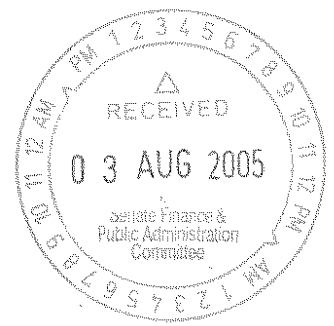


**Inquiry into the Regional Partnerships Program
and Sustainable Regions Programme**

**Questions on Notice:
Responses by Pilbara Area Consultative Committee**



1. Have you received your Operational Funding Contract for the 2005-2006 Financial Year?

The Pilbara ACC office received the Operational Funding Contract on 21st July 2005, after a telephone request was made to DOTARS on 19th July. DOTARS informed the ACC that an original copy was sent on either 1st or 4th of July 2005. This original copy was never received.

Given that the Pilbara ACC was at risk of trading insolvently without funding being received before the end of July 2005, the contract was signed without review, but subject to outstanding matters being further negotiated. We have yet to receive back the contract signed by DOTARS.

A copy of the covering letter to DOTARS is attached.

2. Did you receive an increase in funding for staffing or operational costs? Please provide details.

An increase of \$5,000 was provided to the Pilbara ACC. This falls well short of the \$43,480 extra sought by the Pilbara ACC.

The Pilbara ACC commenced dialogue with DOTARS in February 2005 seeking contractual amendments for 2004-05 with an anticipation of follow through into 2005-06. The DOTARS rep, Mr Graham Purdy, was fully informed and gave no indication of an issue with the changes sought. He did state that he would need to discuss this further with the State Manager, Mr Raymond Theseria. No response was provided. Two subsequent letters were sent to the Department between February and May 2005 seeking clarification. Again, no response was received. In May 2005, at an ACC meeting, departmental staff were again asked to provide clarification, without response. A copy of the minutes is attached.

The extra funding sought for 2005-06 covered:

- i. Employer Supplied Accommodation costs. A letter detailing this arrangement is attached.
- ii. Increasing fuel costs (some outlets in the more remote parts of the Pilbara are charging up to \$1.85 per litre for diesel).
- iii. An overall operating cost increase of 5% for major items, which is above CPI but accurately reflects the real increase in costs across the Pilbara ACC's operations.

These increases were sought to simply maintain the Pilbara ACC's current operational capacity. A wage increase to match local conditions had not been sought. Considering that anecdotally the average remuneration package for the region is \$90K plus car, electricity subsidy and house, the ACC is an uncompetitive remunerator by Pilbara standards. This is clearly reflected in the ACC's poor staff retention record. ABS statistics confirm that the Pilbara has an average household income significantly higher than in other regional or metropolitan areas.

3. **Has the ACC discussed the Key Performance Indicators for 2005-06 as included in the contract as Annexure 3? Did the ACC have any input to these KPIs?**

No discussion has been held. With the contract only recently received, it is unlikely that meaningful discussion will be held until early September 2005. The ACC had no input into the KPIs.

4. **Has the ACC determined how the KPIs will affect the ACC's operations in the coming financial year?**

No. This will not be completed until a meaningful discussion can be held later in the year.

5. **Do you foresee any problems with the required \$1:\$4 funding ratio proposed, given the ratios achieved during the financial year?**

Yes. Whilst we have managed to achieve a \$1:\$5 ratio in the last 12 months, this has been achieved mainly due to a number of commercial projects where the proponent has contributed more than 70% of the project total.

A \$1:\$4 ratio, whilst preferred, should be a goal rather than a requirement. A \$1:\$3 ratio is more achievable, and fits in with a model where the local, state and commonwealth governments each contribute a third of the total project costs.

6. **The proposed job outcomes to be generated are 'at least 3 for every \$50,000'.**

Do you think this is achievable in your region?

No. This is a very difficult figure to achieve. A ratio of 1 job: \$50,000 is more achievable. The Pilbara has a very low official unemployment rate of between 1.7% and 2.5%. Many employers have great difficulty filling their vacancies. The region is currently undergoing a resources boom and infrastructure struggles to keep up with the growth.

The target can be achieved for specific groups such as the Indigenous communities in the region, which has a very high underlying unemployment rate when CDEP is factored out. However, Regional Partnerships is not an indigenous only fund, while the criteria of demonstrated sustainability and partner funding must be clearly met before Programme funds can be committed.

Whilst job creation remains important, the Pilbara region has a very real and pressing need for improved infrastructure and services as a priority.

Has the Committee discussed this issue?

Yes. A letter was sent to the former Minister John Cobb outlining our concerns regarding the emphasis on job creation. A copy of the letter is attached.

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11 April 2005

Mr John Cobb MHR
Parliamentary Secretary
Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Mr Cobb

Regional Partnerships Programme Direction

After our discussions in Perth, and subsequent to the recent ACC Chairs' conference in Canberra, I would like to express concern over your stated new direction for the Regional Partnerships Programme. Specifically, my understanding of your desired criterion for a successful Regional Partnerships application is a clear demonstration of employment outcomes.

While we support employment creation nationally, in Western Australia we are in a resources boom and are unable to fill the vacancies that currently exist for a wide range of positions and skillsets. This is particularly relevant for the Pilbara and Goldfields regions. Indeed, the latest figures indicate that the Pilbara has an unemployment rate of 1.7%.

There are vacancies in the Pilbara in all trades and professions. Resource companies find that recruitment is proving to be a major obstacle to their expansion programmes and to the continued development of the region. In part this is due to the modern workforce being no longer prepared to leave cities for a substantial salary alone. Workers and their families expect an acceptable living environment when moving to a remote locality.

With the normalisation of many mining towns over the past 10 years, resource companies are no longer responsible for the provision of this quality of life. Rather, State and local governments must now provide improved community services and facilities, often where infrastructure is at least 30 years old and in need of substantial refurbishment or replacement. Local governments are particularly impacted as the resource companies are generally exempt under State Agreement Acts from paying full rates on mining, rail and port infrastructure areas. Having inherited aged infrastructure assets, local governments do not have the financial capacity to replace them. It is ironic that, in the midst of the most significant resources boom in the past 100 years, which is delivering substantial increases in company profitability and Commonwealth and State revenues, Pilbara local governments are financially strapped and are specifically excluded from sharing in this wealth under State legislation despite having responsibility for providing much of the social infrastructure and services required to support mining workforces.

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New workers and their families arrive in the more remote parts of the state and face the difficulty of a distinct lack of community services and amenities. Many will either refuse to take a job or will leave within one or two years. To maintain workforces, the resource companies accordingly increase the use of fly in/fly out (FIFO) workers and this hastens the further deterioration of our communities. The FIFO workers do not contribute to the local economy through rates, charges or taxes; very few will purchase locally, and with arduous shift cycles virtually none will venture out of the accommodation camps and become involved in the local community.

What is needed in regional Western Australia is not only the creation of jobs but, more urgently, the provision of modern, attractive social infrastructure and community services that will not only attract people to the regions, but will encourage them to remain and become part of our wider community.

I therefore urge you to reconsider your new direction for the Regional Partnerships Programme and request that, in consideration of our particular priorities, you widen the parameters to facilitate Programme funding for community projects.

Yours sincerely

Tony Ford
Chairman

cc: Mr Barry Haase MHR, Member for Kalgoorlie

Minutes of the Pilbara Area Consultative Committee
Quarterly General Meeting
held on Tuesday 17 May 2005
At Newman Airport, Newman

1 OPENING

1.1 Welcome

Tony Ford declared the meeting open at 14.25 pm.

1.2 Attendance

Members

Present: Tony Ford (TF), Steve Shilkin (SS), Gary Slee (GS), Louis Warren (LW)

Via Telephone: Alan Scott (AS), Fiona Grierson (FG), Mark Hewitt (MH), Rhys Edwards (RE),

Staff

Present: Cameron Simpkins (CS), Esther Schneider (ES)

Ex-Officio Members

DoTaRS: Raymond Theseira (RT), Graham Purdy (GP), Emma Yates (EY)

1.3 Apologies

Gloria Jacobs, Kathy Barret-Lennard, Mark Bolton, Mark Simpson, Dave Barton, Phoebe Gilbert, Allen Cooper.

1.4 Absent

None

2 PREVIOUS MINUTES

- 2.1* Confirmation of minutes from the Pilbara ACC QGM held on Tuesday 19 April 2005 at Centrelink Offices – South Hedland.

Resolution 050501

That the minutes of the previous EGM Pilbara ACC meeting, Centrelink – South Hedland on Tuesday 17 April 2005, be accepted as a true and accurate account of the proceedings.

Moved: Mark Hewitt

Seconded: Alan Scott
Carried

3 DECLARATION OF CONFLICT OF INTEREST

- 3.1 *Tony Ford and Gary Slee declared a conflict of interest in the RP application from Rotary: PH Stairway to the Moon.*

4 BUSINESS ARISING FROM PREVIOUS MINUTES

4.1 *Contract Variation*

The contract variation had been submitted to DOTARS. RT had been on leave and hasn't had sufficient time to review the contract variation. GP stated that we would be informed shortly.

4.2 *Letter to ATSIIC*

A response has been drafted by TF and sent.

4.3 *Change of name on Credit Card*

TF will fill in necessary paperwork and clear it with the bank.

4.4 *SEGRA*

CS and TF were attending at this stage. Cameron suggested the PACC submit a paper when attending. The board agreed.

4.5 *HECS Surrender Scheme*

The DPM was not interested at this time. A letter is being drafted to Brendan Nelson for review.

5 FINANCIALS

- 5.1 CS presented the current Financial Statement for the period 1 –31 April, and 1 July 2004 – 30 April 2005.

Resolution 050204

That the financials of 1 –30 April 2005 and the year to date July 2004-30 April 2005 be accepted.

Moved: Rhys Edwards

Seconded: Louis Warren

Carried

6 AGM

6.1 *10th Anniversary Dinner*

The dinner is planned for 23rd August, one week later than the scheduled AGM due to parliament sitting that week. Recipients of funding would be invited with some of the beneficiaries catering for the night or supplying alcohol at cost price + 10%.

The committee endorsed the dinner but would like to see costings of the event.

6.2 *Guest Speaker*

Committee members were asked to give some thought to who they would like to see as guest speaker on the night. This person would not be one of the invited politicians but would have a focus on regional Australia.

6.3 *Grantsmart Expo*

An idea had been put forward for the PACC to hold their own Grantsmart Expo, similar to the ones occurring down south. This would benefit the northwest communities. The date for the Expo was either this August in line with the AGM or May next year. August was deemed to be too soon so May 2006 was chosen. It was agreed to invite State Govt agencies to present also. Liz Behjat is travelling to Gin Gin on the 21 May to attend the Wheatbelt ACC Grantsmart Expo and to investigate how it is done.

7 **CHAIR'S ADDRESS**

Tony Ford advised that there were several irons in the fire although we have only had two funding approvals lately. A lot of interest in projects is being demonstrated.

John Cobb stated at the ACC's conference that the department wanted to see more employment opportunities created. This is not the case in the Pilbara where there is a 1.7% unemployment ratio. A letter has been drafted to advise JC that each area is different and the same cases should not be applied overall. The Goldfields ACC has written a letter advising of a lack of community amenities and infrastructure. Focusing on these areas with soft social outcomes would attract workers and keep their families to the area. If the infrastructure is not upgraded, then we will continue to see FIFO workers increase in Pilbara towns.

8 **REGIONAL PARTNERSHIPS EOI**

8.1 *Onslow Evacuation Centre*

CS and ES visited Onslow and saw Jim Fraser recently. Jim is very amenable to change the wording and in fact, do all they can to comply with RP guidelines. Esther is to visit Onslow again on the 24 May and will have further discussions with the Shire.

8.2 *Newman Airport Extensions*

Bill Careera from the SOEP gave a presentation on the Newman Airport. Showing a video of peak times of check in procedures, luggage handling, lack of catering and toilet facilities were some of the problems currently being experienced. Handouts were passed on to inform of facts and figures of passenger flow, airport costs and logistics.

LW will coordinate a meeting between BHP Billiton, PACC and the Shire. This will allow for the Shire to present this same presentation to them.

The board agreed to progress to full application. GP stated that AG does not fund airports.
Committee - Green

8.3 *Ngarluma Yindjibarndi Foundation Cultural Centre*

They are currently redoing the Business Plan, which the committee is awaiting.

8.4 *Gumala – Savannah Camp Ground*

Tony Smith has submitted for review before entry into Trax.

8.5 *YIC*

The application has now processed to Perth. EY advised that there were a few queries but that the application was currently under review.

8.6 *South Hedland Bowling Club – Approved*

8.7 *Stairway to the Moon - EOI*

The Rotary Club of Port Hedland has proposed a viewing platform near the Cooke Pt Caravan Park in Port Hedland. This will not only provide visitor-viewing comfort but more importantly, dune protection. The total project will cost \$100,00 with a request from RP for \$30,000 in funding. Some discussion arose about reducing the application to \$25k.

Committee - Green

9 **OTHER BUSINESS**

9.1 *Communities for Children Application*

CS explained the Communities for Children project that was currently calling for tenders for a facilitating partner. This would cover the West Pilbara involving the Shires of Ashburton and Roebourne. Catering for the welfare of children 0-5 years of age and promoting their health and well-being.

At the ACC's conference, John Cobb advised that ACC's should be looking for other avenues to progress and in which they can work hand in hand. This would be one such project.

The board agreed to proceed with the application.

9.2 *Indigenous Representation*

Members were asked to consider prospective committee members especially with an Indigenous background.

9.3 *Brochures*

The PACC has designed and produced their own information brochures. These have been approved by DOTARS and were presented to the board.

9.4 *Letter to Minister re RP outcomes*

TF advised that a letter had been sent re outcomes for RP.

9.5 *Letter to Minister for Education re HECS surrender scheme*

TF advised the minister been sent a letter requesting the matter be raised with the DPM.

9.6 *Dingo Dreaming*

CS brought the board up to date about a Sydney consortium wanting to make a movie in the Pilbara.

CS advised that the movie as it stands would need further review before attracting support from the ACC.

9.7 Fiona – VET

Held over to the next meeting held every 3 months but not quarterly.

9.8 Regional Partnerships

Presentation by GP on RP held over to next meeting held every 3 months but is not quarterly.

Meeting closed at 16.45.

NEXT MEETINGS

The next QGM/AGM will be held in Karratha on the 23rd August 2005.

The next EGM will be held in Karratha on the 21st June 2005.

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16 June 2005

Mr Raymond Theseira
Regional Manager – Regional Programme
DOTARS
PO Box Z5048
PERTH WA 6001

Dear Mr Theseira

Reference: **CONTRACT VARIATION REQUEST – 2004/2005 OPERATIONAL FUNDING**

Thank you for your response dated 24 May 2005 to our request for the 2004/2005 PACC Operational Funding Contract Variation.

In answer to the questions in your letter:

1. Donations: The donation of \$250 was for the local promotion of 'Kids Helpline', a not for profit fundraiser for the provision of telephone services for distressed children. This was seen as a worthy contribution for the ACC to make, both to assist a community organisation promote its services within the Pilbara and to promote the objectives of the Pilbara ACC. This amount has now been transferred into the Community Consultation and Promotion line item.
2. Other Employer Expenses: A small gift of flowers was presented to Samantha Howard on her leaving the employment of the ACC, as is customary for departing employees who have provided dedicated service to an organisation. The cost of \$59.95 has now been sourced from other funding arrangements.
3. Electricity Subsidy: The PACC is very disappointed with your decision not to support the electricity subsidy for staff. This is not an excessive request and is in line with industry and government standards including Commonwealth departments throughout the Pilbara.
4. Panel Beating: The figure of \$4000 is requested as a provisional figure. The damage to the Landcruiser 100 series (1BEE-180) was sustained by the then IEPO over a lengthy period in 2002/03. With the vehicle due to be handed back in Dec 2004, it was anticipated that the lease company would seek payment for these damages. A request was made to Mr G. Purdy in May 2004 seeking holdover of \$4000 from 2003/2004 for this purpose. This request was declined and we were instructed to prepare for this cost in 2004/05. A quote for the work was obtained in November 2004. Whilst the panel damage did not appear significant to an untrained eye, the quote for repairs was \$3200. The

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contract variation for \$4000 is therefore consistent with DOTARS' instructions provided to us in May 2004. We have now received an invoice for payment from the lease company (on 14 June 2005) for \$1496 and therefore amend the contract variation figure for panel beating to \$1500.

5. Employer Supplied Accommodation: Your question is in two parts:
 - o The actual weekly cost of rent is \$500. Rent commenced at \$450 until 1 May 2005 when it was increased to the current rate. Considering the current level of economic activity in Karratha in both the iron ore and petroleum industries, and the resultant shortage of accommodation (evidenced by the redemption of houses from community and private lease arrangements by Woodside to house its expanding workforce), the rent is expected to further rise to \$550 before the end of calendar 2005. With the advent of Train 5 for the North West Shelf LNG plant, it is anticipated that rent increases will spiral upward through 2006/7.
 - o The provision of accommodation commenced on 25 September 2004.
6. Budget Depreciation. Under advisement from the PACC Treasurer, a sum of \$10,000 is intended to be set aside for depreciation funds. As this is a large sum, it has been decided to present this for resolution and minuting accordingly during the June monthly PACC executive meeting.
7. 2005/2006 Budget Allocation. It is disappointing to note that DOTARS asked the PACC to undertake a full budgetary process, which was completed in good faith, only to have it rejected out of hand without seeking justification for budget increases or understanding the needs of the region. The increases sought were modest, with two significant exceptions being:
 - o Employer Supplied Accommodation (\$23,400). The PACC has taken a year plus a year lease on a property in Karratha. This is a common practice in the Pilbara, and ties the property to the organisation rather than an individual. In line with every other major employer in the region, this accommodation is then offered to an employee at a reduced rate. This rate is part of the employee's contract and has been benchmarked against private industry, local, state (GEHA) and Commonwealth Government staff rental arrangements. I am satisfied that the arrangement is competitive against these other employer organisations. Considering the scarcity of accommodation in Karratha, securing the property not only assists in holding the employee, but if there is a separation, the ACC retains the property to offer to a subsequent employee. This arrangement was comprehensively presented to your department last year with in-principle agreement reached on several levels. Mr John Love stated at the November PACC meeting (Roebourne) that he would seek an increase for 2005/2006 from Canberra for this arrangement over and above the current 2004/2005 Operational Funding Contract. It was agreed that an immediate increase of funds was not required for 2004/2005, as the PACC was able to fit the subsidy under the current contract. This was due to having the required funds, as a project officer had not been secured. Furthermore, when the subject was discussed with previous Minister De-Ann Kelly at an ACC Chairs meeting in Perth last year, she also agreed and saw no issue with an increase of funding for 2005/2006 to cover this cost. I am prepared to re-visit this issue with the current Minister if necessary, as the provision of employer housing is critical to the effective operation of the Pilbara ACC.
 - o A fuel increase to \$10000. With fuel prices already averaging \$1.35/litre in the region, it is possible that some remote bowser prices will reach \$2.00/litre within the financial year. The average travel for staff in the region has been 50,000-60,000 km per year. The PACC has a two vehicle fleet for conduct of its operations. In the current financial year, from July to December 2004, using a single vehicle, a little over \$2,000 was spent on fuel. The current budget figure of \$4000 is therefore considered to be inadequate for the PACC to operate. An increase to \$10,000 was seen as a sensible request as it brings into line the current usage rates and allows for an increase in vehicles and bowser fuel price.

-
- All other figures average to a 5% increase in line with CPI.

I trust this answers your questions in full. If you have any further queries please contact either the Executive Officer or me.

Yours sincerely

TONY FORD
Chairman PACC

Document4

21 July 2005

Mr Raymond Theseria
Regional Manager- Regional Programmes
DOTARS
PO Box Z5048
PERTH WA 6001

Dear Mr Theseria

Reference: **CONTRACT VARIATION REQUEST 2004-2005 OPERATIONAL FUNDING**

In reply to your letter of 28 June 2005 I offer the following for your consideration:

1. Employer Supplied Accommodation

I am very disappointed with your position in regard to this arrangement. We have acted in good faith, and in accordance with previous agreements made with Minister Kelly and your Mr Love. Clearly, this is not to my satisfaction, and I shall take this up separately.

2. Employee Rental Arrangements

The Employee does contribute to the rent. As stated previously, the rent has been benchmarked against other employer provided housing arrangements and considering the age and location of the property; I am satisfied with the amount charged to the employee.

3. Budget Depreciation

The PACC Treasurer, Mr Rhys Edwards determined the amount of \$10,000 for budget depreciation. His reasoning is as follows:

As at 30 June 05, the actual accumulated depreciation balance in the financial statements of the PACC will total \$17,000. Whilst the annual increment of depreciation is around \$3,500 per annum, the PACC has a major shortfall to overcome the accumulated losses. This shortfall is a result of the previous ACC funding guidelines, which did not allow for leave provisions, depreciation or capital replacement of assets. Therefore, a once off \$10,000 injection into the capital replacement reserve will see the PACC recover some of the gross shortfall that currently exists.



ACCs

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4. 2005/2006 Budget Allocation

Your increase of \$5000 for 05/06 is noted.

Yours sincerely,

TONY FORD
Chairperson

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22 July 2005

Mr Raymond Theseria
Regional Manager- Regional Programmes
DOTARS
PO Box Z5048
PERTH WA 6001

Dear Mr Theseria

Reference: EMPLOYER SUPPLIED HOUSING FOR THE PILBARA ACC

Further to our correspondence and discussions regarding the provision of housing for the Pilbara ACC staff, I offer the following for your consideration.

Precedence

Provision of housing for employees is a standard package feature endemic to the Pilbara region. Many small and all medium to large private enterprise organisations offer either a house or housing subsidy at varying rates or features. All levels of Government, including the Commonwealth provide housing for their workers. The Western Australian Government provides housing through the GEHA scheme for all public servants who elect to work in the region. As an example snapshot of the level of housing provision that occurs in the Pilbara, of the 13 members of the ACC board, all but two reside in employer provided accommodation. Attached is an example spreadsheet of similar employer arrangements that occur in the region.

Recruitment/Retention

In short, if the ACC is not able to provide suitable accommodation for staff, it is not competitive in the Pilbara market for recruitment. The salary package required to attract a suitably qualified individual into the ACC has to include not only housing at a significantly reduced rate, but also an electricity subsidy for the summer months. These are standard conditions for the local market, and these entitlements should be viewed as simply an additional cost of business.

Having the organisation take a lease on a property is a common practice in the Pilbara. By doing this it ties the property to the organisation rather than an individual. Considering the scarcity of accommodation in Karratha, securing the property not only assists in holding the employee, but if there is a separation, the ACC retains the property to offer to a subsequent employee.

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When one also considers the current unemployment rate for the region (2.5%) employee fluidity is major concern for every employer. The Pilbara ACC understands this issue only too well. The turnover rate of ACC staff is unacceptable, even when benchmarked against other organisations. In the five years of operation of the PACC the staff statistics are as follows:

- 1) Executive Officer: There have been 3 Executive Officers in the last 5 years. By November of this year, the Current EO will have completed two years service and will be the longest serving ACC employee in the role. Continuity is a critical mass in the progression of the ACC's core role of Regional Development. This has been severely interrupted with the changes in occupants of the Executive Officer position over the last five years.
- 2) Project Officer: This position took seven months' recruiting to secure a suitable employee. The owner of the property in which the Project Officer currently resides, Woodside Petroleum Pty Ltd, requires the house for their own employees as part of their current expansion program and will be requiring the property to be vacated by Christmas 2005. This deadline has been extended from June 2005 due to the intervention of the current EO with Woodside. Without housing offered as part of the position remuneration package, it is likely that the incumbent will secure work with industry before the end of 2005.
- 3) Admin Officer: In the two year period since June 2003, there have been 8 people occupying this role in succession. This, I am sure you would agree, is an unacceptable record of staff retention. A simple example of the ACC's inability to compete in the Karratha market is Miss Samantha Howard. She joined the ACC in Feb 2004, at 19 years of age, having completed a Cert IV in Administration from TAFE. Essentially this was her first real work role after completing study. The Pilbara ACC agreed contract with Samantha was for \$40,000pa plus super. Clearly, you would agree, this is an attractive contract for somebody so young and inexperienced. She left our employ in September 2004, after six months, for an administrative position that offered her \$75,000pa plus housing and electricity subsidy and a car.

When compared to similar positions in a city these rates of pay and conditions appear to be excessive for the positions occupied. However, the Pilbara and, more specifically the Karratha market, demand these rates and conditions for employees. Metropolitan norms for pay and conditions cannot, and should not, be applied to this region if an organisation seeks a suitable employee.

Indeed, the four local governments of the Region are carrying up to a 40% vacancy rate, and now state they will employ an individual who may have no experience or skills but demonstrates the capacity to be trained into a role. Depending on role and need for a position, these agencies offer cheap housing, airfares to Perth, private use of vehicles, personal study, and an electricity subsidy amongst other conditions to entice potential staff, and still have difficulty in recruitment and retention. Many Western Australian Government agencies are also understaffed and suffer similar difficulties in retention.

Karratha Real Estate Market

Please find attached the March 2004 Housing and Land snapshot produced by the Pilbara Development Commission for the town of Karratha. An updated version is in process of being created. In the last edition of the Pilbara News (July 6, copy enclosed) there were only five properties available to rent, also enclosed are two previous news articles demonstrating the demand for housing in Karratha and the Woodside created evictions.

You will note from the attached report that the average rent for a three-bedroom house in Karratha in March 2004 is approximately \$410 per week. This does not take into account the quality of the accommodation, merely the prices. A suitable property in a pleasant street may, in fact, cost as much as \$600 pw. For a four bedroom house in a similar street rents can reach \$1000 pw. The region is undergoing an unprecedented level of growth, which drives up housing prices and rents accordingly. This growth is expected to continue for the next four to five years. Current data from the various Real Estate Agencies in Karratha will confirm these figures.

History

In late 2004 I met with the then Minister, Mrs De-Anne Kelly in Perth. Explaining the position of the need for provision of housing for staff, she expressed her view that this expense should be included in the PACC annual budget bid as a necessary cost of business. This was subsequently further discussed and agreed to at a short meeting between your Mr Trebilcock and Mr Love and the PACC EO. The initial process was to secure housing using the Commonwealth's Defence Housing Authority. Mr Love met with several members of DHA and secured a Memorandum of Understanding for this arrangement. Rental charges back to the individual were to be commensurate with other agencies in the region such as Customs (\$30 per week) or Defence (\$75 per week). Regrettably, the DHA subsequently advised that there were no properties available in Karratha for this purpose.

In October 2004, the Pilbara ACC resolved that the ACC secure housing for the Executive Officer. The relevant minutes are attached. A property was secured, in the Pilbara ACC's name, in late October 2004. The lease was secured on a twelve-month plus twelve month basis. Again, whilst it does not comply with the ACC Handbook, when balanced against the rental market in Karratha, this was considered a prudent decision by the board.

In November 2004 at the quarterly Pilbara ACC meeting, some discussion arose regarding the arrangements with your Mr Love. He asked if the ACC required additional top up funds for the lease. This was declined, as there were sufficient funds in the budget due to the inability to secure a Project Officer for five months at that stage. However, it was agreed that additional funds for housing would be required for subsequent years. Mr Love agreed to this discussion, and stated that he would obtain written confirmation from the Department.

The matter was then left to follow due process. A line item was created in the budget for housing, monies allocated (\$25,000 pro rata), and a contract variation sought to confirm the arrangement.

At this juncture, having been transparent with the Minister and the Department, the Pilbara ACC considered the matter closed.

Current Arrangements

In line with every other major employer in the region, the accommodation is offered to our employee at a much-reduced rate. This rate is part of the employee's contract and has been benchmarked against private industry, local, state (GEHA) and Commonwealth Government staff rental arrangements. I am satisfied that the arrangement is competitive against these other employer organisations. It is certainly not the cheapest arrangement, nor is it the most expensive contribution sought.

To suggest the employee should pay rental commensurate with Perth, other than a competitively packaged rate, demonstrates a lack of understanding of the local market demands.

To not comply with either the Real Estate or the employee's contract leaves the ACC in a very difficult position indeed. To not comply, after nine months of demonstrated patterns, would see the ACC enter negotiations from a disadvantaged position. We have entered into both arrangements in good faith believing the Department was fully briefed, and not only understood but also agreed in principle to the undertaking.

Conclusion

The Pilbara ACC has an existing lease for a residential property through to November 2006. It has provided this housing to the Executive Officer as part of the individual's contract. This was recognised by the Committee as a necessary cost of doing business in the Pilbara. Whilst the arrangement does not comply with the ACC Handbook, the decision was made as a prudent step against the current rental climate in Karratha.

This arrangement will continue into the future, and should be expanded to include accommodation for the Project Officer at least. With the likely loss of the present incumbent due to a lack of housing, and the reality of not being able to easily recruit a replacement, it would be sensible to retain her services rather than undertake yet another recruitment process in a scarce market.

The Pilbara ACC therefore formally requests consideration, as a matter of urgency, of an increase to the 2005-2006 operational funding contract of \$50,000 (two houses @ \$25,000ea) to cover this additional but necessary expense.

Yours sincerely

TONY FORD

Chairman

cc Minister Hon. Warren Truss MP
Barry Haase MP, Member for Kalgoorlie



To promote and encourage regional, social and environmental enterprise with business, government and the Community.

PILBARA AREA CONSULTATIVE COMMITTEE INC

22 July 2005

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Mr Raymond Theseria
Regional Manager- Regional Programmes
DOTARS
PO Box Z5048
PERTH WA 6001

Dear Mr Theseria

Reference: 2005/2006 OPERATIONAL FUNDING CONTRACT

Thank you for providing the Pilbara ACC operational funding contract for 2005/2006, received by this office on 21 July 2005.

Given our current financial position where the Pilbara ACC risks trading insolvent if Commonwealth funding is not received before the end of July, I have signed the contract as presented to ensure that the Pilbara ACC is able to continue as a responsible organisation acting on behalf of the Australian Government's regional services programme.

Please note that this has not resolved the outstanding employer supplied housing issue which is currently the subject of correspondence with you, and a contract variation seeking extra funding for the 2005/06 year will be forthcoming.

If you have any further queries please contact either the Executive Officer or me.

Yours sincerely

TONY FORD
Chairman

cc *Minister Hon. Warren Truss MP*
Barry Haase MP, Member for Kalgoorlie



ACCs

The Australian Government's
Regional Development Network



An Australian Government Initiative

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