Massive capital works program is driving a substantial increase in public sector debt

Further Background:

Western Australia's recent run of \$2 billion surpluses is forecast to end as the State's revenue growth becomes more fully reflected in the GST distribution. The operating surplus is forecast to decline to \$203 million by 2011-12. The budget projections assume:

- revenue growth (excluding the GST) of 3.0% per annum over the period 2008-09 to 2011-12 (reflecting a peaking of previous rapid growth in mining royalties); and
- expense growth of 4.4% per annum over the period 2008-09 to 2011-12 (compared with 8.4% per annum over the previous two years).

In an environment of high wage pressures and population growth of over 2% per annum, meeting the expense forecasts will be a major challenge. In the recent past, large unbudgeted growth in expenses has been able to be accommodated through revenue growth.

The State's large capital works program is driving an increase in the public sector net debt to revenue ratio from 17.9% in 2006-07 to a projected 43.9% in 2011-12. This is getting close to the government's target limit of 47%, which ensures sound fiscal management and secures the State's AAA credit rating.

The number and severity of risks to the outlook are greater than they have been for a number of years, and include a more severe global economic slowdown than currently expected (including commodity prices and business investment), a

sharper than expected correction in the State's housing market, stronger growth in wages and prices and unfavourable movements in exchange rates.

3. CAPITAL

Time: 10:00 am Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Treasury and Finance

Michael Court, Director, Agency Resources

Issues:

- Overview of capital spending and financing in Western Australia
- How we decide capital expenditure requirements
- How we make decisions about leasing/owning/PPPs
- Drivers of capital demand
- Construction costs and Industry capacity across the State
- State Infrastructure Strategy (SIS) and COAG

Further Background:

Infrastructure is critical to Western Australia's continued economic success and the well-being of its people. Efficient transport networks, modern information and communication technology, and sustainable water and energy supplies, as well as social infrastructure such as schools and hospitals, are vital to maintain Western Australia's living standards. They are also vital to expanding growth potential in current boom conditions and warding off inflationary pressures.

Strong economic and population growth are underpinning the need for record levels of infrastructure investment, with a Capital Works Program of \$26.1 billion over the next four years. Based on the latest ABS data for 2006-07, Western Australia was second only to Queensland, and 35% higher than the average spend across all other Australian States in per capita terms.

The level of investment in Western Australia has been made possible through responsible financial management, including seven consecutive budget surpluses. Nevertheless, Western Australia's public sector debt is projected to grow from \$3.0 billion in 2006-07 to a projected \$11.4 billion in 2011-12.

The Government is conscious that infrastructure projects must be delivered efficiently and effectively, and it is therefore continuously monitoring and refining its infrastructure policy and planning framework. In this regard, the Government

has overseen the implementation of the Strategic Asset Management Framework (SAMF), established guidelines for public-private partnerships (Partnerships for Growth), created the Centre for Excellence and Innovation in Infrastructure Delivery (CEIID), and recently established the Office of Strategic Projects (OSP).

4. WAGES

Time: 11:00 am Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Treasury and Finance

Anthony Kannis, Executive Director, Agency Resources

Nicky Cusworth, Director, Economic Policy

Alex Scherini, Assistant Director, Intergovernmental Relations

Issues:

- Wage growth in the private sector
- Wage pressures and labour shortages in the public sector
- Time lags in the Grants Commission's assessments
- Issues with the Commission's wages model

Further Background:

The presentation will provide Western Australia's analysis of wages in the private sector, an overview of the wage pressures in the State's public sector and the Government's wages policy, and a discussion of issues with the Commission's current methodology.

Due to the unavailability of timely and annual data to implement its wages assessments, the Commission's assessments do not reflect wage differentials in the relevant data years when there are significant changes. For example:

- 2005-06 assessments are based on May to August 2005 data (so that changes during the year are missed); and
- 2006-07 assessments are mainly based on May to August 2005 data, with a 50% discounted adjustment for average movements between August 2004 and August 2006 using another dataset (but this assumes that the wage movement occurred equally over the two year period).

While the wage assessments are based on lagged data, the revenue capacity assessments are not, creating a distortion in the equalisation assessments.

Western Australia's Brief notes for 2008 State visit by the Commission

In addition, the current wages method is complex while not being transparent (e.g. cross-effects in explanatory variables have not been examined, and appear to be significant).

5. STAMP DUTY AND LAND RICH TRANSACTIONS

Time: 11:45 am Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Treasury and Finance, Office of State Revenue

Bill Sullivan, Commissioner of State Revenue

Nicki Suchenia, Assistant Commissioner (Legislation, Training and Review)

Issues:

- Western Australia's existing listed company land-rich provisions are unique, and therefore any duty collected under them should be excluded from the Commission's measure of our revenue raising capacity.
- From 1 July 2008 a new Duties Act will be introduced in Western Australia, which (among other things) will abolish the land-rich test and thereby significantly broaden the uniqueness of our listed company provisions.
 - Our unlisted company provisions will be similarly broadened under the new Act.
- Mining tenements may not be included at all in the duty base of at least one other jurisdiction.
- Timeframes for resolution of disputed land-rich stamp duty assessments may result in equalisation not being achieved.

Further Background:

The existing listed land-rich regime in Western Australia is unique in imposing duty on takeovers of listed land-rich companies. Under the *Duties Act 2008*, which will commence from 1 July 2008, these unique provisions will be extended to impose duty on all takeovers of listed companies (i.e. whether land-rich or not) that hold Western Australian land valued at \$2 million or more.

- Western Australia is yet to receive any certainty from the Grants Commission that transfer duty collected under these provisions will be excluded from the Commission's measure of our revenue capacity, on the basis that the duty is attributable to a policy difference rather than additional capacity.

Some duty currently collected under the land-rich provisions occurs as a result of takeover activity within the mining industry. In Queensland, it appears that even direct acquisitions of mining property are excluded from the stamp duty base, let alone indirect acquisitions through the takeover of mining companies. This may require an adjustment to the Commission's measure of Queensland's capacity.

The magnitude of some land-rich assessments currently under dispute is substantial. The process of litigation in respect of these assessments can be

lengthy, often carrying on for a number of years. In the event that an appeal against an assessment is successful, the introduction by the Commission of a 'negative transaction' in the year of the refund may be the only way to ensure that equalisation is achieved.

6. POWER SUBSIDIES FOR REMOTE AREAS

Time: 12:30 pm Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Treasury and Finance

Trevor Keeley, Assistant Director, Commercial Policy

Kathryn Barrie, Senior Manager, Office of Energy

Issues:

- Western Australia considers it anomalous that the Commission does not already include the State's remote area power subsidy in its assessments

Further Background:

Since the Commission was last in Western Australia, the State's power arrangements have undergone major reform to separate retail, network and the State's generation functions, facilitate entry of new generators and retailers and establish a new remote area supplier (Horizon Power).

Horizon Power now receives a transparent subsidy. The subsidy has in recent years effectively been funded through asset dilution rather than consumer cross-subsidies, reflecting that south west power charges have been kept to below cost.

The Government has now decided to transition to more cost reflective charges and provide a substantial community service obligation (CSO) to the south west retailer (Synergy) during the transition period. In this transition period, the remote area subsidy is effectively funded through this CSO.

Long term arrangements are as yet unclear, and may involve a continuing CSO or applying above cost charging in the south west (in effect a tax on consumers).

Horizon Power also receives a range of smaller payments related to various community service obligations.

7. HEALTH PROVISION IN WESTERN AUSTRALIA

Time: 1:45 pm Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Health

Peter Flett, A/Director General

Wayne Salvage, A/Director, Office of the Director General

Issues:

- General overview of health provision in Western Australia
- Need for provision of super-speciality and related services in Western Australia
- High level of indigenous need in Western Australia
- Low availability of private hospitals in Western Australia vis-à-vis comparable regions elsewhere in Australia
- Low use of private community services in Western Australia
- High costs of services in Western Australia's regional and remote areas (including staff attraction and retention costs)

Further Background:

Western Australia's health services are provided on a regional model (North and South metropolitan and six country health regions).

The State's remoteness from the rest of Australia necessitates provision of the full range of health services including super-speciality services.

Indigenous health needs are a major driver of Western Australia's health costs, with rates of service being well above the national average. Indigenous needs across Australia are heterogenous with important factors including the stolen generation (affecting the majority of Western Australia's indigenous population, including in urban areas), the more recent dislocation of indigenous populations in Western Australia, lack of access to private health providers and remoteness.

The Commission's current approach assumes that areas of comparable dispersion across Australia are equally served by private hospitals. This is not the case, with only two private hospitals in Western Australia outside the metropolitan area (compared with many non-metropolitan private hospitals in other States).

The Commission is currently intending to use rates of private ancillaries insurance as a proxy for private use of community services. However, Western

Australia has high rates of ancillary insurance and low rates of private health service provision (as reflected in levels of GPs, dentists, physiotherapists, etc).

Western Australia's per capita health expenditure in remote areas is much higher than in the metropolitan region, even including the centralisation of complex services and research in Perth. This reflects many factors. The economic boom will greatly add to cost pressures in Western Australia.

8. ESSENTIAL SERVICES DELIVERY TO INDIGENOUS COMMUNITIES

Time: 3:45 pm Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Housing and Works

Cliff Weeks, A/Director Aboriginal Housing Services

Graeme Jones, Director Aboriginal Communities

Trevor Tann, Manager Special Projects

Issues:

- Soaring cost of the Remote Area Essential Services Program (RAESP) for non-regularised services
- Challenge of regularising services to Indigenous communities

Further Background:

Budgeted State expenditure for the RAESP has risen from \$9.75 million in 2007-08 to \$22.3 million in 2008-09, reflecting factors such as increased labour and fuel costs, ageing infrastructure and changes to Commonwealth programs such as the Community Housing and Infrastructure Program and the Community Development Employment Program.

There are no safety, quality or reliability standards applied to services provided under RAESP. A lack of metering also leads to inconsistent community contributions, inefficient use of resources and inequitable access to government subsidies and rebates.

The State Government is committed to the regularisation of essential services (water, wastewater and power) to Indigenous communities, consistent with the 2006 Commonwealth/State *Bilateral Agreement on Indigenous Affairs*.

A start has been made through the regularisation of power to six remote communities through Phase 1 of the Aboriginal and Remote Community Power Supply Program (ARCPSP), at an annual subsidy cost to the Commonwealth and State of approximately \$6.45 million. The State has allocated an additional \$20 million for Phase 2 of ARCPSP, conditional upon Commonwealth matching funding (yet to be agreed). In addition, the Town Reserves Regularisation Program (TRRP) has regularised power for 12 town-based communities. The State has allocated \$35.3 million over four years for the TRRP. From 2007-08 Commonwealth funds for town based communities are no longer available.

A State Government Taskforce has developed a new regularised essential services delivery model, which is yet to be endorsed by Cabinet. The regularisation program will require significant additional funding from the State and Commonwealth Governments.

9. WESTERN AUSTRALIA'S INDIGENOUS POPULATION

Time: 4:30 pm Monday 23 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Indigenous Affairs

Jackie Tang, A/Director General

Issues:

- General overview of indigenous population in Western Australia
- Many remote, often small, communities creates particular challenges to service delivery
- Diversity of languages and its significant impact on cultural accessibility of services
- The inter-generational impact of the stolen generation on continuing disadvantage
- Indicators of relatively low SES in Western Australia
- Indicators of relatively high disadvantage in the metropolitan area

Further Background:

Western Australia has the third largest Indigenous population, second highest proportion of Indigenous people, with second highest teenage fertility rates (that predict faster population growth). There is evidence of Census Indigenous undercount, particularly in Western Australia, possibly going back many years.

Western Australia has a large, highly dispersed, culturally diverse indigenous population that has suffered disproportionately from historical dislocation and the impact of the stolen generation.

The cumulative impact of all these factors is that indigenous needs for services in Western Australia are high, and often higher than in comparable (remote or urban) regions of other States.

Perth has the highest proportion of its Indigenous population living in the poorest neighbourhoods.

10. EDUCATION AND TRAINING PROVISION IN WESTERN AUSTRALIA

Time: 9:00 am Tuesday 24 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Education and Training

Simon Walker, Executive Director, VET Planning and Resources

Robert Somerville, Director, Aboriginal Education and Training

Linda Candy, Director, Corporate and Management Accounting

Issues:

- General overview of education and training provision in Western Australia
- Relative size of the public and private school sectors
- Impact of Western Australia's *Raising the School Leaving Age* policy
- Resource allocation models for schools and the VET sector
- Cost pressures and the impact of teacher shortages
- Capital cost pressures: demand for new schools, ageing facilities and increased building and construction costs
- Demand for VET services: the resources boom and skills shortages
- Meeting indigenous educational and training needs

Further Background:

Western Australia's Department of Education and Training provides services to support public schools and VET services delivered by both the TAFE Colleges and registered training providers.

The relative size of the private school sector has increased in Western Australia, so that it is now similar to national levels.

School enrolments have risen due to the *Raising the School Leaving Age* policy making attendance in Year 11 and Year 12 compulsory, unless 16 and 17 year olds are in training, appropriate employment, or combinations of these.

Western Australia is facing an extremely challenging task in providing education and training services in an economic boom environment, with cost pressures on many fronts and high demands for VET delivery.

Indigenous education needs are very high in Western Australia, in both the metropolitan and regional and remote areas. While significant resources are being employed, more needs to be done to help close the gap in educational achievement.

11. POLICE SERVICES IN WESTERN AUSTRALIA

Time: 10:45 am Tuesday 24 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Western Australia Police

Greg Italiano, A/Executive Director

Kellie Properjohn, Superintendent, Principle WA Police Academy

Issues:

- General overview of police services in Western Australia
- Major policing activities and drivers of need
- Resource Allocation Model (RAM)
- Wage pressures
- Attraction and retention of Staff
- High level of indigenous need in Western Australia
- Factors that impact on the policing task in Perth
- Impact of distance in the State and within Perth on service delivery costs

Further Background:

Western Australia's police services are provided using a Resource Allocation Model (RAM). The statistically driven model includes a range of community variables.

Western Australia's major policing activities are crime prevention/investigation, emergency management, traffic law enforcement and counter terrorism. All these areas have substantial demand drivers, relating to strategic economic infrastructure, the size and physical diversity of the State and population characteristics.

Western Australia's police are well paid relative to other States, but there are nevertheless increasing difficulties in attracting and retaining staff.

Western Australia has always faced high costs in servicing the large area of the State. Cost pressures have grown significantly as a result of the economic boom, e.g. impact of housing subsidies, and the improvement of policing services in remote areas.

Following the Gordon inquiry, improved policing of indigenous communities and the safety of indigenous children has been a major focus. Western Australia's indigenous offence rates are very high across many types of offences.

Western Australia's Brief notes for 2008 State visit by the Commission

The policing task in Perth is made more challenging because of its urban form and geographic spread, the diverse range of SES in many areas and the areas of high growth.

12. CORRECTIVE SERVICES IN WESTERN AUSTRALIA

Time: 12:15 pm Tuesday 24 June 2008

Venue: Department of Treasury and Finance, St Georges Terrace, Perth

Agency: Department of Corrective Services

Graeme Doyle, A/Deputy Commissioner, Adult Custodial Services

Mark Kuzminski, Director Finance

Evan Jones, Director Business Management, Adult Custodial Services

Kati Kraszlan, A/Director Strategic Asset Services

Issues:

- General overview of Corrective Services provision in Western Australia
- Allocation of resources across regions
- Impact of the boom on staff retention and location costs
- High prisoner transport costs
- Impact of population/prisoner growth and construction cost increases on capital costs
- Impact of Prisoner characteristics on incarceration costs (e.g. Security Classification and Indigeneity)
- Additional needs relating to Indigenous Prisoners (e.g. health status and education attainment)
- Future trends: demand from increased police activity and effectiveness, improvement of services to indigenous offenders and location of indigenous prisoners 'in country'

Further Background:

Western Australia's Department of Corrective Service provides a network of correctional services across the State. Prisons located in remote areas and those with greater numbers of high security prisoners are generally more costly to run and consequently receive disproportionately higher resource levels.

The economic boom, resulting highly competitive labour market and a rapid increase in the cost of living in some towns has increased the difficulties in recruiting, retaining and accommodating staff particularly in the North West and Goldfields regions.

The vast size of Western Australia impacts the cost of prisoner transport. The factors contributing to high transport costs include: long journeys broken up by overnight stays, the impact of the wet season on offender movement in the remote northern areas of the state and the need to move prisoners by Air Charter on occasions.

Indigenous people are overrepresented in prisoner counts making up 42% of the adult prisoner population and 74% of the juvenile detention population. They are similarly distributed amongst the various security classifications as the general population. Indigenous people in custody place a disproportionately high demand on health, welfare and education services. Extra costs also arise due to transportation and through the deaths in custody issue.

Future trends including: improvements in policing effectiveness and technology; improving the effectiveness of service delivery to indigenous offenders and addressing the issue of regional dislocation for indigenous offenders are expected to exacerbate the cost disadvantages currently borne by the Western Australian Corrective Services system.

13. OVERVIEW OF THE ECONOMIC AND SOCIAL ENVIRONMENT IN THE PILBARA

Time: 9:00 am Wednesday 25 June 2008

Venue: Port Hedland Hospital, Sutherland Street, Port Hedland

Agency: Department for Planning and Infrastructure

Cath Meaghan, Director, Regional Land Use and Infrastructure

Chris Adams, Chief Executive Officer, Town of Port Hedland

Tim Crossley, President and Chief Operating Officer, BHP-Billiton WA Iron Ore

Issues:

- High cost of construction and housing
- Population count debacles – census counts, undercounts and dealing with service populations
- Land release and trying to find a builder
- How can anyone afford to live in the Pilbara?
- Industry perspective

Further Background:

The Department for Planning and Infrastructure is the State demographer. It is responsible, with local governments, for future planning of communities in Western Australia and approvals for land development.

In areas like the Pilbara there is up to an additional 25% service population on top of the resident population that never gets counted. Added to that is the considerable undercount of Aboriginal people and construction workers which means that the population figures used for remote areas of WA are not telling us the true picture.

The presentation will also cover:

- challenges involved in identifying, assembling and providing land to service the resources sector; and
- challenges involved in planning for communities in the Pilbara. How much does it cost to rent a house if you can find a house? Buy your groceries? How do you attract staff to the region on 'normal' wages? How can people get the best education and health services? How can a service be provided in the region but still be an 8-hour drive away? How do the towns compete between themselves?

14. HEALTH PROVISION IN THE PILBARA

Time: 10:00 am Wednesday 25 June 2008

Venue: Port Hedland Hospital, Sutherland Street, Port Hedland

Agency: Department of Health

Kim Snowball, Chief Executive Officer, WA Country Health Services

Peter Watson, A/Regional Director, Pilbara Health Service

Issues:

- General overview of health provision in the north of Western Australia
- High capital costs in the Pilbara, due to population growth and construction costs
- Lack of private health providers including GPs in the North of Western Australia
- High costs of providing services in the Pilbara and other remote regions
- Very high workforce turnover and exit of health staff to the mining industry
- Very high costs of living including accommodation, food and fuel costs
- Limited emergency evacuation and response capacity in the North West
- Limited inter-regional and intra-regional patient transport affecting patient access

Further Background:

The North West of Western Australia, the Pilbara in particular, are resources boom regions, and hospital facilities are being expanded to cope with demand growth. Construction costs, which are always high in remote areas, are escalated through competition for labour and housing rents of \$2,000 per week in Port Hedland.

There are relatively few GPs in private practice in the north of the State, and the rate of private patient admissions in public hospitals is low.

Costs of providing health services are very high, reflecting (among other things) staff and accommodation costs, high staff turnover and heavy reliance on overseas trained health professionals (with attendant training and supervision costs). The current turnover of health staff in the north of the State ranges from 30–100% per annum.

The costs of the boom are impacting Pilbara Health Service, which has forecast cost blowouts of \$13.1 m in 2007–08. Costs are expected to greatly increase over the next few years.

The resources industry is concerned that lack of emergency evacuation, health services and other human services will impact on the retention of their workers in the region. Industry has indicated this could impact on continued investment by the resources sector during this boom cycle, which is a key element of a sustained and stable economic growth for the whole of Australia.

The lack of commercial and public transport services in the more sparsely populated areas of the north west of Western Australia, including the Pilbara, can make transport within regions difficult and is a barrier to accessing services across the regional health network. Complex and costly logistical coordination is often required to bring patients to services.

15. EDUCATION PROVISION IN THE PILBARA

Time: 11:15 am Wednesday 25 June 2008

Venue: Port Hedland Hospital, Sutherland Street, Port Hedland

Agency: Department of Education and Training

Dennis Shiminski, District Finance and Administration Officer, Pilbara District

Jackie Barry, Principle Consultant, Pilbara District Office

Carolyn Cook, Principal, South Hedland Senior High School

Issues:

- General overview of school education provision in the Pilbara
- High costs due to remoteness and the resources boom
- High level of indigenous need in the Pilbara

Further Background:

Costs in the Pilbara, while always high, have been exacerbated by the boom conditions, with extreme difficulty in recruiting staff and excessive housing rents particularly in Port Hedland and Karratha.

Remote area indigenous education outcomes are comparatively low, but the impact of education programs is nevertheless very significant. Providing indigenous education involves dealing with multiple issues including language, health, culture and remoteness.

16. WATER AND SEWERAGE COMMUNITY SERVICE OBLIGATIONS

Time: 12:15 pm Wednesday 25 June 2008

Venue: Port Hedland Hospital, Sutherland Street, Port Hedland

Agency: Water Corporation

Ashley Vincent, Regional Business Manager, North West

Issues:

- State Government pricing policy on water and wastewater charges
- Factors influencing the high per capita cost (and escalating trends) of water provision and wastewater services in regional areas – community size, remoteness, escalating capital costs, quantity and quality of water available

Further Background:

The Water Corporation is responsible for providing water and wastewater services to the majority of towns in Western Australia.¹

As a state owned utility, the Government sets the Water Corporation's prices to ensure that essential water and wastewater services are provided to residential, commercial and farmland customers at reasonable prices, regardless of the location or the cost of providing the service.

Remoteness, diseconomies of scale, topographical considerations and in some instances, harsh climatic conditions all contribute to the high cost of providing water and wastewater services in Western Australia's country regions. Regulated prices charged in country regions are usually insufficient to recover the full cost of providing these services. The Water Corporation recovers this shortfall from the State Government in the form of CSO payments.

The country loss CSO totalled \$259 million in 2007-08 (there are also CSOs for pensioner etc. concessions and infill sewerage).

CSO payments are not required for the provision of water services to major mining and industrial customers, who pay the full location specific cost.

Per capita country loss CSOs vary widely across regions, reflecting the different factors at play.

¹ Exceptions include the Bunbury and Busselton water utilities, some local shires that provide wastewater services and a handful of other licensed service providers such as mining companies. These service providers do not receive CSOs from the Government.

Western Australia's Brief notes for 2008 State visit by the Commission

High growth in the country loss CSO reflects escalating capital costs, scheme upgrades to cater for growth in remote country towns affected by the mining boom, and increased regulatory requirements.

17. PUBLIC HOUSING PROVISION IN WESTERN AUSTRALIA

Time: 2:30 pm Wednesday 25 June 2008

Venue: Main Roads Regional Office, Brand St, South Hedland

Agency: Department of Housing and Works

Shane Edmonds, A/Executive Director, Public Housing

Joanne Gordon, A/Regional Manager, Pilbara Region

Issues:

- General overview of public housing provision in Western Australia
- Large increase in capital costs
- The boom has increased demand for public housing
- High level of indigenous needs for housing in Western Australia
- High costs in remote areas and for indigenous rental housing

Further Background:

Western Australia's Department of Housing and Works provides rental public housing and general community housing. Remote indigenous community housing is provided through a pooled funding arrangement with the Commonwealth.

The economic boom has escalated land and construction costs, and maintenance costs in remote areas. Demands have grown as costs of private rental housing have soared, while many have not benefited from the boom. This has necessitated increased budget allocations for public housing.

22% of public housing tenants are indigenous, and in addition \$37 m per year is spent on remote indigenous community housing (including Commonwealth funding). Despite this, indigenous people continue to face severe housing shortages and overcrowding. Indigenous tenancies are more likely to incur property damage and substantial repair and maintenance costs. They are also more likely to be abandoned and result in rent arrears.

18. ROADS PROVISION IN WESTERN AUSTRALIA

Time: 3:15 pm Wednesday 25 June 2008

Venue: Main Roads Regional Office, Brand St, South Hedland

Agency: Main Roads WA

Jim Mahoney, Region Manager, Pilbara Region

Justin McKirdy, Planning and Asset Manager, Pilbara Region

Issues:

- Overview of roads provision in Western Australia generally and the Pilbara in particular
- Escalating construction and maintenance costs in the Pilbara and other remote areas
- Western Australia supports access roads to centres of economic activity (despite their low population)
- Cost of building and maintaining roads in the Pilbara highly impacted by environmental factors, load factors and remoteness

Further Background:

Capital and maintenance for the State network are fully outsourced. Substantial financial support is also provided for local roads.

The economic boom has greatly increased both the road freight task and wage/construction costs in the Pilbara.

Trucks carrying mineral ores are typically 54 metres long and weigh around 175 tonnes (by comparison a B-double operating between Melbourne and Sydney is 26 metres long and weighs around 68 tonnes). The very heavy loading is requiring thicker and wider pavements, bigger road intersections and auxiliary lanes.

As only one example of cost increases, the Karratha Tom Price road has shown a 60% increase in construction costs per kilometre over a two-year period (Stage 1 compared with Stage 2). Labour comprises 35–50% of capital project costs in the metropolitan area, but around 60% in the Pilbara and Kimberley.

Maintaining roads in the Pilbara is very costly, reflecting damage caused by climate and heavy vehicle use, and unproductive travel time for teams maintaining remote sites.

There is a high incidence of flooding, and sunlight degradation of bitumen surfaces allows moisture ingress during the wet season that results in rapid pavement failures.

19. POLICE SERVICES IN THE PILBARA

Time: 4:15 pm Wednesday 25 June 2008

Venue: Main Roads Regional Office, Brand St, South Hedland

Agency: Western Australia Police

Ken Nicolson, Inspector, Assistant District Officer, Pilbara District

Issues:

- General overview of police services in the Pilbara
- High capital costs in the Pilbara, due to demand growth and construction costs
- Impact of the economic boom on policing demands and costs

Further Background:

The Pilbara is a boom area, and police facilities are being expanded to cope with demand growth. Construction costs, which are always high in remote areas, are being escalated through competition for labour and high housing costs.

The boom has resulted in increased demands for police services, due to the large fly-in fly-out workforce and consequent increased anti-social behaviour in industry heavy towns.

Staff costs have grown due to higher housing costs and the regular departure of officers to the private sector (with attendant replacement costs and the need for fly-in fly-out arrangements).

20. REGULARISATION OF POWER

Time: 11:00 am Thursday 26 June 2008

Venue: Department for Child Protection, MacPherson Street, Broome

Agency: Horizon Power

Mike Laughton-Smith, General Manager, Generation and Technical Services
Graeme Eley, Strategic Programs Manager, Commercial and Strategic Services

Issues:

- Regularised power in a remote community

Further Background:

Under Phase 1 of the Aboriginal and Remote Community Power Supply Program (ARCPSP), six remote communities have received regularised power.

As examples, the subsidy cost for the Lombadina/Djarindjin Community Power Station is \$1.4 m per year, and \$1.8 m per year for Bidyadanga Community Power Station (State and Commonwealth shared cost). They service communities of about 400 persons and 850 persons, respectively.

The subsidy cost for regularising other communities is likely to be significantly higher, as they are more remote.

21. POLICE SERVICES IN THE KIMBERLEY

Time: 11:45 am Thursday 26 June 2008

Venue: Department for Child Protection, MacPherson Street, Broome

Agency: Western Australia Police

Phil Clews, Acting Superintendent, Kimberley Police

Darryl Gaunt, Inspector, Office of the Assistant Commissioner, Regional WA

Issues:

- General overview of police services in the Kimberley
- Establishment of Multi-Functional Police Facilities in remote communities, at high cost
- High indigenous needs for law and order

Further Background:

Approximately 32% of Broome population is indigenous, with the rest of the Kimberley at 48%. Community problems and resultant crime are very high. Child safety has been a major focus, with time-consuming investigations on child abuse.

As a result of the Gordon Inquiry, a network of Multi-Functional Police Facilities has been established in remote communities, staffed by police and Department of Child Protection officers, and used by other agencies as needed. These have been effective in improving law and order in remote areas, although there has consequentially been an increase in reported incidents. Costs for operating and maintaining these facilities are necessarily high.

22. BIDYADANGA

Time: 1:30 pm Thursday 26 June 2008

Venue: Department for Child Protection, MacPherson Street, Broome

Agency: Multiple Agency Discussion

Wendy Cavilla, GP, Kimberley Aboriginal Medical Service Council (KAMSC)
Anne Coyne, Nurse Manager, KAMSC, Bidyadanga Health Clinic
Peter Vale, Officer in Charge, Bidyadanga Multi-Functional Police Facility (MFPF)
Pauline Scala, Senior Community Child Protection Worker, Bidyadanga MFPF
Mark Williams, Principal, La Grange Remote Community School, Bidyadanga

Issues:

- Representative example of poor health status and high health care needs in remote Indigenous communities
 - High costs of providing health services in remote communities
 - In-equitable access to health services
- Representative example of a Multi-Functional Police Facility
- Representative example of child protection in indigenous communities in the Kimberley
- Representative example of education challenges in indigenous communities in the Kimberley
 - Current student enrolments in Bidyadanga are 34 in pre-compulsory, 103 in primary and 46 in secondary: total 183
- Challenges of attracting and retaining staff

Further Background:

Approximately 850 Aboriginal people reside in Bidyadanga, which is the largest Aboriginal community in Western Australia and one of 200 remote Aboriginal communities in the Kimberley region. It is situated 180 kms south of Broome.

Indigenous communities are characterised by high rates of complex health care needs. There is a high incidence of chronic health conditions often with co-morbidities at all ages including health conditions that are generally only seen in developing countries (e.g., trachoma and rheumatic fever).

Currently, 10% of children aged 0–14 in Bidyadanga suffer from frequent infections, poor health and nutrition, poor growth, neglect and poor social circumstances.

The Australian Government funded emergency retrieval and evacuation RFDS service is frequently (3–4 times per week) unable to retrieve a person with

psychosis or other critical health condition due to lack of medical cover or lack of aircraft.

The State and Commonwealth provide community health services. Bidiyadanga is an example where community based health services attract federal funding and the State provides some outreach services to the community.

Bidiyadanga has one of eight Multi-Functional Police Facilities (MFPFs) already constructed in Western Australia as a result of the response to the Inquiry into Family Violence and Child Abuse in Aboriginal Communities (Gordon Inquiry).

WA Police are the lead agency at the MFPFs that are now operating in the Central Desert, Kimberley and Pilbara Districts.

The role of police is to introduce law and order on a permanent basis into these remote communities, establishing a baseline of security for community members and enabling the introduction of other service providers.

The Bidiyadanga facility accommodates two police officers and an officer from the Department of Child Protection. Court and community based correctional services are also provided as required.

High costs reflect many factors, including the need for a relieving officer, (18 weeks per year), the need to provide housing for officers and relief officers, vehicle costs and prisoner transport costs.

La Grange Remote Community School achieves significant positive outcomes in the face of many challenges.

For all agencies, staff receive a range of additional financial and conditional benefits, in recognition of the need to attract and retain quality people, but attraction and retention of staff is nevertheless a significant issue. Staff attraction/retention is impacted by isolation, long work hours and anti-social/violent behaviours.

23. CHILD PROTECTION IN THE KIMBERLEY

Time: 3:00 pm Thursday 26 June 2008

Venue: Department for Child Protection, MacPherson Street, Broome

Agency: Department for Child Protection

Julieanne Davis, District Director, West Kimberley

Agency Role:

The Department for Child Protection has statutory responsibility for child protection across the State. It also provides a range of other social welfare services.

Issues:

- General overview of child protection and support services in Western Australia
- Child protection data – comparisons and trends
- High cost of providing services in rural/remote areas of Western Australia, with a focus on the Kimberley
- Difficulty of attracting and retaining staff
- Initiatives to improve services, with a focus on the Kimberley
- Challenges ahead to improve equity and access to services

Further Background:

The Department of Child Protection provides services through a regional model.

Child protection is a huge issue in Western Australia, particularly among the indigenous community. The Department has a budget of around \$300 million per annum and provides services to around 45,000 individuals.

The Kimberley is a particularly good example of the work the Department is required to do across the State. Working in the Kimberley is difficult and time consuming partly because of the complexity of the client group, with issues such as language and cultural diversity that require considerable sensitivity. Limitations in overall service infrastructure (particularly the difficulty in making referrals and establishing complementary services) increase the complexity and cost of the work.

High costs also arise from the remoteness and dispersal of populations. Costs arise from factors such as aircraft charters, fuel, housing, high cost of living and filling staff positions. Attracting and retaining staff in remote locations such as Fitzroy Crossing and Halls Creek is very difficult.

The Department is undertaking important initiatives to improve services, including the placement of senior community child protection workers in the multi-functional police facilities that have been established across a range of remote indigenous communities, establishment of new residential care facilities and the rollout of parental support workers across the Kimberley.

24. DISABILITY SERVICES COMMISSION

Time: 4:00 pm Thursday 26 June 2008

Venue: Department for Child Protection, MacPherson Street, Broome

Agency: Disability Services Commission

Russell Smith, Regional Manager, Broome Office

Agency Role:

Western Australia's Disability Services Commission provides services and supports statewide to people with disabilities and their carers. The Commission provides and funds accommodation support, individual and family support, and individual coordination as well as strategic coordination services. Individual coordination is provided through the Local Area Coordination program (12 metropolitan districts and 10 country regions). The Commission provides services directly and also funds Non Government Organisations to provide services and supports.

Issues:

- Overview of disability services, focusing on the Local Area Coordination program and funding of Non Government Organisations, with particular reference to the Kimberley region
- Providing culturally appropriate services and supports to indigenous people
- Higher costs of service provision in remote areas

Further Background:

Indigenous people have a relatively high rate of use of services, reflecting higher rates of disability.

Higher costs result from additional costs associated with service provision in isolated areas across large geographical areas, staff travel, high staff turnover, subsidies and relocation expenses.

25. HEALTH PROVISION IN THE KIMBERLEY

Time: 9:00 am Friday 27 June 2008

Venue: Department of Education and Training, Coghlan Street, Broome

Agency: Department of Health

Kenneth Wyatt, Executive Director, Office of Aboriginal Health

Cath Stoddart, A/Director, Kimberley Health Service

Joe Ross, Community Elder, Fitzroy Crossing

Henry Councillor, Chief Executive Officer, KAMSC

Carmel Nelson, Medical Director, KAMSC

Issues:

- General overview of health provision in the Kimberley
- High needs of indigenous people
- Burden of Disease of the Indigenous population
- Children and the inter-generational effects of forced separation

Further Background:

Indigenous people comprise 42% of the population in the Kimberley.

Age standardised mortality and hospitalisation rates in the Kimberley are around five times higher for indigenous people than non-indigenous people.

Kidney disease is a problem in the Kimberley and is expected to increase significantly.

There are more than 34 Indigenous languages spoken in the Kimberley and many Indigenous people speak English as a second, third or fourth language. This can greatly impact on access to health services and the understanding by indigenous people of their own health issues.

Language is a major barrier to timely access to health services, and high costs result from late stage presentation.

Analysis of the WA Aboriginal Child Health Survey demonstrates the link between adverse life outcomes and the forced separation of Aboriginal people from their natural families. It also examines the adverse effects this has had on the children whose primary carer had been forcibly separated from their family.