

CHAPTER 31

REPORT ON STATE VISITS

INTRODUCTION

- 1 The Commission's strategy for the 2010 Review included extensive consultation with the States. Conferences were held with Heads of Treasuries and discussion papers on assessment proposals were released for comment by the States. Visits by the Commission and staff to each State were also made in 2008. They provided an opportunity for each State to present its views on how horizontal fiscal equalisation should be implemented and to raise any issues or concerns specific to that State.
- 2 State visits also provided an opportunity for the Commission to experience and understand first-hand the differences between the States that formed the basis of differential assessments in the 2010 Review. The Commission met with State officers providing services 'on the ground' as well as officials from central policy areas of State agencies. Discussions were held on service provision policy and the difficulties faced by individual States in providing services and revenue raising issues.
- 3 As part of the State visit program, the Commission extended an invitation for State Treasurers to meet with the Commission. All State Treasurers, other than the South Australia Treasurer who was unavailable in the week of the State visit, met with the Commission.

NEW SOUTH WALES

- 4 The Commission visited New South Wales from 31 March to 4 April 2008.
- 5 The agenda for discussions was designed by the New South Wales Treasury to highlight the following issues.
 - *Urban density and congestion.* New South Wales noted its high costs of providing infrastructure in the context of growing population and economic activity levels in an already critically congested environment. It argued that Sydney's disabilities in terms of congestion, underground transport linkage requirements, traffic control (congestion management) and urbanisation are greater than any other metropolitan area in Australia.

- *Cultural and linguistic diversity (CALD)*. New South Wales noted the high costs of providing translation, interpreting, counselling and travel services to its' migrant populations. It also noted the diverse ethnic communities in New South Wales increased the complexity and diversity of needs for community, education and housing services.
- *'Global city' influences*. Sydney is Australia's major international business, tourist and event destination, and entry point for trade. This international focus on Sydney provides opportunities for crime and drug importation and increased the risks of terrorism and related security concerns. High levels of drug availability and use increase costs across a wide range of services, including justice, community and health.
- *Indigenous issues*. The needs of major city and regional-centre based Indigenous populations were said to be no less than those of remote Indigenous populations.

6 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 31 March 2008, Sydney

- New South Wales Treasury — opening remarks;
- Roads and Traffic Authority of New South Wales; and
- Ministry of Transport.

Tuesday 1 April 2008, Sydney

- Transport Management Centre;
- Department of Aboriginal Affairs; and
- Department of Health presentation, followed by visit to St Vincent's Hospital, Darlinghurst.

Wednesday 2 April 2008, Sydney

- Department of Community Services;
- Department of Housing, followed by a visit to Mt Druitt social housing area; and
- Department of Ageing, Disability and Home Care (DADHC), followed by a visit to DADHC group house, Grosvenor Centre, Ashfield.

Thursday 3 April 2008, Sydney

- Department of Corrective Services presentation, followed by visit to Metropolitan Remand and Reception Centre Silverwater;
- New South Wales Police Force presentation, followed by visit to Forensic Complex, Westmead; and
- Attorney General's Department presentation, followed by visit to the Parramatta Justice Precinct.

Friday 4 April 2008, Sydney

- Community Relations Commission;
- Department of Education and Training presentation at Auburn Primary School; and
- New South Wales Treasury — closing remarks.

VICTORIA

7 The Commission visited Victoria from 26 May to 30 May 2008.

8 The agenda for discussions was designed by the Victorian Treasury to highlight the following issues.

- *CALD*. Victoria has a relatively large CALD population which increases the cost of providing a range of services including health, education and police. Victoria also has more humanitarian refugees than any other State. Humanitarian refugees have more-complex needs resulting in very high per unit service costs.
- *Urban density and congestion*. Melbourne is the second most populous city in Australia this increases the costs of delivering services, particularly in the areas of roads, public transport and infrastructure.

9 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 26 May 2008, Melbourne

- Department of Treasury and Finance — opening remarks;
- Department of Planning and Community Development — Victoria's population growth trends and demographics;
- Victorian Multicultural Commission — Victoria's CALD population;
- Department of Innovation, Industry, and Regional Development — Victoria's capital needs;
- Department of Education and Early Childhood Development; and
- Department of Human Services — impact of CALD populations on inpatient healthcare.

Tuesday 27 May 2008, Melbourne

- Department of Human Services, site visit Western Hospital, Footscray; and
- Department of Education and Early Childhood Development presentation at Werribee Secondary College — impact of CALD populations on education services and the Schools Education-Student Resource Package.

Wednesday 28 May 2008, Melbourne

- Victorian Police — police allocation model;

- Department of Justice — police functional split; and
- Corrections Victoria and Solicitor for Public Prosecutions — impact of major trials and crimes in Victoria.

Thursday 29 May 2008, Shepparton

- Victoria Police — site visit to Shepparton Police Station;
- Goulburn Valley Community Health Service;
- Council of Shepparton and District;
- Victorian Multicultural Commission; and
- Department of Education and Early Childhood Development — site visit to St Georges Road Primary School.

Friday 30 May 2008, Melbourne

- South Melbourne Tram Operations Complex Control Centre presentation and site visit;
- Southern Cross Station Authority presentation and site visit to Southern Cross Station;
- Department of Transport — public transport and urban congestion issues;
- Victoria Roads; and
- Department of Treasury and Finance — closing remarks.

QUEENSLAND

- 10 The Commission visited Queensland from 12 May to 16 May 2008.
- 11 The agenda for discussion was designed by the Queensland Treasury to highlight the following issues.
 - *Population growth.* Queensland has experienced significant and sustained population growth, and continues to do so, particularly in the South-East. This places greater demands on government service capacity, operating costs and infrastructure.
 - *Dispersion.* Queensland has a highly dispersed population. It has many remote communities and significant urban and regional centres separated from Brisbane and each other by great distances. This presents significant costs and challenges in delivering services.
 - *Indigeneity.* Queensland has a significant Indigenous population, which are over-represented as clients of many government services. This places pressure on the profile and cost of services such as health, education, communities, policing and corrections.
 - *Labour costs.* Many of Queensland's government agencies face difficulties in attracting and retaining staff because of the competing needs of industry (particularly mining), other government jurisdictions and even between Queensland Government agencies.

This has resulted in increased pressure on wages and, in remote locations, incentives and allowances.

- 12 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 12 May 2008, Brisbane

- Queensland Treasury — economic and fiscal position;
- Head of School of Geography, Planning and Architecture, University of Queensland — demographics and population growth;
- Department of Infrastructure and Planning — planning for managing Queensland's growth; and
- Queensland Treasury — Queensland's capital program.

Tuesday 13 May 2008, Brisbane

- Department of Main Roads presentation at Port of Brisbane and site visit to Gateway Upgrade project;
- Department of Education, Training and the Arts presentation at Aviation High School, Clayfield;
- Department of Emergency Services presentation at Emergency Services Complex, Kedron; and
- Queensland Transport presentation at King George Square Bus Way Station.

Wednesday 14 May 2008, Brisbane

- Queensland Health;
- Department of Communities;
- Department of Corrective Services; and
- Queensland Police Service presentation and visits to Beenleigh Police Station and Watch-house and Logan Police District Headquarters.

Thursday 15 May 2008, Townsville and Mt Isa

- Queensland Health presentation at Townsville Hospital;
- Department of Communities presentation at Townsville Hospital;
- Queensland Police Service presentation at Mt Isa Police District Headquarters and visit to Watch-house; and
- Department of Education, Training and the Arts presentation at Spinifex Senior Campus and Mount Isa School of the Air.

Friday 16 May 2008, Brisbane

- Queensland Treasury — wages input costs, location, urban roads, and capital, and closing remarks.

WESTERN AUSTRALIA

- 13 The Commission visited Western Australia from 23 June to 27 June 2008.
- 14 The agenda for discussion was designed by the Western Australian Treasury to highlight the following issues.
 - *Rapid economic and population growth.* Western Australia has experienced significant and sustained economic and population growth, and continues to do so, particularly in the North-West. This places greater demands on government service capacity, operating costs and infrastructure.
 - *Labour costs.* Many Western Australian Government agencies face difficulties in attracting and retaining staff because of the competing needs of industry, particularly mining. This has increased pressure on wages and, in remote locations, incentives and allowances.
 - *Indigeneity.* Western Australia has a highly dispersed Indigenous population, with many small remote communities separated from Perth and each other by great distances. Indigenous people were over represented as clients of many government services. This placed significant pressure on cost the cost of delivering services such as health, education, communities, policing and corrections.
- 15 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 23 June 2008, Perth

- Department of Treasury and Finance — budget outlook, capital program, wage costs, stamp duty on land-rich transactions, power subsidies in remote areas;
- Department of Health presentation — health provision in Western Australia;
- Department of Housing and Works — essential services delivery to Indigenous communities; and
- Department of Indigenous Affairs — Western Australia's Indigenous population.

Tuesday 24 June 2008, Perth

- Department of Education and Training — education and training provision in Western Australia;
- Western Australian Police — police services in Western Australia; and
- Department of Corrective Services — corrective services in Western Australia.

Wednesday 25 June 2008, Port Hedland

- Department of Planning and Infrastructure, Town of Port Hedland ,and BHP Billiton Iron Ore — economic and social environment in the Pilbara;
- Department of Health — health provision in the Pilbara;
- Department of Education and Training — education provision in the Pilbara;
- Water Corporation — water and sewerage community service obligations;
- Department of Housing and Works — public housing provision in Western Australia;
- Main Roads Western Australia — roads provision in Western Australia; and
- Western Australian Police — police services in the Pilbara.

Thursday 26 June 2008, Broome

- Horizon Power — regularisation of power;
- Western Australian Police — police services in the Kimberley;
- Kimberley Aboriginal Medical Service Council;
- combined agency discussion with service providers from the Bidyadanga community — Bidyadanga Health Clinic, Bidyadanga Multi-Functional Police Facility, La Grange Remote Community School;
- Department of Child Protection — child protection in the Kimberley; and
- Disability Services Commission.

Friday 27 June 2008, Broome

- Office of Aboriginal health and Kimberley Aboriginal Medical Services Council — health provision in the Kimberley;
- Department of Treasury and Finance — closing remarks.

SOUTH AUSTRALIA

- 16 The Commission visited South Australia from 7 July to 10 July 2008.
- 17 The agenda for discussion was designed by the South Australian Treasury to highlight the following issues.
 - *Drought.* South Australia said it had been more adversely affected by drought than the other States. This is because of its large agricultural sector and its reliance on the Murray-Darling system for its water supply. As a consequence, Adelaide’s drinking water is more compromised than other capitals. The drought has also changed the ecology of the river which has increased costs.
 - *Aging population.* The age structure of South Australia’s population is unique. It has proportionally more people aged over 80 in its population and a higher proportion of

them live alone. This has increased service costs and it is likely that these costs would increase in the future.

- *Socio-economic status (SES)*. South Australia has proportionally more people with low SES in its population. This increases reliance on welfare payments and demand for State provided services.
- *Remote Indigenous communities*. Providing services to remote Indigenous communities in South Australia is faced by challenges including: distance, transport, limited telecommunications, language difficulties, economies of scale, lack of infrastructure (especially water and power), lack of accommodation, poor roads and climate.

18 South Australia also expressed concerns about the development of the capital assessment. It outlined its preferred approach and the issues it had with the Commission's proposals.

19 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 7 July 2008, Adelaide

- South Australian Treasury — overview, the South Australian economy, and capital;
- Department of Premier and Cabinet — socio-economic status in South Australia and provision of services to remote Aboriginals;
- Office for the Ageing;
- Housing South Australia, Families South Australia — housing and welfare; and
- South Australian Water Services — water supply issues.

Tuesday 8 July 2008, South Australia Riverland and floodplains

- Renmark, via the Lower Lakes (Goolwa) and Mt Lofty Ranges, Loxton Research Centre — salt management and water issues;
- Department of Primary Industries and Resources — the impact of drought; and
- Loxton Floodplain, Yatco, Loveday Lagoon, Banrock, Woolpunda SIS bore and Waikerie — problems of acidification.

Wednesday 9 July 2008, Adelaide

- Department of Education and Children's Services — schools funding issues;
- Courts Administration Authority — criminal courts administration;
- Primary Industries and Resources (PIRSA) — agriculture;
- South Australian Treasury — capital expenditure, current projects, policy and planning;
- Department of Transport, Energy and Infrastructure;
- South Australian Police — law and order; and
- South Australian Treasury — revenue issues.

Thursday 10 July 2008, Adelaide

- Department of Health and Medical Services presentation at Queen Elizabeth Hospital — hospital capital issues, socio-economic factors, service planning/health investment, chronic disease and impacts on services; and
- South Australian Treasury — closing remarks.

TASMANIA

20 The Commission visited Tasmania from 28 April to 1 May 2008.

21 The agenda for discussion was designed by the Tasmanian Treasury to highlight the following issues.

- *Aging population.* Tasmania has an older age structure than most other States, and is ageing more rapidly than any other State. This increases the need for services that have higher use rates among older age groups, such as health services. In addition, the States workforce is ageing more rapidly than other States, resulting in a relative skills shortage.
- *SES.* A high proportion of Tasmania's population have low incomes, low qualifications and are generally of lower socio-economic status. This results in higher costs across a range of services, particularly police.
- *Interstate wage differentials.* Tasmania believed that while in the past they had paid their employees below the national average wage, this was no longer the case, and as such interstate wage differentials should not be assessed.
- *Dispersed population.* Tasmania has a high proportion of its population residing outside the capital city, and in small communities. This pattern of dispersion is different to that found in other States and significantly increases the costs of delivering services.
- *Fixed costs.* Changes in intergovernmental relations mean that all States must participate in national forums such as COAG more frequently. This has increased the fixed costs of running a State government.

22 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 28 April 2008, Hobart

- Tasmanian Treasury — economic, fiscal position; demographics and geography, capital and revenue and progressive taxes;
- Premier and Cabinet — administrative scale issues; and
- Roads and Transport Services — geography and dispersed population.

Tuesday 29 April 2008, Hobart

- Department of Education — socio-demographics;

- Department of Justice — administrative scale in statutory officer positions and relative interstate wages; and
- Combined agency presentation (education, health, human services, and police) — impact of low socio-economic groups.

Wednesday 30 April 2008, Hobart and Launceston

- Department of Justice — low socio-economic status groups; and
- Launceston Health — overview of health service delivery, workforce recruitment, retention and wages, and disability services.

Thursday 1 May 2008, Scottsdale, St Helens, Campbell Town

- Department of Health — primary health services in small communities, ambulance services;
- Police Services — policing small communities, scale disadvantages; and
- Tasmanian Treasury — closing remarks.

AUSTRALIAN CAPITAL TERRITORY

- 23 The Commission visited the ACT from 10 June to 12 June 2008.
- 24 The agenda for discussion was designed by the ACT Treasury to highlight the following issues.
- *Special features of the ACT.* The ACT faces special circumstances as a result of impediments in the self-government legislation, the city-state model, national capital responsibilities and Commonwealth decisions;
 - *High wages input cost.* The ACT faces high wages input costs due to competition with the Australian Public Service for skilled workers;
 - *Diseconomies of small scale.* The ACT is unable to take advantage of cost savings that larger jurisdictions are able to exploit. This is because fixed costs are increasing due to the growth in information and communications technology and the inability of less populous States to access private public partnership solutions in procurement; and
 - *Cross-border issues.* Cross-border costs are increasing because of service use by New South Wales' residents in some of the fastest growing regions in New South Wales.
- 25 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Tuesday 10 June 2008, ACT

- Department of Treasury and Chief Minister's Department — summary of special circumstances of the ACT, wages input costs and superannuation;
- ACT Treasury — ACT service delivery in a Budget context;

- Combined discussion with ACT Treasury, Department of Disability, Housing and Community Services, Department of Justice and Community Safety and the Department of Territory and Municipal Services — diseconomies of small scale;
- Procurement Solutions — public private partnerships;
- Combined discussion with Chief Minister's Department, Department of Education and Training, Department of Disability, Housing and Community Services — cross-border issues; and
- Department of Justice and Community Safety and Australian Federal Police — justice services and public safety.

Wednesday 11 June 2008, ACT

- Department of Education and Training — schools education;
- Canberra Institute of Technology — vocational education and training; and
- ACT Planning and Land Authority — national capital planning; and
- Department of Territory and Municipal Services — roads and urban transit.

Thursday 12 June 2008, ACT

- ACT Health — inpatient services, non-inpatient services, and information and communication technology;
- Department of Disability, Housing and Community Services — housing and welfare, socio-demographic composition, cost of living; and
- ACT Treasury — closing remarks.

NORTHERN TERRITORY

- 26 The Commission visited the Northern Territory from 14 April to 18 April 2008.
- 27 The agenda for discussion was designed by the Northern Territory Treasury to highlight the following issues.
- *Remoteness.* The Northern Territory emphasised the high costs of service provision to remote communities, especially health, education and law and order services, including the impact of seasonally impassable roads.
 - *Indigenous communities.* 31.6 per cent of the Northern Territory's population is Indigenous. The Northern Territory highlighted the complexities associated with providing and funding Indigenous community health services, the impact of drugs and alcohol on service provision and infrastructure requirements of remote Indigenous communities.
 - *Northern Territory Emergency Response.* The Northern Territory highlighted the impact on unmet need following the Emergency Response and the additional costs

accruing to the Northern Territory, for example, increased stock to be owned by the State Housing Authority.

- *Administrative scale.* The service infrastructure per capita required to deliver services in the Northern Territory were higher than elsewhere because of the increased role of information communications and technology (ICT) in government service delivery and the increased scope of government services (including regulatory burden and Commonwealth-State relations); and
- *Capital.* The need for physical assets was higher than population growth would indicate because the Northern Territory had been left with an infrastructure deficit and high debt charges at self government.

28 The itinerary for the State visit is below. Presentations were given by representatives from the agencies listed.

Monday 14 April 2008, Darwin

- Northern Territory Treasury presentation at Royal Darwin Hospital — overview and demographic impacts on service delivery now and in 2010-2015;
- Department of the Chief Minister, Department of Health and Community Services, Department of Planning and Infrastructure — combined presentation on the Northern Territory Emergency Response and Closing the Gap;
- Department of Education, Employment and Training presentation at Millner Primary School — school education; and
- Northern Territory Treasury, Department of Planning and Infrastructure, Department of Corporate and Civil Services — combined presentation on service infrastructure and capital issues.

Tuesday 15 April 2008, Maningrida

- Power and Water Corporation — presentation on Indigenous essential services followed by a tour of Maningrida township;
- Council CEO, Maningrida Council Office — welcome;
- Department of Education, Employment and Training presentation at Maningrida Community Education Centre — top end remote schooling, and tour of school;
- Department of Health and Community Services presentation at Maningrida Council Office — welfare services;
- Northern Territory Police, Fire and Emergency Services — policing Northern Territory; and
- Department of Health and Community Services and Northern Territory Police, Fire and Emergency Services — child protection case study.

Wednesday 16 April 2008, Katherine and Tennant Creek

- Department of Local Government, Housing and Sport presentation at Knott's Crossing, Katherine — local government services;
- Department of Justice and Northern Territory Police, Fire and Emergency Services — alcohol and government services;
- Northern Territory Treasury and Department of Health and Community Services — community health assessment issues;
- Department of Local Government, Housing and Sport presentation at Territory Housing Office, Tennant Creek; and
- Tennant Creek Town Council — housing services, housing in Tennant Creek.

Thursday 17 April 2008, Titjikala

- Power and Water Corporation — Indigenous essential services presentation followed by a tour of the township;
- Department of Health and Community Services — Titjikala health presentation, followed by a tour of Titjikala Health Centre; and
- Department of Education, Employment and Training and Charles Darwin University combined presentation at Titjikala School — Lasseter group school and Vocational and educational training.

Friday 4 April 2008, Alice Springs

- Northern Territory Treasury — housing in the Northern Territory's historical context;
- Department of Education, Employment and Training — Central Australian school education;
- Northern Territory Police, Fire and Emergency Services — Central Australian policing; and
- Northern Territory Treasury — closing remarks.

FURTHER INFORMATION

- 29 Background material in support of this chapter is published on the Commission's website. That material contains briefing notes provided by the States to the Commission in preparation for the 2008 State visits.