



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

SELECT COMMITTEE ON HOUSING AFFORDABILITY IN
AUSTRALIA

Reference: Barriers to homeownership in Australia

MONDAY, 7 APRIL 2008

KARRATHA

BY AUTHORITY OF THE SENATE

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

**SENATE SELECT COMMITTEE ON
HOUSING AFFORDABILITY IN AUSTRALIA**

Monday, 7 April 2008

Members: Senator Payne (*Chair*), Senators Bartlett, Colbeck, Fifield, Lundy and Moore

Senators in attendance: Senators Bartlett, Fifield, Hutchins, Moore, Payne and Siewert

Participating members: Senators Abetz, Adams, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Carol Brown, Bushby, George Campbell, Chapman, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fisher, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Polley, Robert Ray, Ronaldson, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Watson, Webber and Wortley

Terms of reference for the inquiry:

To inquire into and report on:

The barriers to home ownership in Australia, including:

- a. the taxes and levies imposed by state and territory governments;
- b. the rate of release of new land by state and territory governments;
- c. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d. the role of all levels of government in facilitating affordable home ownership;
- e. the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f. the role of financial institutions in home lending; and
- g. the contribution of home ownership to retirement incomes.

WITNESSES

BLAYNEY, Mr Mark William, Vice-President, Karratha and Districts Chamber of Commerce	26
BROOK, Mr Warren, Commanding Officer, Salvation Army, Karratha.....	44
BROOK, Mrs Phyllis, Refuge Manager and Associate Officer, Salvation Army, Karratha	44
COOPER, Mrs Leann Allison, President, Karratha and Districts Chamber of Commerce.....	26
ELLSON, Mr Adrian John, Executive Officer, Pilbara Regional Council.....	10
GIBSON, Mr Lindsay Gordon, Chairperson, Pilbara Division, Real Estate Institute of Western Australia.....	33
HAASE, Mr Barry, Private capacity.....	40
HIPWORTH, Councillor David, Councillor, Pilbara Regional Council.....	10
HOWE, Mrs Coral Pearl, Sales and Marketing Consultant, Ray White Karratha.....	33
JACOB, Ms Gloria, Deputy Chair, Pilbara Area Consultative Committee	53
MOLONEY, Mr Michael, General Manager Operations, Western Australian Land Authority (trading as LandCorp).....	62
NEVILLE, Mr Robert David, Chairperson, Pilbara Association of Non Government Organisations.....	19
PARRY, Mr Steven Colin, Director, Housing Service Delivery, Department of Housing and Works	62
RIEBELING, The Hon. Fred, Speaker of the Legislative Assembly, Western Australian Government	2
SLEE, Mr Gary Russel, Board Member and Treasurer, Pilbara Area Consultative Committee	53
SNELL, Councillor Bradley Allan, Councillor, Pilbara Regional Council.....	10
WEBSTER, Mr Stephen, Chief Executive Officer, Pilbara Development Commission.....	62
WHITE, Ms Antonina, Financial Counsellor, Pilbara Community Legal Service	44
WILLIAMS, Mrs Nanette, Area Manager, Pilbara Community Legal Service	44

Committee met at 10.53 am

CHAIR (Senator Payne)—I declare open this meeting of the Senate Select Committee on Housing Affordability in Australia. The Senate established this select committee on 14 February 2008, and it is due to report on 16 June 2008. The terms of reference for the inquiry are as follows:

The barriers to home ownership in Australia, including:

- a. the taxes and levies imposed by state and territory governments;
- b. the rate of release of new land by state and territory governments;
- c. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d. the role of all levels of government in facilitating affordable home ownership;
- e. the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f. the role of financial institutions in home lending; and
- g. the contribution of home ownership to retirement incomes.

This hearing has been convened to receive evidence in relation to the committee's inquiry. The committee is meeting here in Karratha to examine the issues facing people in this particular region, including among other things problems faced by those who are not participants in the mining industry as a result of the mining boom's effect on property prices. The committee acknowledges that witnesses have travelled from around the Pilbara region and beyond to attend the hearing and we would very much like to thank all witnesses for their participation and for the hospitality being afforded to us today.

These are public proceedings, although the committee may agree to a request to have evidence heard in camera or may determine that certain evidence should be heard in camera. I remind all witnesses that in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee does determine to insist on an answer, a witness may request that the answer be given in camera. Such a request may of course also be made at any other time.

[10.55 am]

RIEBELING, The Hon. Fred, Speaker of the Legislative Assembly, Western Australian Government

CHAIR—Welcome. It is a great pleasure to have you here, Mr Speaker.

Mr Riebeling—Thank you.

CHAIR—Thank you very much for joining us. I invite you to make an opening statement.

Mr Riebeling—Firstly, welcome to all senators. It is always good to see important officials from the East and from around Australia visiting the hub of the universe and finding out where the wealth of the nation actually comes from. This particular part of the world is experiencing a boom of the type that I do not think Australia has seen since the gold rush era. The boom that we are experiencing in the Pilbara is both iron ore and gas generated in the main. The problem we now see is how industry, the state and the private sector are responding to the massive changes in circumstances that have occurred in the Pilbara. Before I kick off, the article that appears in the paper today presumably depicts a picture of Karratha. In fact, it is not Karratha; apparently it is Wedgefield. It took me by surprise trying to remember where I had seen that sort of camp. It is not in Karratha, but we do have a number of single men's camps and they are a vital part of responding to the needs of the community in relation to housing.

My comments will be specifically in relation to this area, not the broader state issues, and how the state got itself to this position and how the state is responding in relation to that. It is interesting there is a Commonwealth Senate committee looking at taxes—the state thinks the Commonwealth does particularly well at taking taxes, especially from Western Australia. However, in saying that, in relation to what Karratha is currently experiencing, there are a number of different responses that are occurring to varying degrees of responsiveness or achievement. It is very difficult to get services into this town because of the lack of housing affordability. Even if you take affordability away, availability is just as big a problem. Personally, I think that particular problem in relation to Karratha is easing a little, but not to a point where it is anything other than still a major problem.

To understand where we are, you need to know a quick history of Karratha. Karratha has a residential component which is basically somewhat artificial compared to the rest of Australia. The majority of the housing is owned by major companies, with a small component of privately owned residences. Several years ago the companies probably misjudged the market and the demand that China was going to generate and almost overnight removed surplus accommodation out of the rental market and put that into their own needs for employees, creating a housing crisis for those people who were not directly employed by the major companies of Rio Tinto—as it is now, it was Hamersley in those days—and Woodside.

Overnight we went from a situation where rentals were tight to a situation where rentals did not exist. Overlapped on that, the state government at the time gave a private monopoly to the release of land into Karratha, and that was a long-term contract. The private contractors released

land that maximised their profits, and that is understandable. There was a reluctance to deal with native title issues, and that also created some problems. Those problems have now been removed, and the state now develops the land. The state is in the process of releasing as much land as possible. The problem with releasing more and more land is the capacity of industry to build houses on that land. The availability of land will continue to be flowed out until such time as the demand is no longer. It is really now a question of how quickly houses can be put on top of that particular land.

The terms of reference ask what the state is doing. State-wide there are two programs for low-income earners to get into the housing market—and first home buyers, as you are probably aware; so this is probably nothing new to you. First home buyers in Western Australia are exempt from paying stamp duty. My understanding is that the Commonwealth pay a first home buyers grant of up to \$7,000 and the state also provides a Keystart loan system. The drawback is that there is a ceiling on availability of access to that program. The Keystart program is one program, and it gives loans on houses valued up to \$375,000, as I understand it. The other is a separate program run by the state, and it allows a person to buy a house, in partnership with the state, where the state owns up to 40 per cent of it and the purchaser owns 60 per cent of it. My understanding is that is restricted to houses under the value of \$375,000. Given that the very small blocks of land in the last land release in Nickol West were valued at about \$190,000 for the smaller blocks, and given the cost of construction in Karratha, \$375,000 would give you a house of about 75 square metres. That is all a person could build to fall inside that particular category. That would not be as big as this room. It does not really apply to first home buyers.

The state is looking at, and I hope it will achieve, a special release of land for first home buyers in the upcoming releases of land. I hope that it will be priced at a reduced amount to allow access for first home buyers. The state has already agreed, in the next release, to quarantine 50 housing lots in the next release that will be allocated for small business owners to allow them to build rental accommodation. The state is still working on how those titles will be tied to the business, so that you cannot profiteer from that. It is a genuine attempt to provide housing for small businesses. We have already—successfully, I think—enabled the ballots to go to local people first, and if the local people do not purchase the ballots in the release of land, then it goes to the broader community.

Those things that the state is doing will slowly have an impact—as quickly as you can build a house—that reduces some of the pressures in relation to the land problems in Karratha. I am sure that evidence about this will be given later. Some of the real problems that the shortage of land causes are in the service industries. You can get an allocation of an FTE for a service to be provided to the community, but if you cannot house the person then there are a lot of FTEs available for services for Karratha people that are not now occurring because of the land shortage.

There was a system that I hope, seeing that the Commonwealth representatives are here, you may be able to look at reintroducing. It was a system called ICEHA. It was the ICEHA home system, which was a Commonwealth funded system that was developed in the mid-eighties. I think there were about 160 ICEHA homes built in Karratha. They were particularly directed at small business people. They could be allocated ICEHA homes and they would rent those homes to their employees. The problem with the system was that it ended with a couple of people roting it. I think Karratha was about the only place that had a substantial number of ICEHA

homes. I think it was the Court government that decided to sell those properties when it came into office. The system has not been reintroduced. It was a great system that responded to small business needs. Those ICEHA homes were built to the same standards as Homes West. They were upgraded slightly, with air conditioning and the like, for the ICEHA system. They could have easily gone back into Homes West stocks, but they never did. The Commonwealth can contribute, if it is possible to reintroduce that system, by putting money into that.

The Rudd government have announced that they intend to have a significant impact on Aboriginal housing. We have a number of Aboriginal areas within this region. Roebourne is probably the most famous of those areas, but we have large Aboriginal communities in my electorate, down as far south as south of Denham. I think that the only way to have a real impact in relation to that is through financing a partnership program with the state, the Commonwealth and the Indigenous corporations that are now viable entities that operate through Roebourne and various other places to give ownership of the properties to the Aboriginal people. I do not know what is planned by the federal government, but if it is not something along those lines then I think it will not have much impact.

We have some problems in relation to the release of industrial land. I doubt whether your terms of reference cover that. There are some severe problems with small pieces of industrial land for small businesses that are associated with the boom on the Burrup Peninsula. That involves native title in the clearance of sites. People who wish to build industries or small businesses on land allocated for that purpose are now finding it extremely difficult because there are four native title claimants and each of those native title claimants insists upon their own process of clearance. Unfortunately, people are sometimes getting different answers given to the same question by the different people who do the surveys.

If the Commonwealth have anything to do with the native title clearance process, I urge them to have some positive impact to make sure that there is either a time limit or there is some insistence upon using one clearance system rather than four. Unfortunately, I think the current situation on the Burrup Peninsula in relation to clearances is a product of factions within the Indigenous community disagreeing with each other. That is causing us some considerable angst in relation to the timely release of land. That is about all I wanted to say about the current situation here, other than the questions that you have about IR.

The only change that the IR system has had in relation to the building industry is that some years ago large industries undertook to remove homeownership. Some of the large businesses had a planned home purchase system. That has been removed from new employees. That has caused some changes to how people purchase homes in the area and it has been to the detriment of the area in my view. Basically, the real problem in Karratha is the release of land. That map shows the extent of what is happening in Karratha and where there are infield sites available. It would be good to be able to deliver a whole suburb tomorrow. That would solve many of the problems. We do not have a government house building program and small business is really the builder of our homes in Karratha and there are some things that the shire has done to facilitate it—for instance, allowing caravans to be on site during construction of houses. Woodside has allocated part of its single men's camp, which is under construction—you would have passed it on the way in here—for builders. There is a second single men's camp just underneath the Woodside single men's camp which is also going to be allocated for small business and the like to alleviate the catch 22 position of needing builders but not being able to house them.

There are a number of things happening. I do not think that we can ever move quickly enough in relation to this crisis. I believe Hedland is in a similar sort of position. I will leave Bob Neville and co to respond on the Port Hedland situation. Hopefully you might get an opportunity to drive around the area. The advent of large single men's camps in Wickham and in this area has, even though they might look particularly unattractive, alleviated the problem massively. The benefits of those single men's camps should not be underestimated. But the long-term future solution is in more affordable housing for people who deliver quality services up here. Unfortunately at the moment we are at a point where people leave the area because we can not get adequate medical services. Medical services and ancillary services around medical services are probably the biggest deterrent and are probably causing us the greatest stress at the moment. We have a situation with lady teachers in the government housing system. If a teacher goes on maternity leave they are allowed in the house until such time as they are ready to come back, and that is fine. But a huge number of those people come back as 0.2 FTEs. So you need five teachers occupying five houses to deliver one job. I understand why the union has those sorts of conditions, but many partners are involved in the mining industry and the like. That particular system is costing us the capacity to house. I do not know what can be done about that, but it is a problem.

CHAIR—I think we have time for a few quick questions. You said that the state has moved to a point where it is releasing as much land as fast as it can now.

Mr Riebeling—Yes.

CHAIR—I wonder what capacity there is to build in terms of the availability of skilled workers. We heard from the Housing Industry Association in Canberra last week and it cast some quite significant doubt on whether we have sufficient skilled construction workers.

Mr Riebeling—I do not know how many houses are currently under construction in Karratha, but I would have thought that somewhere around 70 houses are currently being constructed. I do not know the duration for each house, but 20-odd weeks would be a normal construction period for that. I would have thought that that would mean 350-odd houses are going to be added to our stock annually. We are releasing land at about double that rate at the moment. There is probably a downturn in the building industry in other parts of Australia for whatever reason. That may be an advantage to us. We are not averse to bringing tradesmen from all over Australia to work here.

CHAIR—The rest of Australia has noticed that.

Mr Riebeling—I think at the moment we have a direct flight from Brisbane once a week; they are talking about one from Melbourne as well. We have seven flights a day into Karratha.

CHAIR—Finally from me: the Commonwealth government has since the election announced about four different programs, including a rental affordability program, a first home saver deposit program and so on. It seems to me, though, that the dynamism of this situation that you have here is not particularly impacted by those sorts of programs. They are a fairly blunt sort of instrument when you are dealing with the pace that you are dealing with here.

Mr Riebeling—I think they would be effective if there were a reasonable cap on them. I think that is the problem—I think we have first home buyers out there who would be keen to get into the market, but no-one is going to spend nearly \$400,000 on a house that is not much bigger than a shed to qualify. We have the same sort of problem in relation to Homeswest and the earning capacity of Homeswest tenants. There is not as big of a demand on Homeswest accommodation as you might think Karratha would develop, because if you are not in Homeswest accommodation and you are not in a mining company then you are probably not here. That is the dilemma; there is not an alternative.

Senator HUTCHINS—Thank you, Mr Speaker, for that eye-opening assessment of what is going on.

Mr Riebeling—Thank you.

Senator HUTCHINS—I only have a handful of questions. What does ICEHA mean? Is it an acronym?

Mr Riebeling—It was an acronym—Industry and Commercial Employee's Housing Authority. It is industry supported housing assistance. It was a state-run, federally funded scheme, as I understand it. Some employers had five houses allocated to them—that type of thing.

Senator HUTCHINS—You said about the native title clearance process that there is a need to act in a more timely manner and there needs to be one process. Do you just want to expand on that for us from the east?

Mr Riebeling—Native title clearance was given in relation to an agreement for the Burrup Peninsula which released all the land, which you can see on the map, that is being developed at the moment around Karratha as well. Part of the deal to fix up the industrial sites, I suppose, or clear the industrial sites on the Burrup included land release around here. But, within those releases, if you want to develop land on the Burrup that is within the cleared area you must get clearance of sites and the like. There are a number of claimants that are party to that agreement and each of those is now insisting upon their own clearance of the blocks. Sometimes those clearances take three or four months each to get people on the ground to do the assessment. There is one particular fellow who has been in the process for 2½ years and is likely to pack up and leave. This person employs 20 local people and the industry may be leaving us because he cannot get clearance of the site.

Senator FIFIELD—Mr Speaker, you mentioned that the state government is now releasing as much land as it possibly can and that the real constraint now is the capacity of industry to actually build houses on those properties. Is that a concession that this situation could have been avoided had the state government released more land much earlier when there was less demand on the building sector?

Mr Riebeling—I guess you would have to ask the previous government that. In relation to Karratha, I think there is a combination of various issues that led us to where we are. It would not have been possible for the previous government to start releasing the land because there was no native title clearance of that land. Once that was cleared, that triggered the capacity to start

releasing land. Ever since that release there has been a genuine endeavour, I think, to release as much land as is possible. From memory, 2½ years ago, which is about when we started developing, private sector land was selling at about \$250,000 for a 600-square block. At the last release, some 2½ years later, the land component was about the same price. That does not mean the construction has not gone up considerably. The price of land, because of the release of blocks, has stabilised quite well, but the cost of construction still goes through the roof.

Senator FIFIELD—I am not entirely clear on this. Are you saying that land availability has not been an issue—

Mr Riebeling—No.

Senator FIFIELD—It has more been the actual cost of construction, if the land component has not changed over—

Mr Riebeling—The cost of the land component has not changed. The demand for land is still massive. We have had—

Senator FIFIELD—But the cost is determined by the demand for it, isn't it?

Mr Riebeling—No. We have a ballot system, not an auction system, which I think is pleasing. We have a system whereby local people can register their interest to purchase land and the prices are set by the Valuer-General. They do three valuations and the government picks the lowest of those values to keep the cost, I hope, as low as possible. We have had four, maybe five, ballots—I think it is four—and each time we have in excess of 300 people applying. Despite the fact that we released some 450 lots, in the last lot we still had 300 people applying. So the release of land has not reduced the demand as much as one would think. We will keep doing that until there is no demand.

Senator FIFIELD—How long has that ballot system been in place?

Mr Riebeling—Since we started releasing land, which was the area on your maps called KAO7A—no, sorry, the one next to that. I suppose it would have been 2½ years ago, roughly.

Senator SIEWERT—I will only ask a few questions since I can probably find out more information later on, being a Western Australian. How many first home buyers do you actually have?

Mr Riebeling—How many are involved?

Senator SIEWERT—Yes. I am trying to look at the number of first home buyers who would be here and who are coming from other areas and have already owned a home.

Mr Riebeling—I do not think we have had that many in the market because the costs are prohibitive. I think in Hedland there is an endeavour to refurbish Homeswest accommodation and then sell those to first home buyers. I believe that is an attempt to get the first home buyers into the market. I have suggested to the minister that they look at the same thing here, but as yet

that has not happened here. There are smaller blocks which are arguably within the price range, but I do not think we have seen them in the market much here at all.

Senator SIEWERT—The initiatives that have been launched to help first home buyers are perhaps not going to assist as much in the regions as in the cities; would that be correct?

Mr Riebeling—I think it will be fine in some regions, but in regions that are experiencing booms, no. If you lift the price of how you can assist—if you raise the ceiling to, say, \$500,000—then you might get some first home buyers into the market. Until that happens, I do not think it is going to happen.

Senator SIEWERT—You were saying that a feature of the ballots is that at least 300 people have entered the ballot. In your estimation, how many people in Karratha are actually suffering from inability to get accommodation? I know there are a lot of single men in town, but do you have an estimate of how many would have their families here if there were appropriate accommodation?

Mr Riebeling—I think it is a catch 22 really. You really do not know, unless they can be housed, the percentage of the single men's camp. It is a particularly good place to live, and I think that, given the opportunity, a lot of people who are involved in industry would choose to live here. If the town is completed on this side of the hills, as is set out on the map, I think we will end up with a population of around 20,000 permanent people. I think that there is enough demand to fill that without any problem, if that answers your question. I do not know whether there have been any surveys of single persons camps to see just how many would take up the offer. I know that during the previous phase, the construction of the export facilities in the mid-eighties, Woodside constructed a 4,000-person camp out at Pearson Cove, which was basically empty. People chose not to live there because they had an alternative; they lived in town. Single men's camps are single men's camps. You would not put your hand up to live there. They are a necessity rather than a way of life.

Senator MOORE—In terms of the cost of houses—because there is the issue of availability and also affordability, and the media release we have here is about rental—we have seen a number of houses quickly this morning that are being constructed. Someone told us that they are valued at about a million dollars. I want to know whether that is an accurate valuation or whether it is easy for the word 'million' to roll off the tongue.

Mr Riebeling—I think that for construction costs a rough estimate would be to double those of the metropolitan area. So houses that might cost \$350,000 would cost you \$700,000 here. You add \$200,000-odd for the land, so you are looking at about a million.

Senator MOORE—While the land has to be balloted to locals, there is nothing to stop someone from outside coming in, if they have finance, and buying up a lot of the houses. Is that possible, if they have the money?

Mr Riebeling—It is a free market. People can do that. Some sites are being balloted for group housing. I am sure a developer will grab those. There is talk of eight-storey hotels being built in town and various other things that people with significant funds will have to do. In relation to the capital cost of a million dollars for a house, the thing that is true is that a four-bedroom house in

Karratha would cost you \$1,500 per week to rent, which is three times what you would get in Perth for the same house.

Senator MOORE—Are the salaries three times as high?

Mr Riebeling—Some are.

Senator MOORE—But not all?

Mr Riebeling—People in the mining and construction industry earn very good money. The people who battle, I suppose the Struggle Street people, are public servants. If you are a public servant here and you do not get your house as part of your package then you are not going to live here for longer than 10 minutes before you realise that you are going to go broke. I do not know how many public servants could pay \$1,500 a week for a house—probably none. Small businesses are in the same boat. A lot of small businesses own their own principal place but then they need to attract employees to assist them with running their business. If they do not own their properties then they have to pay \$1,500 a week. Shopkeepers cannot get into that market and that is why I hope that the allocation of 50 lots this time and 50 lots each new release will slowly allow companies to purchase accommodation for their employees at a reasonable cost. That is a major problem. That is why the ICEHA system worked so well but we do not have that capacity any longer.

Senator MOORE—Do you have a situation in your region where you have people who were in the market both before the boom and after the boom? Have you a clear delineation in the community?

Mr Riebeling—I would think so, yes. I have not done any studies in that. If you own your house in Karratha, there are two ways to go. You could leave and rent it for a huge amount or sell it for exceptionally good profits or you could live there happily knowing that your neighbour is paying six times what you are. Some people have been profiteering but not that many, I do not think.

Senator MOORE—That is what I was getting to.

Mr Riebeling—Our market is so small. Eighty per cent of this town is still owned by big companies. So we are not talking about big numbers of private dwellings. Because a lot of the properties at the Bulgarra end of town have been there for so long, individuals own those through the home purchase plan. I gather that a lot of those are on sold because a lot of those people are at an age where they would have left the area.

CHAIR—Thank you very much for joining the committee today. We appreciate your time and your observations about the circumstances here.

Mr Riebeling—I hope your deliberations lead to me being able to announce ICEHA being reopened!

[11.33 am]

ELLSON, Mr Adrian John, Executive Officer, Pilbara Regional Council

HIPWORTH, Councillor David, Councillor, Pilbara Regional Council

SNELL, Councillor Bradley Allan, Councillor, Pilbara Regional Council

CHAIR—Good morning. Would you like to introduce yourselves?

Mr Ellson—As the executive officer of the Pilbara Regional Council, I support the councils in the area.

Councillor Hipworth—I am a councillor in the Shire of Roebourne. I am also a local business proprietor in that I own and operate an LJ Hooker franchise.

Councillor Snell—I am the shire president of the shire of Roebourne and also on the Pilbara Regional Council. I apologise for my work clothes, but I have just come from work in Aboriginal employment for Rio Tinto.

CHAIR—Thank you all very much for your time. I do understand we are in the middle of your working day, so we are very grateful that you can be here today. Thank you also for the submission you have just provided to the committee. Would you like to make an opening statement and then we will go to questions?

Councillor Hipworth—With Councillor Brad Snell as the shire president of the Shire of Roebourne and Adrian Ellson as the chief executive officer of the Pilbara Regional Council, we are a group of four councils in that we are the town of Port Hedland, the Shire of East Pilbara, the Shire of Ashburton, and also the Shire of Roebourne. We encompass quite a large area certainly in the resource rich development areas and there is also tourism notwithstanding fishing as well within these areas. The four councils have presented a paper, which has only been delivered to you a couple of minutes ago, and we will try for a bit of restraint and to not take up any more of your time than is absolutely necessary.

I would like to note that, with the rate of release of new land by the state and Territory governments, in 2007 the Department of Local Government and Regional Development commenced the regional price index. One of the findings was that, when it comes to cost in general, the Pilbara is 20.1 percent higher than Perth, which if you allow for a weighted average value for Karratha, it is 23.1 percent higher than Perth, and Port Headland was 17.6 per cent greater than Perth. On investigation, high prices in the Pilbara region are mainly due to goods and services in two categories of housing, recreation and education. In 2007, the cost of housing was highest in the Kimberley and in the Pilbara, at 27.1 percent for the Kimberley and 49 per cent for the Pilbara. This is believed to be due to the mining boom.

The committee should note that the Department of Local Government and Regional Development found that Karratha's price index for housing was the highest in the state of plus-

55.1 percent. Apparently, in Karratha the selling price for a modest four-bedroom, two-bathroom house is in excess of a million dollars with a rent return in excess of \$2,000 per week. I will qualify that a little further: at the moment, some will ask \$1 million; some will pay \$900,000. For rent, some are still asking in the region of up to \$2,800 a week, and if you are asking \$2,800 a week you would probably settle for \$2,500 a week. I note some of the comments by the previous speaker, the local MLA, Mr Fred Riebeling, so if you have any questions on that, we can answer them later on. The rent on a modest three-bedroom, one-bathroom home is in excess of \$1,000 a week, and the average person cannot afford these prices.

A lack of affordable housing in the Pilbara is a reflection of the lack of housing in the region. The so-called resource and construction boom initiated and gained momentum before the state government's planning processes equally geared up, notwithstanding that the Commonwealth and state governments were negotiating with the mineral and petroleum sector on future projects. But the lack of communication between government agencies resulted in land not being available for permanent or transient residential purposes in a timely manner. This matter could be discussed at length and there could be much finger pointing; however, the lesson learnt is better communications within and between government departments and much better early planning. If there is one thing that the Pilbara Regional Council does believe in, irrespective of whether something that we would like to see goes one way or another, if it eventuates or not, is that we to continue to communicate because one day we will win you over. To this end, the Pilbara, Commonwealth, state and local governments and industry are now working in unison under the lead of the state Department of Planning and Infrastructure to develop a forward-looking settlement strategy for the Pilbara. Work is still underway, but the preliminary settlement strategies have already identified gaps in future housing needs, which have now been addressed by LandCorp.

The uniqueness of the Pilbara is its high number of Indigenous people. This is of significant concern to local government because the majority of our Indigenous people are either unemployed or working in the workforce at the lower end of the skills range because of their educational levels and hence lower incomes. There is still a way to go in the socioeconomic development of our Indigenous folk, and governments and industry are providing assistance wherever they can. Of concern to this inquiry is the desirability of encouraging Aboriginal people and other disadvantaged groups into homeownership but for there to be realistic housing price levels for the various first home buyers or Aboriginal housing schemes that reflect local conditions.

The role of all levels of government is in facilitating affordable homeownership. Local government has no role in assisting people to purchase or rent homes other than its own employees, to which we are not funded and cannot possibly plan to fund due to an overburden of providing for the existing stakeholders of our region. Furthermore, we appreciate that local government is often criticised when it comes to development levies associated with new estates. These have to be imposed to cover the costs of providing community infrastructure such as footpaths, libraries, community halls and ovals et cetera. The calculated cost is based on design purpose and dwelling density.

The issue for the Pilbara and elsewhere in Western Australia is not that we have to impose different development levies; we also have to impose higher levels of rates or deliver less quality services because the state and local governments cannot properly rate resource companies

operating under pre-2005 state agreements. This is prohibited—and I have examples of two clauses on valuation on rates of mining and petroleum.

For those people who choose to live in the Pilbara, they currently have to pay higher rates and charges to offset the maintenance and renewal costs incurred from the resource companies accessing and using Pilbara's community infrastructure, because these companies cannot be properly rated. The royalties and rents being paid by the resource companies end up in the Commonwealth and state coffers, with very little being returned to local governments for service and asset maintenance, renewals and development. This has been a matter of contention for many years now.

In November 2004 the Western Australian government Standing Committee on Public Administration and Finance, in its review of the local government rating system and distribution of funds, made the following recommendations:

Recommendation 1: The Committee recommends that if there are to be future State Agreement Acts that:

- they do not automatically impose rating restrictions on local government authorities; and
- the State will not generally seek to include such provisions in State Agreement Acts ...

...

Recommendation 8: The Committee recommends that the State should immediately provide funding support, on a needs basis and with full accountability, to the affected local government authorities in regional areas of Western Australia, in a manner that does not impact on the local government authorities' grants. This funding support should continue until such time as the problems of affected local government authorities, identified in this report, are resolved.

Recommendation 9: The Committee recommends that, in relation to existing State Agreement Acts, the State Government should enter into negotiations with the parties to the State Agreement Acts, with a view to negotiating a restitution to negate the impact of the rating restrictions imposed on certain local government authorities under State Agreement Acts.

The state government's response stated that the above would be included and addressed within the 2004 state agreement rates and planning and building licence study. This study was to be completed in October 2005 but, as of today's hearing, it still has not been completed and nor is an end in sight. I do not think we will see that post the javelin throw at the Beijing Olympics, to be honest. That is our submission.

CHAIR—Thanks, Councillor Hipworth. Gentlemen, did you wish to add anything?

Councillor Snell—I just want to point out that both Councillor Hipworth and I are Karratha based, although I am moving to Dampier very shortly. It is important that you are aware that the Pilbara Regional Council covers four councils, so some of the issues to do with housing are quite different in other places besides Karratha. But I think it is very fair to say that this area—the Shire of Roebourne, particularly in Karratha and Dampier—is going through an astronomical boom, with the median price of houses \$200,000 more than in Perth. If you do not work for one of the big mining companies, you pretty much cannot afford to live here. To give an example of the comparison in rents between here and Perth: we recently bought a house in Dampier and we

own a house in Trigg, which is a northern beaches suburb in Perth, and they are roughly the same price, about \$830,000. We can get \$250 a week for the house in Perth and we have been offered \$1,600 a week for the house in Dampier. It just points out the difference in the cost of living here.

As Fred Riebeling and Councillor Hipworth pointed out, it is difficult for small business and non-government agencies trying to employ staff here. The resources boom is a good thing in providing employment for the state and the country, but from the council's point of view and from the local people's point of view—I have lived here for the best part of 20 years—we do not want to see services deteriorate. Particularly non-government agencies and small business cannot afford to pay people. We basically have fewer small businesses here now than there used to be 20 years ago, because the plumbers, electricians or whatever cannot afford to pay for houses. Fred Riebeling pointed out that there are 40 flights a week into the Karratha airport. A classic example is the poor guy that has got the baggage contract out at the airport, who is working from five o'clock in the morning until the last flight because they cannot afford to put any more staff on because they cannot add \$60,000 or \$70,000 onto their wages to give them a house. With an increase in FIFO, the family members that used to work in small businesses are not here anymore, so it is a catch 22.

CHAIR—FIFO, for the purpose of our records, is fly-in fly-out.

Councillor Snell—Yes. As Fred Riebeling pointed out, the construction camps have alleviated to some degree the rent increases, but really what we would like to see is changes to the rules concerning fringe benefits tax and zone allowances to encourage mining operations to set up houses permanently in the town, because that will also help with attracting other people—making our towns more normalised instead of just big camps. We realise that at the moment there is such an insatiable demand that there is not much choice but fly-in fly-out. People like it, but it is a downward spiral because you do not get the good health system, the education system et cetera.

Just before I go, I think it is very important to mention—particularly in the field I work in, in my normal job with Rio Tinto—is that we are very keen on Aboriginal employment. We had a 15 per cent target and it has just gone up to 20 per cent. Sam Walsh signed an agreement with Eric Ripper just last week about getting 300 extra, above our target this year of 152. What we are having tomorrow here in Karratha is a big selection centre with 28 Aboriginal tradespeople or qualified people in Karratha, but all of the jobs we are advertising now through human resources come without housing. So, even though you might say Aboriginal people live here, they might live in a house in the village in Roebourne with 15 people per house—and I am sure it is the same in Hedland and all of those kinds of places. It is very hard to get into the workforce unless you have adequate housing. Even though you have got a house, 15 people live in it and you cannot get up at five o'clock in the morning and work a 12-hour shift. That is probably enough from me. I will hand over to Adrian.

Mr Ellson—The only comment that I would like to make at this point in time—as I have put a lot of work into this—is that it was done last Friday before the Premier made his announcement on the increases to all home services, such as water, power, sewerage and all that sort of thing. I think we just need to keep that in the back of our mind as well: that there will be other drivers outside of just the price of houses that will affect whether housing is affordable or not.

Councillor Snell—One extra thing that is not really alluded to in this is the Pilbara Industry's Consultative Council process that is going on. The Pilbara Regional Council is represented through the President of the Pilbara Regional Council. There is basically Woodside, BHP Billiton, Rio Tinto and Chevron, plus Martin Ferguson represents the Commonwealth and Eric Ripper represents the state government. One of the big things that they are doing, which I find a very big problem in terms of housing prediction, is getting adequate data about what kinds of demands there will be in the next few years. I think everyone locally in the Pilbara has big issues with the 2006 census, particularly on the identification of Indigenous people. Everyone anecdotally agrees that the census was way out. One figure that was interesting from that census in terms of Karratha was that, if you accept the census figures are correct, 16,000 people spent that night in Karratha and only 11,000 classified Karratha as their home. There might have been a few tourists coming in, because it was winter time, but there is a bigger proportion of FIFO workers in this town.

CHAIR—Thank you, gentlemen. We will start with questions.

Senator BARTLETT—Firstly, I am conscious that you represent much more than just Karratha and Roebourne. Obviously you have the experience here. Firstly, with regard to the wider area, and you have emphasised some of the specific problems with Karratha—I am from Queensland, by the way, so my local knowledge is not totally precise—Port Hedland has fairly similar sorts of problems. Are there any other characteristics that are really unique to either Karratha or Port Hedland or are there similar problems across the board?

Councillor Snell—I will give an example. I was in Perth a couple of weeks ago. When I got off the plane I got a phone call. What people are doing is that they are rocking into Karratha because they see on *60 Minutes* or read in the *Australian* or whatever that the roads are paved with gold here. They roll up and then they ring me as the shire president and say, 'We've brought our caravan here but we can't find anywhere to park it' or 'There's nowhere to rent' or whatever. I went to a meeting the other week at the Karratha business centre and people were parked in the parks and all of that kind of stuff. A big issue for us is that people hear all the time that you can earn \$100,000 as a dishwasher—which you may do if you work long hours—but you need accommodation. It is not really in our interest to encourage people to come here, because we have nowhere to put them. People think it will be all right—'We'll come and we'll find somewhere,' but they cannot.

Mr Ellson—The accommodation issue is common across all of the Pilbara. There is some uniqueness in some of the challenges. Tom Price has a unique situation in that Rio Tinto is responsible for all its head works infrastructure—water, power, sewerage—and there are limitations there that also impact upon being able to generate extra houses. So there is some uniqueness, but the overall problem is a lack of housing across the entire Pilbara.

Senator BARTLETT—From the description that we had from the previous witness about release of land and land balloting, at least it sounds like there is movement in the right direction regarding the problem of supply of land. Is that release of blocks and land balloting predominantly for individual private ownership?

Councillor Snell—Yes. I am personally very pleased, however, that the state government is going to allow some flexibility for small business to buy more than one house in the next ballot.

Karratha Contracting bailed me up the other day. They have put in for the last three ballots. They only put one ticket in each lottery and missed out. But they want to employ roughly five extra people and want to make sure that they can build several houses. They cannot do that in the existing ballots. But I am quite encouraged that in the next ballot they are going to bring in this capacity for small business to get more than one house, which will make a bit of a difference.

Senator BARTLETT—Are some of those people buying to rent out—property investors—or are they all local people wanting to get a house to live in?

Councillor Snell—Hopefully, they will be local businesses employing local people. But if you are a young person who has grown up in Karratha—I know several; my young fellow is 23 or 24, and I know young people who have worked for me in my Rio Tinto role—you have Buckley's hope of being able to buy a house here. You need to save up. You need \$700,000 to \$800,000 to buy a house, so you have to save up a huge amount more than the first home buyers grant ceilings are. There are income ceilings too. There are lots of people here who do not earn the big money, but even if you do you cannot get that start because of the ceilings on price and income with those first home buyers grants.

Senator BARTLETT—One thing that I think about whenever I hear about the boom—and obviously there is a boom here, including a boom in the cost of housing, unfortunately—is that it is often followed by a bust. Is there a lot of confidence about the sustainability of the local economy in terms of putting all that money into building up infrastructure and releasing all that land—with all the investments contained in it? Is there a risk of the bottom dropping out in 25 years time?

Councillor Snell—Who knows, really? All we can know is that we have a \$12 billion investment in Pluto. Woodside just announced a \$5 billion investment in another gas platform. The company that I work for, Rio Tinto, is talking about 420 million tonnes, with 340 million in its latest upgrade. When the towns of Dampier and Tom Price were built by Hamersley Iron, it was 10 million tonnes a year. Even in the early nineties, it was 40 million tonnes of iron ore. If China falls over, who knows?

Councillor Hipworth—There is a capacity for Karratha to raise itself from about 20,000 people to 35,000. Port Hedland and South Head should have the capacity to hold 50,000 between them. The latest land release was at Newman. They should be able to increase by about 8,000 people. If Pilbara Iron finishes its study on its own head works inquiry into Tom Price, there is the potential there for another 6,000 to 7,000 people. Parabadoo remains stagnant, and Onslow will remain stagnant until BHP Petroleum or Chevron works out what they are going to do with regard to resource development down in those areas. The main constraints on people at the moment are the cost of land and the cost of building. The cost of land eight years ago was \$75 a square metre. That was when it was under a private contractor. That rose over a period of four years to nearly \$150 a square metre—it nearly doubled. This is for Karratha only. Now, you are being asked to pay anything from \$180 to \$300 a square metre for government land. The thing is that, in my previous discussions with LandCorp, I was advised that a block of land here might cost LandCorp between \$75,000 to \$80,000 to develop. They have a mandate. They are the state government's real estate agency, and they are there to make a profit. Their mandate is that they have to work their money across the whole of the state. So if someone at Dalwallinu needs an industrial lot of 2,000 square metres and you will only get \$14,000 for it and it costs \$84,000 for

the state to develop then that person pays the \$14,000 and the rest is amortised over the rest of the state so that you have some sort of flexibility.

When you are at the state government level—and, no doubt, also at the federal government level—everything has to be deemed to be equal, so you cannot really complain to LandCorp about that. What you can complain about is that you have a small amount of red dirt and you have to pay the earth for it. But they are not the evil people in this. There are no real evil people; there are just some folk and some agencies that are making a nice profit. A builder will tell you that two years ago he would have charged you \$1,400 a square metre for a brick house and you would have got 250 square metres under the main roof. You will now pay \$2,300 a square metre for that. There are various reasons for that—some of them unprintable.

Whilst in another capacity I might own a real estate agency which at the moment is No. 1 out of 700 franchises throughout Australia and New Zealand, there are six other competitors in town and I am probably the most socialist one of the lot. I can tell you that nothing guts me more than youngsters not being able to afford houses here, because you cannot build your community. It is fine to have the FIFO and it is fine to have them spend their funds in this town. I support the resource companies because that is what they have to do. The only way they can actually get ahead is to fly people in from elsewhere. The simple fact is that, for every FIFO you get in here, they get up at five o'clock in the morning, they have their breakfast, they are put on the bus at 5.30 am, they go out to work and they get back from work by about 5.30 pm. After they hop off the bus they have 30 minutes to unwind and then they have to go into the mess to have their dinner. When they have finished that they may be lucky enough to get a chance to watch *The 7.30 Report* or *Neighbours* and have a quick read of their novel, and then it is back to bed. They have 13-day fortnights. They used to have 5½-day fortnights, and the union movement decided to sell out the workers and opt for a 13-day fortnight. It totally killed all those volunteers who would come down and make sandwiches for the local rugby game or who would turn out to help you out at your scouts association. People do not have the time now. It is not that they cannot physically make the time; they just do not have the time because of the way in which industry in Australia now determines that it gets its two bob's worth.

Whilst on the one hand it would be fantastic to see affordability in housing returned to the Pilbara—and it could happen if some proper strategies are put in place—it would take three or four years to develop. As Councillor Brad Snell said, one of the worst aspects is Aboriginal housing and the lack of cohesion in government departments in developing something. Whilst it is easy to say that local government is the voice of the people because it is the one that is closest to them, local government is the receiver of funding; it is not the creator of funding. As long as local is the receiver of funding, it will always be that poor cousin.

Senator MOORE—Thank you, gentlemen. I have one question. I have read your submission and I have heard your comments, which reflect very much what is in your submission—you have not gone too far outside it. What needs to be done? You have been very careful about saying you are not going to finger-point, and that is fine, but what needs to be done? You have mentioned the cost of taxes and you have something there about land distribution. Beyond that, do you have any direct recommendations for the committee?

Mr Ellson—What we really need to do is to move to an environment where we can have land banks that are readily accessible and can be released quickly to compensate for any changes in

the business economy. That is one of the weaknesses we had here which got us into trouble across the Pilbara. We are now working very closely with industry and with the state government to create a settlement strategy, which has already identified where we need to have future land, and we probably should have had that available right at the very beginning. I would say to the committee that that is probably one of the recommendations—that the state governments get these settlement strategies, work out where they need to have land and have it prepared and readily available to compensate.

Senator MOORE—And that links in with the native title issues?

Mr Ellson—They still need to be resolved, and everything else like that. There is no point trying to identify the land when you actually require it and trying to sort out heritage, native title et cetera then. That all needs to be done first so the land is ready when you need it.

Senator MOORE—Anything else?

Mr Ellson—That is probably the greatest point that I think we need to make.

Senator SIEWERT—It seems to me from the issues we are talking about that what you are asking for is a sustainable community. As a Western Australian I have heard a lot of the arguments before, which are that the NGOs cannot afford to stay here and people who are not working in the industry cannot afford to stay here because they do not get paid the big bucks. So I suspect the issue is more than just having the land available; it is also about making it so that people who are not getting the big bucks can afford to live here. That is basically the bottom line, isn't it?

Councillor Snell—Yes. It is pretty obvious that, if the solutions were simple, the problems would have been solved. There are a whole raft of issues that are all interrelated and that change and affect each other, and the situation is always very fluid. Those issues like the zone tax allowance and the fringe benefits tax mean that certain towns—not so much towns like Karratha and Hedland but towns like Tom Price, Paraburdoo and Pannawonica—would not exist if they were just starting up now, because of that different tax regime that is in place. My own vision, what I would like to see, would be Karratha and Hedland perhaps turned into a western version of Cairns and Townsville, with people flying in to the mines from those places and the towns are kind of normal towns, as much as possible, with generations of families, cultural diversity and all those kinds of things. But that is easier said than done, of course.

Senator SIEWERT—Has the Pilbara Regional Council looked at other things besides the land issue? I appreciate the land issue—I am not trying to dismiss that—but it seems to me that there are other things that are going to be needed, because houses are not affordable while land prices are as they are at the moment.

Mr Ellson—There are other things that are being looked at. Port Hedland are looking at a different style of house that they might be able to use. We are also looking internally at our own asset management practices, to get those sorts of things in order so we can start to plan better to get infrastructure into communities where we need it. So there are things we are trying to do internally. But the overall housing affordability issue is one of them; it is simply a financial matter.

Senator SIEWERT—At one of our hearings last week in eastern Australia, one professor or doctor—I forget which one she was—presented a model of alternative land tenures whereby the cost of land is taken out of the equation. Have you looked at, or are you aware of anybody looking at, alternative land tenure models where you can actually take the cost of land out of the equation? Then you are just paying for the house. It stops profiteering on land and other stuff like that as well.

Councillor Hipworth—Because of the ballot system that LandCorp has in Western Australia and certainly in our towns—with the exception of Tom Price, because the Shire of Ashburton are still waiting for Pilbara Iron's own internal inquiry on headlease availability—they do have the capacity for that. But again it is a question of who is going to fund only the house and not the land, and what is the contract going to look like. However, when it comes to the ballot system, as Mr Riebeling said, it does stop the person from speculating, but it does not stop everything.

There is a caveat over the title until the day that the house is actually finished and local government come along and inspect everything and everyone, and the state government agencies are happy to say, 'Okay, it's livable.' As soon as the caveat is lifted then you are able to put it on the market the next day, and there are some folk who are putting them on the market before they have even been completed. There are other folk who are turning around and saying, 'If we can do a deal—you've got a block of land, I'll make it worth your while. There'll be 50 to 60 in it. Here's the design that I want to put on there.' Folk are going, 'Hang on a sec; I'm lucky in that I'm one of 400 people who's got one of these blocks of land, and straightaway you want to make some money.' So, if you work with LandCorp and the land bank from LandCorp, I think it is an excellent idea and I think it is something that would certainly go a long way. Straightaway, first home buyers would be eligible, instead of having to get their parents to go in with them and put in 50 per cent on another property or something like that.

Mr Ellson—As a quick add-on to that: we are going to see some interesting challenges for landownership with the Indigenous people as we work our way through the 2006 bilateral agreement between the Commonwealth and the state government on Indigenous affairs. A number of those land title structures may have to be reviewed as part of that process.

CHAIR—Thank you, gentlemen. On behalf of the committee, I thank you all very much for joining us here today, particularly given, as I said before—and as you reminded me, Councillor Snell—it is the middle of the working day. We thank you very much for your time and the insights you have been able to give us, both with your submission and your contributions.

[12.06 pm]

NEVILLE, Mr Robert David, Chairperson, Pilbara Association of Non Government Organisations

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Neville—I come from South Hedland.

CHAIR—I understand that it is not an inconsiderable distance for you to have travelled today, so thank you very much for coming to assist the committee with our inquiry. I invite you to make an opening statement, and we will go to questions after that.

Mr Neville—The Pilbara Association of Non Government Organisations was set up some four years ago after a government report which stated that the NGO sector needed to be more cohesive and also be able to deliver their services in a more efficient and effective way to the community. We deliver services throughout the Pilbara, which includes Port Hedland, Karratha, Tom Price, Newman and Onslow. Throughout the Pilbara we deliver health services, child care, aged care, youth services, legal services, education, homelessness services, housing, training and employment services, just to name a few. We estimate that around 90 per cent of our clients are Indigenous people from the Pilbara. You have mentioned the unemployment rate here. The Pilbara has about a 40 per cent Indigenous unemployment rate. There are a number of mining companies which are working towards bringing Indigenous people into jobs—and that impacts on housing. Within our association we have some 400 employees; 80 per cent of those are employed on a full-time basis. Our average salary for an NGO worker is around \$37,000 a year. That is excluding the CEOs or the managers of some of the bigger organisations. If a single person earns more than \$32,000 a year, they are not eligible for Homeswest housing—and therein lies the issue.

I am here today to talk about the issue of sustainability. I am glad the sustainability of communities was touched on earlier; that is extremely important. We believe that the non-government sector delivers a very important on-the-ground service to the communities, as does the small business sector. Those are the sectors which are suffering most through this resources boom. I will give you a couple of instances of that. Firstly, we had a lady who was working for Centrelink as the Indigenous customer services officer. She was renting a four-bedroom home in South Hedland for \$380 a week, which was still high in those days—this was over a year ago. She had two daughters, one of whom had a partner; a young son; an older son, who had a partner; plus three other children. They were all living in the four-bedroom house; this was an Indigenous family.

What happened there is typical of what happened in Hedland and across here in Karratha as well: the owner of the property, after being contacted by the real estate agent, requested vacant possession of the property, which you are allowed to do. You give the required notice, you take vacant possession of the property, you spend a few thousand dollars on that property to refurbish it and you lease it out to a mining company or to one of the contractors for about two to three

times as much. And that is what has occurred in South Hedland over the last two years and was what created the homelessness situation that we have around the Pilbara, particularly in Hedland. Hedland is an area where we have quite a high percentage—25 per cent to 30 per cent—of Indigenous people living and working, but we also have a very high unemployment rate there as well. That person, by the way, has now left Centrelink and, because she owns a shed in Broome, has gone back to live in Broome. Centrelink has employed a new Indigenous customer service officer who is not Indigenous, who is not local and who has just come into town.

One of the other issues is that the Aboriginal Medical Service requires a second doctor and has done for a number of years now. It received funding from the federal government of some \$300,000 to be able to build a couple of duplexes in Port Hedland. Port Hedland and South Hedland are about 20 kilometres apart. Port Hedland is by the ocean and people who go there want to live by the ocean, which is the best area to live. I live in South Hedland, by the way. South Hedland is 20 kilometres inland. The difference between Port Hedland and South Hedland is that, in Port Hedland, your house will cost you in excess of \$1 million if you want to live by the coast and in South Hedland a good executive house will cost you close to \$1 million—about \$800,000 to \$900,000.

Once the resources boom came, the Aboriginal Medical Service could not build the two houses they wanted with the \$300,000. They then managed to get another \$350,000 through the state and federal governments. They were aiming to buy a house in Port Hedland, but \$650,000 was not enough and they then had to come back to South Hedland to look for a house. The best they could do was an executive home, which was a good home to put a doctor into, and it cost \$835,000. That is how much they have to pay for it. They have to now go back to the federal government to enable the use of some other funds to purchase a house. So, basically, the South Hedland Aboriginal Medical Service had one doctor for a number of years and are struggling to deliver those health services to Aboriginal people. Hopefully that will change in the next 12 months or so.

A lady came out of a house—again from that rental market—for the same reason: they took vacant possession. She had three teenage children—two sons and a daughter. They moved into our hostel—we run an Aboriginal homeless hostel there—and she got onto priority housing with the state Housing Commission last September. She lives in South Hedland, and she works in South Hedland. Her daughter goes to school and the two young fellas have casual jobs. They got priority housing, which is supposed to house them within six weeks, but they have only just been given a house in Karratha. So they have to move 240 kilometres, from South Hedland to Karratha, and as a priority applicant—not a ‘wait turn’—that has taken them well over six months.

The ‘wait turn’ has blown out from about 2½ years to five years. If you require a Homeswest house it is five years. A reason for that is that people who have jobs in Homeswest housing cannot get out, because they simply cannot afford to move out. Even if they wanted to get private rental, they could not—it is not there—and they could not afford it anyway. There was a moratorium of two years imposed on the system with Homeswest whereby you have to leave your house because you are over the limit. That was negotiated through a regional partnership agreement. Those two years are now up. We estimate that well over 100 people who live in state housing at the moment are ineligible to live there but they cannot get out because there is no-one else for them to go. They would be either homeless or living out of their cars, which a lot of

people do anyway. With regard to first home buyers, the new Keystart loans, the Shared Equity Scheme and even Indigenous Business Australia home loans for Indigenous people have been mentioned but the price is well outside their limits. I think the limits are \$375,000, so they cannot get any assistance to buy houses.

It has to be remembered that we are asking young people in their twenties to purchase a house. I do not know how old anyone here was before they bought their first house. I know I was over 30 before I bought my first house. That was not too long ago. We are asking young people in their twenties to buy homes. We are also putting on lots of trainees and apprentices and they are mostly Indigenous. As was mentioned previously, a lot of these people live at home with their families and other members of their extended families. They live in a home with crowds of up to 15 or 17 people. When you read the census, please do not believe it for the Pilbara region. It was stated already in a letter, which you have as part of our evidence, and which has gone to the PM and the Premier. The census is totally wrong. For young people that situation causes problems in having to get up early in the morning to go to work and then in coming home and getting a good night's sleep. That causes issues. We are trying to work through those issues right now.

The area of sustainability was mentioned as well. We cannot be a sustainable community if we do not have the NGO sector and the small business sector. I am still chair of the Pilbara Regional Domestic Violence Council. I have two other management committee members—that is all I have left—and they are both here in Karratha. I live in Hedland. The manager of that organisation left some nine months ago. We have not been able to replace that person so effectively the Pilbara Regional Domestic Violence Council is no longer. Funds are being returned to the minister—in fact, I signed the cheque just the other day and sent it back.

There is a childcare centre in Hedland at the moment which is struggling and just about ready to fall over because it cannot attract and retain childcare workers. It is going to create a problem in the workforce area. There is also the federal government's new area where once your children reach the age of eight or nine years, I think, parents come off parental payments, are paid Newstart or Jobstart allowances and must go out and look for a job. I am aware that our major mining company, BHP, which is the world's largest mining company—they keep saying that—is going to build their own childcare centres, but they are going to help capacity build our childcare centres. To what degree that will occur, I am not too sure, but I would hope that it is going to be on a level playing field; otherwise you will find that we will only have a mining resource town and not a sustainable community.

There is some light. There is the regional partnership agreement and also the Pilbara Association of Non Government Organisations—I have to say the regional partnership agreement because the organisation I work for is an Aboriginal organisation called Bloodwood Tree and we chair the Regional Partnerships committee. We are driving a lot of the things which come down from the Pilbara Association of Non Government Organisations and one is a feasibility study for affordable rental property in the town of Port Hedland. That study was actually paid for by the state government. It has some very good recommendations in it. We are pursuing a not-for-profit community housing association. It works everywhere else in Australia; in fact, it works everywhere else in the world. There needs to be some kick-starting of it, that is obvious, but I think in these days of resource booms it can be kick-started quite easily. We have been in contact with people in South Australia where it works very well, where developers of large blocks of land are required by legislation to give a percentage of that land and housing to

community housing and the community housing is managed very well. I do not see any reason that it cannot work in an area like this. It needs to be something that happens immediately and that can be kick-started. In fact, we are going to request from the state government some 50 to 60 lots of land to kick-start the community housing association not just for Hedland but for the whole of the Pilbara. It will be called the Regional Community Housing Association. We are aiming to have that community housing association operated through a local Indigenous housing association which is already set up in Hedland for the communities.

I did write down the causes of the problems. I think they are quite obvious: the lack of recognition of the resources boom in the Pilbara in 2003-04 by all levels of government and the lack of recognition of the impact on the Pilbara, seeing that was going to occur, by all levels of government. The monopoly on landholdings by the state government, particularly in an area like Hedland, is in my view almost criminal with respect to the fact that the Department of Housing and Works have 700 lots of land and have had those lots of land native title free since South Hedland was gazetted in 1973. There was a request put out to the minister back in 2004 that some of that land be released and that did not occur.

You heard about the New Living program, which is reducing the Homeswest presence of housing in Hedland from 24 per cent down to this magical number of the state average of 11 per cent. We cannot understand why at this stage, but that is causing problems because they are refurbishing some of the ex Homeswest housing and selling it off to the general public. They did sell off six houses the other day. Thank goodness five of them actually went to local people. They went for an average price of between \$365,000 for a two-bedroom house up to \$410,000 for a three-bedroom house. That is much lower than what houses are selling for. Still, the three-bedroom ones are outside the limit for getting any assistance from Homeswest or Indigenous Business Australia. Those are some of the issues.

Within the non-government sector it is causing us a lot of angst about staff. I have mentioned the childcare centre and I have mentioned the Regional Domestic Violence Council. We have an Aboriginal language centre which is five staff short. My organisation has 25 staff all up. We are three staff short at the moment. We run a homeless support service which regularly brings in between 30 and 50 people every morning. They are all Indigenous people. We run a homeless hostel, an Aboriginal hostel, which has a capacity of 21 to 23 beds, and that is full at the moment. Through the homeless support service we give people breakfast. When there is a crisis we are supposed to be able to put them in purchased accommodation. There is no accommodation to purchase in Hedland at all. So we do not even have an interim solution to people's homelessness issues.

CHAIR—Thank you, Mr Neville. Are you ready for us to go to questions?

Mr Neville—Yes.

CHAIR—Thank you for your presentation. Senator Fifield will start.

Senator FIFIELD—Mr Neville, you paint a fairly dire picture of housing affordability and rental accessibility. I have been thinking about some of the federal government's measures which have been announced in an endeavour to help. I do not think any of them will actually be of much assistance up here.

Mr Neville—Absolutely not.

Senator FIFIELD—The first home savers account, I do not think so; the Housing Affordability Fund, I do not think so; and the National Rental Affordability Scheme, I do not think so. You partly pre-empted my first question: given that those do not readily lend themselves to the circumstances up here, what is the solution? You cited community housing associations. I find it particularly interesting that when we talk about community housing we tend to think of it being provided for people other than child-care workers, public servants and community workers, so it is interesting that the situation is so dire here that it affects a group of people that you would normally expect would be able to accommodate themselves. Do you think that those associations are the full answer or part of the answer and, if not the full answer, what do you think the other elements would be?

Mr Neville—They are certainly not going to be the full answer. There is no one single answer to anything, but we believe at this stage that it is a very good answer at the moment to start things off and to retain and even attract other workers in that sector. If you go to the local Chicken Treat—I know this is the case in South Hedland; I am not sure about Karratha et cetera—you are lucky to find the drive-in open, because they have not got any staff, and you are lucky to find McDonald's open at all.

At your local supermarket, you will spend 20 minutes shopping and two hours trying to get out, because they have not got staff. There has to be some balance between the mining resource sector and your community sector, which includes NGOs and the people who work in small business. That balance has to come about in some way, and that is what this report was about. That has gone into quite a lot of detail, in fact, about bringing that balance back so that your community can stay within the town. Taking up your point about the issue of what government has put out—and this is probably a cynical issue—living here in the region for almost 40 years, up in this part of the world it is obvious what when these packages of services are delivered from government, whether state or federal, they do not take into account regional and remote areas. They are basically for metropolitan areas and what are called rural areas, which are the areas that are closest to the metropolitan areas. Out here, we are some 1,500 kilometres outside of the city. Someone talked about the economics of the Pilbara. It is a very dynamic economy. It goes up and down all the time, and is very hard to measure. Just as one measure of the economics here in the Pilbara, the *West Australian* newspaper costs \$1.10 in Perth; here it costs \$2.05. That is all you have to focus on to see the economics of the Pilbara.

Senator FIFIELD—I read the other day that the *West Australian* newspaper tends to arrive late in this part of the world.

Mr Neville—Yes. I was talking to somebody the other day, and I said, 'I do remember that at one stage the plane used to leave Perth at midnight and fly to all the towns in the Pilbara and drop the papers off.' We used to get the paper at six o'clock in the morning. If it gets on the plane, we are lucky to get it by 9.30 in the morning.

Senator FIFIELD—I think that Mr Stokes is working to get you newspapers on time.

Mr Neville—I will believe that when I see it.

Senator FIFIELD—When we were hearing evidence from the Speaker of the Western Australian Legislative Assembly—and I do not want to verbal him—he gave the impression that land release is something that could not have necessarily forestalled the current affordability issues in this part of the world. Do you think that the earlier release of land by state government could have assisted?

Mr Neville—My personal view is most definitely. It might stick in somebody's ears to hear it, but in my view LandCorp is a cash cow for the state government and they purposefully did not release land in places like South Hedland any earlier because they were waiting for the prices to push up. In South Hedland four years ago, you could buy a block of land for less than \$40,000. Now there is the ballot system and you are paying \$100,000. The next lot will go out at \$115,000 or \$120,000. It is definitely a cash cow. It is there to make money for the state government. It is not there to service the community, and servicing our communities is what it should all be about. You have to service the community.

Senator SIEWERT—When I was here in October last year, somebody mentioned to me that they thought that Lotteries House was going to be closing down because there was not any staff available for the NGOs. Is that what happened?

Mr Neville—I am aware that Lotteries House here in Karratha has got some staffing issues—and our Lotteries House in South Hedland has staffing issues; any NGO in the whole of the Pilbara has staffing issues. That is a reality; that could happen. As I said, we have closed down the Regional Domestic Violence Council, and they were a tenant of Lotteries House. That office is vacant now. We have not got that person. In fact, the manager of the Association of Non-Government Organisations lives in Darwin, because her husband was transferred up there. She is very good. We advertised the position and got absolutely nobody to come on board, so she is managing the Pilbara Association of Non-Government Organisations from Darwin as we speak.

Senator SIEWERT—It seems to me that there are issues and significant problems around housing people who are at the high end of the wages market through industry. The issues around those people are potentially different to those around the group of people that you are talking about who are working in NGOs—are not working in the industry, in other words—and are still getting paid what people would see as normal salaries. I am playing a bit of the devil's advocate here. The broader community would say, 'Why are we helping people who are at the higher end of the salary range when it's the people, the NGOs, the childcare workers et cetera who are really suffering?' It seems to me that everybody is suffering.

Mr Neville—Everybody is suffering and we did mention this. When we talked about community housing we talked about the low- to middle-income earners and we talked about those that were not eligible for Homeswest housing. For low- to middle-income earners we have a ceiling and, when we had the housing forum with the Department of Housing and Works, the ceiling we put in was about \$70,000 a year. Seventy thousand dollars a year in a metropolitan area is probably a high income. In fact, according to the census \$70,000 is a high income, but when you have a look at the incomes here in the Pilbara it is not a high income at all. You have to pay \$1,000 a week rental for a house here, which is about 70 per cent of your income. So \$70,000 is not a high income in the Pilbara. If you are earning anything less than \$40,000 in the Pilbara you are struggling to meet the needs that you require to live.

Senator SIEWERT—I am pretty certain you were here when I was asking the question of the regional councils around the alternative tenure arrangements. When you have been looking at the community housing proposals, have you also looked at alternative tenure arrangements?

Mr Neville—I think that has been mentioned in this report. I have not read it word for word but I have gone through it and that is in there. We will also be looking at exit strategies from the community housing—that is, from community housing to house purchase. You have to understand that, particularly in the Indigenous community, most people have been used to renting their houses through Homeswest and paying \$60 a week rent. Once they get a job and stay in a home in which they are paying upwards of \$300 a week in rent to Homeswest, to then buy a house is a quantum leap for anybody who has been renting with the family for years. It is a quantum leap for anybody, particularly for a young person. They need to be told not to buy these cars when they first get their wage. But the first thing they do need up here is a car because there is not any public transport, or only very minimal public transport. To be able to get from A to B or to get to your job to earn the money, you need a vehicle.

Senator MOORE—Your report looks like it has been done in detail. Where has it gone?

Mr Neville—I spoke to the Department of Industry and Resources the other day and asked if it was alright to present it to your committee and they said, ‘Yes, it is.’ That report has gone to the Regional Partnership Agreement and it has also gone to the Department of Housing and Works through the Community Housing Forum. We are now working with DHW and a lot of other agencies as well to try to get this up and going.

Senator MOORE—Mainly, at this stage, there is a state focus?

Mr Neville—At the moment this is Pilbara focused.

CHAIR—I am unwell and struggling, so I am not doing too well on the question-asking side of things. Thank you very much for providing us with this report, which will be very useful for our deliberations. We are grateful that it has been made available. Thank you for the report and for your submission. Also we particularly appreciate your time in travelling to Karratha to meet with us today.

[12.34 pm]

BLAYNEY, Mr Mark William, Vice-President, Karratha and Districts Chamber of Commerce

COOPER, Mrs Leann Allison, President, Karratha and Districts Chamber of Commerce

CHAIR—Good afternoon. Thank you very much for joining the committee today. Would either of you like to make an opening statement? We will go to questions after that.

Mrs Cooper—One of the problems we have with most of our small businesses is the issue of affordable housing, which you have probably heard about already this morning. A lot have put themselves in a lot of debt to buy houses for their staff, because it is the only way you can keep them here. You find it very hard to keep them because they can go out onto the Burrup or into construction and earn a lot more money, so you have to make alternative arrangements to keep them in their positions. Also, some of my staff are very young and they have state housing. Those rates and rents have increased, and they are finding it a struggle to stay in their state housing.

We have often spoken to LandCorp about how a few years ago the cost of building blocks was not great but now it is suddenly quite expensive. They are a state government housing area, and we would like to see more accountability in that. They are taking so much money out of the area, but they are not really putting a lot back in, so that should be set to do it. Also, the state and federal governments should be involved in having more availability of affordable state housing for the low-income workers who do not get houses supplied with their work.

It also seems a shame that we seem to be chasing our tails. We all knew this was going to happen in the Pilbara—that we were going to have this mining boom—and no-one actually did anything about it. It is too late now; everyone is here and we are crying out. People are sleeping in cars; they are sleeping in tents. You often go up Radio Hill and find people who have spent the night there; they cannot afford to live in any housing in the town. We need to look after those people. There are no shelters for homeless youth. There is a women's refuge that is run by the Salvation Army, but there is nothing for men in this town, and the majority of people in this town are male. Probably you have heard a lot of this before, but it is a struggle for our members to keep their staff. You just cannot get staff, so consequently you are not expanding any business in the area because the owners can only work so long and without staff they just have to work the business.

CHAIR—Mr Blayney, do you want to add anything?

Mr Blayney—No, we had a discussion prior to this, so what I would have to say would be much what Mrs Cooper said.

CHAIR—Mrs Cooper, how many members does the chamber have?

Mrs Cooper—We have 250 members.

CHAIR—Do you find that to be reasonably consistent, or does it go up and down?

Mrs Cooper—It has been pretty consistent over the past few years. It is increasing at the moment because more people are coming into town. With a lot of businesses, the owners fly into Karratha and fly out again, so you have them visiting most of the time.

CHAIR—But they would still be members of the chamber?

Mrs Cooper—They are still members of the chamber because their business operates in Karratha.

CHAIR—As a chamber, do you spend a lot of time lobbying the state government about the sorts of issues that you have raised—and the federal government, I assume?

Mrs Cooper—Yes, we do. We do not see federal people very often, so it is a novelty.

CHAIR—We came in a job lot—thanks largely to your organisation, I might say!

Mrs Cooper—Obviously we have our local members who are here, and we are always lobbying and talking to them as well. We have a lot of people flying in. A lot of the large companies do consult with the community and small business on that. We quite often talk to the larger companies and say the same to them: ‘If you are coming into town you need to make sure you employ locally, and housing is always an issue.’

CHAIR—Would Woodside and Rio Tinto, for example, be among your members?

Mrs Cooper—Yes, they are, and we are on the consultative committees that they have for the community.

Senator HUTCHINS—Are the people who are sleeping in tents and in cars working?

Mrs Cooper—Yes, they are, but they are usually the low-income people who are working for Coles, Woolies and companies like that.

Senator HUTCHINS—So they are the sort of staff you are after?

Mrs Cooper—That is right. Bear in mind that in town at the moment, with the people who are paying \$1,000 in rent, there are probably several people living in that house; there would not be any spare rooms. As I say, I have a lot of young staff. One of their friends actually sleeps in the laundry of a house because that is all they can afford, and they are paying about \$350 a week for that. So you see there are a lot of issues.

Senator BARTLETT—I think we have a reasonable picture of the extent of the problem and the impact it has economically and socially on building a community et cetera. It seems clear that this region and even this town have characteristic problems that, if they are not unique, are fairly specific to the region and require a different sort of response. Particularly from a federal level, what would you see as the type of response that might assist, whether it is financial or

some other policy based response that was—assuming hypothetically that this were feasible—targeted at this region?

Mrs Cooper—We want to see something come out. I will not even tell you how many people in the government, both federal and state, I have talked to about this issue and we do not see any outcomes. It is all very well us travelling from areas of Port Hedland and Karratha to talk to you, but we want to see some proactivity from your side. Instead of just listening to us, we want to see that you are going to do something. One of the main things we have been working on with the state government is to produce some housing that people can afford. A lot of the houses that are being built here now—and I am sure it is the same in Port Hedland, Newman and a lot of the areas in the north-west—are huge houses. They have four bedrooms and two bathrooms and are massive. We do not want that sort of house. We would be quite happy with units that have two bedrooms and one bathroom. We should be investing in the young people of this state and of Australia. Old people like me are fine. We have been here and got our nest egg. We should be making sure the young people stay, build a community and bring up their families.

Senator BARTLETT—Sorry to butt in, but I just want to home in on that point. I very much appreciate the problems that you are identifying. I really want to try and nail down some solutions, particularly as you come from a chamber of commerce and are talking about delivering the type of housing that people want. One of the things that was said to me separately today was that if you are trying to attract people here from the cities, where people are now used to four bedrooms and two bathrooms et cetera, they will not come for smaller accommodation. You are talking about people who were born here and trying to keep them here. They would be satisfied with smaller units or smaller housing that therefore would be affordable. Is that what you are saying?

Mrs Cooper—Yes, because most of the young people live here for the lifestyle. It is a good, healthy lifestyle and they are out there fishing and all the rest of it. They do not want to live with their parents forever and really parents do not want them to live there for ever. I know people who have got children that are my kids' age—they are in their 20s—who are having to live with them because they cannot afford to go anywhere else. Those are the sorts of housing that it would be good to have: blocks of units and things like that which they could afford to go into.

Mr Blayney—On attracting staff to come in, a lot of people come up here purely on a short- to medium-term basis. The younger people want to put some money away. Most companies appreciate that they will not come into this area unless they have accommodation supplied. We get 19- and 20-year-olds saying, 'Well, is there accommodation supplied with this job or not?' They come into the area as well as the locals. People appreciate that there is a shortage of housing here and they are happy with a smaller house here. For the people that we want to attract and retain in the longer term, there are two areas that we are focusing on. One is the four bedrooms and two bathrooms for the executive and managerial people that we want to bring into this area and keep. There are also the ones that are going to be here for four or five years and constantly turn over. They make their nest egg and move on to the next phase of their life back in the city. The standard of housing does not have to be all the one standard. Across the range, we need a complete infrastructure in terms of housing and a complete range of available housing.

Senator BARTLETT—So that diversity of options is not there. Basically it is four bedrooms or single persons quarters?

Mr Blayney—That is it; there is nothing in between.

Senator HUTCHINS—We just did a brief tour and we never saw anything more than single-storey accommodation. Is there any particular reason why?

Mr Blayney—Cost. There is now talk about an eight-storey hotel development going in the centre of town here. There is no reason why people cannot—

Senator HUTCHINS—There are no restrictions because of cyclones or anything like that?

Mr Blayney—To their credit, BHP up at Hedland, in part of their attraction retention, are building an area very similar to that at East Perth, a muse type development. They are all double storey, again, making use of a little bit of ground. There are no real limitations on that.

Senator BARTLETT—This is probably a question I should ask the council: are there any other capacity constraints on sewerage, water and that sort of thing for those sorts of developments?

Mr Blayney—No.

Senator BARTLETT—I appreciate you are talking mostly about community. It is always good to remind people that chambers of commerce are as interested in community as everybody else, rather than just in dollars and cents, but linking to that is the opportunity cost or opportunities lost from not being able to have workers in other businesses outside the mining companies, all the smaller businesses—retail and the like—that go to making up the fabric of the community along with the NGOs. Has any work been done on what is lost in productivity cost and those types of things, because it is a clear capacity constraint that must be costing something?

Mrs Cooper—It does. There are several businesses—car dealers and mechanics—that have gone out of town because they could not keep work the hours they were working, no matter what money was involved. Most of them have left town. There are quite a few small businesses that have left town. We have never done a study on the actual financial impact it has had on the area, but I would say that in Wickham, Port Hedland and other towns it would be the small businesses that have left because it is just too hard. You cannot get the staff and the people who are running the business get burnt out. I know several people who have done that, and they have got more from selling the land that their business was on than they could have made from 12 months of actual work.

Senator BARTLETT—So there is a real loss of productivity opportunities there. I am sorry for trying to force you back to caricature and make you talk about dollars and cents. One other factor that was raised in the hearing we had in Sydney last week was that we can actually develop regional centres into significant sized nodes outside the capital cities and reduce some of the pressures there by diversifying. That is actually a broader solution to overall housing affordability pressures in terms of relieving excessive concentration of demand. When regional centres have that artificial cap put over the top of them then that can also have flow-on costs to the wider economy.

Mrs Cooper—I do not know how you would put a dollar and cent value on it. I know it is now costing the companies to get a lot of the things done from Perth, shipped in and shipped out, and also to get equipment flown in and flown out on charters.

Senator BARTLETT—It must have greenhouse implications too.

Mrs Cooper—It has a lot of implications.

Mr Blayney—I think the impact is also in the longer term, but everyone takes the short-term view rather than the long-term view. It is okay now to shut down small businesses, because everyone wants to be here because of the construction boom or the mining related boom. I have been up here for just on nine years, and in that time I have seen the bottom of a valley and now the crest of a peak. But what happens when the peak comes off and the bigger companies leave town and no infrastructure is left? That is when towns like Karratha, Port Hedland, Newman and Tom Price really suffer, because those who are left, those who want to make this their home longer term, will not be able to get any support. There will not be the added attraction of being up here and supporting the mining related boom. They will have to make it on their own or suffer. Five or 10 years out there will be a lot of this. That is why I am saying you must encourage people to be here in the longer term, even if it is only for a five or 10-year period and rotating them through.

Senator MOORE—The issue was raised about some of the businesses trying to increase equity and purchase accommodation for their staff. Is there any support for that through the tax system, or do they get nothing back?

Mrs Cooper—Actually, it costs you money in the long run because you make sure that the rents are affordable for your staff. I know my fringe benefits tax is huge.

Senator MOORE—And that is attributable to that, so it is really an issue in terms of people trying to do that through their businesses. There is no support for that despite the situation.

Mrs Cooper—The biggest pain in the arse federally is, I think, the fringe benefits tax because you have to watch everything you do. You have to be creative in your accounting. It is just a total pain in the arse. I have been up here for 27 years. Years ago you had tax relief for having your staff here. A lot of that has gone as well.

Senator MOORE—So any incentives that were there have gone?

Mrs Cooper—That is right. They have just put on these other taxes that inhibit you giving your staff these benefits.

Senator MOORE—So the situation with your members, particularly small to middle members—because the large mining companies are in a world of their own—

Mrs Cooper—That is right.

Senator MOORE—and they have their process—what percentage of your members are now struggling with that as opposed to four or five years ago?

Mrs Cooper—I would say 75 per cent of our members—

Senator MOORE—Such a clear difference.

Mrs Cooper—Yes. My husband works for a big mining company, so our airfares are given to us, but small business cannot afford that. I do not know whether you looked at the fares you paid to get here but they are outrageous, and if you pay that to your staff then you also have to allow for the fringe benefits tax and everything that is on top of that—

Senator MOORE—So there is one less incentive?

Mrs Cooper—Exactly. If you wiped that tax away, everyone would probably vote. If you went to small businesses and people in the area and asked them about what some of the issues are, they would say that we could do without a lot of the taxes that we are being charged, because it just makes running your business a lot harder. You need to employ accountants, which are not cheap, to get you around how you can do it creatively—

Senator MOORE—Both of you have been here for nine years and over 20 years. You have actually seen this situation develop?

Mrs Cooper—Yes.

Senator MOORE—And could see it coming?

Mrs Cooper—Yes. We have the Nickol Bay task force that I have been involved in for about 12 years. We met on a regular basis. It was with the Pilbara Development Commission. The big companies that were coming in were telling that task force what their proposed workforce was and what they were planning for the area, but it did not go anywhere. We always seem to be trying to fix a problem that is huge when it is here now, when we should be looking to the future, as Mark said.

Senator MOORE—That has been said a couple of times this morning.

Mrs Cooper—If small-business people like me, Mark and most of our members can see this happening, why can't other organisations? Federal and state governments have the experts at their disposal, but it does not seem that anyone has the common sense to see what will happen in the future.

Senator MOORE—I usually ask what input you have to government decisions and interaction, but I think you covered that earlier. You have been to many meetings and you have been feeding your views, so thank you.

Mrs Cooper—Thank you.

CHAIR—You were talking about diversity of accommodation arrangements. Are you aware of any interest at all from the construction and building sector in doing that sort of thing here?

Mrs Cooper—Yes. We have been talking with the shire, because we work well with them as well, and there are areas where we are trying to do park homes and things like that. There is an area that they have opened up with expressions of interest, but I am not sure what the outcome of that is. That was only a recently devised thing.

CHAIR—If there is any further information that you could give us on that, if there is anything that you can find out, please do that through our secretariat. That would be very helpful.

Mrs Cooper—Sure. You have the Pilbara Development Commission—the PDC—here today. They actually did a study on small business.

CHAIR—Mr Blayney and Mrs Cooper, thank you both very much for your time. I know it is the middle of a working day, so we do appreciate you taking time out to assist us with our inquiry. Thank you for the information you have been able to provide us.

Proceedings suspended from 12.55 pm to 1.28 pm

GIBSON, Mr Lindsay Gordon, Chairperson, Pilbara Division, Real Estate Institute of Western Australia

HOWE, Mrs Coral Pearl, Sales and Marketing Consultant, Ray White Karratha

CHAIR—Thank you both for attending. I invite you to make some introductory comments briefly, and then we will go to questions.

Mr Gibson—Thanks, Madam Chair. I appear on behalf of the Real Estate Institute of WA and I am also a principal with Ray White. Thanks for inviting us and thanks for coming to our town. It is something that would have been nice to have had some years ago, but it is better now than not because we believe we have got a big future and a long way to go in the Pilbara. What we are seeing with the housing situation has probably been so for 10 to 15 years, with it lasting as a dire straits situation for probably the next five years before enough land is available and enough building can take place to alleviate the problems that we have.

I have put a report forward. I will give you a basic rundown. There are graphs there from the Real Estate Institute showing the figures for the Port Hedland and Karratha regions. You will note from those that the median price for property in the region in December 2006 was \$547,500. Compare that with the December 2007 quarter, when the median price was \$710,000 per property. The problem we have in the town is that, while the land is coming on—and some 400 lots have been released by LandCorp in just over 18 months—at the start of that the problem was getting builders into the town to be able to get the projects underway. That has now happened. It is starting to run a little bit of the market in its own right.

We have found that we have not had properties for sale, and as realtors we have had a very good run in the marketplace. It has been very kind to us over the last two to three years. The market started to change in Karratha—not so much in Hedland—in November of last year. It started to tighten up, as the interest rate started to have an effect on the investment community, to the extent that there are currently in the market in excess of 150 houses for sale. Probably 95 to 96 per cent of those would have long-term tenancies. There is nothing very much available for the owner-occupier. The investor is being hit with the interest rate rises, and that is coming through and starting to hit the market. But no-one is available to buy the properties or they are not able to get the tenants out because the tenancy must stay in place. So we are caught like that. There are a lot of properties on the market but not for the people who really want to buy them—that is, the owner-occupiers.

The other end of our scale is the first home buyer. No matter what the subsidies are that stand, there is no property available in the town that a first home buyer can go and buy. Even two-bedroom units, basic 30- to 35-year-old properties needing a fair bit of maintenance on them, are selling in the \$460,000 to \$500,000 range. That takes them right out of the scope of investment. That is basically where our housing side is. We know, as agents for LandCorp, that they are trying to release land as quickly as possible to get it on the market. They are having the same trouble getting tradesmen and workers to come in to do that.

That is not only affecting the housing side of it; it is affecting the entire community because we cannot get staff. We are losing staff because they have to pay in the range of \$1,300 to \$1,500 a week for a house. A very cheap two-bedroom house is \$750, if they can get it—that is the biggest problem. Currently, as you will see from the note in the document, there are 23 rentals on the market in the town. The majority of those are in excess of \$1,800 a week. That is where our problem lies: housing affordability and being able to grab staff and hold on to staff, which the entire town is having problems with.

Following that, of course, you have the other side, the business sector, where commercial industrial land is not available either. In the light industrial area, for instance, in 2004 we were selling land for \$16 to \$18 a square metre. Last year we were selling it at \$70 to \$75 a square metre. Today we are selling it at \$202 to \$210 a square metre. Again, it is because of the shortage of land in the marketplace. LandCorp are addressing those areas and have been for some time, but there are heritage requirements on them. So people are not able to grow their business or relocate their business. The opportunity to expand is not there for them. Demand is pushing the prices up through the roof. Hopefully, that gives you a brief summary of where we are at.

CHAIR—Thank you, Mr Gibson. Mrs Howe, do you want to add anything?

Mrs Howe—No; I think he did a pretty good job.

CHAIR—You make a point in the written presentation here about the difficulty of making accommodation available for employees who are basically state government employees—in schools, hospitals and police stations. Do you have any relationship with state government? Do they talk about what they need to do and about what they have been doing for the last 10 years?

Mr Gibson—Yes. In fact, we would be leasing to GROH, which is the government body for officers, probably in the range of 50 to 55 houses altogether. They have been very active—probably for the last six to seven years—in the marketplace trying to get properties. They have had to go from their normal offer, only two years ago, of \$750 to \$950 per week for housing to now having to meet with demand and still try to get a reasonable price for the government. They are now paying \$1,350 to \$1,500 a week to get housing for their own use. But, again, that does not allow for the town to grow. Because of the bigger companies getting their allocations et cetera and being able to build their own homes it does not allow the smaller community itself to grow. What has happened, for the benefit of anyone sitting behind me who has lived here for a long while, is we have actually lost the identity of the town as a community. It has become a resource town. It is very untidy; it needs a good clean-up. It is mainly because we have nowhere for people to live, to be here for the long term rather than coming in for three years and then taking off again.

Senator MOORE—I am interested, Lindsay, in what the answers are. You are in the business. It would seem to me that if there is one group that is in the business of housing it is the real estate industry. I would like to know what you think should happen and also how your voice is fed into the numerous kinds of consultative processes that we seemingly have for people to have a say on policy.

Mr Gibson—It is a good question. We have thought about that for many years, because of our own situation where we cannot get staff. We have lost two staff since Christmas because of the housing problem in its own right. Currently, another person has just moved in and, as was mentioned earlier, they are having to pay \$1,300 a week for a house. That is the cheapest house they could move into. The fear of that is that if anything happens to one of their employees, they are gone—they have left town. The only people who are really affording to pay for houses are the workers linked to the big companies who are coming up to do resources work. Of course, as we know, when the big companies put a submission to Woodside or Rio, or anyone, they allocate that fund into the submission so it does not hurt them as much. But it takes away the enjoyment, I suppose, from the cheaper end of the property market. I really do not know the answer. On one side, yes, we need more land, like LandCorp are providing, to bring it on quicker, but then on the other side the biggest problem we have had in the past, as I have mentioned, is the ability to attract builders to the town. LandCorp have also been addressing that issue with the unit development, purely for builders, outside town here. But probably the real thing is that if you could release 500 lots of land on the market tomorrow, which we know is not viable to do—

Senator MOORE—It is probably unlikely.

Mr Gibson—Very unlikely, and then you have to get 500 builders. Out on the Tambrey Estate and the Nickol West estate we still have a lot of vacant land, particularly on Tambrey. The first stage of that was 18 months ago. We still have a lot of land there that has not been built on. People are finding it difficult to get builders; builders then have difficulty getting trades. The shire have done the right thing. They have started to let caravans on site now for the builders to get on the site to build. I suppose it is one of those things where everybody has been caught short, not realising it would hit with such a big, boom market that we are currently having.

Senator MOORE—And, from your perspective, is it likely to continue? You do preplanning about what the market will be like. Do you think this boom million-dollar house type market will continue for the next period of time?

Mr Gibson—I do. It is not so much the land costs; it is the building costs. With respect to land costs in the region, the last one rated at, on average, \$212 per lot, and there are 75 lots. I think that price is quite reasonable for the work that has to be done. It is a matter of the building costs because, for a start, they have to ship all materials 1,650 kilometres by truck to get them here. You have to pay a lot for workers. You have to house them and so on. To build a new house here—which is 170 to 230 square metres—the average cost is anywhere between \$350,000 and \$600,000. And that is not an opulent house as such; it is just a basic house.

Senator MOORE—We saw some new houses being constructed—the design with the blue metal inside that folds out. That was fascinating. But do those houses that are being built en masse in that part of your city—I do not know its name—belong to people who prebought, and they will be their homes, or are they investment properties for rent, built on land that people have?

Mr Gibson—There is actually quite a mixture in there. The Tambrey Estate is the one you would be referring to, the first one, near the Tambrey Hotel. The first ballot that came out was open to the market, then LandCorp in their wisdom allocated the next lot, rightly so, to people who lived in the town or had a business in the town. In hindsight, that is probably what we need

to do to start with. That is being addressed in the next one as well, so I think that issue is being taken up. I suppose the demand is also showing itself, because 404 people put into the last ballot and only 75 lots were available. That was for local people or people who had a business. It shows the demand is there for people who want to stay here and want to be part of the town.

Senator MOORE—But there is no link to that ballot that says you have to live in the house? You could actually buy that land and construct with the idea of an investment property?

Mr Gibson—You can sell it on after 30 months.

Senator FIFIELD—Some of the evidence that we have had presented to us, including in some of the submissions, put forward the proposition that, because the state government has only slowly dribbled land out, that has exacerbated housing affordability. From what you were saying, though, it sounds as though the issue of the supply of land is not significant—that more significant is the actual construction cost.

Mr Gibson—That is where your big component comes into it now. If you went back to the start of it and if we had the builders in town at the time the land was released, there would be a lot more land coming on. But, because they could not build, the land sat there for months and months without building. The shire also got caught there, where they were very short on staff there as well. They were not able to get it moving quick enough and get it out—not to the liking of the builders, anyway, but that is always the case. Getting the building done will still be an issue in the future, no matter what the land comes out at.

Senator FIFIELD—Sure. Just, say, three or four years ago, if the state government had released a lot of land, would we find ourselves in the situation we are now in?

Mr Gibson—No. You would probably find that some of the big companies in Perth, knowing there is a big tract of land there, might have moved to the town, if they had enough work to do.

Senator FIFIELD—We are not only looking at solutions for the situation we find ourselves in; we are also looking to learn the lessons of the past. I just want to be clear: you think this situation could, in large measure, have been avoided if significant land had been freed up by the state government three or four years ago?

Mr Gibson—If a big parcel of land had been dropped in their lap, yes, and even to the extent of probably releasing some of the land, as they did years ago, to private developers and selling off some super lots for them so that they could come in and make competition in the town.

Senator FIFIELD—Thank you for that. It is important, because we have been getting conflicting evidence on that point.

Senator SIEWERT—Looking into the future, with the new developments we already know about and those coming down the line, how are the bigger companies that are building houses or putting in singles quarters planning to deal with the increase in the number of people employed in the region?

Mr Gibson—Are you talking about Rio and Woodside?

Senator SIEWERT—Yes, and Pluto.

Mr Gibson—They are getting allocations of land from the state government to build their own homes and staffing facilities. I am not sure what the numbers are, but they have substantial holdings at the moment and they are building a lot of houses in the town. That will probably take some of the rental out of the market once they are completed. From what we understand, they are looking at probably another 150 lots on top of what they have already got. That is probably just going to be for use by their own staff.

Senator SIEWERT—I presumed that it would be for use by their own staff. Did you just say they are after another 150 on top of what they have already got?

Mr Gibson—I think that includes the last lot they had in the allocation, which was around 70.

Senator SIEWERT—It does not seem like another 70 or 150 is going to deal with the increase in the number of people who are going to come into the region.

Mr Gibson—No.

Senator SIEWERT—We heard this morning—and you have supplied this information as well—about the cost of land and developing houses. There is still a huge gap in income, with some people working on high wages for big companies. We heard evidence this morning about non-government organisations and small businesses not being able to afford to keep their staff in town. Even with freeing up the lots, it seems to me that releasing more land is not going to help people at that end of the housing market who are looking for affordable housing. Other things need to be done to address their needs.

Mr Gibson—We need to see more unit development sites released for multistorey dwellings so that they can reduce the price factor. We need to get some of the major builders in to develop those sites so that they can go on the market at reasonable rates. As Senator Fifield alluded to, if more stock is released to the market, naturally prices will start to level out. That is what has happened since November. It has started to level out because the sales are not taking place. If you look at the local press, you will see ‘price reduced’ houses starting to come onto the market.

Senator SIEWERT—Who do you think should be responsible for ensuring that alternative dwellings are produced? Who should be initiating that? I am not having a shot, but builders obviously are not doing it. They have enough market pressure already saying they should build a certain type of dwelling. Certain parts of the community can afford to buy those houses but obviously some cannot. How do we ensure that alternative accommodation is developed?

Mr Gibson—LandCorp is looking at building unit structures and designing developments for builders to actually house their staff in to reduce the cost and bring the rate down a bit. It is very well known that, with the big companies, people can get virtually \$100,000 a year for washing dishes. When tradesmen can earn the same sort of money—and here they are getting between \$70 and \$90 an hour—it is very hard to get a price reduction in anything when you have to pay those sorts of dollars. It just does not happen.

Senator SIEWERT—I do not quite follow you. We heard this morning that small businesses cannot afford to compete and pay the sorts of dollars that the big companies are paying. It is a catch-22. Because they cannot pay that sort of money, people are going off to work elsewhere, and those people also cannot pay for cheaper accommodation. It is sort of like: if you want to live in town, you have to get the jobs that are paying large amounts of money, so small businesses and NGOs find they cannot get the staff. But, if people were not paying such high rents, they might be able to afford to stay in town. How do we ensure that that sort of accommodation is in town? I think you talked about LandCorp in particular, but who drives LandCorp?

Mr Gibson—State government. It comes back to them taking a really good look at where the whole Pilbara region is—and maybe the Kimberley in the future, because the same thing is going to happen. It has just got to where you are now, with a task force looking at what to do. When you get the companies paying that sort of money, it is not a concern to them so much, and the rest of the market follows that. It is the local, little person that misses out.

CHAIR—Mr Gibson, on page 2 of your statement, in the third paragraph, you talk about the LandCorp release of 400 lots of land in Karratha. At the end of it you say that it has helped with affordable new housing in the region. From what we have heard this morning, though, I am thinking that your interpretation of affordable housing is probably a bit different from what we—before we came here, at least—understood as affordable housing. What sort of entry-level amount are you talking about on a lot like that to put a house on it?

Mr Gibson—The lot land is not the problem, as I mentioned; it is the total package that is the problem.

CHAIR—That is what I mean.

Mr Gibson—For young people to come into this town—they can earn good money—we need to have newer type housing that is around \$600,000 to \$650,000 for them to be able to say, ‘We’re going to bring our family up here and we’ll be here for the next decade.’ That is what we just do not get anymore. I came up here 12 years ago for three to five years and ended up stuck here. But it is a great place to be.

CHAIR—You were stuck by choice, I gather. No-one made you stay.

Mr Gibson—The lifestyle—it is a great place to bring family up. I have got my two daughters and son-in-laws and four grandkids here, all in business.

CHAIR—Tell me they are not all living in the one house!

Mr Gibson—It is funny you should say that. We have actually got one who is building a new house and they are going to move in with us so they can sell to get into their new house. So, yes, that is happening. But the package needs to be in that \$600,000 to \$650,000 range to be able to get a lot more people into the housing.

CHAIR—But then you need to be on a salary or a wage and probably in the mining industry. You could not be a public servant, like a police officer or a teacher, and access that entry-level housing, could you?

Mr Gibson—Probably not.

CHAIR—As there are no further questions, I thank you both very much for coming this afternoon and for this material. Your perspective is very important to us as a local, on-the-ground perspective, and we appreciate your time.

Mr Gibson—Thank you very much.

[3.53 pm]

HAASE, Mr Barry, Private capacity

CHAIR—It is a pleasure to welcome our colleague the federal member for Kalgoorlie, Barry Haase, as a witness this afternoon. I take a certain perverse pleasure in welcoming you to a Senate inquiry, Barry, I must say. It is good to have you here. I am glad you could make it. We thought you could make a short statement. One of your state colleagues, Mr Riebeling, did the same thing this morning and we asked a couple of questions after that.

Mr Haase—Thank you very much for the opportunity to be here to give evidence. Thank you for coming to Karratha, my home town of 20 years, to find out what is going on that is absolutely unique in the nation paired with the Port Hedland situation. The evidence that I will give will be a concentration, if you like, of messages that have been brought to me by constituents in the Port Hedland and Karratha and, to a lesser extent, the Broome areas, where development is also rushing ahead at a furious pace.

The big companies being referred to by, I am sure, many of your witnesses are the Rio Tinto group of companies, BHP Billiton, Woodside and, to an increasing extent in Port Hedland, the Fortescue Metals Group. They had their first train load of ore on track yesterday, I believe. Congratulations to Twiggy. The cause at the root of the current crisis is, I believe, the lack of pre-preparation of land banking some years ago when we were all in awe of the hurdle that would be created in the future by the existence of native title. There was a great deal of focus placed upon the creation of native title and yet almost nothing done at the time to deal with that new situation in a manner that created land banks ready for development given any indication of a substantial increase in exports from the resource industry.

Some eight years ago, the iron ore companies in particular recognised that, with the Beijing Olympics about to happen, there would be an explosion in production of steel products in China and saw a market opportunity and started gearing up. From those times, we have now gone to about a trebling of exports of iron ore across the Pilbara. We have also seen over the same time an increased production of gas. But this question arises: is this a peak or is it sustainable—is it a new plateau of productivity? I can assure you that, from this new level that we are at, the iron ore companies are already talking about doubling further their iron ore exports. It is not rational to believe that this is simply a current spike in the requirement for accommodation.

Eight years ago, when the mining industry was looking at fast-tracking all manner of processes—the stripping of overburden, the approval for mining licences for new mines, the hiring of specific private contractors to effect that huge increase in exports—LandCorp were caught with their pants down, quite frankly, and had no real initiative, it would seem, to address the problem that was fermenting way back then. It is only in the last 18 months that anything has been done in the Pilbara that has any significant potential to increase housing affordability. We have ample evidence of that. I know that you have taken evidence from Mr Bob Neville of Port Hedland from a group calling themselves PANGO. He paints a very clear picture of the circumstances that are general across the Pilbara and increasingly in Broome and the Kimberley.

The simple facts are that the average wage is about \$37,000 and therefore it is above the entitlement for public housing. The same people are being attracted by the mining industry. The consequence is that non-government organisations and service industries across the board are either being dumbed down or closing down because they simply cannot get employees because employees cannot get housing. They cannot get housing because builders to build the house cannot be accommodated and you have not got land on which to build the house anyhow.

For some time now, starting about two years ago, with high unemployment on the eastern seaboard and very high job demand here, it was proposed, through a communications system provided by Centrelink, to bring tradespeople from east to west. It was popular with eastern stater. The final hurdle that defeated it was the fact that there was nowhere here for them to live. So the whole lack of affordability today, I believe, is based on the lack of foresight by LandCorp and the inability to quickly come up to speed as private enterprise did in, if you like, exacerbating the problem that existed. LandCorp had no capacity to keep pace with that, and that is what has led us to this current system. Previous land banking would have been the solution and, in view of projected doubling of export figures, it is not too late for LandCorp to really get about the business of making sure that native title land is cleared and made ready for development. I strongly recommend that, to be effective, efficient and affordable, that development ought to be pursued by private enterprise.

CHAIR—I have one question about the capacity to attract and retain skilled workers in the construction industry when there is so much work to be done. Do you have any feedback on that from your constituents in terms of the sorts of issues we have been discussing today? How many houses are there to build and how many builders are there to do the work?

Mr Haase—There are not enough, and that is why the prices are being driven upwards. It is a case of a building company rationalising the market, their capacity to participate in that market and their almost naming their own price. It is so because, at the risk of repeating myself, there is no land on which to build accommodation to accommodate the builders to come and ease the construction price.

CHAIR—Yes, I was trying to get a handle on that.

Senator FIFIELD—Barry, you stated that there was a failure to land bank and that land banking would have enabled the government to release land so that there was not a shortage of supply, exacerbating the situation. Why do you think that land banking did not happen? Was it a lack of foresight? Were there native title issues to be addressed which they thought were too hard? What do you think the rationale was to not land bank in the first place?

Mr Haase—It is what I think; therefore, it is just a personal opinion and not substantiated. It is very difficult to substantiate, but I firmly believe that it was all too hard, that no-one knew what the pitfalls were in addressing native title. Every decision made was almost automatically challenged through the courts. The whole process was protracted again and again. I do believe that there were many quite genuine limitations to LandCorp making the preparation they ought to have made and, yes, there was a skills shortage for that particular sort of work. But, when those two problems were considered, instead of being an impetus to fix that problem and land bank land, it was accepted that the status quo could be maintained, that the problem would surely

go away, that maybe the resource companies were exaggerating the potential for increased markets anyhow and that maybe they would not get caught. They got caught—big time.

Senator FIFIELD—So it was a combination of the extra difficulty that the native title issues put in place and a lack of resolve on the part of the state government to plan?

Mr Haase—Yes. I believe—and there is certainly much evidence to justify it, be it anecdotal—that LandCorp's focus changed from their charter of making affordable land available at a rate that would maintain affordable prices to one of establishing a reputation for being a substantial contributor to state funds.

Senator FIFIELD—We have heard from you and from the local Real Estate Institute chapter that, over the last 18 months, something has been happening: more land is starting to come online and will come online. That is part of the solution: increasing supply. We heard from PANGO that community workers and public servants are looking at the concept of community housing associations. That is another element. Do you think there are any other elements that should be looked at to address the situation?

Mr Haase—There are far more problems than there are solutions. Every solution now will have an impact. If one were to flood the market today with available land and temporary accommodation, to increase the population of builders in town, the commercial market surrounding land, I believe, would collapse, and there would be a huge hue and cry from local landowners because the value of their land would collapse. So it is a balancing act, but those involved in that business ought to be good at that balancing act.

There is another issue that, if I may, I would like to bring to light here, and it impinges on Indigenous employment aspirations and on training and all that is associated with having Pilbara Indigenous people in this climate get a grab at a life through employment. The reality is that so many are occupying public state housing right now and are primarily on welfare support payments. If they are taken on by a company that is well motivated to train and employ them, sadly, very quickly they become disqualified from living in a state house and are warned by state housing works that they will have to vacate. Of course, the first thing they do is to realise the dilemma and choose to back away from employment opportunities. What is really needed here, although I see no clear pathway to it happening, is an incredibly large influx of state funding to build state housing, or maybe the current federal government would want to contemplate a return of something like the old Commonwealth hostels arrangement, where accommodation was provided for those who were transient in the towns and working in the construction industry.

Senator FIFIELD—It is not something that you would necessarily advocate Australia wide, but these are unique circumstances needing special solutions.

Mr Haase—Unique needs, unique solutions.

Senator HUTCHINS—We had the Speaker of the Western Australian legislative assembly here this morning. He mentioned native title and talked about the native title clearance process. I have the impression that there is a delay in native title land becoming available because of the process. I think Mr Riebeling referred to that. In one case, there is one for particular claimants on

the land or particular title. Is that universal in the region or is it particular to, say, Karratha rather than Port Hedland, rather than anywhere else?

Mr Haase—It is well understood here in the Karratha region because, with the presence of Woodside, there has been a view to compensation by Woodside for land.

Senator HUTCHINS—For how long?

Mr Haase—It probably goes back more than 20 years now. So the dispute over entitlement to land is well known. The situation does not exist to a well-known degree elsewhere in the Pilbara because there has not been the same opportunity for reward, if you like, but it is one of the major problems with native title. It is a situation where, awarded or not, it is almost assured that the courts will be involved anywhere there is resource development. The decision that rewards one group over another will almost automatically be challenged because their rewards are so great. And, yes, the whole process of clearance of native title or compensation for native title is incredibly complex, and I do not think it will be resolved very soon. It does need the attention of very skilled negotiators.

CHAIR—One of the submissions we have points out differences between what has happened with housing in the city of Kalgoorlie versus a place like Karratha. It says there are differences but it does not really explain for me, being a non-Western Australian, why those differences have grown the way they have. I gather affordability is not the sort of issue in Kalgoorlie that it is here, and could you as the local member give us some understanding of that?

Mr Haase—It is difficult to qualify but, from an observational perspective, Kalgoorlie is a very old regional centre. The city of Kalgoorlie-Boulder has been around since—I will be criticised for this—1894, I think. It was called East Coolgardie in the first instance. So it is a very old, established community with traditionally quarter-acre blocks and a lot of the cushioning of vertical escalation in house prices and destruction of affordability has been the ability to subdivide those quarter-acre blocks. So, within the town area, there was sufficient capacity to increase the housing stock without going into land that was under native title dispute. The population of Kalgoorlie-Boulder has remained relatively static since the initiation of the super pit, so it has been stable for over 20 years—in fact, the Australian census last showed us with a reducing population even though there are new houses going up and commercial enterprise is increasing. Something went wrong with the last census, it would seem, right across regional Western Australia.

CHAIR—So we hear today. Thank you very much for joining us this afternoon. We appreciate it.

Mr Haase—My pleasure and thank you for the opportunity.

[2.13 pm]

WHITE, Ms Antonina, Financial Counsellor, Pilbara Community Legal Service

WILLIAMS, Mrs Nanette, Area Manager, Pilbara Community Legal Service

BROOK, Mr Warren, Commanding Officer, Salvation Army, Karratha

BROOK, Mrs Phyllis, Refuge Manager and Associate Officer, Salvation Army, Karratha

CHAIR—Welcome. Do you have any additional information about the capacity in which you appear.

Mrs Williams—I have lived in Karratha for 24 years. I was appointed to the position of area manager for Pilbara Community Legal Service last week. I have been with the organisation for five years in the position of financial counsellor. Prior to that, I worked for eight years for the electorate office of the local member of parliament and, prior to that, I worked for 17 years for the health department coordinating community health services.

Ms White—I have lived in Karratha for 28 years and I am fairly new in the position of financial counsellor.

CHAIR—Would you like to make some brief opening remarks and then we can go to questions from members of the committee?

Mrs Williams—Yes, Madam Chair. I will give opening remarks on behalf of myself and my colleague Ms White. We have seen many changes over the years because we have been here a very long time. I believe the issue of affordable housing has always been the main deterrent that has prevented families from permanently settling in the area. As a result, the town has always been looked at as having a transient community. In 1988 I was part of a committee for the organisation of a three-day north-west summit. That saw 400 women from all over the north-west attend. One of the main recommendations to government from the summit was on the issue of affordable housing. That was 20 years ago. Things have progressively become worse.

The Pilbara Community Legal Service is a government funded, not-for-profit organisation that currently provides financial counselling, tenancy advocacy, supportive housing assistance and community legal advice services throughout the Pilbara region. We have offices located in the towns of South Hedland, Karratha, Newman and Roebourne. These offices also service outlying Aboriginal communities and have established protocols with these communities to provide them with access to justice, advocacy and legal education.

The long-awaited resources boom has created a new socioeconomic polarisation scenario with the inclusion of a nucleus of working poor. The lack of affordable access to housing has seen an increase in our client base that now includes not only the unemployed but also those in employment who are struggling financially due to their efforts to pay high rents or mortgages in order to maintain the housing associated payments. The presenting financial counselling cases

that once were the unemployed on low incomes now include the middle income employed, who are unable to meet essential service costs and in many instances cannot purchase food and other essential items without the use of credit or emergency relief. During the period from July to December 2007, in my position as financial counsellor I worked with 96 individuals, all of whom were in severe financial hardship, most of which was due to their inability to meet their high rents or was a direct outcome of struggling to do so. Along with high rents, people have high essential service costs for power, gas, water and petrol. The presenting issues for our financial counselling, tenancy advocacy and housing support services are predominant in all the townships where we deliver these services.

I have provided the committee with a submission which outlines some of the presenting issues and I have provided scenarios to highlight those issues with recommendations for possible resolutions as to, firstly, the significant levels of poverty and disadvantage that are becoming more entrenched because the gap is widening between high-income earners and the disadvantaged. There is a need for a collaborative approach to address the widening gap and deliver a range of housing options. South Australia have developed an innovative service response to address homelessness in the Adelaide metropolitan region by the formation of a partnership—between government, the private sector and the community—with the objective of providing support, maximising opportunities and reducing barriers that impede low-income households from accessing and maintaining private rental housing.

Secondly, there is the central role that structural or social exclusion plays in the maintenance of ongoing vulnerability to homelessness. It is time for large resources companies and some employers to look at the human rights of employees with families. Doing nothing about the social exclusion forced upon some of these families is a risk management issue. There are the social costs of men living in isolation from their families, and the lack of affordable housing forces families to be apart.

Thirdly, there is the need to increase the amount of new, accessible and affordable housing and for an integrated response by policymakers, researchers, service providers and those people who have experienced homelessness, with them discussing priorities, models and findings and having an input and sharing their experiences so we can all learn from the perspectives of others. For some, how to make ends meet with the little money they have becomes a full-time job in itself.

Fourthly, there is the situation of homelessness and its cause. Homelessness affects those who are out of luck, out of work and without somewhere to call home. If we abandon our most vulnerable citizens, our whole community is impoverished. Homelessness for many Indigenous Australians is part of a history of dispossession and the symptoms of Indigenous disadvantage. The Indigenous community have a concept of home and belonging. There is a need to give them back their sense of belonging, because without that they are not at home. Organisations such as the Pilbara Community Legal Service spend time with clients dealing with the structural effects of homelessness, leaving little time to look at the individual effect, which negates any real contribution to the overall wellbeing of our community.

CHAIR—Thank you, Mrs Williams.

Mrs Brook—Thank you for inviting us. I found out about the homelessness and the lack of affordability in Karratha before I actually came here. The people who moved our furniture said,

‘We’d love to be in Karratha but we had to move away because we could not afford to live there and we had to come to Perth.’ These were young boys, 18- or 19-year-olds. When we arrived I discovered I had no staff at the refuge because they could not afford to work at the refuge and pay for housing. My fortnightly pay would not cover one week’s rent in Karratha. I had to look for staff whose husbands were working in the mining industry or whatever who had housing provided for them. My staff all have husbands who are working who have a house provided by the employer.

The second thing I noticed was that women who came into the refuge because of domestic violence often had to return to that violent situation simply because there was nowhere else for them to go. We have a time frame for the length of time they are allowed to stay at the refuge. Often that time frame has had to be extended simply because you cannot send a woman with three children who has been badly bashed back to a violent home. It is not possible. There is a huge wait for priority housing in Karratha. People have to have a history of domestic violence, they have to have a restraining order out against the perpetrator and often charges have to be laid against that person in order for the person to become eligible for priority housing. And then, when they become eligible, they often had to wait months and perhaps even a year in order to get that priority housing. So we are in a dilemma: do we keep those people at the refuge? Some of them with children have been there in a small room for as long as three to six months waiting for priority housing to become available. Do we keep them there when we should not, do we put them out on the street or do we send them back to be bashed again and the children to be abused? That is the dilemma that we have.

The other thing is that every week there would be six, seven or eight phone calls that I personally take—and I know that my staff take others—from people ringing up and saying, ‘If I come into the refuge, can I get put down on the priority housing list of the housing department?’ We have to say, ‘No, just because you come into the refuge does not necessarily mean that you will get priority housing.’ They say, ‘Oh well, we will not bother coming then.’ They are trying to use the refuge simply to get housing.

We have a lady—and I have asked her permission to tell you this and she has said she is happy about it—who has been constantly in a domestic violence situation, backwards and forwards. She has now left and she said, ‘I don’t want to go back.’ We rang around trying to get a house for this lady who works part time. She earns \$800 a fortnight. We could not get a house in Karratha under \$1,500 for this lady. She managed to get accommodation out at Roebourne, and it was going to cost her \$285 for a one-bedroom flat. But she was only going to have \$200 a fortnight left to travel backwards and forwards from Roebourne to Karratha in order to go to work. Fortunately, we have a great relationship with the housing department and they put her at the top of the list and she is now moving into a house this week. But that very rarely happens. So we have children who are at risk having to go back to a violent situation. We have young people who are at risk having to go back to a violent situation. We have people living in their cars thinking they can come to the refuge and get a house, but because they are working they are not entitled to a housing trust house.

There is also a real problem, as I said before, with these young people going to Perth—with housing for young people who have been brought up all their life in Karratha. For whatever reason, they leave home or they cannot live at home anymore, and they cannot find accommodation here. The work is here, but there is nowhere for them to live, and they have to

move out. They are country kids and they have to move to Perth in order to get accommodation and work, so all their networks are removed from them. I have worked in the juvenile prison, and I know that, when kids are removed from their networking, when they are removed from their support, they get into a lot of trouble. The drug and alcohol problem here in Karratha is huge as a result of that.

Homelessness also causes domestic violence. If you are in a situation where you are in a house and you know that your job is on the line and you might have to move out of that house then it causes tension, and tension will cause domestic violence. If partners split up, and they are living in a house provided by the mines or whatever, the wife and her children are left with nowhere to live. So they come to the refuge, and we cannot find anywhere for them to live. There are lots of issues about domestic violence and homelessness that all go hand in hand, that are caused by the high cost of living here and the lack of affordable housing.

CHAIR—Mr Brook, did you wish to add anything?

Mr Brook—Certainly.

CHAIR—Briefly, if you would not mind.

Mr Brook—Thank you very much for allowing a couple of newcomers to Karratha to participate. As a newcomer, I was shocked to arrive here and see the cost of housing initially. My initial reaction was: ‘This is an extortion racket. We live in the land of opportunity, but this is opportunism gone wild.’ I own a house in Perth that costs me eight times less than the supposed value of the house the Salvation Army provides, fortunately, for me and Phyllis to live in here. The quality of the housing that is valued at about \$700,000 is nowhere near the quality of the house I left behind in Perth to come here—a double-storey house with a swimming pool and all that sort of thing that I bought for \$100,000, which is probably valued at about three or four times that now, since I bought it, but nowhere near these supposed values, these funny values that are put on houses in Karratha, like \$800,000. I could get \$1 million for mine if I transported it and stuck it on a block up here somewhere! It would be great! I was appalled, and I thought: ‘Something has to be done about this. There needs to be someone who can address the issue of affordable housing.’ And, suddenly, here you all are. You must be an answer to a prayer or something!

One of the areas I work in in the Salvation Army is the area of welfare provision. I have had a number of young fellows coming through Karratha looking for work and having nowhere to live, living in tents. They cannot even get into the caravan park because it is \$500 a week to park your caravan in the caravan park. If you do not have a caravan, or the other on-sites are taken, and you have a tent, they do not really want you there, so you pitch it wherever you can find somewhere that you are not going to be hassled. So, in 40- to 50-degree temperatures in the middle of summer, you are living in a tent. When we arrived, we had the air conditioner going non-stop, and I could not understand how anyone could even live in a caravan in that sort of temperature unless they had air conditioning provided. So the lack of affordable and available housing means that anyone coming to work in Karratha that does not fortunately have some contact or somewhere to live is out on a limb. They just cannot stay. It is just too hard. The Indigenous population, of course, have a good network. They always have aunts and uncles or nieces or someone to live with as they go from town to town. But, in our white population, we

do not have those sorts of connections or that sort of relationship with one another. So, if you arrive in the town, you live in a tent because you just cannot afford to stay here.

Of course, that then adds to the problems because these young fellows then spend most of the time that they have when they are not looking for work, particularly in the evenings, in one of the public houses that provide air-conditioned comfort into the early hours of the morning. So you have a lot of these young blokes down at the hotel drinking, having a glass every now and again so that they have a right to stay in the place for as long as they possibly can. And then you have drunkenness and all the associated antisocial behaviour that goes with that.

Another thing that appalled me when I first arrived in Karratha was the dog boxes for the fly-in fly-out people—no provision for the future, no provision for families. There is just no future plan. When I talk to some of the men who work in that area and even some of the people around who work in the non-mining sector, they seem to have short-term goals for living here. They say: ‘Well, this town won’t be here in 50 years. Once the mines have dug everything out and taken everything they want, there won’t be anything left.’ Personally, I like Karratha, not because it is a mining town but because it has great fishing and great coastal views, if you get out there amongst the mangroves. It is a great place to live. I like the heat. I am one of those strange people!

There is a lot more going for Karratha than the mines, and yet the mining companies seem to dictate the terms of living in Karratha. They call the shots about pricing. Private people try and buy a home, and they are outbid by a mining company with unlimited resources so that it can provide accommodation for its staff. So the private sector has no opportunity to compete against the mines, which are here, supposedly, for 50 years at most and then gone, and then the whole structure of the town falls in a heap.

We have no real housing provision for the elderly. If people want to retire and stay in Karratha, they have to already have owned their own home for that to be possible. If they have worked for a mining company and do not own the home, once they retire they move back south. So that wrecks the whole social structure of their family. The grandparents go. Maybe they have a child and family left behind here in Karratha. They have had to move south because either they can no longer afford on a pension to maintain the rents that they could afford while they were working or they can no longer afford the repayments they have to make on a home that maybe they still have a large mortgage on, particularly in Karratha, where you have to borrow \$800,000 to buy a home instead of \$300,000 for the same sort of house you can get down south. So they sell up, capitalise on what they have got and go down to Perth and buy something a lot cheaper down there.

I have looked at the cost comparisons of housing across the state—at Albany, Geraldton, Kalgoorlie, which we have already heard talk about, Bunbury and Mandurah—and I see that, for the same price for which I can live in a three-bedroom, one-bathroom house in Karratha, I could live on the Dawesville Cut in one of those big double-storey mansions. I could get one of those lovely homes for \$800,000. I cannot afford it, any more than I can afford to buy a house in Karratha and get a three-bedroom, one-bathroom, 30-year-old home. When you compare the costs, it cost me \$150 to drive up from Perth, and I cannot see how that adds six times the value to building or to buying a house, just because it is up here. I have a son who lives in Townsville, which is a similar distance from Brisbane to the distance we are from Perth. There is nowhere

near the cost difference between Brisbane and Townsville that there is between Perth and Karratha. We have Geraldton just down the road, where the housing costs are nowhere near what it costs here in Karratha. I cannot find any justification, in talking to people in town and just comparing around the state, for the high cost of housing here in Karratha. I know supply and demand dictate the terms, but I think there are other factors, like the bottomless pit of money that the mining companies have that drives these prices up beyond reasonable costs to prices that cannot be competed with.

CHAIR—Thanks, Mr Brook. Are you almost done?

Mr Brook—Can I just say one more thing. The banks increasing interest rates, supposedly to fight inflation, causes people to lose their homes. It does not help the situation, particularly in places like this. It just makes housing even more unaffordable, and people lose everything—all the money they have already spent plus the house. They end up with nothing. So there has got to be some control. My recommendation to government and banks is that the home that is lived in, the family home, the first home, not be part of the interest rate structure; that it have a fixed interest; that it be taken out of the speculative market; and that people who buy extra homes for speculative purposes pay the high interest rates. But leave the family home alone so that the person, who may be on one income, can still provide a home for their wife and children. We cannot deprive people of a place to live simply because we are trying to fight national inflation.

So affordability and availability could be affected not only by somehow or other controlling the mining companies and putting a cap on pricing but also if the government and banks take some responsibility for keeping people in their family homes by not inflicting on them these sorts of inflationary interest rate moves.

CHAIR—Thanks, Mr Brook. Thank you all for those observations. We are pressed for time, but we have an opportunity for some brief questions and brief answers, if I might encourage witnesses along those lines. Who would like to start? Senator Moore.

Senator MOORE—Domestic violence was raised in both your submissions. I have also worked in mining towns where that has happened. Do either of you have any suggestions about the division of the housing when there is a domestic violence situation? I think it is relevant to this inquiry because we are going to mining areas. Also, in evidence this morning we heard that one of the domestic violence shelters had to close because they could not afford housing for their key staff member—so that contracting arrangement had an impact on the society. As you both raised the issue of domestic violence—Mrs Williams, in your written submission; Mrs Brook, in your verbal evidence—what happens when the tenancy of the home is actually linked to the employment? Have you got a suggestion for what we can do about it?

Mrs Williams—To begin with, the employment contract does not say anything about the tenancy. There is no tenancy agreement linked to the employment contract, and the housing in that tenancy agreement should be allocated within the employment contract to you and your family, not just to the employee, so that there is some protection for the family as well when there are issues like, as we mentioned, domestic violence. The other thing that happens is that, if there is a domestic violence issue in a Department of Housing and Works tenancy or in GEH, government employment housing, the victim is protected by the court with a restraining order as

to violence. If a restraining order as to violence is issued to a woman who is in a company house, there is still no protection.

Senator MOORE—Could you explain that. I do not understand that, sorry.

Mrs Williams—If there is a domestic violence issue in a Department of Housing and Works house, for instance, and the woman goes to court and obtains a restraining order as to violence against the perpetrator, her partner, there is protection for her because they will change the locks and the police will provide support. But, with company housing, that restraining order as to violence is worthless.

Senator MOORE—Okay. I get the point.

CHAIR—Senator Moore, did you want Mrs Brook to add to that?

Senator MOORE—If you would like to, Mrs Brook; you raised it in your statement as well.

Mrs Brook—What happens—and this has happened since I have been in Karratha—is that if there is a family break-up the woman has to leave, not the husband. The husband is the worker; the house is his. She has to leave, and then she has got to find somewhere to go. A lot of the women up here in Karratha are often migrants, and they come out on their husband's visa. What happens is that they are not entitled to any kind of help whatsoever—not Centrelink; nothing—so they are left stranded. The husbands will often burn or destroy their documents, so they have got no evidence whatsoever that they are entitled to any kind of help. I sent one lady to the refuge in Perth, because that was all I could do to help her, and in Perth the immigration department then helped her. But if they have stranded you, they have stranded you with no support—nothing. The house belongs to the company and the husband works for the company, so the wife has no rights.

Senator MOORE—And it is exacerbated here because there is no emergency housing, as you both mentioned.

Mrs Williams—The company says it is a private matter.

Senator MOORE—I saw that in your submission. They say that in Queensland too.

CHAIR—I am sorry, Mrs Williams; could you just repeat that.

Mrs Williams—The company says it is a private matter, but I approached the Minister for Housing and Works to see if we could get a roundtable discussion with the company so we could resolve this. The other thing is that if the Department of Housing and Works had more housing available we could, perhaps, get them to issue a three- to six-month tenancy agreement for the woman and her children while we resolved the company or domestic violence dispute. But there is nothing, and there is no room in the shelter; there is no emergency housing; there is nothing at all.

CHAIR—I think someone said earlier today that there is no emergency accommodation for men at all.

Mrs Williams—Nothing at all. They usually sleep in the veranda at the swimming pool. I have one client at the moment who has been doing that for six weeks, and all his clothes and belongings are in a shopping trolley.

Mr Brook—Or in a car.

Mrs Williams—He has not got a car.

Senator SIEWERT—I want to follow up the issue that you just raised. As I understand it, there is one shelter, and that is for victims of domestic violence.

Mrs Brook—We do take homeless people, but domestic and family violence is a priority, so if we have homeless people and we have a domestic violence situation we have to ask the homeless to leave in order to accommodate the domestic violence victim.

Senator SIEWERT—How often does that occur? In other words, how often are you at capacity?

Mrs Brook—Since I have been here we have always managed to accommodate them, but I know that last year they were turning people away.

Senator SIEWERT—On the issue of public housing, we have heard so far that around Australia the expenditure on public housing has significantly decreased over the last decade. I presume that part of what you are saying, in terms of needing more primary accommodation, is that there should be a greater investment in public housing in Karratha.

Mrs Brook—I would like to see in Karratha two or three houses made available for short-term use, such as for women in a situation where they are in domestic violence, have been put on the priority housing list and are waiting for a house to come up. They need a house that they can live in for that short period. If you need to go and have a look at the refuge it is great, but I would not like to live there for months. It is like a hotel room: one room, four beds and a kitchen. It is meant to be for emergencies only, not for the long term.

Mrs Williams—I will add something on the public housing situation as well. I think that some years ago, when they allocated public housing, regardless of when you were on the wait list, you were allocated the next vacant tenancy whatever house became available, whether you were single, married or whatever. So we still had single people living in three-bedroom houses and families without homes. That is why I am calling for, maybe, some sort of audit that would tell us whether there are three-bedroom houses with single people living in them who might be happy to move to new single accommodation if there were single accommodation available.

Senator SIEWERT—Then single accommodation would have to be available.

Mr Brook—I think the men's hostel that, I think, the previous speaker mentioned—

CHAIR—A Commonwealth hostel?

Mr Brook—That is right. It would be a good idea.

CHAIR—I thank all of you for coming today and for assisting the committee—and for your submission from the CLS as well. We appreciate that the on-the-ground feedback and information that you are able to give us, given that we have been able to come to Karratha, is very important. Thank you very much for that.

[2.44 pm]

JACOB, Ms Gloria, Deputy Chair, Pilbara Area Consultative Committee

SLEE, Mr Gary Russel, Board Member and Treasurer, Pilbara Area Consultative Committee

CHAIR—Thank you very much for attending the committee hearing today. I invite you to make an opening statement, briefly, if you do not mind. We will go to questions from members of the committee after that.

Mr Slee—I will start with the statement. Firstly I will just outline three points, then I will go through and very quickly outline the submission that we have given to you. At that stage I will make some comments and then we would be very happy to take some questions.

CHAIR—Thank you.

Mr Slee—I bear in mind that you have heard some of this stuff before from previous witnesses. But I am not quite sure what they have covered, so we will see what happens.

CHAIR—Sure.

Mr Slee—The first point that I want to make, and I think you are quite aware of it, is that there is a huge pipeline of growth coming into this area at the current time. We have got another addition to that pipeline to make it even wider still and it is all feeding into this very narrow services pipeline. This services pipeline is severely crumbling in the Pilbara. A lot of that services pipeline is bedded on housing and accommodation affordability. Of course, what we are finding is that services pipeline is leaking dramatically and crumbling—as I said before—and needs to be expanded dramatically to meet this pipeline of growth. I think that makes sense. Basically that is what has to happen. Unfortunately, it is not happening at this point in time. There is some tinkering around the edges to try and do that but nothing of any great note to try and match what is happening in the area at this stage.

The second point, which you have probably already heard before, is that we are in a crisis situation in the Pilbara. The No. 1 issue is housing and accommodation, whether it be availability or affordability. It is impacting on all levels of society, whether they be business or the community, and we do not see much of it being fixed up in the short term. It is very concerning. If we can solve that housing and accommodation issue, then a lot of the other issues will go away too. As the previous witness said about social issues—all of those will disappear at the same time.

The third point I want to make is that there has been a systemic failure by governments, particularly state and local governments—which gets the Commonwealth off the hook—to recognise and do something about this. This has been happening for about the last three or four years. Despite a lot of advice going from regional departments here, resource companies, community organisations, individuals and business organisations to the state government in

particular, it has not taken note. I will talk more about that later on. Those three points cover the main factors that we seem to see in what is happening here at this point in time.

On the submission I have given you, I apologise for it not being more detailed. We have only had a short period of time to do it. I will just briefly go through it and make a couple of comments. Then you can ask me questions if you like.

Ms Jacob—Gary, I might summarise a couple of other points before we get onto that submission.

Mr Slee—Sure.

Ms Jacob—To expand on what Gary has just said to you, as we are a not-for-profit organisation that has dealings with reporting back to federal governments as well as from grass roots levels, we get to see a broad spectrum of the problems involved with housing affordability. Obviously, of prime importance is the availability of housing. There is no stock here and I am sure previous witnesses have well and truly highlighted to you the cost involved in attaining any houses that are available, be it anything from tents up to your house with four bedrooms and two bathrooms.

We also find that land release, development costing and material costs such as construction and design requirements—because of the area we live in, which is this iconic boom region—and council regulations and planning regulations restrict a lot of people from being able to afford a house. A house that you might build in Perth would cost you a third of what the price would be to build up here, purely because of the region. They are issues that have to be highlighted, because the costs of building here are not something to be taken lightly.

The other thing is labour shortages. There is just not skilled labour in Australia, let alone trying to bring it over here to the Pilbara, where we have no accommodation for them if they want to do building. So there are serious issues that all expand from the lack of availability of housing and which contribute to the affordability of housing at the other end of the stick. They are, in addition, what we see as serious things that governments at all levels have to address—and more so state governments, because they are very much involved in the release of land. Now Gary and I will move over to our submission.

Mr Slee—The first page of our submission mentions the scope of PACC. I guess you are all aware that that is the Pilbara Area Consultative Committee. We cover the whole region, so we have board representation from all the major towns and we have a lot of involvement with those towns regarding grants and things like that. Consequently, the feedback to us is quite regionalised, so that is where our comments are coming from. With respect to homeownership, I have made some points about the seven points in your terms of reference. I will come back to that in a moment. We will then go on to housing affordability in the Pilbara and make some points there which I think are fairly relevant. I hope they have not been touched on before. We will then go on to talk about some challenges that we see at this point and some forecasts that summarise what we feel the dynamics are at this point in time.

With respect to the seven points in the terms of reference, headed in our submission ‘Barriers to home ownership (a Pilbara perspective)’, briefly, it is a supply problem. That is what it boils

down to. We do not have enough land to develop. There are other issues associated with that that I will talk about later on. But, if the government wants to intervene, it possibly should consider sponsoring affordable community housing type projects, whether for ownership or rental schemes, which could add to supply and not just give handouts which will exacerbate rental costs.

With respect to ‘Housing affordability in the Pilbara’, on page 3 of our submission, housing affordability really reflects on housing availability, and we are critically short of available housing at the moment. That is due to demand from the resources boom. We have—and you have probably heard of this—people living in the bush, people hot bedding and people bed packing in houses, which is four or five couples living in a four-bedroom house. The current rent for a bedroom is \$350 a week-plus. We have illegal accommodation in backyards, on industrial blocks and things like that, with the site turning a blind eye to it. At this stage, they have no choice, unfortunately. It has to happen because they just cannot get the accommodation.

The land development costs and timeliness add to the affordability factor. LandCorp is predominantly the major developer in the area. I am generalising a bit here, because I am trying to help Pilbara, although most of my knowledge is of the shire of Roebourne. LandCorp is the main developer. There are very few private developers of any note up this way. As you know, LandCorp, which is an arm of the state government, is a profit-making concern. It is its mandate to do that. That is a bit unfortunate. Land costs and timelines are added to by government criteria and design criteria.

Ms Jacob—If I could, while you are on that point, just give the panel an insight. I own a hardware business in the building industry in Port Hedland and have operated it for 18 years. We are not unaware of what the cost of the development of land is. When we know that blocks have been released at a median price of \$115,000, we know that it is very likely that to develop those same blocks would have been around the \$40,000 mark. Government itself is restricting the affordability of housing then if it puts it out on the market at that level, bearing in mind the cost of development. Understandably, the feedback might be that you do not want to devalue those investors who have paid the \$600,000, \$700,000 or \$900,000 for the houses, but in reality the stock of houses available is far greater than the amount of houses becoming available. We are talking about possibly 400 houses being refurbished and 200 houses being built. That is not going to take much. How much pressure is that going to relieve? Not a lot.

Mr Slee—The Karratha and Districts Chamber of Commerce and Industry, which I was part of at the time, conducted a survey in April last year—it is in the notes here—to find out what was going on. What we found was that there were not any reasonable surveys being done on a shire level as to what the demand for housing was on either the development side or the affordability side of it. We found that there were about 2,000 beds required in the shire of Roebourne for a permanent workforce for small and medium businesses only at that point in time. That disregarded the resource companies, the business travellers, Indigenous welfare and tourists. That was just for a permanent workforce for small to medium businesses.

CHAIR—Did you say that was a Karratha and districts chamber of commerce survey?

Mr Slee—Yes, that is right.

Senator SIEWERT—How many workers did you say were needed?

Mr Slee—Two thousand beds. I do not know what it is now; it has exacerbated since then.

CHAIR—That is fine. We did not know about that survey, so we will follow that up.

Mr Slee—I think one of the previous witnesses was talking about construction costs. It has always been an issue up here as to what construction costs are. They are higher because (1) there is a risk factor involved in that profit margin; (2) there is a transportation cost; (3) there is a higher labour component; and (4) there are design criteria in terms of cyclones and safety, which adds to the cost of housing up here. As for timelines, we find the local shire particularly—and I will comment on the local one because I know it better—has taken about two years to realise that something was happening up here and to get the mindset that there was a major change happening. They decided just recently that, yes, there was a long-term boom going on and therefore they have to scale up their expectations as to what we have to provide and downscale some of the design criteria. Design criteria of the local government all adds to the cost as well. The approval process time adds costs as well. Up here, the problem major resource companies have is the availability of accommodation; it is not affordability. For everybody else, it is both availability and affordability. That is where the difference is. Of course, it has really been driven by the resource companies who have the dollars to drive it. I am not blaming them for it; that is just the reality of a life. I think we are running out of time.

CHAIR—We will probably cover it in questions anyway.

Mr Slee—Can I make a couple more comments and then I will stop?

CHAIR—Briefly, yes.

Mr Slee—In terms of the forecast, obviously we see that there is massive development and there are positives there. The negatives are that we see housing affordability and availability actually worsening. There is not enough effort to get the current situation resolved, let alone to handle future developments coming up in front of us at this point in time. We also detect that the state government is moving towards the view that the fly-in fly-out strategy and resource companies' investments will keep the economic cycle going. That is the major concern of the state government here and they are really starting to abandon looking after the local communities.

CHAIR—The state government is?

Mr Slee—The state government is. It is not trying to meet the problems. We feel very clearly that that is what is happening at this point in time. Whether that is deliberate or due to a lack of focus, I do not know. The other thing we find is that a lot of low-income earning people are leaving the area. They cannot afford it. If they leave the area, services drop. In November 2006 the Property Council of Australia produced a report for New South Wales which said that in Sydney rent costs were escalating and the problem was that they were possibly losing people such as nurses, teachers and checkout chicks—people who work in the low socioeconomic areas. Therefore, you reach a point where there starts to be a downward spiral and then your services get such that they cannot be sustained.

I think we are starting to reach that point here at the moment. For example, I think previous witnesses have already told you about organisations closing down in town here, particularly the non-profit organisations. It is also happening to businesses as well—not to such a great extent, though. What we find on the business side of things is the destruction of value. With a lot of businesses, if they have accommodation then the business is worth a lot of money. If they have not got accommodation and they cannot get staff, when they could before, the value of the business is diminished quite dramatically. That is about all I have to say at this point in time.

CHAIR—Thanks, Mr Slee, Ms Jacob. Let me ask one slightly tangential question. It is something that I have been thinking about all day, and the ACC may be a good place to start. Is there any engagement between a group like yours, for example, the various levels of government and the resource companies in terms of the contribution of the resource companies to community in a city like Karratha? I do not mean community service obligations but the things that they might decide to do because they want to make the place where they have their business a good place to live and work. What do the resource companies contribute in that regard?

Mr Slee—The resource companies contribute quite a bit. The feedback to us is that they will contribute a lot more, provided the strategies are in place.

CHAIR—What sorts of strategies?

Ms Jacob—I think now they are being a lot more strategic in how they provide for the community. They are being a lot more corporately responsible, but this has only happened in the last 18 months. Prior to that, I think the resource companies' line was that they pay enough state revenue in the form of mining royalties and suchlike, but that never actually comes back to the regions.

CHAIR—Absolutely.

Ms Jacob—Our issue here is that we want governments at all levels to recognise that fact. The fact is that our local shires do not get the revenue that they should get because of a state agreement that dates back to the pre-1970s. Therefore, their operational budget is far less than other operational budgets in most shires because they are not getting the revenue for the houses that the mining companies own. In essence, the houses for people like us and the private sector—people who come here as support services or not-for-profit organisations—are the ones that actually pay shire rates, which then work towards operational budgets. But now the mining companies have got behind the public outcry. The community has said, 'You are operating in this area. You have to be more corporately responsible.' It is not a matter of Joe Bloggs's basketball team needing some new uniforms, so how about spotting them a set of new uniforms, or having to fly the football team to a comp. That is not corporate responsibility at all. But now they are being more structured about where they put their money. It is about bloody time. In essence, it has been long-awaited. They are now being more strategic.

CHAIR—Give me one really good example.

Ms Jacob—I can speak about Port Hedland, where they are now working with local government, not-for-profit organisations and the community in developing a strategy that says, 'We're going to give you this pot of money; we're not going to give it to you at the grassroots

level anymore. We're going to give you a substantial amount and then you prioritise the use of it.' That, to me, is a lot more sensible. It is the first stage of sustainable reinvestment by the mining companies. As a long-term resident of this community, I do not feel that it is wholly the mining company's responsibility.

CHAIR—No. I just wanted to get an understanding of where the balances were.

Ms Jacob—I think they are doing their share, but they have not had the vehicles to put their money into the right areas. You have money but you do not want to toss it without there being some serious benefit.

CHAIR—I understand that.

Ms Jacob—So, yes, they are being more strategic now.

CHAIR—That gives me some understanding. Thank you.

Mr Slee—Just to add to that, the issue up here is not money; it is clearing the rent type or the framework that constrains us from solving the problems. That is the problem. There is plenty of money out there, whether they are resource companies or private enterprise or things like that. It is trying to do things—that is the problem.

Ms Jacob—If I could just take you to one of the programs that the ACC is involved in—the Regional Partnerships program in particular. We have a pocket of \$260 million for development around Australia. We have been lucky to bring back about \$4½ million to this region, which is fantastic. We have community benefits coming from that. My problem is that, as a region, it is considered that that is putting money back into this area, but in whole that is not as much as what has been given back to the rest of the nation. In reality, we do not have real infrastructure. The governments have not responded to local advice or industry indicators that have said: this is going to be the hot spot for the next 25 or 30 years. It is so wonderful to have you people here, because it just shows a commitment and that, yes, somebody is actually listening. But this is not the first time we have said this. We have said this for the last 15 years.

CHAIR—I understand that, and you are not the only ones to have said that today.

Ms Jacob—I think it is a lack of confidence, and it is lovely to see confidence being shown in the region and regarding the sustainability of this region. It is not about a boom or bust situation anymore; it is actually about saying: what can we do to make these towns grow, because there is a future for people here?

Senator BARTLETT—I have a single question. As you know, we are a federal parliamentary committee and a number of the issues of concern that you have been raising relate to state procedures, controls and the like. At the federal level there is now a greater focus on the housing affordability issue as an overarching problem, but there are very specific reasons behind it in this region which are quite different to many other parts of the country. From a Commonwealth level, I note that the summary of your whole submission is about priorities for something major to be done on a regional scale. What is the 'something' from the federal level, I guess? We can be commentators here and pronounce on ways things could work better locally, but, when it is

something from a federal level, is it a targeted package that is specific and unique to the region over and above some of the broader policy settings?

Ms Jacob—If I could be so bold as to use the example of Howard's response in the Northern Territory, we need a task force here. The problem is that we all recognise the problem, but there is so much waiting for things to happen. We need a leader to come in and strategically say: let's loosen up the red tape, the strings of bureaucracy—No. 1. We have councils that sit for planning applications monthly. We have a housing shortage. Why wouldn't we be sitting weekly to get those through? Why do we have to wait on a monthly basis? There are really small things like that for which somebody could strategically say, 'Okay, how can we actually make these applications or processes move faster?' It is about having a leader who has the answers and can work with all levels of government and industry to get the end result, because at the moment what we have is a lot of people doing little bits, but the process and the hoops you have to jump through to get the end result are going to far outweigh them. In reality, if I want to build a house and go through all the planning requirements and all the steps until the house is built, I will not get a house built before 22 months, and that would be pretty fast. So you tell me, if we are talking about that time—

Senator BARTLETT—That is assuming labour availability as well.

Ms Jacob—That is right—on top of that. So, in 22 months if we say, 'Now we have this issue,' how does that compound as time goes along? It is not going to get any easier, because prices are rising and labour forces are a serious issue, and then you have all of the land availability issues. If you are asking about what is required, I am saying: send somebody out here to actually lead the—

Senator BARTLETT—Emergency intervention.

Ms Jacob—Absolutely. Hit the beach running. Send somebody here who can make things happen. It is not a talkfest. It is about making things happen.

Mr Slee—There is one area you could possibly look at. We had a situation recently where you could not get builders here because the builders could not get accommodation built for the builders. It was silly. It was a cyclic situation. A lot more buildings are being brought out from overseas—from Thailand, China and so forth—and those particular buildings are substantially cheaper than trying to build up here; in other words, you are designing it for trades, completely. If you could also have land that was very affordable, cheap land, you could then put these cheaper houses on that, and you could probably solve the affordability issue to a great extent. But it would have to be some sort of community operation rather than a private enterprise one, strictly. That is the way it is being done now—bringing those houses in from overseas at a much cheaper rate.

Senator HUTCHINS—With these houses, are they cyclone-proof and all that as well?

Mr Slee—They have got to meet shire requirements, yes.

Senator HUTCHINS—So even though they have been brought in from overseas they have still got to meet those requirements?

Mr Slee—Absolutely.

Ms Jacob—Some of these units currently exist. I am not sure about the houses themselves, but I can tell you that the two-bedroom and single-bedroom unit accommodation that has been built in Port Hedland—the 500 unit facility known as ‘Club Hamilton’—has been built from structures imported mainly from China. There are probably another 30 here in Karratha that I know of. So, yes, they are available, though they are not the answer to it all. I guess if you were to ask me to prioritise I would say: land release; secondment of staff to the regions to assist with planning, because the shires do not have the staff resources to process those—so it is not that they are slow; they just do not have the people on the ground to do that, anyway—and, obviously, having some method of attending to the labour shortages, which is not easy.

Senator FIFIELD—Firstly, I commend you on the clarity of your presentation and submission. They have been extremely helpful. Ms Jacob, you mentioned, in response to Senator Bartlett, the idea of a fix-it person to come in over the top and cut through the problems. I was just having a quick peruse of the committee’s letter to the former Prime Minister. I appreciate that is broader than just issues of housing, but it makes reference to the possibility of a form of fund akin to the current Pilbara Fund. Could you just explain what the Pilbara Fund is and what sort of funding mechanism the committee had in mind in that letter.

Ms Jacob—The Pilbara Fund was a state government initiative. It was a developmental fund available to the Pilbara region. Money was available, whether it was for infrastructure development or community services, but it had a lot of criteria attached to it, as does most government money. There are a lot of hoops you have to jump through to get those types of funds. So what we are talking about—it being akin to that—is: yes, everybody says that there is money available for this region but, because of labour shortages, because of land release or whatever the ‘because of’ may be, that money has not got to that region this year and will not get to it next year or the year after. But it is there, right? So, in essence, it has not actually translated. And, if it does, it is in miniscule amounts, not the big pot that you hear about, with everyone espousing that there is this amount of money to come to this region.

In essence, what we are saying is: if you are serious about giving us that money, then that money should go into a Pilbara infrastructure development fund, which could be a trust, so that this region actually sees a bank account. It could be held wherever you like. But as long as the money were to go annually into that development fund, the people, when they were ready and able to, could access that fund without having to go through those hoops and jumps, because it would have been identified to come to this region anyway.

The problem with half the funding is the intricacies that people have to go through to get the applications in, and they are complex. If you are really in need of funding and you are not a good grants submission writer, forget it. Therefore, there is an industry that you could breed in this town or in this region. It is not that easy to attain funding. For the real need, if you are only after an amount that doing the application far outweighs, you do not bother. You just pray that somebody finds you the money. So what we are saying is: ‘Yes. Make that funding available but make it real.’ Make it real and commit it to this region and say, ‘Here’s a bank account with that money and, when you are ready to develop and your region prioritises the requirements, then you do so.’ We are not only talking housing; we are talking everything from education and health to community development in total. So it is talking about the sustainability of this region,

looking forward to the next 50 years and building it so that people will move here. It is a harsh area, but there are tough people around and there is work here. The problem is we do not have people here on the ground, and one of the main reasons we do not have people here on the ground is that we do not have housing. Hence, you are here.

CHAIR—Thank you very much for your submissions and for your contribution this afternoon. It has been very interesting for the committee, and we appreciate your time and the fact that everyone is travelling great distances to get here today. Thank you very much.

Ms Jacob—Thank you for your time.

[3.17 pm]

PARRY, Mr Steven Colin, Director, Housing Service Delivery, Department of Housing and Works

WEBSTER, Mr Stephen, Chief Executive Officer, Pilbara Development Commission

MOLONEY, Mr Michael, General Manager Operations, Western Australian Land Authority (trading as LandCorp)

CHAIR—Welcome. I thank each of you for appearing this afternoon and also place on the record the committee's thanks to the Western Australian government for enabling your appearance. It has not been the case in our previous inquiry in New South Wales, so we are very grateful that you are here this afternoon. I would like you to make some brief opening comments, if I may be encouraging about that. Those nice people at Qantas need to fly us back to Perth so we can do this all again tomorrow with feeling in Perth. So if you do that, then we will go to questions.

Mr Webster—I will start. As CEO of the Pilbara Development Commission, I have exposure to the entire Pilbara and, in the handout that you have just been given, you can see that Karratha-Dampier and Port Hedland are the two major population centres in the Pilbara and, in terms of most of what you have been hearing today when I have been fortunate to be present, it has covered the two areas of Karratha and Dampier being locked together and Hedland—Port Hedland and South Hedland. There are also housing issues in other areas but, very briefly, the situation is certainly here for the foreseeable future. The development that has been mentioned already is in terms of the resource companies. The resource companies BHP and Rio have both announced significant expansion plans and then FMG is due to start soon. There are various boutique miners such as Atlas Mining, which are due to start soon, and there are other developers such as Australasian Resources and CITIC Pacific, which will also have a huge influence. So the situation we are in now is probably situation normal for the foreseeable future.

The Pilbara Development Commission has the role of working with various levels of government and with resources companies and the community to try to both advocate and facilitate appropriate economic and social development within the region. There are certainly some very good activities currently happening. The Pilbara Industry's Community Council—the PICC—has been mentioned. This is a high-level committee which is between the major resources companies and the state government, to identify issues, to then seek solutions at that level and to then implement those solutions. There was also mention of the Pilbara Fund, which was a \$20 million initiative of the state government over four years. That successfully leveraged over \$100 million of actual investment into the region. So there is movement towards recognition and towards dealing with the fact that this is situation normal and that 'boom and bust' is probably a little bit misleading. That has certainly influenced the way in which both the resources companies and the various levels of government have dealt with the changes in the Pilbara.

CHAIR—Thank you, Mr Webster. I invite other opening statements.

Mr Moloney—Thank you, Madam Chair. LandCorp is the state government's land development agency. It operates across Western Australia under the Western Australian Land Authority Act. We undertake the supply of a variety of land including industrial, commercial, mixed-use, tourism and residential land. I will talk mainly about the Pilbara. In the Perth market we are not a major player; we represent only about three per cent of the marketplace in the Perth metropolitan area. In 2002, following a machinery of government initiative, LandCorp was asked to take over the development of Crown land throughout Western Australia. The first years or so of our operations were a bit slow and, as a solution to native title, were not readily available. In fact, the big breakthrough came in this region in 2003, when the state government signed what is called the BMIEA, which provided a framework for negotiations for the development of residential and industrial land here in Karratha.

As a follow-on to that, the government subsequently agreed to a number of small agreements in other regions. This enabled more activity to occur. In fact, 50 per cent of LandCorp's activities are now to do with projects in the regions. As an indication of the escalation of investment in the regions, back in 2004 we spent about \$13 million in the regions, last year that was up to \$120 million and this year it is \$136 million. That is in capital investment and in the provision of land throughout the state. We are committed to balancing the social, environmental and economic outcomes.

I can understand the frustration of people living in Karratha as to the supply of land. However, I think it is clear that, whilst there has been a lot of talk about activity happening in this region, nobody expected the level of current activity to occur. Nobody, whether that be the mining companies, government, the private sector or the whole works, expected that. In fact, I have heard high-level people within BHP quoting that in public forums. The flow-on from that has been the huge capacity constraints that have occurred. Everyone, whether they be in the private sector or the public sector, has found it extremely hard to get resources into the regions. I have a list of initiatives that we are undertaking in this area, but I am not sure whether you want me to proceed with referring to that at this stage.

CHAIR—Could you table it for the committee, please.

Mr Moloney—It is just my rough notes at the moment.

CHAIR—If you could put it in a form that you could table—

Mr Moloney—I think that they are quite important points, so perhaps I should go on with them.

CHAIR—All right. You can go through them quickly.

Mr Moloney—The first one relates to people outside the industry not understanding the time it takes to get land onto the market. There are a plethora of statutory requirements that need to be met, and we all understand that in terms of good governance—I am not saying that that is an issue just for us—but there is a time factor in getting land into the market. On top of that, in this region you have got native title negotiations and then you have got the difficulty of getting contractors and resources into the area.

LandCorp has gone to huge lengths to ensure ongoing land supply in the region but has also tried to facilitate building supplies. We have heard today that building is a big issue. In regional areas, particularly in areas where there is huge demand, we sell land with a requirement that people build within 30 months. This is to encourage genuine homebuyers, deter land speculators and get the dwellings constructed as quickly as possible.

We sell in high-demand areas by ballot, and this ensures the most transparent and equitable distribution, and that prices are not artificially inflated. LandCorp places restrictions in boom areas to give preference to local residents and workforces. In the next ballot in Karratha, there will be another allocation initiative, giving special preference to local small businesses and first home buyers. We do the ballot well before the titles are issued; this enables people to get their plans and start negotiating with their builders so that, as soon as the titles are created, they can get on with the building straightaway. In some cases with the mining companies we are allowing access to the land to start construction before we have actually created the titles. In terms of getting contractors into the regions, we have bundled up lots of towns to try to encourage that sort of early access, and some \$98 million worth of work has been negotiated in this program and we expect to award another \$70 million in the current year.

In the Pilbara, we have run a Pilbara builders campaign to address the shortage of builders. LandCorp have put out a national expression of interest to try to get builders into the region and help accelerate the land release. In terms of short-term accommodation, we have negotiated with Woodside to provide up to 50 beds—not a lot, but it is up to 50 beds—to be dedicated to the workers building houses. In December 2007 we announced an agreement with the MAC Services Group from Queensland to provide up to 1,000 beds in a motel-style temporary accommodation arrangement to enable ongoing accommodation of building workers. Part of the stipulation there is that 40 per cent of the site must be available to the building industry. In Karratha in the last two years we have developed over 580 lots, the equivalent of well over 600 dwellings.

CHAIR—Thanks, Mr Moloney. Mr Parry, did you wish to add anything?

Mr Parry—Very briefly, if I may. I would like to highlight some key points and talk about some of the achievements of the Department of Housing and Works. The 2007-08 state budget included a number of initiatives to improve housing affordability. These initiatives included more social housing, which is public and community housing; increased bonds assistance; improving Indigenous housing; and support for homeownership through shared equity home loans and stamp duty relief.

We have one of the few state governments that have actually invested in social housing, with \$655 million being allocated in 2007-08 towards social housing with the aim of increasing social housing dwellings by 1,000 in a four-year period. For Perth it also included 300 new lodging houses and some incentives to relocate people that were underoccupying their properties, such as those people living in three-bedroom houses by themselves.

There was also some investment in homeownership with the First Start scheme. The state government announced \$900 million for a shared equity scheme and that is fairly unique. The problem with the Pilbara is that we very recently raised our maximum limits to an income of \$80,000 for a family, with \$500,000 being the amount you could borrow with the maximum 40

per cent share from the department. That has very quickly been outstripped by the price increases in the area.

The department is also the responsible agency for PICC, Pilbara Industry's Community Council, which you have all been briefed on, which gets \$300,000 of state government funds. Locally in Karratha we commenced five new properties last year, which was 50 per cent of the Pilbara building program, and there are 11 due to be constructed this financial year. As for everybody else, labour is a major issue for us. The last two tenders failed to attract any bids.

If I may, I would like to very briefly answer a couple of points that were raised earlier. Mr Barry Haase raised a point about our clients being evicted if they got a job and their income went beyond our eligibility limit. We have recently implemented a policy where people who increase their income and get a job are allowed to stay for two years. We do not actually seek to evict anybody. We have not evicted anybody to my knowledge for being in excess of the income limits. To give you some local details, there are 101 people waiting for public housing in the Karratha area and there are 450 units, so that is a ratio of 1 to 4. State-wide the ratio is 1 to 2.

Senator FIFIELD—Congratulations, Mr Moloney; you get the award for the most surprising comment of the day. I think you used words to the effect that no-one predicted that things were going to boom here to quite the extent that they have, which I must say surprised me. I was here in a different capacity five or six years ago and Woodside were certainly telling me what they thought was going to happen. The quantum could not be predicted, but I think the trend certainly could have been. I am wondering why LandCorp was so far off the pace in relation to release of land.

Mr Moloney—If I did not make myself clear, I was talking about the quantum, not the fact that it would happen. It is extremely difficult to gauge demand in the area. If I could give you an example, Woodside in the construction of Pluto had been saying that they were going to have fly-in fly-out staff for that right up until July last year and then they said they needed 140 lots and they needed them within 12 months. We have largely been able to meet that demand but that is indicative. The mining companies have a whole range of considerations as to whether they have fly-in fly-out or local staff. Trying to actually identify that exact quantum of the demand is the issue.

Senator FIFIELD—If there is not the available accommodation then that really ensures that there will be fly-in fly-out staff.

Mr Moloney—I think the mining companies sometimes use those calculations to perhaps put a particular case, but I think the issue now is that we have developed over 600 dwelling sites in two years. We have about another 800 in the approval planning phase. We are about to start on the construction of those in the next couple of weeks, so we are moving contractors virtually across the road from where they are working now to where they need to be.

Senator FIFIELD—Given that, as you say, it can be difficult to determine exactly the quantum of land which would be available, why didn't LandCorp plan ahead, as was suggested by Mr Haase, and land bank? That way you can plan for pretty much any contingency and any quantum.

Mr Moloney—As I said, the major breakthrough in land availability came in 2003. To actually get town planning scheme amendments and so forth underway you have to undertake flora and fauna surveys on the site. Until the native title agreements are in place you cannot do that. So there is a certain amount of process that you need to go through to actually develop the land. I think we have accelerated the program quite remarkably. When you compare that rate of development over the last two years to even certain large parts of the Perth metropolitan market, you see that it is quite staggering.

Senator FIFIELD—But it was 2003 when you had that breakthrough, wasn't it?

Mr Moloney—That is right.

Senator FIFIELD—That is a good five years back.

Mr Moloney—Well, it takes at least two years to run through scheme amendments and the environmental process. In fact the actual construction part is the shortest period of the whole development cycle. It is the planning and so forth to get to that point that takes time.

Senator MOORE—I am not sure who to ask about public housing.

Mr Parry—That would be me.

Senator MOORE—Mr Parry, there has been consistent evidence given today, and I know you will be reading the *Hansard* with great interest to see the comments that were made. If you do have any response to what has been said, please get back to us. One of the ongoing issues, apart from the abhorrent cost of new housing, is the lack of public housing. You made some short comments at the end about recent budgetary announcements. I am just wondering whether there are any figures on any money in the budget that has gone to areas such as the Pilbara, where the general environment has actually been even worse for public housing need than the general need everywhere. I think there is agreement that there is need everywhere. Every state has been saying that. But in the evidence that we have heard today, and in the submissions that we have received, it has been mentioned that the arrangement here has made it even more difficult for people with public housing needs—to the extent that there is none available and the only option is to leave the community. Given that, is there any process within your planning to see whether there is any particular influx or budget item to look at those areas of emergency?

Mr Parry—Absolutely. Our building program is tailored to the waiting list. The actual waiting time for public housing in Karratha itself is 88 weeks for what we call a 'wait term'—so that is the standard person without any demonstrated urgent need—and only eight weeks for priority. That is the average. Those are the statistics that I have at the moment. As I mentioned earlier, there are 101 applicants in total waiting for public housing.

Senator MOORE—How do you actually confirm those figures? I ask because that is not the evidence that we have received. I am also interested as to whether the department does any work on what you are told in figures and the people who are not actually counted in figures—

Mr Parry—Yes, the hidden demand.

Senator MOORE—the people who do not even get onto the list. Your statement that there is only an eight-week wait for priority cases is challenging Senator Fifield's assessment of the most surprising comment of the day actually! You are in trouble, Mr Webster, because you are the only person who has not opened their mouth yet. But your statement, Mr Parry, does not reflect the kind of evidence we heard today.

Mr Parry—The anecdotal evidence, yes. I would say that that is where I hope PICC will be going—trying to find what the hidden demand actually is. Obviously we discussed need with the community. I suppose we try to ascertain whether there is any hidden need—or hidden demand, I should say. As I said, the building program is tailored to that waiting list.

Senator SIEWERT—I will jump in here on the issue of the waiting list. What we have heard in the east—and I would like to know if it is similar here—is that the type of people who are now accessing public housing has changed. Where in the past it was low-income people, now what we find in the east is that it is people who have been deinstitutionalised—for example, high-needs people and special-needs people. Traditionally the role of social and public housing has been to assist low-income people, and they generally move into other accommodation later on. Is that why the waiting list is noticeably shorter than what we have all been led to believe?

Mr Parry—Yes, because of the eligibility limits. Nationwide, there has been a trend towards those who are in greatest need. I can table our eligibility limits document, if you like. For instance, for a family on a dual income, we have specific north-west allowances, so you can earn more money in the north-west. A four-person family on \$68,000 a year, on a dual income, can access public housing. I will table those figures for you.

Senator BARTLETT—Is there anything with regard to the policy settings at a federal level that you think could be changed that would assist in addressing housing affordability and housing need? Or have we got it all right? We should leave you to it!

Mr Moloney—In terms of the land development process I do not think there is particularly an issue. There is very little federal involvement there at the moment. I cannot speak for the other categories.

Senator BARTLETT—As I am sure you know, we are hearing from people from the state government in Perth tomorrow. But I am thinking particularly about this region because it is unique and has specific needs. Is there particular targeted assistance, regional specific assistance, relating to housing that the Commonwealth level could provide or assist with?

Mr Webster—'Attraction and retention' is one of the phrases that will come up time and again. Whether you are talking at the state government level or to small business or the major resource companies, they consider that to be a particular challenge. One of the factors that could be considered is the zone allowances that are paid to people in regional areas.

Senator BARTLETT—This is a perhaps a bit tangential, but it has been mentioned a few times today and previously. With regard to available tradespeople for construction and related sorts of things, is skills shortage an issue and could there be assistance? It could be through the migration program. I appreciate there are zonal allowances to try to attract people. Are there still issues with getting people with the skills? I know there are debates about the skilled migration

program. That is still a factor in all of this. That is probably something I should have asked the chamber of commerce. I will ask the witnesses tomorrow.

Senator SIEWERT—I do not know if you were here when Mrs Brooks was giving evidence about the shelter.

Mr Parry—Yes, I was.

Senator SIEWERT—I suggest that if you want more information about the hidden need you might want to talk to Mrs Brooks. She gave us some pretty compelling evidence on the lack of available affordable housing.

Mr Parry—Emergency housing?

Senator SIEWERT—Both. She was talking about trying to find longer term accommodation for people who have been subject to domestic violence et cetera when it is not appropriate that they stay in the shelter for the long term.

Mr Parry—There are options available, and we can discuss those.

Senator SIEWERT—That would be really useful. Information sharing would be really useful. If that is one thing that we have achieved, that would be good. A lot of the information we have had today is about housing for not only those at the higher end of the income stream in Karratha but also the people who are working for NGOs. I think we heard that their average income was \$37,000. That seems to me to be the area of concern. I do not think the needs of those people are addressed by the release of housing, because the median price of the land being released and the houses being built is still really high. I would like to know what is being done specifically to address those needs.

We also heard this morning that, even though land is being released for first home buyers, there are not necessarily a lot of first home buyers here. But there is a whole cohort of people who are missing out on housing here. In fact, as we have heard before, services are closing down because people cannot find housing. What is being done to specifically address the needs of those low-income people? When I say 'low' I mean low in comparison to Karratha.

Mr Parry—From a public housing perspective, as I talked about, we are building. I do not have the details, but I would say that most people within that \$37,000 limit would be eligible for public housing, and they are the people who should be applying for housing. There is also Government Regional Officers Housing—that is, government housing for government employees. There is a shortfall of about 50 properties—I will confirm that.

Senator SIEWERT—That is GEH housing?

Mr Parry—Yes. Government Regional Officers Housing, as it is called now, completed the construction of 13 houses last year and at present there are contracts to construct another 18 properties. If you add that to the properties that we are constructing, that is some small way forward. I realise there is more to do.

Senator SIEWERT—Did you say that you need to undertake a survey of the hidden numbers, or that you are doing that?

Mr Parry—I am hoping that PICC will be able to provide some answers for us in regard to the perceived hidden demand.

Senator SIEWERT—Is PICC undertaking the survey? I asked the Pilbara Regional Council this morning and they did not have much of an idea about that.

Mr Parry—PICC has commissioned a population and employment study which will provide a more accurate picture of the population and employment pressures that are likely to emerge in 2021. The final results of the study will be expected later in 2008, by which time further research is likely to be required to identify the implications of future growth for the region's housing needs.

Senator SIEWERT—If you have the terms of reference for the study could you table them? I am interested to make sure they are actually looking at the needs of NGOs, so that it is not just around industry but around NGOs and other non-industry employers here—small business in particular—and the basic public sector, so that it covers everybody.

Mr Parry—I will provide that.

Mr Moloney—We have identified two locations in Exmouth and one in Karratha for multiple-dwelling sites. We are going to sell that into the market but we are asking people to rent the property for a period—I think we have nominated 10 years, but it may be 15 years—before they on-sell the property. It will still have to be market based rents—particularly in places like Exmouth, where rentals tend to happen during the off season and people get thrown out during the prime season. This is certainly not going to solve the broad issue but it is an attempt to try to deal with it. At Baynton West, which will be the next stage of development, we are negotiating a four-hectare site with Woodside. As part of that, they will undertake the construction of up to 40 dwellings for GROH as well, so we are trying to look more broadly than just straight land based deals.

CHAIR—I thank you all for your time this afternoon. I know that some of you have travelled from Perth to be here today, and we are very grateful for that. In closing today's hearing, I would particularly like to thank those witnesses who have appeared before us here in Karratha, some of whom have travelled significant distances. Mr Webster, I think you have come from Port Hedland.

Mr Webster—It is only a couple of hundred kilometres!

CHAIR—It is a very important for committees to have the opportunity to travel to regional areas. I know it is not the same as coming from a place and being able to say that you have lived there for 25 or 29 years, but it does give us a very different appreciation from that which we have received in capital cities and from written submissions. We have heard your words across the table and we have had the opportunity to chat briefly to a couple of people around the room as the day's events have progressed. We are very grateful for that. We know that we interrupt your working day when we ask you to come and provide us with valuable evidence. As

responsible contributing members of the community you do that, and I want to thank you on behalf of the committee for that today. I hope that we can produce a report which, in the end, reflects some of the concerns, proposed solutions and issues that you have raised. We are only a Senate committee, though; we are not all things to all people. But we do have the capacity to work with good ideas and present suggestions to government. I hope that the hearing in Karratha today will be a significant contributor to that when our final report is produced. I would like to place on record the grateful thanks of the entire committee. We will reconvene in Perth tomorrow morning at 8.45. Thank you very much.

Committee adjourned at 3.50 pm